

CHEESECAKE FACTORY INCORPORATED
Form DEF 14A
April 26, 2006

**UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**
Washington, D.C. 20549
SCHEDULE 14A

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

Filed by the Registrant **x**
Filed by a Party other than the Registrant **o**

Check the appropriate box:

- o** Preliminary Proxy Statement
- o** **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x** Definitive Proxy Statement
- o** Definitive Additional Materials
- o** Soliciting Material Pursuant to Rule §240.14a-12

THE CHEESECAKE FACTORY INCORPORATED

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x** No fee required.
- o** 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:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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SEC 1913 (04-05)

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

April 26, 2006

Dear Stockholder:

You are cordially invited to attend The Cheesecake Factory Incorporated Annual Meeting of Stockholders on Wednesday, May 31, 2006 at 10:00 a.m. (Pacific Daylight Time). The meeting will be held at the Janet and Ray Scherr Forum Theatre, Thousand Oaks Civic Arts Plaza, 2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362.

The matters to be acted upon at the meeting are described in the attached Notice of Annual Meeting and Proxy Statement. Our agenda for the Annual Meeting will also include an overview of the Company's business operations and recent performance results.

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Regardless of whether or not you will attend, please vote by signing, dating and returning the enclosed Proxy card. Or, you can vote by telephone or Internet (see back cover). Voting by mail will not prevent you from voting in person at the meeting.

Sincerely,

David Overton
*Chairman of the Board and
Chief Executive Officer*

YOUR VOTE IS VERY IMPORTANT

Whether or not you plan to attend the Annual Meeting of Stockholders, and to ensure that a quorum is present, you are urged to vote your Proxy by telephone or the Internet (see back cover), or by returning the Proxy card by mail. If you are able to attend the meeting and you wish to vote your shares in person, the Proxy is revocable.

IF YOU PLAN TO ATTEND THE MEETING

Please note that attendance will be limited to stockholders. Admission will be on a first-come, first-served basis. Stockholders may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

THE CHEESECAKE FACTORY INCORPORATED
26901 Malibu Hills Road
Calabasas Hills, California 91301

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
on
May 31, 2006

The 2006 Annual Meeting of Stockholders of THE CHEESECAKE FACTORY INCORPORATED (the Company) will be held at the Janet and Ray Scherr Forum Theatre, Thousand Oaks Civic Arts Plaza, 2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362, on Wednesday, May 31, 2006, beginning at 10:00 a.m. Pacific Daylight Time, for the following purposes:

1. To elect two nominees to serve as directors of the Company for three-year terms and until respective successors shall be elected and qualified;
2. To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending January 2, 2007; and

3. To transact such other business as may properly come before the meeting or any adjournment thereof.

At the Annual Meeting, the Board of Directors intends to present Jerome I. Kransdorf and Wayne H. White for election to the Board of Directors.

The Board of Directors has fixed the close of business on April 11, 2006 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

Debby R. Zurzolo
Secretary

Calabasas Hills, California
April 26, 2006

YOUR VOTE IS VERY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN. PLEASE READ CAREFULLY THE ATTACHED PROXY STATEMENT, COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD, AND RETURN THE PROXY CARD AS SOON AS POSSIBLE.

THE CHEESECAKE FACTORY INCORPORATED

**PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 31, 2006**

General

This Proxy Statement is furnished to the stockholders of THE CHEESECAKE FACTORY INCORPORATED (the Company) in connection with the solicitation of proxies by the Board of Directors of the Company for use at the Annual Meeting of Stockholders to be held at the Janet and Ray Scherr Forum Theatre, Thousand Oaks Civic Arts Plaza, 2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362, on May 31, 2006, beginning at 10:00 a.m. Pacific Daylight Time, and at any adjournment or postponement thereof. The Company intends to cause this Proxy Statement and form of proxy to be mailed to stockholders on or about April 26, 2006.

Voting; Quorum; Abstentions and Broker Non-Votes

On April 11, 2006, the record date fixed by the Board of Directors for the Annual Meeting, 81,167,008 shares of the Company's common stock were outstanding, and there were no outstanding shares of any other class of stock. Each holder of common stock is entitled to one vote for each share of such stock held of record. Only stockholders of record at the close of business on April 11, 2006 will be entitled to notice of and to vote at the Annual Meeting.

The required quorum for the transaction of business at the Annual Meeting is a majority of the issued and outstanding shares of the Company's common stock entitled to vote at the Annual Meeting, whether present in person or represented by proxy. The Bylaws of the Company provide that unless otherwise provided by law or by the Certificate of Incorporation or the Bylaws, all elections and questions other than the election of directors shall be decided by the vote of the holders of a majority of the outstanding shares of stock entitled to vote thereon present in person or by proxy at the Annual Meeting. Shares of stock represented by a properly signed and returned proxy will be treated as present at the Annual Meeting for purposes of determining a quorum, regardless of whether the proxy is marked as casting a vote or abstaining. Shares of voting stock represented by broker non-votes (i.e., shares of stock held in record name by brokers or nominees as to which (i) instructions have not been

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received from the beneficial owners or persons entitled to vote; (ii) the broker or nominee does not have discretionary voting power under applicable rules or the instrument under which it serves in such capacity; or (iii) the record holder has indicated on the proxy card or has executed a proxy and otherwise notified the Company that it does not have authority to vote such shares on that matter) shall be treated as present for purposes of determining a quorum.

Directors are elected by a plurality of the votes cast. Accordingly, abstentions and broker non-votes will not affect the election of a candidate who receives a plurality of votes. Proposal 2 requires the approval of a majority of the outstanding shares of stock entitled to vote thereon present in person or proxy at the Annual Meeting. Accordingly, abstentions as to Proposal 2 will have the same effect as votes against Proposal 2. Broker non-votes as to Proposal 2, however, will be deemed shares not entitled to vote on the proposal, will not be counted as votes for or against Proposal 2, and will not be included in calculating the number of votes necessary for approval of Proposal 2.

Proxies

Proxies delivered pursuant to this solicitation are revocable at the option of the persons executing same, prior to their exercise, by attendance and voting at the Annual Meeting (although attendance at the Annual Meeting itself will not revoke a proxy) or by filing with the Secretary of the Company an instrument in writing revoking the proxy or another duly executed proxy bearing a later date. Unless previously revoked, all proxies representing shares entitled to vote which are delivered pursuant to this solicitation will be voted at the Annual Meeting by the named attorneys-in-fact and agents, to the extent authorized, in accordance with the directions contained therein.

If no directions are given, the shares represented by such proxies will be voted **FOR** the election of the nominees for directors named in this Proxy Statement and **FOR** the ratification of the selection of PricewaterhouseCoopers LLC as the Company's independent registered public accounting firm for the fiscal year ending January 2, 2007. The named proxies may vote in their discretion upon such other matters as may properly

come before the Annual Meeting, including any motion made for adjournment or postponement (including for purposes of soliciting additional votes).

Solicitation

The Company will pay for the cost of preparing, assembling and mailing the Notice of Annual Meeting and Proxy Statement and the cost of this solicitation. The Company's directors, officers and other employees may solicit proxies, without additional remuneration, in person or by telephone or facsimile transmission. Banks, brokerage houses and other custodians, nominees or fiduciaries will be requested to forward soliciting material to their principals and to obtain authorization for the execution of proxies, and will be reimbursed for their reasonable out-of-pocket expenses incurred in that regard. Employees of the Company participating in the solicitation of proxies will not receive any additional remuneration. The Company has no present plans to hire special employees or paid solicitors to assist in obtaining proxies, but reserves the option of doing so if it should appear that a quorum otherwise might not be obtained.

PROPOSAL 1

ELECTION OF DIRECTORS

The Company's Bylaws provide for a Board of Directors consisting of no less than five and no more than thirteen members, the exact number within this range being determined by the Board of Directors. The Board of Directors has currently set the number of directors at five. The Board of Directors is classified into three classes with each director serving a three-year term. Jerome I. Kransdorf and Wayne H. White are serving terms that expire at the Annual Meeting of Stockholders to be held in 2006. Thomas L. Gregory is serving a term that will expire at the Annual Meeting of Stockholders to be held in 2007. David Overton and Karl L. Matthies are serving terms that will expire at the Annual Meeting of Stockholders to be held in 2008. At each Annual Meeting of Stockholders, directors are elected for a full term of three years to succeed those directors whose terms are expiring. Company officers are appointed annually by the Board of Directors and serve at the Board of Directors' discretion.

The Corporate Governance and Nominating Committee of the Board of Directors (Governance Committee) has recommended the nomination of Jerome I. Kransdorf and Wayne H. White for reelection to the Board of Directors for three-year terms that will expire at the Annual Meeting of Stockholders to be held in 2009. The Board of Directors approved this recommendation and nominated Messrs. Kransdorf and White, each of whom has indicated his willingness to serve. Unless a stockholder specifies otherwise, the shares represented by each returned proxy will be voted for the election of Messrs. Kransdorf and White.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF MESSRS. KRANSDORF AND WHITE TO THE BOARD OF DIRECTORS.

The Company's Board of Directors

DAVID OVERTON, age 60, co-founded the Company's predecessor with his parents. He has served as the Company's Chairman of the Board and Chief Executive Officer since its incorporation in February 1992.

THOMAS L. GREGORY, age 70, became a director of the Company upon the consummation of its initial public offering in September 1992. Mr. Gregory has over 50 years of experience in the food service industry. He served as Vice Chairman of the board of directors of Sizzler International, Inc., a restaurant chain, until August 1994. Mr. Gregory served as President, Chief Executive Officer and a member of the board of directors of Sizzler from 1982 to 1991, and then served as President of its successor company until his retirement in 1992. From 1974 to 1991, he served as Vice President for Collins Foods International, Inc., a food service company, and retained such position concurrently with his positions at Sizzler. Mr. Gregory is a member of the board of directors of Regis Corporation, the world's largest chain of retail hair care operations.

JEROME I. KRANSDORF, age 67, became a director of the Company in March 1997. Mr. Kransdorf has more than 40 years of investment management experience. He currently serves as President of JaK Direct, a division of Muriel Siebert & Co., Inc. From 1997 to 2001, Mr. Kransdorf served as Senior Vice President of

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J. & W. Seligman & Co. Incorporated, an investment advisory firm. From 1959 to 1997, he was employed in investment and senior management positions at Wertheim & Co. and its successor companies.

KARL L. MATTHIES, age 63, became a director of the Company in March 2003. Mr. Matthies is President of Bellagio Partners, a private investment management and consulting company. Prior to forming Bellagio, he was the senior partner in charge of consumer and real estate investment banking at Banc of America Securities. Mr. Matthies was a founding member of Montgomery Securities, the predecessor firm of Banc of America Securities, where he held a variety of positions from 1971 through 1999. He was an I.I. ranked hotel and restaurant analyst for nine years and also served as the firm's research director from 1978 to 1990 prior to assuming his investment banking role. He is also a member of the board of directors of Enwisen, Inc., an on-line employee benefits company, and a General Partner in Chileno Bay Development LLC, a firm engaged in developing a major resort in Los Cabos, Mexico.

WAYNE H. WHITE, age 68, became a director of the Company upon the consummation of its initial public offering in September 1992. From 1983 until his retirement in June 2002, Mr. White was an investment banker specializing in gaming and restaurant companies. Mr. White has approximately 20 years of senior management experience in the restaurant industry, including Victoria Station (seven years) and Famous Restaurants (two years). He is also a member of the board of directors of Nevada Gold & Casinos, Inc.

The Company's Director Nominations Process

The Board of Directors has adopted a Policy and Procedure Regarding Board of Director Candidates (the Nominations Policy). The purpose of the Nominations Policy is to describe the process by which candidates are selected for possible inclusion in the Company's recommended slate of director nominees. The Governance Committee of the Board of Directors administers the Nominations Policy.

The Governance Committee is responsible for identifying candidates for nomination or appointment to the Board of Directors. To fulfill this function, the Governance Committee will at least annually review the size and composition of the Board of Directors and its committees, including the number of directors eligible for election at the annual meeting of stockholders, in accordance with the Company's Articles of Incorporation and Bylaws. The Governance Committee may solicit recommendations for nominees from other directors, members of senior Company management or others. In addition, the Governance Committee will consider recommendations of a stockholder of record who timely complies with these policies and procedures.

Minimum Qualifications

The Governance Committee has identified the following minimum qualifications for candidates for nomination to the Board of Directors:

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Each candidate must consent in writing to be named in the Company's proxy statement as a nominee and to serve as a director of the Company if nominated, elected or appointed, and qualified.

Each candidate's service as a director must not cause the Company or any of its subsidiaries to lose, or to be threatened with the loss of any application for, right to the use of, or entitlement to, any material governmental license, authorization or permit.

Each candidate shall be an individual who has demonstrated integrity and ethics in his/her personal and professional life and has established a record of professional accomplishment in his/her chosen field.

Each candidate shall be prepared to represent the best interests of all of the Company's stockholders and not just one particular constituency.

No candidate or family member (as defined in NASD rules) of a candidate shall have any material personal, financial or professional interest in any present or potential competitor of the Company.

Each candidate shall be prepared to fully participate in Board activities, including active membership on at least one Board committee, and not have other personal or professional commitments that would, in the Governance Committee's sole judgment, interfere with or limit his or her ability to do so.

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Each candidate shall not serve as a member of the board of directors of more than four publicly traded companies in addition to the Company.

Each candidate shall not have attained the age of 72 as of the date of appointment or election to the Board.

Criteria for Evaluating Candidates

In evaluating nominations, the Committee will seek to achieve a balance of different capabilities and overall diversity, including in the areas of personal and professional experiences and backgrounds, financial, managerial and operational knowledge, variety of opinions and perspectives, and other differentiating characteristics with the goal of seeking and selecting candidates that will enhance the Board's ability to adequately perform its responsibilities, increase shareholder value, and adhere to good corporate governance practices. The Committee will consider the following criteria in evaluating candidates for nomination in light of the size and composition of the Board of Directors and its committees:

Satisfaction of the minimum qualifications established by the Committee.

Education and other training.

Relevant personal and professional background, including financial, managerial and operational skills and knowledge and experience in both corporate and non-traditional environments, such as government, academia and non-profit organizations.

Whether the candidate is a party to any action or arbitration adverse to the Company or any of its subsidiaries.

Whether the candidate would qualify as an independent director as defined by the Nasdaq listing standards.

Whether the candidate would qualify as an audit committee financial expert.

Whether the candidate has been involved in any legal proceeding that would be required to be disclosed by the Company pursuant to Item 401(f) of Regulation S-K.

Whether any business relationships exist, or have existed, that would be required to be disclosed pursuant to Item 404 of Regulation S-K.

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Reputation of the candidate for judgment and honesty.

Whether the Company would be required to disclose any of the relationships described in Section 402(j) of Regulation S-K.

The number and identity of any other boards of directors of which the candidate is a member.

Other professional and personal commitments that could affect the candidate's ability to serve.

Whether the candidate has provided accurate and complete responses to any requests for additional information by the Committee.

Other relevant characteristics that would enhance the Board's ability to adequately perform its responsibilities, increase shareholder value, and adhere to good corporate governance practices.

Any history of criminal convictions.

If requested by the Committee, whether the candidate has agreed to be interviewed by the Committee.

General Nomination Right of All Stockholders

Any stockholder of the Company may nominate one or more persons for election as a director of the Company at an annual meeting of stockholders if the stockholder complies with the notice, information and consent provisions contained in the Company's Bylaws. The Company has an advance notice provision in its Bylaws. Nominations for the election of directors, other than by the Governance Committee or the Board of Directors, must be made by a stockholder of record on the date of giving notice and on the record date for such meeting by giving timely

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written notice to the Secretary of the Company at the Company's principal offices. Such notice must be received not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided that, if in the event that notice or prior public disclosure of the date of the annual meeting is given or made to the stockholders for a meeting date that is not within 30 days before or after the anniversary of the immediately preceding annual meeting of stockholders, notice by the stockholder will be timely if received not later than the close of business on the tenth day following the day on which such notice was mailed or such public disclosure was made, whichever first occurs, or no less than 90 days or more than 120 days prior to the annual meeting. In the event that the number of a class of directors to be elected is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Company at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice will be considered timely, but only with respect to nominees for any new positions created by the increase, if the notice is delivered to, or mailed and received at, the Company's principal executive offices (addressed to the Secretary) no later than 10 calendar days following the day on which the Company makes the public announcement. In the case of a special meeting of stockholders called for the purpose of electing directors, notice will be timely if the stockholder provides notice in writing to the Company's Secretary not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed or public disclosure of the meeting date was made, whichever first occurs, or no less than 90 or more than 120 days prior to the meeting. The stockholder's notice must include all of the information required by the Company's Bylaws, including a statement whether the stockholder intends to deliver a proxy statement and form of proxy to a sufficient number of holders to elect the nominee or nominees. If the stockholder provides a statement that the stockholder intends to deliver a proxy statement and form of proxy, the nomination may not be brought before the meeting unless the stockholder has delivered a proxy statement and form of proxy to holders of a percentage of the Company's voting shares reasonably believed by the stockholder to be sufficient to elect the nominee or nominees proposed by the stockholder.

The foregoing summary does not purport to be a complete description of all of the provisions of the Company's Bylaws pertaining to stockholder nominations and proxies. Stockholders may obtain, without charge, a copy of the Company's Bylaws upon written request to the Company's Secretary at its principal executive offices.

Stockholder Recommendations to the Governance Committee

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A stockholder of record may also recommend a candidate for consideration by the Governance Committee. In order to give the Governance Committee sufficient time to evaluate a recommended candidate, the recommendation should be received by the Company's Secretary at the Company's principal executive offices not later than the 120th calendar day before the date of the Company's proxy statement released to stockholders in connection with the previous year's annual meeting of stockholders. The stockholder's recommendation must include all of the following:

The stockholder's name, address and telephone number.

The recommended candidate's name, address and telephone number.

The written consent of the recommended candidate to be named in the Company's proxy statement and to serve as a director if nominated, elected or appointed, and qualified to serve.

A description of all arrangements or understandings in connection with such recommendation between the stockholder and the recommended candidate or between the stockholder and any other person or persons (including their names).

A description of any business, familial or other financial or personal relationship between the stockholder and the recommended candidate.

Information with respect to the recommended candidate with respect to each of the criteria identified above for evaluating recommendations.

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Evaluation of Candidates

The Governance Committee will consider all candidates identified through the process outlined above, and will evaluate each of them, including incumbents, based on the same criteria. If, based on the Governance Committee's initial evaluation, a candidate continues to be of interest to the Committee, the Chair of the Governance Committee will interview the candidate and communicate the Chair's evaluation to the other Committee members and the Chairman of the Board of Directors. Other members of the Governance Committee and senior Company management will conduct subsequent interviews. Ultimately, background and reference checks will be conducted and the Governance Committee will meet to finalize its list of recommended candidates for consideration by the full Board of Directors. If an incumbent is nominated, the interview process may be abbreviated at the discretion of the Chair of the Governance Committee. If the Chair of the Governance Committee is being considered for re-nomination, the other Governance Committee members shall appoint another member of the Governance Committee to head the review process for the Chair's reconsideration.

Future Revisions to the Nominations Policy

The Governance Committee's Nominations Policy is intended to provide a flexible set of guidelines for the effective functioning of the director nomination process. The Governance Committee intends to review this policy and procedure at least annually and anticipates that modifications will be necessary from time to time as the Company's needs and circumstances evolve, and to conform with changes in applicable legal or listing standards.

Affirmative Determinations Regarding Director Independence and Other Matters

The Board of Directors has determined each of the following directors to be an independent director as such term is defined in Marketplace Rule 4200(a)(15) of the National Association of Securities Dealers (the "NASD"): Thomas L. Gregory; Jerome I. Kransdorf; Karl L. Matthies; and Wayne H. White. In this Proxy Statement, these four directors are referred to individually as an Independent Director and collectively as the Independent Directors.

The Board of Directors has established three committees including the Governance Committee, Audit Committee and the Compensation Committee. With the assistance of legal counsel to the Company, the Board of Directors reviewed the applicable legal standards for independence and criteria for determination of audit committee financial expert as well as responses to annual questionnaires completed by the Directors. The Board of Directors has also determined that each member of the three committees of the Board of Directors meets the independence requirements applicable to those committees prescribed by the NASD, the Securities and Exchange Commission ("SEC") and the

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Internal Revenue Service and has further determined that Thomas L. Gregory, Coordinating Director and the chair of the Audit Committee of the Board of Directors, is an audit committee financial expert as such term is defined in Item 401(h) of Regulation S-K promulgated by the SEC.

Coordinating Director

Annually, the Independent Directors of the Board of Directors select from among their group one Independent Director to serve as Coordinating Director. The role of the Coordinating Director is to coordinate the activities of the Independent Directors, coordinate the agenda and materials for meetings of the Board of Directors, advise the Chairman of the Board of Directors concerning scheduling of meetings, preside at all executive session meetings of the Independent Directors, coordinate any self-evaluation of performance of the Board of Directors and serve as the principal liaison between the Independent Directors and the Company's Chairman of the Board and Chief Executive Officer. Mr. Gregory currently serves as Coordinating Director.

Corporate Governance

The Board of Directors is committed to ethical business practices and believes that good corporate governance is important to ensure that the Company is managed for the long-term benefit of its stockholders. Since the last annual meeting of stockholders, the Governance Committee has amended and restated its Policy and Procedure Regarding Board of Directors candidates to further articulate its goal of seeking and selecting candidates that will enhance the Board's

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ability to adequately perform its responsibilities, increase shareholder value and adhere to good corporate governance practices. A complete copy of the amended and restated policy is attached to this Proxy Statement as Exhibit A.

The Independent Directors meet regularly in executive session without management. The Coordinating Director leads these executive session meetings. Currently, Independent Directors comprise more than one-half of the members of the Board of Directors. In addition, each of the members of all three standing committees of the Board of Directors is an Independent Director. Additional information regarding Board committees appears in the section of this Proxy Statement entitled Committees of the Board of Directors.

The Company makes available on its website the policy that the Board of Directors has adopted for stockholders and employees who wish to communicate any concern directly with the Board of Directors. The policy can be found at thecheesecakefactory.com by clicking on the links for Investors, Corporate Governance and Governance Principles and Guidelines, and the document entitled Corporate Governance Principles and Guidelines.

Board of Directors and Committee Meetings, Committee Members and Chairpersons, Attendance and Fees

During fiscal 2005, the Board of Directors held eight meetings; the Audit Committee held eleven meetings; the Compensation Committee held six meetings; and the Governance Committee held two meetings. In addition, the Independent Directors of the Company held four executive session meetings. No member of the Board of Directors attended fewer than 75% of the aggregate number of meetings of the Board of Directors and the committees on which he served. The Company makes available on its website the policy that the Board of Directors has adopted regarding Board members' attendance at the Company's Annual Meeting of Stockholders and its procedure for annual committee membership and chairperson assignments. The policy can be found at thecheesecakefactory.com by clicking on the links for Investors, Corporate Governance and Governance Principles and Guidelines, and the document entitled Corporate Governance Principles and Guidelines.

During fiscal 2005, each Independent Director received an annual fee of \$20,000, plus \$1,250 for each meeting of the Board of Directors attended. During fiscal 2006, each Independent Director will receive an annual fee of \$25,000, plus \$1,250 for each meeting of the Board of Directors attended. The Coordinating Director receives an additional \$1,000 fee for each meeting of the Board of Directors attended. The Chair of the Audit Committee receives an additional fee of \$1,000 for each Audit Committee meeting chaired. Independent Directors who serve on committees also receive an additional fee of \$1,000 for each meeting attended that takes place on a date other than the day of a regularly scheduled Board of Directors meeting. No fees are paid to Independent Directors with respect to attendance at telephonic meetings of the Board of Directors or a committee or with respect to attendance at executive sessions of the Board of Directors. Under the terms of the Amended and Restated 1997 Non-Employee Director Stock Option Plan (Non-Employee Director Plan), Independent Directors are eligible to receive options to purchase shares of the Company's common stock. During fiscal 2005, each Independent Director received options under the Non-Employee Director Plan to acquire 7,500 shares of common stock at a price equal to the fair market value on the date of grant. Such options vested on the date of grant. In January 2006, each Independent Director received options under the 1997 Non-Employee Director Plan to acquire 7,500 shares of common stock at a price equal to the fair market value on the date of grant. These options also vested on the date of grant. Upon first joining

the Board of Directors, each Independent Director receives vested options to acquire 15,000 shares of common stock at a price equal to the fair market value on the date of grant. Members of the Board of Directors are also eligible to participate in the Company's Executive Savings Plan (ESP), a nonqualified deferred contribution plan, by contributing all or a portion of their director fees to this plan. See Executive Compensation Executive Savings Plan. The Company does not make matching contributions under the ESP with respect to contributions made by non-employee Board of Director members.

Indemnification of Officers and Directors

As permitted by the Delaware General Corporation Law, the Company's Certificate of Incorporation limits the personal liability of a director of the Company for monetary damages for breach of fiduciary duty of care as a director. Liability is not eliminated for (a) any breach of the director's duty of loyalty to the Company or its stockholders, (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) unlawful payment of dividends or stock purchases or redemptions pursuant to Section 174 of the Delaware General Corporation Law, or (d) any transaction from which the director derived an improper personal benefit. The

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Company's Certificate of Incorporation also provides that the Company shall indemnify and advance indemnification expenses on behalf of all directors and officers of the Company to the fullest extent permitted by Delaware law. Article VIII of the Company's Bylaws also requires the Company, subject to certain limitations, to indemnify directors and officers and advance expenses. The indemnification and advancement of expenses provisions of Article VIII are not exclusive of any other rights of indemnification or advancement of expenses.

The Company has also entered into indemnification agreements with its directors and Named Executive Officers. The indemnification agreements provide that the directors and Named Executive Officers will be indemnified to the full extent permitted by applicable law against all expenses (including attorneys' fees), judgments, fines and amounts reasonably paid or incurred by them for settlement in any threatened, pending or completed action, suit or proceeding, including any derivative action, on account of their services as a director or officer of the Company or of any subsidiary of the Company or of any other company or enterprise in which they are serving at the request of the Company. No indemnification will be provided under the indemnification agreements, however, to any director or executive officer in certain limited circumstances, including knowingly fraudulent, deliberately dishonest or willful misconduct. To the extent the provisions of the indemnification agreements exceed the indemnification permitted by applicable law, such provisions may be unenforceable or may be limited to the extent they are found by a court of competent jurisdiction to be contrary to public policy.

Committees of the Board of Directors

The Board of Directors has three standing committees—the Audit Committee, the Compensation Committee and the Governance Committee. The members of each committee and the functions performed thereby are described below.

Audit Committee

The Audit Committee operates pursuant to a written charter. The Audit Committee is primarily responsible for monitoring the quality and integrity of the Company's financial statements and related disclosure and systems of internal controls regarding risk management, finance and accounting; monitoring the Company's compliance with legal and regulatory requirements; monitoring the independent auditor's qualifications and independence; monitoring the performance of the Company's internal audit function and independent auditors; providing an avenue of communication among the independent auditors, management and the Board of Directors; and issuing the report of the Audit Committee required by the SEC to be included in the Company's Proxy Statement. The Audit Committee conducts an annual performance evaluation of its charter, composition, complaint procedures, financial oversight responsibilities, and other matters. No revisions were made to the Audit Committee charter in fiscal 2005. The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of the work of the Company's public accounting firm engaged to issue an audit report or perform other audit, review, or attest services. The Audit Committee pre-approves the audit work, as well as all non-audit work to be performed by the Company's external auditors, after considering its permissibility under SEC rules and its impact on auditor independence. The Audit Committee also reviews material written communications the external auditors may provide to management and discusses any concerns with the auditors and management.

Messrs. Gregory, Kransdorf, Matthies, and White served on the Audit Committee, with Mr. Gregory serving as Chair.

Compensation Committee

The Compensation Committee operates pursuant to a written charter. The Compensation Committee is responsible for determining or recommending to the Board of Directors the compensation of the Company's Chief Executive Officer and all other Named Executive Officers. The Compensation Committee reviews and approves all employment, retention and severance agreements for Named Executive Officers and prepares, or causes to be prepared the disclosures required by the SEC to be included in the Company's Proxy Statement with respect to compensation. The Compensation Committee also approves and administers the Company's incentive compensation programs, including the Company's stock incentive plans and the Amended and Restated Performance Incentive Plan (Performance Incentive Plan), a copy of which was attached as Exhibit A to the 2005 Proxy Statement previously distributed to stockholders. The Committee makes recommendations to the Board of Directors with respect to

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incentive and equity compensation plans and periodically reviews and makes recommendations concerning existing or new executive compensation, performance incentives, employee benefits, stock plans or management perquisites. The Compensation Committee conducts an annual evaluation of its charter. No revisions to the charter were adopted in fiscal 2005. The members of the Compensation Committee are Messrs. White (Chair), Gregory, Kransdorf and Matthies. See Report of the Compensation Committee of the Board of Directors on Executive Compensation.

Governance Committee

The Governance Committee operates pursuant to a written charter. The Governance Committee is responsible for evaluating issues and developments related to corporate governance and making recommendations to the full Board of Directors with respect to corporate governance standards, corporate governance proposals from stockholders, the establishment and composition of committees of the Board of Directors and potential candidates for nomination as Board members. The Governance Committee is responsible for overseeing and recommending programs and activities for the continuing education of directors. The Governance Committee also identifies potential candidates for nomination or appointment as directors and approves nominees to be presented for stockholder approval and to fill any vacancies. The Governance Committee conducts an annual evaluation of its charter. No revisions to the charter were adopted in fiscal 2005. As stated above, the Governance Committee amended and restated the committee's Policies and Procedures Regarding Board of Director Candidates, a copy of which is attached as Exhibit A to this Proxy Statement. The members of the Governance Committee are Messrs. Kransdorf (Chair), Gregory, Matthies and White.

Report of the Audit Committee of the Board of Directors

The following Audit Committee report does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this Audit Committee report by reference therein.

As more fully described in its charter, the Audit Committee oversees the Company's financial reporting and internal control processes on behalf of the Board of Directors, as well as the independent audit of the Company's consolidated financial statements by the Company's independent auditors. The Audit Committee approved the engagement of PricewaterhouseCoopers LLP (PWC) as the Company's independent auditors for fiscal year 2005. Management has the primary responsibility for the Company's financial statements and the financial reporting process, including the Company's system of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the Company's audited financial statements for fiscal 2005 with management and PWC. Management and PWC have represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles.

The Audit Committee reviewed with PWC such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards, including the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended. In addition, the Audit Committee has discussed with PWC, the auditors' independence from management and the Company, including the matters in the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussion with Audit Committee. The Audit Committee discussed with PWC the overall scope and plans for their audit. The Audit Committee periodically meets with PWC, with and without management present, to discuss the results of their audit, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting.

Based upon these reviews and discussions, the Audit Committee has approved the recommendation of Company management that the audited consolidated financial statements for the fiscal year ended January 3, 2006 be included in the Company's Annual Report on Form 10-K filed with SEC.

Respectfully submitted,

Thomas L. Gregory, Chair
Jerome I. Kransdorf
Karl L. Matthies
Wayne H. White

Report of the Compensation Committee of the Board of Directors on Executive Compensation

The report of the Compensation Committee of the Board of Directors shall not be deemed incorporated by reference to any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

Overview and Philosophy

There are three key elements in the Company's executive compensation program, all determined by individual and corporate performance:

Annual base salaries;

Annual incentive compensation; and

Long-term incentive compensation.

The Company's executive compensation program is designed to enable it to attract, retain and motivate the highest quality of management talent available. Furthermore, the Compensation Committee believes that the value of the program should reflect, in large part, the value created for stockholders. The key objectives of the program are as follows:

To offer fair and competitive annual base salaries consistent with similarly situated companies in the foodservice industry;

To reward executives for corporate and individual performance through annual incentive and deferred compensation programs; and

To encourage long-term performance through the use of long-term incentives such as stock options, or other forms of equity-based compensation, which align the interests of employees and stockholders.

Annual Base Salaries

Annually, the Compensation Committee establishes the base salaries to be paid to the Company's Named Executive Officers during the coming year (other than those base salaries previously established pursuant to existing employment agreements). In setting base salaries, the Compensation Committee takes into account several factors including, but not limited to, the executive's experience, responsibilities, management abilities and job performance, as well as the performance of the Company as a whole and current market conditions and competitive salaries payable for similar positions at other comparable companies.

Annual Incentive Compensation

During fiscal 2005, the Company's executive officers and other officer and director-level staff employees were eligible to participate in the Company's Performance Incentive Plan. Participants in the plan were assigned threshold targets and maximum cash bonus levels as a percentage of their respective base salaries, based upon their level of responsibilities with the Company. For additional information concerning cash bonuses earned by Named Executive Officers for fiscal 2005, see Executive Compensation.

During fiscal 2004, the Compensation Committee adopted, and the Board of Directors, approved an amendment and restatement to the Company's Performance Incentive Plan to be effective for fiscal 2005. On March 24, 2005, the Performance Incentive Plan was amended to limit

the amount of performance achievement bonus in any fiscal year to \$1 million for any one participant and to include consolidated income from operations as a performance incentive criterion. As amended and restated, the plan provides for the awards of discretionary bonuses and performance achievement bonuses.

Long-Term Incentive Compensation

The Compensation Committee believes that employee stock ownership is a significant incentive in building stockholder wealth and aligning the interests of employees and stockholders. Executive officers of the Company are eligible to receive awards under the Company's 2001 Omnibus Stock Incentive Plan. As originally adopted, the plan provided only for the grant of stock options. At the 2004 Annual Meeting, the stockholders approved an amendment and restatement of such plan (2001 Amended Stock Plan) to, among other things, permit the award of stock appreciation rights, restricted shares, deferred shares, performance shares and performance units. During fiscal 2005, the executive officers were awarded stock options based upon past granting practices and each executive's individual performance and responsibilities. The Compensation Committee believes that the additional types of awards will increase flexibility to tailor compensation in the future.

Compensation of the Chief Executive Officer

In fiscal 2004, the Compensation Committee approved a five-year employment agreement with Mr. Overton, which was subsequently amended in fiscal 2005, commencing as of December 31, 2003 and ending on the last day of the Company's fiscal year in 2008. Pursuant to the agreement, Mr. Overton receives an initial salary at the annual rate of \$550,000 per year. This rate increased by \$82,000 in fiscal year 2005, and shall increase by \$50,000 each year thereafter. The employment agreement further provides that the Company shall grant Mr. Overton options to purchase not less than 100,000 shares of the Company's common stock during each 12-month period during the term of the agreement. Mr. Overton will also be entitled to a retirement benefit equal to 20% of his base salary (in effect immediately prior to termination) for the first ten years after termination of his full time employment and 40% of his base salary (in effect immediately prior to termination) for each year after the first ten years until his death. This benefit is not payable if Mr. Overton's employment is terminated for cause or if he materially violates any of his duties of confidentiality, non-competition or non-solicitation set forth in the agreement. For additional information concerning Mr. Overton's employment agreement, including amounts payable upon termination of employment, see Executive Compensation Employment Agreements. In fiscal 2005, the Compensation Committee approved an amendment to Mr. Overton's employment agreement, which was intended to conform the agreement to subsequently proposed changes in federal income tax regulations.

The Compensation Committee established the annual base salary and other terms of Mr. Overton's compensation based on Mr. Overton's performance record, his status in the restaurant industry and his experience and leadership. The Compensation Committee concluded that Mr. Overton's compensation, including stock option grants, significantly benefit the Company and its stockholders by securing Mr. Overton's services for the future and thereby motivating him to continue his focus on the long-term strategic growth and profitability of the Company.

Employment Agreements with Other Named Executive Officers

In fiscal 2006, the Company entered into employment contracts with each of Michael J. Dixon, the Company's Senior Vice President and Chief Financial Officer, Peter J. D'Amelio, President and Chief Operating Officer of the Company's restaurant division, Max S. Byfuglin, President of the Company's bakery division, and Debby R. Zurzolo, the Company's Executive Vice President, General Counsel and Secretary. Each agreement has an initial term of two years and will be extended automatically for one additional year on each anniversary date (beginning on the second anniversary date) unless either party gives notice not to extend. Under the agreements, the Company will pay an annual base salary to Messrs. Dixon, D'Amelio and Byfuglin equal to \$285,000, \$390,000, and \$300,000, respectively, and to Ms. Zurzolo equal to \$340,000. Under each of these agreements, the Compensation Committee shall determine any future adjustments to these base salaries, but the executive's annual salary may not be decreased without the executive's consent unless the annual salaries of all other executive officers are proportionately decreased. For additional information concerning such employment agreements, including amounts payable upon termination of employment, see Executive Compensation Employment Agreements.

Federal Income Tax Considerations

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Federal income tax legislation generally limits the annual corporate federal tax deduction for compensation paid to executive officers named in the proxy statement to \$1,000,000, unless the compensation qualifies as performance-based and has been approved in advance by a vote of its stockholders. The Company's stockholders approved the material terms of the performance incentive goals under The Cheesecake Factory Incorporated Amended and Restated Annual Performance Incentive Plan at the 2005 Annual Meeting. However, it is possible that one or more of the Company's executive officers may receive compensation that does not qualify as performance-based and is in excess of the \$1,000,000 limitation.

Respectfully submitted,

Wayne H. White, Chair
Thomas L. Gregory
Jerome I. Kransdorf
Karl L. Matthies

Compensation Committee Interlocks and Insider Participation

During fiscal 2005, Messrs. White, Gregory, Kransdorf and Matthies served on the Compensation Committee. No member of the Compensation Committee was, during fiscal 2005, an officer or employee of the Company, a former officer of the Company or of its subsidiaries or had a relationship requiring disclosure by the Company under Item 404 of Regulation S-K. No executive officer of the Company has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of the Company's Board of Directors or the Compensation Committee during fiscal 2005.

PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Independent Registered Public Accounting Firm

The Audit Committee appointed PricewaterhouseCoopers LLP (PWC) as the Company's independent registered public accounting firm to conduct the audit of the Company's books and records for the fiscal year ending January 3, 2006. PWC has served as the Company's independent registered public accounting firm since the Company's inception in 1992. The Audit Committee has initially selected PWC as the Company's independent auditors for fiscal 2006. Although the Company's governing documents do not require submission of this matter to stockholders, the Board of Directors believes that submission is consistent with current practices in corporate governance and is seeking ratification of the appointment by stockholders. In the event that stockholders fail to ratify the selection of PWC, it will be considered a direction to the Audit Committee to consider the selection of a different independent registered public accounting firm. Even if the selection of PWC is ratified by the stockholders at the Annual Meeting, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time if the Audit Committee determines that a change would be in the best interests of the Company and its stockholders. Representatives of PWC are expected to be present at the Annual Meeting of Stockholders to respond to appropriate questions and to make a statement should they so desire.

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Independent Registered Public Accounting Firm Fees and Services

The following table sets forth the aggregate fees billed to the Company by PWC during the last two fiscal years:

	<u>Fiscal 2005</u>	<u>Fiscal 2004</u>
Audit Fees	\$ 590,593	\$ 302,788
Audit-Related Fees		
Tax Fees	14,160	16,000
All Other Fees	\$ 604,753	\$ 318,788

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Audit Fees represent the aggregate fees billed or estimated to be billed to the Company for the audit of the Company's annual financial statements included in the Annual Report on Form 10-K, review of financial statements included in the Quarterly Reports on Form 10-Q, the audit of the Company's internal control over financial reporting with the objective of obtaining reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects, the attestation of management's report on the effectiveness of internal control over financial reporting, and services normally provided by the Company's independent registered public accounting firm in connection with statutory and regulatory filings or engagements.

Tax Fees represent the aggregate fees billed to us or estimated to be billed to us for professional services rendered for tax compliance, tax advice and tax planning. The nature of services provided consisted in both years of tax return review.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm

The Audit Committee is responsible for appointing, setting compensation for and overseeing the work of the independent registered public accounting firm. The Audit Committee has established a policy requiring its pre-approval of all audit and permissible non-audit services provided by the independent auditor. The Audit Committee considers whether such services are consistent with the rules of the SEC on auditor independence as well as whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as familiarity with the Company's business, people, culture, accounting systems, risk profile and other factors and input from the Company's management. The Audit Committee's charter authorizes the Audit Committee to delegate to one or more of its members the pre-approval of audit and permissible non-audit services provided that those members report any pre-approvals to the full committee. Pursuant to this authority, the Audit Committee has delegated to its Chair the authority to address any requests for pre-approval of services between Audit Committee meetings provided that the amount of fees for any particular services requested does not exceed \$10,000, and the Chair must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The policy prohibits the Audit Committee from delegating to management the Audit Committee's responsibility to pre-approve permitted services of the independent registered public accounting firm. In addition, the policy prohibits the Company's auditors from providing internal control related services to the Company unless such engagement has been specifically pre-approved by the Audit Committee.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLC AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR FISCAL 2006.

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BENEFICIAL OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership as of February 1, 2006 of the Company's common stock by (a) each person known to the Company owning beneficially more than five percent of the outstanding shares of the Company's common stock, (b) each director of the Company, (c) the executive officers named in the Summary Compensation Table set forth in the Executive Compensation section of this Proxy Statement, and (d) all executive officers and directors of the Company as a group. Unless otherwise indicated, each of the stockholders has sole voting and investment power with respect to the shares beneficially owned. However, under the laws of some states, personal property owned by a married person may be community property which either spouse may manage and control, and the Company has no information as to whether any shares shown in the following table are subject to such community property laws. Unless otherwise indicated, the address of each of the stockholders named below is the Company's principal executive office. The information provided in this table is based on the Company's records, information filed with the SEC and information provided to the Company.

The number of shares beneficially owned by each entity, person, director or executive officer is determined under the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares that the person has the right to acquire within 60 days of February 1, 2006 through the exercise of any stock option or other right. Shares that a person has the right to acquire are deemed to be outstanding for the purpose of computing the percentage ownership of that person, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner (1)

**Amount and
Nature of
Beneficial
Ownership**

**Percentage
of Class**

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T. Rowe Price Associates, Inc. (2)	5,445,138	6.9%
Baron Capital Group, Inc. (3)	4,786,148	6.1%
David Overton (4) (5)	4,268,749	5.4%
Thomas L. Gregory (6) (7)	104,063	*
Jerome I. Kransdorf (6) (8)	74,063	*
Karl L. Matthies (6) (9)	30,000	

Albert J. Neupaver
Age 65
Director since 2015

Principal
Occupation:
Executive
Chairman,
Westinghouse Air
Brake
Technologies
Corporation since
2014.

Business
Experience: Chairman
of the Board and
Chief Executive
Officer,
Westinghouse Air
Brake
Technologies
Corporation from
2013 to 2014;
President, Chief
Executive Officer
and Director,
Westinghouse Air
Brake
Technologies
Corporation from
2006 to 2013;
President of the
Electromechanical
Group of
AMETEK, Inc.
from 1998 to 2006;
President of the
Industrial Metals
Group of
AMETEK, Inc.
from 1993 to 1998;
Vice President and
General Manager
of the Specialty
Metals Products
Division of
AMETEK, Inc.

integrating
 companies and
 managing a diverse
 international
 business.

Joseph H. Pyne Age 68 Director since 2015	Principal Occupation: Executive Chairman of Kirby Corporation since April 2014. Business Experience: Chairman and Chief Executive Officer of Kirby Corporation	Amount and Nature of Beneficial Ownership Percentage of Class
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from 2012 to 2014; President, Chief Executive Officer and Director, Kirby Corporation from 1995 to 2014; President of Dixie Carriers, Inc., a subsidiary of Kirby Corporation from 1984 to 1995; Executive Vice President, Vice President Administration, Assistant Vice President Operations, Director of Safety and Personnel and Project Manager of Dixie Carriers, Inc. from 1978 to 1984.

Other Directorships: Kirby Corporation - Executive Committee Member and Compensation Committee Member.

DHT Holdings, Inc. — Audit Committee and Compensation Committee Member.

Committees: Mr. Pyne does not currently serve as a member of any of the Committees of our Board.

In connection with his nomination to the Board, the Board considered Mr. Pyne’s transportation industry expertise and his extensive management experience. The Board also noted the integral role Mr. Pyne played in the significant growth of Kirby Corporation through acquisitions when considering his nomination.

Directors Whose Terms Do Not Expire at the 2016 Annual Meeting

The following table sets forth certain information with respect to each of our directors whose term in office does not expire at the 2016 annual meeting.

Terms Expiring at Annual Meeting in 2017

Name and Age on March 21,
2016

Principal Occupation, Business Experience and Other Directorships

Principal Occupation: Chairman of the Board of Genesee & Wyoming Inc. since 1977.

Business Experience: Chairman of the Board and Executive Chairman of Genesee & Wyoming Inc. from 2007 to 2009; Chairman of the Board and Chief Executive Officer of Genesee & Wyoming Inc. from 1977 to 2007; President of Genesee & Wyoming Inc. from 1977 to 1997.

Other Directorships: Mr. Fuller does not currently serve on the Board of Directors of any other public companies.

Mortimer B. Fuller III

Age: 73

Director since 1973

Committees: Mr. Fuller does not currently serve as a member of any of the Committees of our Board.

In connection with his nomination to the Board, the Board believes that Mr. Fuller's significant role as a founder of the Company and the development of the Company from its familial beginnings as a 14-mile short line railroad to a Company operating 121 railroads in North America, Australia and the U.K./Europe, as well as his longstanding leadership as the founder and Chief Executive Officer of Genesee & Wyoming Inc., gives him unique and invaluable insights into the Company's operations, challenges and opportunities.

John C. Hellmann

Age: 45

Director since 2006

Principal Occupation: Chief Executive Officer of Genesee & Wyoming Inc. since June 2007 and President since May 2005.

Business Experience: Chief Financial Officer of Genesee & Wyoming Inc. from 2000 to 2005.

Other Directorships: Association of American Railroads

Committees: Mr. Hellmann does not currently serve as a member of any of the Committees of our Board.

In connection with his nomination to the Board, the Board considered Mr. Hellmann's extensive involvement in orchestrating the Company's growth in his existing and previous managerial capacities, which provides him with in-depth knowledge of the Company's operations, the leadership traits he has exhibited as Chief Executive Officer and his skill in developing effective strategies for the Company. Mr. Hellmann's significant international business experience and his expertise in valuing and acquiring companies were also recognized when he was considered as a nominee.

Name and Age on March 21,
2016

Hunter C. Smith
Age 47
Director since 2015

Principal Occupation, Business Experience and Other Directorships

Principal Occupation: Vice President, Finance, Inflammation and Immunology of Celgene Corporation since 2013.

Business Experience: Chief Financial Officer of Sugar & Bioenergy Segment, Bunge Limited from 2010 to 2013; Corporate Treasurer, Bunge Limited from 2007 to 2010; Chief Risk Officer, Bunge Limited from 2006 to 2007; Chief Financial Officer of Bunge Asia, Bunge Limited from 2003 to 2006; Director of Global Communications, Bunge Limited from 2001 to 2003; Assistant Treasurer, Bunge Limited from 1999 to 2001; Director of Commodities Finance, UBS AG from 1994 to 1999; Analyst, Commodities Finance, UBS AG from 1992 to 1994; Credit Analyst, Manufacturers Hanover Corporation from 1990 to 1992.

Other Directorships: Mr. Smith does not currently serve on the Board of Directors of any other public companies.

Committees: Mr. Smith currently serves as a member of the Governance Committee of our Board.

In connection with his nomination to the Board, the Board considered Mr. Smith's expertise in accounting, finance and risk management. The Board believes that Mr. Smith brings to the Board extensive corporate finance and international business experience. The Board also noted Mr. Smith's in-depth knowledge of the agribusiness industry when considering his nomination.

Terms Expiring at Annual Meeting in 2018

Name

and

Age on

March

21,

2016

Principal Occupation, Business Experience and Other Directorships

Principal Occupation: Professional director of public companies in the United States and Australia, including a director

Business Experience: Founder and partner of Allert, Heard & Co. from 1979 to 1989.

Partner of Peat Marwick Mitchell & Co. from 1973 to 1979.

Other Directorships: Western Desert Resources Ltd. — Chairman of the board of directors (listed in Australia)

Richard

H.

Director and Chairman of James Morrison Academy of Music Pty Ltd

Allert

Age 73

AMP Ltd until 2014 (listed in Australia)

Director

since

Gerard Lighting Group Ltd. — Deputy Chairman of the board of directors until October 2012 (listed in Australia)

2011

AXA Asia Pacific Holdings Ltd. until 2011 (listed in Australia until acquired by AMP Ltd. on March 30, 2011)

Committees: Mr. Allert currently serves as a member of the Audit, Compensation and Australia Committees of our Board.

In connection with his nomination to the Board, the Board considered that Mr. Allert has extensive public company board experience as a director of our Australian subsidiary, Genesee & Wyoming Australia Pty Ltd, since 2008. In addition, the Board believes that Mr. Allert's experience as a chartered public accountant is also beneficial to the Board in its oversight of our Company. Further, Mr. Allert's experience as a chartered public accountant is also beneficial to the Board in its oversight of our Company.

Principal Occupation: Founder and President of Alliance Consulting Group since 1986.

Business Experience: Vice President and Director of The Boston Consulting Group from 1975 to 1986.

Other Directorships: Acco Brands Corporation — Compensation Committee Member and Nominating and Governance Committee Chairman

Hans Michael Norkus

Age 69

Director since 2009

Overland Storage, Inc. until January 2011

Committees: Mr. Norkus currently serves as a member of the Compensation and Governance Committees of our Board.

In connection with his nomination to the Board, the Board considered that Mr. Norkus founded a company that provides strategic, organizational and human resource consulting services to boards of directors and senior management teams of multinational companies. The Board believes that Mr. Norkus brings to the Board international business experience, entrepreneurial experience and expertise in strategic planning, assisting companies with growth and organizational effectiveness.

Name and Age on March 21,
2016

Ann N. Reese

Age 63

Director since 2012

Principal Occupation, Business Experience and Other Directorships

Principal Occupation: Co-Executive Director and Co-Founder of the Center for Adoption Policy since 2001.

Business Experience: Principal, Clayton, Dubilier & Rice from 1999 to 2000; Executive Vice President and Chief Financial Officer of ITT Corporation from 1995 to 1998; Treasurer of ITT Corporation from 1992 to 1995.

Other Directorships: Xerox Corporation — Chairman of the Corporate Governance Committee and Finance Committee Member, and Lead Independent Director

Sears Holdings Corporation — Chairman of the Audit Committee and Compensation Committee Member

Committees: Ms. Reese currently serves as the Chairman of our Audit Committee and as a member of the Governance Committee of our Board.

In connection with her nomination to the Board, the Board recognized Ms. Reese's extensive executive experience in corporate finance and financial reporting, as well as her knowledge, perspective and corporate governance expertise. The Board also considered that her expertise in financial and accounting matters, her experience as the Chief Financial Officer and Treasurer of a large public company and her service on other public company boards and committees would significantly benefit the Company. In addition, the Board also noted Ms. Reese's significant involvement with the University of Pennsylvania as a Trustee as another means to enrich the diverse perspectives of the Board.

Unless authority to vote for one or more of the nominees is specifically withheld or authority to vote against is given according to the instructions, proxies received will be voted FOR the election of Richard H. Bott, Øivind Lorentzen III, Mark A. Scudder, Albert J. Neupaver and Joseph H. Pyne.

Our Board does not contemplate that any of the nominees will be unable to serve as a director, but if that contingency should occur prior to the voting of the proxies, the persons named in the proxy card reserve the right to vote for such substitute nominee or nominees as they, in their discretion, may determine. Therefore, if you vote by proxy, and if unforeseen circumstances make it necessary or desirable for our Board to substitute another person for a director nominee, the persons named in the proxy card will vote your shares for that person.

RELATED PERSON TRANSACTIONS

Non-Management Directors

Commercial Relationship with Westinghouse Air Brake Technologies Corporation (“Wabtec”). Mr. Neupaver, a current director who is standing for election at our annual meeting for a one-year term expiring in 2017, is Executive Chairman of Wabtec. Wabtec provides locomotive and freight car fleet maintenance services and other ancillary services to a number of our subsidiaries. Mr. Neupaver is not a significant stockholder of Wabtec as he beneficially owns only 1.01% of Wabtec’s shares as of January 31, 2016. For the year ended December 31, 2015, the aggregate amount paid by the Company to Wabtec and its subsidiaries for services was less than \$17 million, which accounted for less than 1% of the 2015 consolidated gross revenues of Wabtec.

Class B Stockholders’ Agreement

The Company, Mortimer B. Fuller III, our Chairman of the Board, our officers (collectively, the “Section 16 Executive Officers”) who are subject to the reporting obligations of Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and all holders of our Class B Common Stock are parties to a Class B Stockholders’ Agreement dated as of May 20, 1996 (the “Class B Stockholders’ Agreement”). Under the agreement, if a party proposes to transfer shares of Class B Common Stock in a transaction that would result in the automatic conversion of those shares into shares of Class A Common Stock, the Section 16 Executive Officers have the right to purchase up to an aggregate of 50% of those shares, and Mr. Fuller has the right to purchase the balance, in each case at the then-current market price of the Class A Common Stock. If Mr. Fuller does not purchase the entire balance of the shares, the Section 16 Executive Officers have the right to purchase any shares that remain. In the event that the employment of any Section 16 Executive Officer terminates, these purchase rights also apply to any Class B Common Stock held by the Section 16 Executive Officer, if any. The effect of the Class B Stockholders’ Agreement is to concentrate ownership of the Class B Common Stock, which entitles the holders thereof to 10 times the voting power per share of the Class A Common Stock, in the hands of our management and Mr. Fuller. See “Security Ownership of Certain Beneficial Owners and Management” on page 59.

In 2012, our Corporate Governance Principles were amended to formalize the Company’s current policy on limiting additional issuances of Class B Common Stock to certain transfers of outstanding Class B Common Stock, including transfers by gift or resulting from the death of a record holder of Class B Common Stock, to a spouse, child or grandchild of a record holder of any Class B Common Stock and transfers to Mr. Fuller or any Section 16 Executive Officer, in accordance with the Class B Stockholders’ Agreement. In addition, issuances made in connection with the subdivision, consolidation, reclassification, or other change in Class B Common Stock are permitted, in each case in accordance with the conditions set forth in the Company’s Restated Certificate of Incorporation then in effect. See “Corporate Governance—Issuances of Class B Common Stock” on page 14.

Policies and Procedures for Review, Approval or Ratification of Related Person Transactions

The Board adopted a written Related Person Transaction Policy, which requires (1) the review and approval, or ratification, by the Governance Committee, or by a sub-committee of the Board composed solely of independent directors who are disinterested, of all related person transactions that would be required to be disclosed pursuant to the rules and regulations of the SEC and (2) that any employment relationship or employment transaction involving any of our officers with policy-making functions as set forth on page 27 (collectively, the “Executive Officers”) and any related compensation to such Executive Officer must be approved by the Compensation Committee of the Board or recommended by the Compensation Committee to the Board for its approval. In connection with the review and approval, or ratification, of related person transactions, management must disclose to the Governance Committee or the Compensation Committee, as applicable, the material terms of the transaction, including the approximate dollar value associated with the transaction, and the nature of the related person’s interest in the transaction. Information with respect to compliance with any applicable agreements and any disclosure obligations must also be provided. To the extent that the transaction involves an independent director, consideration must also be given, as applicable, to the NYSE listing standards, our categorical standards of independence included in our Corporate Governance Principles, the requirements of Section 162(m) of the Internal Revenue Code (“IRC”) and other relevant rules under the Exchange Act related to independence.

CORPORATE GOVERNANCE

Director Independence

General

Pursuant to the General Corporation Law of the State of Delaware, the state in which we are incorporated, and our by-laws, our business, property and affairs are managed by or under the direction of our Board. Members of our Board are kept informed of our business through discussions with our Chief Executive Officer (“CEO”) and other officers, by reviewing materials provided to them by management, by participating in meetings of the Board and its committees and by visiting various facilities and operations. We currently have 12 Board members, including 10 independent non-management directors, one management director and our non-independent Chairman. After the annual meeting, we will have 11 Board members.

Corporate Governance Principles and Categorical Independence Standards

In order to provide guidance on the composition and function of our governing body, our Board adopted our Corporate Governance Principles, which include, among other things, our categorical standards of director independence. These categorical independence standards are consistent with the NYSE standards regarding director independence and establish certain relationships that our Board, in its judgment, has deemed to be material or immaterial, as the case may be, for purposes of assessing a director’s independence. In the event that a director maintains any relationship with us that is not addressed in these standards and could reasonably be expected to impact a director’s independence, the independent members of our Board or the Governance Committee, as applicable, will make an affirmative determination as to whether such relationship is material and whether such relationship would compromise the director’s independence under our Corporate Governance Principles. You may find a link to our Corporate Governance Principles, which include our independence standards, on our website at www.gwrr.com/governance.

Issuances of Class B Common Stock

In 2012, the Board amended our Corporate Governance Principles to formalize the Company’s policy with respect to additional issuances of Class B Common Stock. Generally, pursuant to the Corporate Governance Principles, the Board does not expect to approve any new issuances of Class B Common Stock other than (a) the transfer of outstanding Class B Common Stock: (1) by gift to a spouse, child or grandchild of a holder of record of any Class B Common Stock, or to a trust for the benefit thereof, (2) to a spouse, child or grandchild of a holder of record of any Class B Common Stock, or to a trust for the benefit thereof, which results, whether by bequest, operation of the laws of intestate succession or otherwise, from the death of such holder of record, or (3) to Mr. Fuller or any Section 16 Executive Officer, in accordance with the terms of the Class B Stockholders’ Agreement and (b) issuances in connection with the subdivision (whether in the form of a stock dividend or otherwise), consolidation, reclassification or other change in the Class B Common Stock, in each case in accordance with the conditions set forth in the Company’s Restated Certificate of Incorporation then in effect.

Evaluations of Director Independence

The Governance Committee undertook its annual review of director independence in accordance with the independence standards set forth in our Corporate Governance Principles and the NYSE and SEC rules and reviewed with our Board its findings. During this review, our Board considered transactions and relationships between each director (and members of their immediate families) and our Company, its subsidiaries and affiliates, including those reported under “Related Person Transactions— Non-Management Directors” above. Our Board also examined transactions and relationships between directors, the nominees, and their affiliates and members of our senior management. The purpose of this review was to determine whether any such relationships or transactions compromised a director’s independence.

As a result of this review, our Board affirmatively determined that all of our directors and nominees for director are independent for purposes of Section 303A of the Listed Company Manual of the NYSE, with the exception of John C. Hellmann and Mortimer B. Fuller III by virtue of Mr. Hellmann’s position as CEO and Mr. Fuller’s previous role as CEO of the Company until 2007, his ongoing role as a consultant and his significant ownership interest in the Company as described in “Security Ownership of Certain Beneficial Owners and Management,” beginning on page 59.

Our Board has also determined that all of the directors who serve on Board committees are “independent” for purposes of Section 303A of the Listed Company Manual of the NYSE (including for purposes of serving on the applicable committees) and under our Corporate Governance Principles and that all of the members of the Compensation Committee are also “outside directors” within the meaning of Section 162(m) of the IRC and “non-employee directors” for purposes of Rule 16b-3 under the Exchange Act.

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Board Leadership Structure

The Board believes that the decision as to whether to combine or separate the CEO and Chairman positions will depend on the facts and circumstances facing the Company at a given time and could change over time. As the Company has grown and diversified internationally, our business has become more complex and our directors are required to spend a substantial amount of time and energy navigating a wide variety of issues and guiding the policies and practices of the Company. To that end, we believe that, although we do not have a formal policy with respect to separation of the Chairman and CEO positions, having a separate Chairman, whose sole job is to lead the Board, allows our CEO, Mr. Hellmann, to focus his time and energy on running the operations of our Company and on pursuing our strategic initiatives. We believe that this structure is particularly effective for our Company since our CEO and our Chairman have open lines of communication and an excellent working relationship that has developed for more than 15 years, including when our Chairman, Mr. Fuller, served as our Chairman and CEO and our current CEO served as our Chief Financial Officer (“CFO”), and later, as our President. In addition, we believe that this leadership structure provides appropriate risk oversight of the Company’s activities.

The Board currently has 12 members and the following four standing committees: Audit, Compensation, Governance and Australia. Each of the four standing committees is comprised solely of independent directors and, consequently, Messrs. Hellmann and Fuller are not committee members. Additionally, Messrs. Neupaver and Pyne have not served on any committees since they joined the Board on September 28, 2015. From time to time, the Board will also establish “ad hoc” committees relating to special transactions to be considered by the Board.

We believe that the number of independent, experienced directors that make up our Board, along with the independent leadership of each of our committees, benefits our Company and our stockholders. The following table shows the current membership of each of our Board’s standing committees and the number of meetings held by each of those committees during 2015:

Director	Audit Committee	Compensation Committee	Governance Committee	Australia Committee
Richard H. Allert (1)	X	X	—	X
Richard H. Bott (2)	X	X	—	—
Mortimer B. Fuller III	—	—	—	—
John C. Hellmann	—	—	—	—
Øivind Lorentzen III	—	—	Chair	—
Albert J. Neupaver (3)	—	—	—	—
Hans Michael Norkus	—	X	X	—
Joseph H. Pyne (4)	—	—	—	—
Ann N. Reese	Chair	—	X	—
Philip J. Ringo (5)	X	—	—	Chair
Mark A. Scudder	X	Chair	—	—
Hunter C. Smith (6)	—	—	X	—
2015 Meetings	9	6	5	6

(1) Mr. Allert has also served as a director of our Australian subsidiary, Genesee & Wyoming Australia Pty Ltd, since 2008.

(2) Mr. Bott served on the Governance Committee until May 12, 2015 at which time he joined the Audit Committee.

(3) Mr. Neupaver joined our Board on September 28, 2015 and did not serve on any committee during 2015.

(4) Mr. Pyne joined our Board on September 28, 2015 and did not serve on any committee during 2015.

Mr. Ringo served on the Governance Committee until May 12, 2015. Mr. Ringo announced his retirement in late (5) 2015, after 38 years of service. As a consequence, Mr. Ringo is not standing for re-election at our 2016 annual meeting.

(6) Mr. Smith has served on the Governance Committee since May 12, 2015.

Committee Charters

Our Board has adopted a charter for each of the Audit, Compensation, Governance and Australia committees that addresses the composition and function of each committee. You may find links to current copies of our committee

charters on our website at www.gwrr.com/governance.

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Audit Committee

The Audit Committee assists our Board in fulfilling its responsibility relating to the oversight of (1) the quality and integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) our independent registered public accounting firm's qualifications and independence and (4) the performance of our internal audit function and independent registered public accounting firm. The Report of the Audit Committee relating to 2015 appears on page 65 of this proxy statement. Our Board has determined that each of the members of the Audit Committee is "financially literate" within the meaning of the listing standards of the NYSE. In addition, our Board has determined that Ms. Reese qualifies as an "Audit Committee Financial Expert," as defined by applicable SEC regulations. The Board reached its conclusion as to Ms. Reese's qualification based on, among other things, her education, her business experience, most notably her service as the Chief Financial Officer of ITT Corporation from 1995 through 1998, and her experience as an audit committee chairman at another public company.

Compensation Committee

The Compensation Committee discharges the responsibilities of our Board relating to the (1) oversight of the Company's compensation programs, which includes approval of the compensation paid to our Executive Officers and other key personnel and (2) evaluation of the CEO. In fulfilling its responsibilities, the Compensation Committee can delegate any or all of its responsibilities to a subcommittee of the Compensation Committee composed of two or more of its members. The Compensation Committee's report relating to 2015 appears on page 44 of this proxy statement. The Compensation Committee also reports and makes recommendations to the Board regarding the Company's compensation philosophy and new executive compensation policies and informs the other members of the Board about the Compensation Committee's decisions regarding compensation for the Executive Officers. In accordance with the Compensation Committee Charter, the Compensation Committee also has the authority to retain outside consultants or advisors as it deems necessary or advisable. From 2013 through June 2015, Farient Advisors LLC ("Farient") served as the Compensation Committee's independent compensation consultant to assist with the review and administration of the Company's executive compensation program and to conduct an executive compensation study launched in May 2013. Farient also advised our Governance Committee on the compensation paid to our non-management directors in 2014. In July 2015, the Compensation Committee retained Echelon Compensation Partners ("Echelon") as its new independent compensation consultant to conduct an annual review of the Company's executive compensation program and to provide other general executive compensation consulting services. Additional information with respect to the Compensation Committee's retention of compensation consultants or other outside advisors and their roles is set forth under "Executive Compensation—Compensation Discussion and Analysis," beginning on page 28 of this proxy statement.

Compensation Committee Processes and Procedures

In performing its duties, the Compensation Committee meets periodically with our CEO. Our CEO participates in discussions of the Compensation Committee and makes recommendations with respect to compensation decisions (other than with respect to himself), but he does not vote or otherwise participate in the Compensation Committee's ultimate decisions, which are determined in executive session, or sessions without the presence of management directors. Our Board believes that it is prudent to have our CEO participate in these discussions because his evaluations and recommendations with respect to the compensation and benefits paid to Executive Officers other than himself are extremely valuable to the Compensation Committee.

Generally, the Compensation Committee considers the compensation of Executive Officers and other key employees at the first regularly scheduled Compensation Committee meeting of the year. At this meeting, each element of the compensation paid under the executive compensation program is reviewed, including annual incentive compensation earned for the prior year, as well as base salaries, annual performance targets, and long-term incentive compensation for the current year. In addition to determining the annual awards under the Company's TSR RSU Program as described under "Executive Compensation—Compensation Discussion and Analysis—Equity Awards—TSR RSU Program—2015 Awards," or any new performance-based compensation programs as described below under "Executive Compensation—Compensation Discussion and Analysis," the fair value of the annual stock-based long-term incentive compensation awards to employees, including Executive Officers, is also reviewed at this meeting. Approval of the compensation matters generally occurs during the first quarter of each year. Prior to February 2, 2016, the actual stock-based long-term incentive compensation awards were granted in four equal quarterly installments on February 28, May 31, August 31 and November 30 (or the preceding business day), with the number of shares of restricted stock and restricted stock units being equal to the value of the installment divided by the closing stock price of our Class A Common Stock on the NYSE on the date of grant and the number of stock options being equal to the value of the installment divided by the fair value per share using the Black-Scholes valuation model on the date of grant. As a result of recent updates made by the Compensation Committee to the Company's Stock-Based Awards Policy, effective February 2, 2016, stock-based long term incentive compensation awards are granted on February 28 each year (or if February 28 does not fall on a trading day of the NYSE, the preceding trading day). For more information on the February 2016 modifications to the Company's Stock-Based Awards Policy, see "Executive Compensation—Compensation Discussion and Analysis—2016 Compensation Program Updates" on page 42. Additional information regarding the participation of our CEO in matters that are the responsibility of the Compensation Committee and the criteria used by the Compensation Committee in making compensation decisions is set forth under "Executive Compensation—Compensation Discussion and Analysis," beginning on page 28.

Governance Committee

The Governance Committee assists our Board in fulfilling its responsibility relating to corporate governance by (1) identifying qualified individuals to become directors, (2) selecting, or recommending that our Board select, particular candidates for any directorships to be filled by our Board or by the stockholders, (3) developing and recommending the content of our Corporate Governance Principles to our Board and (4) otherwise taking a leadership role in shaping our corporate governance. The process for identifying qualified director nominees entails the Governance Committee identifying potential new candidates by recommendations from its members, other Board members, management and stockholders. In evaluating candidates for directorships, our Board, with the help of the Governance Committee, takes into account a variety of factors it considers appropriate, which include certain minimum individual qualifications such as strength of character, mature judgment and an ability to work collegially with other members of the Board. Other factors considered in evaluating candidates include the following: leadership skills; industry knowledge or experience; general business acumen and experience; broad knowledge of the rail freight business or of other modes of transportation; knowledge of strategy, finance and international business experience; government affairs experience related to transportation; legal experience; experience with corporate governance; age; the number of other board seats held; and willingness to commit the necessary time to ensure an active Board whose members work well together and possess the collective knowledge and expertise required. Although the Governance Committee does not have a formal policy with respect to diversity, diversity is one of the factors considered when evaluating candidates for directorship. The Governance Committee is also tasked with, among other matters, enforcing the Company's corporate governance policies associated with the issuances of new shares of Class B Common Stock, reviewing and recommending compensation of non-management directors to the Board and reviewing and recommending to the Board director and officer indemnification and insurance matters. The Governance Committee retained Fariant in connection with a non-management directors compensation study launched in 2014. Additional information with respect to non-management director compensation in 2015 is set forth under "Director Compensation," beginning on page 20 of this proxy statement.

Australia Committee

The Australia Committee was formed in 2010 in light of the increase in the size and scope of the Company's operations in Australia. In 2011, Mr. Ringo was the sole member of the Australia Committee and served as a representative of the Board on the board of directors of the Company's subsidiary, Genesee & Wyoming Australia Pty Ltd. ("GWA"). Mr. Allert was appointed to the Australia Committee on April 3, 2012. Mr. Ringo announced his retirement in late 2015, after 38 years of service. Mr. Ringo will not be standing for re-election at the Company's 2016 annual meeting and, consequently, will not be serving on the Australia Committee after May 17, 2016. Through participation in GWA's board meetings and interaction with the members of management of GWA, the Australia Committee provides regular updates to the Board on the business and affairs of GWA.

Stockholder Recommendations for Director Nominations

As noted above, the Governance Committee considers and establishes procedures regarding recommendations for nomination to our Board, which includes nominations submitted by stockholders. Such recommendations should be sent to our principal executive offices to the attention of our Secretary. Any recommendations submitted to the Secretary should be in writing and include any supporting material that the stockholder considers appropriate in support of that recommendation. In addition, it must include the information that would be required under the rules of the SEC to be included in a proxy statement soliciting proxies for the election of such candidate and a signed consent of the candidate to serve as one of our directors if elected. Stockholders must also satisfy the notification, timeliness, consent and information requirements set forth in our by-laws. For an explanation of such requirements, see “Stockholder Proposals for 2017 Annual Meeting” on page 63 of this proxy statement.

The Governance Committee evaluates all potential candidates in the same manner, regardless of the source of the recommendation. Based on the information provided to the Governance Committee, it will make an initial determination whether to conduct a full evaluation of a candidate. As part of the full evaluation process, the Governance Committee may conduct interviews, obtain additional background information and conduct reference checks of candidates. The Governance Committee may also ask the candidate to meet with management and other members of our Board. When the Governance Committee reviews a potential candidate, the Governance Committee considers the candidate’s qualifications in light of the needs of the Board and the Company at that time given the current mix of director attributes. In evaluating a candidate, our Board, with the assistance of the Governance Committee, also takes into account a variety of additional factors as described in our Corporate Governance Principles.

Messrs. Neupaver and Pyne were elected to the Board on September 28, 2015. Mr. Neupaver was recommended to the Board by Mr. Hellmann. Mr. Pyne was suggested as a potential candidate by one of the Company's external advisors. As is the case with all potential candidates, the recommendations were forwarded to Mr. Lorentzen as the Chair of the Governance Committee. Pursuant to our Governance Committee policies and procedures, Mr. Lorentzen contacted and interviewed each of Messrs. Neupaver and Pyne and arranged for each of them to be interviewed by certain of our other directors. The Governance Committee reviewed each of their qualifications and, after receiving positive feedback from other directors, recommended Messrs. Neupaver and Pyne to the Board for approval.

Meeting Attendance

During 2015, our Board held a total of nine Board meetings, including seven in-person meetings and two telephonic meetings, and our Board’s standing committees held a total of 26 meetings. During 2015, each director attended more than 90% of the aggregate of (a) the total number of meetings of the Board held during the period for which he or she served as a director and (b) the total number of meetings held by all Board committees of which such director was a member during the period that he or she served. All current directors who were elected to the Board as of last year’s annual meeting, which occurred on May 12, 2015, attended last year’s annual meeting of stockholders. We encourage and expect all of the directors to attend each annual meeting of stockholders. To that end, and to the extent reasonably practicable, we regularly schedule a meeting of the Board on the day of or following the annual meeting of stockholders.

Independent Sessions

Our Corporate Governance Principles require our independent directors to have at least four regularly scheduled meetings per year without management present. Our independent directors met without management presence at four meetings during 2015. During these sessions, the director acting in the role of presiding director is the Chairman of the Governance Committee, unless a different director is chosen by the directors based upon the topics under consideration.

Communicating with the Board

Stockholders and other interested parties who would like to communicate directly with our Board, our non-management directors or any individual director may do so by writing to our Secretary at Genesee & Wyoming Inc., 20 West Avenue, Darien, Connecticut 06820, and specifying whether such communication is addressed to the attention of (1) the Board as a whole, (2) non-management directors as a group or (3) the name of the individual director, as applicable. Communications will be distributed to our Board, non-management directors as a group or to

any individual director or directors, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, our Board has requested that certain items that are unrelated to its duties and responsibilities should be excluded, such as junk mail and mass mailings, resumes and other forms of job inquiries, surveys and business solicitations or advertisements.

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In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any non-management director upon request. Any concerns relating to accounting, internal controls or auditing matters will be brought to the attention of our Audit Committee. In addition, for such matters, stockholders and other interested parties are encouraged to use our hotline, which is discussed below.

Hotline for Accounting or Auditing Matters

As part of the Audit Committee's role to establish procedures for the receipt of complaints regarding accounting, internal accounting controls or auditing matters, we have established a hotline for the confidential and anonymous submission of concerns regarding questionable accounting or auditing matters. Any matters reported through the hotline that involve accounting, internal controls over financial reporting or audit matters, or any fraud involving management or persons who have a significant role in our internal controls over financial reporting, will be reported to the Chairman of our Audit Committee. Our hotline numbers in the various countries in which we operate are as follows:

Country	Hotline Number
Australia	1800-141-924
Belgium	0800-746-72
The Netherlands	0800-023-4013
Poland	0-0-800-151-0002
United Kingdom	0808-234-8815
United States and Canada	1-800-589-3280

Risk Management

The Board is actively involved, as a whole and through its committees, in overseeing management of the Company's risks. The Board regularly reviews information regarding the Company's credit, liquidity and operations, as well as the risks associated with each. The Company's Compensation Committee is responsible for overseeing the risks that could arise out of the Company's compensation policies, practices, plans and arrangements. The Audit Committee oversees management of financial risks. The Governance Committee manages risks associated with the independence of the Board and potential conflicts of interest. While each committee is responsible for evaluating particular types of risk and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks. In addition, the Company's CFO is responsible for the Company's Enterprise Risk Management function and reports both to the CEO and to the Audit Committee in this capacity. In fulfilling his risk management responsibilities, the CFO works closely with other Executive Officers to keep the Audit Committee and the Board apprised of the Company's ongoing Enterprise Risk Management efforts.

Code of Ethics and Conduct

We have a Code of Ethics and Conduct applicable to all employees of our Company, including our CEO, CFO, Chief Accounting Officer and Global Controller and to all members of our Board. You can find a link to our Code of Ethics and Conduct on our website at www.gwrr.com/governance. To the extent required, we will post amendments to, and any waivers or implied waivers of, our Code of Ethics and Conduct at the same location on our website as our Code of Ethics and Conduct.

Board Evaluations

Each year, our Board evaluates its performance through a self-evaluation process developed by the Governance Committee. Each member of our Board provides specific feedback on various aspects of the Board's role, organization and meetings, and the Chairman of our Governance Committee presents the findings of the self-evaluation process to our Board. As part of the evaluation, our Board develops, as appropriate, recommendations to enhance its effectiveness. In addition to this process, each committee of our Board conducts its own annual performance evaluation.

DIRECTOR COMPENSATION

Elements of Director Compensation

All of our directors receive compensation for their services, except for our CEO, who receives no additional compensation for his services as a director. Generally, our director compensation program is composed of (1) an annual grant of restricted stock (or restricted stock unit) awards; and (2) cash compensation through an annual retainer fee, Board and committee meeting fees and a chairman fee, if applicable. The directors are also subject to share ownership guidelines. Our non-management directors can elect to defer their director compensation that would otherwise be payable in cash and receive payments for fees earned in the form of deferred stock units (“DSUs”) representing shares of our Class A Common Stock, with a value equal to 125% of the cash fees earned. In 2015, all of our non-management directors elected to defer all of the fees that they earned, except for Mr. Neupaver who elected to receive his payment of fees in the form of cash. We also reimburse our non-management directors for travel expenses in connection with their attendance of Board and committee meetings and trips to our facilities and operations. The Governance Committee reviews and makes recommendations to the full Board with respect to the compensation of our directors periodically. The full Board reviews these recommendations and makes a final determination on the compensation of our directors.

2014 Director's Compensation Study

During 2014, the Governance Committee engaged Farient to perform a study of the Company's non-management director compensation program (the “2014 Director Compensation Study”). In the 2014 Director Compensation Study, Farient evaluated the Company's director compensation program with the broader market and the peer group as described below under “Executive Compensation—Compensation Discussion and Analysis” and concluded that our director compensation program, even assuming full use of the cash deferral election, fell below both the broader market and the peer group medians. The 2014 Director Compensation Study findings resulted in the compensation changes itemized below to align non-management director compensation generally with the broader market and peer group medians. The results of the 2014 Director Compensation Study were approved by the Board on July 29, 2014 and were retroactive to January 1, 2014. The results formed the basis of the compensation paid to our directors in 2015. During 2015, our non-management directors earned an aggregate of \$2.2 million in compensation for service to the Company, inclusive of the 25% premium associated with the deferral of Board and Committee fees by all of our non-management directors except for Mr. Neupaver, who elected not to defer his fees.

Compensation Element	Farient Study Findings and Director Compensation Program Changes
Annual Grant of Restricted Stock (or Restricted Stock Units)	<ul style="list-style-type: none"> • An increase of \$30,000 in the annual restricted stock (or unit) awards - from \$60,000 to \$90,000 - with the number of shares to be granted under such equity awards based on the grant date stock price, rather than the prior year's average price, to be more consistent with market amounts and market practices.
Committee Chairman Fees	<ul style="list-style-type: none"> • To be more competitive with market practices and to recognize the additional services and time commitment provided by our Chairmen, (a) the fee paid to the Governance Committee and Compensation Committee Chairmen increased from \$10,000 to \$15,000, (b) the fee paid to the Chairman of the Australia Committee increased from \$0 to \$15,000, and (c) the fee paid to the Chairman of the Audit Committee remained the same at \$15,000.
Non-Employee Director Share Ownership Guidelines	<ul style="list-style-type: none"> • Farient recommended the Company modify its director share ownership guidelines to be based on a multiple of the cash retainer and to be consistent with the Company's new Share Ownership Guidelines for its Executive Officers as described under “Executive Compensation—Compensation Discussion and Analysis—Share Retention Guidelines,” and the Board adopted a new director share ownership requirement of 10x the annual cash retainer of \$45,000.

Compensation Element	Director Compensation Program
Annual Retainer (1)	\$45,000
Annual Equity Award (2)	\$90,000 in the form of Restricted Stock (or Restricted Stock Unit) Awards
Committee Chair Retainer (1)	\$15,000 for the Audit Committee \$15,000 for the Australia Committee \$15,000 for the Compensation Committee \$15,000 for the Governance Committee
Board Attendance Fees	\$2,000 for in-person meetings \$1,000 for telephonic meetings
Committee Attendance Fees	\$1,500 for in-person meetings of Audit, Compensation and Governance Committees \$1,000 for telephonic meetings of Audit, Compensation and Governance Committees \$10,000 for in-person meetings of Australia Committee with overseas travel (3) \$1,000 for in-person meetings of Australia Committee with no overseas travel (3) \$1,000 for telephonic meetings of Australia Committee (3)
Share Ownership Guidelines (4)	Non-management directors must own Company shares in the amount of 10x the annual retainer of \$45,000 within the first five years of being elected to the Board

The annual retainer fee and any Chair fee, if applicable, are pro-rated on a quarterly basis, and these fees (along with any additional fees earned for meeting attendance) are paid quarterly. No fees are paid for meetings that last less than 30 minutes.

Our non-management directors generally receive an annual equity award in the form of a grant of restricted stock or restricted stock units. The grants are made on the date of the annual meeting or the date on which a new non-management director joins the Board if the director joins the Board after the annual meeting. The number of shares to be granted is based on the closing stock price of our Class A Common Stock on the date of grant. If a new non-management director joins the Board after the annual meeting, the number of shares to be granted is pro-rated for the period until the Company's next annual meeting of stockholders.

Generally, Mr. Allert, an Australian resident, would be entitled to receive fees for serving on the Australia Committee. However, as Mr. Allert also serves as a member of the board of GWA, and the Australia Committee meetings and the GWA board meetings occur simultaneously, Mr. Allert does not receive compensation for attending the Australia Committee meetings so that he is not compensated twice for attending the same meeting.

As a result, Mr. Allert did not receive any compensation for attending any Australia Committee meetings in 2015. With the exception of Mr. Smith who joined the Board on March 27, 2015, and Messrs. Neupaver and Pyne who joined the Board on September 28, 2015, all non-management directors have met these share ownership guidelines.

2015 DIRECTORS COMPENSATION TABLE

The following table and footnotes provide information on the compensation of our directors other than our CEO, who receives no additional compensation as a director. Following the table and footnotes, we describe additional information on compensation arrangements for service on the Board and Board committees for the year ended December 31, 2015.

Name	Fees Earned or Paid in Cash (1)(3)	Stock Awards (2)	All Other Compensation (4)	Total Compensation
Richard H. Allert	\$ 77,000	\$ 109,158	\$ 43,477	\$ 229,635
Richard H. Bott	\$ 77,500	\$ 109,347	\$ 5,000	\$ 191,847
Mortimer B. Fuller III	\$ 59,000	\$ 104,676	\$ 108,886	\$ 272,562
Øivind Lorentzen III	\$ 81,500	\$ 110,359	\$ 5,000	\$ 196,859
Robert M. Melzer (5)	\$ 75,000	\$ 108,730	\$ 5,000	\$ 188,730
Albert J. Neupaver	\$ 17,620	\$ 55,548	\$ —	\$ 73,168
Hans Michael Norkus	\$ 74,500	\$ 108,689	\$ 1,000	\$ 184,189
Joseph H. Pyne	\$ 15,620	\$ 59,453	\$ —	\$ 75,073
Ann N. Reese	\$ 90,500	\$ 112,630	\$ 5,000	\$ 208,130
Philip J. Ringo (6)	\$ 112,000	\$ 118,059	\$ 5,000	\$ 235,059
Mark A. Scudder	\$ 93,000	\$ 113,307	\$ 2,500	\$ 208,807
Hunter C. Smith	\$ 47,366	\$ 101,861	\$ —	\$ 149,227

Reflects amounts earned during 2015. For 2015, all of the Company's non-management directors elected to receive (1) all of their payments in the form of DSUs, except for Mr. Neupaver who elected to receive his payments in the form of cash.

Reflects the aggregate grant date fair value of equity awards, computed in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 718 "Compensation—Stock Compensation" ("ASC Topic 718"), without taking into account estimated forfeitures, that have been granted to our non-management directors under the Third Amended and Restated 2004 Omnibus Incentive Plan (the "Omnibus Plan") in 2015. For a (2) discussion of the assumptions made in the valuations, refer to Note 15 of our consolidated financial statements for the fiscal year ended December 31, 2015 contained in our Annual Report on Form 10-K. In addition to the grant date fair value of the annual equity awards, the Stock Awards column includes the grant date fair value with respect to the 25% premium associated with the DSU awards granted to all non-management directors (other than Mr. Neupaver) in lieu of cash payments for fees earned.

(3) The fees forgone by all but one director in favor of the DSUs are included in the Fees Earned or Paid in Cash column. Details of DSUs received are set forth in the stock awards table below.

Mr. Allert's all other compensation reflects \$43,477 in fees paid for serving on the Board of Directors of the Company's wholly-owned subsidiary, GWA, and tax return preparation fees paid by the Company related to non-domestic tax filings resulting solely from compensation paid by the Company. In addition to his compensation for his services as a director during 2015, Mr. Fuller (who previously served as our Executive Chairman and our (4) Chief Executive Officer) received \$108,886 in consulting fees, after reduction for his contributions for medical insurance premiums, in accordance with his employment agreement described in more detail below under "Chairman Employment Agreement." All other Director amounts reflect company contributions under the Directors' Matching Gift Plan described in additional detail below.

(5) Mr. Melzer retired from the Board effective February 3, 2016 after 19 years of service.

(6) Mr. Ringo announced his retirement in late 2015, after 38 years of service. As a consequence, Mr. Ringo will not be standing for re-election at our 2016 annual meeting.

Directors' Stock Awards

The following table details grants of stock awards to each of our non-management directors in 2015. The table includes the grant date and grant date fair value of each 2015 stock award and the aggregate number of outstanding, unvested stock awards held by each of the non-management directors as of December 31, 2015:

Name	Grant Date (a)	Stock Awards (#)	Grant Date Fair Value (b)	Total Number of Outstanding, Unvested Stock Awards (#) (c)
Richard H. Allert	3/31/15	52	\$5,054	1,003
	5/12/15	1,003	\$89,979	
	6/30/15	56	\$4,291	
	9/30/15	92	\$5,291	
	12/31/15	84	\$4,543	
Richard H. Bott	3/31/15	50	\$4,860	1,748
	5/12/15	1,003	\$89,979	
	6/30/15	61	\$4,674	
	9/30/15	92	\$5,291	
	12/31/15	84	\$4,543	
Mortimer B. Fuller III	3/31/15	39	\$3,790	1,631
	5/12/15	1,003	\$89,979	
	6/30/15	43	\$3,295	
	9/30/15	75	\$4,313	
	12/31/15	61	\$3,299	
Øivind Lorentzen III	3/31/15	53	\$5,151	1,748
	5/12/15	1,003	\$89,979	
	6/30/15	60	\$4,597	
	9/30/15	104	\$5,981	
	12/31/15	86	\$4,651	
Robert M. Melzer	3/31/15	52	\$5,054	1,631
	5/12/15	1,003	\$89,979	
	6/30/15	51	\$3,908	
	9/30/15	95	\$5,463	
	12/31/15	80	\$4,326	
Albert J. Neupaver	3/31/15	—	\$—	935
	6/30/15	—	\$—	
	9/28/15	935	\$55,548	
	9/30/15	—	\$—	
	12/31/15	—	\$—	
Hans Michael Norkus	3/31/15	50	\$4,860	
	5/12/15	1,003	\$89,979	
	6/30/15	53	\$4,061	
	9/30/15	95	\$5,463	

12/31/15	80	\$4,326	1,003
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Name	Grant Date (a)	Stock Awards (#)	Grant Date Fair Value (b)	Total Number of Outstanding, Unvested Stock Awards (#) (c)
Joseph H. Pyne	3/31/15	—	\$—	935
	6/30/15	—	\$—	
	9/28/15	935	\$55,548	
	9/30/15	19	\$1,093	
	12/31/15	52	\$2,812	
Ann N. Reese	3/31/15	59	\$5,734	1,003
	5/12/15	1,003	\$89,979	
	6/30/15	72	\$5,517	
	9/30/15	107	\$6,154	
	12/31/15	97	\$5,246	
Philip J. Ringo	3/31/15	62	\$6,026	1,748
	5/12/15	1,003	\$89,979	
	6/30/15	108	\$8,275	
	9/30/15	107	\$6,154	
	12/31/15	141	\$7,625	
Mark A. Scudder	3/31/15	62	\$6,026	1,748
	5/12/15	1,003	\$89,979	
	6/30/15	72	\$5,517	
	9/30/15	109	\$6,269	
	12/31/15	102	\$5,516	
Hunter C. Smith	3/31/2015	2	\$194	1,003
	5/12/2015	1,003	\$89,979	
	6/30/2015	43	\$3,295	
	9/30/2015	82	\$4,716	
	12/31/2015	68	\$3,677	

The May 12, 2015 grants relate to the annual equity awards made to the non-management directors in the form of restricted stock, other than Mr. Allert who received restricted stock units, all of which are subject to vesting conditions. Messrs. Neupaver and Pyne received a pro-rated annual restricted stock award on September 28, 2015, (a) when they joined the Board. All other grants relate to the director's election to receive DSUs in lieu of cash payments for their annual retainer and Board and Committee meeting fees. The number of DSUs shown as awarded and the grant date fair value thereof reflect only the 25% premium associated with the DSU awards. See "Deferral of Cash Compensation" below.

(b) This column shows the grant date fair value of annual equity awards and the 25% premium associated with the DSU awards granted in 2015, computed in accordance with ASC Topic 718.

(c) Notwithstanding any deferral elections by non-management directors, DSUs are deemed to be vested on the grant date and are, therefore, not included in outstanding unvested stock awards as of December 31, 2015.

Directors' Cash Compensation

Fees Paid or Earned in Cash

Each non-management director can elect to have all or a portion of his or her earned fees for service on our Board paid in DSUs representing shares of our Class A Common Stock. In 2015, all of our non-management directors elected to defer all of the fees that they earned, except for Mr. Neupaver who elected to receive his payments in the form of cash. The following table outlines the fees earned by each of our non-management directors in 2015 for service on our Board, which were paid to all non-management directors in full in DSUs (other than Mr. Neupaver), but excludes DSUs relating to the 25% premium associated with the deferral of fees discussed below. See "Deferral of Cash Compensation" below.

Name	Annual Retainer	Board Meeting Fees		Committee Meeting Fees		Chair Fees	Total
		In Person	Telephonic	In Person	Telephonic		
Richard H. Allert	\$45,000	\$12,000	\$2,000	\$12,000	\$6,000	\$—	\$77,000
Richard H. Bott	45,000	12,000	2,000	13,500	5,000	—	77,500
Mortimer B. Fuller III	45,000	12,000	2,000	—	—	—	59,000
Øivind Lorentzen III	45,000	12,000	2,000	7,500	—	15,000	81,500
Robert M. Melzer	45,000	12,000	2,000	12,000	4,000	—	75,000
Albert J. Neupaver (1)	11,620	6,000	—	—	—	—	17,620
Hans Michael Norkus	45,000	12,000	2,000	13,500	2,000	—	74,500
Joseph H. Pyne (1)	11,620	4,000	—	—	—	—	15,620
Ann N. Reese	45,000	10,000	3,000	10,500	7,000	15,000	90,500
Philip J. Ringo	45,000	12,000	2,000	29,000	9,000	15,000	112,000
Mark A. Scudder	45,000	12,000	2,000	12,000	7,000	15,000	93,000
Hunter C. Smith (2)	34,366	10,000	—	3,000	—	—	47,366
Total	\$462,606	\$126,000	\$19,000	\$113,000	\$40,000	\$60,000	\$820,606

(1) Messrs. Neupaver and Pyne joined the Board on September 28, 2015.

(2) Mr. Smith joined the Board on March 27, 2015.

Deferral of Cash Compensation

Under the Omnibus Plan, each non-management director can elect to have all or a portion of his or her earned annual retainer, Board and committee meeting fees and chair fees, as applicable, paid in DSUs representing shares of our Class A Common Stock. If a director elects to defer all or a portion of these fees, the participating director's account is credited on a quarterly basis with DSUs having a value equal to 125% of the cash compensation he or she elected to defer. Specifically, the number of DSUs credited to each participating director's account is equal to the result obtained by dividing the dollar amount of the deferred compensation by the per share market price of the Class A Common Stock at the close of business on the second to last business day of the quarter in which such director would have otherwise been entitled to receive the cash compensation and multiplying that number by 1.25. DSUs are subject to customary anti-dilution adjustments. A non-management director is not entitled to vote or transfer the Class A Common Stock represented by the DSUs in his or her account until the shares represented by DSUs are issued to him or her. These shares will be issued to the participating director or his or her designated beneficiaries (1) on the deferred payment date or dates previously elected by him or her or (2) if earlier, upon his or her death, long-term disability or cessation of service as a director. DSUs are deemed to be vested on the grant date. In 2015, all of our non-management directors, other than Mr. Neupaver, received additional deferred shares in the aggregate valued at \$200,931 resulting from the 25% premium associated with the deferral of fees for service on our Board and committees.

Restricted Stock Grants

In 2015, each non-management director (other than Messrs. Allert, Neupaver and Pyne) received an annual equity award in the form of a grant of restricted stock with a value of \$90,000 on May 12, 2015. As Messrs. Neupaver and Pyne joined the Board on September 28, 2015, they each received a pro-rated annual equity award in the form of restricted stock with a value of \$55,548 on that date. Mr. Allert received his annual equity award in the form of a grant of restricted stock units with a value of \$90,000 on May 12, 2015. The grant date fair values of these awards, computed in accordance with ASC Topic 718 and without taking into account estimated forfeitures, is shown in the table on pages 23 to 24. The annual restricted stock (or unit) grant issued in the first year of a director's three-year term vests in three equal installments on the dates of each of the next three annual meetings. The annual restricted stock (or unit) grant issued in the second year of a director's term vests in two equal installments on the dates of each of the next two annual meetings. For the final year of the directors' three-year term and for new non-management directors that have yet to be elected by our stockholders, the entire amount of the annual restricted stock (or unit) grant vests on the date of the following year's annual meeting.

Directors' Matching Gift Plan

Our Directors' Matching Gift Plan is designed to provide an additional incentive for our non-management directors to contribute to educational, cultural, environmental and charitable organizations of their choice. We will match gifts up to a total of \$5,000 per donor per year. Educational institutions can either be secondary schools, schools that offer two-year or four-year degrees above the high school level, graduate level schools or programs, accredited educational institutions or educational institutions that are tax-exempt under Section 501(c)(3) of the IRC. Non-educational recipient organizations must be tax-exempt under Section 501(c)(3) of the IRC and must not be a religious organization. In addition, arts or cultural organizations must be open to and operated for the benefit of the public; environmental conservation organizations must be affiliated with national, regional or state-level organizations, must provide public benefits beyond individual communities and must engage in conservation efforts related to land, air and water use; and charitable organizations must be affiliated with local, state-regional or state-level organizations. All charitable deductions made pursuant to this plan are taken solely by our Company, and our individual directors do not derive any personal financial benefit from the plan's implementation.

Chairman Employment Agreement

Pursuant to an employment agreement, dated as of May 30, 2007, with Mr. Fuller, who was previously Executive Chairman and our CEO, as amended and restated on December 30, 2009, Mr. Fuller, in addition to serving as Chairman of the Board, can provide consulting services to the Company as an independent contractor until December 31, 2017 (the "Transitional Period"). Mr. Fuller is entitled to receive a retainer during the Transitional Period of \$10,000 per month to the extent that he provides consulting services. Beginning in 2014, Mr. Fuller's monthly consulting payments were reduced by his contributions for medical insurance premiums. Mr. Fuller has further agreed that during the Transitional Period and for a period of two years from the last day of the Transitional Period, he will not, directly or indirectly, compete with the business of, solicit employees of or induce business relations to cease doing business with the Company or its subsidiaries.

EXECUTIVE OFFICERS

Set forth below is certain information regarding each of our current Executive Officers.

John C. Hellmann, age 45, has been our President since May 2005, a director since 2006 and our CEO since June 2007. Previously, Mr. Hellmann was our CFO from 2000 to May 2005. Prior to that, Mr. Hellmann was an investment banker at Lehman Brothers Inc. and Schroder & Co. Inc. Mr. Hellmann also worked for Weyerhaeuser Company in Japan and the People's Republic of China. Mr. Hellmann has an A.B. from Princeton University, an M.B.A. from the Wharton School of the University of Pennsylvania and an M.A. in International Studies from the Johns Hopkins University School of Advanced International Studies (SAIS).

Timothy J. Gallagher, age 53, has been our CFO since May 2005. Prior to joining the Company in May 2005, Mr. Gallagher was Senior Vice President and Treasurer of Level 3 Communications. Prior to that, Mr. Gallagher held a number of financial positions during eight years at BP Amoco Corporation and nearly five years at WilTel Communications. Mr. Gallagher has a B.S.E. from Princeton University, an M.B.A. from the Wharton School of the University of Pennsylvania and an M.S. in Financial Mathematics from the University of Chicago.

David A. Brown, age 57, has been our Chief Operating Officer ("COO") since October 2012. Prior to joining the Company in June 2012, Mr. Brown was Executive Vice President and COO of CSX Transportation from 2010 to early 2012. He was Chief Transportation Officer for CSX from 2006 to 2010 and, prior to that, served 25 years with Norfolk Southern in roles ranging from strategic planning to the integration of the Conrail acquisition. Mr. Brown has a B.S. in Business Administration from the University of Tennessee. Mr. Brown also completed Harvard University's Advanced Management Program.

Allison M. Fergus, age 42, has been our General Counsel and Secretary since October 2006. Ms. Fergus joined the Company as Senior Counsel in November 2005. Prior to joining the Company, Ms. Fergus was an associate at Shearman & Sterling LLP in New York where she practiced in the capital markets group from 2001 to 2005. Prior to her employment at Shearman & Sterling, Ms. Fergus worked in the treasury group of Omnicom Group Inc., an advertising and marketing communications services company, and at JPMorgan Chase, formerly Chase Manhattan Bank. Ms. Fergus has a B.S. in International Business from Georgetown University and a J.D. from Fordham University School of Law.

Matthew O. Walsh, age 41, joined the Company in 2001 and has been our Executive Vice President, Global Corporate Development since June 2015. Prior to that, Mr. Walsh served in various corporate development and finance roles at the Company, including Senior Vice President, Corporate Development and Treasurer. From 1996-2001, Mr. Walsh was an investment banker at Salomon Smith Barney and Schroder & Co. Inc. both in New York and London. Between April 2012 and August 2015, he served on the Executive Committee of the Board of Directors of the American Short Line and Regional Railroad Association. Until 2011, Mr. Walsh also served on the Board of the Railroad Clearinghouse, which was established to create the administrative systems and banking function for electronic settlement of all rail industry interline freight systems. Mr. Walsh has an A.B. from Princeton University.

The Executive Officers serve at the discretion of our Board without specified terms of office.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and Section 16 Executive Officers, and any persons who beneficially own more than 10% of the Company's stock to file with the SEC initial reports of ownership and reports of changes in ownership in our stock. Such persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. As a matter of practice, the Company's administrative staff assists the Company's Section 16 Executive Officers and directors in preparing and filing these reports with the SEC. To the Company's knowledge, based solely on a review of the reports filed by the Company on behalf of these individuals, the copies of such reports furnished to the Company, and written representations that no other reports were required, all Section 16(a) filings during 2015 were filed on a timely basis in accordance with applicable rules.

EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee

The Compensation Committee oversees our executive compensation program and reviews and approves all compensation decisions relating to Executive Officers. The Compensation Committee endeavors to provide a compensation program for our Executive Officers that is competitive within our industry and provides a substantial emphasis on Company performance and stockholder returns.

Compensation Philosophy

The Compensation Committee has designed the Company's executive compensation program to reward safe operations, strong financial performance (as measured under the Genesee Value Added ("GVA") methodology as discussed below) and long-term increases in stockholder value as reflected in our share price.

Consistent with the Company's performance-based culture and desire to attract and retain outstanding executives, the Compensation Committee has designed the Company's executive compensation program to target total compensation near the market median (based on the peer group identified in the most recent compensation study), with the opportunity for compensation to exceed the market median in the event of noteworthy performance as reflected in GVA bonus payments, the receipt of shares that vest upon above-median total stockholder return ("TSR") on our Company's stock compared with our peer group or the S&P 500 under our TSR RSU Program (as described below), or through other performance-based equity awards, and through the impact of share price increases on stock-based compensation. This approach seeks to more heavily weight executive compensation to reward the creation of long-term stockholder value, rather than toward short-term financial performance. Moreover, to encourage the stability of our leadership team, several elements of our executive compensation program include multi-year vesting provisions. In addition, our executive compensation program requires our Executive Officers to retain significant ownership of the Company's stock to further align the interests of these individuals with the interests of our stockholders.

Role of CEO and Compensation Consultants

In performing its duties, the Compensation Committee meets periodically with the CEO to review compensation policies and specific levels of compensation paid to the Executive Officers and certain other key personnel. The CEO assists the Compensation Committee in evaluating the performance of the Executive Officers other than himself, establishing business performance targets and objectives and recommending salary levels and incentive awards. The CEO also works with the Chairman of the Compensation Committee to establish the agenda for the Compensation Committee meetings, and management then prepares the information required for the meetings. This information typically includes reports, data and analyses with respect to current and proposed compensation, answers to inquiries from members of the Compensation Committee and documents related to our compensation program. The Compensation Committee may also request information be provided to it by its compensation consultant to supplement management materials. As necessary, the Compensation Committee meets in executive session, without the presence of management.

As described in more detail below, the Compensation Committee engaged Farient in May 2013 through June 2015 as its independent compensation consultant to assist with the review and administration of the Company's executive compensation program. In 2013, the Compensation Committee requested that Farient perform a comprehensive compensation study to fully review the Company's executive compensation program design, develop a revised peer group to assess executive compensation levels and provide a competitive analysis of the compensation paid to Executive Officers and certain other key personnel (the "Farient Study"). The results of the Farient Study formed the basis of the compensation paid to the Executive Officers in 2014. The Farient Study also effectively established the basis for the 2015 Executive Officer compensation since there were no material changes to the compensation paid to any Executive Officer in 2015 based on an updated review by Farient in late 2014, other than changes to Mr. Walsh's compensation as a result of his promotion in June 2015 from Senior Vice President, Corporate Development to Executive Vice President of Global Corporate Development and his relocation to London, England for a two-year expatriate assignment.

Neither Fariant nor any of its affiliates maintained direct or indirect business relationships with the Company or any of its affiliates other than the services provided to the Compensation Committee and the services provided by Fariant to the Governance Committee relating to the 2014 Director Compensation Study. Fariant's services were provided under the direction and authority of the Compensation Committee, or Governance Committee (with respect to 2014 Director Compensation), and all work performed by Fariant was pre-approved by the Chairman of the Compensation Committee.

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In July 2015, the Compensation Committee transferred its compensation consulting relationship to Echelon Compensation Partners (“Echelon”), a firm staffed by former Farient consultants, several of whom comprised the team assigned to our former Farient account. Echelon focuses on serving small and mid-cap companies that are similar to the Company in size and market capitalization. The transition to Echelon provided a more attractive fee structure for comparable services, and also allowed for continuity in the relationship and staffing for the Company. During 2015, Echelon assessed the Company’s executive compensation program against best practices, assessed the Company’s executive compensation levels and program design relative to the Company’s peer group and general practices for comparably sized organizations, and recommended certain changes to our executive compensation program and practices based on its assessment (the “Echelon Study”). Neither Echelon nor any of its affiliates maintain other direct or indirect business relationships with the Company or any of its affiliates other than the services provided to the Compensation Committee. Echelon’s services are provided under the direction and authority of the Compensation Committee, and all work performed by Echelon is pre-approved by the Chairman of the Compensation Committee.

Executive Summary - 2015 Compensation

Executive Officers

The Company's Executive Officers for the fiscal year ended December 31, 2015 were:

Name	Title
John C. Hellmann	Chief Executive Officer and President
Timothy J. Gallagher	Chief Financial Officer
David A. Brown	Chief Operating Officer
Allison M. Fergus	General Counsel and Secretary
Matthew O. Walsh	Executive Vice President, Global Corporate Development (1)

(1) Mr. Walsh was promoted to Executive Vice President, Global Corporate Development in June 2015 and previously served as our Senior Vice President, Corporate Development since 2012.

2015 Compensation Overview

In performing its duties with respect to the establishment of Executive Officer compensation for 2015, in late 2014 the Compensation Committee requested that Farient perform an updated review of the Company’s executive compensation program design, assess the continued applicability of the peer group and analyze the compensation paid to Executive Officers to ensure that the Company’s 2015 compensation program continued to align our Executive Officers with the Company’s business objectives and performance, and to ensure that our compensation programs attract, retain and reward executives who contribute to the Company’s long-term success and increase stockholder returns. As part of its review of the compensation program, Farient also conducted a quantitative and qualitative evaluation of the Company's executive compensation program to determine if the program may contribute to excessive risk-taking. Farient concluded that the compensation program's long-term focus, balanced mix of performance metrics and aggressive yet reasonable goal-setting are consistent with sound practices and did not encourage undue risk-taking. Farient also concluded that the general structure of the Company’s compensation program continues to align the interests of management with the long-term interests of our stockholders. Excluding the special, one-time long-term incentive equity award received by Mr. Hellmann in 2014 in recognition of his efforts related to the RailAmerica acquisition and integration performance, the Compensation Committee increased the 2015 compensation of our Executive Officers by 5% in the aggregate, and the total impact of these compensation changes was an increase in annual target compensation expense of approximately \$0.5 million, of which \$0.2 million was attributable to Mr. Walsh’s overseas assignment and the balance was associated with a cost of living adjustment of 3%. The Compensation Committee also retained the significant elements of its executive compensation program, namely:

Direct Compensation	Annual Incentive Compensation	Long-Term Incentive Compensation	Retirement Benefits	Other Compensation
<ul style="list-style-type: none"> Base salary 	<ul style="list-style-type: none"> Cash bonuses under the GVA methodology 	<ul style="list-style-type: none"> Stock option; restricted stock awards TSR RSU awards 	<ul style="list-style-type: none"> Defined contribution deferred benefit accounts 	<ul style="list-style-type: none"> 401(k), auto, life insurance Long-term disability insurance

In addition, the Compensation Committee elected not to make any changes to the group of 13 public companies similar to the Company (the “peer group”) established as part of the Farient Study in 2013. The original criteria for inclusion included companies with:

- similar revenue and market capitalizations (with comparable valuations);
- financial performance and asset growth rates consistent with the Company's recent performance;
- international operations; and
- other relevant attributes such as companies in the transportation industry and companies that grow through acquisitions.

The peer group selected for the Farient Study and adopted by the Compensation Committee consisted of the following:

Atlas Air Worldwide Holdings, Inc.	Kansas City Southern
Buckeye Partners, L.P.	Kirby Corporation
Bristow Group Inc.	Magellan Midstream Partners LP
Canadian Pacific Railway Ltd.	Old Dominion Freight Line Inc.
GATX Corporation	Trinity Industries Inc.
Hornbeck Offshore Services, Inc.	Westinghouse Air Brake Technologies Corporation
JB Hunt Transport Services, Inc.	

In its updated review in late 2014, Farient determined that the Company was positioned relative to the peer group as follows: at approximately the 25th percentile, 65th percentile and 40th percentile in terms of revenue, asset size and market capitalization, respectively; well above the 75th percentile in terms of three-year compound annual growth in revenue and assets; and at approximately the 35th percentile in terms of three-year compound annual growth in total stockholder return, based on publicly available data as of the end of the prior year.

2015 Executive Compensation Highlights

Our Executive Officer compensation is tied to Company and individual performance. The following graphs illustrate the allocation of the primary compensation elements for our CEO and for our other Executive Officers’ target compensation in 2015.

*Contributions to Defined Contribution Accounts under Deferred Compensation Plan

The Compensation Committee believes the Company’s executive compensation program aligns the interests of management with the long-term interests of our stockholders by rewarding the achievement of meaningful annual goals and encouraging a long-term management perspective, which discourages executives from taking unnecessary or excessive risks. Each element of the Company’s compensation program is described in more detail below under “Competitive Analysis of Executive Officer Compensation.”

Compensation Program Best Practices

In conjunction with the guidance provided by Fariet in 2014 and Echelon in 2015 on Executive Officer compensation, the Compensation Committee also reviewed the governance aspects of the Company's compensation program. As a result of these annual reviews, on February 3, 2016, the Compensation Committee adopted several changes to our compensation program that are consistent with best practices, including but not limited to, the adoption of a clawback policy.

The clawback policy enables the Company, if there is an accounting restatement of the Company's financial statements after the adoption of the policy due to an error deemed material to the previously issued financial statements, to recover from the Executive Officers and certain other key employees that portion of the performance-based restricted stock unit awards and annual cash bonuses under the financial component of the GVA methodology ("incentive-based compensation") that should not have been paid following the recalculation of awards after taking into account the restatement. Further, in the case of fraud or other misconduct by the Executive Officers or other key employees subject to the policy, the Company can recover up to 100% of any incentive based compensation under the policy. For a description of the incentive based compensation and other governance enhancements implemented by the Compensation Committee in 2016, see "2016 Compensation Program Updates" beginning on page 42.

The following summarizes the current governance aspects of the Company's compensation program:

Best Practices in Our Program

Significant share ownership guidelines are in place for senior executives.

Multiple performance metrics under GVA methodology discourage excessive risk-taking by removing any incentive to focus on a single performance goal to the detriment of the Company. GVA methodology allows the compensation program to align with business strategies and value creation. Appropriate balance between short-term and long-term compensation discourages short-term risk taking at the expense of long-term results.

Executive compensation levels are in-line with competitive practice and peer group medians, and are also highly performance-driven through a significant emphasis on performance-based incentives.

Multi-year vesting for the majority of stock options and restricted stock.

Clawback policy for incentive based compensation in the event of a restatement of the Company's consolidated audited financial statements due to a material error.

Compensation Committee engages an independent compensation consultant to advise on executive compensation matters.

Practices We Do Not Engage In or Allow

No employment contracts with executives.

No gross-up payments to cover personal income taxes or U.S. excise taxes relating to severance benefits.

No excessive perquisites for executives.

No re-pricing or backdating of stock options.

No golden parachute severance payments.

Competitive Analysis of Executive Officer Compensation

Fariant reviewed each element of the Company's compensation program against the peer group prior to the Compensation Committee establishing 2015 Executive Officer compensation and the findings were as follows:

Compensation Element	Compensation Rationale and Fariant Study Findings
Annual Base Salary	<ul style="list-style-type: none"> • Designed to provide a fixed level of compensation to our Executive Officers and reflect each Executive Officer's leadership role and significant responsibilities. • The cumulative base salaries of the Company's Executive Officers were within approximately 3% of the peer group market median.
Annual Incentive Compensation - GVA Bonus Targets	<ul style="list-style-type: none"> • Designed to tie annual cash bonuses payable to our performance, based on annual financial objectives calculated in accordance with our GVA methodology (an economic value-added model), our safety objectives and individual performance objectives, as applicable. • The cumulative target cash bonuses of the Company's Executive Officers were also within 3% of the peer group median.
Long-Term Incentive Compensation- Stock Options and Restricted Stock	<ul style="list-style-type: none"> • Primary program used to grant equity awards to our Executive Officers, designed to be a meaningful element of compensation that recognizes each executive's contribution and rewards performance that increases stockholder value. • The cumulative target long-term equity incentive compensation of the Company's Executive Officers was within 4% of the peer group median.
Defined Contribution Accounts under the Deferred Compensation Plan	<ul style="list-style-type: none"> • Designed to provide a supplemental retirement benefit in lieu of a traditional pension plan to Executive Officers. • All Executive Officers' payments were consistent with market practices based on the peer group. • Limited personal benefits related to 401(k), auto, life insurance and long term disability insurance.
Other Compensation	<ul style="list-style-type: none"> • All Executive Officers' limited personal benefits related to 401(k), auto, life insurance and long term disability insurance were consistent with the peer group counterparts.
Long-Term TSR Performance Based Compensation - RSUs	<ul style="list-style-type: none"> • Designed to address existing competitive shortfalls in long-term compensation and to recognize and reward the efforts of those who deliver meaningfully above average performance to our stockholders (as measured by TSR), particularly through the identification, execution and integration of mergers, acquisitions and strategic transactions. • All but one peer group company had at least one long-term incentive compensation element linked to financial or relative share performance.

In addition to the peer group comparison, the Compensation Committee also considered other factors, including, but not limited to, additional job responsibilities for each Executive Officer not necessarily represented in the peer group counterparts and relative internal pay equity among the senior executive team. Finally, the Compensation Committee obtained performance reviews of each of the Executive Officers (other than the CEO) from the CEO, and also completed a formal review of the CEO's performance (including input from the Board and selected members of management).

2015 Annual Base Salary

We provide base salaries to recognize the scope of responsibilities, skills, competencies, experience and individual performance of each Executive Officer. The base salary paid to each Executive Officer serves as the foundation of the overall compensation program for the executive officer, and the payouts under the annual incentive compensation plan and long-term incentive compensation programs are generally tied to, or expressed as a percentage of, base salary. The Compensation Committee reviews the base salaries of each Executive Officer on an annual basis. Factors generally considered by the Compensation Committee in establishing base salaries each year include the most recent compensation study, including peer group information, performance reviews for the prior year and recommendations

of the CEO (for Executive Officers other than himself), changes in competitive compensation levels, changes in responsibilities, the performance of our management team, the demands associated with managing an international business, changes in the cost of living, the Company's recent financial performance and retention considerations. The Compensation Committee also considers the Board's evaluation of the CEO's performance in connection with the Compensation Committee's annual review of the CEO's base salary.

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When establishing base salaries for 2015, the Compensation Committee recognized that the base salaries for the Executive Officers had been increased in 2014 as a result of the Farient Study to generally align their base salaries with the 50th percentile of the peer group. In 2014, the Compensation Committee analyzed the data contained in the Farient Study, reviewed the median base salaries of executives with comparable responsibilities and impact at the peer group companies, and generally sought to align base salaries near the market median of the peer group. The Compensation Committee also reviewed the significant contributions and positive performance reviews of all Executive Officers (other than Mr. Hellmann) with Mr. Hellmann, and discussed Mr. Hellmann's favorable all around evaluation by the Board, Regional Senior Vice Presidents and other direct reports. The Compensation Committee acknowledged the Company's long-term growth in revenues and earnings, and the continued efforts and demands upon the Executive Officers and determined that it was appropriate to increase all 2015 Executive Officer salaries by 3% to address cost of living increases in 2015, noting that 3% was a typical salary increase in our industry (both for Class I railroads and the general railroad industry). This increase was also consistent with the increase provided to the Company's general employee population. Later in 2015, the Compensation Committee also recognized the significant, new responsibilities taken on by Mr. Walsh as a result of his promotion to Executive Vice President, Global Corporate Development and his acceptance of an overseas assignment with global responsibilities effective June 18, 2015, and the Compensation Committee adjusted Mr. Walsh's base salary to \$500,000, effective as of August 1, 2015, which resulted in a total base salary increase of 18%. Based on Farient's review, the 2015 cumulative base salaries of the Company's Executive Officers fall within approximately 3% of the market median for the peer group companies. The base salaries for 2015 are set forth in the following table.

Name	2015 Base Salary	2014 Base Salary	Percent Increase	
John C. Hellmann	\$849,750	\$825,000	3	%
Timothy J. Gallagher	\$466,796	\$453,200	3	%
David A. Brown	\$414,812	\$402,730	3	%
Allison M. Fergus	\$437,750	\$425,000	3	%
Matthew O. Walsh	\$500,000	\$425,000	18	%

2015 Annual Incentive Compensation Program - Cash Bonuses Under the GVA Methodology

We use our annual incentive compensation program as a tool to align our Executive Officers' interests with stockholders' interests and to support the Company's strategic and operational objectives. In 2015, the Compensation Committee established cash bonuses targeted at 75% to 100% of Executive Officers' annual base salary (the "total target annual cash bonus"), with such cash bonuses based upon several components, including Company-wide financial performance as measured under our GVA methodology, Company-wide safety performance and individual performance. Our annual incentive compensation program is designed so that when the Company performs well, based on financial or safety performance targets and/or the individual performance goals being met, as applicable, Executive Officers receive greater cash bonuses. Conversely, in the event that financial or safety performance falls below established targets, and/or individual performance goals are not met, as applicable the Executive Officers receive lower cash bonuses (or no cash bonus).

The financial performance targets for the Company are derived based on GVA. GVA is a measure of our after-tax operating profit less a capital charge. The capital charge is calculated by multiplying the Company's assumed long-term weighted average cost of capital by the total capital invested in the business, a particularly relevant metric for our capital-intensive railroad operations. We believe evaluating financial performance based on GVA motivates our Executive Officers and other key employees to produce results that increase stockholder value and encourages individual and team behaviors that help the Company achieve both its short- and long-term corporate objectives. The financial performance component weight ranges from 35% to 85% of the total target annual cash bonus amount depending on the Executive Officer's responsibility for the Company's financial results.

The Company is committed to protecting the personal well-being of our employees and the communities in which we operate, and therefore safety performance is included as a component of our annual incentive compensation program with a component weight range from 15% to 20% of the total target annual cash bonus amount. We believe safe operations make the Company a more attractive place to work, reduce employee turnover, minimize high-cost injuries

and insurance-related expenses and translate into efficient and profitable railroads.

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The safety performance targets for the Company have two components and are derived from the ratios of (1) the number of reportable injuries per 200,000 man-hours worked and (2) reportable derailments per 200,000 man-hours worked, in each case as defined by the United States Federal Railroad Administration (“FRA”). The FRA-reportable derailment frequency ratio was added as a metric for 2015 to continue the focus on the prevention of derailments. FRA-reportable injuries represent a verifiable way of monitoring safety and benchmarking our safety results against other railroads. FRA reportable derailments represent a meaningful way to track improvements in our derailment frequency year over year. Each metric is tracked separately and aggregated to arrive at the G&W Annual Safety Performance weighted by 80% of the FRA-reportable injury frequency ratio and 20% of the FRA-reportable derailment ratio frequency with performance for each metric measured against a target level for the year.

For our General Counsel, an individual performance component weighted at 50% is also included in the calculation of the total target annual cash bonus to motivate the attainment of personal goals specific to her departmental functions and consistent with her professional code of conduct. This individual component furthers our corporate objectives and ensures independence in legal decisions that could affect overall results.

The following table illustrates the total target annual cash bonus amounts as a percentage of base salary established on February 3, 2015 (for fiscal year 2015) for each of our Executive Officers, the weighting assigned to each component measure and the range for the annual potential cash bonuses as a percentage of the total target annual cash bonus and as a percentage of base salary. The range for potential cash bonuses as a percentage of base salary is calculated as the product of the total target bonus amount as a percentage of base salary multiplied by the annual potential cash bonus at both zero and maximum achievement. The total target annual cash bonuses as a percentage of base salary in 2015 for all Executive Officers, were unchanged in 2015, and considered to be appropriate in order to deliver total target cash compensation at approximately the 50th percentile of the peer group.

Name	Total Annual Cash Bonus as a % of Base Salary	Financial Performance Component			Safety Performance Component			Individual Performance Component			Range of Annual Cash Bonus as a % of Target	Range of Annual Cash Bonus as a % of Base Salary
		Weight	Max Achievement as a % of Base Salary	Target	Weight	Max Achievement as a % of Base Salary	Target	Weight	Max Achievement as a % of Base Salary	Target		
John C. Hellmann	100	% 85	% 170	% 15	% 15	% 30	% —	% —	% —	0% - 200%	0% - 200%	
Timothy J. Gallagher	75	% 85	% 128	% 15	% 15	% 23	% —	% —	% —	0% - 200%	0% - 150%	
David A. Brown	75	% 80	% 120	% 20	% 20	% 30	% —	% —	% —	0% - 200%	0% - 150%	
Allison M. Fergus	75	% 35	% 53	% 15	% 15	% 23	% 50	% 75	% 75	0% - 200%	0% - 150%	
Matthew O. Walsh	75	% 85	% 128	% 15	% 15	% 23	% —	% —	% —	0% - 200%	0% - 150%	

The Company calculates the actual annual cash bonus earned independently for each of the financial, safety and individual performance components, with the amounts earned for each component added together. In the event that the financial performance component of the cash bonus earned is in excess of 200% of the total target annual cash bonus amount or less than zero, the amount paid is reduced to 200% or increased to zero, respectively. Positive and negative amounts earned each year but not paid as a result of the 200% cap and the floor of zero have historically carried forward to subsequent years’ bonus calculations, and amortized over a three-year period. However, effective February 3, 2016, the Compensation Committee terminated the carry-forward aspect of prior year bonuses prospectively. Safety and financial components are each capped at 200% and individual components are capped at 100%. All components have a minimum of zero.

For 2015, as was the case in the prior years, at the beginning of the year the Compensation Committee approved annual financial and safety goals.

The Compensation Committee set the financial performance target at a level that would make it reasonably difficult to achieve when taking into account the business environment at the time the target was established. Under our GVA methodology, financial performance is assessed in relation to the Company's annual operating budget and budgeted invested capital. Actual corporate financial performance payouts for each fiscal year from 2006 through 2015 (ten years) met or exceeded the established targets only four times. In 2015, the Executive Officers realized 0% of their target bonus for financial performance, due in large part to the negative impact of the commodity collapse and strong U.S. dollar on our rail volumes.

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The safety performance target was also set at a level that would make it reasonably difficult to achieve when compared with the historical safety results of Class I, Class II and Class III railroads and at a level that encourages year-over-year safety improvements. Actual corporate safety performance payouts for each fiscal year from 2006 through 2015 (ten years) met or exceeded the established targets seven times, which reflects the Company's continuous safety improvements and impressive safety record.

For 2015, the corporate safety targets for Executive Officers were as follows:

- FRA reportable injury performance target for the Company's consolidated operations, excluding Freightliner, was set at 0.70 FRA reportable injuries per 200,000 man-hours worked;
- FRA reportable injury performance target for the Freightliner operations was set at 1.80 FRA reportable injuries per 200,000 man-hours worked, in recognition of the fact that the Company's safety culture integration was in the beginning stages at Freightliner's operations; and
- FRA reportable derailments performance target was set at 0.70 FRA reportable derailments per 200,000 man-hours worked.

In 2015, the Company's consolidated operations, excluding Freightliner, had exemplary FRA reportable injury performance, which resulted in a 175% payout earned for FRA reportable injuries per 200,000 man-hours worked. This payout recognizes that the Company's consolidated operations, excluding Freightliner, performed better than all Class I railroads. However, Freightliner's operations' safety performance resulted in a 0% payout for FRA reportable injuries. Including Freightliner, the consolidated FRA reportable injury performance resulted in a 119% payout for FRA reportable injuries.

In 2015, FRA reportable derailments performance resulted in a 0% payout. Although the Company reduced the severity and total cost of FRA reportable derailments in 2015, the Company did not lower the derailment frequency index and was unable to meet the aggressive target established earlier in the year.

In the aggregate, in 2015 the Executive Officers realized 95% of their target bonus for safety performance based on the results for FRA reportable injuries (80% of the target safety bonus) and FRA reportable derailments (20% of the target safety bonus). The inclusion of Freightliner's FRA reportable injury performance and man-hours worked reduced the overall safety bonuses paid to Executive Officers by 32%.

Individual performance goals for our General Counsel were also established in conjunction with her annual performance review in early 2015. Our General Counsel received 100% of her target individual bonus in recognition of her positive performance review and realization of other goals and objectives, based on the assessment by the CEO and approved by the Compensation Committee.

For each fiscal year from 2006 through 2015, actual total annual bonus payouts to Executive Officers have ranged from 14% to 200% of the targeted bonuses (excluding the impact of positive carryover bonus amounts). The combined results for 2015 yielded an average aggregate bonus payout of 22% of the 2015 total target cash bonus amount for the Executive Officers. The actual 2015 bonus awards paid to our Executive Officers were between 14% and 64% of target annual cash bonuses. Specifically, based on 2015 performance, Messrs. Hellmann, Gallagher and Walsh were paid a bonus equal to 14% of their target annual cash bonus. For 2015, Mr. Brown earned a bonus equal to 19% of his target annual cash bonus. For 2015, Ms. Fergus earned a bonus equal to 64% of her target annual cash bonus. The Company's 2015 performance resulted in approximately \$5.3 million of annual cash bonuses for all participants in the annual incentive compensation program, with \$0.5 million of such cash bonuses paid to our Executive Officers. For additional information on actual amounts of annual incentive compensation paid to Executive Officers, see the Non-Equity Incentive Plan Compensation column of the "Summary Compensation Table" on page 45.

Long-Term Incentive Compensation Program

Equity Awards — Stock Options and Restricted Stock Awards — 2015 Awards

We use our long-term incentive compensation program to provide equity awards, including stock options and restricted stock awards, to our Executive Officers and other key personnel. Awards are granted to our Executive Officers at the discretion of the Compensation Committee and are based on each executive's contribution and expected future contribution to our success, with input from the CEO with respect to Executive Officers other than himself. The Compensation Committee views stock options as an important component of overall executive compensation because stock options emphasize our objective of increasing stockholder value. The Compensation Committee views restricted stock awards as providing compensation that promotes a long-term financial interest in the Company. Following the Farient Study, annual equity awards have provided an opportunity for Executive Officers to receive long-term incentive compensation valued at between 175% and 365% of annual base salary. These ranges were established to align long-term incentive compensation at or near the 50th percentile of the peer group. The actual amount of the annual equity award has been based on both individual and corporate financial performance as assessed by the CEO, with respect to Executive Officers other than himself, and based on guidance from the Compensation Committee's independent consultant. Additional considerations have included the amounts paid as annual incentive compensation, individual performance of the Executive Officers, share retention requirements and other factors that were deemed relevant by the Compensation Committee.

In accordance with the Company's philosophy of aligning management and stockholder interests and considering the future contributions expected of our Executive Officers, the 2015 long-term incentive equity awards granted to our Executive Officers were unchanged in 2015 from 2014, excluding the impact of the special one-time, long-term incentive equity award with a grant date fair value equivalent to 50% of his 2014 base salary paid to our CEO in 2014. The 2015 long-term incentive equity awards granted to our Executive Officers ranged from 175% to 365% of 2015 annual base salaries.

The 2015 long-term incentive program equity awards for each Executive Officer as a percentage of base salary are set forth below:

Name	2015 Equity Awards as a Percentage of Base Salary	
John C. Hellmann	365	%
Timothy J. Gallagher	180	%
David A. Brown	175	%
Allison M. Fergus	175	%
Matthew O. Walsh	175	%

For 2015, the total dollar value of annual long-term incentive compensation equity awards was approved by the Compensation Committee on February 3, 2015, and the total dollar value was delivered through four quarterly grants on February 27, May 29, August 31 and November 30, 2015, consistent with the Company's then existing Stock-Based Award Policy.

For 2015, long-term incentive compensation, excluding the TSR RSU Program awards (described below), was allocated 50%/50% between stock options and restricted stock to provide a balance between the highly leveraged nature of stock options and the stock ownership benefits of restricted stock, calculated for options based on the fair value per share using the Black-Scholes valuation model on the day of grant and for restricted stock based on the closing share price of our stock on the NYSE on the day of grant. For additional information on the value of the 2015 long-term equity incentive awards to Executive Officers, see the Grant Date Fair Value of Stock and Option Awards column of the "2015 Grants of Plan-Based Awards" table on page 46.

The stock option awards and restricted stock awards for Executive Officers and other key personnel include standard confidentiality and non-compete obligations, which if violated would result in a forfeiture of unexercised options and unvested restricted stock awards and disgorgement of any gains on option awards and restricted stock awards during

the previous six months. The option awards and restricted stock awards for Executive Officers and other key personnel are also subject to acceleration of vesting upon a change of control, which the Compensation Committee believes allows our Executive Officers to focus on their responsibilities and provides security against unpredictable actions of successor corporations following a qualifying change of control of the Company. Beginning with the May 2014 equity grants, option awards and restricted stock awards are also subject to acceleration of vesting upon death or disability, in line with market practices.

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Further, in conjunction with the Farient Study, the Compensation Committee, following the approval of the Board, implemented a range of modifications to the terms and conditions described above that are applicable exclusively to our CEO's equity grants, in recognition of the fact that our CEO does not have an employment agreement and has only a six-month noncompetition agreement. The CEO's equity awards after February 2014 include (in addition to standard retention-oriented vesting terms as have been included in prior awards) enhanced non-competition protections and other market-oriented terms and conditions. Specifically, the modifications provide that in the event of our CEO's involuntary termination without "cause," or resignation for "good reason" (as such terms are defined in the award agreements), the service-based vesting of his equity awards will fully accelerate as of the date of such termination of employment, although any performance-based vesting conditions will continue to apply. The Compensation Committee also approved the continued vesting of equity awards following a "qualified resignation or retirement," subject to continued board service or compliance with noncompetition provisions (including restrictions against competing with the Company for acquisitions) for the remaining vesting period. A board-approved succession plan and sufficient advance notice is required for a departure to be deemed a qualified resignation or retirement. A clawback provision for equity value vesting under the revised terms, in the event of impermissible competition during the remaining vesting period, was also included. The Compensation Committee believes the changes are favorable because, overall, they enhance CEO retention, further align the interests of our CEO and our stockholders, support organizational development and succession planning and afford protections against competition. These new provisions were applicable to all 2015 long-term equity incentive awards received by the CEO.

Equity Awards — TSR RSU Program — 2015 Awards

Following the Farient Study, in April 2014 the Compensation Committee adopted a TSR RSU Program for Executive Officers identified by the Compensation Committee as having a significant impact on our merger and acquisition growth strategy. Under the TSR RSU program, Executive Officers can earn a supplemental equity award with a maximum amount based on a specified percentage of the Executive Officer's Base Salary. The award value is delivered through an annual grant of restricted stock units ("TSR RSUs") equal to a specified maximum number of shares, calculated by dividing the maximum award value by the closing market price of the Company's Class A Common Stock on the trading day immediately preceding the date of grant. The Farient Study determined that the potential additional compensation associated with the TSR RSU program was appropriate to align Executive Officer total compensation near the market median of Farient peer group companies. The Compensation Committee determined the TSR RSU program was consistent with the types of long-term incentive programs offered by the peer group to provide a performance-based approach.

For the 2015 awards, participants have the opportunity to earn up to the maximum number of TSR RSUs at the end of a three-year performance period beginning February 1, 2015 and ending February 1, 2018 (the "Performance Period"), based upon the Company's relative TSR against two pre-established benchmarks: the peer group and the S&P 500. The TSR RSU Program provides that participants will earn specified percentages of RSUs based upon the Company's relative percentile achievement of TSR over the Performance Period (the "Formula"). The initial measurement price for the Formula for the Performance Period is \$96.67, the average closing price of the Company's shares of Class A Common Stock on the NYSE from February 2, 2015 to March 16, 2015 (the first 30 trading days of the Performance Period), with the ending measurement price based upon the average closing price of the Company's shares of Class A Common Stock on the NYSE over the last 30 trading days prior to February 1, 2018 (the end of the Performance Period), assuming dividends paid during the Performance Period (if any) are reinvested as of the ex-dividend date. Following the end of the Performance Period, based upon the Formula and linear interpolation, the final number of TSR RSUs earned under the grant would be determined, with one half of the 2015 TSR RSU award for each Executive Officer based upon performance against the peer group and one half of the 2015 TSR RSU award based upon performance against the S&P 500. Each discrete half of the 2015 TSR RSU award would vest for Company performance above the 50% percentile as compared to the applicable benchmark (with no vesting if the relevant TSR percentile achievement is 50% or below), with proportionate vesting up to 100% vesting for Company performance at or above the 75% percentile as compared to the applicable benchmark. Any earned TSR RSUs would vest following the end of the Performance Period and any underlying shares delivered no later than March 1, 2018, but only if the participant is employed by the Company on the date of issuance.

The vesting for the TSR RSU awards is demonstrated in the table below:

On February 3, 2015, the Compensation Committee approved the 2015 annual TSR RSU awards under the TSR RSU Program for each of the Executive Officers as set forth in the table below, representing the maximum number of TSR RSUs that may be earned under the Formula, calculated by dividing the value by \$101.93, the closing share price of the Company's Class A Common Stock on the trading day immediately preceding the February 27, 2015 grant date. The awards to Messrs. Hellmann and Walsh recognize the instrumental role played by them in identifying, valuing, executing and managing key strategic mergers and acquisitions. The awards to other Executive Officers recognize their contributions in financing, integrating and documenting the transactions. As of December 31, 2015, based on the Formula, the threshold performance for any payout on the 2015 annual awards granted under the TSR RSU Program had not been met. Awards under the TSR RSU Program are earned only in the event that the Company's TSR exceeds the median TSR of the peer group companies or the S&P 500 companies over a three-year performance period, established at the time of each annual award.

Name	% of Base Salary	2015 Maximum Award Value	2015 Annual RSU Award
John C. Hellmann	50%	\$424,875	4,168
Timothy J. Gallagher	30%	\$140,038	1,374
David A. Brown	30%	\$124,443	1,221
Allison M. Fergus	30%	\$131,325	1,288
Matthew O. Walsh	50%	\$218,875	2,147

As a result of the Compensation Committee's recent modifications to the Long-Term Incentive Compensation Program, including the adoption of a new performance-based restricted stock unit, effective February 3, 2016, the TSR RSU Program was discontinued and no future awards will be granted under this program. For additional information the new performance-based restricted stock unit awards and other recent modifications to the Long-Term Incentive Compensation Program, see "2016 Compensation Program Updates" below.

Deferred Compensation Plan

Starting in 2004, we began offering a deferred compensation plan. The DCP allows senior employees, including our Executive Officers, to defer receipt of their salary and/or bonus payments into accounts that mirror the gains and/or losses of several different investment funds we have selected. The Company does not offer a traditional pension plan to our Executive Officers. However, the Company has established a supplemental executive retirement benefit in the form of a Defined Contribution Account under the DCP for certain Executive Officers who do not otherwise have a pension associated with prior employment. The Compensation Committee believes supplemental executive retirement plans such as the Defined Contribution Accounts are an important part of executive compensation and are utilized by many companies that compete with the Company for executive talent, and, depending on the circumstances, may be necessary to attract or retain talented executives. Absent other retirement income, retirement benefits can be an important factor in an executive's decision to accept or reject a new position. Annual Company contributions to the Executive Officer's account vest at the rate of 20% per year, subject to acceleration of vesting in the event of a change of control, death or disability, each as defined under the DCP. The Company reserves the right to change the annual Company contributions made to an Executive Officer's account from time to time, in such amount as it may determine, as a result of changes in specified assumptions.

In 2015, the Company continued to make annual contributions to the Executive Officers' Defined Contribution Accounts, other than for Mr. Brown, who has legacy pension entitlements from a prior employer. The amount of the annual Company contributions for 2015, as set forth in the table below, were unchanged from the 2014 annual contributions.

Name	2015 Defined Contribution Account Contributions
John C. Hellmann	\$136,573
Timothy J. Gallagher	\$83,945
David A. Brown	\$—
Allison M. Fergus	\$44,574
Matthew O. Walsh	\$40,118

Additional information regarding the Deferred Contribution Accounts is set forth in "2015 Nonqualified Deferred Compensation" below.

Share Retention Guidelines

The Compensation Committee first adopted share retention guidelines for the Executive Officers and other key personnel in 2005 to further align the interests of these individuals with the interests of our stockholders. Under the guidelines, the Executive Officers are expected to maintain a significant ownership position in our Class A Common Stock. Historically, the guidelines were based on a multiple of such executive's then-current base salary and the then-current share price on the date of adoption or revision of the guidelines, but expressed as a number of shares. Based upon guidance provided in the Farient Study and consistent with our peer group company practices, in April 2014 the Compensation Committee approved modifications to express the share retention guidelines as a multiple of base salary, rather than fixed share amounts. The current guidelines are set forth below:

Name	Share Guideline Amount
John C. Hellmann	10x Base Salary
Timothy J. Gallagher	5x Base Salary
David A. Brown	5x Base Salary
Allison M. Fergus	5x Base Salary
Matthew O. Walsh	5x Base Salary

Notwithstanding the guidelines, Executive Officers are permitted to sell shares to finance the exercise price of a stock option, if applicable, and to settle any tax obligations in connection with the exercise or a stock option or vesting of a Company equity award. Although the share ownership guideline amount is not required to be satisfied in any particular period of time, Executive Officers are required to retain 50% of any net shares that remain following the payment of exercise prices and tax obligations related to the exercise of stock options and the payment of tax obligations following the vesting of restricted stock awards until the share guideline is satisfied. Waivers of the guidelines can be granted by the CEO for Executive Officers (other than himself) and key employees and by the Compensation Committee for the CEO. Waivers are generally granted only for serious and unforeseen hardship circumstances. In determining whether our share retention guidelines have been met, restricted stock, shares held by a spouse or minor child who resides with the Executive Officer or key employee and shares held by a trust established for estate or tax planning purposes that is revocable by the Executive Officer, key employee or his or her spouse are considered owned. With the exception of the COO, who joined the Company in 2012, all Executive Officers currently meet the modified share guideline amounts.

Hedging/Pledging Policy

In April 2014, the Compensation Committee adopted a new Hedging/Pledging Policy that is incorporated into the share retention guidelines. Historically, there was no Company policy that imposed restrictions on hedges or pledges of shares of Class A Common Stock owned by employees or members of the Board. The new Hedging/Pledging Policy precludes Executive Officers, other key personnel and members of the Board from hedging or pledging that number of shares of Class A Common Stock that are held to satisfy the share retention guidelines. Shares of Class A Common Stock held by Executive Officers, other key personnel and directors in excess of the amount required to satisfy the share retention guidelines can be hedged or pledged. Any of the shares of Class A Common Stock that are hedged or pledged will not count towards the number of shares held to satisfy the share retention guidelines. The Hedging/Pledging Policy provides for a five-year phase in period to allow those Executive Officers, key employees or directors who currently hedge or pledge shares of Class A Common Stock to comply with the policy. Our CEO complied with the new Hedging/Pledging Policy immediately following its adoption.

Other Compensation

401(k) Plan

Executive Officers and other employees are entitled to participate in our 401(k) plan, which provides retirement benefits to employees and provides for employer and employee contributions. For 2015, the Company matched 100% of employee contributions to the 401(k) plan, up to the lesser of 4% of the employee's salary and \$10,600.

Stock Purchase Plan

Executive Officers and other employees who have been employed for more than one year and customarily work more than 20 hours per week are entitled to participate in our Stock Purchase Plan. Our Stock Purchase Plan permits participants to purchase our Class A Common Stock at approximately 90% of the lower of the closing price of our Class A Common Stock on the first business day of the month and the closing price on the second-to-last business day of the month. Participants in the Stock Purchase Plan may not purchase stock with an aggregate fair market value in excess of \$25,000 during any calendar year or make purchases that would cause such participant to own 5% or more of the Company's then-outstanding shares of Class A Common Stock. Stock purchases under the Stock Purchase Plan are funded through payroll deductions of up to 10% of a participant's regular earnings. The Stock Purchase Plan is intended to encourage ownership of our Class A Common Stock by our employees at all levels of employment and thereby provide them with the incentive created by stock ownership. The Stock Purchase Plan is also intended to provide a more efficient mechanism for our employees to acquire stock ownership.

Long-Term Disability Insurance

Executive Officers and certain other employees receive coverage under our long term-disability insurance program, which provides a monthly income in the event of the executive's disability. The Compensation Committee believes that this benefit is a normal component of a competitive executive compensation program and that it is useful to the retention of talented executives. For 2015, this coverage provided a monthly benefit of 60% of the Executive Officer's base salary and annual incentive compensation, up to a maximum payment of \$15,000 per month.

Perquisites

We provide certain of our Executive Officers with limited perquisites and other personal benefits. The Compensation Committee has reviewed and approved each of the perquisites provided to Executive Officers. While the Compensation Committee does not consider these perquisites to be a significant component of executive compensation, it recognizes that such perquisites are a factor in attracting and retaining talented executives. Beginning in 2015, we also began providing Mr. Walsh with payments for rent expense, children's tuition reimbursement and relocation expenses in connection with his temporary overseas assignment, together with tax gross up payments on these items. The Compensation Committee considered such payments to be fair and equitable under the circumstances, as well as customary market practice. Additional information with respect to the perquisites paid to our Executive Officers is set forth in the "Summary Compensation Table" below.

Special Bonuses

From time to time, the Compensation Committee also approves discretionary cash bonuses or equity awards to recognize extraordinary contributions by our Executive Officers or performance in a given year. On February 3, 2016, the Compensation Committee approved a one-time equity retention award to the Executive Officers, other than the Company's President and CEO (who elected not to receive a retention award). For more information regarding this retention award, see "2016 Compensation Program Updates" below.

Continuity and Employment Agreements

The Compensation Committee believes that continuity agreements, or change of control arrangements, are necessary to attract and retain the talent necessary for our long-term success. However, the Compensation Committee does not view the potential payments payable to our Executive Officers under the applicable continuity agreements as an additional element of compensation. Rather, the Compensation Committee believes that these commitments by the Company provide security to our executives should their employment be terminated following a qualifying change of control through no fault of their own, thus allowing our executives to focus on their responsibilities to the Company. Currently, all of our Executive Officers are parties to continuity agreements with the Company. These agreements require the Company to provide compensation to the Executive Officers as described below under "Potential Payments Upon Termination, Change of Control and Other Events" in the event of a qualifying change of control of the Company followed by either termination of the executive without cause or resignation by the executive for good reason, each as defined in the agreements, within two years following a change in control. This double trigger approach results in payment under our change of control provisions only if the Executive Officer is terminated. The Company has no continuity agreements that provide for the payment of any excise taxes due under the IRC or any other comparable taxes or that provide any gross-up payments for any taxes payable by the executives in connection with a change of control. In consideration for the payments under the continuity agreements, each executive has agreed to restrictions on his or her ability to compete for a period of 12 months following termination.

We believe our continuity agreements are generally consistent with those in our prevailing marketplace and are important for attracting and retaining executives whose leadership is critical to our long-term success and competitiveness. The components of our continuity agreements recognize that a significant portion of participating executives' total compensation may at any point in time consist of unvested stock options or restricted stock holdings and that some measure of protection against possible but unpredictable actions of successor corporations is desirable for both the executive and the Company. Additionally, the structures of our continuity agreements help ensure management retention during any change of control. The amount of compensation payable to each Executive Officer under the continuity and employment agreements is set forth under "Potential Payments upon Termination, Change of Control and Other Events."

The Company has not entered into agreements with Executive Officers that provide for severance payments related to voluntary termination, involuntary, not for cause termination unrelated to a change of control, or termination for cause.

Deductibility of Compensation

Section 162(m) of the IRC generally disallows public companies from claiming a tax deduction for compensation in excess of \$1 million paid to their chief executive officer or any of the three other most highly compensated executive officers other than the chief financial officer. However, the statute exempts qualifying performance-based

compensation from the \$1 million limitation if specified requirements are met. Additionally, cash compensation voluntarily deferred by the Executive Officers named in this proxy statement under the DCP is not subject to the Section 162(m) limitation until the year paid. The tax impact of any compensation arrangement is one factor considered by the Compensation Committee in light of the Company's overall compensation philosophy and objectives, along with competitive and market factors. The compensation awarded to our CEO and to our EVP, Global Corporate Development in 2015 will not be fully deductible by the Company.

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Policy on Non-Public Information and Trading in Company Stock

The Company's Non-Public Information and Company Stock Trading Policy permits directors, Executive Officers and other key employees to trade Company securities only during limited window periods following earnings releases and only after they have pre-cleared transactions with our legal department or pursuant to a Rule 10b5-1 plan entered into and pre-cleared during a window period.

Elements of Total Compensation — Risks and Mitigating Factors

The Compensation Committee believes that the structure of the executive compensation program provides a mix of cash and equity compensation that balances short- and long-term incentives. We believe that the different time horizons and metrics used in the annual and long-term elements of compensation provide incentives to build the Company's business prudently and profitably over time, while encouraging retention of our top talent. In addition, each element of compensation has been designed and is administered in a manner intended to minimize potential risks to the Company. The result is a program that the Compensation Committee believes mitigates inappropriate risk taking and aligns the interests of Executive Officers with those of the Company's stockholders. Moreover, the Compensation Committee has determined that any risks arising from the Company's compensation policies and practices for all of its employees are not reasonably likely to have a material adverse effect on the Company.

Say-on-Pay

In 2014, stockholders supported our executive compensation programs, with approximately 98% of the votes cast for the approval of the non-binding, advisory vote on executive compensation "say-on-pay" proposal at our 2014 annual meeting of stockholders. The Company expects to hold its next say-on-pay vote at its 2017 Annual Meeting of Stockholders.

2016 Compensation Program Updates

Compensation Program Updates Resulting from the Echelon Study

In 2015, as part of the Echelon Study, the Compensation Committee requested that Echelon perform a review of the Company's executive compensation program design to ensure that the Company's 2016 compensation program continues to align our Executive Officers with the Company's business objectives, to ensure that our compensation program attracts, retains and rewards executives who contribute to the Company's long-term success and increase stockholder returns and generally to determine whether the program complies with best practices.

As a result, on February 3, 2016, after its review of the Echelon Study and recommendations from Echelon, the Compensation Committee approved a number of annual and long-term compensation decisions, policies and grants that are intended to (1) support and enhance the alignment of interests between the Company's stockholders and the Company's Executive Officers, (2) enhance the retention features of the Company's compensation program for a management team that the Board wishes to retain and motivate and (3) reflect additional best practices relating to corporate governance aspects of equity compensation, including:

- A new clawback policy was adopted, which is described under "Executive Summary—2015 Compensation—Compensation Program Best Practices" on page 31;

- Executive Officers did not receive any increase in base salaries for 2016 in recognition of a difficult operating environment;

The 2016 annual equity awards under the Company's Long-Term Incentive Compensation Program included a new performance-based restricted stock unit component that will vest only upon achievement of pre-determined financial performance targets established under the Company's GVA methodology. This represents the first year roll-out of a longer term plan designed to increase the percentage of equity compensation that is considered "performance based." Also, an individual performance component was established for all Executive Officers under the GVA methodology; Executive Officers (other than the CEO, who elected not to receive a retention award) received a one-time retention award of restricted stock valued at an amount equal to each recipient's base salary, vesting one-third on each of the third, fourth and fifth anniversaries of the grant date.

Additional information concerning certain of these items is set forth below.

Performance-Based Equity Grant and Individual Performance Metric for Executive Officers

The Compensation Committee approved a new performance-based restricted stock unit component under the Company's Long-Term Incentive Compensation Program, which has historically been composed of 50% stock options and 50% time vesting restricted stock. In recognition of the transition to the new form of performance-based restricted stock units, for 2016, the Compensation Committee allocated one-third of the value of the annual restricted stock equity awards (or 16.7% of the total annual equity award) to the Executive Officers of the Company to such performance-based restricted stock units. The performance-based restricted stock units were granted on February 26, 2016 and will vest on the first anniversary of the grant date with the payout performance multiplier (ranging from 0% to 200%) to be determined in accordance with the Company's attainment of pre-determined financial performance targets established under the Company's GVA methodology. The remaining two-thirds of the annual restricted stock equity awards (33.3% of the total annual equity awards) will vest in equal installments on the second and third anniversaries of the grant date based on continued employment with the Company.

The Compensation Committee also approved the implementation of a new, individual performance component for all Executive Officers. Going forward, all Executive Officers' annual cash bonuses under the GVA methodology will have a 15% individual performance component weighting, other than the General Counsel, who will continue to have a 50% individual performance component.

Equity Retention Awards

The Compensation Committee approved a one-time retention award to the Company's Executive Officers, other than the Company's President and CEO (who elected not to receive a retention award), that was granted on February 26, 2016. The retention award was granted in the form of restricted stock, vesting one-third on each of the third, fourth and fifth anniversaries of the grant date to ensure continued retention and alignment of such executives. The total retention award for the Executive Officers was valued at approximately \$1.8 million, which is equivalent to the aggregate 2016 annual base salaries of the Executive Officer recipients, which base salaries were unchanged from 2015.

Executive Continuity Agreement

The Compensation Committee approved an amendment to the Executive Continuity Agreement between the Company and David A. Brown, the Company's COO, such that upon the termination of Mr. Brown's employment without cause or a resignation for good reason, in each case, within two years following a change in control, Mr. Brown will receive a cash severance amount equal to three times the sum of his current salary plus target annual incentive compensation for that year (rather than the current two times multiplier). This amendment aligns Mr. Brown's Continuity Agreement with existing continuity agreements in place with other Executive Officers.

Other 2016 Compensation Program Updates — Modified Stock-Based Awards Policy

In addition to the compensation program updates resulting from the Echelon Study described above, the Compensation Committee also modified the Company's Stock-Based Awards Policy, effective February 2, 2016, to align the policy with current market practices. Under the modified policy, there will now be a single annual grant on February 28th of each year (or, if February 28th does not fall on a trading day of the NYSE, the preceding trading day) for the annual equity awards to our Executive Officers and other key employees under the Company's Long-Term Incentive Compensation Program instead of four quarterly installments, in an effort to minimize the administrative burden and complexity of the equity award process.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussions with management, we have recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Compensation Committee

Mark A. Scudder, Chairman

Richard H. Allert

Richard H. Bott

Hans Michael Norkus

SUMMARY COMPENSATION TABLE

The following table and footnotes set forth information for the years ended December 31, 2015, 2014 and 2013 concerning compensation awarded to, earned by or paid to our Executive Officers.

Name and Principal Position	Year	Salary (1)	Bonus (1)	Stock Awards (2)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	All Other Compensation (5)	Total Compensation
John C. Hellmann	2015	\$849,750	\$—	\$1,727,516	\$1,551,042	\$121,344	\$164,848	\$4,414,500
President and Chief Executive Officer	2014	\$825,000	\$—	\$1,895,177	\$1,711,657	\$599,160	\$165,667	\$5,196,661
	2013	\$824,000	\$—	\$988,788	\$988,845	\$638,387	\$162,192	\$3,602,212
Timothy J. Gallagher	2015	\$466,796	\$—	\$478,351	\$420,188	\$49,994	\$117,483	\$1,532,812
Chief Financial Officer	2014	\$453,200	\$—	\$468,291	\$407,833	\$246,854	\$121,247	\$1,697,425
	2013	\$440,406	\$—	\$352,329	\$352,341	\$231,199	\$120,992	\$1,497,267
David A. Brown	2015	\$414,812	\$—	\$414,714	\$363,015	\$59,235	\$24,166	\$1,275,942
Chief Operating Officer	2014	\$402,730	\$—	\$406,058	\$352,343	\$231,334	\$29,287	\$1,421,752
	2013	\$391,400	\$—	\$433,685	\$433,754	\$174,959	\$13,404	\$1,447,202
Allison M. Fergus	2015	\$437,750	\$—	\$437,609	\$383,083	\$211,039	\$66,623	\$1,536,104
General Counsel and Secretary	2014	\$425,000	\$—	\$428,486	\$371,829	\$294,071	\$68,506	\$1,587,892
	2013	\$360,500	\$—	\$180,228	\$180,280	\$165,115	\$65,163	\$951,286
Matthew O. Walsh	2015	\$500,000	\$—	\$501,278	\$410,343	\$53,550	\$571,547	\$2,036,718
Executive Vice President, Global Corporate Development	2014	\$425,000	\$—	\$466,218	\$371,829	\$231,494	\$64,715	\$1,559,256
	2013	\$360,500	\$—	\$270,328	\$270,425	\$156,548	\$63,662	\$1,121,463

(1) Salary and bonuses are reported in the year in which the service being compensated was performed even if we paid the compensation in a subsequent year or if the executive elected to defer a portion of such compensation.

The amounts in the Stock Awards column reflect the aggregate grant date fair value for performance-based TSR RSUs granted by us in 2015 and 2014, and the aggregate grant date fair value for restricted stock granted by us in 2015, 2014 and 2013, in each case computed in accordance with ASC Topic 718, without taking into account estimated forfeitures. For discussion of the assumptions made in the valuation of these awards, refer to Note 15 to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. With respect to the performance-based TSR RSUs, the estimate of the grant date value determined in accordance with ASC Topic 718 assumes the vesting of 100% of the performance-based TSR RSUs awarded, the highest level of performance.

The amounts included in the Option Awards column reflect the aggregate grant date fair value for stock options granted by us in 2015, 2014 and 2013 computed in accordance with ASC Topic 718, without taking into account estimated forfeitures. For discussion of the assumptions made in the valuation of these options, refer to Note 15 to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

For 2015, 2014 and 2013, the amounts reflect the cash bonuses earned under the annual incentive compensation program based on targets that were established in early 2015, 2014 and 2013, respectively, by the Compensation Committee and paid in February 2016, 2015 and 2014, respectively. For a discussion of the annual incentive compensation program, see “Executive Compensation—Compensation Discussion and Analysis—2015 Annual Incentive Compensation Program—Cash Bonuses Under the GVA Methodology.”

(5) The following table details each item of compensation of our Executive Officers for 2015 required to be included in the All Other Compensation column:

Name	Company	Company	Auto (c)	Other (d)	Total
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	Tax Gross Up (a)	Contributions to Defined Contribution Accounts	Contributions to 401(k) Plan (b)			
John C. Hellmann	\$—	\$ 136,573	\$ 10,600	\$ 11,961	\$ 5,714	\$ 164,848
Timothy J. Gallagher	\$—	\$ 83,945	\$ 10,600	\$ 15,218	\$ 7,720	\$ 117,483
David A. Brown	\$—	\$—	\$ 10,600	\$ 9,600	\$ 3,966	\$ 24,166
Allison M. Fergus	\$—	\$ 44,574	\$ 10,600	\$ 9,265	\$ 2,184	\$ 66,623
Matthew O. Walsh	\$ 216,773	\$ 40,118	\$ 10,600	\$ 12,457	\$ 291,599	\$ 571,547

(a) Amount reflects the tax gross up payment on Mr. Walsh's rent expense, children's tuition reimbursement and relocation expenses related to his temporary overseas assignment.

(b) Amounts reflect the Company's matching contributions to the 401(k) Plan.

Amounts reflect cash payments for all annual automobile expenses, whether personal or business related. Amounts (c) for Messrs. Hellmann, Gallagher and Walsh and Ms. Fergus reflect car leases, fuel, insurance and repairs paid on their behalf. Mr. Brown receives a monthly cash car allowance.

The amount for Mr. Hellmann represents premiums with respect to excess group life insurance, an additional term life policy and long-term disability insurance and expenses associated with an annual physical examination. The amount for Mr. Gallagher represents the premiums with respect to excess group life insurance, an additional term life policy and long-term disability insurance and club dues. The amounts for Mr. Brown and Ms. Fergus represent (d) the premiums with respect to excess group life insurance and long-term disability insurance. The amount for Mr. Walsh represents \$142,466 in rent expense, \$75,968 in school tuition reimbursement for his children and \$70,981 in relocation expenses all related to his temporary overseas assignment, as well as the premiums with respect to excess group life insurance and long-term disability insurance.

2015 GRANTS OF PLAN-BASED AWARDS

The following table provides information relating to estimated future payouts under non-equity incentive plan awards and grants of stock-based awards during the year ended December 31, 2015.

Name	Grant Date	Date of Committee Action	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)		All Other Awards (3)			Grant Date Fair Value of Stock and Option Awards (5)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Maximum (#)	Number of Shares or Units (#)	Exercise Price of Option (\$/Sh)	Number of Securities Underlying Options (#)	
John C. Hellmann			\$0	\$849,750	\$1,699,500						
	2/27/15	2/3/15				—	4,168				\$176,702
	2/27/15	2/3/15						3,760			\$387,656
	2/27/15	2/3/15							17,858	\$103.10	\$387,717
	5/29/15	2/3/15						4,709			\$387,739
	5/29/15	2/3/15							21,659	\$82.34	\$387,755
	8/31/15	2/3/15						5,670			\$387,715
	8/31/15	2/3/15							21,515	\$68.38	\$387,763
	11/30/15	2/3/15						5,597			\$387,704
11/30/15	2/3/15							22,982	\$69.27	\$387,807	
Timothy J. Gallagher			\$0	\$350,097	\$700,194						
	2/27/15	2/3/15				—	1,374				\$58,251
	2/27/15	2/3/15						1,019			\$105,059
	2/27/15	2/3/15							4,838	\$103.10	\$105,038
	5/29/15	2/3/15						1,276			\$105,066
	5/29/15	2/3/15							5,868	\$82.34	\$105,053
	8/31/15	2/3/15						1,536			\$105,031
	8/31/15	2/3/15							5,828	\$68.38	\$105,037
	11/30/15	2/3/15						1,515			\$104,944
11/30/15	2/3/15							6,226	\$69.27	\$105,060	
David A. Brown			\$0	\$311,109	\$622,218						
	2/27/15	2/3/15				—	1,221				\$51,763
	2/27/15	2/3/15						880			\$90,728
	2/27/15	2/3/15							4,180	\$103.10	\$90,752
	5/29/15	2/3/15						1,102			\$90,739
	5/29/15	2/3/15							5,069	\$82.34	\$90,749
	8/31/15	2/3/15						1,327			\$90,740
	8/31/15	2/3/15							5,036	\$68.38	\$90,763
	11/30/15	2/3/15						1,310			\$90,744
11/30/15	2/3/15							5,378	\$69.27	\$90,751	

Name	Grant Date	Date of Committee Action	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#) (3)	All Other Option Awards: Number of Securities Underlying Options (#) (4)	Exercise Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards (5)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Allison M. Fergus			\$0	\$328,313	\$656,625							
	2/27/15	2/3/15				—	1,288	1,288			\$54,605	
	2/27/15	2/3/15						929			\$95,780	
	2/27/15	2/3/15							4,411	\$103.10	\$95,768	
	5/29/15	2/3/15						1,163			\$95,761	
	5/29/15	2/3/15							5,350	\$82.34	\$95,779	
	8/31/15	2/3/15						1,400			\$95,732	
	8/31/15	2/3/15							5,314	\$68.38	\$95,774	
	11/30/15	2/3/15						1,382			\$95,731	
	11/30/15	2/3/15							5,675	\$69.27	\$95,762	
Matthew O. Walsh			\$0	\$375,000	\$750,000							
	2/27/15	2/3/15				—	2,147	2,147			\$91,021	
	2/27/15	2/3/15						929			\$95,780	
	2/27/15	2/3/15							4,411	\$103.10	\$95,768	
	5/29/15	2/3/15						1,163			\$95,761	
	5/29/15	2/3/15							5,350	\$82.34	\$95,779	
	8/31/15	6/17/15						1,600			\$109,408	
	8/31/15	6/17/15							6,070	\$68.38	\$109,399	
	11/30/15	6/17/15						1,578			\$109,308	
	11/30/15	6/17/15							6,483	\$69.27	\$109,397	

- (1) The threshold, target and maximum amounts are established under our annual incentive compensation plan. For additional information, see “Annual Incentive Compensation Program—Cash Bonuses Under the GVA Methodology.” Represents performance-based TSR RSU granted in 2015 under our long-term incentive program as described above in “Equity Awards—TSR RSU Program—2015 Awards.” All performance-based TSR RSU awards were granted under the Company’s Omnibus Plan.
- (2) Represents restricted stock granted in 2015 under the Omnibus Plan.
- (3) Represents stock options granted in 2015 under the Omnibus Plan.
- (4) This column represents the grant date fair value of the performance-based TSR RSU awards, restricted stock awards and stock option awards granted in 2015 measured in accordance with ASC Topic 718, without taking into account estimated forfeitures. For discussion of the assumptions made in the valuation of these awards, refer to Note 15 to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The grant date fair value is the amount that we will expense in our financial statements over the awards’ required period of service as required under ASC Topic 718. With respect to the performance-based TSR RSU awards, the estimate of the grant date fair value determined in accordance with ASC Topic 718 assumes the vesting of 100% of the performance-based TSR RSUs awarded.

Narrative Disclosure to the Summary Compensation Table and the 2015 Grants of Plan-Based Awards Table Terms of Stock-Based Awards

Grant Date and Vesting Schedule

Prior to February 2, 2016, option and restricted stock awards granted to our Executive Officers were delivered in four equal quarterly grants during the year and generally vested in three equal installments on the anniversary of the first quarterly grant of the year. As a result of the 2016 modifications to the Company's Stock-Based Awards Policy, effective February 2, 2016, option, restricted stock and restricted stock unit awards are delivered in one annual grant on February 28th (or, if February 28th does not fall on a trading day of the NYSE, the preceding trading day). These option, restricted stock and restricted stock unit awards will generally vest in three equal installments on the anniversary of the grant date. However, performance based equity grants and any special one-time equity grants may have a different vesting schedule. For certain of our employees, including each of the Executive Officers, the awards also accelerate upon a change of control or upon death or disability. Each quarterly or annual grant of stock options, as the case may be, has a five-year term. For more information about the 2016 compensation program updates described above, see “Executive Compensation—Compensation Discussion and Analysis —2016 Compensation Program Updates” on page 42.

Performance-based TSR RSU awards issued under our former TSR RSU Program, that was discontinued in 2016, vest upon achievement of market performance criteria and continued service during a three-year performance period. In addition, pursuant to our performance-based TSR RSU award agreements, these awards accelerate upon a change of control (subject to attainment of the performance criteria) and in the event of involuntary termination as a result of death or disability, the service-based vesting will fully accelerate although the performance-based conditions will continue to apply.

Acceleration and Forfeiture

In April 2014, the Compensation Committee approved changes to all option, restricted stock and restricted stock unit awards granted after April 2014 to include provisions for the accelerated vesting of any unvested options or unvested restricted stock and restricted stock unit awards in the event of death or disability, subject to compliance with other applicable award terms. All unvested option awards are forfeited at the time of termination of employment and vested option awards are forfeited if they are not exercised within a 90-day post-termination exercise period. With respect to restricted stock, restricted stock unit and performance-based TSR RSU awards, in the event of termination, the unvested or unearned portion of any award is forfeited. For option, restricted stock and restricted stock unit awards granted prior to April 2014, the Compensation Committee agreed to exercise positive discretion with respect to the acceleration of these unvested awards in the event of death and disability.

The Company has entered into continuity agreements with key employees, including each of the Executive Officers, which provide for the vesting of otherwise unvested option, restricted stock and performance-based TSR RSU awards in the change of control circumstances described under “Potential Payments Upon Termination, Change of Control and Other Events.”

Covenants

Option, restricted stock and performance-based TSR RSU awards for Executive Officers and other key employees include confidentiality and non-compete obligations, which if violated would result in a forfeiture of unexercised options and unvested restricted stock and performance-based TSR RSU awards and disgorgement of any gains on option awards and restricted stock awards during the previous six months and for performance-based TSR RSU awards during the previous 12 months.

Other

Option awards granted under the Omnibus Plan have an exercise price equal to the closing share price of the underlying shares on the NYSE on the date of grant. Prior to the vesting of restricted stock awards, holders of such awards have all other rights of a stockholder with respect to the shares underlying the award, including, but not limited to, the right to receive cash dividends, if any, and the right to vote the common shares underlying the award at any meeting of our stockholders.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2015

The following table provides information regarding outstanding equity awards held by our Executive Officers at December 31, 2015.

Name	Grant Date (1)	Option Awards				Stock Awards			Equity Incentive Awards:	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (2)	Shares, Units or Rights That Have Not Vested (3)	Market Value of Unearned Shares, Units or Rights That Have Not Vested (2)	
John C. Hellmann	2/28/11	15,453	—	\$52.09	2/27/16	—	\$—	—	\$—	
	5/31/11	14,268	—	\$59.35	5/30/16	—	—	—	—	
	8/31/11	14,754	—	\$51.94	8/30/16	—	—	—	—	
	11/30/11	12,514	—	\$61.07	11/29/16	—	—	—	—	
	2/28/12	15,666	—	\$60.54	2/27/17	—	—	—	—	
	5/31/12	17,033	—	\$50.11	5/30/17	—	—	—	—	
	8/31/12	14,235	—	\$63.56	8/30/17	—	—	—	—	
	11/30/12	12,384	—	\$72.95	11/29/17	—	—	—	—	
	2/28/13	7,766	3,883	\$89.52	2/27/18	920	49,395	—	—	
	5/31/13	7,244	3,622	\$89.05	5/30/18	925	49,663	—	—	
	8/30/13	7,701	3,850	\$86.58	8/29/18	952	51,113	—	—	
	11/29/13	7,040	3,520	\$96.20	11/29/18	857	46,012	—	—	
	2/28/14	6,580	13,158	\$98.92	2/27/19	2,536	136,158	—	—	
	4/5/14	—	—	\$—	—	—	—	0	0	
	5/30/14	7,544	15,087	\$97.35	5/29/19	3,048	163,647	—	—	
	8/29/14	8,332	16,663	\$98.33	8/28/19	3,018	162,037	—	—	
	11/28/14	7,746	15,488	\$98.59	11/27/19	3,010	161,607	—	—	
	2/27/15	—	17,858	\$103.10	2/26/20	3,760	201,874	—	—	
	2/27/15	**	—	\$—	—	—	—	0	0	
	5/29/15	—	21,659	\$82.34	5/28/20	4,709	252,826	—	—	
	8/31/15	—	21,515	\$68.38	8/30/20	5,670	304,422	—	—	
	11/30/15	—	22,982	\$69.27	11/29/20	5,597	300,503	—	—	
			176,260	159,285			35,002	\$1,879,257	0	0

Name	Grant Date (1)	Option Awards			Stock Awards			Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Rights That Have Not Vested (#) (3)	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Rights That Have Not Yet Vested (2)
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Exercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Units of Stock That Have Not Vested (2)		
Timothy J. Gallagher	2/28/11	5,346	—	\$52.09	2/27/16	—	\$—	—	\$—
	5/31/11	4,936	—	\$59.35	5/30/16	—	—	—	—
	8/31/11	5,104	—	\$51.94	8/30/16	—	—	—	—
	11/30/11	4,329	—	\$61.07	11/29/16	—	—	—	—
	2/28/12	5,583	—	\$60.54	2/27/17	—	—	—	—
	5/31/12	6,071	—	\$50.11	5/30/17	—	—	—	—
	8/31/12	5,073	—	\$63.56	8/30/17	—	—	—	—
	11/30/12	4,414	—	\$72.95	11/29/17	—	—	—	—
	2/28/13	2,767	1,384	\$89.52	2/27/18	328	17,610	—	—
	5/31/13	2,581	1,291	\$89.05	5/30/18	330	17,718	—	—
	8/30/13	2,744	1,372	\$86.58	8/29/18	339	18,201	—	—
	11/29/13	2,508	1,254	\$96.20	11/29/18	305	16,375	—	—
	2/28/14	1,783	3,564	\$98.92	2/27/19	687	36,885	—	—
	4/5/14	—	—	\$—	—	—	—	0	0
	5/30/14	1,728	3,456	\$97.35	5/29/19	698	37,476	—	—
	8/29/14	1,909	3,816	\$98.33	8/28/19	691	37,100	—	—
	11/28/14	1,775	3,548	\$98.59	11/27/19	690	37,046	—	—
	2/27/15	—	4,838	\$103.10	2/26/20	1,019	54,710	—	—
	2/27/15 **	—	—	\$—	—	—	—	0	0
	5/29/15	—	5,868	\$82.34	5/28/20	1,276	68,508	—	—
8/31/15	—	5,828	\$68.38	8/30/20	1,536	82,468	—	—	
11/30/15	—	6,226	69.27	11/29/20	1,515	81,340	—	—	
		58,651	42,445			9,414	\$505,437	0	0
David A. Brown	8/31/12 *	4,156	—	\$63.56	8/30/17	—	\$—	—	\$—
	11/30/12 *	3,615	—	\$72.95	11/29/17	—	—	—	—
	2/28/13	5,607	1,153	\$89.52	2/27/18	273	14,657	—	—
	5/31/13	5,231	1,075	\$89.05	5/30/18	275	14,765	—	—
	8/30/13	2,286	1,143	\$86.58	8/29/18	283	15,194	—	—
	11/29/13	2,091	1,046	\$96.20	11/29/18	254	13,637	—	—

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2/28/14	1,540	3,080	\$98.92	2/27/19	594	31,892	—	—
4/5/14	—	—	\$—	—	—	—	0	0
5/30/14	1,493	2,986	\$97.35	5/29/19	603	32,375	—	—
8/29/14	1,649	3,298	\$98.33	8/28/19	597	32,053	—	—
11/28/14	1,533	3,064	\$98.59	11/27/19	595	31,946	—	—
2/27/15	—	4,180	\$103.10	2/26/20	880	47,247	—	—
2/27/15 **	—	—	\$—	—	—	—	0	0
5/29/15	—	5,069	\$82.34	5/28/20	1,102	59,166	—	—
8/31/15	—	5,036	\$68.38	8/30/20	1,327	71,247	—	—
11/30/15	—	5,378	\$69.27	11/29/20	1,310	70,334	—	—
	29,201	36,508			8,093	\$434,513	0	0

Name	Grant Date (1)	Option Awards				Stock Awards			Equity Incentive Plan Awards:
		Number of Securities Underlying Unexercisable Options (#)	Number of Securities Underlying Exercised Options (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Units of Stock That Have Not Vested (2)	Number of Shares, Units or Rights That Have Not Vested (#) (3)	Market Payout Value of Unearned Shares, Units or Rights That Have Not Yet Vested (2)
Allison M. Fergus	2/28/11	2,640	—	\$52.09	2/27/16	—	\$—	—	\$—
	5/31/11	2,437	—	\$59.35	5/30/16	—	—	—	—
	8/31/11	2,520	—	\$51.94	8/30/16	—	—	—	—
	11/30/11	2,138	—	\$61.07	11/29/16	—	—	—	—
	2/28/12	2,856	—	\$60.54	2/27/17	—	—	—	—
	5/31/12	3,105	—	\$50.11	5/30/17	—	—	—	—
	8/31/12	2,595	—	\$63.56	8/30/17	—	—	—	—
	11/30/12	2,257	—	\$72.95	11/29/17	—	—	—	—
	2/28/13	1,416	708	\$89.52	2/27/18	168	9,020	—	—
	5/31/13	1,321	660	\$89.05	5/30/18	169	9,074	—	—
	8/30/13	1,404	702	\$86.58	8/29/18	173	9,288	—	—
	11/29/13	1,283	642	\$96.20	11/29/18	156	8,376	—	—
	2/28/14	1,625	3,250	\$98.92	2/27/19	626	33,610	—	—
	4/5/14	—	—	\$—	—	—	—	0	0
	5/30/14	1,576	3,150	\$97.35	5/29/19	636	34,147	—	—
	8/29/14	1,740	3,480	\$98.33	8/28/19	630	33,825	—	—
	11/28/14	1,618	3,235	\$98.59	11/27/19	628	33,717	—	—
	2/27/15	—	4,411	\$103.10	2/26/20	929	49,878	—	—
	2/27/15 **	—	—	\$—	—	—	—	0	0
	5/29/15	—	5,350	\$82.34	5/28/20	1,163	62,441	—	—
8/31/15	—	5,314	\$68.38	8/30/20	1,400	75,166	—	—	
11/30/15	—	5,675	\$69.27	11/29/20	1,382	74,199	—	—	
		32,531	36,577			8,060	\$432,741	0	0
Matthew O. Walsh	2/28/11	4,026	—	\$52.09	2/27/16	—	\$—	—	\$—
	5/31/11	3,717	—	\$59.35	5/30/16	—	—	—	—
	8/31/11	3,844	—	\$51.94	8/30/16	—	—	—	—
	11/30/11	3,260	—	\$61.07	11/29/16	—	—	—	—
	2/28/12	4,284	—	\$60.54	2/27/17	—	—	—	—

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5/31/12	4,658	—	\$50.11	5/30/17	—	—	—	—
8/31/12	3,892	—	\$63.56	8/30/17	—	—	—	—
11/30/12	3,386	—	\$72.95	11/29/17	—	—	—	—
2/28/13	2,123	1,062	\$89.52	2/27/18	252	13,530	—	—
5/31/13	1,981	990	\$89.05	5/30/18	253	13,584	—	—
8/30/13	2,106	1,053	\$86.58	8/29/18	260	13,959	—	—
11/29/13	1,926	963	\$96.20	11/29/18	234	12,563	—	—
2/28/14	1,625	3,250	\$98.92	2/27/19	626	33,610	—	—
4/5/14	—	—	\$—	—	—	—	0	0
5/30/14	1,576	3,150	\$97.35	5/29/19	636	34,147	—	—
8/29/14	1,740	3,480	\$98.33	8/28/19	630	33,825	—	—
11/28/14	1,618	3,235	\$98.59	11/27/19	628	33,717	—	—
2/27/15	—	4,411	\$103.10	2/26/20	929	49,878	—	—
2/27/15 **	—	—	\$—	—	—	—	0	0
5/29/15	—	5,350	\$82.34	5/28/20	1,163	62,441	—	—
8/31/15	—	6,070	\$68.38	8/30/20	1,600	85,904	—	—
11/30/15	—	6,483	\$69.27	11/29/20	1,578	84,723	—	—
	45,762	39,497			8,789	\$471,881	0	0

All option, restricted stock and performance-based TSR RSU awards reflected in this table were granted under the Omnibus Plan. These option and restricted stock awards generally vest over three years following the date of grant on the anniversary of the first quarterly grant for such year. The vesting schedule for option and restricted stock awards are set forth below. Performance-based TSR RSU awards issued under the TSR RSU Program are granted (1) once per year and vest based upon achievement of market performance criteria, ranging from 0% to 100%, and continued service during the performance period. The performance period for the performance-based TSR RSU awards is three years. For additional information on the acceleration of vesting, see “Narrative Disclosure to the Summary Compensation Table and 2015 Grants of Plan-Based Awards Table” and “Potential Payments upon Termination, Change of Control and Other Events.”

Grant Date	Vesting schedule
2/28/2011	1/3 vested each year for three years on the anniversary of the date of grant.
5/31/2011	1/3 vested each year for three years on February 28, 2012, 2013, 2014.
8/31/2011	1/3 vested each year for three years on February 28, 2012, 2013, 2014.
11/30/2011	1/3 vested each year for three years on February 28, 2012, 2013, 2014.
2/28/2012	1/3 vested each year for three years on the anniversary of the date of grant.
5/31/2012	1/3 vested each year for three years on February 28, 2013, 2014, 2015.
8/31/2012	1/3 vested each year for three years on February 28, 2013, 2014, 2015.
8/31/2012	* 1/3 vests each year for three years on August 31, 2013, 2014, 2015.
11/30/2012	1/3 vested each year for three years on February 28, 2013, 2014, 2015.
11/30/2012	* 1/3 vests each year for three years on August 31, 2013, 2014, 2015.
2/28/2013	1/3 vests each year for three years on the anniversary of the date of grant.
5/31/2013	1/3 vests each year for three years on February 28, 2014, 2015, 2016.
8/30/2013	1/3 vests each year for three years on February 28, 2014, 2015, 2016.
11/29/2013	1/3 vests each year for three years on February 28, 2014, 2015, 2016.
2/28/2014	1/3 vests each year for three years on the anniversary of the date of grant.
4/5/2014	Vest upon achievement of market performance criteria and continued service during a 3-year performance period.
5/30/2014	1/3 vests each year for three years on February 28, 2015, 2016, 2017.
8/29/2014	1/3 vests each year for three years on February 28, 2015, 2016, 2017.
11/28/2014	1/3 vests each year for three years on February 28, 2015, 2016, 2017.
2/27/2015	1/3 vests each year for three years on the anniversary of the date of grant.
2/27/2015	** Vest upon achievement of market performance criteria during a 3-year performance period and continued service through the date of delivery of the underlying shares.
5/29/2015	1/3 vests each year for three years on February 27, 2016, 2017, 2018.
8/31/2015	1/3 vests each year for three years on February 27, 2016, 2017, 2018.
11/30/2015	1/3 vests each year for three years on February 27, 2016, 2017, 2018.

(2) The market value of stock awards that have not vested was calculated using the closing share price of our stock on the NYSE on December 31, 2015 of \$53.69.

As of December 31, 2015, the threshold amount of zero shares is included for the performance-based TSR RSU (3) awards for our Executive Officers as the threshold level for any payout under the 2014 and 2015 annual awards granted under the TSR RSU Program had not been met.

* Due to the commencement of Mr. Brown’s employment in July 2012, the awards made to Mr. Brown on August 31, 2012 and November 30, 2012 vested in three equal annual installments, beginning August 31, 2013.

** Vesting for performance-based TSR RSU awards granted on February 27, 2015.

2015 OPTION EXERCISES AND STOCK VESTED

The following table provides information regarding the amounts received by each Executive Officer upon the exercise of options or the vesting of restricted stock during the year ended December 31, 2015.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (2)
John C. Hellmann	41,716	\$ 1,813,777	14,734	\$ 1,519,075
Timothy J. Gallagher	11,747	\$ 538,376	4,565	\$ 470,652
David A. Brown	—	\$ —	3,489	\$ 317,705
Allison M. Fergus	5,801	\$ 232,524	2,888	\$ 297,753
Matthew O. Walsh	8,846	\$ 318,783	3,703	\$ 381,779

Option award value realized on exercise was calculated by multiplying the number of shares acquired upon (1) exercise by the closing price of our stock on the NYSE on the exercise date and then deducting the aggregate exercise price of the option award.

(2) Stock award value realized on vesting was calculated by multiplying the number of shares acquired upon vesting by the closing price of our stock on the NYSE on the vesting date.

2015 PENSION BENEFITS

None of our Executive Officers participate in a plan that provides specified retirement payments or benefits.

2015 NONQUALIFIED DEFERRED COMPENSATION

Our nonqualified Deferred Compensation Plan (the “DCP”) was implemented in 2004 and allows certain employees, including the Executive Officers, to defer receipt of their salary and/or bonus payments into accounts that mirror gains and/or losses of several different investment funds we have selected. The investment funds offered are similar but not identical to those offered under our 401(k) Plan. The DCP does not offer above market or preferential interest rate returns or permit participants to defer their cash compensation into our Class A Common Stock. Participant deferrals must be elected annually, with limits of 50% on base salary and 100% on bonus payments with a minimum aggregate deferral of \$2,000. Investment choices may be reallocated on a daily basis, but if selections are not made, the amounts deferred will automatically be allocated to the lowest-risk fund. Accounts are adjusted daily based on the performance of each measurement fund that is selected for the participant’s account, and the account is 100% vested at the time of deferral. The DCP also allows for Company contributions and is the instrument used to allow Company and executive contributions into the Defined Contribution Accounts. The Defined Contribution Accounts are intended to provide, upon the executive’s retirement, a target benefit amount equal to a 20-year annuity with payments equivalent to 38% of the estimated final five-year average cash compensation (based on salary and target bonus objectives) of the participating executive, assuming retirement at age 65. Company contributions are funded into a rabbi trust (a grantor trust in which the grantor is the Company and the beneficiary is the executive) through investments in corporate-owned life insurance. Investments in the rabbi trust remain subject to claims from the Company’s general creditors. Contributions credited to an executive’s account are invested as the participant directs among the investment funds available from time to time under the DCP. Annual amounts credited to an executive’s account vest at the rate of 20% per year, subject to acceleration of vesting in the event of a change of control, death or disability, or eligible retirement, each as defined under the DCP. The Company reserves the right to change its contribution to an executive’s account from time to time, in such amount as it may determine, as a result of changes in specified assumptions. Participant deferral elections are irrevocable and cannot be changed during the plan year. However, there are circumstances, such as an unforeseeable financial emergency, that can be considered for suspending a participant’s current deferral election. The benefit distribution date selected may be either (1) separation of service, (2) the attainment of a specified age, (3) the earlier of (a) separation of service or (b) the attainment of a specified age, or (4) the later of (a) separation of service or (b) the attainment of a specified age. If a distribution date is not specified, the benefit distribution date will be the date of separation of service. The form of payment selected for an employee’s

distribution is either a lump sum or annual installments over any period an employee elects, not to exceed 15 years. No withdrawals or distributions were made in 2015.

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The following table provides information regarding contributions, earnings and balances for our Executive Officers under our DCP for the year ended December 31, 2015.

Name	Executive Contribution in Last Fiscal Year (1)	Registrant Contributions in Last Fiscal Year (2)	Aggregate Earnings in Last Fiscal Year (3)	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year End (4)
John C. Hellmann	\$569,171	\$136,573	\$(33,822)	\$—	\$3,111,644
Timothy J. Gallagher	\$—	\$83,945	\$(15,934)	\$—	\$1,042,414
David A. Brown (5)	\$—	\$—	\$—	\$—	\$—
Allison M. Fergus	\$—	\$44,574	\$(12,766)	\$—	\$387,517
Matthew O. Walsh	\$—	\$40,118	\$500	\$—	\$444,804

This amount represents 95% of Mr. Hellmann's Non-Equity Incentive Plan Compensation for 2014. Such amounts (1) are included in the Summary Compensation Table under "Executive Compensation—Summary Compensation Table" on page 45.

The amounts represent the Company contributions into the Defined Contribution Accounts for Messrs. Hellmann, Gallagher and Walsh and Ms. Fergus. The Company's contributions into these Executive Officers' Defined (2) Contribution Accounts are reflected in the "Summary Compensation Table" in the "All Other Compensation" column. For additional information on the DCP see "Executive Compensation—Compensation Discussion and Analysis—Other Compensation—Deferred Compensation Plan."

Earnings on the Company contributions made on behalf of Messrs. Hellmann, Gallagher and Walsh and Ms. Fergus vest over a five-year period, or earlier upon a change of control, death, disability, or eligible retirement, each as defined under the DCP. While the contribution amounts for Messrs. Hellmann, Gallagher and Walsh and (3) Ms. Fergus are reported in the "Summary Compensation Table," the earnings for the Executive Officers are not, because all earnings in the DCP accounts are not considered above market or preferential. Earnings on both personal contributions and Company contributions are calculated based on the performance of some or all of the following funds selected by Executive Officers (with their respective returns for 2015):

Fund Name	1 Year Return	%
Capital Research American Fund Growth	6.59	%
Janus Aspen Series Enterprise Portfolio	3.77	%
Morgan Stanley Real Estate	1.52	%
BlackRock Equity Index	1.14	%
PIMCO Managed Bond	0.56	%
FMR Co Inc Fid. VIP Contrafund	0.42	%
FMR Co., Inc. Fid. VIP Money Market SC	0.01	%
Iridian Asset Management Large Cap Value	(0.66))%
PIMCO Inflation Managed	(3.06))%
Northern Cross International Equity	(3.94))%
Alliance Bernstein Small-Cap Value	(4.34))%
Pacific Life High Yield Bond	(4.64))%
Frontier Capital Appreciation	(6.58))%
Janus Aspen Series Overseas Portfolio	(8.80))%
Oppenheimer Emerging Markets	(13.84))%
Van Eck Worldwide Hard Assets	(33.45))%

Amounts represent the balance of the Executive Officer's individual account as of December 31, 2015. As of December 31, 2015, the vested portion of Mr. Hellmann's aggregate balance was \$2,807,774, a portion of which represents Mr. Hellmann's personal contributions in 2015 and previous years, which were immediately vested. As of December 31, 2015, the vested portion of Mr. Gallagher, Ms. Fergus and Mr. Walsh's accounts were \$865,587, \$293,952 and \$356,812, respectively. The following table provides information regarding contributions reported in a Summary Compensation Table for previous years:

Name	Amounts Previously Reported in a Summary Compensation Table
John C. Hellmann	\$1,406,627
Timothy J. Gallagher	\$661,939
David A. Brown	\$—
Allison M. Fergus	\$260,121
Matthew O. Walsh	\$120,354

(5) The Company does not contribute to a Defined Contribution Account for Mr. Brown as a result of Mr. Brown's legacy pension entitlements from a prior employer.

POTENTIAL PAYMENTS UPON TERMINATION, CHANGE OF CONTROL AND OTHER EVENTS

Payments upon Change of Control

Currently, the continuity agreements with each of our Executive Officers provide that upon termination of his or her employment without cause or resignation for good reason within two years following a change of control, each of our Executive Officers will receive a cash severance amount equal to three times the sum of his or her current salary plus target annual incentive compensation for that year. Additionally, the executives would be entitled to receive their accrued but unpaid base salary and annual incentive compensation. Further, pursuant to the continuity agreements, upon termination without cause or resignation for good reason within two years following a change of control, all unvested stock options and restricted stock holdings immediately become vested to the extent such acceleration does not take place earlier under the applicable plan documents.

A change of control is deemed to occur if (a) a person or outside group becomes a beneficial owner directly or indirectly of 35% or more of the combined voting power change of control the Company's then outstanding securities, unless the combined voting power of the Company's founder and Executive Officers or a group including the founder and Executive Officers exceeds 35% of the combined voting power of the Company's then outstanding securities and remains the person or group with beneficial ownership of the largest percentage of combined voting power of the Company's then outstanding securities, (b) there is a merger of the Company that results in the stockholders of the Company owning less than 51% of the shares of the continuing or resulting company, a sale of 51% or greater of the Company's assets, or a liquidation or dissolution of the Company, or (c) our incumbent Board members (or persons recommended or approved by at least 2/3rds of them) cease to be a majority of the board of directors of any successor of the Company during a 12-month period.

In the event solely of a change of control, the acceleration provisions of the DCP and the award agreements under the Omnibus Plan provide for specified payments or benefits. In the event of a change of control under our DCP, participants are entitled to acceleration of unvested account balances, subject to the limitations of Section 280G of the IRC. Pursuant to the award agreements for options and restricted stock awards to Executive Officers, the unvested portions of all such awards immediately vest and become exercisable upon a change of control. Pursuant to the award agreements for the performance-based TSR RSU awards, the Company's relative TSR performance for the performance vesting period will be based on the average daily closing price of the Company's common stock for its last 30 days of trading on the NYSE immediately prior to the effective date of the change of control and all remaining performance, time and other vesting restrictions will lapse.

Resignation for good reason by an executive occurs if (1) the executive's duties, titles or responsibilities decrease after a change of control, (2) the executive's base salary, annual incentive compensation target or annual equity compensation target is decreased after a change of control, (3) the executive's work location changes to a different location more than 35 miles from his or her prior work location after a change of control or (4) the successor company fails to assume and perform the provisions under the continuity agreements. An executive can be terminated for cause upon the occurrence of (a) the willful and continued failure to perform substantially all of the executive's duties, (b) dishonesty in the performance of the executive's duties, (c) the executive's conviction or plea of guilty, or nolo contendere, to a crime constituting a felony or a misdemeanor involving fraudulent conduct or moral turpitude, (d) the executive's willful malfeasance or willful misconduct in connection with the executive's duties or any act or omission that is injurious to the financial condition or reputation of the Company or (e) the executive's breach of the confidentiality or non-solicitation of employees and customers obligations contained in the continuity agreements.

In 2014, in an effort to align the Company's overall compensation practices with that of the Company's peer group and general market practices, the CEO's and CFO's continuity agreements were amended to eliminate the Company's obligation to conditionally pay the 20% excise tax under the IRC for excess parachute payments and to gross up the resulting tax due for each of them in the event that their change of control payment is more than 10% above the safe harbor limit of three times the base amount under Section 280G of the IRC. Instead of the conditional payment of the excise tax and the tax gross up, the CEO's and CFO's revised continuity agreements now include the "Adjustment for Best After-Tax Provision" consistent with the provisions in the continuity agreements for the Company's other Executive Officers. Under the "Adjustment for Best After-Tax Provision," Executive Officers are entitled to receive the greater of the after-tax change of control payment, including their payment of the 20% excise tax for excess tax for

excess parachute payments, or the after-tax safe harbor limit less one dollar.

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The payments set forth below assume that the applicable triggering event or events occurred on December 31, 2015, the last business day in 2015, and include amounts that would be received by each Executive Officer in the event of a change of control and in the event of a change of control followed by termination. For purposes of calculating the Executive Officers' potential excess parachute payment excise taxes, the payments set forth below also assume that all severance payments would be treated as potential parachute payments under Section 280G of the IRC, without reducing the parachute payment calculations to reflect amounts that constitute reasonable compensation for services actually rendered by the Executive Officers or in consideration of their respective agreements not to engage in certain types of competitive activity following their termination of employment. Actual calculations of the Executive Officers' parachute payments and excise tax obligations, if any, would need to be made based on the actual facts and circumstances existing at the time of the Executive Officers' termination of employment.

Name/Event	Cash Severance Payment (1)	Acceleration of Unvested DCP Amounts	Acceleration of Unvested Options (2)	Acceleration of Unvested Stock Awards (3)	Total Payment Before Best After-Tax Provision	Adjustment for Best After-Tax Provision (4)	Total
John C. Hellmann							
Change of Control (5)	\$—	\$ 122,817	\$—	\$ 1,116,400	\$ 1,239,217	\$—	\$ 1,239,217
Change of Control Followed by Termination (6)	\$ 5,948,250	\$ 122,817	\$—	\$ 1,116,400	\$ 7,187,467	\$—	\$ 7,187,467
Death/Disability (7)	\$—	\$ 122,817	\$—	\$ 1,546,916	\$ 1,669,733	\$—	\$ 1,669,733
Timothy J. Gallagher							
Change of Control (5)	\$—	\$ 76,189	\$—	\$ 301,030	\$ 377,219	\$—	\$ 377,219
Change of Control Followed by Termination (6)	\$ 2,800,776	\$ 76,189	\$—	\$ 301,030	\$ 3,177,995	\$—	\$ 3,177,995
Death/Disability (7)	\$—	\$ 76,189	\$—	\$ 398,648	\$ 474,837	\$—	\$ 474,837
David A. Brown							
Change of Control (5)	\$—	\$—	\$—	\$ 248,303	\$ 248,303	\$—	\$ 248,303
Change of Control Followed by Termination (6)	\$ 1,762,951	\$—	\$—	\$ 248,303	\$ 2,011,254	\$ (182,097)	\$ 1,829,157
Death/Disability (7)	\$—	\$—	\$—	\$ 344,368	\$ 344,368	\$—	\$ 344,368
Allison M. Fergus							
Change of Control (5)	\$—	\$ 40,579	\$—	\$ 273,884	\$ 314,463	\$—	\$ 314,463
Change of Control Followed by Termination (6)	\$ 2,626,500	\$ 40,579	\$—	\$ 273,884	\$ 2,940,963	\$—	\$ 2,940,963
Death/Disability (7)	\$—	\$ 40,579	\$—	\$ 363,374	\$ 403,953	\$—	\$ 403,953
Matthew O. Walsh							
Change of Control (5)	\$—	\$ 36,449	\$—	\$ 282,946	\$ 319,395	\$—	\$ 319,395
Change of Control Followed by Termination (6)	\$ 3,000,000	\$ 36,449	\$—	\$ 282,946	\$ 3,319,395	\$—	\$ 3,319,395
Death/Disability (7)	\$—	\$ 36,449	\$—	\$ 384,635	\$ 421,084	\$—	\$ 421,084

The cash severance payment is calculated by adding the 2015 accrued but unpaid annual incentive to either three (1) times the sum of current annual salary plus target annual incentive for each of Messrs. Hellmann, Gallagher and Walsh and Ms. Fergus, or two times the sum of current annual salary plus target annual incentive for Mr. Brown.

The value of the accelerated vesting of stock options is calculated by multiplying the number of unvested stock (2) options by the difference between the closing share price of our Class A Common Stock on the NYSE on December 31, 2015 of \$53.69 and the exercise price of the stock option.

(3)

The value of the accelerated vesting of restricted stock is calculated by multiplying the number of unvested shares of restricted stock awarded by the closing share price of our Class A Common Stock on the NYSE on December 31, 2015 of \$53.69. As of December 31, 2015, no amount is included for the performance-based TSR RSU awards for our Executive Officers as the threshold level for any payout under the 2015 and 2014 annual awards granted under the TSR RSU Program had not been met.

(4) Mr. Brown's after-tax change of control payment, including his payment of the 20% excise tax, would be less than the after-tax payment of the Section 280G safe harbor limit less one dollar, and his payment is therefore reduced by \$182,097. Messrs. Hellmann, Gallagher and Walsh and Ms. Fergus' total payment is within the Section 280G safe harbor limit and will not result in the payment of the excise tax. A personal federal tax rate of 46% was used in calculating the after-tax amounts for Messrs. Hellmann and Gallagher and Ms. Fergus, 42% and 47% was used for Messrs. Brown and Walsh, respectively.

(5) Represents payments under the provisions of the DCP, if applicable, and equity award agreements under the Omnibus Plan, which provide for payments upon a change of control exclusive of our continuity agreements. In the event of a change of control under our DCP, participants are entitled to acceleration of unvested account balances, subject to the Section 280G safe harbor provisions. In addition, pursuant to the award agreements for option and restricted stock awards to Executive Officers, the unvested portions of all such awards immediately vest and become exercisable upon a change of control. As of December 31, 2015, no amount is included for the performance-based TSR RSU awards for our Executive Officers as the threshold level for any payout under the 2015 and 2014 annual awards granted under the TSR RSU Program had not been met.

(6) Represents payments under the continuity agreements in the event of a change of control followed by termination without cause or resignation for good reason by the executive within two years of the change of control. As of December 31, 2015, no amount is included for the performance-based TSR RSU awards for our Executive Officers as the threshold level for any payout under the 2015 and 2014 annual awards granted under the TSR RSU Program had not been met.

Assuming a December 31, 2015 death or disability, Messrs. Hellmann, Gallagher and Walsh and Ms. Fergus would be entitled to the acceleration of unvested DCP account balances, subject to the Section 280G safe harbor provisions. Beginning with the May 2014 equity grants, pursuant to the award agreements for option and restricted stock awards to Executive Officers, the unvested portions of all such awards immediately vest and become exercisable upon death or disability. The value of the accelerated vesting of stock options is calculated by multiplying the number of unvested stock options by the difference between the closing share price of our Class A Common Stock on the NYSE on December 31, 2015 of \$53.69 and the exercise price of the stock option. As of (7) December 31, 2015, no amount is included for the acceleration of unvested options as all of the applicable options have an exercise price greater than \$53.69. In addition, pursuant to the Executive Officers' performance-based TSR RSU award agreements, in the event of involuntary termination as a result of death or disability, the service-based vesting will fully accelerate although the performance-based conditions will continue to apply. As of December 31, 2015, no amount is included for the performance-based TSR RSU awards for our Executive Officers as the threshold level for any payout under the 2015 and 2014 annual awards granted under the TSR RSU Program had not been met.

Payments in the Event of Retirement

In the event of retirement at December 31, 2015, none of the participating Executive Officers are entitled to acceleration of unvested DCP balances, unvested options, unvested restricted stock or unvested performance-based TSR RSU awards.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table and related footnotes set forth as of March 21, 2016 (except to the extent indicated in the footnotes to the table below) certain information concerning beneficial ownership of our stock held by (1) each stockholder known to us to own beneficially more than 5% of any class of our voting stock, (2) each of our directors and each director nominee, (3) each of our Executive Officers, and (4) all of our directors and Executive Officers as a group. We have calculated beneficial ownership in accordance with the rules of the SEC. Unless otherwise indicated below in the footnotes to the table, each stockholder named in the table has sole voting and investment power with respect to all shares shown as beneficially owned by that stockholder, and the designated address of each individual listed in the table is as follows: Genesee & Wyoming Inc., 20 West Avenue, Darien, Connecticut 06820. We have omitted percentages of less than 1.0% from the table. Unless otherwise indicated, all options to purchase shares of Class A Common Stock, restricted shares, restricted stock units and DSUs were issued pursuant to the Omnibus Plan. Class A Common Stock that can be acquired upon conversion of Class B Common Stock are not included in the Class A Common Stock numbers set forth in the table below.

Name and Address of Beneficial Owner	Class A Common Stock Beneficially Owned		Class B Common Stock Beneficially Owned		Percent of Vote (1)	
	No. of Shares	Percent of Class	No. of Shares	Percent of Class		
Directors and Nominees						
Mortimer B. Fuller III (2)	40,098	*	723,320	91.20	%	11.17 %
John C. Hellmann (3)	636,759	1.11	% 1,872	*		*
Philip J. Ringo (4)	132,180	*	67,746	8.54	%	1.24 %
Øivind Lorentzen III (5)	44,204	*	—	—		*
Mark A. Scudder (6)	43,675	*	—	—		*
Hans Michael Norkus (7)	18,450	*	—	—		*
Richard H. Bott (8)	13,329	*	—	—		*
Richard H. Allert (9)	9,591	*	—	—		*
Ann N. Reese (10)	9,526	*	—	—		*
Albert J. Neupaver (11)	2,935	*	—	—		*
Hunter C. Smith (12)	1,973	*	—	—		*
Joseph H. Pyne (13)	1,289	*	—	—		*
Other Executive Officers						
Matthew O. Walsh (14)	156,583	*	—	—		*
Timothy J. Gallagher (15)	123,129	*	—	—		*
Allison M. Fergus (16)	103,980	*	—	—		*
David A. Brown (17)	70,337	*	—	—		*
All Directors and Executive Officers as a Group (16 persons) (18)	1,408,038	2.44	% 792,938	99.97	%	14.22 %
Significant Stockholders						
FMR LLC (19) 245 Summer Street Boston, Massachusetts 02210	6,082,829	10.691	% —	—		9.35 %
Wellington Management Group LLP (20) c/o Wellington Management Company LLP 280 Congress Street Boston, Massachusetts 02210	5,823,981	10.23	% —	—		8.95 %
BlackRock, Inc. (21) 55 East 52nd Street New York, New York 10055	3,802,858	6.70	% —	—		5.84 %

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The Vanguard Group (22) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	3,788,421	6.6	6.65	%	—	—	5.82	%
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* Represents less than 1%.

(1) Reflects the voting power of the outstanding share holdings shown on the table as a result of the fact that Class A Common Stock is entitled to one vote per share and Class B Common Stock is entitled to ten votes per share.

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The amounts shown include: (1) 3,288 shares of Class A Common Stock owned by Mr. Fuller individually; (2) 1,631 shares of Class A Common Stock represented by restricted stock; (3) 6,423 shares of Class A Common Stock that may be received for DSUs; (4) 28,530 shares of Class A Common Stock held by two trusts one of which Mr. Fuller is the trustee and the other of which Mr. Fuller is the investment trustee; (5) 226 shares of Class A Common Stock held by Mr. Fuller's wife, as to which shares Mr. Fuller disclaims beneficial ownership; (6) 666,572 shares of Class B Common Stock owned by Mr. Fuller individually; (7) 54,000 shares of Class B Common Stock held by three trusts of which Mr. Fuller is the trustee; and (8) 2,748 shares of Class B Common Stock held by Mr. Fuller's wife, as to which shares Mr. Fuller disclaims beneficial ownership.

The amounts shown include: (1) 310,274 shares of Class A Common Stock owned by Mr. Hellmann individually; (2) 233,885 shares of Class A Common Stock that may be purchased pursuant to options exercisable within 60 days; (3) 37,045 shares of Class A Common Stock represented by restricted stock; (4) 55,555 shares of Class A Common Stock held by a trust of which Mr. Hellmann is the investment trustee; and (5) 1,872 shares of Class B Common Stock owned by Mr. Hellmann individually. The number of shares in the table includes 168,286 shares of Class A Common Stock held in a brokerage account pledged as collateral for a personal credit facility.

The amounts shown include: (1) 37,674 shares of Class A Common Stock owned by Mr. Ringo individually; (2) 63,133 shares of Class A Common Stock that may be received for DSUs; (3) 1,748 shares of Class A Common Stock represented by restricted stock; (4) 29,625 shares of Class A Common Stock held in a trust for a family member of Mr. Fuller of which Mr. Ringo is the trustee, as to which shares he disclaims beneficial ownership; and (5) 67,746 shares of Class B Common Stock held in three trusts for three family members of Mr. Fuller of which Mr. Ringo is the trustee, as to which shares Mr. Ringo disclaims beneficial ownership.

The amount shown includes: (1) 24,134 shares of Class A Common Stock owned by Mr. Lorentzen individually; (2) 2,500 shares of Class A Common Stock held by a self-directed IRA; (3) 15,822 shares of Class A Common Stock that may be received for DSUs; and (4) 1,748 shares of Class A Common Stock represented by restricted stock.

The amount shown includes: (1) 38,083 shares of Class A Common Stock owned by Mr. Scudder individually; (2) 3,844 shares of Class A Common Stock that may be received for DSUs; and (3) 1,748 shares of Class A Common Stock represented by restricted stock.

The amount shown includes: (1) 9,034 shares of Class A Common Stock owned by Mr. Norkus individually; (2) 8,413 shares of Class A Common Stock that may be received for DSUs; and (3) 1,003 shares of Class A Common Stock represented by restricted stock.

The amount shown includes: (1) 8,051 shares of Class A Common Stock owned by Mr. Bott individually; (2) 3,530 shares of Class A Common Stock that may be received for DSUs; and (3) 1,748 shares of Class A Common Stock represented by restricted stock.

The amount shown includes: (1) 4,006 shares of Class A Common Stock owned by Mr. Allert individually; (2) 5,250 shares of Class A Common Stock that may be received for DSUs; and (3) 335 shares of Class A Common Stock represented by restricted stock units that vest within 60 days.

The amount shown includes: (1) 3,081 shares of Class A Common Stock owned by Ms. Reese individually; (2) 5,442 shares of Class A Common Stock that may be received for DSUs; and (3) 1,003 shares of Class A Common Stock represented by restricted stock.

The amount shown includes: (1) 2,000 shares of Class A Common Stock owned by Mr. Neupaver individually; and (2) 935 shares of Class A Common Stock represented by restricted stock.

The amount shown includes: (1) 970 shares of Class A Common Stock that may be received for DSUs by Mr. Smith; and (2) 1,003 shares of Class A Common Stock represented by restricted stock.

The amount shown includes: (1) 354 shares of Class A Common Stock that may be received for DSUs by Mr. Pyne; and (2) 935 shares of Class A Common Stock represented by restricted stock.

The amount shown includes: (1) 78,155 shares of Class A Common Stock owned by Mr. Walsh individually; (2) 59,801 shares of Class A Common Stock that may be purchased pursuant to options exercisable within 60 days; and (3) 18,627 shares of Class A Common Stock represented by restricted stock. The number of shares in the table includes 78,155 shares of Class A Common Stock held in a brokerage account pledged as collateral for a

personal credit facility.

The amount shown includes: (1) 31,722 shares of Class A Common Stock owned by Mr. Gallagher individually;
(15)(2) 73,386 shares of Class A Common Stock that may be purchased pursuant to options exercisable within 60 days; and (3) 18,021 shares of Class A Common Stock represented by restricted stock.

(16) The amount shown includes: (1) 41,259 shares of Class A Common Stock owned by Ms. Fergus jointly with her spouse; (2) 46,079 shares of Class A Common Stock that may be purchased pursuant to options exercisable within 60 days; and (3) 16,642 shares of Class A Common Stock represented by restricted stock.

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The amount shown includes: (1) 8,179 shares of Class A Common Stock owned by Mr. Brown individually; (17)(2) 46,388 shares of Class A Common Stock that may be purchased pursuant to options exercisable within 60 days; and (3) 15,770 shares of Class A Common Stock represented by restricted stock.

See footnotes 2 through 17 to this table. The amounts shown include: (1) 715,376 shares of Class A Common Stock owned individually, by a spouse individually, jointly with a spouse or in a self-directed IRA, including 113,710 shares of Class A common Stock which are held in trusts; (2) 459,539 shares of Class A Common Stock that may be purchased pursuant to options exercisable within 60 days; (3) 792,938 shares of Class B Common (18) Stock owned individually or by a spouse individually, including 121,746 shares of Class B Common Stock which are held in trusts; (4) 119,607 shares of Class A Common Stock represented by restricted stock; (5) 335 shares of Class A Common Stock represented by restricted stock units that vest within 60 days; and (6) 108,911 shares of Class A Common Stock that may be received for DSUs.

The amount and percentage shown solely with respect to the Class A Common Stock and the information contained in this footnote are based on a Schedule 13G/A filed by FMR LLC ("FMR") and Abigail P. Johnson with (19) the SEC on February 10, 2016. According to their joint Schedule 13G/A filing, FMR has sole voting power with respect to 921,714 shares of Class A Common Stock and sole dispositive power with respect to 6,082,829 shares of Class A Common Stock; and Abigail P. Johnson has sole dispositive power with respect to 6,082,829 shares of Class A Common Stock.

The amount and percentage shown solely with respect to the Class A Common Stock and the information contained in this footnote are based on a Schedule 13G/A filed by Wellington Management Group LLP ("Wellington") and certain affiliated entities with the SEC on March 10, 2016. According to their joint (20) Schedule 13G/A, Wellington has shared voting power with respect to 4,496,232 shares of Class A Common Stock and shared dispositive power with respect to 5,823,981 shares of Class A Common Stock; Wellington Group Holdings LLP has shared voting power with respect to 4,496,232 shares of Class A Common Stock and shared dispositive power with respect to 5,823,981 shares of Class A Common Stock; Wellington Investment Advisors Holdings LLP has shared voting power with respect to 4,496,232 shares of Class A Common Stock and shared dispositive power with respect to 5,823,981 shares of Class A Common Stock; and Wellington Management Company LLP has shared voting power with respect to 4,136,027 shares of Class A Common Stock and shared dispositive power with respect to 5,386,964 shares of Class A Common Stock.

The amount and percentage shown solely with respect to the Class A Common Stock and the information contained in this footnote are based on a Schedule 13G/A filed by BlackRock, Inc. ("BlackRock") with the SEC on (21) February 10, 2016. BlackRock has sole voting power with respect to 3,618,619 shares of Class A Common Stock and sole dispositive power with respect to 3,802,858 shares of Class A Common Stock.

The amount and percentage shown solely with respect to the Class A Common Stock and the information contained in this footnote are based on a Schedule 13G/A filed by The Vanguard Group ("Vanguard") with the SEC (22) on February 10, 2016. Vanguard has sole voting power with respect to 45,838 shares of Class A Common Stock, shared voting power with respect to 2,800 shares of Class A Common Stock, sole dispositive power with respect to 3,747,483 shares of Class A Common Stock and shared dispositive power with respect to 40,938 shares of Class A Common Stock.

PROPOSAL TWO:**RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS**

PwC served as our independent registered public accounting firm for our fiscal year ended December 31, 2015. In addition to the audit of the 2015 financial statements, the Audit Committee engaged PwC to perform certain other services for which it was paid fees. PwC has served as our independent registered public accounting firm since 2002. Our Audit Committee believes that the continued retention of PwC is in the best interests of the Company and its stockholders and has selected PwC as our independent registered public accounting firm for fiscal year 2016.

We are asking our stockholders to ratify the selection of PwC as our independent registered public accounting firm for fiscal year 2016. Although ratification is not required by our by-laws or otherwise, the Board is submitting the selection of PwC to our stockholders for ratification because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate practice. In the event that our stockholders fail to ratify the selection, it will be considered as guidance to the Audit Committee to consider the selection of a different firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

One or more representatives of PwC are expected to be present at the annual meeting and are expected to be available to respond to appropriate questions. In addition, the representatives will have the opportunity to make a statement if they so desire.

The Board of Directors unanimously recommends that stockholders vote FOR the ratification of PwC as the Company's independent registered public accounting firm for its fiscal year 2016.

Principal Accountant Fees and Services

Aggregate fees for professional services rendered to us by PwC for the years ended December 31, 2014 and 2015 were:

	2014	2015
Audit Fees (1)	\$2,263,000	\$3,130,000
Audit-Related Fees (2)	67,000	51,000
Tax Fees	—	—
All Other Fees (3)	7,000	8,000
Total	\$2,337,000	\$3,189,000

Audit fees for the years ended December 31, 2014 and 2015 were for professional services rendered by PwC for the audits of the consolidated financial statements of the Company, including the audit of internal control over (1) financial reporting, statutory audits and assistance with review of documents filed with the SEC. The increase in audit fees for the year ended December 31, 2015 was primarily due to the incremental audit effort associated with the Freightliner acquisition.

Audit-Related fees for the year ended December 31, 2014 were for audit, assurance and related services by PwC primarily related to advice on the new performance-based TSR RSU awards. Audit-Related fees for the year ended (2) December 31, 2015 were for audit, assurance and related services by PwC primarily related to the issuance of consents (Forms S-3 and S-8) and the provision of accounting advice.

All other fees for the years ended December 31, 2014 and 2015 were for products and services provided by (3) PwC related to a license agreement for accounting research software.

Annually, the Audit Committee reviews and pre-approves the audit services to be provided by our independent registered public accounting firm for the fiscal year, including the financial plan for the audit fees and services. In addition, the Audit Committee annually provides pre-approval for designated types of services that may be provided by the independent registered public accounting firm without obtaining specific pre-approval from the Audit Committee, subject to an annual dollar limitation and other terms specified by the Audit Committee. Any other service to be provided by the independent registered public accounting firm requires specific pre-approval by the Audit Committee. The specific services provided by the independent registered public accounting firm and the dollar amounts of fees paid for such services are reported to the Audit Committee. The Audit Committee has delegated to the Chair of the Audit Committee the authority to grant pre-approvals subject to a dollar limitation. Any pre-approval by

the Chair of the Audit Committee is summarized for the full committee at its next scheduled meeting.

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STOCKHOLDER PROPOSALS FOR 2017 ANNUAL MEETING

Under the SEC's rules and regulations, in order for any stockholder proposal to be included in our proxy statement to be issued in connection with our 2017 annual meeting, that proposal must be received by our Secretary at our executive office currently located at 20 West Avenue, Darien, Connecticut 06820, no later than December 5, 2016. If that proposal is in compliance with all of the requirements of Rule 14a-8 under the Exchange Act, it will be included in the proxy statement and set forth on the proxy card issued for that annual meeting. Pursuant to our by-laws, stockholders may wish to submit proposals at the 2017 annual meeting rather than include such proposals in our proxy materials, but in order for such proposals to be deemed timely, notice of such proposals containing required information must be in writing and be delivered to our Secretary at our principal executive offices no earlier than February 6, 2017, and no later than March 8, 2017. Failure to deliver a proposal in accordance with this procedure may result in it not being timely received.

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HOUSEHOLDING OF PROXY MATERIALS

SEC rules permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and notices with respect to two or more stockholders sharing the same address by delivering a single annual report and proxy statement or a single notice addressed to those stockholders. This process, which is commonly referred to as “householding,” provides cost savings for companies. While the Company does not household, a number of brokerage firms with account holders who are Company stockholders household proxy materials, delivering a single set of our Proxy Materials or notice to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or notice, or if your household is receiving multiple copies of these documents and you wish to request that future deliveries be limited to a single copy, please notify your broker. You can request, and the Company will promptly deliver, a separate copy of the Proxy Materials or Notice by writing to our Secretary at our principal executive offices, which are located at 20 West Avenue, Darien, Connecticut 06820 or by calling (203) 202-8900.

REPORT OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee are set forth in our Audit Committee Charter which can be found on our website at www.gwrr.com/governance. The Audit Committee has:

selected PwC as our independent registered public accounting firm to audit and report on our consolidated financial statements as of and for the year ended December 31, 2015 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

reviewed and discussed our audited financial statements for 2015 with management and with PwC, our independent registered public accounting firm;

discussed with PwC, our independent registered public accounting firm, the matters required to be discussed by applicable standards of the Public Company Accounting Oversight Board including the quality of the Company's accounting principles, the reasonableness of management's significant judgments and the clarity of disclosures in the financial statements; and

received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence, and has discussed with PwC its independence.

In performing all of these functions, the Audit Committee acts in an oversight capacity. The Audit Committee reviews the Company's quarterly and annual reports on Form 10-Q and Form 10-K, respectively, prior to filing with the SEC.

In its oversight role, the Audit Committee relies on the work and assurances of:

the Company's management, which has the primary responsibility for establishing and maintaining adequate internal control over financial reporting and for preparing the financial statements and other reports; and

PwC, which is engaged to audit and report on the consolidated financial statements of the Company and the effectiveness of the Company's internal control over financial reporting.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the SEC.

Audit Committee:

Ann N. Reese, Chairman

Richard H. Allert

Richard H. Bott

Philip J. Ringo

Mark A. Scudder

OTHER MATTERS

Our Board does not know of any other matters that are to be presented for action at the annual meeting. Should any other matter come before the annual meeting, however, the proxyholders will have discretionary authority to vote all proxies with respect to such matter in accordance with their judgment.

BY ORDER OF THE BOARD OF DIRECTORS

Allison M. Fergus
General Counsel and Secretary

Dated: April 4, 2016

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