

Proposal 3 — Approval of Amendment to our Amended and Restated Articles of Incorporation to Increase the Number of Authorized Shares of Common Stock

Our Amended and Restated Articles of Incorporation currently authorize the issuance of up to 100 million shares of common stock, par value \$0.25 per share. As of our record date, March 10, 2020, approximately 73.8 million shares were issued and outstanding. Additionally, as detailed under Item 12 of our 2019 Annual Report, we have approximately 7.2 million shares reserved for issuance under our various incentive and benefit plans. As a result, approximately 19 million shares of common stock remain available for future issuance.

The Board believes that it is in the best interests of the Company, its shareholders and other stakeholders under Pennsylvania law, to increase the number of authorized shares of common stock available for issuance to 200 million in order to provide the Company with greater flexibility in managing the Company, and ensure the ability of the Board of Directors to respond efficiently and effectively to any corporate needs that arise.

Increasing the number of authorized shares of common stock would give us additional resources and flexibility in several ways:

- Shares could be issued in connection with potential strategic transactions, such as mergers, acquisitions, partnerships, joint ventures, business combinations, dispositions and divestitures
- Shares would be available to be used in connection with public or private financing, especially when the benefits of stock issuance outweigh the benefits of raising funds by other means such as debt offerings
- Granting equity to our employees and meeting our future obligations under equity compensation and benefit plans, particularly, to attract and retain top quality talent to support our growing sales base and more innovative processes and product offerings
- Having the availability for a forward stock split, stock dividends or other recapitalization in the future, if, after examination by the Board and Management, it is determined to be in the best interests of shareholders and the Company
- Other general corporate programs or opportunities that may arise and require quick action by the Board, without having to seek additional shareholder approval

Having additional shares available for issuance will avoid the potential delays and expense of calling and holding a special meeting of shareholders to increase the number of authorized shares of common stock. In addition to increased costs, such delays could make it impossible for the Company to complete a desired transaction, financing or stock grant.

It is worth noting that we currently have no specifically planned acquisition, recapitalization, financing opportunity and we also have no understandings, agreements or commitments to issue common stock or reserve additional shares under any agreement or equity compensation plan. However, other than stock splits, our authorized shares have not increased for more than 20 years despite the significantly increased complexity in our business, increased number of employees being hired, increased equity pool for awards to attract the best talent, a general increase in the complexity of financing ongoing operations and the potential for inorganic growth.

Our share usage (measured as a percentage of issued shares versus authorized shares) exceeds the share usage of every member of our Business Segment Group, based on publicly available data as of the end of 2019. This usage is more than double the average and median of the usage by our Business Segment Group. Our Business Segment Group has six times as many shares available for issuance on average (and almost four times as many when measured against the median of the Business Segment Group). We are requesting doubling the number of shares authorized to avoid having to make additional requests in the near future. Even with the proposed 100 million share increase, our usage rate and number of shares available for issuance will still be less than the average and median of our Business Segment Group.

If the proposed amendment to our Amended and Restated Articles of Incorporation is approved by a majority of our shareholders, the additional shares may be used for all the purposes set forth in our Articles, and may be issued for such consideration and at such times as the Board determines, subject to the rights of shareholders to approve certain transactions under the Articles, applicable SEC rules and the rules of the New York Stock Exchange. The authorization of additional shares of common stock does not by itself, however, have any effect on the rights of present shareholders. These shares shall be part of our existing class of common stock and, if issued, enjoy the same rights and privileges as other shares of common stock. The



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issuance of these shares, however, for corporate purposes other than a stock split or stock dividend could have a dilutive effect on ownership and voting rights of shareholders at the time of issuance.