



The Hershey Company  
Shareholder Guide

# SHAREHOLDER GUIDE

Investor Relations  
THE HERSHEY COMPANY



# SHAREHOLDER GUIDE

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## **INTRODUCTION**

Ensuring that our shareholders have the right information at their fingertips is of great importance to The Hershey Company and our stock transfer agent, Computershare. You may have become a registered or beneficial stockholder by simply investing in a company of your choice, participating in a stock benefit program offered by your employer or past employer (such as a payroll deduction stock purchase or stock option plan), receiving stock as a gift, or inheriting it.

Regardless of how you acquired the stock, you are engaged in a financial relationship between yourself, the company in which you hold shares, and your broker or the company's transfer agent. As in any financial relationship, there are responsibilities on both sides to protect you against theft, provide for accurate withholdings for annual tax filings, smooth transitions of ownership or address, prompt payment of annual taxes and dividends (if applicable), and preservation of your investment from inadvertent escheatment (capture) by a state government, among others. Additionally, you have the right to make an impact on the direction of the company in which you own shares through your proxy vote and to receive cash or stock dividends if the company decides to pay a dividend.

We are providing the following materials to help our shareholders manage their accounts, understand some of the acronyms and terminology of stock ownership, as well as understand the responsibilities and requirements of being a stockholder. Please note: this information should be considered as general guidelines and not advice. It is being provided for information purposes. You should always consult your own tax, financial or legal advisors for counsel on your particular situation. Additionally, please note these materials were developed by the Executive Advisory Council sponsored by AST Financial, and were revised and updated for applicability for The Hershey Company and its shareholders.

The Computershare website also includes helpful resources to set up online account access; view stock price, trading volume, dividend information, and transactions; access transfer forms and instructions, tax forms, and investment plan details. Further information is provided in the following pages. Please visit their website at:

<https://www-us.computershare.com/Investor>



## **SHAREHOLDER RESPONSIBILITIES**

Managing your investments and securities transactions can be challenging and sometimes confusing. Technological advances and regulatory changes can occur rapidly; staying informed and knowledgeable not only about the companies in which you've invested, but of the market overall, can be a daunting task. Shareholders and publicly traded companies both play an important role, but their responsibilities differ. Many shareholders do not know their rights and responsibilities, or what it means to be a shareholder.

Along with the benefits, there are responsibilities associated with stock ownership. As a shareholder it is your responsibility to do your part to protect your investment and maximize the benefits of the programs available to you through transfer agents, your broker, or your employer. For example, if you invest in a dividend-paying company, you may have the ability to reinvest your dividends into additional shares of stock directly through a transfer agent or your broker rather than receive physical checks. You may have the ability to make optional cash investments to purchase additional shares of stock. Another option for your dividends might be to enroll in direct deposit directly into your bank account. Be sure to familiarize yourself with all the options available to you, to take advantage of those which suit your individual needs.

In terms of responsibilities, shareholders should be aware of the importance of:

- 1) setting up and logging into their online accounts at least annually to maintain contact with the company and its transfer agent (see Escheatment section for further details)
- 2) cashing dividend checks and sale proceeds checks in a timely fashion regardless of the dollar amount
- 3) maintaining a current address on their accounts
- 4) maintaining proof of ownership (such as a stock certificate or account statement) in a safe place
- 5) monitoring any corporate action such as a merger or acquisition that may affect their ownership to see if any action is required on their part
- 6) voting their proxies on an annual basis,
- 7) maintaining accurate records of all purchases and sales for cost basis purposes
- 8) completing a W9/W8 tax certification to prevent tax withholding on dividends and sale proceeds, and
- 9) responding to letters and calls from the company/its transfer agent/third party vendors to verify contact or prevent the escheatment of shares and/or dividends to the applicable state under abandoned property statutes.

These are just a few of the key responsibilities of being a shareholder.



## **REGISTERED VERSUS BENEFICIAL OWNERSHIP**

A **registered** shareholder owns stock directly with a company and appears on the books and records of the company's transfer agent. Registered holders receive all communications (dividend checks, account statements, tax forms, and proxy materials) directly from the company and its transfer agent. The company's transfer agent is responsible for the administration of a registered shareholder's account. Proxy votes from registered stockholders are sent directly to the tabulator for recording.

A **beneficial** shareholder (commonly referred to as a "street name" holder) holds shares through a broker and appears on the books and records of that financial institution. All shareholder communications are received directly from the broker. The broker or other financial institution is responsible for the administration of your account. Proxy votes from beneficial owners are sent back to the respective broker, and then the total vote is submitted by the broker to the tabulator. Beneficial owners can be "non-objecting" (NOBO) or "objecting" (OBO), depending upon whether they wish the company to know their identity.

The decision to be a registered holder or a beneficial holder is an individual one, depending upon the stockholder's preference. A registered holder can become a beneficial holder and vice versa.



## **SHAREHOLDER ACCOUNT INFORMATION**

### **Online Account Access at Computershare for Registered shareholders**

If you are a first-time user, set up online access by following the prompts at the following website:

<https://www-us.computershare.com/Investor>

You will be able to monitor the status of your account, review your transactions, change your address, add bank account details for direct deposit of dividends or sale proceeds, submit certain types of stock transfers, purchase additional shares, request a sale of shares, request replacement checks or duplicate account statements, enroll in electronic delivery, to name a few. In addition, logging into your online account at least annually is one of the best methods to maintain appropriate contact and avoid escheatment of your stock and/or dividends as unclaimed property.

Please note: there are several reasons why an account cannot be registered for online access:

- The account is not certified with your social security number; therefore, you will need to complete and submit a W-9 form.
- The account number you entered is invalid.
- Certain classifications of ownership do not have online access to account information. They are Individual IRAs, Corporate Entities, Non-Resident U.S. Citizens, and Resident Aliens.

### **Account Address**

It is of utmost importance to maintain a current address with your transfer agent or broker. Computershare, as transfer agent for The Hershey Company, conducts various mailings on our behalf. Mailings are the most common method of communication with our shareholders. Financial regulations require that certain types of notices be sent to a physical address. Failure to maintain an active address results in mailings being returned by the post office, missed dividend payments, non-receipt of important information related to your holdings and in some cases, your account may become dormant due to inactivity resulting in your assets being turned over to the state in accordance with unclaimed property statutes.

The most efficient method for updating your Computershare account address is by accessing your account online. Log into your account or if you are a first-time user, set up online access by following the prompts at the following website:

<https://www-us.computershare.com/Investor>

Alternatively, you can submit a change of address request in writing to the following address:

Computershare  
PO Box 505005  
Louisville, KY 40233



Stockholders can also request an address change by calling The Hershey Company's dedicated toll-free number at Computershare: 1-800-851-4216. You will need to provide your social security number and account number.

### **Seasonal addresses**

If you maintain multiple addresses during the year, contact Computershare by one of the above methods to request an address update before and after you travel to be certain your mail is delivered to the appropriate location.

### **Direct Deposit of Dividends/Sale Proceeds**

Log into your online account at Computershare to enroll in direct deposit of dividends and/or to direct the deposit of any sale proceeds to your bank account. Your quarterly dividends will be automatically deposited into your bank account on the payment date, as will any sale proceeds.

### **Dividend Reinvestment and Direct Stock Purchase**

Stockholders may enroll in the dividend reinvestment plan, as well as review the details and enroll in our direct stock purchase plan, by logging into their online account or visiting this site:

[www.computershare.com](http://www.computershare.com)

Click on "Make a stock purchase", and enter our Ticker Symbol, HSY.



## **TRANSFER OF SHARES**

### **What is a transfer?**

A transfer is an exchange of ownership of property from one party to another. Some transactions like a name change or custodian change may also be considered a transfer. Visit Computershare's website for transfer forms and instructions:

<https://www-us.computershare.com/TransferWizard>

### **What happens to my shares upon my death?**

If the stock is held in an individual registration, the stockholder's estate representative should contact Computershare for transfer instructions. If the account is jointly held (see description of account registrations in the next section), or the account is a beneficiary ownership such as a transfer on death or trust account, the stock can be transferred to the beneficiary listed after the submission of the required transfer documents. Contact Computershare for further details.

### **How do I transfer shares?**

To transfer shares into another name(s), certain documents are required depending upon the current registration of the stock. Typically, a Transfer Request Form with W-9 Form must be completed with a Medallion Signature Guarantee. If the current account holds physical stock certificates, they must be submitted with the transfer documents. If the stock certificates have been lost or destroyed, the shares represented by those certificates must be replaced in electronic form before they can be transferred into a new registration. See "What should I do if I lose my certificate" below.

### **What is a Medallion Signature Guarantee?**

A medallion signature guarantee is a stamp and signature combination that verifies the authenticity of a signature and authorizes a transfer of securities. A medallion signature guarantee is required when securities are being transferred from one party to another, or for any transaction that is considered a transfer. In certain circumstances, a Medallion Signature Guarantee Waiver can be obtained.

### **Where can I obtain a Medallion Signature Guarantee?**

You can obtain a medallion signature guarantee from a bank, savings and loan association, brokerage firm, or credit union. You can go to <http://www.msglookup.com/search.html> to find a guarantor. The guarantor will typically ask for the following:

- Documentation showing the exact and complete ownership of the security
- Documentation showing the value of the transaction
- Documentation showing your legal authority (if you are signing on behalf of another individual)
- Photo identification
- Proof of name change as a result of marriage, divorce, or legal name change

### **What is a Medallion Signature Guarantee Waiver?**

A Medallion Signature Guarantee Waiver (only available for shareholders in the U.S.) is offered for transfers of shares with aggregate value of \$10,000 or less on the date on which the transfer request is signed. Non-U.S. shareholders must provide the Medallion Signature Guarantee regardless of the value of the transfer. You can obtain a waiver for the Medallion Signature Guarantee requirement by submitting the necessary transfer documents, a check for \$50 (payable to Computershare), a copy of a valid government issued identification with a signature (such as a driver's license or a passport), and supporting documents reflecting your capacity to act on behalf of the shareholder, if applicable.





**How do I ensure the transfer documents are properly signed?**

The presenter of the transfer documents must sign in their legal capacity according to the existing registration (not the new one). For example, if the existing registration is John Doe and Jane Doe as Joint Tenants, the transfer request must be signed by both John and Jane. If one of the owners is deceased, the surviving joint tenant signs the transfer request. If one of the joint tenants is living but not available to sign, the transfer request must be signed by the individual holding power of attorney for that individual in the presence of the Guarantor of the Medallion.



## TRANSFER TYPES AND SECURITIES REGISTRATIONS

### Common transfer types include:

- Transfer from single or joint owner
- Transfer due to name change
- Transfer due to deceased owner
- Custodial transfer (i.e., the minor child has reached the age of majority or the custodian on the account must be changed)

### Examples of Security Registrations:

**Joint Tenancy:** Form of ownership where two or more individuals hold shares as joint tenants with right of survivorship. When one tenant dies, the entire account becomes the property of the surviving tenant(s)

EX: JOHN BROWN & MARY BROWN JT TEN

**Tenants by Entirety:** Recognized by certain states as an appropriate form of registration for two individuals who are married to each other. When one tenant dies, the property passes to the survivor.

EX: JOHN BROWN & MARY BROWN TEN ENT

**Tenants in Common:** Form of ownership where each tenant owns undivided interest. When one tenant dies, his interest passes to his estate. EX: JOHN BROWN & MARY BROWN TEN COM

**Community Property:** Form of ownership required by states that have adopted community property laws for shares owned by husband and wife. EX: JOHN BROWN & MARY BROWN COMMUNITY PROPERTY

**Transfer on Death:** Form of ownership where the stock is 100% the property of the owner. When the owner dies, 100% ownership is transferred to beneficiary listed. EX: JOHN BROWN TOD MARY BROWN. Computershare can record multiple beneficiaries, with each receiving a designated percentage of the account balance.

**Custodial:** Form of ownership set up for benefit of a beneficiary or minor child and administered by legal guardian or custodian who has fiduciary obligation to the beneficiary.

EX: JOHN BROWN CUST MARY BROWN UNDER UNIF GIFT TO MINORS ACT CA

EX: ABC BANK AGENT FOR MARY BROWN UA DTD 9-20-80

**Trust:** Form of ownership where a legal arrangement through which funds or assets are held by a third party (the trustee) for the benefit of another party (the beneficiary), which may be an individual or a group. The creator of the trust is known as a grantor or settlor.

EX: JOHN BROWN, TRUSTEE THE MARY BROWN REV LVG TR UA DTD 2/3/91

**Why is a W-9 or W-8 required?** A Form W-9 is required to certify your tax ID (U.S. Holders) and a Form W-8 is to verify your country of residence (Non-U.S. Holders), to avoid backup withholding on your transfer and subsequent dividends or other payments.

### How can I transfer and sell my shares?

Computershare offers a direct stock sale plan for The Hershey Company shareholders. You can sell shares from your Computershare account by providing a signed letter of instruction with your transfer request and provide the name of the security, account number, and the number of shares you would like



to sell. The sale request must be signed by the credit party of the transfer request. Alternatively, the account holder will receive a statement with a sales coupon once the shares have been transferred into the new account. The shareholder may also go online or call the communications center to sell the shares once they have been re-registered into the new name.

### **What is a stock certificate?**

A stock certificate is evidence of a shareholder's ownership in a corporation. A stock certificate indicates the number of shares owned, the account registration, the par value (if any), the class of stock and the date of issuance. The Hershey Company no longer issues physical certificates – shares are held in accounts electronically in book-entry. Existing stock certificates that have been issued previously are still valid and should be retained or ideally, deposited into a shareholder's Computershare account in safekeeping.

### **What are book-entry shares?**

Investments such as stocks and bonds whose ownership is recorded electronically are book-entry shares. Several terms are often used interchangeably with "book-entry" shares including "paperless shares", "electronic shares", "DRS shares", "digital stock certificates" and "uncertificated shares".

### **What should I do if I lose my stock certificate?**

If your stock certificate is lost, accidentally destroyed, or stolen, you should immediately contact Computershare and request a "stop transfer" to prevent ownership of the securities from being transferred from your name. Computershare will send the shareholder an Affidavit of Loss to replace the shares. The charge for share replacement is 3% of the current market value (minimum \$20) in addition to a processing fee, for purchase of the required Lost Securities Bond. Certain registrations will require legal paperwork to authenticate the authority to transact. Online replacement functionality is available up to \$49,999.99 in value for certain registrations. It is in the best interest of shareholders to safeguard their stock certificates against loss, destruction, or theft.

### **How do I keep my shares safe?**

We recommend the following:

- 1) Set up an online account at Computershare (or with your broker) and periodically review your ownership
- 2) Physical stock certificates should be held in a safety deposit box with a financial institution or deposited electronically with Computershare for safekeeping
- 3) Notify Computershare or your broker if you are moving – always maintain a current address
- 4) Notify your next of kin of your stock ownership or make provisions in your Will regarding your beneficiaries.
- 5) When mailing stock certificates to Computershare for transfer, safekeeping, or sale, we recommend you insure your package for up to 3% of the current market value of the shares. If the certificates are lost by the USPS, the shares will need to be replaced.

### **What is an Inheritance Tax Waiver and how can I determine if one is needed?**

An inheritance tax waiver is an authorization by the tax department of a deceased's estate to transfer the securities of the deceased without charging any taxes. Most states do not require an Inheritance Tax Waiver. However, if the deceased resided in Puerto Rico or any states listed below, you must submit the inheritance tax waiver to Computershare when transferring those shares.

- Alabama
- Hawaii
- Illinois
- Indiana
- Missouri
- Montana
- New Jersey



- New York
- North Dakota
- Ohio
- Oklahoma
- Pennsylvania
- Rhode Island
- Tennessee

To determine the specific inheritance tax waiver requirements for the states listed above, please contact the appropriate tax authority, such as the Department of Revenue, Tax Commission, Department of Treasury, etc.

## **DIVIDEND DISTRIBUTION**

When a company declares a dividend, it sends a strong signal about its solid performance and financial well-being. Companies often provide shareholders with easy options for reinvestment of their dividends to grow their investment in the company, or alternatively to enroll in direct deposit of dividends.

Computershare administers The Hershey Company's Dividend Reinvestment and Direct Stock Purchase Plans.

### **What is a dividend?**

A dividend is money or stock that is paid to shareholders, normally out of the corporation's current earnings or accumulated profits. A dividend is a distribution, usually quarterly, of a portion of company's earnings, declared by the board of directors to be paid to a class of its shareholders.

### **How is a cash dividend paid?**

When a company declares a cash dividend, it notifies its transfer agent of the board of directors' decision. The notice contains the record date, payable date, and dividend rate to pay its shareholders on holdings in company shares as of the record date. The transfer agent will then send a funding letter to the company to verify and confirm the number of shares held as of the record date and the amount due from the company to pay the dividend. When this is verified, the company sends the funds to its transfer agent for distribution to shareholders on the payable date.

### **How are funds distributed?**

When the payable date arrives, the funds can be distributed in one of four ways:

- 1) The shareholder can have a physical check sent to the current name and address on file
- 2) A direct deposit ACH can be sent to the bank account on file (if allowed by the company paying the dividend)
- 3) Where permitted, a fee-based wire transaction
- 4) If a company permits, and a shareholder elects dividend reinvestment, the funds can be reinvested into additional shares of company stock within a shareholder's account



## ESCHEATMENT

### **What is escheatment?**

Escheatment is the act of remitting unclaimed property, as required under state statutes, to the state of the individual's last known address. Unclaimed property (sometimes referred to as abandoned property) refers to assets held in accounts by financial institutions and companies that have had no activity or contact with the owner for a period of one year or longer.

Common forms of unclaimed property include savings or checking accounts, stocks, uncashed dividends or payroll checks, refunds, traveler's checks, trust distributions, unredeemed money orders or gift certificates (in some states), insurance payments or refunds and life insurance policies, annuities, certificates of deposit, customer overpayments, utility security deposits, mineral royalty payments, and contents of safe deposit boxes.

### **How can you avoid escheatment and keep your property?**

Stay in contact with Computershare and other financial institutions by taking the following actions:

- Vote your proxy every year
- Cash all checks, regardless of the dollar amount. In some states, the existence of uncashed checks in an account may cause all the property in that account to be considered unclaimed.
- Enroll in direct deposit (if it is available to you)
- Notify Computershare and any other financial institutions where you have accounts of any changes to your contact information, including email and any address changes. Do so even if you primarily view your account information online.
- Take action if you receive any calls or mailings asking that you update your mailing address, email address or other contact information. To guard against identity theft, you might prefer to thank the caller and then contact the institution directly to verify that it requested the update.
- Consider consolidating small accounts to reduce management tasks and to limit your chances of forgetting an account.
- Check in with Computershare and any other financial institutions where you have accounts at least once each year by phone, email, in person, or by logging into your online account.

### **Respond to mailings from the transfer agent:**

Be attentive to mailings and respond to them promptly. Computershare mails several different types of unclaimed property letters during the year to the last known address of eligible dormant accounts, as required by law. Should you receive one of these mailings, please be sure to sign it and return it as soon as possible in the envelope provided. If you receive a mailing from a third party and are unsure as to its legitimacy, contact Computershare directly. Note: it is not necessary to pay a fee to reinstate your account. Simply contact Computershare directly to be sure your address is correct and have any uncashed checks replaced.

### **How do I reclaim property that has been escheated?**

After your property has been turned over to the state, you will be able to recover it by contacting the appropriate state and completing a claim form. A list of contact addresses and phone numbers can be found at:

<https://www.missingmoney.com/Main/StateSites.cfm>

### **Links to important industry sites:**

State Contact Information: <https://www.missingmoney.com/Main/StateSites.cfm>

National Association of Unclaimed Property Administrators (NAUPA): <https://unclaimed.org/>

MissingMoney.com: <https://www.missingmoney.com/en/>



## **CORPORATE ACTIONS**

### **What is a Corporate Action?**

An event initiated by a company that will bring an actual change to the securities equity or debt issued by the company. Corporate actions are typically agreed upon by a company's board of directors and authorized by its shareholders.

### **What is an Acquisition?**

Business acquisition is the process of one company acquiring another company to build on strengths or weaknesses of the acquiring company to increase shareholder value. A voluntary corporate action is an action where the shareholders elect to participate. A response is required for the corporation to process the action prior to the expiration date of the offer. The offer is initially a voluntary event and the target company continues to trade until the company acquires the required percent 51% / 90% of the outstanding stock needed to proceed with the merger based on the offering prospectus. Upon obtaining the required percent, the target issue ceases to trade and becomes a mandatory merger. An acquisition can be in the form of cash, stock or a combination of cash and stock. To obtain information on an acquisition, visit the company's website, contact the information agent, or the transfer agent for information.

To participate in the voluntary offer, shareholders must submit a letter of transmittal and their stock certificates to the depositary agent prior to the expiration of the offer. It is recommended to send stock certificates via overnight mail or certified mail return receipt. If your certificates are lost, you will need to contact the transfer agent to have them replaced before you can participate. In some cases, shareholders are permitted to execute an indemnity agreement or affidavit of loss to participate in a tender offer when their certificates have been lost or destroyed.

### **What is a Merger?**

A merger is similar to an acquisition, but it refers to the combining all interests of both companies into a stronger single company to increase shareholder value. This is a mandatory event, and the target company ceases to trade once the merger is effective. Merger consideration can be in the form of cash, stock or a combination of cash and stock for the target company. Once a merger is effective, the target shareholder is only entitled to the merger consideration.

To receive their merger consideration, shareholders must submit a letter of transmittal and their stock certificates to the exchange agent. It is recommended to send stock certificates via overnight mail or certified mail return receipt. If your certificates are lost, you will need to contact the transfer agent to have them replaced in order to receive your merger consideration. In some cases, shareholders are permitted to execute an indemnity agreement or affidavit of loss when their certificates have been lost or destroyed.

### **What should I do if there is a Corporate Action?**

Go to the company's website, contact the Investor Relations department via their 800 number, or if you know who the transfer agent is contact them for further direction. With an acquisition or merger, shareholders should receive a mailing with materials pertaining to the offer or merger.



## TAX ID CERTIFICATION AND W-8/W-9 FORMS

### **Tax Certification**

All U.S. shareholders are required to submit a Form W-9 to certify their Tax Identification Number (TIN). A “TIN” is either a Social Security Number (SSN) for individuals, or an Employer Identification Number (EIN) for entities. Computershare is required to impose backup withholding\* (currently 28%) on payments to un-certified U.S. shareholders, and to deposit those tax amounts with the IRS, in a timely manner.

### **IRS W-9 Form**

The W-9 form is a request for Taxpayer Identification Number and Certification. as Computershare a reporting / paying agent is required by the IRS to collect a W9 or W8 form from each Shareholder.

### **IRS W-8 Form**

The IRS issued various Forms-W8 to be used by foreign shareholders for tax certification. The type of form that is submitted is dependent on the type of shareholders.

Form W8-BEN is used by individuals and is valid for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect. Form W8-BEN: <https://www.irs.gov/pub/irs-pdf/fw8ben.pdf>

Form W8-BEN-E is used by entities and is valid for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect. Form W8-BEN-E: <https://www.irs.gov/pub/irs-pdf/fw8bene.pdf>

If an account is held by a non-resident alien or a foreign entity, Computershare must have a W8 on file for the account. This information is required for U.S. tax withholding purposes on income earned in your Computershare account. Any uncertified shareholder is subject to backup withholding.

**\*Backup withholding** is the method used by the IRS to make sure it collects taxes on shareholders' income.

**Important:** *The IRS requires those who are not defined as U.S. citizens or resident aliens to use the appropriate W-8 Form in place of a W-9 form.*

### **W9 vs. W8 Summary**

<b>W9Form</b>	<b>W-8BEN Form</b>
Filed by U.S. Persons	Certifies the individual is the beneficial owner of the account
Provides withholding agent with SSN/TIN for reporting purposes	Certifies that the individual is a non-U.S. person
Does not expire unless individual has a change in circumstance	Expires on the last day of the third succeeding calendar year after it is signed  Ex: Form W-8BEN signed on September 30, 2019, remains valid through December 31, 2022



### **Voluntary withholding on dividends and gross proceeds from registered shares:**

U.S. shareholders can request that Computershare withhold tax from their payments, although they are properly certified and not subject to withholding. The following conditions must be met for voluntary withholding to occur:

- Computershare must receive a signed written request from the shareholder to withhold on their dividend payments.
- The voluntary withholding request must state the percentage that the shareholder wants to be withheld from their dividend payments.
- This request will remain in effect until the shareholder submits a written request to stop the voluntary withholding.
- Computershare will deposit all voluntary withholding amounts with the IRS in a timely manner.

### **What are long-term gains?**

A long-term capital gain or loss is the gain or loss resulting from the sale of shares that has been owned for longer than 12 months at the time of sale. The long-term capital gain or loss amount is determined by the difference in value between the sale price and the purchase price. Long-term capital gains are often given more favorable tax treatment than short-term gains.

### **What are short-term gains?**

A short-term capital gain or loss results from the sale of shares that are disposed of in less than 12 months. Short-term capital gains or losses are determined by the net profit or loss when shares that are held for less than twelve months are sold.





## **COST BASIS**

### **What is Cost Basis Reporting and when was it implemented?**

The term Cost Basis refers to the original value of an asset for tax purposes (usually the purchase price), adjusted for events such as wash sales, stock splits, dividends and return of capital distributions. This value is used to determine the capital gain or loss when an asset is disposed of. On October 3, 2008, legislation was passed under the Emergency Economic Stabilization Act of 2008 that had a substantial impact on many areas of the financial services industry. To view the full act, please visit the [IRS site](#).

As part of the legislation there are more stringent requirements on financial intermediaries such as issuers, transfer agents, brokers, banks and mutual funds, to report customers' cost basis in securities transactions to both their customers and the Internal Revenue Service (IRS). Recognizing financial institutions' need to adapt their systems and processes to comply with the new rules, the law took a phased approach, requiring them to report cost basis for:

- Stock acquired on or after January 1, 2011
- Regulated Investment Companies and dividend reinvestment plans (DRIP) shares acquired on or after January 1, 2012
- Financial instruments such as debt securities and options acquired on or after January 1, 2014

### **What is a Covered Security?**

A covered security is a specified security acquired for cash on or after the applicable effective date as per IRS Code §1.6045 (g)(3)(A).

### **Why can't I obtain cost Cost Basis?**

The Emergency Economics Act of 2008 that mandated brokers and transfer agents maintain cost basis of shares did not come into effect until January 1<sup>st</sup>, 2011. Shares acquired prior to that date are considered non-covered because record of cost basis was not maintained. In addition, shares acquired via employee restricted plans are defined by the IRS as non-covered as there is no exchange of cash for the restricted award, therefore cost basis may not be maintained for shares acquired via vesting of restricted awards/units.

### **Can Computershare provide historical cost basis information?**

Computershare provides cost basis information for covered securities starting January 1, 2011, the effective date of the Cost Basis Reporting legislation. Computershare will not provide historical cost basis information prior to this date. However, The Hershey Company does provide an Historical Stock Price Lookup tool which stockholders may find useful in developing a cost basis for their shares.

### **Does Computershare utilize the DTCC CBRS services to transfer cost basis information?**

Yes. Computershare is a DTCC limited participant and does utilize DTCC CBRS for transferring cost basis information to and from participating brokers. For more information on DTCC CBRS, [click here](#).

### **What is a Wash Sale?**

Under IRS rules, you cannot deduct losses from sales of stock or securities in a wash sale. A wash sale occurs when you sell stock or securities at a loss and within 30 days before or after the sale you replace the stock or security. For further information on wash sales, please refer to the final IRS regulations and IRS Publication 550 – Investment Income and Expenses.



### **What is Lot Relief and what methods does Computershare support?**

Lot relief is a method of computing the cost basis of an asset that is sold in a taxable transaction. Computershare supports FIFO (First-In-First-Out) and specific lot identification. As of January 1st, 2012, Computershare supports Average Cost for Regulated Investment Companies and Dividend Reinvestment accounts.



## **LOST STOCK CERTIFICATE OR CHECK**

### **What is a stock certificate?**

Documentation of a shareholder's ownership in a corporation. The certificate indicates the number of shares owned by an individual, their par value (if any), the class of stock and date of issuance. The Hershey Company no longer issues physical stock certificates; however, **existing stock certificates held by shareholders are still valid.**

### **What should I do if I lose my certificate?**

If your stock certificate is lost, accidentally destroyed, or stolen, you should immediately contact Computershare and request a "stop transfer" to prevent ownership of the securities from being transferred from your name. Computershare will send an Affidavit of Loss to be completed by the shareholder to replace the shares, which requires payment of a fee for the purchase of a Lost Securities Bond from an insurance company. The cost to replace a lost certificate is typically 3% of the current market value of the shares being replaced, plus a processing fee.

### **What is a surety bond?**

A bond that guarantees payment if the second party fails to meet the terms of a contract. The surety bond protects the first party against losses resulting from the second party's failure to meet the obligation. There are three parties involved: the principal, the business or individual who will be performing a contractual obligation. The Oblige, the party who receives the obligation, which is normally a government entity, and the Surety, who guarantees the principal's obligations will be performed.

### **What is a surety premium?**

Fee paid by a shareholder to cover insurance for replacing lost securities or by an estate of a deceased shareholder who transfers shares without probate.

### **How do I replace my lost certificate?**

A shareholder can access their account online via the Computershare website: <https://www-us.computershare.com/Investor>, call our dedicated toll-free number, 1-800-851-4216, or by mail to report their certificate lost, stolen or destroyed. Upon receipt of the communication, Computershare's Lost Securities Department will mail an Affidavit of Loss form for completion. The forms will require a notarized signature of all shareholders along with the surety premium stated in the Affidavit of Loss.

### **What is a replacement check?**

When a check is created and sent to a shareholder (ex: a cash dividend, a sale proceeds check, escheatment, corporate action or IPO closing etc.) it can sometimes be lost, misplaced or damaged. In such an event, the shareholder can request a check replacement for the funds by contacting Computershare.

### **How do I obtain a check replacement?**

There are several ways in which a shareholder can request a replacement check. The shareholder can either go online to [www.computershare.com](http://www.computershare.com), contact Computershare via phone at 1-800-851-4216, or by mail. Once notification is made to Computershare, the request is sent to the check replacement department for processing. The request can take up to 48 hours to be processed. Once completed and the new check is created it is mailed via the US Postal Service.



## DIRECT REGISTRATION SYSTEM (DRS)

### **What is a Direct Registration System (DRS)?**

A Direct Registration System (DRS) is a method of recording shares of stock in book-entry form. Book-entry means Computershare maintains your shares on your behalf without the need for physical stock certificates. Shares held in uncertificated book-entry form have the same rights and privileges as shares held in certificate form.

### **What are the benefits of DRS?**

Holding shares in book-entry form through DRS has the following benefits:

- It helps reduce the risks and costs associated with safekeeping of stock certificate(s) and replacing lost or stolen certificate(s).
- It enables electronic share transactions between your broker/dealer and Computershare
- It reduces the overall administrative costs to The Hershey Company and its shareholders.

### **How do I transfer shares to or from my brokerage account?**

If you wish to transfer your shares at Computershare to your brokerage account, contact your broker and provide him or her with your DRS account information (which appears on the transaction advice you will receive when you become a participant in DRS). Your broker will then electronically initiate the transfer of your book-entry shares based on your instructions. If you wish to transfer shares held in a brokerage account to Computershare, instruct your broker that you wish to convert your beneficial holdings to a “registered” account at Computershare.

### **How do I transfer shares held through DRS to a new owner?**

You may transfer shares to a new owner by contacting Computershare. Your instruction must include a Medallion Signature Guarantee. Please see the section on transferring shares in this guide. Visit Computershare’s website for transfer forms and instructions:

<https://www-us.computershare.com/TransferWizard>

### **What documents will I receive showing my shares held through DRS?**

You will receive a DRS Transaction Advice form following each transaction involving your shares held through DRS.

### **What will it cost me to hold my shares through DRS?**

You will not be charged for holding your shares stock through DRS. You should contact your brokerage firm to determine its fees if you transfer your shares to or sell your shares through your brokerage account.

### **How do I know my book-entry shares are safe and can’t be transferred without my consent?**

Your written consent with a Medallion Signature Guarantee is required by Computershare to transfer shares to any third party other than your broker. If you choose to supply a broker with your DRS account information, your broker is responsible for obtaining instructions and documentation for any transfer or sale.



**What is a Medallion Signature Guarantee and how do I obtain one?**

A Medallion Signature Guarantee is a statement (stamp and signature) given by a financial institution such as a commercial bank, credit union, brokerage firm, etc., that is a member of the Securities Transfer Association Medallion Program (STAMP), New York Stock Exchange Program or Stock Exchange Medallion Program (SEMP, MSP). The Medallion Program is not a notarization. To obtain a Medallion Signature Guarantee please visit a financial institution that participates in the Medallion Program.



## Common Financial Acronyms & Abbreviations

The financial industry is full of acronyms. Here are some of the most common you may encounter.

ACRONYMS	DEFINITIONS
<b>ACH</b>	Automated Clearing House - an electronic funds-transfer system run by NACHA, formerly called the National Automated Clearing House Association. This payment system provides ACH transactions for use with payroll, direct deposit, tax refunds, consumer bills, tax payments, and many more payment services in the U.S.
<b>ADP</b>	Automatic Data Processing – a private company that acts as an intermediary to perform proxy services for several banks and brokers. ... <b>ADP</b> also distributes quarterly reports and other corporate information to beneficial owners.
<b>AMEX</b>	American Stock Exchange - once the third-largest stock exchange in the United States, as measured by trading volume. The exchange, at its height, handled about 10% of all securities traded in the U.S. Today, the AMEX is known as the NYSE American.
<b>CTA</b>	Co-Transfer Agent.
<b>CUSIP</b>	Committee on Uniform Securities Identification Procedure: CUSIP # is a nine-digit, alphanumeric number that identifies securities.
<b>DPP or DSPP</b>	Direct (Stock) Purchase Plan
<b>DR</b>	Dividend Reinvestment
<b>DRP or DRIP</b>	Dividend Reinvestment Plan
<b>DRS</b>	Direct Registration System
<b>DTCC</b>	The Depository Trust & Clearing Corporation
<b>EFT</b>	Electronic Funds Transfer
<b>ESOP</b>	Employee Stock Option Plan
<b>ESPP</b>	Employee Stock Purchase Plan
<b>IPO</b>	Initial Public Offering: When a company first becomes a stock company publicly trading on the market.
<b>IR</b>	Investor Relations
<b>IRA</b>	Individual Retirement Account
<b>IVR / AVR</b>	Interactive Voice Response / Automated Voice Response: A telephony system that interacts with callers, gathers information and routes calls to the appropriate department or recipient.
<b>JT TEN</b>	Joint Tenants: A type of stock ownership of an asset held by two or more people. If one owner dies, the asset immediately becomes the property of the remaining owner or owners.
<b>LLC</b>	Limited Liability Corporation: A type of corporation where risks to owners are limited by law.



<b>LP</b>	Limited Partnership
<b>LT</b>	Letter of Transmittal
<b>NASDAQ</b>	National Association of Securities Dealers Automated Quotation System
<b>NYSE</b>	New York Stock Exchange
<b>OTC</b>	Over The Counter: Stock that is purchased without a broker
<b>PTA</b>	Prior Transfer Agent
<b>RPO</b>	Returned by the Post Office
<b>SEC</b>	Securities and Exchange Commission
<b>STA</b>	Securities Transfer Association
<b>T + 2</b>	Transaction Date (for sale of stock), plus 2 days settlement to clear
<b>TA</b>	Transfer Agent
<b>TEN COM</b>	Tenants In Common: A type of stock ownership of an asset by two or more people who share a specific portion of ownership rights in an asset and upon the death of a <b>tenant in common</b> , that share is transferred to the estate of the deceased <b>tenant</b> .
<b>TEN ENT</b>	Tenants by the Entirety: A type of stock ownership of an asset by two or more people and upon the death of a tenant, the asset immediately becomes the property of the remaining owner or owners.
<b>TIN</b>	Tax Identification Number (can be Social Security Number, Employer ID Number, Estate Tax ID Number, Social Insurance Number)
<b>TOD / POD</b>	Transfer On Death / Payable On Death
<b>YTD</b>	Year To Date



## GLOSSARY OF INVESTOR TERMS

<b>1042S</b>	A tax form provided to foreign owners of American securities to report the dividend or interest earnings for the calendar year.
<b>1099</b>	A series of tax forms provided to taxpayers by financial institutions to report income to the Internal Revenue Service. There are four most common types of 1099 forms: <ul style="list-style-type: none"> <li>• 1099B - Reports the proceeds from the sale or the exchange of securities</li> <li>• 1099DIV - Reports dividend income</li> <li>• 1099INT - Reports interest income</li> <li>• 1099MISC – Reports miscellaneous income</li> </ul>
<b>Abandoned Property</b>	Also called Unclaimed Property, abandoned property is stocks, bonds or any other reportable property or payments for which the registered owner has not demonstrated ownership, interest, or awareness of during a set length of time (determined by the state of residence.)
<b>Account Balance</b>	The balance/amount of shares that appears in a transfer agent's or broker's records as of a given date.
<b>Accrued Dividend</b>	Any dividend that has been declared and paid by a corporation that has not been received by the shareholder.
<b>ACH</b>	Automated Clearing House. ACH (also referred to as EFT) refers to the automatic electronic deposit or withdrawal of funds from an account. Many shareholders have their dividend payments made through ACH directly into their personal accounts.
<b>Acquisition</b>	When a company takes over controlling interest in another company. (See Merger)
<b>Administrator</b>	An individual named in a court appointment to manage or distribute a decedent's estate when there is no Will.
<b>ADP (Automatic Data Processing)</b>	Acts as an intermediary to perform proxy services for several banks and brokers. Distributes proxy material to beneficial owners, tabulates the returned proxies, and provides the Corporation or its tabulator compiled reports of the tabulation results. ADP also distributes quarterly reports and other corporate information to the beneficial owners.
<b>ADR/American Depositary Receipt</b>	A depositary receipt is a negotiable certificate that usually represents a foreign company's publicly traded equity or debt. Depositary Receipts are created when a broker purchases the company's shares on the home stock market and delivers them to the depositary's local custodian bank, which then instructs the depositary bank to issue Depositary Receipts. Depositary Receipts may trade freely, just like any other security, either on an exchange or in the over-the-counter market. Also known as GDRs (Global Depositary Receipts).
<b>Affidavit of Domicile</b>	A notarized document stating the legal residence of a decedent. This is also known as an Affidavit of Residence.
<b>Affidavit of Loss</b>	A sworn statement describing the details of the loss of securities and attesting to the fact a shareholder is not in possession of his/her stock certificate(s). The affidavit of loss must be notarized, and it is required before an indemnity bond can be issued and the securities replaced.
<b>Affidavit of Non-Receipt</b>	A notarized form affirming that the shareholder never received the securities mailed by the Transfer Agent.
<b>Age of Majority</b>	The age when a minor legally becomes an adult and can control their assets. The age of majority is not the same for all states; it is determined by state statutes.
<b>Assignment</b>	The transfer of ownership from one party (the assignor) to another (assignee). A document with the authorization and instructions pertaining to the transfer of the ownership of property. On stocks and bonds, the assignment is executed by completing the area on the reverse side of the stock certificate, by completing an irrevocable stock or bond power, or by completing a Stock Transfer Request form.
<b>Attorney In Fact</b>	An individual who has been authorized to transact business for another person, granted through a Power of Attorney document.





<b>Beneficial Owner</b>	The person or company who is the actual owner of securities registered in the name of a bank or broker. The beneficial owner receives all the benefits of ownership, including cash flow, even though title to the security may be in another name. Title is frequently held beneficially for safety or convenience of transfer or other transactions
<b>Beneficiary</b>	A person to whom an inheritance passes as a result of being named in a Will. Also, the person, company, or organization for which a trust exists.
<b>Bond of Indemnity</b>	An insurance policy that indemnifies the corporation, the shareholder, and the Transfer Agent against any and all claims arising from the replacement by the Transfer Agent of lost, stolen, destroyed, or misplaced stock certificates.
<b>Book-Entry (Book Shares)</b>	Electronically held registered shares for which there are no physical certificates.
<b>Book-Entry Delivery</b>	A method of transferring securities through computerized entries, which eliminates the need for physical stock certificates.
<b>Broker</b>	A person who negotiates the exchange (buying or selling) of securities and receives a commission or fee. Brokers are required to be licensed and their activities are regulated by the Securities and Exchange Commission.
<b>Broker Dealer</b>	An entity engaged in buying and selling securities both for its own account and for the account of others.
<b>Capital Gain/Loss</b>	The difference between an asset's purchase price and selling price. It is a gain when the difference is positive, and it is a loss when the difference is negative.
<b>Cash Acquisition</b>	A cash acquisition is a mutually agreed upon merger of two companies in which the stockholders or the company being acquired receive cash for their shares.
<b>Cash-In-Lieu</b>	Payment for a fractional share. The calculations of some exchanges result in fractional shares, and since certificates are not issued for less than 1 full share, a check is generally issued to the shareholder reflecting the share price multiplied by the fraction of a share owned.
<b>Certificate</b>	An instrument that evidences ownership in a corporation or debt of an issuer. The printed document issued by a corporation as evidence of ownership to its holder. Each certificate represents a specific principal/share amount. NYSE and AMEX listed corporations must have their certificates steel engraved on special paper to thwart counterfeiters. Due to shortened settlement cycles many corporations no longer issue physical certificates, and all shares are held in book entry.
<b>Certificate of Appointment/ Court Appointment</b>	A legal document evidencing a person's present possession of an office or position (i.e., executor, administrator, personal representative, or trustee). A dated document issued by the court naming an individual to act on behalf of an estate. These are also known as Letters Testamentary or Letters of Administration.
<b>Certified Copy</b>	A statement by a court or authorized party that the copy is a true and correct copy and is still in full force and effect.
<b>Closed End Fund</b>	A type of mutual fund that raises money only once and offers a fixed number of shares that are traded on an exchange. Closed end funds fluctuate in response to investor demand as well as to changes in the value of the fund's holdings.
<b>Co-Transfer Agent</b>	A co-agent acts as an alternate agent and can transfer securities. The co-agent delivers the records of all transfers to the transfer agent via electronic tape.
<b>Common Stock</b>	Common stock is a security issued by a corporation representing an ownership in the corporation. Common stockholders have the lowest priority claim to assets in the case of bankruptcy, but can receive a dividend and usually have voting rights. The price of common stock varies with the supply and demand for the stock. The dividend per share varies with the corporation's profitability.
<b>Conservator</b>	A person named by the court to be legally responsible for the welfare and property of another individual.
<b>Consolidation</b>	Two or more accounts belonging to one shareholder that are to be combined into a single account, possibly created by variances in registration or address.
<b>Conversion</b>	The cancellation of preferred stock, convertible bonds or debentures or an acquired company's stock in exchange for another kind of security. The exchange rate may change from time to time, either by prearrangement or because of subsequent stock splits or stock dividends. Conversion also refers to the movement of a Corporation's security holder records from one transfer agent to another.



<b>Convertible Stock</b>	Convertible stock, generally a preferred issue, is exchangeable for a set number of another type of security, often common stock.
<b>Corporate Resolution</b>	A legal document bearing the seal of the corporation from the state in which it is incorporated. The corporate resolution contains the names and signatures of company officers who have the authority to sign for financial transaction on behalf of the firm.
<b>Cost Basis</b>	Cost Basis is the price at which an investor purchases or otherwise acquires his or her securities. The cost basis is required to calculate capital gain or loss after the securities are sold. Shareholders should maintain good cost basis records of purchases and acquisitions of shares; transfer agents and brokers also have responsibility for tracking cost basis as well in certain circumstances.
<b>Court Appointment</b>	A written and dated document issued by the court that officially names the individual(s) or institution that can transact business for the beneficiary or estate. Generally, this document names the Executor, Administrator or Personal Representative, and can also be called Letters Testamentary or Letters of Administration.
<b>CUSIP</b>	A nine (9) digit number used to facilitate transactions of securities. The first six (6) digits identify the company, the following two (2) digits represent the issue, and the final digit is a control number to ensure the accuracy of the other eight (8) numbers. The word CUSIP stands for the <b>C</b> ommittee on <b>U</b> niform <b>S</b> ecurities <b>I</b> dentification <b>P</b> rocedures.
<b>Custodian</b>	A person or institution legally charged with the responsibility of safeguarding the property of another.
<b>Custodian for Minor</b>	A Trustee under the Uniform Gifts to Minors Act, which set up rules for the distribution of assets held in the name of a minor. The act provides for a custodian of assets. Minors are not permitted to hold securities in their own name; an adult custodian is required to hold the shares for the benefit of the minor.
<b>Cut-Off Date (Unclaimed Property)</b>	The date prescribed in the unclaimed property law in most states for determining the items of property that must be turned over to the state. (Uniform Act Sec. 11(d))
<b>Decedent</b>	A deceased person.
<b>Declaration Date</b>	The date on which the Board of Directors declares an annual meeting record and meeting date, or a dividend record and payable date.
<b>Declared Dividends</b>	Dividends approved by the Board of Directors to be paid to its shareholders on a future date.
<b>Deposit/ Withdrawal At Custodian (DWAC)</b>	“DWAC” processing through the Depository Trust Company allows shares of stock to be transferred from one entity to another in book entry form. The DWAC process is initiated by the receiving broker.
<b>The Depository Trust &amp; Clearing Corporation (DTCC)</b>	DTCC is an issuer-owned securities depository, which accepts deposits of eligible securities for custody, executes book-entry deliveries and records book-entry pledges of securities in its custody, and provides for withdrawals of securities from its custody. DTCC is a large clearing house for banks, brokers and institutions which allows participants to keep their holdings of eligible securities on deposit in computerized “book-entry” accounts. DTCC holds the underlying securities in its own vault, or that of a qualified Transfer Agent, in its nominee name of Cede & Co. DTCC and other securities depositories facilitate the settlement of securities trades at the end of each day without physical movement and reissuance of stock certificates.
<b>Direct Registration System</b>	The Direct Registration System allows shareholders to hold stock in book-entry form registered in their name on the books of the company. At any time, the shareholder may request a certificate which will be provided free of charge, if the particular company issues stock certificates. Shareholders have the option to sell shares either through the company (or its transfer agent) or through a broker. The advantage to shareholders is that they can directly participate in the company or transfer agent sponsored plans that are usually only available to registered shareholders, while still maintaining the link to their brokers.



<b>Direct Stock Purchase Plan</b>	A Direct Stock Purchase Plan enables interested individual investors to purchase a company's stock directly from the company/its transfer agent without direct intervention of a broker. Computershare administers The Hershey Company's direct stock purchase plan. Computershare also provides "safekeeping" of the shares by registering them directly on the books of the company, making it possible for shareholders to hold their shares electronically in book-entry.
<b>Dividend</b>	A proportion of net earnings paid periodically by the corporation to its stockholders as a return on investment. Not all corporations pay dividends to their holders; most corporations that pay dividends do so quarterly.
<b>Dividend Rate</b>	The rate per share declared by a corporation's board of directors that all registered holders as of a specified date (the Record Date) are entitled to receive as a dividend payment.
<b>Dividend Reinvestment</b>	A plan set up by a company that allows its shareholders to automatically use their dividends to purchase additional shares of the company's stock. Dividend Reinvestment plans vary from company to company and may include such features as Optional Cash Purchases (sending additional funds to purchase shares); partial reinvestment (reinvesting a portion of the dividend and receiving cash for the balance); and safekeeping (depositing certificate shares with the agent). Many dividend reinvestment plans charge nominal fees for the purchase or sale of shares.
<b>Domicile</b>	Legal home or residence.
<b>Due Diligence Letter (Unclaimed Property)</b>	A letter sent as a final attempt to locate a stockholder before property held (unclaimed or abandoned) is transferred to the original issuer or to the state of the last known address. A Due Diligence letter is required by some states prior to escheatment (the process of turning over unclaimed funds to the issuer or state).
<b>EFT</b>	Electronic Funds Transfer. Also known as ACH, EFT refers to the automatic electronic deposit or withdrawal of funds from an account. Many shareholders have their dividend payments made through EFT directly into their personal accounts.
<b>Employee Stock Purchase Plan (ESPP)</b>	Employees of a company offering an ESPP are permitted to purchase shares of the company's stock directly through the company through payroll deductions. Plans that qualify under Section 423(b) of the IRS tax code allow participants to make purchases at a discount of up to 15% from the Fair Market Value. Nonqualified ESPPs offer no discount on purchases of stock to participants.
<b>Endorsement</b>	Writing on an instrument by which all rights, title and interest in such instrument is assigned and transferred by a registered owner or its authorized agent.
<b>Equity</b>	A shareholder's ownership of a company.
<b>Erasure Guarantee</b>	A guarantee by an accredited guarantor organization of any erasure or alteration in a transfer instrument (such as a stock power or the back of a certificate) to ensure its integrity.
<b>Escheatment</b>	The process of turning abandoned or unclaimed properties over to the state of last residence or incorporation or to the original issuer. The period of time that property is deemed to be unclaimed or abandoned varies from state to state, as does whether the property will revert to the state of the last known address, to the state of incorporation, or to the original issuer.
<b>Employee Stock Option Plan (ESOP)</b>	A plan under which employees of a company are issued "stock options" - the right to purchase shares of the company's stock at a set price. Option plans vary widely: some are offered only to the officers of a company; some are offered to all employees (broad-based plans); some plans "vest" (the options become exercisable by the employees) based on the stock reaching a certain share price; others vest after a certain time period has elapsed.
<b>Estate</b>	All of the property, money, securities and debts held by a person at the time of death.
<b>Executor</b>	An individual or trust institution named in a Will and appointed by a court to settle the estate of a deceased person. The term Executrix may be used if the individual is female.
<b>Fiduciary</b>	A person or company who holds in trust the property of another person or company, or who holds a special relationship of trust with regard to the company. For example, a company director as fiduciary has an obligation and responsibility to manage the assets of the company. An individual or trust company charged with the duty of acting for the benefit of another party, within the scope of the relationship between



	them. Fiduciary registrations will contain such words as Executor (EX), Administrator (ADM), Trustee (TR), or Guardian (GDN) within the registration.
<b>Final Order of Distribution</b>	The appointment and division, under authority of the court, of the remainder of the estate of an intestate, after payment of the debts and charges, among those who are legally entitled to share in the same.
<b>Fractional Share</b>	Less than a full share of stock. Fractional shares generally result from either a purchase within dividend reinvestment accounts or from calculations from transactions such as exchanges and tenders. Fractional shares can be maintained in book-entry accounts, but if the holder wants to have his/her shares certificated, the issuer will generally issue a cash-in-lieu check for the value of the fractional share.
<b>Inheritance Tax Waiver</b>	Authorization by the tax department of a decedent's state to transfer the securities of a decedent without imposing any taxes. Transfer agents are required by some states to collect an inheritance tax waiver from the estate representative before transferring securities.
<b>IPO</b>	Initial public offering. A privately held company becomes a public company by holding an initial public offering of its shares, generally offered by one or more underwriters (depending on the size of the offering.) There are significant regulatory and disclosure documents that a company must file prior to going public.
<b>IRA</b>	An Individual Retirement Account. A retirement plan which a person can establish for his/herself.
<b>Joint Tenancy</b>	A form of ownership by two or more persons concurrently, whereby upon the death of any tenant the title remains with the surviving tenants, and ultimately with the last survivor. Also referred to Joint Tenancy with Right of Survivorship (Jt Ten WROS).
<b>Letters of Administration</b>	A certificate issued by the Court evidencing the appointment of the Administrator of an Estate. Also Known as Letters Testamentary.
<b>Letters Testamentary</b>	A certificate issued by the court evidencing the Appointment of an Executor of an Estate.
<b>Letter of Transmittal</b>	A letter of transmittal is sent to the shareholders of a company going through a spin-off, merger, or exchange which explains what the shareholders need to do to participate. It includes a form that shareholders must complete and return with the securities to receive cash-in-lieu payment or exchanged securities. The Letter of Transmittal (or LT) includes a W-9 form and an Affidavit of Loss (to expedite processing if the shareholder has lost the securities.)
<b>Market Value</b>	The current price of a security as indicated by the latest trade recorded.
<b>Medallion Signature Guarantee</b>	The type of signature guarantee required for the transfer of securities. The guarantor (who must belong to a Medallion Program), by affixing a Medallion seal, certifies that (a) the signature was genuine; (b) that the signer was the appropriate person to make the endorsement; and (c) that the signer had the legal capacity to sign. The guarantor assumes financial responsibility should the endorsement turn out to be fraudulent. Medallion Program members include most large U.S. financial institutions, such as banks, brokerages, and credit unions.
<b>Merger</b>	A combination of two or more companies. Merging companies appoint an Exchange Agent to exchange all outstanding shares of one or both companies for shares in the newly formed company or for cash.
<b>Minor</b>	An individual who is not of legal age. Legal age varies from state to state. In most states the legal age is 18, in others it is 21.
<b>NAV</b>	Net Asset Value. For a mutual fund, it is computed by dividing the assets in the fund by the number of outstanding shares.
<b>Non-Probated Estate</b>	An estate that has not been administered in a probate court.
<b>Notary Seal</b>	Provided by a Notary Public, a notary seal signifies that the party signing the document has sworn the contents of the document are truthful and accurate, and the identity of the party signing the document has been verified.



<b>Notice of Meeting</b>	The legal one-page notice to security holders stating the date, time, and place of the shareholder meeting. This page is normally attached to the front of the proxy statement.
<b>Odd Lot</b>	An amount of stock less than a normal trading unit (which is 100 shares).
<b>Optional Cash Investment</b>	Additional funds sent in by an individual in a direct stock purchase/dividend reinvestment plan account, used to purchase additional shares.
<b>Partnership</b>	Two or more persons (or organizations) who join their resources in business, sharing both rights and obligations.
<b>Payable Date</b>	The date on which a corporation makes dividend payments or interest payments to a Holder. Dividend checks are generally mailed one or two days prior to the payable date. Direct Deposit/EFT payments will be deposited into the Holder's bank account on the payable date.
<b>Paying Agent</b>	Receives funds from the issuer and pays dividends or interest to the entitled stock or bond holders.
<b>Personal Representative</b>	An individual appointed by the court to distribute the assets of an estate.
<b>Power of Attorney</b>	Instrument authorizing a person to act legally for another either generally or in a specified manner. A person who holds a Power of Attorney is called an Attorney-in-Fact.
<b>Probate</b>	Court procedure by which a Will is determined to be valid or invalid; probate also refers to the administration of the estate of a decedent, supervised by a probate court.
<b>Proxy</b>	The authority or instrument that permits a shareholder's voting right to be granted to an agent of the shareholder. <ul style="list-style-type: none"> <li>• A proxy card is the voting instrument created by an issuer and sent to its shareholders for the purpose of casting their votes at the shareholder meeting. This card is used for tallying votes on directors, auditors and other management and shareholder proposals. This card also assigns the "right to vote" shares by the proxy committee for other matters that may be voted upon at the shareholder meeting. For brokers and intermediaries (like ADP) it is the card or form which is sent to beneficial or "street name" owners.</li> <li>• A Legal Proxy is a power of attorney executed by a broker, nominee or individual empowering another party (usually an individual) to vote shares at a shareholder meeting.</li> <li>• A Proxy is also a person who is properly authorized to cast a vote.</li> </ul>
<b>Proxy Statement</b>	A booklet containing, among other disclosures: the description of the proposals to be voted upon at a shareholders' meeting, the names and brief biographies of nominees for directorships, and a summary of their salaries and benefits. The content of the proxy statement is prescribed by SEC rules and regulations.
<b>Proxy Solicitor</b>	A specialist firm hired to gather proxy votes. A proxy solicitor can be extremely helpful when non-discretionary proposals are on the proxy card.
<b>Rate (Dividend)</b>	The per-share cash amount declared by the corporation and paid to shareholders as of a designated record date. Also, an exchange ratio used when converting one security into another.
<b>Record Date</b>	The date on which an investor must be a registered owner of a company's stock to be entitled to the dividend. The record date is generally 15-20 days prior to the payable date. The board of directors announces the record and payable dates and the dividend rate on the declaration date.
<b>Registered Owner</b>	The individual or organization who owns the securities. The name in which a security is registered as stated on the certificate itself or on the books of the transfer agent.



	All principal and interest payments are made to the registered holder regardless of beneficial ownership on the record date.
<b>Registration</b>	The format or legal title showing a security's ownership. Types of registrations include: individual, joint tenants, tenants in common, tenants by the entirety, custodial for a minor child, trust, transfer on death, estate
<b>Restricted Stock</b>	Shares of stock in a corporation that are not freely transferable. See also Stock Legend.
<b>Reverse ACH</b>	Also known as Reverse EFT. Reverse ACH allows shareholders enrolled in dividend reinvestment to make automatic purchases by deducting a set dollar amount directly from their checking or savings account.
<b>Reverse Stock Split</b>	A decrease in the corporation's total number of outstanding shares accompanied by a proportionate increase in the value per share. Shareholders must surrender their certificates in a reverse split, and new ones will be issued to them. (Example: a 1 for 2 reverse stock split - if the holder owned 10 shares valued at \$25 per share, after the split they will own 5 shares valued at \$50 per share.)
<b>Safekeeping</b>	The storage and protection of customers' securities provided as a service by a bank or institution acting as agent for the customer. In the case of stock, certificates are surrendered, and the shares are deposited into the shareholder's account in book-entry.
<b>SEC</b>	The Securities and Exchange Commission. Created in 1934, the SEC regulates the activities of securities traders. The SEC ensures that investors are fully informed about securities being offered for sale and prevents misrepresentations, deceit and other types of fraud involved with securities transactions.
<b>Securities Act of 1933</b>	The "truth in securities act" is primarily concerned with original issues of securities, secondary trading of securities, the national securities markets, and protecting customers of bankrupt securities firms.
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<b>Securities Act of 1934</b>	Regulates national securities, listing securities, the purchase and sale of securities via an exchange, and the creation of the Securities and Exchange Commission.
<b>Shareholder</b>	A person owning shares of stock in a company.
<b>Small Estate Affidavit</b>	A document completed by the representative of an estate having a total value of less than \$10,000. This document is often required to transfer or sell a decedent's shares. It includes the value of the estate and identifies the individual who has authority to distribute the proceeds from the estate.
<b>Spin-Off</b>	The restructuring of a company that occurs when part of a corporation is severed from the parent company for the purpose of creating a separate operating company. Shares in the new company are distributed to shareholders of the parent company.
<b>Stock Dividend</b>	Distribution of profit to shareholders in the form of additional shares of stock, proportionate to the shareholder's holdings.
<b>Stock Split</b>	An increase in the corporation's total number of outstanding shares accompanied by a proportionate decrease in the value per share. (Example: in a 2 for 1 stock split, the shareholder receives an additional share for every share that they owned on the split's record date. If the holder owned 10 shares valued at \$100 per share, after a 2 for 1 split they will own 20 shares valued at \$50 per share.)
<b>Stock/Bond Power</b>	A form that provides the necessary information for transfer of stock. A stock power can be located on the reverse side of a stock certificate or can be a separate form to complete. A stock transfer request form is another form of a stock power.



<b>Stop Transfer Notation</b>	A block placed against a security reported as a non-receipt, or lost, stolen, destroyed or misplaced, so it cannot be transferred. There are also temporary stop notations as well that are placed against a security for a variety of reasons, i.e., documents were mailed under separate cover, or special mailing instructions.
<b>Street Name</b>	Also known as nominee name. A type of account maintained by large institutions to hold and safekeep the securities of individual investors. A brokerage, for example, will maintain all the holdings of its individual client investors in one large street name account so that trades and transfers can be made quickly and easily. Street name account holders receive all communications directly from the institution holding their shares, including account statements and proxy materials. Dividend payments are made to the institutions who then disburse the funds to their clients. Street name accounts are not eligible to participate in direct stock purchase/dividend reinvestment plans administered by a company's transfer agent.
<b>Successor Trustee</b>	A trustee who follows or succeeds an earlier trustee and who generally has all the powers of the earlier trustee. Trust instruments generally make provision for the appointment of successor trustees.
<b>Survivor</b>	The living owner named in the registration of securities. For example, in a Joint Tenants with Right of Survivorship account, the surviving joint tenant becomes the new owner of the securities.
<b>T + 2</b>	Trade + 2. A rule that requires all purchases and sales of securities to be settled by the 2nd business day following the trade.
<b>Taxpayer Identification Number</b>	TIN. A nine-digit number under which American citizens and institutions report income for taxation purposes. For individuals, it is their Social Security Number. Legal entities such as corporations and trusts are assigned a TIN or EIN for tax reporting.
<b>Tenancy by the Entirety</b>	Joint ownership of real property by a husband and wife, with the survivor becoming the sole owner.
<b>Tenancy in Common</b>	Shared ownership of property by two or more persons with the interest of each tenant passing on to his/her heirs upon his/her death, and not to the surviving tenant(s).
<b>TOD</b>	Transfer on Death. A form of registration that allows the registered owner to designate a beneficiary(ies).
<b>Trade Date</b>	The date that the purchase or sale of securities is made.
<b>Transfer</b>	The conveyance of right, title, or interest in property from one person to another. A stock transfer is required to change the registration of a stock account, as a new account is opened in the new registration.
<b>Transfer Agent</b>	A transfer agent is appointed by a company to maintain records of its stockholders; to issue and cancel stock certificates; to hold shares in book-entry as a result of administering direct stock purchase/dividend reinvestment plans; resolve problems arising from lost, stolen or destroyed stock certificates; process purchases, sales and transfers of shares; and disburse dividends (for dividend-paying companies). A transfer agent is often a commercial bank or trust company, although some large corporations act as their own agent.
<b>Trustee</b>	A person or organization appointed to manage the property of a trust.  An agent appointed to administer and keep the records of an employee stock plan or a publicly traded bond issue or similar kind of investment.
<b>Uniform Gift to Minors Act (UGMA), Uniform Transfers to Minors Act (UTMA)</b>	A statute adopted by most states to govern ownership of stock by a minor and determine transferability of a gift of securities to a minor. Under UGMA/UTMA, a minor who has attained the age of majority in his/her state of residence may have the stock reissued into his/her name by presenting a birth certificate along with the appropriate transfer documents. Transfers initiated by the adult custodian do not require a birth certificate as proof of the age of majority. Transfer agents will communicate the exact requirements for transfer into the minor's name.
<b>W-8 Form</b>	This form is similar to a W-9. It is used as a written declaration by a shareholder that he/she is not a citizen of the United States of America and is not subject to taxation. In a reorganization, foreign holders are required to complete this form to receive full compensation on a merger, redemption, or recapitalization plan. If the foreign holder



	does not complete this form to identify himself as not subject to U.S. tax laws, the IRS requires that taxes be withheld from the transaction.
<b>W-9 Form</b>	This is a form used by the Internal Revenue Service as a result of TEFRA (Taxpayer Equity and Fiscal Responsibility Act) passed by Congress in 1984. Under this legislation, the taxpayer must supply the correct Taxpayer Identification Number (TIN) to financial institutions who report income from stocks, bonds, and other securities to the IRS. Every eligible taxpayer is supplied with a W-9 form, which must be completed with the correct TIN information, signed, and returned. Taxpayers who fail to supply a W-9 where required are subject to a withholding penalty of 31% of the proceeds of their reportable transactions.
<b>Waiver of Probate</b>	A notarized form that contains much of the same information as in a small estate affidavit. In addition, the form requires the payment of an insurance bond premium amount (2% of the market value) to transfer the stock. The premium is calculated in the same way as a lost security bond. The bond is a protection for the transfer agent in the event other heirs or creditors try to make claim to the stock after it has been transferred. Waivers are generally required when an estate is not probated.
<b>Withholding</b>	Monies that are required to be withheld from dividends, interest payments or sales. A paying agent will withhold for a variety of reasons, including the failure of a security holder to certify his/her TIN or if the paying agent is instructed to do so by the IRS. The withholding rate for an uncertified TIN is 31%. All funds withheld are turned over to the IRS.
<b>Year to Date (YTD)</b>	The time span usually from the beginning of the calendar year through the present day. Fiscal YTD would apply to a company's fiscal year.

