TOOTSIE ROLL INDUSTRIES INC
Form DEF 14A
March 24, 2016

QuickLinks -- Click here to rapidly navigate through this document

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

SCHEDULE 14A

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

Filed by the Registrant ý

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))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Tootsie Roll Industries, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý 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:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Tootsie Roll Industries, Inc.

7401 South Cicero Avenue, Chicago, Illinois 60629

March 25, 2016

Dear Stockholders:

You are cordially invited to attend the Annual Meeting of Shareholders of your Company to be held on Monday, May 2, 2016, at 9:00 A.M., Eastern Daylight Savings Time, in Room 1200, Mutual Building, 909 East Main Street, Richmond, Virginia.

At the meeting, you will be asked to consider and vote upon the election of four directors and a proposal to ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for the Company for the 2016 fiscal year.

The formal Notice of the Annual Meeting of Shareholders and the Proxy Statement follow. It is important that your shares be represented and voted at the meeting, regardless of the size of your holdings. Accordingly, please promptly mark, sign and date the enclosed proxy and return it in the enclosed envelope, whether or not you intend to be present at the Annual Meeting of Shareholders.

Sincerely,

Ellen R. Gordon
Chairman of the Board and
Chief Executive Officer

Tootsie Roll Industries, Inc.

7401 South Cicero Avenue, Chicago, Illinois 60629

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 2, 2016

To the Stockholders:

Notice is hereby given that the Annual Meeting of Shareholders of **TOOTSIE ROLL INDUSTRIES, INC.** will be held in Room 1200, Mutual Building, 909 East Main Street, Richmond, Virginia, on Monday, May 2, 2016, at 9:00 A.M., Eastern Daylight Savings Time, for the following purposes:

1. To elect the full board of four directors;

2. To consider and act upon ratification of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for the Company for the fiscal year ending December 31, 2016; and

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

Only shareholders of record at the close of business on March 8, 2016 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments thereof. The relative voting rights of the Company's Common Stock and Class B Common Stock in respect of the Annual Meeting and the matters to be acted upon at such meeting are described in the accompanying Proxy Statement.

Your attention is directed to the accompanying Proxy, Proxy Statement and 2015 Annual Report of Tootsie Roll Industries, Inc.

By Order of the Board of Directors
Barry P. Bowen, *Assistant Secretary*

Chicago, Illinois
March 25, 2016

NOTE: *Please mark, date and sign the enclosed Proxy and return it promptly in the enclosed envelope whether or not you plan to attend the Annual Meeting in person. You may revoke your Proxy at any time before it is voted.*

Tootsie Roll Industries, Inc.

7401 South Cicero Avenue, Chicago, Illinois 60629

PROXY STATEMENT
Annual Meeting of Shareholders May 2, 2016

SOLICITATION OF PROXIES

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Tootsie Roll Industries, Inc. (referred to as the "Company," "we" or "us" below) of the accompanying proxy for the Annual Meeting of Shareholders of the Company to be held on Monday, May 2, 2016, and at any adjournments thereof. The purpose of the meeting is for the shareholders of the Company to: (1) elect four directors to terms of office expiring at the 2017 Annual Meeting of Shareholders; (2) consider and act upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2016; and (3) to transact such other business as may properly come before the meeting and any adjournments thereof.

Proxies in the accompanying form properly executed and received by the Company prior to the meeting and not revoked, will be voted as directed therein on all matters presented at the meeting. In the absence of a specific direction from the shareholder, proxies will be voted for the election of all named director nominees and for ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm. The Board of Directors does not know of any other matters to be brought before the meeting; however, if other matters should properly come before the meeting it is intended that the persons named in the accompanying proxy will vote thereon at their discretion. Any shareholder may revoke his or her proxy by giving written notice of revocation to the Assistant Secretary of the Company, at any time before it is voted, by executing a later-dated proxy which is voted at the meeting or by attending the meeting and voting his or her shares in person.

The Board of Directors has fixed the close of business on March 8, 2016 as the record date for the determination of shareholders of the Company entitled to receive notice of and to vote at the Annual Meeting of Shareholders to be held on May 2, 2016, and at any adjournments thereof. As of the close of business on March 8, 2016, there were outstanding and entitled to vote 37,171,167 shares of Common Stock and 23,538,899 shares of Class B Common Stock. Each share of Common Stock is entitled to one vote and each share of Class B Common Stock is entitled to ten votes. Therefore the Common Stock will be entitled to a total of 37,171,167 votes and the Class B Common Stock will be entitled to a total of 235,388,990 votes. The Common Stock and the Class B Common Stock will vote together as a single class with respect to the election of directors and all other matters submitted to the Company's shareholders at the meeting. This Proxy Statement and the enclosed form of proxy are being mailed to shareholders of the Company on or about March 25, 2016.

The entire cost of soliciting proxies in the accompanying form will be borne by the Company. Proxies will be solicited by mail, and may be solicited personally by directors, officers or regular employees of the Company who will not receive special compensation for such services. Upon request, the Company will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy material to beneficial owners of shares of the Company's Common Stock and Class B Common Stock.

VOTING INFORMATION

A shareholder may, with respect to the election of directors (i) vote for the election of all named director nominees, (ii) withhold authority to vote for all named director nominees or (iii) vote for the election of all named director nominees other than any nominee with respect to whom the shareholder withholds authority to vote by so indicating in the appropriate space on the proxy. A shareholder may, with respect to ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm (i) vote "FOR" the proposal, (ii) vote "AGAINST" the proposal or (iii) "ABSTAIN" from voting on the proposal. Proxies properly executed and received by the Company prior to the meeting and not revoked will be voted as directed therein on all matters presented at the meeting. In the absence of a specific direction from the shareholder, proxies will be voted for the election of all named director nominees and for ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm. If a proxy indicates that all or a portion of the votes represented by such proxy are not being voted with respect to a particular matter, such non-votes will not be counted in connection with the vote on such matter, although such votes will count for purposes of determining the presence of a quorum.

The affirmative vote of a plurality of the votes present in person or by proxy at the meeting and entitled to vote in the election of directors is required to elect directors. Thus, assuming a quorum is present, the four persons receiving the greatest number of votes will be elected to serve as directors. Withholding authority to vote for a director(s) and non-votes with respect to the election of directors will not affect the outcome of the election of directors. With respect to the ratification of the appointment of PriceWaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2016, the number of votes cast for the proposal must exceed the number of votes cast against for it to be approved. If a quorum is present, non-votes and abstentions will not affect the outcome of the proposal.

PROPOSAL 1
ELECTION OF DIRECTORS

It is the intention of the persons named in the accompanying proxy to vote for the election of each of the four persons named in the table below as a director of the Company to serve until the 2017 Annual Meeting of Shareholders and until his or her successor is duly elected and qualified. All of such nominees are now directors of the Company, having been previously elected as directors by the shareholders of the Company. In the event any of the nominees, all of whom have expressed an intention to serve if elected, fail to stand for election, the persons named in the proxy presently intend to vote for a substitute nominee designated by the Board of Directors. The information concerning the nominees and their shareholdings has been furnished by them to the Company.

The following table sets forth information with respect to the four nominees for election as directors:

Name, Age and Other Positions, if any, with Company	Period Served As Director and Business Experience During Past 5 Years
Ellen R. Gordon, 84, Chairman of the Board and Chief Executive Officer	Director since 1969; Chairman and Chief Executive Officer since January, 2015; President and Chief Operating Officer since 1978; Director and Vice-President of HDI Investment Corp., a family investment company. Mrs. Gordon brings to the Board an in-depth knowledge of all aspects of the Company and comprehensive industry knowledge from her many years of experience in the confectionery industry. Mrs. Gordon has also served extensively on the boards of several nationally recognized graduate business and medical schools and on the board of a large public company where she also chaired its audit committee.
Barre A. Seibert, 74(1)(2)	Director since 2005; retired; First Vice-President of Washington Mutual Bank 2003-2007; Vice-President from 2001 to 2003; Chief Financial Officer of TransAlliance LP and predecessors from 1995 to 2001. Mr. Seibert is a seasoned financial executive and brings executive management expertise to the Board along with in-depth knowledge and insight in the areas of corporate finance, banking, accounting and audit related issues and financial reporting.
Lana Jane Lewis-Brent, 69(1)(2)	Director since 1988; President of Paul Brent Designer, Inc. since 1992; former President of Sunshine-Jr. Stores, Inc. Mrs. Lewis-Brent possesses knowledge of the Company's history and brings to the Board in depth operational skills as well as a retailer's perspective of the confectionery industry by virtue of her executive management experience in the convenience store industry, which represents an important outlet for the Company's products.
Paula M. Wardynski, 58(1)(2)	Director since 2015; Senior Vice-President-Finance of Twenty-First Century Fox, Inc. since 2007. Ms. Wardynski is a seasoned financial executive and brings to the Board a broad range of financial and managerial skills as well as corporate governance experience in a public company environment, having served for many years in a senior executive capacity at one of the premier international media and entertainment companies in the world.

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

Director Independence and Corporate Governance. The Board of Directors has determined that the non-management directors are independent under the New York Stock Exchange ("NYSE") listing standards because they have no direct or indirect relationship with the Company other than through their service on the Board of Directors and as shareholders. Shareholders and other interested parties who wish to communicate with the non-management members of the Board of Directors may do so by writing to Tootsie Roll Industries, Inc., 7401 South Cicero Avenue, Chicago, Illinois 60629, Attention: Audit Committee Chairman, c/o Assistant Corporate Secretary. The Company's Corporate Governance Guidelines, which are posted on its website, www.tootsie.com, provide that the Chair of the Audit Committee shall preside over executive sessions of the non-management directors. The Company has also adopted a Code of Business Conduct and Ethics, which applies to all directors and employees, and which meets the SEC's criteria for a "code of ethics." The Code of Business Conduct and Ethics is posted on the Company's website. The Board of Directors periodically reviews succession planning for the Company's senior management including planning for the succession of Mrs. Gordon in the event of an emergency. Mrs. Gordon is vigorously engaged in the day to day operation of the Company's business and strategic planning. In addition, Mrs. Gordon has advised the Board that she has no present intention of retiring from her current positions as an officer and a director.

Meeting Attendance. The Board of Directors held five meetings in 2015. The Board of Directors has two standing committees, the Audit Committee and the Compensation Committee. During 2015, all directors attended at least 75 percent of the meetings of the Board of Directors and the Committees of which they were members. Mrs. Gordon, the Company's Chairman and Chief Executive Officer, attended the 2015 Annual Meeting of Shareholders.

Audit Committee. The Audit Committee, which was established in accordance with section 3(a)(58) of the Securities Exchange Act of 1934, operates under a written charter approved by the Board of Directors, a copy of which is posted on www.tootsie.com. The Audit Committee held six meetings during 2015. The Audit Committee is composed of three directors who qualify as "independent" under the NYSE listing standards. The Board of Directors has not identified any member of the Audit Committee to be qualified as an "audit committee financial expert" as such term is defined by rules of the Securities and Exchange Commission ("SEC") and the Board does not believe that given the capabilities of the members of the Audit Committee it has been necessary to have or recruit a member who would qualify as an audit committee financial expert as defined by the SEC.

Compensation Committee. The Compensation Committee administers and makes awards under the Tootsie Roll Industries, Inc. Management Incentive Plan. This committee is composed of three directors who qualify as "independent" under the NYSE listing standards and "outside directors" under Section 162(m) of the Code. Otherwise, the entire Board of Directors is responsible for determining the compensation structure and amounts for the executive officers, including the Chief Executive Officer, except that the Chief Executive Officer recuses herself from votes regarding her own compensation or in circumstances where her participation, as an executive officer of the Company, would affect compliance with federal securities law. Since the Company is a "controlled company" under the NYSE listing standards (see "Controlled Company Status" below), this committee does not maintain a written charter and the entire Board of Directors makes compensation decisions with regard to the Chief Executive Officer or other executive officers as described above. Given the Company's status as a controlled company, the Board believes that this allocation of responsibilities between the Compensation Committee and the full Board for compensation decisions is appropriate. The Compensation Committee held one meeting during 2015. This committee has not delegated any of its duties to others.

The Company has engaged Compensation Strategies, Inc., an executive compensation consulting firm selected by management and approved by the Board, to provide advice and assistance to both management and the Board regarding the Company's executive compensation practices. Compensation Strategies, Inc. is referred to below as the "consultant." The consultant conducts periodic reviews of total compensation of the Company's executive officers, based on the process described in the Compensation Discussion and Analysis section below, for review by management and the Board of Directors in determining the appropriate levels of compensation for each executive officer. The consultant only provides executive compensation consulting services. The consultant does not attend meetings of the Board of Directors or of the Compensation Committee but is available to answer questions. Work performed by Compensation Strategies, Inc. did not raise any conflict of interest.

Director Nominations. As a controlled company under NYSE listing standards, the Company is permitted to have the entire Board of Directors discuss and determine the nominees for election to the Board and oversee the Company's corporate governance. The Board does not believe that given the current size and composition of the Board that it needs to have a separately-designated nominating committee to perform this function. The Board will consider director candidates recommended by shareholders, but the Board does not otherwise have a policy with regard to the consideration of director candidates recommended by shareholders, nor has it established any specific minimum qualifications that it believes must be met by a nominee for director, whether recommended by it or by a shareholder, or any specific qualities or skills that it believes are necessary for one or more of its directors to possess, as it believes that it can adequately consider the suitability and qualifications of any such candidates on a case by case basis. The Board does not currently have a policy for identifying or evaluating nominees for director, including nominees recommended by shareholders. If a candidate for nomination is recommended by a shareholder the Board would evaluate that candidate in the same manner as all other candidates to be nominees for director. As set forth in its Corporate Governance Guidelines, the Board is committed to a diversified membership, in terms of both the individuals involved and their various experiences and areas of expertise. The Board does not have a formal policy with respect to diversity in identifying or selecting nominees for the Board, but in evaluating nominees, the Board assesses the background of each candidate in a number of different ways including how the individual's qualifications complement, strengthen and enhance those of existing Board members as well as the future needs of the Board. Any shareholder wishing to recommend a candidate for nomination as a director should do so in writing addressed to Tootsie Roll Industries, Inc., 7401 South Cicero Avenue, Chicago, Illinois 60629, Attention: Ellen R. Gordon, Chairman. See "Shareholder Proposals for 2016 and 2017 Annual Meetings" below in this proxy statement for information regarding procedures that must be followed by shareholders in order to nominate directors at the 2017 Annual Meeting.

Board Leadership Structure and Role in Risk Oversight. The Company's Corporate Governance Guidelines provide that the Board shall be free to choose its chair in any way it deems best for the Company at any time. The Board believes that it is desirable to have the flexibility to decide whether the roles of Chairman of the Board and Chief Executive Officer should be combined or separate in light of the Company's circumstances from time to time. The Board currently combines the role of Chairman of the Board with the role of Chief Executive Officer. The Board believes this currently provides an efficient and effective leadership model for the Company, especially given the relatively small size of the Company's Board. The Company's independent directors bring experience, oversight and expertise from outside the Company and industry, while the Chief Executive Officer brings Company-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer promotes strategy development and execution, and facilitates information flow between management and the Board, which are essential to effective governance.

The Audit Committee has been designated by the Board to take the lead in overseeing risk management at the Board level. The charter for the Audit Committee requires that it discuss policies and guidelines to govern the process by which risk assessment and risk management are handled and that it meet periodically with management to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled. Accordingly, in addition to its other duties, the Audit Committee periodically reviews the Company's risk assessment and management, including the areas of legal compliance, internal auditing and financial controls, litigation, environment, health and safety. In this role, the Audit Committee considers the nature of the material risks the Company faces, and the adequacy of the Company's policies and procedures designed to respond to and mitigate these risks. It also receives reports from management and other advisors, including periodic risk assessments covering a broad range of business, market environment, and operating risks. Although the

Board's primary risk oversight has been assigned to the Audit Committee, the full Board also periodically receives information about the Company's risk management and the most significant risks that the Company faces. In addition to an ongoing compliance program, the Board encourages management to promote a corporate culture that understands risk management and incorporates it into the overall corporate strategy and day-to-day business operations.

Controlled Company Status. The Company is a "controlled company" under the NYSE listing standards since the Gordon family collectively holds more than 50% of the total voting power of the outstanding capital stock of the Company.

DIRECTOR COMPENSATION

As described more fully below, this chart summarizes the annual compensation of the Company's non-management directors during 2015.

Name	Fees Earned or Paid in Cash	All Other Compensation	Total
Barre A.Seibert	$ 105,000	$ 1,700	$ 106,700
Lana Jane Lewis-Brent	100,000		100,000
Richard P. Bergeman	34,633	4,000	38,633
Paula M. Wardynski	67,867	2,000	69,867

Mr. Bergeman retired from the Board and Ms. Wardynski was elected to the Board on May 4, 2015.

Mr. and Mrs. Gordon did not receive fees for their service on the Board of Directors or its committees. Non-management directors received the following cash compensation for 2015:

An annual retainer of $82,000

$1,800 quarterly for Board meetings attended

An annual retainer of $9,000 for serving on the Audit Committee and $16,500 for serving as its Chair

$1,800 for attending each meeting of the Compensation Committee

The Board of Directors recommends a vote FOR the election of all named director nominees.

OWNERSHIP OF COMMON STOCK AND CLASS B COMMON STOCK
BY CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of March 8, 2016, information with respect to the beneficial ownership of the Company's Common Stock and Class B Common Stock by each person known by the Company to be the beneficial owner of more than five percent of such Common Stock or Class B Common Stock. The information has been furnished by these persons or derived from filings with the SEC.

		Number of Shares of Common Stock and Class B Common Stock Owned Beneficially and Nature of Beneficial Ownership(1)		
Name		**Direct**	**Indirect**	**Percentage of Outstanding Shares of Class**
The Estate of Melvin J. Gordon, Ellen R. Gordon as Trustee	Common	1,678,329		4.5%
	Class B	1,678,329		7.1%
Ellen R. Gordon	Common	10,327,732	80,228(2)	28.0%
	Class B	11,418,815		48.5%
Ellen R. Gordon, as a fiduciary	Common		7,047,598(3)	19.0%
	Class B		6,330,264(3)	26.9%
Leigh R. Weiner	Common	1,351,612	96,488(4)	3.9%
	Class B	2,835,800	301,610(4)	13.3%

The address of Mrs. Gordon is c/o Tootsie Roll Industries, Inc., 7401 South Cicero Avenue, Chicago, Illinois 60629. The address of Mr. Weiner is c/o T. R. Shiffman, Sydney, Amster, Green & Horowitz PLC, 122 East 42nd Street, Suite 2700, New York, New York 10168.

(1) Except as set forth below, the persons named in the above table have sole investment and voting power over the shares indicated therein as being owned directly and share investment and voting power over the shares indicated therein as being owned indirectly. Shares of Class B Common Stock are at all times convertible into shares of Common Stock on a share-for-share basis. Shares and percent of class indicated for Common Stock do not reflect the shares of Common Stock that could be acquired upon the conversion of the shares of Class B Common Stock.

(2) Held as co-trustee of a trust which holds such shares of for one of the Company's nonqualified deferred compensation plans.

(3) Includes 5,797,642 shares of Common Stock and 6,330,264 shares of Class B Common Stock held by Mrs. Gordon as a fiduciary for her children and 1,249,956 shares of Common Stock owned by a charitable foundation of which Mrs. Gordon is a director.

(4) Includes 95,551 shares of Common Stock and 60,225 shares of Class B Common Stock held by Mr. Weiner's spouse (as to which he disclaims beneficial ownership) and 937 shares of Common Stock and 241,385 shares of Class B Common Stock held by a charitable foundation of which Mr. Weiner and members of his family are directors.

OWNERSHIP OF COMMON STOCK AND CLASS B COMMON STOCK BY MANAGEMENT

The following table sets forth, as of March 8, 2016, the beneficial ownership of Common Stock and Class B Common Stock by each nominee for director, by each executive officer who is named in the summary compensation table included in this proxy statement, and by all directors and executive officers of the Company as a group.

Name		Number of Shares of Common Stock and Class B Common Stock Owned Beneficially and Nature of Beneficial Ownership(1) Direct	Indirect	Percentage of Outstanding Shares of Class
Ellen R. Gordon, Individually and as trustee and fiduciary	Common	(2)	(2)	(2)
	Class B	(2)	(2)	(2)
Barre A. Seibert	Common	3,036		(5)
	Class B			(5)
Paula M. Wardynski	Common			(5)
	Class B			(5)
Lana Jane Lewis-Brent	Common	24,096	3,320(3)	(5)
	Class B			(5)
John W. Newlin, Jr.	Common		17,381(4)	(5)
	Class B		19,206(4)	(5)
Thomas E. Corr	Common			(5)
	Class B			(5)
G. Howard Ember, Jr.	Common	1,827	18,861	(5)
	Class B			(5)
Barry P. Bowen	Common			(5)
	Class B			(5)
All directors and executive officers as a group (9 persons)	Common	12,035,020	7,167,388	51.7%
	Class B	13,097,144	6,349,470	82.6%

(1) The persons named in the above table have sole investment and voting power over the shares indicated therein as being owned directly and share investment and voting power over the shares indicated therein as being owned indirectly. Shares of Class B Common Stock are at all times convertible into shares of Common Stock on a share-for-share basis. Shares and percent of class indicated for Common Stock do not reflect the shares of Common Stock that could be acquired upon the conversion of the shares of Class B Common Stock.

(2) See the table under the caption "Ownership of Common Stock and Class B Common Stock by Certain Beneficial Owners" above for shares beneficially owned by Mrs. Gordon.

(3) Shares held by Ms. Lewis-Brent's spouse as to which she disclaims beneficial ownership.

(4) Mr. Newlin disclaims beneficial ownership of such shares, which are held in a family partnership, other than his pecuniary interest in such shares.

(5) Less than 1% of the outstanding shares.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and persons who own more than ten percent of the Company's Common Stock or Class B Common Stock to file reports of ownership and changes in ownership with the SEC and NYSE. Such persons are also required to furnish the Company with copies of all such reports.

Based solely on a review of the copies of such reports, and written representations from certain reporting persons, we are pleased to note that the Company's directors, executive officers and greater than ten percent shareholders filed all required reports during or with respect to fiscal year 2015 on a timely basis.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of the compensation program for the Company's executive officers identified in the Summary Compensation Table below, who are referred to in this discussion as the "named executive officers."

Corporate Principles

We believe that the differences among companies are attributable to the caliber of their people, and therefore strive to attract and retain superior executives. The Company maintains a conservative financial posture in deploying and managing assets and does not jeopardize long-term growth for immediate, short-term results.

Objectives of Compensation Program

The objectives of the Company's compensation program for named executive officers consistent with these corporate principles are to:

- Encourage and reward individual effort and teamwork in order to improve the Company's financial performance, and
- Attain the Company's principal long-term objective of profitably building the Company's well-known brands.

All compensation and benefits for named executive officers described below have as a primary purpose meeting the need to attract, retain and motivate the types of individuals who will be able to execute the Company's business strategy while upholding its values in an ever changing competitive environment. The Company's compensation program includes salary, annual cash incentives, annual awards under the Company's Career Achievement Plan, which is referred to as the "CAP" below, participation in the Excess Benefit Plan, which is referred to as the "EBP" below, a Supplemental Savings Plan, which is referred to as the "SSP" below, and split dollar life insurance coverage.

None of the Company's employees receive stock options, restricted stock or other forms of equity compensation. The Board did not grant equity compensation to either Chief Executive Officer because of their respective significant equity stakes in the Company. Other named executive officers also do not receive equity compensation, as the Board has decided to motivate executive behavior based on financial and management objectives consistent with the Company's corporate principles.

Design of Executive Compensation Program to Mitigate Excessive Risk Taking

As discussed above, the Board of Directors is responsible for determining the compensation structure and amounts for the named executive officers, except that the Compensation Committee (which is referred to in this Compensation Discussion and Analysis as the "committee"), is responsible for administering and determining the annual cash incentives for the named executive officers. The named executive officers' compensation program is balanced between short-term and long-term compensation and incentives. The Board of Directors believes that too much emphasis on incentive compensation can lead to behaviors that are not necessarily in the long-term best interests of shareholders and has balanced the Company's compensation program accordingly. While this compensation program carries a heavier weighting on base salary than is typical in the competitive marketplace, the Company's primary focus is on providing total compensation as a whole that is competitive with that of its direct competitors for executive talent. In addition, the Board of Directors considers the performance of the named executive officers during the fiscal year when exercising discretion to adjust annual compensation. The Board of Directors believes that this program will lead to increased shareholder value on a long-term basis and serves to mitigate risk taking activities that are inconsistent with the Company's long-term shareholder interests.

Competitiveness Assessment

The Board periodically reviews compensation levels for similarly situated executives of a group of industry peers. With the assistance of Compensation Strategies, Inc., a compensation consulting firm, statistical analysis is used to adjust all market compensation data to reflect the current annual revenues and market capitalization of the Company given the variation in size of the companies from which compensation data is collected. Each element of compensation as well as total compensation is quantified and reviewed to determine the Company's competitiveness compared to the market. In late 2014, Compensation Strategies, Inc. determined that the total compensation (base salary, annual bonus and long-term incentives) for the Company's executive officers was 20.9% above the median for its peer group companies (as discussed below) after adjusting for market capitalization. The Company does not target any specific level of compensation with respect to the market such as the 50% percentile of peer companies. In determining appropriate individual compensation levels for the named executive officers, the Board considers this competitive market compensation data, as well as the individual's experience, internal equity among the executive officers, as well as individual and Company performance. Compensation levels for all named executive officers, except the Chief Executive Officer, were approved by the Board (and in the case of the Management Incentive Plan, by the Compensation Committee) based on the recommendation of, and performance evaluation by the Chief Executive Officer. In the case of the Chief Executive Officer, the independent members of the Board reviewed and approved compensation levels after conducting an evaluation of the prior-year performance. The results of the most recent Compensation Strategies, Inc. report were taken into account by the Board and the Compensation Committee in determining annual incentive payments for 2015 (that are disclosed in the Summary Compensation Table) and salary levels for 2016.

Peer Group

The group of peer companies used in the review of total compensation levels consists of 21 publicly traded companies in the snack, confectionary and specialty food and beverage industries with annual revenues ranging from $283 million to $17.6 billion and market capitalizations ranging from $139 million to $34.2 billion. The Board reviews the make-up of the group on an ongoing basis. Each company included in the group is shown below.

Peer Group	**Annual Revenues (in Millions)**	**Market Capitalization, as of 12/31/2015 (in Millions)**
B&G Foods, Inc	$ 966	$ 2,030
Boulder Brands Inc.*	517	676
Campbell Soup Company	8,082	16,290
Dean Foods Company	2,023	1,566
Diamond Foods, Inc	867	1,216
Flowers Foods, Inc	3,779	4,549
General Mills, Inc	17,630	34,210
The Hain Celestial Group, Inc	2,705	4,156
The Hershey Company	7,387	19,349
Inventure Foods, Inc	283	139
J&J Snack Foods Corp	976	2,179
The J. M. Smucker Company	5,693	14,761
Kellogg Company	13,525	25,584
Keurig Green Mountain, Inc	4,520	13,786
Lancaster Colony Corporation	1,105	3,160
McCormick & Company, Inc	2,635	10,956
Nature's Sunshine Products, Inc.	325	188
Omega Protein Corporation	359	493
Post Holdings, Inc	4,648	3,832
Snyder's-Lance, Inc	1,657	2,428
TreeHouse Foods, Inc.	3,206	3,381

* Data shown is from Fiscal Year 2014; Boulder Brands, Inc. was acquired by Pinnacle Foods Inc. in January, 2016.

Elements of Compensation

Base Salary

The Board annually reviews each named executive officer's base salary. The Board does not establish base salary based on individual or corporate performance factors fixed in advance. The factors considered by the Board include the following:

Individual performance and contri