

J&J SNACK FOODS CORP  
Form DEF 14A  
December 17, 2010

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

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

Filed by the Registrant  **X**  
Filed by a Party other than the Registrant  **O**

Check the appropriate box:

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

**J & J SNACK FOODS CORP.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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2. Aggregate number of securities to which transaction applies:

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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):

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**PROXY STATEMENT**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
February 9, 2011**

## Edgar Filing: J&J SNACK FOODS CORP - Form DEF 14A

TO OUR SHAREHOLDERS:

The annual Meeting of Shareholders of J & J SNACK FOODS CORP. will be held on Wednesday, February 9, 2011 at 10:00 A.M., E.S.T., at The Crowne Plaza, 2349 West Marlton Pike (Route 70), Cherry Hill, New Jersey 08002 for the following purpose:

1. To elect one director;
2. To have an advisory vote on the approval of the compensation of the Company's executive officers;
3. To have an advisory vote on the frequency on which shareholders should have an advisory vote on the approval of the compensation of the Company's executives officers;
4. To consider and act upon such other matters as may properly come before the meeting and any adjournments thereof;

The Board of Directors has fixed December 13, 2010 as the record date for the determination of shareholders entitled to vote at the Annual Meeting. Only shareholders of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting.

**YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, YOU ARE URGED TO SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY. A SELF-ADDRESSED, STAMPED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.**

By Order of the Board of Directors

Dennis G. Moore,  
Secretary

December 22, 2010

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**6000 Central Highway  
Pennsauken, New Jersey 08109**

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**PROXY STATEMENT**

**ABOUT THE MEETING**

**Why did you send me this proxy statement?**

We sent this proxy statement and the enclosed proxy card to you because our Board of Directors is soliciting your proxy to vote at the 2011 Annual Meeting of Shareholders. This proxy statement summarizes information concerning the matters to be presented at the meeting and related information that will help you make an informed vote at the meeting. This proxy statement and the accompanying proxy card are first being mailed to shareholders on or about December 22, 2010.

**When is the annual meeting?**

The annual meeting will be held on Wednesday, February 9, 2011 at 10:00 a.m., EST, at The Crowne Plaza, 2349 West Marlton Pike (Route 70), Cherry Hill, New Jersey.

**What am I voting on?**

At the annual meeting, you will be voting:

To elect one director for a three-year term;

On an advisory vote on the approval of the compensation of executives;

On an advisory vote on the frequency on which shareholders should have an advisory vote on the approval of the compensation of executives; and

Any other matter, if any, as may properly come before the meeting and any adjournment or postponement of the annual meeting.

**How do you recommend that I vote on these items?**

The Board of Directors recommends that you vote:

**FOR** the director nominee.

**Who is entitled to vote?**

You may vote if you owned our common shares as of the close of business on December 13, 2010, the record date for the annual meeting. On the record date there were 18,530,334 shares of Common Stock outstanding.

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**Who pays expenses related to the proxy solicitation?**

The expenses of the proxy solicitation will be borne by J & J Snack Foods Corp. ( J & J or the Company ). In addition to solicitation by mail, proxies may be solicited in person or by telephone by directors, officers or employees of J & J and its subsidiaries without additional compensation. J & J may engage the services of a proxy-soliciting firm. J & J is required to pay the reasonable expenses incurred by record holders of J & J common stock, no par value ( Common Stock ), who are brokers, dealers, banks or voting trustees, or their nominees, for mailing proxy material and annual shareholder reports to the beneficial owners of Common Stock they hold of record, upon request of such recordholders.

**How many votes are needed to elect a director?**

Pursuant to the New Jersey Business Corporation Act (the NJBCA ), the election of directors will be determined by a plurality vote and the one (1) nominee receiving the most FOR votes will be elected. Approval of any other proposal will require the affirmative vote of a majority of the votes cast on the proposal.

**What constitutes a quorum?**

The holders of a majority of the aggregate outstanding shares of Common Stock, present either in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting and at any postponement or adjournment of the Annual Meeting. Pursuant to the NJBCA, abstentions and broker non-votes (described below) will be counted for the purpose of determining whether a quorum is present.

**What is the effect of abstentions and broker non-votes?**

Under the NJBCA, abstentions, or a withholding of authority, or broker non-votes, are not counted as votes cast and, therefore, will have no effect on any proposal at the Annual Meeting. Brokers who hold shares for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion if permitted by the applicable stock exchange or other organization of which they are members. Members of the New York Stock Exchange ( NYSE ) are permitted to vote their clients' shares in their own discretion as to certain routine matters if the clients have not timely furnished voting instructions prior to the Annual Meeting. The election of directors is not considered a routine matter. When a broker votes a client's shares on some but not all of the proposals at a meeting, the omitted votes are referred to as broker non-votes.

**How do I vote my shares?**

If you are a registered shareholder (that is, if your stock is registered in your name), you may attend the Annual Meeting and vote in person, or vote by proxy. To vote by mail mark, sign and date your proxy card and return such card in the postage-paid envelope J & J has provided you.

If you hold your shares in street name (that is, if you hold your shares through a broker, bank or other holder of record), you will receive a voting instruction form from your broker, bank or other holder of record. This form will explain which voting options are available to you. If you want to vote in person at the annual meeting, you must obtain an additional proxy card from your broker, bank or other holder of record authorizing you to vote. You must bring this proxy card to the meeting.

J & J encourages you to vote your shares for matters to be covered at the Annual Meeting.

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**What if I do not specify how I want my shares voted?**

If you submit a signed proxy card but do not indicate how you want your shares voted, the persons named in the enclosed proxy will vote your shares of Common Stock:

for the election of the nominee for director; and

with respect to any other matter that properly comes before the Annual Meeting, the proxy holders will vote the proxies in their discretion in accordance with their best judgment and in the manner they believe to be in the best interest of J & J.

**Can I change my vote after submitting my proxy?**

Yes. You can change your vote at any time before your proxy is voted at the Annual Meeting. If you are a shareholder of record, you may revoke your proxy by:

submitting a later-dated proxy by mail; or

attending the Annual Meeting and voting in person. Your attendance alone will not revoke your proxy. You must also vote in person at the Annual Meeting.

If you hold your shares in street name, you must contact your broker, bank or other nominee regarding how to change your vote.

**Can shareholders speak or ask questions at the Annual Meeting?**

Yes. J & J encourages shareholders to ask questions or to voice their views. J & J also wishes to assure order and efficiency for all attending shareholders. Accordingly, the Chairman of the Annual Meeting will have sole authority to make any determinations on the conduct of the Annual Meeting, including time allotted for each shareholder inquiry or similar rules to maintain order. Such determination by the Chairman of the Annual Meeting will be final, conclusive and binding. Anyone who is disruptive or refuses to comply with such rules of order will be excused from the Annual Meeting.

**Can I attend the Annual Meeting?**

Shareholders are encouraged to personally attend the annual Meeting whether or not you utilize proxy voting. If your shares are registered in street name, your method of voting is described above.

**PROPOSAL ONE  
INFORMATION CONCERNING NOMINEE FOR ELECTION TO BOARD**

One (1) director is expected to be elected at the Annual Meeting to serve on the Board of Directors of J & J until the expiration of his term as indicated below and until his successor is elected and has qualified.

The following table sets forth information concerning J & J's nominee for election to the Board of Directors. If the nominee becomes unable or for good cause will not serve, the persons named in the enclosed form of proxy will vote in accordance with their best judgment for the election of such substitute nominee as shall be designated by the Board of Directors. The Board of Directors of J & J expects the nominee to be willing and able to serve.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Year of Expiration of Term as</u>
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Peter G. Stanley	68	Director	2016
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**INFORMATION CONCERNING CONTINUING  
DIRECTORS AND NAMED EXECUTIVE OFFICERS**

Name	Age	Position	Year of Expiration of Term as Director
Gerald B. Shreiber	69	Chairman of the Board, Chief Executive Officer, Director	2015
Leonard M. Lodish	67	Director	2014
Sidney R. Brown	53	Director	2013
Dennis G. Moore	55	Senior Vice President, Chief Financial Officer, Secretary, Treasurer and Director	2012
Daniel Fachner	50	President, The ICEE Company	
Robert M. Radano	61	Senior Vice President, Chief Operating Officer	
Gerard Law	36	Senior Vice President Western Operations	

**Peter G. Stanley** became a director in 1983. Since November 1999 he is the Vice Chairman of the Board of Emerging Growth Equities, Ltd., an investment banking firm. Mr. Stanley brings to the Board experience as a commercial and investment banker, with knowledge of strategic acquisitions and corporate finance. He provides the Board with strong financial skills and chairs our Audit Committee.

**Gerald B. Shreiber** is the founder of the Company and has served as its Chairman of the Board, President, and Chief Executive Officer since its inception in 1971. In addition to his leadership skills as Chief Executive Officer, Mr. Shreiber has a broad range of experience in production, marketing and finance. Also, he has a deep understanding of J & J's business and its industry.

**Sidney R. Brown** is the Chief Executive Officer of NFI Industries, Inc., a comprehensive provider of freight transportation, warehousing, third party logistics, contract manufacturing and real estate development. He is Vice Chairman of Sun National Bank, a national bank operating in New Jersey, Delaware and Pennsylvania. He became a director in 2003. Mr. Brown has management experience in running a private company and experience in executing strategic acquisitions. He has broad experience in freight transportation. He also has a strong background in sales, marketing and finance.

**Leonard M. Lodish** became a director in 1992. He is the Samuel R. Harrell Professor in the Marketing Department and Vice Dean, The Social Impact Program of The Wharton School at the University of Pennsylvania where he has been a professor since 1968. Dr. Lodish's primary research and consulting areas are in entrepreneurial marketing, strategic and tactical marketing resource planning, marketing decision support systems, and application in marketing strategy, sales force, advertising, and promotion planning.

**Dennis G. Moore** joined the Company in 1984, and has served in various capacities since that time. He was named Chief Financial Officer in 1992 and was elected to the Board of Directors in 1995.

**Daniel Fachner** has been an employee of The ICEE Company since 1979 and became its President in August 1997.

**Robert M. Radano** joined the Company in 1972 and in May 1996 was named Chief Operating Officer of the Company.

**Gerard Law** joined the Company in 1992. Since February 2005 he has been in charge of sales and operations for the Company's Western Operations, excluding ICEE.

**The Board recommends that you vote FOR the election of the nominee.**

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### **CORPORATE GOVERNANCE**

#### **Corporate Governance Guidelines**

J & J is a Company incorporated under the laws of the State of New Jersey. In accordance with New Jersey law and J & J's By-laws, the Board of Directors has responsibility for overseeing the conduct of J & J's business. J & J has established a Code of Business, Conduct and Ethics which is applicable to all directors, officers and employees of the Company. In addition, the Company has adopted a Code of Ethics for Chief Executive and Senior Financial Officers. Copies of these codes are available on the Company's website.

#### **Director Independence**

The rules of NASDAQ require that a majority of the Company's Board of Directors and the Members of the Audit Committee, Compensation Committee and the Nominating/Governance Committee meet its independence criteria. No director qualifies as independent unless the Board determines that the director has no direct or indirect material relationship with the Company. The Board considers all relevant facts and circumstances of which it is aware in making an independence determination.

Based on the NASDAQ guidelines the Board has determined that each of the following directors is independent: Sidney R. Brown, Leonard M. Lodish and Peter G. Stanley. None of the directors who qualify as independent has a business, financial, family or other type of relationship with J & J.

#### **Board Meetings**

During the fiscal year the Board of Directors held four regularly scheduled meetings. Each Director attended at least 75% of the total meetings of the Board of Directors and the Committees on which he served.

#### **Annual Meeting Attendance**

It has been longstanding practice of the Company for all Directors to attend the Annual Meeting of Shareholders. All Directors attended the 2010 Annual Meeting.

#### **Executive Sessions of Independent Directors**

The Independent Directors meet in executive sessions without management present before or after regularly scheduled Board meetings. In addition, the Independent Directors meet at least once annually with the Chief Executive Officer at which time succession issues are discussed.

#### **Director Stock Ownership Guidelines**

The Board has established stock ownership guidelines for the non-employee directors. Within two years of election as a director, the director must attain and hold 5000 shares of J & J's Common Stock. Shares issued under the Deferred Stock Plan do not count toward this requirement. All current non-employee directors meet this guideline.

#### **Board Leadership**

The Board has reviewed and discussed the leadership structure. Mr. Shreiber serves as both principal executive officer and chairman of the board. Mr. Shreiber is the founder of the Company and has been its Chief Executive Officer and Chairman since its inception. He currently beneficially owns 22% of the Company's stock and may be deemed to be its controlling shareholder. It is Mr. Shreiber's position, which is shared



by the Board, that a controlling shareholder, who is active in the business, as Mr. Shreiber has been for over the last 39 years, should hold both roles.

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### **Board Committees**

In order to fulfill its responsibilities, the Board has delegated certain authority to its committees. There are three standing committees: (i) Audit Committee, (ii) Compensation Committee and (iii) Nominating/Governance Committee. Each Committee has its own Charter which is reviewed annually by each committee to assure ongoing compliance with applicable law and sound governance practices. Committee charters may be found on our website at [www.jjsnack.com](http://www.jjsnack.com) under the Investor Relations tab and then under Corporate Governance . Paper copies are available at no cost by written request to Dennis G. Moore, Corporate Secretary, J & J Snack Foods Corp., 6000 Central Highway, Pennsauken, New Jersey 08109.

#### **The Audit Committee**

The Audit Committee is comprised of directors Stanley (Chairman), Brown and Lodish, each of whom qualifies as an independent director and meets the other requirements to serve on the Audit Committee under rules of the NASDAQ Stock Market. The principal functions of the Audit Committee include, but are not limited to, (i) the oversight of the accounting and financial reporting processes of the Company and its internal control over financial reporting; (ii) the oversight of the quality and integrity of the Company's financial statements and the independent audit thereof; and (iii) the approval, prior to the engagement of, the Company's independent auditors and, in connection therewith, to review and evaluate the qualifications, independence and performance of the Company's independent auditors. The Audit Committee convened six (6) times during the 2010 fiscal year.

The Audit Committee currently does not have an Audit Committee Financial Expert, as such term is defined in Section 407 of the Sarbanes-Oxley Act of 2002. The Audit Committee believes that the background and experience of its members allow them to perform their duties as members of the Audit Committee. This background and experience includes a former banker and current investment banker who regularly reviews financial statements of companies, a Professor at The Wharton School of the University of Pennsylvania, one of the leading business schools in the United States, and a Chief Executive Officer of a substantial private company with financial oversight responsibilities.

#### **The Compensation Committee**

The Compensation Committee is comprised of directors Brown (Chairman), Lodish and Stanley, each of whom qualifies as an independent director under the rule of the NASDAQ Stock Market, as non-employee directors under Rule 16b-3 of the Securities Exchange Act of 1934, and as outside director under Section 162(m) of the Internal Revenue Service. The Committee has responsibility for the following:

Annually review and determine the compensation of the CEO and other officers without the CEO being present during the voting or deliberations of the compensation committee with respect to his or her compensation.

Review and approve compensation paid to family members of officers and directors.

Determine the Company's policy with respect to the application of Internal Revenue Code Section 162(m).

Approve the form of employment contracts, severance arrangements, change in control provisions and other compensatory arrangements with officers.

Approve cash incentives and deferred compensation plans for officers (including any modification to such plans) and oversee the performance objectives and funding for executive incentive plans.

Approve compensation programs and grants involving the use of the Company's stock and other equity securities, including the administration of the Stock Option Plan.

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Prepare an annual report on executive compensation for inclusion in the Company's proxy statement for each annual meeting of shareholders in accordance with applicable rules and regulations.

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Retain and terminate any compensation consultant to be used to assist the evaluation of the compensation of the directors, CEO or officers of the Company, including the sole authority to select the consultant and to approve the firm's fees and other retention terms.

Obtain advice and assistance from internal or external legal, accounting or other advisors as required for the performance of its duties.

Monitor compliance with legal prohibitions on loans to directors and officers of the Company.

Review the Committee's performance annually.

Review and reassess the adequacy of the Committee's Charter annually and recommend to the Board any appropriate changes.

Perform such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board.

The Compensation Committee held two (2) meetings during fiscal 2010.

### **The Nominating Committee**

The Nominating and Corporate Governance Committee is comprised of directors Lodish (Chairman), Brown and Stanley, each of whom qualifies as an independent director under rules of the NASDAQ Stock Market. This Committee's primary responsibilities are to (1) make recommendations to the Board of Directors regarding composition of the Board and committees of the Board, (2) identify individuals qualified to become Board members and recommend to the Board qualified individuals to be nominated for election or appointed to the Board, (3) develop a succession plan for the Company's Chief Executive Officer and (4) develop corporate governance guidelines applicable to the Company. The Committee will consider nominees for directors recommended by stockholders. Any stockholder may recommend a prospective nominee for the Committee's consideration by submitting in writing to the Company's Secretary (at the Company's address set forth above) the prospective nominee's name and qualifications. The Nominating and Corporate Governance Committee held one (1) meeting during fiscal 2010. The Nominating Committee has not adopted a policy with regard to the consideration of diversity in identifying director nominees.

### **Shareholder Proposals and Nominations**

Any stockholder who wishes to submit a proposal to be voted on or to nominate a person for election to the Board of Directors at the Company's annual meeting of stockholders in 2012 must notify the Company's Secretary (at the Company's address set forth above) no earlier than August 4, 2011 and no later than September 6, 2011 (unless the date of the 2012 annual meeting is more than 30 days before or more than 60 days after February 9, 2012, in which case the notice of proposal must be received by the later of November 2, 2011 or the tenth day following the day the Company publicly announces the date of the 2012 annual meeting). The notice of a proposal or nomination must also include certain information about the proposal or nominee and about the stockholder submitting the proposal or nomination, as required by the Company's By-Laws, and must also meet the requirements of applicable securities laws. Proposals or nominations not meeting these requirements will not be presented at the annual meeting.

For more information regarding stockholder proposals or nominations, you may request a copy of the Bylaws from the Company's Secretary at the Company's address set forth above.

### **Communication with The Board**

Shareholders, employees and others may contact any of the Company's Directors by writing to them c/o J & J Snack Foods Corp., 6000 Central Highway, Pennsauken, New Jersey 08109.

**Compliance With Section 16(A) of the Securities Exchange Act of 1934**

Section 16(A) of the Securities Exchange Act of 1934 requires that the Company's directors and executive officers, and persons who beneficially own more than ten percent of the Company's Common Stock, file with the

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Securities and Exchange Commission reports of ownership and changes in ownership of Common Stock and other equity securities of the Company. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations received by it from such directors and executive officers, all Section 16(a) filing requirements applicable to the Company's officers, directors and greater than ten-percent beneficial owners were complied with during fiscal 2010.

**The Role of the Board in Risk Oversight**

In the normal course of its business, the Company is exposed to a variety of risks, including marketing and sales, financial reporting and control, information technology, employee matters and legal issues. The identification and understanding of the risks are important in the successful management of the Company. Key management is responsible for the day to day management of the business risks. The Board of Directors role in this area is limited to a review of matters raised by management.

**Director Compensation**

Each director received on January 1, 2010 an annual grant under the Deferred Stock Plan of shares having a value of \$75,000 as well as \$750 per quarter as a retainer and \$1,000 for attendance at each of the Company's four quarterly Board meetings. In addition, the Chairman of the Audit Committee receives an annual fee of \$10,000.

**Non-Employee Director Compensation Table for Fiscal 2010**

<b>Directors at September 25, 2010</b>	<b>Fees Paid in Cash \$</b>	<b>Stock Awards(1) \$</b>
Sidney R. Brown	7,000	75,000
Leonard M. Lodish	7,000	75,000
Peter G. Stanley	17,000	75,000

(1) The value of the stock awards equals their grant date fair value in accordance with FASB ASC Topic 718.

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**Table of Contents****BENEFICIAL OWNERSHIP OF SHARES**

The following table sets forth information as of December 1, 2010 concerning (i) each person or group known to J & J to be the beneficial owner of more than 5% of Common Stock, (ii) each director of the Company, (iii) the Company's Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers (the Named Executive Officers) for the 2010 fiscal year, and (iv) the beneficial

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ownership of Common Stock by the Company's directors and all Executive Officers as a group. Except as otherwise noted, each beneficial owner of the Common Stock listed below has sole investment and voting power.

Name and Address of Beneficial Owner	Shares Owned Beneficially(1)	Percent of Class
<i>Directors, Nominees and Named Executive Officers</i>		
Gerald B. Shreiber 6000 Central Highway Pennsauken, NJ 08109	4,149,422(2)	22%
Sidney R. Brown	22,177(3)	*
Leonard M. Lodish	32,179(4)	*
Dennis G. Moore	85,439(5)	*
Robert M. Radano	97,761(6)	*
Peter G. Stanley	57,789(7)	*
Daniel Fachner	30,958(8)	*
Gerard Law	10,176(9)	*
All executive officers and directors as a group (9 persons)	4,500,176(10)	
<i>Five percent Shareholders</i>		
Neuberger Berman LLC 605 Third Avenue New York, NY 10158		8%
Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151		9%
Black Rock Fund Advisors 400 Howard Street San Francisco, CA 94105		5%

\* Less than 1 %

- (1) The securities beneficially owned by a person are determined in accordance with the definition of beneficial ownership set forth in the regulations of the Securities and Exchange Commission and, accordingly, include securities owned by or for the spouse, children or certain other relatives of such person as well as other securities as to which the person has or shares voting or investment power or has the right to acquire within 60 days of Record Date. The same shares may be beneficially owned by more than one person. Beneficial ownership may be disclaimed as to certain of the securities.
- (2) Includes 180,000 shares of Common Stock issuable upon the exercise of options granted to Mr. Shreiber and exercisable within 60 days from the date of this Proxy Statement, and 189,990 shares owned by a charitable foundation in which Mr. Shreiber has the right to vote and dispose of the shares.
- (3) Includes 17,177 shares of Common Stock issuable under the Deferred Stock Plan.
- (4) Includes 26,177 shares issuable under the Deferred Stock Plan.
- (5) Includes 14,841 shares of Common Stock issuable upon the exercise of options granted to Mr. Moore and exercisable within 60 days from the date of this Proxy Statement.
- (6) Includes 5,409 shares of Common Stock issuable upon the exercise of options granted to Mr. Radano and exercisable within 60 days from the date of this Proxy Statement.
- (7) Includes 19,612 shares owned jointly with Mr. Stanley's spouse with shared voting and 12,000 shares of Common Stock issuable upon the exercise of options and exercisable within 60 days from the date of this Proxy Statement and 26,177 shares issuable under the Deferred Stock Plan.

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- (8) Includes 5,409 shares of Common Stock issuable upon the exercise of options granted to Mr. Fachner and exercisable within 60 days from the date of this Proxy Statement.
- (9) Includes 5,009 shares of Common Stock issuable upon the exercise of options granted to Mr. Law and exercisable within 60 days from the date of this Proxy Statement.
- (10) Includes 227,168 shares of Common Stock issuable upon the exercise of options granted to executive officers and directors of J & J and exercisable within 60 days from the date of this Proxy Statement and 69,531 shares issuable under the Deferred Stock Plan.

**COMPENSATION DISCUSSION AND ANALYSIS**

***Introduction***

J & J Snack Foods Corp. manufactures nutritional snack foods and frozen beverages which it markets nationally to the food service and retail supermarket industries. Our compensation programs are designed to support our business goals and promote both short-term and long-term growth. This section of the proxy statement explains how our compensation programs are designed and operate in practice with respect to our Named Executive officers. Our Named Executive Officers are the CEO, CFO and three most highly compensated executive officers in a particular year. The Executive Compensation section presents compensation earned by the Named Executive Officers.

**Executive Compensation Objectives**

Our executive compensation programs reflect our results-oriented corporate culture that rewards achievement of aggressive goals. Our compensation program for executive officers is designed to attract, retain, motivate and reward talented executives who will advance our strategic, operational and financial objectives and thereby enhance stockholder value.

The following principles are considered in setting compensation programs and pay levels:

*Compensation and benefit programs offered by J & J should appropriately reflect the size and financial resources of our Company in order to maintain long-term viability.* These programs should be increasingly market-based (rather than legacy) and competitive, without limiting our ability to adequately invest in our business. This approach supports our efforts to maintain a viable and sustainable enterprise for the future.

*Compensation should reward Company and individual performance.* Our programs should strive to deliver competitive compensation for exceptional individual and Company performance to companies with whom we compete for executive talent. The Compensation Committee reviews reports of compensation of 100 local Philadelphia companies.

*Compensation of executive officers should be predominately performance-based.* At higher levels in the Company, a greater proportion of an executive's compensation should be linked to Company performance and stockholder returns. As discussed below, our performance is measured against financial and operational goals and objectives. We also place emphasis on relative performance with our competitor peer group.

*The objectives of rewarding performance and retention should be balanced.* In periods of temporary downturns in Company performance, particularly when driven by unanticipated industry events or customer decisions, our compensation programs should continue to ensure that high-achieving, marketable executives remain motivated and committed to J & J. This principle is essential to our effort to encourage our leaders to remain with J & J for long and productive careers.

*Executive officers should be J & J stockholders.* Stock ownership aligns our executive officers' interest with those of our stockholders. They should be required to maintain ownership of J & J stock at a level appropriate for their position in the company. J & J's long-term

equity-based compensation program should facilitate stock ownership and link a portion of compensation to stock price appreciation.

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### **Determining Compensation**

The Compensation Committee's process for determining compensation levels for executive officers differs depending upon the compensation element and the position of the individual being considered. For each executive officer other than the CEO; the Compensation Committee annually reviews each element of compensation described below in consultation with the CEO. A number of factors are considered in determining individual compensation level, including performance of the individual and the business unit or function under his or her leadership, the Company's performance, and economic and business conditions affecting J & J at the time of the review. Management and external sources provide relevant information and analyses as the Compensation Committee deems appropriate. Competitive market data (compensation of 100 local Philadelphia Companies) is considered from time to time, but we need not set compensation levels at a targeted percentile or rely solely on such data to make compensation decisions. While substantially guided by the applicable performance metrics of our programs, the Compensation Committee retains authority to exercise its judgment when approving individual awards. The Committee does not engage in the benchmarking of total compensation or any material component thereof.

With respect to the CEO, the Compensation Committee meets to assess annual Company and individual performance. The Compensation Committee determines Mr. Shreiber's base salary based on the factors the Compensation Committee, in its discretion, considers relevant and in the best interest of J & J. Mr. Shreiber's bonus and stock option grant are determined by a formula approved by J & J's stockholders.

J & J's policies are generally not to have employment contracts or change in control provisions for its executive officers. Its five named executive officers have an average of over 30 years service with the Company. None of these officers have employment contracts or change-in-control provisions. This substantial long-term commitment is