

MamaMancini's Holdings, Inc.  
Form 10-K  
April 21, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the year ended January 31, 2016**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**MAMAMANCINI'S HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

<b>Nevada</b>	<b>000-54954</b>	<b>27-0607116</b>
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

**25 Branca Road**

**East Rutherford, NJ 07073**

(Address of Principal Executive Offices)

(Former name or former address, if changed since last report)

(201) 531-1212

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, \$0.00001 par value**

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on July 31, 2015, based on a closing price of \$0.75 was approximately \$9,772,493.

As of April 18, 2016, the registrant had 26,530,916 shares of its common stock, 0.00001 par value per share, issued and outstanding.

Documents Incorporated By Reference: None.

**MAMAMANCINI'S HOLDINGS, INC.**

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## FORWARD LOOKING STATEMENTS

Included in this Form 10-K are “forward-looking” statements, as well as historical information. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the expectations reflected in these forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in forward- looking statements as a result of certain factors, including matters described in the section titled “Risk Factors.” Forward-looking statements include those that use forward-looking terminology, such as the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “project,” “plan,” “will,” “shall,” similar expressions, including when used in the negative. Although we believe that the expectations reflected in these forward-looking statements are reasonable and achievable, these statements involve risks and uncertainties and we cannot assure you that actual results will be consistent with these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements, whether to reflect events or circumstances after the date initially filed or published, to reflect the occurrence of unanticipated events or otherwise.

## PART I

### ITEM 1. BUSINESS.

#### **Our History**

MamaMancini’s Holdings, Inc. (formerly Mascot Properties, Inc.) was incorporated in the State of Nevada on July 22, 2009. Mascot Properties, Inc.’s (“Mascot”) activities since its inception consisted of trying to locate real estate properties to manage, primarily related to student housing, and services which included general property management, maintenance and activities coordination for residents. Mascot did not have any significant development of such business and did not derive any revenue. Due to the lack of results in its attempt to implement its original business plan, management determined it was in the best interests of the shareholders to look for other potential business opportunities.

On February 22, 2010, MamaMancini’s LLC was formed as a limited liability company under the laws of the state of New Jersey in order to commercialize our initial products. On March 5, 2012, the members of MamaMancini’s, LLC, holders of 4,700 units (the “Units”) of MamaMancini’s LLC, exchanged the Units for 15,000,000 shares of common stock and those certain options to purchase an additional 223,404 shares of MamaMancini’s Inc. (the “Exchange”). Upon consummation of the Exchange, MamaMancini’s LLC ceased to exist and all further business has been and continues to be conducted by MamaMancini’s Inc.

On January 24, 2013, Mascot, Mascot Properties Acquisition Corp, a Delaware corporation and wholly-owned subsidiary of the Company (“Merger Sub”), MamaMancini’s Inc., a privately-held Delaware Corporation headquartered in New Jersey (“Mama’s”) and David Dreslin, an individual (the “Majority Shareholder”), entered into an Acquisition Agreement and Plan of Merger (the “Agreement”) pursuant to which the Merger Sub was merged with and into Mama’s, with Mama’s surviving as a wholly-owned subsidiary of the Company (the “Merger”). The transaction (the “Closing”) took place on January 24, 2013 (the “Closing Date”). Mascot acquired, through a reverse triangular merger, all of the outstanding capital stock of Mama’s in exchange for issuing Mama’s shareolders (the “Mama’s Shareholders”), pro-rata, a total of 20,054,000 shares of the Company’s common stock. As a result of the Merger, the Mama’s Shareholders became the majority shareholders of Mascot.

Immediately following the Closing of the Agreement, Mascot changed its business plan to that of Mama’s. On March 8, 2013, Mascot received notice from the Financial Industry Regulatory Authority (“FINRA”) that its application to change its name and symbol had been approved and effective Monday, March 11, 2013, Mascot began trading under its new name, “MamaMancini’s Holdings, Inc.” (“MamaMancini’s” or the “Company”) and under its new symbol, “MMMB”.

## Our Company

MamaMancini’s roots go back to our founder Dan Dougherty, whose grandmother Anna “Mama” Mancini emigrated from Bari, Italy to Bay Ridge, Brooklyn in 1921. Our products were developed using her old world Italian recipes that were handed down to her grandson, Dan Dougherty. Today we market a line of all natural specialty prepared, frozen and refrigerated foods for sale in retailers around the country. Our primary products include beef, turkey, chicken and pork meatballs, all with slow cooked Italian Sauce.

Our products are all natural, contain a minimum number of ingredients and are generally derived from the original recipes of Anna “Mama” Mancini. Our products appeal to health-conscious consumers who seek to avoid artificial flavors, synthetic colors and preservatives that are used in many conventional packaged foods.

The United States Department of Agriculture (the “USDA”) defines all natural as a product that contains no artificial ingredients, coloring ingredients or chemical preservatives and is minimally processed. The Company’s products were submitted to the USDA and approved as all natural. The Food and Safety and Inspection Service (“FSIS”) Food Standards and Labeling Policy Book (2003) requires meat and poultry labels to include a brief statement directly beneath or beside the “natural” Label claim that “explains what is meant by the term natural i.e., that the product is a natural food because it contains no artificial ingredients and is only minimally processed”. The term “natural” may be used on a meat label or poultry label if the product does not contain any artificial flavor or flavoring, coloring ingredient, chemical preservative, or any other artificial or synthetic ingredient. Additionally, the term “all natural” can be used if the FSIS approves your product and label claims. The Company’s product and label claims have been approved by the FSIS to contain the all-natural label.

Our products are principally sold to supermarkets and mass-market retailers. Our products are sold in multiple sections of the supermarket, including: frozen food, fresh meat, prepared foods (meals), sandwich, hot bars and cold bars as well as cold deli and foods-to-go sections. Consumers can find our products at leading food retailers (supermarkets), including:

Albertsons	Lowe's	Save Mart
Costco	Lucky	Shaws
Demoulas (Market Basket)	Lucky	Shop Rite
Foodtown	Lunds and Byerly's	Stew Leonards
Giant Eagle	Marsh	Stop & Shop
Giant	Meatball Obsession	Waldbaums
Gristedes	Price Chopper	Wal-Mart
Harris Teeter	Publix	Weis Markets
Ingles	Roche Brothers	Whole Foods
Jewel	Rouses	Winn-Dixie
Key Food	Randalls	
Kings	Safeway	
Kroger	Sam's Club	

We sell directly to both food retailers and food distributors. Some of the leading food distributors we sell to include:

Associated Wholesale Grocers	Monterrey Provision Co.	The Golub Corp
Bozzutos	Porky Products	Tony's Fine Foods
Burriss Logistics	SpartanNash	Unified Grocers
C&S Wholesale Grocers	Super Store Industries	UNFI
Central Grocers	Supervalu	Wakefern
DPI Mid Atlantic	Sysco	

Gourmet Guru

The Chef's Warehouse

Our ten largest customers accounted for approximately 81% of sales for the year ended January 31, 2016 and 80% for the year ended January 31, 2015. For the year ended January 31, 2016, we had four customers that accounted for at least 10% of sales. These customers accounted for approximately 16%, 14%, 13% and 10%, respectively. For the year ended January 31, 2015, we had three customers that accounted for at least 10% of sales. These customers accounted for approximately 18%, 13% and 11% of our sales, respectively. We depend heavily on these customers.

We have grown the number of food retailers (supermarkets) carrying our products to approximately 10,100 supermarkets in January 2016. In the supermarkets that carry our products, we sell an average of 3.16 of our stock keeping units ("SKUs"). The number of supermarkets carrying our products multiplied by the number of our SKUs carried at those supermarkets equals shelf placements for our products. We have grown the number of shelf placements to approximately 32,000 in January 2016.

The Company continually reviews its accounts in order to focus on maximum performance, and as a result periodically eliminates under-performing accounts.



## Industry Overview

Our products are considered specialty prepared foods, in that they are all natural, taste great, are authentic Italian and are made with high quality ingredients. The market for specialty and prepared foods spans several sections of the supermarket, including frozen, deli- prepared foods, and the specialty meat segment of the meat department. The overall size of the specialty prepared food business was calculated by the National Association for the Specialty Food Trade in association with Mintel Research at over \$109 billion in 2015 and has grown 22% since 2012.

Packaged Facts, a leading publisher of market research on the food, beverage, consumer packaged goods, and demographic sectors, projects the overall sales of Refrigerated Meats and Meals to be approximately \$31 billion by 2018, up from \$23 billion in 2013. According to Packaged Facts, this 5.5% implied CAGR is likely driven by trends including a focus on convenience and healthy and creative new products. In addition, Packaged Facts projects that retail sales of Natural/Organic Foods and Beverages will reach \$53.5 billion in 2014 and will grow to \$86.7 billion by 2019. This implied CAGR of 10.1% is likely driven by the growing social and environmental issues surrounding the interest in and health benefits of natural and organic foods. Technomics, a consulting firm in the fresh prepared foods industry, projects fresh food sales to be \$33.4 billion in 2017, up from \$26 billion in 2012.

## Our Strengths

We believe that the following strengths differentiate our products and our brand:

***Authentic recipes and great taste.*** Our products are founded upon Anna “Mama” Mancini’s old world Italian recipes. We believe the authenticity of our products has enabled us to build and maintain loyalty and trust among our current customers and will help us attract new customers. Additionally, we continuously receive positive customer testimonials regarding the great taste and quality of our products.

***Healthy and convenient.*** Our products are made only from high quality natural ingredients, including domestic inspected beef, whole Italian tomatoes, genuine imported Pecorino Romano, real eggs, natural breadcrumbs, olive oil and other herbs and spices. Our products are also simple to prepare. Virtually every product we offer is ready-to-serve within 12 minutes, thereby providing quick and easy meal solutions for our customers. By including the sauce and utilizing a tray with our packaging, our meatballs can be prepared quickly and easily.

***Great value.*** We strive to provide our customers with a great tasting product using all natural ingredients at an affordable price. Typical retail prices for 16 oz. packages ranges from \$5.99 to \$7.49, and \$5.99 to \$8.99 for bulk products sold in delis or hot bars. We believe the sizes of our product offerings represent a great value for the price.

***New products and innovation.*** Since our inception, we have continued to introduce new and innovative products. While we pride on ourselves on our traditional beef, turkey, chicken and pork meatballs, we have continuously made

efforts to grow and diversify our line of products while maintaining our high standards for all natural, healthy ingredients and great taste. New items introduced in the last year include:

Five Cheese Stuffed Beef Meatballs	Antibiotic Free Beef and Turkey Meatballs
Chicken Parmigiana Stuffed Meatballs	Gluten Free Beef and Turkey Meatballs
Chicken Florentine Stuffed Meatballs	Cocktail Beef and Turkey Meatballs
Grass-Fed, Antibiotic-Free Beef Meatballs	Beef and Turkey Original Meat Loaves
Beef and Turkey Parmigiana Meat Loaves	Beef and Turkey Bacon Gorgonzola Meat Loaves

***Strong consumer loyalty.*** Many of our consumers are loyal and enthusiastic brand advocates. Our consumers trust us to deliver great-tasting products made with all natural ingredients. Consumers have actively communicated with us through our website and/or social media channels. We believe that this consumer interaction has generated interest in our products and has inspired enthusiasm for our brand. We also believe that enthusiasm for our products has led and will continue to lead to repeat purchases and new consumers trying our products.

***Experienced leadership.*** We have a proven and experienced senior management team. Our Chief Executive Officer and Chairman, Carl Wolf, has been with us since inception and has over 35 years of experience in the management and operations of food companies. Mr. Wolf was the founder, majority shareholder, Chairman of the Board, and CEO of Alpine Lace Brands, Inc., a public company engaged in the development, marketing and distribution of cheese, deli meats and other specialty food products, which was sold to Land O'Lakes, Inc. In addition, the other members of our board of directors also have significant experience in the food industry.

## Our Growth Strategy

We are actively trying to build our brand's reputation, grow sales and improve our product and operating margins by pursuing the following growth strategies:

***Increase retail locations.*** We intend to increase sales by expanding the number of retail stores that sell our products in the mainstream grocery and mass merchandiser channels.

***Increase product placements within retail locations.*** We strive for product placements in the fresh and deli segments of food retailers. We believe adding shelf placements within the supermarkets that carry our products will increase customer awareness, leading to more consumers purchasing our products and expanding our market share.

***Increase Sales.*** We have an experienced sales staff and now employ one full time Vice President of sales as well as our Co-Founder Dan Dougherty, Carl Wolf, our Chief Executive Officer and Chairman, and Matthew Brown, our President, each of whom is involved with selling to, and managing sales with, major supermarket chains.

***Expand food brokerage network.*** We currently work with approximately 35 retail food brokers. In December 2015 we expanded our broker sales representative network, adding 8 within various territories and with specific accounts of focus. We intend to add additional food brokers in 2016 to increase our geographical coverage in the United States from approximately 60% in 2015 to approximately 90%.

***Enhance awareness through marketing.*** We have increased our social media activity with Facebook, Twitter, Pinterest, and YouTube. We also engage with consumers through newsletter mailings, blogs, and special projects, including a bank of recipe videos and contests and giveaways. Targeted consumer merchandising activity, including virtual couponing, on-pack couponing, mail-in rebates, product demonstrations, and co-op retail advertising will continue into the future in order to increase sales and generate new customers.

***Adding new products.*** Our market research and consumer testing enable us to identify attractive new product opportunities. We intend to continue to introduce new products in both existing and new product lines that appeal to a wide range of consumers. We currently have approximately 26 product offerings.

***Increase QVC Sales.*** The Company currently offers 12 product lines, an increase from the original 2 lines commenced in June 2015. The Company intends to increase its product line offerings offered through QVC.

***Increase Media Exposure.*** Increase the visibility of Dan Dougherty (Mancini) in the media as a product spokesman, especially with respect to QVC. Increase auto-delivery and website use for return customers.

***Increase Sales in "Fresh" Section.*** Increase sales in the "Fresh" section (in the perimeter of the retainer), where there is significant sales growth, over products in the "Frozen" section which are showing no to negative growth.

***"Club Stores".*** The Company is aggressively pursuing sales to "Club Stores"

## Products

Our principal products are meatballs with slow cooked Italian Sauce. We currently offer meatballs using the following meats: beef, turkey, chicken and pork.

Our current beef meatball products include:

Our current turkey meatball products include:

Our current chicken meatball products include:

Sauce Products:

Pricing

Our pricing strategy focuses on being competitively priced with other premium brands. Since our products are positioned in the authentic premium prepared food category, we maintain prices competitive with those of similar products and prices slightly higher than those in the commodity prepared foods section. This pricing strategy also provides greater long-term flexibility as we grow our product line through the growth curve of our products. Current typical retail prices for 16 oz. packages range from \$5.99 to \$7.49, and \$5.99 to \$8.99 for bulk products sold in delis or hot bars. Increases in raw materials costs, among other factors, may lead to us consider price increases in the future.

Suppliers/Manufacturers

None of our raw materials or ingredients are grown or purchased directly by us. We employ one company, JEFE to order all raw materials or ingredients, as well as manufacture approximately 95% of our products to date. JEFE is owned by both the CEO and President of the Company.

We are negotiating with several other manufacturers to supplement the services provided by JEFE. We currently purchase modest quantities from other manufacturers. All of the raw materials and ingredients in our products are readily available and are readily ascertainable by our suppliers. We have not experienced any material shortages of ingredients or other products necessary to our operations and do not anticipate such shortages in the foreseeable future.

#### Sales/Brokers

As of January 31, 2016, our products are carried by approximately 10,100 food retail locations with an average of 3.16 different items per retail location, thereby totaling approximately 32,000 product placements on shelves in such retail locations. Our products are sold in the frozen meat case, the frozen Italian specialty section, the fresh meat case, the deli (in bulk and grab n' go pre-packaged formats) as well as hot bars and sandwich shops in food retailers.

Our products are sold primarily through a commission broker network. We sell to large retail chains who direct our products to their own warehouses or to large food distributors.

In December 2015, the Company increased its sales management efforts with the result that the Company is now actively soliciting business with almost every major retail supermarket chain in the country. Currently, all of our full-time employees and Dan Dougherty sell our products directly to supermarkets and mass retailers. MamaMancini's products are currently sold primarily in the Northeast and Southeast.

#### Marketing

The majority of our marketing activity has been generated through promotional discounts, consumer trial, consumer product tastings and demonstrations, in-store merchandising and signage, couponing, word of mouth, consumer public relations, social media, special merchandising events with retailers and consumer advertising.

The Company has also developed a brand ambassador program for consumer advocates of MamaMancini's. Advocates receive coupons, hats, tote bags and other incentives to promote our brand. In addition, the Company has an active on-line and traditional paper couponing activity and employees outside services to deliver coupons to consumers such as Coupons.com, Ibotta, Facebook, newspaper free standing inserts, and on pack coupons as well as our web site. Dan Dougherty has been the principal spokesperson for MamaMancini's, and has made appearances or had article features including the Martha Stewart Show, Entertainment Tonight, Today Cooking School, New York Times, Wall Street Journal, USA Today and People Magazine.

Based on the Company's metrics for determining brand awareness, which includes market studies and analysis of consumer recognition of the MamaMancini's brand, the Company believes that brand awareness for MamaMancini's has grown significantly in the past 12 months.

#### Investments - Meatball Obsession

In March of 2011, we invested \$27,032 for a 35% interest in Meatball Obsession. Meatball Obsession offers a fast service menu of single-serve, take-out meatball offerings. As of January 31, 2016, we owned 12% of Meatball Obsession. Meatball Obsession has expanded into 4 locations from the first kiosk that opened in March 2012 in New York City, and plans to open additional kiosks at universities, airports, food courts and other high pedestrian traffic areas around the United States. Meatball Obsession has signed an exclusive supply agreement with MamaMancini's whereby Meatball Obsession will sell MamaMancini's branded products as its primary menu selections. One of our directors, Steven Burns, serves as the Chairman of the Board of Directors of Meatball Obsession.

#### Competition

The gourmet and specialty pre-packaged and frozen food industry has many large competitors specializing in various types of cuisine from all over the world. Our product lines are currently concentrated on Italian specialty foods. While it is our contention that our competition is much more limited than the entire frozen and pre-packaged food industry based on our products' niche market, there can be no assurances that we do not compete with the entire frozen and pre-packaged food industry. We believe our principal competitors include Quaker Maid / Philly-Gourmet Meat Company, Hormel, Rosina Company, Inc., Casa Di Bertacchi, Inc., Farm Rich, Inc., Mama Lucia, and Buona Vita, Inc.

## Intellectual Property

Our current intellectual property consists of trade secret recipes and cooking processes for our products and three trademarks for “MamaMancini’s”, “Mac N’ Mamas” and “The Meatball Lovers Meatball”. The recipes and use of the trademarks have been assigned in perpetuity to the Company.

We rely on a combination of trademark, copyright and trade secret laws to establish and protect our proprietary rights. We will also use technical measures to protect our proprietary rights.

## Royalty Agreement

In accordance with a Development and License Agreement (the “Development and License Agreement”) entered into on January 1, 2009 with Dan Dougherty relating to the use of his grandmother’s recipes for the products to be created by MamaMancini’s, Mr. Dougherty granted us a 50 year exclusive license (subject to certain minimum payments being made), with a 25 year extension option, to use and commercialize the licensed items. Under the terms of the Development and License Agreement, Mr. Dougherty shall develop a line of beef meatballs with sauce, turkey meatballs with sauce and other similar meats and sauces for commercial manufacture, distribution and sale (each a “Licensor Product” and collectively the “Licensor Products”). Mr. Dougherty shall work with us to develop Licensor Products that are acceptable to us. Upon acceptance of a Licensor Product by us, Mr. Dougherty’s trade secret recipes, formulas methods and ingredients for the preparation and production of such Licensor Products shall be subject to the Development and License Agreement. In connection with the Development and License Agreement, we pay Mr. Dougherty a royalty fee on net sales.

## Supply Agreement

On March 1, 2010, the Company entered into a five-year agreement with JEFE. JEFE is owned by both the CEO and President of the Company. Under the terms of the agreement, the Company granted to JEFE a revocable license to use the Company’s recipes, formulas, methods and ingredients for the preparation and production of Company’s products, for manufacturing the Company’s product and all future improvements, modifications, substitutions and replacements developed by the Company. JEFE in turn granted to the Company the exclusive right to purchase the product. Under the terms of the agreement JEFE agreed to manufacture, package, and store the Company’s products. The Company has the right to purchase products from one or more other manufacturers, distributors or suppliers. The agreement contains a perpetual automatic renewal clause for a period of one year after the expiration of the initial term. During the renewal period either party may cancel the contract with written notice nine months prior to the termination date. The agreement was automatically renewed in February 2016 and will continue to automatically renew unless notice of termination is provided in writing by either party nine months prior to expiration.



Under the terms of the agreement if the Company specifies any change in packaging or shipping materials which results in JEFE incurring increased expense for packaging and shipping materials or in JEFE being unable to utilize obsolete packaging or shipping materials in ordinary packaging or shipping, the Company agrees to pay as additional product cost the additional cost for packaging and shipping materials and to purchase at cost such obsolete packaging and shipping materials. If the Company requests any repackaging of the product, other than due to defects in the original packaging, the Company will reimburse JEFE for any labor costs incurred in repackaging. Per the agreement, all product delivery shipping costs are the expense of the Company.

#### USDA approval / Regulations

Our food products, which are manufactured in third-party facilities, are subject to various federal, state and local regulations and inspection, and to extensive regulations and inspections, regarding sanitation, quality, packaging and labeling. In order to distribute and sell our products outside the State of New Jersey, the third-party food processing facilities must meet the standards promulgated by the U.S. Department of Agriculture (the "USDA"). Our third party manufacturers processing facilities and products are subject to periodic inspection by federal, state, and local authorities. In January 2011, the FDA's Food Safety Modernization Act was signed into law. The law will increase the number of inspections at food facilities in the U.S. in an effort to enhance the detection of food borne illness outbreaks and order recalls of tainted food products. The facilities in which our products are manufactured are inspected regularly and comply with all the requirements of the FDA and USDA.

We are subject to the Food, Drug and Cosmetic Act and regulations promulgated thereunder by the FDA. This comprehensive regulatory program governs, among other things, the manufacturing, composition and ingredients, packaging, and safety of food. Under this program, the FDA regulates manufacturing practices for foods through, among other things, its current "good manufacturing practices" regulations, or GMP's, and specifies the recipes for certain foods. Specifically, the USDA defines "all natural" as a product that contains no artificial ingredients, coloring ingredients or chemical preservatives and is minimally processed. The Company's products were submitted to the USDA and approved as "all natural". However, should the USDA change their definition of "all natural" at some point in the future, or should MamaMancini's change their existing recipes to include ingredients that do not meet the USDA's definition of "all natural", our results of operations could be adversely affected.

The FTC and other authorities regulate how we market and advertise our products, and we are currently in compliance with all regulations related thereto, although we could be the target of claims relating to alleged false or deceptive advertising under federal and state laws and regulations. Changes in these laws or regulations or the introduction of new laws or regulations could increase the costs of doing business for us or our customers or suppliers or restrict our actions, causing our results of operations to be adversely affected.

### Quality Assurance

We take precautions designed to ensure the quality and safety of our products. In addition to routine third-party inspections of our contract manufacturer, we have instituted regular audits to address topics such as allergen control, ingredient, packaging and product specifications and sanitation. Under the FDA Food Modernization Act, each of our contract manufacturers is required to have a hazard analysis critical control points plan that identifies critical pathways for contaminants and mandates control measures that must be used to prevent, eliminate or reduce relevant food-borne hazards.

Our current contract manufacturer, JEFE, is certified in the Safe Quality Food Program. These standards are integrated food safety and quality management protocols designed specifically for the food sector and offer a comprehensive methodology to manage food safety and quality simultaneously. Certification provides an independent and external validation that a product, process or service complies with applicable regulations and standards.

We work with suppliers who assure the quality and safety of their ingredients. These assurances are supported by our purchasing contracts or quality assurance specification packets, including affidavits, certificates of analysis and analytical testing, where required. The quality assurance staff of both our contract manufacturer and our own internal operations department conducts periodic on-site routine audits of critical ingredient suppliers.

### Where You Can Find More Information

The public may read and copy any materials the Company files with the U.S. Securities and Exchange Commission (the "SEC") at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0030. The SEC maintains an Internet website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

### **Item 1A. Risk Factors**

Smaller reporting companies are not required to provide the information required by this item.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our principal executive office is located at 25 Branca Road East Rutherford, NJ 07073. We currently pay an administrative fee of \$2,000 per month to JEFE which includes use of office space and telephones, computers and photocopy and fax use. We utilize approximately 1,000 square feet of office space on a month-to-month basis. This space is utilized for office purposes and it is our belief that the space is adequate for our immediate needs. Additional space may be required as we expand our business activities. We do not foresee any significant difficulties in obtaining additional facilities if deemed necessary.

Item 3. Legal Proceedings.

We are not currently involved in any litigation that we believe could have a materially adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our Company, our common stock, any of our subsidiaries or of our Company's or our Company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 4. Mine Safety Disclosures.

Not applicable.

## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

*(a) Market Information*

Our shares of common stock are currently quoted on the OTCQB under the symbol "MMMB" The following table sets forth (i) the intra-day high and low sales price per share for our common stock, as reported on the OTCQB, for the fiscal years ended January 31, 2016 and January 31, 2015. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Fiscal Year Ended January 31, 2016	High	Low
First Quarter	\$1.65	\$1.00
Second Quarter	\$1.48	\$0.73
Third Quarter	\$0.75	\$0.51
Fourth Quarter	\$0.75	\$0.31

Fiscal Year Ended January 31, 2015	High	Low
First Quarter	\$3.00	\$1.25
Second Quarter	\$3.60	\$1.15
Third Quarter	\$2.83	\$1.80
Fourth Quarter	\$2.10	\$1.00

The market price of our common stock, like that of other early stage companies, is highly volatile and is subject to fluctuations in response to variations in operating results, announcements of new products, or other events or factors. Our stock price may also be affected by broader market trends unrelated to our performance.

*(b) Holders*

As of April 18, 2016, a total of 26,530,916 shares of the Company's common stock are currently outstanding held by approximately 142 shareholders of record. This figure does not take into account those shareholders whose certificates are held in the name of broker-dealers or other nominees.

(c) Dividends

*Preferred Stock.* The holders of the Series A Convertible Preferred are entitled to receive dividends at a rate of either percent (8%) per annum payable quarterly in cash or Company Common Stock at the option of the holder. We have not paid any cash dividends to the holders of our Common Stock.

*Common Stock.* The declaration of any future cash dividends is at the discretion of our board of directors and depends upon our earnings, if any, our capital requirements and financial position, general economic conditions, and other pertinent conditions. It is our present intention not to pay any cash dividends on our Common Stock in the foreseeable future, but rather to reinvest earnings, if any, in our business operations.

***(d) Securities Authorized for Issuance under Equity Compensation Plans***

At the present time, we have 450,000 shares of common stock authorized for issuance under our equity compensation plan. For more information on our equity compensation plan please refer to the Current Report on Form 8-K filed with the Securities and Exchange Commission on June 5, 2013.

### Recent Sales of Unregistered Securities

During the period between June 11, 2015 and January 5, 2016, the Company had multiple closing of a Units Offering wherein the Company sold Units comprising shares of Series A Convertible Preferred Stock and Warrants. Each unit was priced at \$100.00 and the Offering produced gross proceeds of \$2,340,000. The initial 10,000 Units were acquired as follows: (1) 3,000 Units were acquired by the Company's Chief Executive Officer on the conversion of \$300,000 of demand notes then held by such officer; (2) 4,500 Units were acquired by the six directors of the Company on the conversion of certain Convertible Debentures held by such directors in the aggregate face amount of \$450,000 and (3) Of the remaining 2,500 Units, 1,000 of the Units were acquired by the Company's Chief Executive Officer (which were later sold to an unrelated party) and 1,500 Units were acquired by an accredited investor. The remaining 13,400 Units were acquired by 12 accredited investors. In the aggregate, the Company sold a total of 23,400 shares of Series A Preferred Stock (convertible according to their terms into 3,466,777 shares of Company Common Stock, subject to adjustment) and Warrants to purchase a total of 3,466,777 shares for a five-year period from the applicable closing date at a price of \$1.00 (subject to adjustment). Additionally, in April 2016 the Company granted an aggregate of an additional 2,510,001 Warrants to investors in a prior offering. These Warrants are for a term of five (5) years at an exercise price of \$1.50 per share.

There were no other sales of unregistered securities not already reported on the Company's quarterly filings on Form 10-Q or on a Current Report on Form 8-K.

### Item 6. Selected Financial Data.

Pursuant to permissive authority under Regulation S-K, Rule 301, we have omitted Selected Financial Data.

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

THE FOLLOWING DISCUSSION OF OUR PLAN OF OPERATION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND RELATED NOTES TO THE FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS REPORT. THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT RELATE TO FUTURE EVENTS OR OUR FUTURE FINANCIAL PERFORMANCE. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. THESE RISKS AND OTHER FACTORS INCLUDE, AMONG OTHERS, THOSE LISTED UNDER "FORWARD-LOOKING STATEMENTS" AND "RISK FACTORS" AND THOSE

INCLUDED ELSEWHERE IN THIS REPORT.

## Plan of Operation

The Company plans to sell more of its products into new and existing food retail outlets. At the same time, the Company is refining its customer base to concentrate on more profitable accounts. Social media activity has increased with Facebook, Twitter, Pinterest, YouTube, newsletter mailings, blogs, and helpful consumer content and special projects including a recipe bank of videos and MamaMancini's contest and giveaways. Increased consumer merchandising activity, including virtual couponing, on-pack couponing, mail-in rebates, product demonstrations, and co-op retail advertising has commenced to increase sales to existing customers and new customers.

We believe that the ongoing introduction of the Company's new all natural brand Slow Cooked Italian Sauce and various meatball and entrée products show promise for additional product placements and sales in 2016 and thereafter. These products include Five Cheese Stuffed Beef Meatballs, Chicken Parmigiana Style Stuffed Meatballs, Chicken Florentine Stuffed Meatballs, Gluten Free Beef and Turkey Meatballs, Antibiotic Free Beef and Turkey Meatballs, Cocktail Meat Balls, Hearty Beef and Turkey Sauce, Original Beef and Turkey Meat Loaves, Beef and Turkey Parmigiana Meat Loaves, Beef and Turkey Bacon Gorgonzola Meat Loaves and Grass-fed Beef Meatballs. This line is available in bulk food service pack, retail packages in fresh varieties, and club store pack in fresh varieties. Additionally, the Company plans to continue expansion into various new retailers with placement of its existing product line of Beef, Turkey, Pork and Chicken Meatballs and Sauce, as well as Marinara and Italian Sauce with beef flavors.

The Company has key sales personnel and a sales network of paid broker representatives. We currently work with approximately 35 retail food brokers. In December 2015 we expanded our broker sales representative network, adding 8 within various territories and with specific accounts of focus. We intend to add additional food brokers in 2016 to increase our geographical coverage in the United States from approximately 60% coverage in 2015 to approximately 90%. Management continues to solicit all major supermarket retailers, club stores and mass-market accounts. The Company is also soliciting business in Canada and Mexico.

The Company currently has supply agreement with JEFE, a related party, which has been extended to February 28, 2017. This agreement automatically renews for periods of one year unless otherwise terminated by nine months prior written notice. JEFE is owned by the CEO and President of the Company.

JEFE increased its manufacturing capacity in 2015 to meet the anticipated increased demand of the Company. Additions of high-speed equipment and new production order flow have occurred. The Company also expects that its packaging costs will decrease as it purchases longer runs of material and supplies but cannot guarantee that such packaging costs will decrease with the purchase of such materials or at all.

We believe that MamaMancini's products have the ability to expand sales and deliver more products within several areas of consumption by consumers such as fresh meat, prepared foods, hot bars, cold bars in delis, and sandwich sections of supermarkets and other food retailers. In addition, we believe that MamaMancini's products can be sold into food service channels, mass market, and exported or as a component of other products.

In addition, since April 2015, the Company has streamlined its sales, and in the process has eliminated sales to about 20% of its customers that had produced a negative profit contribution.

#### Results of Operations for the Years ended January 31, 2016 and January 31, 2015

The following table sets forth the summary statements of operations for the years ended January 31, 2016 and January 31, 2015:

	Years Ended	
	January 31, 2016	January 31, 2015
Sales - Net of Slotting Fees and Discounts (1)	\$ 12,603,447	\$ 12,010,268
Gross Profit	\$ 3,597,227	\$ 3,206,728
Operating Expenses	\$(5,856,544)	\$(6,956,918)
Other Income (Expense)	\$(1,252,301)	\$(310,286)
Net Loss	\$(3,511,618)	\$(4,060,476)

(1) Slotting fees are required in new placements with some, but not a majority of supermarket chains that the Company does business with. They are negotiated with each chain depending upon the expected return to the Company. We believe that we have successfully negotiated such slotting fees to a relatively low expense. We have taken into account future fees currently being negotiated in preliminary negotiations for new placements. We do not believe



our size or financial limitations are an impediment to being able to pay such slotting fees. Slotting fee costs are an expense in growing the business as are other marketing and sales costs and the Company has accounted for these fees in assessing its estimated working capital for the next 12 months.

For the years ended January 31, 2016 and January 31, 2015, the Company reported a net loss of \$(3,511,618) and \$(4,060,476), respectively. The change in net loss between the year ended January 31, 2016 and January 31, 2015, which was primarily attributable to an increase in sales and decreases in expenses detailed below.

*Sales:* Sales, net of slotting fees and discounts increased by approximately 4.9% to \$12,603,447 during the year ended January 31, 2016, from \$12,010,268 during the year ended January 31, 2015. The Company has sold into approximately 32,000 retail and grocery locations at January 31, 2016 as compared to approximately 37,000 retail and grocery locations at January 31, 2015. The reduction of sales locations was done to eliminate certain unprofitable retailers. These actions have contributed to an increased profit margin percentage.

*Gross Profit:* The gross profit margin was 29% for the year ended January 31, 2016 compared to 27% for the year ended January 31, 2015.

*Operating Expenses:* Operating expenses decreased by 16% during the year ended January 31, 2016, as compared to the year ended January 31, 2015. The \$1,100,374 decrease in operating expenses is primarily attributable to the following approximate decreases in operating expenses:

Stock-based compensation for services rendered by employees and consultants decreased by of \$20,815 compared to the prior period which included stock options issued to the Board of Directors with grant date fair value of \$136,587 which vested upon grant;

Advertising, social media and promotional expenses of \$779,000 related to a decrease in spending on our radio advertising campaign and special promotions;

Professional fees decreased by \$493,500 due to better management of this expense;

Trade show and travel expenses of \$12,000 related to the members of the Company traveling and attending less trade shows;

Royalty expenses decreased by \$13,000 due to changes in royalty rates in relation to fluctuations in sales;

These expense decreases were offset by increases in the following expenses:

Payroll and related expense of \$142,900 as compensation to an overall increase in personnel;

Commission expenses of \$35,900 related to increased sales;

Depreciation expense of \$115,400 due to new fixed asset purchases during the period;

Research and development costs increased by \$6,800 due to the increase in overall costs for research and development during the year;

Insurance expense increased by \$28,900; and

Postage and freight of \$141,200 due to higher sales offset by better efficiency, and higher shipping and handling costs for QVC.

*Other Expense:* Other expenses increased by \$942,015 to \$1,252,301 for the year ended January 31, 2016 as compared to \$310,286 during the year ended January 31, 2015. For the year ended January 31, 2016, other expenses consisted of \$555,071 in interest expense incurred on the Company's line of credit and term loan with EGC, the

convertible debenture with Manatuck, the promissory notes and the related party notes payable. The Company also recorded \$261,670 of amortization expense of the debt discount for the Manatuck Debenture. In addition, the Company recorded \$55,471 of amortization expense related to the closing costs incurred in conjunction with the finance arrangements. The Company also recorded \$380,089 from a loss on debt extinguishment related to the amendment to the Manatuck agreement in October 2015. For the year ended January 31, 2015, other expenses consisted of \$163,136 in interest expense incurred on the Company's previous line of credit with FGI, \$46,197 of amortization expense of the debt discount for the Manatuck note and \$100,953 of amortization expense related to the closing costs incurred in conjunction with the finance arrangements during the year.

#### Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working capital at January 31, 2016 compared to January 31, 2015:

	January 31, 2016	January 31, 2015	Increase/ (Decrease)
Current Assets	\$4,719,995	\$5,709,655	\$(989,660 )
Current Liabilities	\$4,780,980	\$2,745,534	\$2,035,446
Working Capital	\$(60,985 )	\$2,964,121	\$(3,025,106)

As of January 31, 2016, we had a working capital deficiency of \$(60,985) as compared to a working capital surplus of \$2,964,121 as of January 31, 2015, a decrease of \$3,025,106. The decrease in working capital is primarily attributable to long-term debt becoming short-term debt. During the year ended January 31, 2016, the Company raised net proceeds of \$1,143,670 from the sale of 23,400 shares of preferred stock and \$775,000 proceeds from various notes.

Net cash used in operating activities for the years ended January 31, 2016 and January 31, 2015 was \$1,260,259 and \$5,007,364, respectively. The net loss for the years ended January 31, 2016 and January 31, 2015 was \$3,511,618 and \$4,060,476, respectively.

Net cash used in all investing activities for the year ended January 31, 2016 was \$208,226 as compared to \$316,831 for the year ended January 31, 2015. During the year ended January 31, 2016 and 2015, the Company paid approximately \$208,226 and \$316,831, respectively, to acquire new machinery and equipment.

Net cash provided by all financing activities for the year ended January 31, 2016 was \$1,200,912 as compared to \$4,637,550 for the year ended January 31, 2015. During the year ended January 31, 2016, the Company had net borrowings of \$650,000 for transactions pursuant to convertible debentures in May 2015 which were converted to Series A Preferred Stock as part of a private placement on June 11, 2015. During the year ended January 31, 2016, the Company received additional proceeds of \$1,580,000 from private placements of Series A Preferred Stock. The Company also received proceeds of \$125,000 from related party notes payable. These increases were offset by \$10,021, \$449,477, \$120,000, \$138,260 and \$436,330 paid for deferred offering costs, net activity on line of credit, repayments on a term loan, net payments of promissory notes, and stock issuance costs, respectively. During the year ended January 31, 2015 the Company raised net proceeds of \$1,180,003 from the sale of shares of common stock and \$100,000 for common stock subscribed, net borrowings of \$1,186,394, \$600,000 and \$2,000,000 for transactions pursuant to the line of credit, term loan and convertible note agreements, respectively. These increases were offset by \$174,211, \$214,636, and \$40,000 paid for stock issuance costs, debt issuance costs, and repayments on a term loan, respectively.

As reflected in the accompanying consolidated financial statements, the Company has a net loss and net cash used in operations of \$3,511,618 and \$1,260,259, respectively, for the year ended January 31, 2016.

Our auditor has expressed substantial doubt about our ability to continue as a going concern. The ability of the Company to continue its operations is dependent on Management's plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur additional liabilities with certain related parties to sustain the Company's existence. In the event that we are unable to generate adequate revenues to cover expenses and cannot obtain additional financing in the near future, we may seek protection under bankruptcy laws. The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the

normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company may require additional funding to finance the growth of its current and expected future operations as well as to achieve its strategic objectives. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all. In that event, the Company would be required to change its growth strategy and seek funding on that basis, though there is no guarantee it will be able to do so.

During the year ended January 31, 2016, Management raised capital through debt and equity financings. The Company intends to utilize the capital in order to further advertise and market the Company's brand and to assist in penetrating additional distribution channels.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Smaller reporting companies are not required to provide the information required by this item.

**Item 8. Financial Statements.**

Our consolidated financial statements appear at the end of this Annual Report.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

There are no reportable events under this item for the year ended January 31, 2016.

Item 9A. Controls and Procedures.

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(e) under the Exchange Act) are not effective to ensure that information required to be disclosed by us in report that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

This Company's management is responsible for establishing and maintaining internal controls over financial reporting and disclosure controls. Internal Control Over Financial Reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial  
(2) statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the registrant; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is appropriately recorded, processed, summarized and reported within the specified time periods.

Management has conducted an evaluation of the effectiveness of our internal control over financial reporting as of January 31, 2016, based on the framework established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

Based on this assessment, management concluded that as of the period covered by this Annual Report on Form 10-K, it had material weaknesses in its internal control procedures.

As of period covered by this Annual Report on Form 10-K, we have concluded that our internal control over financial reporting was ineffective. The Company’s assessment identified certain material weaknesses which are set forth below:

#### Functional Controls and Segregation of Duties

Because of the Company’s limited resources, there are limited controls over information processing.

There is an inadequate segregation of duties consistent with control objectives. Our Company’s management is composed of a small number of individuals resulting in a situation where limitations on segregation of duties exist. In order to remedy this situation we would need to hire additional staff to provide greater segregation of duties. Currently, it is not feasible to hire additional staff to obtain optimal segregation of duties. Management will reassess this matter in the following year to determine whether improvement in segregation of duty is feasible.

Accordingly, as the result of identifying the above material weakness we have concluded that these control deficiencies resulted in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by the Company’s internal controls.

Management believes that the material weaknesses set forth above were the result of the scale of our operations and are intrinsic to our small size. Management believes these weaknesses did not have a material effect on our financial results and intends to take remedial actions upon receiving funding for the Company's business operations.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report herein.

(c) CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

We are committed to improving our financial organization. As part of this commitment, we will create a position to segregate duties consistent with control objectives and will increase our personnel resources and technical accounting expertise within the accounting function when funds are available to us by preparing and implementing sufficient written policies and checklists which will set forth procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements.

Management believes that preparing and implementing sufficient written policies and checklists will remedy the material weaknesses pertaining to insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements.

We intend to take appropriate and reasonable steps to make the necessary improvements to remediate these deficiencies, including:

- (1) We will revise processes to provide for a greater role of independent board members in the oversight and review until such time that we are adequately capitalized to permit hiring additional personnel to address segregation of duties issues, ineffective controls over the revenue cycle and insufficient supervision and review by our corporate management.
- (2) We will update the documentation of our internal control processes, including formal risk assessment of our financial reporting processes.

We intend to consider the results of our remediation efforts and related testing as part of our year-end 2016 assessment of the effectiveness of our internal control over financial reporting.



Subsequent to January 31, 2016, we plan to undertake the following steps to address the deficiencies stated above:

Continued the development and documentation of internal controls and procedures surrounding the financial reporting process, primarily through the use of account reconciliations, and supervision.

Added additional accounting staff to further segregate duties and help the Company maintain timely reporting of financial results.

Item 9B. Other Information.

None.

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## PART III

**Item 10. Directors, Executive Officers and Corporate Governance.**

## Directors and Executive Officers

The following table discloses our directors and executive officers as of April 1, 2016.

Name	Age	Position
Carl Wolf	72	Chief Executive Officer and Chairman of the Board of Directors
Matthew Brown	47	President and Director
Lewis Ochs	69	Chief Financial Officer
Steven Burns	55	Director
Alfred D'Agostino	62	Director
Thomas Toto	61	Director
Dan Altobello	75	Director
Dean Janeway	72	Director

**Carl Wolf** has over 35 years of experience in the management and operations of companies in the food industry. Mr. Wolf has served as Chief Executive Officer and Chairman of the Board of MamaMancini's from February 2010 through the Present. Mr. Wolf was the founder, majority shareholder, Chairman of the Board, and CEO of Alpine Lace Brands, Inc., a NASDAQ-listed public company with over \$125 million in wholesale sales. He also founded, managed, and sold MCT Dairies, Inc., a \$60 million international dairy component resource company. Other experience in the food industry includes his role as Co-chairman of Saratoga Beverage Company, a publicly traded (formerly NASDAQ: TOGA) bottled water and fresh juice company prior to its successful sale to a private equity firm. Mr. Wolf served as an advisor to Mamma Sez Biscotti, a snack and bakery product company (which was sold in a later period to Nonnis, the largest biscotti company in the United States) from 2002 to 2004. Previously he served as Director and on the Audit and Development committees of American Home Food Products, Inc. a publically traded marketer Artisanal Brand Cheeses, from 2007 to 2009. Mr. Wolf also served as Chairman of the Board of Media Bay, which was a NASDAQ-listed public company which ally traded direct seller of spoken word through its audio book club and old time radio classic activities and download spoken content, from 2002 to 2004.

Mr. Wolf received his B.A. in 1965 from Rutgers University (Henry Rutgers Scholar) and his M.B.A. in 1966 from the University of Pittsburgh (with honors).

In evaluating Mr. Wolf's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his numerous years of experience in the food industry, as a serial entrepreneur in growing business, his knowledge of publicly traded companies, and his proven track record of success in such endeavors.

**Matthew Brown** has over 20 years of experience in the sales and marketing of products in the food industry. Beginning in February 2010 through the present, he has served as President of MamaMancini's. From April 2001 until January of 2012, he served as the President of Hors D'oeuvres Unlimited, overseeing the day to day operations of their food manufacturing business. He previously worked as a marketing associate from September 1993 to December 1998 at Kraft Foods, Inc., where he dealt with numerous aspects of the company's marketing of their food products.

Mr. Brown received his B.A. from the University of Michigan in 1991 and his M.B.A. from the University of Illinois in 1993.

In evaluating Mr. Brown's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his numerous years of experience in sales and marketing, and his proven track record of success in such endeavors.

**Lewis Ochs** has over 40 years of experience in the financial and accounting industry. From February 2010 through the present he has served as the Executive Vice President of Finance for MamaMancini's. Effective September 5, 2014 Mr. Ochs was named our Chief Financial Officer. Additionally, beginning in January 2003 and still presently, he serves as the CFO of Hors D'oeuvres Unlimited, overseeing all of the financial aspects of the company. From 1979 through 1991, he also was an owner of Captive Plastics, Inc., a large molding manufacturer, directly contributing to the overseeing of over 500 union and non-union employees. At various times in his career he also acted as an independent consultant utilizing his financial skills including forensic accounting, restructuring of businesses, and as a field examiner for lending institutions.

Mr. Ochs received his B.S. in Accounting from the University of Akron in 1970.

In evaluating Mr. Ochs' specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his numerous years of experience in finance and accounting, and his proven track record of success in such endeavors.

**Steven Burns** has over 20 years of experience in the management and operations of various companies. Mr. Burns has served as a director of MamaMancini's from February 2010 through the present. Beginning in June 2011 and still presently, he serves as the Chairman of the Board of Directors of Meatball Obsession, LLC. Additionally, beginning in 2006 and still Presently he works as the President and CEO of Point Prospect, Inc., where he oversees the day to day operations of the company, which primarily deal with investments and services in real estate, clean and efficient energy sources, high-quality and healthy food services, and healthcare technology. Prior to that, for a period of 24 years he worked at and was senior executive at Accenture where he led the U.S. Health Insurance Industry Program comprised of approximately 600 professionals. He also has sat on various financial committees and boards of directors throughout his career.

Mr. Burns received his B.S. in Business Management from Boston College in 1982.

In evaluating Mr. Burns' specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his numerous years of experience in serving on board of directors, his knowledge of running and managing companies, and his proven track record of success in such endeavors.

**Alfred D'Agostino** has over 34 years of experience in the management and ownership of food brokerage and food distribution companies. Mr. D'Agostino has served as a director of MamaMancini's from February 2010 through the Present. Beginning in March 2001 and still presently, he serves as the President for World Wide Sales Inc., a perishable food broker that services the New York / New Jersey Metropolitan and Philadelphia marketplace. Prior to this he worked from September 1995 until February 2001 as Vice- President of the perishable business unit at Marketing Specialists, a nationwide food brokerage. Previously, from February 1987 until August 1995 he worked as a Partner for the perishable division of Food Associates until its merger with Merket Enterprises.

In evaluating Mr. D'Agostino's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his numerous years of experience in the food brokerage and other food related industries, his knowledge of running and managing companies, and his proven track record of success in such endeavors.

Mr. D'Agostino received his B.S. in Business Management from the City College of New York in 1974.

**Thomas Toto** has over 32 years of experience in the management and ownership of food brokerage and food distribution companies. Mr. Toto has served as a director of MamaMancini's from February 2010 through the Present. Beginning in June 2009 and still presently, he serves as the Senior Business manager for World Wide Sales Inc., a perishable food broker that services the New York / New Jersey Metropolitan and Philadelphia marketplace. Prior to this he worked from September 2007 until May 2009 as a Division President for DCI Cheese Co., a company that imported and distributed various kinds of cheeses. Previously from March 1993 until September 2007 he was the President and owner of Advantage International Foods Corporation, where he ran the day to day operations of importing and distributing cheeses around the world.

Mr. Toto received his B.A. from Seton Hall University in 1976 and his M.B.A. from Seton Hall University in 1979.

In evaluating Mr. Toto's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his numerous years of experience in the food brokerage and other food related industries, his knowledge of running and managing companies, and his proven track record of success in such endeavors.

**Dan Altobello** has served as a director of MamaMancini's since 2012. Since October 2000, Mr. Altobello, Chairman of Altobello Family LP, has been a private investor and active board member of several companies. From September 1995 until October 2000, Mr. Altobello was the Chairman of Onex Food Services, Inc., the parent of Caterair International, Inc. and LSG/SKY Chefs. He is a current member of the boards of directors of DiamondRock Hospitality Company, a publicly-traded hotel REIT, Northstar Senior Care Trust, Inc., a private company that intends to qualify as a REIT, Mesa Air Group, Inc. and Arlington Asset Investment, Corp, a principal investment firm that acquires and holds mortgage-related and other assets. From 2004 to December 2010, he served as a member of the board of JER Investors Trust, Inc., a specialty finance company. Mr. Altobello serves on the advisory board of Thayer | Hidden Creek, a private equity firm. Mr. Altobello is also a trustee of Loyola Foundation, Inc.

The Board of Directors determined that Mr. Altobello's qualifications to serve as a director include his notable business and leadership experience in the areas of specialty finance. He also has experience in the area of food service distribution, due to his past position as Chairman of Onex Food Services, Inc. His past and present service on multiple public and private company boards, including his service on the audit committee of DiamondRock Hospitality Company and Northstar Senior Care Trust, Inc., provides him with comprehensive experience in the area of corporate governance that can be extremely valuable to Board and Company operations.

Mr. Altobello, received his B.A. from Georgetown University in June 1963 and his M.B.A. from Loyola University Maryland in June 1978.

**Dean Janeway** has served as a director of MamaMancini's since 2012. Mr. Janeway is an executive with more than 40 years of broad leadership skills and extensive experience in the areas of corporate strategy, business development, operational oversight and financial management. From 1966 through 2011, Mr. Janeway served in various positions at Wakefern Food Corp., the largest retailer- owned cooperative in the United States. From 1966 through 1990, Mr. Janeway advanced through various positions of increasing responsibility including positions in Wakefern's accounting, merchandising, dairy-deli, and frozen foods divisions. From 1990 through 1995 Mr. Janeway provided oversight for all of Wakefern's procurement, marketing, merchandising, advertising and logistics divisions. From 1995 until his retirement in 2011, Mr. Janeway served as President and Chief Operating Officer of "Wakefern" providing primary oversight for the company's financial and treasury functions, human resources, labor relations, new business development, strategic acquisitions, government relations, corporate social responsibility, sustainability initiatives and member relations. Mr. Janeway previously served as the chairman for the National Grocers Association from 1993 through 2001. From 2009 through the present, Mr. Janeway has served as the Chairman of the Foundation for the University of Medicine and Dentistry of New Jersey.

The Board of Directors determined that Mr. Janeway's qualifications to serve as a director include his notable business and leadership experience in the all areas of management, particularly in the food industry. He also has experience in the area of whole sale wholesale distribution, due to his past position at Wakefern and his knowledge of running and managing companies and his proven track record of success in such endeavors will be invaluable to the Company going forward.

Mr. Janeway received his B.A. in Marketing from Rutgers University, and his M.B.A from Wharton School of Business, University of Pennsylvania.

### **Family Relationships**

Mr. Matthew Brown, our President, is the son-in-law of Mr. Carl Wolf, our Chief Executive Officer.

### **Board Committees and Charters**

Our board of directors has established the following committees: an audit committee, a compensation committee and a nominating/corporate governance committee. Copies of each committee's charter are posted on our website,

www.mamamancini's.com. Our board of directors may from time to time establish other committees.

### **Audit Committee**

The purpose of the Audit Committee is to oversee the processes of accounting and financial reporting of the Company and the audits and financial statements of the Company. The Audit Committee's primary duties and responsibilities are to:

Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance.

Monitor the independence and performance of the Company's independent auditors and the Company's accounting personnel.

Provide an avenue of communication among the independent auditors, management, the Company's accounting personnel, and the Board.

Appoint and provide oversight for the independent auditors engaged to perform the audit of the financial statements.

Discuss the scope of the independent auditors' examination.

Review the financial statements and the independent auditors' report.

Review areas of potential significant financial risk to the Company.

Monitor compliance with legal and regulatory requirements.

Solicit recommendations from the independent auditors regarding internal controls and other matters.

Make recommendations to the Board.

Resolve any disagreements between management and the auditors regarding financial reporting.

Prepare the report required by Item 407(d) of Regulation S-K, as required by the rules of the Securities and Exchange Commission (the "SEC").

Perform other related tasks as requested by the Board.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

Our Audit Committee consists of Mr. Burns, Mr. Toto and Mr. Altobello. Mr. Toto serves as the Chairman of our Audit Committee. Mr. Burns is our Audit Committee financial expert as currently defined under applicable SEC rules.

### **Compensation Committee**

The Compensation Committee's responsibilities include, but are not limited to, the responsibilities which are required under the corporate governance rules of NYSE MKT, including the responsibility to determine compensation of the Chairman of the Board, the Chief Executive Officer ("CEO"), the President and all other executive officers. The Compensation Committee's actions shall generally be related to overall considerations, policies and strategies.

The following are specific duties and responsibilities of the Compensation Committee:

Review the competitiveness of the Company's executive compensation programs to ensure (a) the attraction and retention of corporate officers, (b) the motivation of corporate officers to achieve the Company's business objectives, and (c) the alignment of the interests of key leadership with the long-term interests of the Company's stockholders.



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Review and determine the annual salary, bonus, stock options, other equity-based incentives, and other benefits, direct and indirect, of the Company's executive officers, including development of an appropriate balance between short-term pay and long-term incentives while focusing on long-term stockholder interests.

Determine salary increases and bonus grants for the Chairman of the Board, the CEO, the President and all other executive officers of the Company.

Review and approve corporate goals and objectives for purposes of bonuses and long-term incentive plans.

Review and approve benefit plans, including equity incentive plans, and approval of individual grants and awards.

Review and approve employment or other agreements relating to compensation for the Chairman of the Board, the CEO, the President and the other executive officers of the Company.

Review and discuss with management the Company's CD&A and recommend to the Board that the CD&A be included in the annual report on Form 10-K and/or proxy statement in accordance with applicable SEC rules.

If required by SEC rules, provide a Compensation Committee Report on executive compensation to be included in the Company's annual proxy statement in accordance with applicable SEC rules.

Perform an annual evaluation of the performance of the Chairman of the Board, the CEO, the President and the other executive officers.

Perform an annual review of non-employee director compensation programs and recommend changes thereto to the Board when appropriate.

Plan for executive development and succession.

Review and approve all equity-based compensation plans and amendments thereto, subject to any stockholder approval under the listing standards of NYSE MKT.

Recommend an appropriate method by which stockholder concerns about compensation may be communicated by stockholders to the Committee and, as the Committee deems appropriate, to respond to such stockholder concerns.

Perform such duties and responsibilities as may be assigned by the Board to the Committee under the terms of any executive compensation plan, incentive compensation plan or equity-based plan.

Review risks related to the Company's compensation policies and practices and review and discuss, at least annually, the relationship between the Company's risk management policies and practices, corporate strategy and compensation policies and practices.

Our Compensation Committee consists of Mr. D'Agostino, and Mr. Dean Janeway. Mr. D'Agostino serves as the Chairman of our Compensation Committee.

### **Nominating/Corporate Governance Committee**

The Nominating/Corporate Governance Committee's responsibilities include, but are not limited to, the responsibilities which are required under the corporate governance rules of NYSE MKT, including the responsibilities to identify individuals who are qualified to become directors of the Company, consistent with criteria approved by the Board, and make recommendations to the Board of nominees, including Stockholder Nominees (nominees whether by appointment or election at the Annual Meeting of Stockholders) to serve as a directors of the Company. To fulfill its purpose, the responsibilities and duties of the Nominating/Corporate Governance Committee are as follows:

Evaluate, in consultation with the Chairman of the Board and Chief Executive Officer ("CEO"), the current composition, size, role and functions of the Board and its committees to oversee successfully the business and affairs of the Company in a manner consistent with the Company's Corporate Governance Guidelines, and make recommendations to the Board for approval.

Determine, in consultation with the Chairman of the Board and CEO, director selection criteria consistent with the Company's Corporate Governance Guidelines, and conduct searches for prospective directors whose skills and attributes reflect these criteria.

Assist in identifying, interviewing and recruiting candidates for the Board.

Evaluate, in consultation with the Chairman of the Board and CEO, nominees, including nominees nominated by stockholders in accordance with the provisions of the Company's Bylaws, and recommend nominees for election to the Board or to fill vacancies on the Board.

Before recommending an incumbent, replacement or additional director, review his or her qualifications, including capability, availability to serve, conflicts of interest, and other relevant factors.

Evaluate, in consultation with the Chairman of the Board and CEO, and make recommendations to the Board concerning the appointment of directors to Board committees and the selection of the Chairman of the Board and the Board committee chairs consistent with the Company's Corporate Governance Guidelines.

Determine the methods and execution of the annual evaluations of the Board's and each Board committee's effectiveness and support the annual performance evaluation process.

Evaluate and make recommendations to the Board regarding director retirements, director renominations and directors' changes in circumstances in accordance with the Company's Corporate Governance Guidelines.

Review and make recommendations to the Board regarding policies relating to directors' compensation, consistent with the Company's Corporate Governance Guidelines.

As set forth herein, monitor compliance with, and at least annually evaluate and make recommendations to the Board regarding, the Company's Corporate Governance Guidelines and overall corporate governance of the Company.

Assist the Board and the Company's officers in ensuring compliance with an implementation of the Company's Corporate Governance Guidelines.

Develop and implement continuing education programs for all directors, including orientation and training programs for new directors.

Annually evaluate and make recommendations to the Board regarding the Committee's performance and adequacy of this Charter.

Review the Code of Ethics periodically and propose changes thereto to the Board, if appropriate.

Review requests from outside the Committee for any waiver or amendment of the Company's Code of Business Conduct and Ethics and recommend to the Board whether a particular waiver should be granted or whether a particular amendment should be adopted.

Oversee Committee membership and qualifications and the performance of members of the Board.

Review and recommend changes in (i) the structure and operations of Board Committees, and (ii) Committee reporting to the Board.

Make recommendations annually to the Board as to the independence of directors under the Corporate Governance Guidelines.

Review and make recommendations to the Board regarding the position the Company should take with respect to any proposals submitted by stockholders for approval at any annual or special meeting of stockholders.

Regularly report on Committee activities and recommendations to the Board.

Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation and Bylaws, as amended from time to time, the NYSE MKT company guide, and any governing law, as the Board considers appropriate and delegates to the Committee.

Our Nominating/Corporate Governance Committee consists of Mr. Janeway and Mr. D'Agostino, with Mr. Janeway serving as the Chairman.

### **Code of Business Conduct and Ethics**

Effective January 21, 2014, the Board of Directors (the "Board") of MamaMancini's Holdings, Inc. (the "Company") adopted a Code of Ethics (the "Code of Ethics") applicable to the Company and all subsidiaries and entities controlled by the Company and the Company's directors, officers and employees. Compliance with the Code of Ethics is required of all Company personnel at all times. The Company's senior management is charged with ensuring that the Code of Ethics and the Company's corporate policies will govern, without exception, all business activities of the Company. The Code of Ethics addresses, among other things, the use and protection of Company assets and information, avoiding conflicts of interest, corporate opportunities and transactions with business associates and document retention.

### **Involvement in Certain Legal Proceedings**

During the past five years no director, person nominated to become a director, executive officer, promoter or control person of the Company has: (i) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (ii) been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (iii) been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or (iv) been found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

### **Compliance with Section 16(A) of the Exchange Act**

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who beneficially own 10% or more of a class of securities registered under Section 12 of the Exchange Act to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Directors, executive officers and greater than 10% stockholders are required by the rules and regulations of the SEC to furnish the Company with copies of all reports filed by them in compliance with Section 16(a).

Based solely on our review of certain reports filed with the Securities and Exchange Commission pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, the reports required to be filed with respect to transactions in our common stock during the period covered by this Annual Report on Form 10-K, were timely.

### **Legal Proceedings**

There are no material proceedings to which any director or officer, or any associate of any such director or officer, is a party that is adverse to our Company or any of our subsidiaries or has a material interest adverse to our Company or any of our subsidiaries. No director or executive officer has been a director or executive officer of any business which has filed a bankruptcy petition or had a bankruptcy petition filed against it during the past ten years. No director or executive officer has been convicted of a criminal offense or is the subject of a pending criminal proceeding during the past ten years. No director or executive officer has been the subject of any order, judgment or decree of any court permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities during the past ten years. No director or officer has been found by a court to have violated a federal or state securities or commodities law during the past ten years.

**Item 11. Executive Compensation.**

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officers paid by us during the years ended January 31, 2016 and January 31, 2015.

Name and Principal Position	Year(5)	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(4)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Totals (\$)
<b>Carl Wolf</b>									
CEO/Chairman(1)	2016	\$ 150,000	0	0	0	0	0	0	\$ 150,000
	2015	\$ 150,000	0	0	0	0	0	0	\$ 150,000
<b>Matt Brown</b>									
President(2)	2016	\$ 110,000	0	0	0	0	0	0	\$ 110,000
	2015	\$ 110,000	0	0	0	0	0	0	\$ 110,000
<b>Lewis Ochs(3)</b>									
Chief Financial Officer	2016	\$ 71,000	0	0	0	0	0	0	\$ 71,000
	2015	\$ 63,000	0	0	0	0	0	0	\$ 63,000

1. Mr. Wolf was appointed as Chief Executive Officer of the Company on January 24, 2013.

2. Mr. Brown was appointed as President of the Company on January 24, 2013.

3. Mr. Ochs was appointed as Vice President of Finance of the Company on January 24, 2013 and Chief Financial Officer on September 5, 2014.

**2016 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END****STOCK AWARDS**

	Market Value	Number of Shares or Units	Equity Incentive Plan Awards:	Date	Number of Shares or Units	Market Value	Equity Incentive Plan Awards:
							Market Value
	15,000		26.4000	5/28/2012			
	25,000		29.4300	11/20/2012			
	8,000		38.9200	8/4/2013			
	13,600	3,400(6)	26.1400	8/9/2014			
	3,750	1,250(7)	35.1100	8/12/2015			
	2,500	2,500(8)	25.6400	9/1/2016			
					24,168	642,144	
<b>Edward F. Heimers</b>	27,000	18,000(9)	29.3900	5/11/2015			
	3,750	1,250(7)	35.1100	8/12/2015			
	2,500	2,500(8)	25.6400	9/1/2016			
					18,168	482,724	
<b>David C. Hsia</b>	3,000(10)		35.1100	9/30/2010			
	2,000(10)		25.6400	9/30/2010			

(1) Except in the case of Mr. Russillo, restrictions on the restricted stock grants generally lapse equally on the second and fourth anniversaries of the grant date. Information presented in column (f) aggregates all unvested restricted stock awards outstanding. Individual restrictions on restricted stock lapse as follows:

Named Executive Officer	Restricted Shares	Date Restrictions Lapse
Mr. Bisaro	21,300	September 4, 2009
	18,425	March 12, 2010
	21,300	September 4, 2011
	18,425	March 12, 2012



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Mr. Durand	5,000	November 26, 2009
	4,250	March 12, 2010
	5,000	November 26, 2011
	4,250	March 12, 2012

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<b>Named Executive Officer</b>	<b>Restricted Shares</b>	<b>Date Restrictions Lapse</b>
Mr. Russillo	7,500	June 29, 2009
	10,000	December 31, 2009
	11,250	March 12, 2010
	7,500	June 29, 2011
Mr. Buchen	11,250	March 12, 2012
	3,750	June 29, 2009
	834	August 12, 2009
	7,500	March 12, 2010
	834	September 1, 2010
	3,750	June 29, 2011
Mr. Heimers	7,500	March 12, 2012
	2,750	June 29, 2009
	834	August 12, 2009
	5,500	March 12, 2010
	834	September 1, 2010
	2,750	June 29, 2011
	5,500	March 12, 2012

- (2) Market value is determined by multiplying the number of shares by the closing price of \$26.57 of the Company's common stock on the New York Stock Exchange on December 31, 2008.
- (3) Unexercised options vest at a rate of 20% per year with remaining vesting dates of 9/4/2009, 9/4/2010 and 9/4/2011.
- (4) Unexercised options vest at a rate of 33% per year with remaining vesting dates of 9/4/2010, 9/4/2011 and 9/4/2012.
- (5) Remaining unexercised options vest on 12/31/2009.
- (6) Unexercised options vest at a rate of 20% per year with a remaining vesting date of 8/9/2009.
- (7) Unexercised options vest at a rate of 25% per year with a remaining vesting date of 8/12/2009.
- (8) Unexercised options vest at a rate of 25% per year with remaining vesting dates of 9/1/2009 and 9/1/2010.
- (9) Unexercised options vest at a rate of 20% per year with remaining vesting dates of 5/11/2009 and 5/11/2010.
- (10) Dr. Hsia retired from his position as Senior Vice President, Scientific Affairs effective September 30, 2008. Amounts represent the balance of Dr. Hsia's vested options on the date of his termination which are exercisable for two years thereafter, or by September 30, 2010. In conjunction with his termination, Dr. Hsia forfeited 13,334 shares of restricted stock and unvested options to acquire 103,500 shares of stock.

**Table of Contents****OPTION EXERCISES AND STOCK VESTED**

The following table sets forth certain information with respect to each Named Executive Officer concerning the vesting of stock awards during the fiscal year ended December 31, 2008:

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting (\$)(2)
Paul M. Bisaro		
Mark W. Durand		
Thomas R. Russillo	10,000	299,500
David A. Buchen	833	25,248
Edward F. Heimers	833	25,248
David C. Hsia(3)	666	20,186

- (1) Shares acquired on vesting are represented on a pre-tax basis. The Incentive Award Plan permits withholding a number of shares upon vesting to satisfy tax withholding requirements.
- (2) Represents the closing market price of a share of our common stock the date of vesting multiplied by the number of shares that have vested.
- (3) Dr. Hsia retired from his position as Senior Vice President, Scientific Affairs effective September 30, 2008.
- (4) No option awards were exercised by any of our Named Executive Officers in 2008.

**NONQUALIFIED DEFERRED COMPENSATION**

The following table sets forth the executive contributions, employer matches, earnings, withdrawals/distributions and account balances, where applicable, for the Named Executive Officers in the Executive Deferred Compensation Plan (the Deferred Plan ), an unfunded, unsecured deferred compensation plan.

Name	Executive Contributions in Last FY (\$)(b)	Registrant Contributions in Last FY (\$)(c)	Aggregate Earnings in Last FY (\$)(d)	Aggregate Withdrawals/ Distributions (\$)(e)	Aggregate Balance at Last FYE (\$)(f)
Paul M. Bisaro	100,000	10,000	4,110		114,110

<b>Mark W. Durand</b>	22,875	4,575	1,017		28,467
<b>Thomas R. Russillo</b>					
<b>David A. Buchen</b>	125,837	5,033	37,108		598,134
<b>Edward F. Heimers</b>	32,844	6,569	9,735		155,577
<b>David C. Hsia</b>	96,006	4,399	19,585	(75,296)	257,020

- (1) Executive contributions reported in column (b) above include salary contributions for 2008 and amounts related to non-equity incentive plan compensation earned in 2007 but paid in 2008. All amounts in column (b) are also reported in the Salary column for 2008 or the Non-Equity Incentive Plan Compensation column for 2007 in the Summary Compensation Table on page 22. Included in the amounts above representing non-equity plan contribution earned in 2007 but paid in 2008 was \$11,342 for Mr. Heimers, and \$48,037 for Dr. Hsia.
- (2) Registrant contributions reflects company matching contributions to the Deferred Plan in 2008. All Registrant contributions are reported in the All Other Compensation column of the Summary Compensation Table on page 22.
- (3) Aggregate earnings represent 2008 deemed investment earnings at the guaranteed fixed interest rate for 2008 of 7.5%. No other investment alternatives for amounts deferred or credited are offered under the Deferred Plan. Included in column (d) are amounts considered to be earned at above-market interest rates

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which are included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table on page 22.

- (4) Assets in the Deferred Plan are distributed either (i) at separation of service as a result of retirement, disability, termination or death; or (ii) on a designated date elected by the participant. The Deferred Plan requires participants to make an annual distribution election with respect to the money to be deferred in the next calendar year. If a participant so elects, deferrals made in one year may be distributed as soon as the next year following the deferral election. Participants may elect to receive a distribution as a lump-sum cash payment or in installment payments paid over 2 to 15 years, as the participant elects. Bonus deferrals are credited to a participant's account the year following the year in which the bonus is earned. As a result, bonus deferrals may not be distributed until the year following the year in which the bonus is paid to a participant and credited to his or her account. Per regulatory requirements, participants may not accelerate distributions from the Deferred Plan.
- (5) Aggregate balance reflects vested and unvested balances within the Deferred Plan as of December 31, 2008. All amounts are fully vested for each Named Executive Officer except for Mr. Bisaro and Mr. Durand, whose vested balance as of December 31, 2008 amounts to \$107,160 and \$25,288, respectively. Of the aggregate balances in column (f), the following amounts are reported as compensation in the Summary Compensation Table on page 22 for 2008, 2007 and 2006: \$111,159 for Mr. Bisaro, \$27,737 for Mr. Durand, \$0 for Mr. Russillo, \$324,912 for Mr. Buchen, \$131,481 for Mr. Heimers, and \$228,262 for Dr. Hsia.
- (6) Dr. Hsia retired from his position as Senior Vice President, Scientific Affairs effective September 30, 2008.

## **POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL**

### *Executive Severance and Change in Control Agreements*

Each of our Named Executive Officers is party to an employment agreement pursuant to which he is entitled to certain payments and benefits in the event of (i) an involuntary termination without cause, (ii) the resignation of the executive for good reason or (iii) a qualifying termination in connection with a change-in-control. With certain exceptions footnoted in the table that follows, these agreements generally provide that under these circumstances our Named Executive Officers are entitled to receive:

- (1) lump sum cash payments equal to the sum of (a) between 12 and 36 months of the executive's then base salary, (b) the greater of one to three times the executive's target bonus to be earned in the year in which the termination occurs or two times the amount of the bonus paid to the executive in the prior year, and (c) the executive's prorated bonus for the year in which the termination occurs;
- (2) continued group health benefits (medical, dental and vision) for the executive and the executive's dependents for a period of between 18 and 36 months; and
- (3) outplacement services for one year with a nationally recognized service selected by us.

Unless we determine that any severance payments should be delayed in consideration of Section 409A of the Internal Revenue Code of 1986, cash payments are to be paid within 30 days of termination.

### *Change-in-Control*

In the event of a qualifying termination in connection with a change-in-control, a Named Executive Officer is entitled to accelerated vesting with respect to all of his options and restricted stock awards. Such executive is entitled to

exercise any vested options and is entitled to continue to hold their shares of unrestricted stock after termination. The value of vested equity awards are not included in the tables below because all employees who hold vested stock options and unrestricted stock under our stock plans are entitled to exercise such options and continue to hold such stock upon termination of their employment. However, in the event of a qualifying termination in connection with a change-in-control, each Named Executive Officer is entitled to accelerated vesting with respect to all of his options and restricted stock awards.

**Table of Contents***Change-in-Control Gross Up Payment.*

Pursuant to their respective employment agreements, each of our Named Executive Officers is also entitled to receive a gross-up payment to compensate him for any excise taxes payable with respect to the payments and benefits made under his employment agreement in the event of a qualifying termination in connection with a change-in-control.

*Forfeiture of Severance Benefits.*

If the Named Executive Officer breaches the non-solicitation provision of his employment agreement, as applicable, or violates certain other confidentiality agreements entered into with us, and fails to cure such violation within 10 business days written notice from us, then any severance payments or other benefits being provided to such Named Executive Officer will immediately cease.

**Estimated Termination Payments**

In accordance with the requirements of the rules of the SEC, the table below indicates the amount of compensation payable by us to each Named Executive Officer upon (i) resignation for good reason, or involuntary not-for-cause termination and (ii) a qualifying termination following a change-in-control. The amounts assume that such termination was effective as of December 31, 2008 and thus includes amounts earned through such date and are only estimates of the amounts that would actually be paid to such executives upon their termination. The definitions of change-in-control, cause and good reason and descriptions of the payments and benefits appear after the table.

The table does not include certain amounts that the Named Executive Officer is entitled to receive under certain plans or arrangements that do not discriminate in scope, terms or operation, in favor of our Named Executive Officers and that are generally available to all salaried employees, such as payment of accrued vacation. The table also does not include the accrued and vested accounts of the executive under our Deferred Plan. These amounts are generally distributed to our executives upon a termination of employment, regardless of the reason, in accordance with his or her election under the applicable plan. The accrued and vested amounts under the Deferred Plan are set forth in the table under Nonqualified Deferred Compensation on page 29.

Name of Executive	Trigger	Cash Severance(1)	Equity Vesting		Other Benefits		Tax Cross-Ups(6)	Total
			Restricted Stock(2)	Unexercisable Options(3)	Health & Welfare(4)	Outplacement(5)		
Paul M. Bisaro	Good Reason or Without Cause	\$ 4,000,000	\$ 0	\$ 0	\$ 23,168	\$ 0	\$ 0	\$ 4,023,168
	Change in Control	\$ 6,000,000	\$ 2,110,987	\$ 0	\$ 46,335	\$ 0	\$ 0	\$ 8,157,322
David A. Buchen	Good Reason or Without Cause	\$ 1,482,624	\$ 0	\$ 0	\$ 30,890	\$ 9,000	\$ 0	\$ 1,522,514
	Change in Control	\$ 1,482,624	\$ 642,117	\$ 3,787	\$ 30,890	\$ 9,000	\$ 747,138	\$ 2,915,550
Mark W. Durand	Good Reason or Without Cause	\$ 930,000	\$ 0	\$ 0	\$ 23,168	\$ 9,000	\$ 0	\$ 962,168
	Change in Control	\$ 1,441,500	\$ 491,545	\$ 0	\$ 23,168	\$ 9,000	\$ 0	\$ 1,965,213
Edward F. Heimers	Good Reason or Without Cause	\$ 1,333,686	\$ 0	\$ 0	\$ 30,890	\$ 9,000	\$ 0	\$ 1,373,576

	Change in Control	\$ 1,333,686	\$ 482,697	\$ 2,325	\$ 30,890	\$ 9,000	\$ 603,600	\$ 2,462,199
<b>Thomas R. Russillo</b>	Good Reason or Without Cause	\$ 1,344,034	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,344,034
	Change in Control	\$ 1,344,034	\$ 1,262,075	\$ 21,300	\$ 0	\$ 0	\$ 0	\$ 2,627,409
<b>David C. Hsia(7)</b>	Actual Payment	\$ 1,142,013	\$ 0	\$ 0	\$ 170,671	\$ 9,000	\$ 0	\$ 1,321,684

(1) For Mr. Bisaro, represents (A) in the event of a termination by us without cause or by Mr. Bisaro for good reason, the sum of (i) two times Mr. Bisaro's then base salary and (ii) two times Mr. Bisaro's target annual bonus opportunity for the year of termination or resignation or two times the amount of the bonus paid to Mr. Bisaro in the previous year, whichever is greater and (B) in the event of a change-in-control



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termination, the sum of (i) three times Mr. Bisaro's base salary and (ii) three times Mr. Bisaro's target bonus under our Senior Executive Compensation Program.

For Mr. Russillo, represents in the event of a termination by us without cause or by Mr. Russillo for good reason or in the event of a change-in-control termination before 2009 the sum of (i) twelve months of Mr. Russillo's base salary, (ii) Mr. Russillo's target bonus to be earned for the year in which the termination occurs, and (iii) Mr. Russillo's pro-rated bonus for the year in which the termination occurs. Mr. Russillo's prorated bonus (calculated through the date of termination) is excluded from the table as the triggering event occurs on the last day of the performance period and thus the pay out will be the same as if the termination had not occurred.

For Mr. Durand represents (A) in the event of a termination by us without cause or by Mr. Durand for good reason, two times Mr. Durand's then base salary and (B) in the event of a change-in-control termination the sum of (i) two times Mr. Durand's then base salary and (ii) two times Mr. Durand's target bonus to be earned for the year in which the termination occurs or the bonus paid to Mr. Durand in the prior year, whichever is greater.

For the remainder of our Named Executive Officers, other than Dr. Hsia, represents in the event of a termination by us without cause or by the executive for good reason or in the event of a change-in-control termination the sum of (i) two times the executive's then base salary, (ii) two times the executive's target bonus to be earned in the year of termination or resignation or two times the amount of the bonus paid to the executive in the previous year, whichever is greater and (iii) the executive's pro-rated bonus for the year in which the termination occurs.

- (2) Represents the aggregate of the acceleration of vesting of the unvested restricted stock valued based on the closing price of our common stock on December 31, 2008 of \$26.57.
- (3) Represents the aggregate value of the acceleration of vesting of the unvested stock options based on the spread between the closing price of our common stock of \$26.57 on December 31, 2008 and the exercise price of the stock options.
- (4) For Mr. Bisaro, represents continued group health benefits (medical, dental and vision) for Mr. Bisaro and his dependents for a period of (i) up to 18 months in the event of a termination by us without cause or by Mr. Bisaro for good reason and (ii) up to 36 months in the event of a change-in-control termination.

For Mr. Durand, represents continued group health benefits (medical, dental and vision) for Mr. Durand and his dependents for a period of up to 18 months.

For the remainder of the Named Executive Officers, represents continued group health benefits (medical, dental and vision) for the executive and their dependents for a period of up to 24 months.

- (5) Represents one year of outplacement services.
- (6) Represents payment of an amount sufficient to offset the impact of any excess parachute payment excise tax payable by the executive pursuant to the provisions of the IRC or any comparable provision of state law. An executive is treated as having received excess parachute payments if he receives compensatory payments or benefits that are contingent on a change in control, and the aggregate amount of such payments and benefits equal or exceeds three times the executive's base amount.
- (7) Dr. Hsia retired from his position as Senior Vice President, Scientific Affairs effective September 30, 2008. Upon his termination, he was entitled to receive (i) \$1,106,320, which equals two times his then base salary and two times his target bonus for 2008 or the bonus paid to him in 2007, whichever was greater, (ii) \$35,693 in interest

on the amount in (i) above which was paid on a delayed basis to comply with Section 409A of the IRC, (iii) continued group health benefits for him and his spouse for life with a value of \$165,761, (iv) COBRA payments made on his behalf of \$4,910, and (v) one year of outplacement services with a value of \$9,000.

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### ***Certain Definitions***

#### ***Change in Control***

For Mr. Bisaro, Mr. Durand and Mr. Russillo a *change-in-control* generally means (i) a sale of assets representing more than 50% of our net book value or fair market value; (ii) our liquidation or dissolution; (iii) a merger, consolidation or other transaction involving us after the completion of which our stockholders before the transaction represent less than 50% of the voting power of our stockholders following the transaction; (iv) the acquisition by a person or group of more than 50% of the combined voting power of Watson; or (v) the replacement of the majority of our incumbent directors by individuals not approved by a majority of our incumbent Board.

For Mr. Buchen and Mr. Heimers a *change-in-control* generally means (i) a sale of assets representing more than 50% of our net book value or fair market value; (ii) our liquidation or dissolution; (iii) a merger, consolidation or other transaction involving us after the completion of which our stockholders before the transaction represent less than 60% of the voting power of our stockholders following the transaction; (iv) the acquisition by a person or group of more than 30% of the combined voting of Watson; or (v) the replacement of the majority of our incumbent directors by individuals not approved by a majority of our incumbent Board.

For Mr. Bisaro, a *qualifying termination* means, within 90 days before or within 12 months following a change-in-control, (i) we terminate Mr. Bisaro other than for *cause* or (ii) Mr. Bisaro terminates his employment with us for *good reason*.

For the remainder of our Named Executive Officers, a *qualifying termination* means, within 90 days before or within 24 months following a change-in-control, (i) we terminate the executive other than for *cause* or (ii) the executive terminates his employment with us for *good reason*.

#### ***Good Reason***

For Mr. Bisaro a termination for *good reason* means that Mr. Bisaro has terminated his her employment with us because (i) we failed to re-elect him to, or removed him from, the position of President and Chief Executive Officer; (ii) of a material diminution of his duties, and responsibilities, taken as a whole; (iii) we failed to appoint or renominate him as a member of our Board of Directors; (iv) the assignment of his duties are materially inconsistent with, or materially impair his ability to perform, the duties customarily assigned to a President and Chief Executive Officer; (v) we changed our reporting structures such that he reports to someone other than the Board of Directors; (vi) we materially breached our obligations under his employment agreement; (vii) we failed to obtain an assumption of his employment agreement by any successor or assignee; or (viii) we cause him to commit fraud or expose him to criminal liability.

For Mr. Buchen, a termination for *good reason* generally means that he has terminated his employment with us because of (i) a material reduction in his then existing annual base salary, (ii) a material reduction in the package of benefits and incentives, taken as a whole, provided to him or (iii) a material diminution of his duties, responsibilities, authority, or reporting structure; (iv) a request that he materially relocate such that the distance of his one-way commute is increased by more than thirty-five (35) miles; (v) we materially breached our obligations under his employment agreement; or (vi) we failed to obtain the assumption of his employment agreement by any successor or assign.

For each of Messrs Heimers and Durand a termination for *good reason* means that he has terminated his employment with us because (i) after a Change-in-Control, (a) of a material reduction of his then existing annual base salary, (b) of

a material reduction in his package of benefits and incentives, taken as a whole, (c) of a material diminution of his duties and responsibilities, taken as a whole; or (d) a requirement that he materially relocate such that the distance of his one-way commute is increased by more than thirty-five (35) miles; (ii) we materially breached our obligations under his employment agreement; or (iii) we failed to obtain the assumption of his employment agreement by any successor or assign.

For Mr. Russillo a termination for *good reason* means that Mr. Russillo has terminated his employment with us because (i) after a Change-in-Control, (a) of a material reduction of his then existing annual base

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salary, (b) of a material reduction in his package of benefits and incentives, taken as a whole, (c) of a material diminution of executive's duties and responsibilities, taken as a whole or (d) a requirement that he materially relocate such that the distance of his one-way commute is increased by more than thirty-five (35) miles; (ii) we materially breached our obligations under his employment agreement; or (iii) we failed to obtain the assumption of his employment agreement by any successor or assign.

*Cause*

For Mr. Bisaro a termination for *cause* means that we have terminated Mr. Bisaro because (i) his fraud, misrepresentation embezzlement or other act of material misconduct against us; (ii) his gross neglect, willful malfeasance or gross misconduct in connection with this employment; (iii) his conviction or plea of guilty or nolo contendere to a felony or other crime involving moral turpitude; (iv) his willful and knowing violations of any rules or regulations of any governmental body material to our business; (v) his failure to cooperate, if requested by the Board, with any internal or external investigation or inquiry into our business practices; or (vi) his substantial and willful failure to render services in accordance with the terms of his employment agreement.

For the remainder of the Named Executive Officers, a termination for *cause* means that we have terminated the executive because of (i) the executive's conviction for any felony; (ii) the executive's gross misconduct, material violation of our policies, or material breach of the executive's duties to us, which the executive fails to correct within thirty (30) days after the executive is given written notice by our chief executive officer or another designated officer; or, solely in the case of Mr. Durand, (iii) other events or matters relating to his job performance that would ordinarily cause an employer to consider the termination of an employee's employment.

**Equity Compensation Plan Information as of December 31, 2008**

The following table sets forth information regarding outstanding options and shares reserved for future issuance under the Watson's equity compensation plans as of December 31, 2008:

Plan Category	Number of Securities to be Issued Upon	Weighted-Average Exercise Price of	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
	Exercise of Outstanding Options, Warrants and Rights (#) (a)	Outstanding Options, Warrants and Rights (\$) (b)	(Excluding Securities Reflected in Column (a)) (#) (c)
Equity compensation plans approved by security holders(1)	7,250,497	36.1100	8,018,902(2)
Equity compensation plans not approved by security holders	0	0	0
<b>Total</b>	7,250,497	36.1100	8,018,902

- (1) Based on outstanding options under our 1991 Stock Option plan, 1995 Non-Employee Directors' Stock Option Plan and our Incentive Award Plan.
- (2) Represents securities available for issuance under our Incentive Award Plan. Includes shares available for issuance under our Incentive Award Plan which were converted from shares of common stock available for issuance under the Andrx Corporation 2000 Stock Option Plan in connection with our acquisition of Andrx Corporation in November 2006. These converted shares may not be used for grants to individuals who were providing services to Watson or any of our subsidiaries immediately prior to the effective time of our acquisition of Andrx Corporation. The 1995 Non-Employee Directors' Stock Option Plan expired in February 2005 and no securities are available for future awards under this plan.

**Table of Contents****DIRECTOR COMPENSATION**

All members of the Board of Directors who are not full-time employees of the Company received a director's fee of \$40,000 for 2008. In addition, in 2008 directors were paid \$1,500 prior to May and \$2,000 after May for each Board of Directors meeting personally attended and \$500 prior to May and \$1,000 after May for each meeting attended telephonically. Directors were also paid \$1,000 prior to May and \$1,500 after May for each Committee meeting personally attended and \$500 prior to May and \$1,000 after May for each Committee meeting attended telephonically. Andrew L. Turner received an annual fee of \$75,000 as our nonexecutive Chairman of the Board. Additionally, the Chairman of each of the Compensation Committee, the Regulatory Compliance Committee and the Nominating and Corporate Governance Committee received an annual fee of \$5,000 prior to May and \$7,000 after May. The Chairman of the Audit Committee received an annual fee of \$8,000 prior to May and \$10,000 after May. All directors were reimbursed for expenses incurred in connection with attending Board of Directors and Committee meetings. Michel J. Feldman's law firm receives his director's fees. Our Chief Executive Officer does not receive additional compensation for his service as a director. The Committee approved the increases to director compensation made in May 2008 after reviewing a study of board compensation practices for our peer group companies performed by Towers Perrin.

The following table sets forth the annual compensation to each person who served as a non-employee director during 2008:

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$)(2) (c)	Option Awards (\$)(3) (d)	Change in Pension Value and Nonqualified Deferred	All Other Compensation (\$)(5) (f)	Total (\$) (g)
				Compensation Earnings (\$)(4) (e)		
Allen Chao, Ph.D.(1)	46,734	404,363	142,527	10,209	11,412	615,245
Michael J. Fedida	56,500	126,952				183,452
Michel J. Feldman	58,000	126,952				184,952
Albert F. Hummel	55,000	126,952				181,952
Catherine M. Klema	69,500	126,952				196,452
Jack Michelson	63,500	126,952				190,452
Ronald R. Taylor	76,000	126,952				202,952
Andrew L. Turner	132,000	126,952				258,952
Fred G. Weiss	74,500	126,952				201,452

(1) Dr. Chao retired as a director and Chairman of our Board of Directors on May 12, 2008, in order to pursue other business activities.

- (2) 5,000 shares of restricted stock with a per share fair value of \$28.28 were granted on May 9, 2008 to each of Mr. Fedida, Mr. Feldman, Mr. Hummel, Ms Klema, Mr. Michelson, Mr. Taylor, Mr. Turner and Mr. Weiss representing an overall fair value of \$141,400, each.

Stock awards reported in column (c) represent the compensation expense we recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 in accordance with SFAS 123(R) for restricted stock awards we granted to our non-employee directors in 2008 and prior fiscal years. We recognize the expense associated with the grant date fair value of these restricted stock awards over the period restrictions are eliminated for those awards. For our non-employee directors, restricted stock awards vest after one year.

For additional discussion on the determination of share-based compensation expense and the grant date fair value for restricted stock, see *Share-Based Compensation* in Note 2 and Note 3 to the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

- (3) Option awards represent the compensation expense recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 in accordance with SFAS 123(R) for stock options, regardless



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of when the awards were granted, and include amounts from stock options granted in and prior to 2006. We recognize the expense associated with the grant date fair value of stock options granted in and prior to 2006 over the vesting term of those awards. Fair value is based on the Black-Scholes option pricing model on the date of grant. For additional discussion on the valuation assumptions used in determining share-based compensation expense and the grant date fair value for stock options, see *Share-Based Compensation* in Note 2 and Note 3 to the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

- (4) Amount reflects interest on deferred compensation balances that is considered to be earned at above-market interest rates. Interest on deferred compensation is deemed to be above-market if it exceeds 120% of the applicable federal long-term rate. All contributions to our Executive Deferred Compensation Plan have a guaranteed fixed interest rate of return. This guaranteed rate is adjusted annually based on the Prime interest rate published in the Wall Street Journal on the first business day of December 2007 for the 2008 plan year and November 2008 for the 2009 plan year. In 2008 the guaranteed interest rate was 7.5%. The Executive Deferred Compensation Plan is discussed in further detail above under the heading *Executive Compensation Deferral Program* on page 20 and under the heading *Nonqualified Deferred Compensation* on page 29.
- (5) Amount includes \$1,415 in company contributions under our 401(k) plan on behalf of Dr. Chao and \$9,997 paid for group life insurance coverage on behalf of Dr. Chao and his spouse.
- (6) The table below shows the aggregate number of outstanding unvested stock awards and option awards held by each non-employee director as of December 31, 2008:

<b>Director</b>	<b>Unvested Stock Awards (#)</b>	<b>Vested and Unvested Option Awards (#)</b>
<b>Michael J. Fedida</b>	5,000	70,000
<b>Michel J. Feldman</b>	5,000	60,000
<b>Albert F. Hummel</b>	5,000	70,000
<b>Catherine M. Klema</b>	5,000	21,700
<b>Jack Michelson</b>	5,000	47,000
<b>Ronald R. Taylor</b>	5,000	65,000
<b>Andrew L. Turner</b>	5,000	65,000
<b>Fred G. Weiss</b>	5,000	70,000

**Table of Contents****BENEFICIAL OWNERSHIP OF STOCKHOLDERS,  
DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth, as of March 20, 2009, the name, address (where required) and beneficial ownership of each person (including any group as defined in Section 13(d)(3) of the Exchange Act) known by us to be the beneficial owner of more than 5% of our common stock, and the amount of common stock beneficially owned by each of the directors (including nominees) and Named Executive Officers, and by all of our directors and executive officers (including Named Executive Officers) as a group:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Franklin Resources, Inc. One Franklin Parkway San Mateo, California 94403	10,593,971(2)	10.1%
The TCW Group Inc., on behalf of the TCW Business Unit 865 South Figueroa Street Los Angeles, California 90017	7,761,939(3)	7.4%
Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109	5,377,369(4)	5.1%
<i>Directors and Named Executive Officers</i>		
Michael J. Fedida	81,668(5)	*
Michel J. Feldman	69,334(6)	*
Albert F. Hummel	229,514(7)	*
Catherine M. Klema	33,368(8)	*
Jack Michelson	57,001(9)	*
Ronald R. Taylor	75,001(10)	*
Andrew L. Turner	75,001(11)	*
Fred G. Weiss	79,334(12)	*
Paul M. Bisaro	184,803(13)	*
Mark W. Durand	33,966(14)	*
Thomas R. Russillo	92,289(15)	*
David A. Buchen	163,497(16)	*
Edward F. Heimers, Jr	66,130(17)	*
David C. Hsia	1,730,515(18)	1.6%
All current directors and executive officers of the Company (24 individuals)	2,654,018(19)	2.5%

\* Represents less than 1%

(1)

Unless otherwise indicated in the footnotes to this table and pursuant to applicable community property laws, we believe the persons named in this table have sole voting and investment power with respect to all shares of common stock reflected in this table. As of March 20, 2009, 105,324,586 shares of our common stock were issued and outstanding. No shares have been pledged as security by any of our executive officers.

- (2) According to a Schedule 13G/A filed with the SEC on February 9, 2009 by Franklin Resources, Inc., on behalf of (i) itself, (ii) its principal shareholders, Charles B. Johnson and Rupert H. Johnson, Jr. and (iii) certain of its affiliates, including:
  - a. Franklin Templeton Investment Management Limited (sole power to vote or to direct the vote of 1,854,425 shares and sole power to dispose or to direct the disposition of 4,688,740 shares),

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- b. Franklin Advisory Services, LLC (sole power to vote or to direct the vote of 1,719,400 shares and sole power to dispose or to direct the disposition of 1,719,400 shares),
  - c. Franklin Templeton Investments Corp. (sole power to vote or to direct the vote of 1,239,893 shares and sole power to dispose or to direct the disposition of 1,239,893 shares),
  - d. Templeton Investment Counsel, LLC (sole power to vote or to direct the vote of 1,265,703 shares, sole power to dispose or to direct the disposition of 1,572,953 shares and shared power to dispose or to direct the disposition of 107,040 shares),
  - e. Templeton Global Advisors Limited (sole power to dispose or to direct the disposition of 188,519 shares),
  - f. Franklin Templeton Investments (Asia) Ltd. (sole power to vote or to direct the vote of 323,564 shares and sole power to dispose or to direct the disposition of 883,960 shares),
  - g. Franklin Templeton Portfolio Advisors, Inc. (sole power to vote or to direct the vote of 111,966 shares and sole power to dispose or to direct the disposition of 111,966),
  - h. Templeton Asset Management Ltd. (sole power to vote or to direct the vote of 33,570 shares and sole power to dispose or to direct the disposition of 33,570 shares),
  - i. Franklin Templeton Investments Australia Limited (sole power to vote or to direct the vote of 33,930 shares and sole power to dispose or to direct the disposition of 33,930 shares),
  - j. Franklin Advisors, Inc. (sole power to vote or to direct the vote of 7,640 shares and sole power to dispose or to direct the disposition of 7,640 shares),
  - k. Fiduciary Trust Company International (sole power to vote or to direct the vote of 100 shares and sole power to dispose or to direct the disposition of 100 shares), and
  - l. Franklin Templeton Investments Japan Limited (sole power to vote or to direct the vote of 6,260 shares and sole power to dispose or to direct the disposition of 6,260 shares).
- (3) According to a Schedule 13G/A filed with the SEC on February 9, 2009 by The TCW Group, Inc., on behalf of The TCW Business Unit. The TCW Business Unit is deemed to be the beneficial owner of 7,761,939 shares, has shared power to dispose of all shares held by it, has sole power to vote none of such shares and has shared power to vote 6,276,606 of such shares. The TCW Group, Inc. is a parent holding company with subsidiaries including the Trust Company of the West, TCW Asset Management Company and TCW Investment Management Company. The TCW Business Unit is primarily engaged in the provision of investment management services.
- (4) According to a Schedule 13G filed with the SEC on February 17, 2009 by Wellington Management Company, LLP. Wellington Management Company, LLP is deemed to be the beneficial owner of 5,377,369 shares, has shared power to dispose or direct the disposition of 5,377,369 shares held by it and has shared power to vote or direct the vote of 2,350,449 shares held by it.
- (5) Includes 70,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 6,668 shares of common stock and 5,000 unvested shares of restricted common stock held by Mr. Fedida.

- (6) Includes 60,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 3,334 shares of common stock and 5,000 unvested shares of restricted common stock held by Mr. Feldman and 1,000 shares of common stock held by Ercelle Feldman, the wife of Michel J. Feldman, for which Mr. Feldman disclaims beneficial ownership.
- (7) Includes 70,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 154,514 shares of common stock, and 5,000 unvested shares of restricted common stock held by Mr. Hummel.
- (8) Includes 21,700 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 6,668 shares of common stock and 5,000 unvested shares of restricted common stock held by Ms. Klema.

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- (9) Includes 47,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 5,001 shares of common stock and 5,000 unvested shares of restricted common stock held by Mr. Michelson.
- (10) Includes 65,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 5,001 shares of common stock and 5,000 unvested shares of restricted common stock held by Mr. Taylor.
- (11) Includes 65,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 5,001 shares of common stock and 5,000 unvested shares of restricted common stock held by Mr. Turner.
- (12) Includes 70,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 4,334 shares of common stock and 5,000 unvested shares of restricted common stock held by Mr. Weiss.
- (13) Includes 31,800 shares of common stock subject to options exercisable within 60 days of March 20, 2009, and 153,003 unvested shares of restricted common stock held by Mr. Bisaro.
- (14) Includes 33,966 unvested shares of restricted common stock held by Mr. Durand.
- (15) Includes 30,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 14,819 shares of common stock and 47,470 unvested shares of restricted common stock held by Mr. Russillo.
- (16) Includes 124,600 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 3,509 shares of common stock and 35,388 unvested shares of restricted common stock held by Mr. Buchen.
- (17) Includes 42,250 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 2,984 shares of common stock and 20,896 unvested shares of restricted common stock held by Mr. Heimers.
- (18) Dr. Hsia retired from his position as Senior Vice President, Scientific Affairs effective September 30, 2008. Information is based on his most recent Form 4 filed with the SEC on September 3, 2008 and the records of the company. Includes 5,000 shares of common stock subject to options exercisable within 60 days of March 20, 2009, 89,212 shares of common stock held by Dr. Hsia, 642,085 shares of common stock held by the Hsia Family Trust, of which Dr. Hsia is a beneficial owner, 954,218 shares of common stock held by Hsia Interests, Ltd., of which Dr. Hsia is a general partner, and 40,000 shares of common stock held by another trust shown on Dr. Hsia's most recent Form 4.
- (19) Includes 1,187,347 shares of common stock subject to options exercisable within 60 days of March 20, 2009 and 535,458 unvested shares of restricted common stock held by for all executive officers and directors as a group.

**Table of Contents****PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF  
PRICEWATERHOUSECOOPERS LLP**

The firm of PricewaterhouseCoopers LLP has audited our books and records since our inception and the Board of Directors recommends that the stockholders ratify the appointment of PricewaterhouseCoopers LLP to audit our accounts for the fiscal year ending December 31, 2009. Representatives of that firm are expected to be present at the Meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from stockholders.

We have been informed by PricewaterhouseCoopers LLP that neither the firm nor any of its members or their associates has any direct financial interest or material indirect financial interest in us or our affiliates.

Stockholder ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the Board of Directors is submitting the appointment of PricewaterhouseCoopers LLP to the stockholders entitled to vote at the Meeting for ratification as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain that firm. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interests and in the best interests of our stockholders.

**Required Vote**

In order to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009, the affirmative vote of a majority of the stock voting in person or by proxy on this proposal is required. Abstentions, which do not represent voting power, will have no effect on this proposal. The ratification of PricewaterhouseCoopers LLP is a matter on which a broker or other nominee has discretionary voting authority, and thus, broker non-votes will not result from this proposal.

**The Board of Directors unanimously recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2009.**

**AUDIT FEES**

The aggregate fees billed by PricewaterhouseCoopers LLP, our independent registered public accounting firm, in fiscal years 2008 and 2007 were as follows:

<b>Services</b>	<b>2008</b>	<b>2007</b>
Audit Fees	\$ 2,246,700	\$ 2,461,800
Audit-Related Fees	6,000	94,700
Total Audit and Audit-Related Fees	2,252,700	2,556,500
Tax Fees	1,020,700	720,300
All Other Fees	3,000	3,000
<b>Total Fees</b>	<b>\$ 3,276,400</b>	<b>\$ 3,279,800</b>

**Audit Fees**

Audit Fees include professional services rendered in connection with the annual audits of our financial statements and internal control over financial reporting, the review of the financial statements included in our Form 10-Qs covering quarterly periods during the related year and for Sarbanes-Oxley advisory time. Additionally, Audit Fees include other services that only an independent registered public accounting firm can reasonably provide, such as services associated with SEC registration statements or other documents filed with the SEC.



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### **Audit-Related Fees**

Audit-Related Fees include accounting consultations and review procedures related to accounting, financial reporting or disclosure matters not classified as Audit Fees.

### **Tax Fees**

Tax Fees include tax compliance for our foreign subsidiaries, tax advice in connection with certain acquisitions and other tax advice and tax planning services. Tax Fees in 2008 include \$358,300 and in 2007 include \$157,600 for services provided in connection with IRS investigations.

### **All Other Fees**

All Other Fees in 2008 and 2007 include subscription fees for an accounting and auditing research reference tool.

The Audit Committee believes that the provision of all non-audit services rendered is compatible with maintaining PricewaterhouseCoopers LLP's independence.

The Audit Committee approved all audit and non-audit services provided by PricewaterhouseCoopers LLP in 2008. The Audit Committee has adopted a policy to pre-approve all audit and certain permissible non-audit services provided by PricewaterhouseCoopers LLP. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to type of services to be provided by PricewaterhouseCoopers LLP and the estimated fees related to these services. During the approval process, the Audit Committee considers the impact of the types of services and the related fees on the independence of PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP and management are required to periodically report to the full Audit Committee regarding the extent of services provided by PricewaterhouseCoopers LLP, in accordance with the pre-approval policy and the fees for the services performed. During the year, circumstances may arise when it may become necessary to engage PricewaterhouseCoopers LLP for additional services not contemplated in the pre-approval. In those instances, the Audit Committee requires specific pre-approval by the Audit Committee before engaging PricewaterhouseCoopers LLP for such services.

## **REPORT OF THE AUDIT COMMITTEE**

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act or under the Exchange Act, except to the extent we specifically incorporate this Report by reference therein.*

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight of:

the integrity of Watson's financial statements;

Watson's compliance with legal and regulatory requirements;

the outside auditor's qualifications and independence; and

the performance of Watson's internal audit function and of its independent registered public accounting firm.

Additionally, the Audit Committee serves as an independent and objective party that:

monitors Watson's financial reporting process and internal control systems;

retains, oversees and monitors the qualifications, independence and performance of Watson's independent registered public accounting firm; and

provides an open avenue of communication among the independent registered public accounting firm, financial and senior management, the internal auditing department and the Board of Directors.

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The Audit Committee Charter describes in greater detail the full responsibilities of the Audit Committee, and is available under the Investors section of our website at <http://www.watson.com>. The Audit Committee reviews the Audit Committee Charter annually prior to Watson's Annual Stockholders Meeting and at such other times as deemed appropriate by the Audit Committee.

The Audit Committee schedules its meetings and implements procedures designed to ensure that during the course of each fiscal year it devotes appropriate attention to each of the matters assigned to it under the Audit Committee Charter. To this end, the Audit Committee met each quarter, and six times in total, during 2008. In addition to the foregoing, the Audit Committee makes itself available to Watson and its internal and external auditors during the course of the year to discuss any issues believed by such parties to warrant the attention of the Audit Committee.

In carrying out its responsibilities, the Audit Committee acts in an oversight capacity. Management has the primary responsibility for the financial reporting process, including the system of internal controls, and for preparation of consolidated financial statements in accordance with generally accepted accounting principles. Watson's independent registered public accounting firm is responsible for auditing those financial statements and expressing an opinion as to their conformity with generally accepted accounting principles. In performing its oversight responsibilities in connection with Watson's 2008 audit, the Audit Committee has:

reviewed and discussed Watson's audited consolidated financial statements for fiscal 2008 with management and Watson's independent registered public accounting firm, PricewaterhouseCoopers LLP;

discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended, as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T; and

received the written disclosures and the letter from PricewaterhouseCoopers LLP required by PCAOB Ethics and Independence Rule 3526, Communications with Audit Committees Concerning Independence, and has discussed with PricewaterhouseCoopers LLP its independence from Watson and its management.

Based on the review and discussions above, the Audit Committee has recommended that the Board of Directors include the audited consolidated financial statements in Watson's Annual Report on Form 10-K for the year ended December 31, 2008.

Fred G. Weiss, Chairman  
Michel J. Feldman  
Catherine M. Klema  
Ronald R. Taylor

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**SECTION 16(a) BENEFICIAL OWNERSHIP  
REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the *Exchange Act*), requires our directors and officers, and persons who own more than 10% of a registered class of our equity securities to file with the SEC reports of ownership and changes in ownership of our common stock and our other equity securities. Officers, directors and greater-than-10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on review of the copies of such reports furnished to us or written representations that no other reports were required, we believe that during the 2008 fiscal year all filing requirements applicable to our officers, directors and greater-than-10% beneficial owners were complied with and all filings were timely filed.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

We review all relationships and transactions in which we and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Pursuant to our written Related Person Transaction Policies and Procedures, our legal department is primarily responsible for the implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether we or a related person has a direct or indirect material interest in the transaction. In determining whether a proposed transaction is a related person transaction, our legal department assesses:

- (i) the related person's relationship to us;
- (ii) the related person's interest in the transaction;
- (iii) the material facts of the proposed transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved;
- (iv) the benefits to us of the proposed transaction;
- (v) if applicable, the availability of other sources of comparable products or services; and
- (vi) whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

If our legal department determines that the proposed transaction is a related person transaction, the proposed transaction is submitted to our Nominating and Corporation Governance Committee for consideration. The Nominating and Corporation Governance Committee may only approve or ratify those transactions that are in, or are not inconsistent with, our best interests and the best interests of our stockholders, as the Nominating and Corporation Governance Committee determines in good faith.

As required under SEC rules, we disclose in our proxy statement any related person transactions determined to be directly or indirectly material to us or a related person. No reportable transactions occurred in 2008.



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**STOCKHOLDERS PROPOSALS FOR THE 2010 ANNUAL MEETING**

We expect to hold the 2010 Annual Meeting of Stockholders on May 7, 2010. Under Rule 14a-8 of the Exchange Act, stockholder proposals to be included in the proxy statement for the 2010 Annual Meeting of Stockholders must be received by our Secretary at its principal executive offices no later than December 1, 2009 and must comply with the requirements of Rule 14a-8 of the Exchange Act.

In addition, our Bylaws provide that rather than including a proposal in our proxy statement as discussed above, a stockholder may commence his or her own proxy solicitation for the 2010 Annual Meeting of Stockholders or may seek to nominate a candidate for election as a director. Additionally, a stockholder may propose business for consideration at such meeting by delivering written notice to our Secretary at our principal executive offices not less than seventy (70) days nor more than ninety (90) days prior to the first anniversary of the preceding year's annual meeting. Accordingly, the stockholder must provide written notice to our Secretary no later than February 27, 2010 and no earlier than February 7, 2010 in order to provide timely notice. Such notice must contain information required in our Bylaws.

**OTHER BUSINESS**

As of the date of this proxy statement, the Board of Directors knows of no other business that will be presented for consideration at the Meeting. If other proper matters are presented at the Meeting, however, it is the intention of the proxy holders named in the enclosed form of proxy to take such actions as shall be in accordance with their best judgment.

By Order of the Board of Directors

David A. Buchen,  
Secretary

Corona, California  
March 31, 2009

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**ANNUAL MEETING OF STOCKHOLDERS OF  
WATSON PHARMACEUTICALS, INC.  
May 8, 2009**

**Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement, Annual Report/Form 10K Wrap and Glossy Brochure are available at [www.proxyvote.com](http://www.proxyvote.com).

**WATSON PHARMACEUTICALS, INC.  
311 BONNIE CIRCLE  
CORONA, CALIFORNIA 92880  
PROXY-SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS  
FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS - MAY 8, 2009**

The undersigned hereby appoints Paul M. Bisaro and David A. Buchen, or either of them, as proxies with full power of substitution, and authorizes them to represent and to vote on behalf of the undersigned all shares which the undersigned would be entitled to vote if personally present at the 2009 Annual meeting of Stockholders of WATSON PHARMACEUTICALS, INC. to be held on May 8, 2009, and any adjournments or postponements thereof, with respect to the following as designated on the reverse side.

A majority of the proxies or substitutes present at the meeting, or if only one person shall be present then that one, may exercise all powers granted hereby.

**Address**

**Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**(Continued and to be signed on reverse side)**

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**WATSON PHARMACEUTICALS, INC.  
311 BONNIE CIRCLE  
CORONA, CA 92880**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by Watson Pharmaceuticals, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Watson Pharmaceuticals, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**YOUR INTERNET OR TELEPHONE VOTE AUTHORIZES THE NAMED PROXIES TO VOTE YOUR SHARES IN THE SAME MANNER AS IF YOU MARKED, SIGNED AND RETURNED YOUR PROXY CARD.**

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

WATSN1

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**WATSON PHARMACEUTICALS, INC.**

**For All** **Withhold All**

**For All** To withhold authority to vote for any individual



**A VOTE FOR RONALD R. TAYLOR, ANDREW L. TURNER, AND JACK MICHELSON IS RECOMMENDED BY THE BOARD OF DIRECTORS.**

**Except** nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

**Vote on Directors**

1. Election of the following nominees as Directors:  
**Nominees:**

\_\_\_\_\_  
 \_\_\_\_\_

- 01) Ronald R. Taylor
- 02) Andrew L. Turner
- 03) Jack Michelson

**Vote on Proposal**

**A VOTE FOR PROPOSAL 2 IS RECOMMENDED BY THE BOARD OF DIRECTORS.**

**For Against Abstain**

2. Ratification of the Appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2009 fiscal year.

**THIS PROXY IF PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED BY THE STOCKHOLDER. THE COMPANY S DIRECTORS RECOMMEND A VOTE FOR MESSRS. TAYLOR, TURNER, AND MICHELSON AND FOR PROPOSAL 2. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED (1) FOR MESSRS. TAYLOR, TURNER AND MICHELSON FOR DIRECTOR AND (2) FOR THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM. IN ADDITION, THE PROXIES MAY VOTE IN THEIR DISCRETION ON OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.**

For address changes and/or comments, please check this box and write them on the back where indicated.

Please indicate if you plan to attend this meeting.

**Yes No**

**(NOTE:** Please sign exactly as your name(s) appear(s) hereon. All holders must sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such.

