

UNIVERSAL FOREST PRODUCTS INC  
Form DEF 14A  
March 07, 2014

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

SCHEDULE 14A

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

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

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

Universal Forest Products, Inc.

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(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Universal Forest Products, Inc.  
2801 East Beltline NE  
Grand Rapids, MI 49525

Notice of Annual Meeting

The Annual Meeting of Shareholders of Universal Forest Products, Inc. will be held in the Company's Technology and Training Building, 2880 East Beltline Lane NE, Grand Rapids, MI 49525, on Wednesday, April 16, 2014, at 8:30 a.m. local time (registration begins at 8:00 a.m.) for the following purposes:

- (1) To elect three directors for three year terms expiring in 2017.
- (2) To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2014.
- (3) To participate in an advisory vote on executive compensation.
- (4) To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on February 18, 2014, are entitled to notice of and to vote at the meeting. To vote by telephone, shareholders of record may call toll free on a touch-tone telephone, 1-800-690-6903, enter the control number located on their Notice, and follow the recorded instructions. To vote on the Internet, shareholders of record may go to the Internet address <http://www.proxyvote.com>, enter the control number located on their Notice, and follow the instructions provided.

BY ORDER OF THE BOARD OF DIRECTORS

David A. Tutas, General Counsel and Secretary

March 7, 2014

Your vote is important. Even if you plan to attend the meeting,  
PLEASE VOTE YOUR PROXY PROMPTLY.

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Universal Forest Products, Inc.  
2801 East Beltline NE  
Grand Rapids, MI 49525

Annual Meeting of Shareholders

April 16, 2014

Proxy Statement

## SOLICITATION OF PROXIES

This Proxy Statement and the enclosed proxy are being furnished to holders of common stock, no par value, of Universal Forest Products, Inc. (the "Company"). Our Board of Directors (the "Board") is soliciting proxies for use at our Annual Meeting of Shareholders to be held on April 16, 2014, and at any adjournment of that meeting, at our Technology and Training Building, 2880 East Beltline Lane NE, Grand Rapids, MI 49525, at 8:30 a.m. local time. Registration for the meeting begins at 8:00 a.m.

## VOTING AT THE MEETING

If the enclosed Proxy is properly signed and returned, the shares represented by the proxy will be voted at our Annual Meeting of Shareholders and at any adjournment of the meeting. If a shareholder specifies a choice, the proxy will be voted as specified. If no choice is specified, the shares represented by the proxy will be voted for the election of all nominees named in the Proxy Statement, for the ratification of the appointment of our independent registered public accounting firm, for the proposal to approve our executive compensation (on an advisory basis), and in accordance with the judgment of the persons named as proxies with respect to any other matter which may come before the meeting.

In accordance with the rules promulgated by the Securities and Exchange Commission ("the SEC"), we have elected to use the Internet as our primary means of providing our proxy materials to our shareholders. Unless requested, shareholders will not receive paper copies of our proxy materials. Instead, we will mail our shareholders a Notice of Internet Availability of Proxy Materials with instructions for accessing our proxy materials and for voting via the Internet or telephone. The Notice of Internet Availability of Proxy Materials will also provide information on how shareholders may obtain paper copies of proxy materials free of charge, if they so choose.

Returning your completed proxy will not prevent you from voting in person at our Annual Meeting of Shareholders, if you wish to do so. In addition, you may revoke your proxy at any time before it is voted, by written notice to our secretary prior to our Annual Meeting of Shareholders, by submission of a later-dated proxy, or by the withdrawal of your proxy and voting in person at our Annual Meeting of Shareholders.

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The cost of the solicitation of proxies will be paid by our Company. In addition to the use of the United States Postal Service, proxies may be solicited personally, by telephone, by facsimile, or by electronic mail by our employees who will not receive additional compensation for soliciting proxies. We do not intend to pay any compensation for the solicitation of proxies, except that we will reimburse brokers, nominees, custodians, and other fiduciaries for their expenses in connection with sending materials to beneficial owners and obtaining their proxies.

#### VOTING SECURITIES

Holders of record of common stock at the close of business on February 18, 2014, will be entitled to vote at our Annual Meeting of Shareholders. As of February 18, 2014, there were 19,949,975 shares of common stock outstanding. The presence in person or by proxy of at least 51% of such shares constitutes a quorum. A shareholder is entitled to one vote for each share of common stock registered in the shareholder's name at the close of business on February 18, 2014. Under Michigan law, abstentions are treated as present and entitled to vote and therefore count in determining the presence of a quorum. A broker non-vote on a matter is considered not entitled to vote on that matter and, therefore, is not counted in determining (1) the existence of a quorum, or (2) whether a matter requiring approval of a majority of the shares present and entitled to vote has been approved. A broker non-vote occurs when a broker or similar holder has not received voting instructions from the beneficial holder of these shares and is barred from exercising its discretionary authority to vote the shares because the proposal is "non-routine." Votes cast at the meeting or submitted by proxy will be counted by inspectors of the meeting appointed by our Company. There is no right to cumulative voting on any matter.

#### ELECTION OF DIRECTORS

Our Board presently consists of ten members. These members are divided into three classes, as equal in number as possible, with the classes to hold office for staggered terms of three years each. Our Board has nominated incumbent directors Gary F. Goode, Mark A. Murray, and Mary E. Tuuk to three-year terms expiring at our 2017 Annual Meeting of Shareholders. Director John W. Garside, who has been a director since 1993, is not seeking re-election to our Board. We thank him for his service and guidance, as well as the insight he provided to our Company during his term. Mr. Garside's term expires at our 2014 Annual Meeting of Shareholders, after which our Board will consist of nine members. Mr. Goode and Mr. Murray are incumbent directors previously elected by our shareholders. Ms. Tuuk was appointed as a director in January of this year.

The persons named as proxy holders in the accompanying proxy will vote for the above-named nominees, unless a shareholder directs them differently by proxy. If a nominee is not available for election as a director at the time of the Annual Meeting of Shareholders (a situation which is not now anticipated), the Board may designate a substitute nominee, and the accompanying proxy will be voted for the substituted nominee.

A plurality of the votes cast at the Annual Meeting of Shareholders is required to elect the nominees as directors. Accordingly, the three individuals who receive the greatest number of votes cast at the meeting will be elected as directors. Shares not voted at the meeting, whether by abstention, broker non-vote, or otherwise, will not be treated as votes cast at the meeting.

The Board of Directors recommends a vote “FOR” the election of each person nominated by the Board.

The following table provides certain biographical information for each person who is nominated for election as a director at our Annual Meeting of Shareholders and for each person who is continuing as an incumbent director. The information was provided to us as of January 31, 2014 by the respective nominees and directors.

Names, (Ages), Positions, and Backgrounds of Directors and Nominees	Service as a Director
<u>Nominees for Terms Expiring in 2017</u>	
<p>Gary F. Goode (68) retired from Arthur Andersen LLP in March 2001 after 29 years. Following his retirement, Mr. Goode has worked as an independent consultant, and has served as Chairman of Titan Sales and Consulting LLC since January 2004. Mr. Goode has been on the Board of Directors of Gentex Corporation since 2003 and serves on its Audit, Compensation, and Nominating Committees.</p> <p>Mr. Goode is a financial expert, as defined by the SEC. As a result of 29 years as a Certified Public Accountant, he gained valuable insight into a wide variety of businesses. His financial acumen, coupled with these varied business experiences, provides a great frame of reference for successful business practices at other companies. His working career also gives him extensive experience working with companies whose securities are registered with the SEC.</p>	<p>Director since 2003. Chairman of Audit Committee.</p>
<p>Mark A. Murray (59) serves as Co-CEO and Vice Chairman of the Board of Meijer Inc., a regional retail chain. He has been in executive leadership at Meijer since 2006. From 2001 to 2006, he was the President of Grand Valley State University. He also served as Treasurer for the State of Michigan from 1999 to 2001 and Vice President of Finance and Administration for Michigan State University from 1998 to 1999. Mr. Murray received his B.S. in economics and his M.S. in labor and industrial relations from Michigan State University. In addition to his service on our Board, he is a director for DTE Energy and serves on its Finance Committee and Public Relations Committee, and a director or trustee of many community and professional organizations.</p>	<p>Director since 2004. Chairman of Nominating and Corporate Governance Committee. Member of Audit Committee.</p>

Mr. Murray is a financial expert, as defined by the SEC. His qualifications to sit on our Board include his experience as president of a major Michigan-based corporation and his experience as a university president and a State of Michigan government official. He also has extensive experience in financial accounting matters for complex organizations, strategic planning and corporate development, combined with strong skills in corporate finance, sales and marketing, and government relations and public policy. He also has experience serving as a director of another publicly-traded corporation.

Mary E. Tuuk (49) is Executive Vice President of Corporate Services, and Secretary of the Board of Directors, for Fifth Third Bancorp of Cincinnati, OH. Prior to assuming her current role, Ms. Tuuk served as President of Fifth Third Bank (Western Michigan) where she had leadership responsibility for the growth and strategic direction of major lines of business. From June 2007 through December 2011, Ms. Tuuk held the positions of Executive Vice President and Chief Risk Officer of Fifth Third Bancorp. She has been named one of the “25 Women to Watch in Banking” by the American Banker magazine each year since 2008. She serves on the boards of a variety of civic and charitable organizations and foundations.

Director since 2014.

Ms. Tuuk’s experience in financial services adds a unique perspective to our Board. Her expertise in enterprise risk management, corporate and legal compliance, regulatory management, government affairs, and strategic planning further enhances her value as a Board member.

Incumbent Directors - Terms Expiring in 2015

Matthew J. Missad (53) is Chief Executive Officer of our Company, a position to which he was appointed on July 13, 2011. From 1996 to 2011, he was Executive Vice President, General Counsel, and Secretary, in addition to serving on the boards of subsidiary entities, including international partnerships.

Director since 2011.

Mr. Missad’s experience and exposure to nearly all facets of our business is integral to the growth of our Company. Having led, at various times, the human resources, insurance, marketing, wood preservation, engineering, transportation, and compliance teams, and serving on our executive leadership team, he has an ability to understand and motivate people and teams, a capacity to simplify complex issues for sound decision-making, and a well-rounded and deep understanding of our Company’s business, people, markets, and opportunities.

Director since 2012.

Thomas W. Rhodes (52) is President and Chief Executive Officer of TWR Enterprises, Inc. of Corona, CA, a company he formed in 1984, which is the largest framing contractor in Southern California. Mr. Rhodes has served as a board member of the California Framing Contractors Association, Building Industry Association, Orange County, and the California Professional Association of Specialty Contractors, Orange County/Inland Empire.

Member of Audit Committee. Member of Personnel and Compensation Committee.

Mr. Rhodes has spent over 29 years building his business while establishing and developing relationships in the residential building and commercial construction industry. Mr. Rhodes' experience in the site-built construction business and his career as a framing contractor and an entrepreneur provides our Board and management with meaningful insight into this market and its prospects. His creative and strategic-thinking skills enabled him to branch out into other ventures, including real estate, hotel development, and insurance. These experiences provide a unique benefit to his service on our Board.

Louis A. Smith (74) is President of the law firm of Smith and Johnson, Attorneys, P.C., of Traverse City, Michigan and serves as a member of the Advisory Council for the University of Notre Dame Law School. Mr. Smith served on The State Board of Law Examiners, upon nomination by the Michigan Supreme Court and by gubernatorial appointment.

Director since 1993.  
Lead Director.  
Member of Audit Committee.  
Member of Personnel and Compensation Committee.

Mr. Smith utilizes his 48 years in the active practice of law to assist our Company's evaluation of legal and strategic risks. He has significant business ownership expertise, including in-depth experience with regulated industries such as banking and oil and gas. He has tremendous institutional knowledge and experience based on his 19 years as a member of our Board.

#### Incumbent Directors - Terms Expiring in 2016

William G. Currie (66) is Chairman of the Board of our Company. He joined our Company in 1971, serving as a salesman, general manager, vice president, and executive vice president. He was the Chief Executive Officer of our Company from 1989 to 2006, and on January 1, 2000, also became Vice Chairman of the Board. On April 19, 2006, he was named Chairman of the Board and served as an employee with the title of Executive Chairman until he retired from our Company on July 20, 2009. Mr. Currie has been on the board of Forestar Real Estate Group Inc. since 2008 and serves on its Audit Committee and Management Development and Executive Compensation Committee.

Director since 1978.

During his tenure with our Company, Mr. Currie created and, to this day, maintains extremely valuable relationships with many in the lumber and building materials industries. He has an in-depth understanding of our Company's supply chain and customer base, which makes him an important asset to management in assessing growth opportunities and strategic objectives.



John M. Engler (65) became President of the Business Round-table on January 15, 2011. He was President and Chief Executive Officer of the National Association of Manufacturers from October 2004 until he took over as head of the Business Roundtable. He was President of State and Local Government Business and Vice President of Government Solutions for North America for EDS in Herndon, Virginia from February 2003 to September 2004. He served as Governor of the State of Michigan from 1991 to 2003. Mr. Engler has served on the board of Munder Capital Management since 2003 and on the board of K-12 Inc. since November 2012. He served on the board of Delta Airlines from 2008 until 2012, and on the board of Northwest Airlines from 2003 until 2008.

Director since 2003.  
Member of  
Nominating and  
Corporate  
Governance  
Committee.  
Member of  
Personnel and  
Compensation  
Committee.

Mr. Engler's law degree, coupled with his experience in successfully leading the State of Michigan for 12 years, gives him a unique capacity to understand complex issues and to simplify them in an efficient and effective manner. As President of the Business Roundtable, Mr. Engler leads an association of chief executive officers of leading U.S. companies with over \$7 trillion in annual revenue and more than 16 million employees. His work on issues ranging from tax and trade to corporate governance and regulatory policy allows him to be a key contributor as a director.

Bruce A. Merino (69) retired from The Home Depot in 2009, after 25 years with the company. At the time of his retirement, he was Senior Vice President of Merchandising and President of The Home Depot's Expo Design Center. Mr. Merino sits on the City of Hope's Home Improvement Board Council and is its chair. Mr. Merino has been able to utilize his 38 years of experience in the home improvement industry to assist our Company in strategy and operations for our DIY market. Mr. Merino understands the procurement and marketing operations of big box retailers, which is very valuable to our Company.

Director since 2009.  
Chairman of  
Personnel and  
Compensation  
Committee.  
Member of  
Nominating and  
Corporate  
Governance  
Committee.

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## CORPORATE GOVERNANCE AND BOARD MATTERS

For many years, our Board has been committed to sound and effective corporate governance practices. The Board has documented those practices in our Corporate Governance Principles (the "Principles"). These Principles address director qualifications, director responsibilities, periodic performance evaluations, stock ownership guidelines, and a variety of other corporate governance matters. These Principles also require the Board to have an Audit Committee, Nominating and Corporate Governance Committee, and a Personnel and Compensation Committee. Our Corporate Governance Principles, along with the charters of each of these committees, are available for review on our website at [www.ufpi.com](http://www.ufpi.com) under the tab "Investor Relations."

Code of Business Conduct and Ethics and Code of Ethics for Senior Financial Officers

We have adopted a Code of Business Conduct and Ethics that applies to our employees, officers, and directors. We have also adopted a Code of Ethics for Senior Financial Officers. Each Code is posted on our website, and any changes or waiver to either code will be disclosed on our website at [www.ufpi.com](http://www.ufpi.com) under the tab "Investor Relations."

Affirmative Determination Regarding Director Independence and Other Matters

As required by our Corporate Governance Principles, our Board has determined each of the following directors to be an "independent director," under the Nasdaq Stock Market Rules (the "Nasdaq Standard"): John M. Engler, John W. Garside, Gary F. Goode, Bruce A. Merino, Mark A. Murray, Thomas W. Rhodes, Louis A. Smith, and Mary E. Tuuk. There are no family relationships between or among the directors and our executive officers.

To assist our Board, the Nominating and Corporate Governance Committee reviewed the applicable legal standards for director and board committee independence, as well as the criteria applied to determine "audit committee financial expert" status and the answers to annual questionnaires completed by each of the directors. On the basis of this review, the Nominating and Corporate Governance Committee delivered a report to the full Board, and the Board made its independence and "audit committee financial expert" determinations based upon that report and each member's review of the information made available to the Nominating and Corporate Governance Committee.

The effectiveness of each of our directors is monitored through the use of an annual assessment. Our Board does not have a mandatory retirement age policy. We believe that the ability of a Board member to add value to our Company is not dependent on age; rather, it is based on the director's actual performance. As a result, we expect that some directors will not serve until a typical retirement age, while others may serve longer.

Committees

Audit Committee. Each member of the Audit Committee is "independent" under the Nasdaq Standard as well as the applicable rules of the SEC for audit committee membership. Our Board has determined that Mr. Goode and Mr. Murray each qualify as an "audit committee financial expert," as defined in Item 407(d) of Regulation S-K of the Securities Exchange Act of 1934 (the "Exchange Act"). The full responsibilities of the Audit Committee are set forth in the Audit Committee Charter. In general, the primary purpose of this Committee is to assist the Board in overseeing management's conduct of our financial reporting processes and system of internal controls regarding finance, accounting, legal compliance, and ethics. During 2013, the Audit Committee held six meetings.

Personnel and Compensation Committee. Each member of this Committee is “independent” under the Nasdaq Standard. The Committee is responsible for reviewing and recommending to the Board the timing and amount of compensation for key employees, including salaries, bonuses, and other benefits, as well as director compensation. This Committee is also responsible for administering our equity-based incentive plans and for reviewing compensation plans and awards as they relate to key employees. The Committee has the authority to retain consultants and third-party advisors for assistance. The Committee has the ultimate authority to determine matters of executive compensation; however, it may rely upon recommendations of our Chief Executive Officer for matters of compensation for officers and Named Executives (as defined in the Summary Compensation Table), other than the Chief Executive Officer. Additional information on the Committee's role and practices involving executive compensation is described in the Compensation Discussion and Analysis in this Proxy Statement. The full responsibilities of the Personnel and Compensation Committee are set forth in its Charter. During 2013, the Personnel and Compensation Committee held two meetings.

Nominating and Corporate Governance Committee. Each member of the Nominating and Corporate Governance Committee is "independent" under the Nasdaq Standard. The Nominating and Corporate Governance Committee considers and proposes director nominees to the Board for election by our shareholders, selects candidates to fill Board vacancies as they may occur, makes recommendations to the Board regarding Board committee memberships, reviews succession planning for the Chief Executive Officer, generally monitors our corporate governance system, and performs any other functions or duties deemed appropriate by our Board. The full responsibilities of the Nominating and Corporate Governance Committee are set forth in its Charter. The Committee and Board adopted a Policy Governing Director Qualifications and Nominations, the details of which are described below, which include certain minimum qualification and board composition standards. During 2013, the Nominating and Corporate Governance Committee held three meetings.

Shareholder Nominees for Director. Our Articles of Incorporation contain certain procedural requirements applicable to shareholder nominations of directors. A shareholder who wishes to nominate a person to serve as a director must provide us with written notice. The notice must include: (1) the name and address of both the shareholder who intends to make the nomination and the person or persons nominated; (2) a representation that the shareholder is a current holder of record, will continue to hold those shares through the date of the meeting, and intends to appear in person or by proxy at the meeting; (3) a description of all arrangements between the shareholder and each nominee; (4) the information regarding each nominee as would be required to be included in a proxy statement filed under Regulation 14A of the Exchange Act had the nominee been nominated by the Board; and (5) the consent of each nominee to serve as director. The nominee's written consent to the nomination and sufficient background information on the candidate must be included to enable the Nominating and Corporate Governance Committee to make proper assessments as to his or her qualifications. Nominations must be addressed to the Chairman of the Nominating and Corporate Governance Committee at our headquarters, and must be received no fewer than 60 days but not more than 90 days prior to our Annual Meeting of Shareholders.

Director Qualifications and Requirements. Our Board has adopted a Policy Governing Director Qualifications and Nominations (the “Policy”). The Policy is included in the Committee’s Charter, which is available on our Company’s website. The Policy sets forth the general process the Committee is required to follow for identifying and evaluating director nominees, including nominees recommended by shareholders. Under the Policy, the Committee has the authority to seek director candidates from any source deemed appropriate, including recommendations of candidates submitted by shareholders. The Policy requires the Committee to evaluate all proposed director candidates in the same manner, irrespective of the source of the initial recommendation of the proposed candidate.

The Policy includes minimum qualification standards, Board composition standards, and additional qualification criteria. With respect to the former, the Policy requires that the Committee be satisfied that each recommended nominee meet the following qualifications:

(1) Integrity. The candidate must exhibit high standards of personal integrity and ethical character.

Absence of Conflicts of Interest. The candidate must not have any interests that would impair his or her ability to (2)(i) exercise independent judgment, or (ii) otherwise discharge the fiduciary duties owed as a director to our Company and its shareholders.

(3) Fair and Equal Representation. The candidate must be able to represent fairly and equally all shareholders of our Company, without favoring or advancing any particular shareholder or other constituency.

(4) Experience. The candidate must have experience at a strategic, policy making, or senior management level in a business, government, non-profit, or academic organization of high standing.

Business Understanding. The candidate must have a general appreciation regarding major issues facing public (5) companies of a size and operational scope similar to the Company, including contemporary governance concerns, regulatory obligations of a public issuer, strategic business planning, and basic concepts of corporate finance.

(6) Available Time. The candidate must have, and be prepared to devote, adequate time to our Board and its committees.

In addition to these minimum qualification criteria, the Committee is required to recommend Board candidates to help ensure that a majority of our Board is independent, that each of the Audit, Personnel and Compensation, and Nominating and Corporate Governance Committees is comprised entirely of independent directors, and that at least one member of the Audit Committee qualifies as an Audit Committee financial expert. The Committee and our Board also consider diversity in their identification of director candidates. Diversity in business and professional experience, education, and background benefit our Company by increasing the range of skills and perspectives available to our Board. Director nominees are selected without regard to race, gender, religious belief, or national origin. Our Board believes that adherence to these principles will provide an environment and practices that will yield the best return for our shareholders.

The Committee has, to date, not paid any third-party fees to assist in identifying and evaluating nominees. The Committee has not received any recommended nominations from any of our shareholders in connection with our 2014 Annual Meeting of Shareholders.

## Communications with the Board

Generally, shareholders who have questions or concerns regarding our Company should contact Investor Relations at 800-598-9663. However, any shareholder who wishes to address questions regarding the business or affairs of our Company directly with the Board or any individual director should direct his or her questions in writing to our Secretary at 2801 East Beltline NE, Grand Rapids, MI 49525. Our Secretary has been directed to promptly forward all communications to the full Board or the specific director indicated in the letter.

## Meeting Attendance

Each director is expected to make a reasonable effort to attend all meetings of our Board, applicable committee meetings, and the Annual Meeting of Shareholders. All but one of our directors attended our 2013 Annual Meeting of Shareholders. During the last fiscal year, there were four regular meetings of the Board, and the Board took action by unanimous written consent on one occasion. All of the directors attended all of the Board and Committee meetings for which they were eligible to attend. During fiscal 2013, the independent members of our Board met in executive session, without the presence of management, on four occasions.

## Leadership Structure and the Board's Role in Risk Oversight

William G. Currie, our current Chairman of the Board, was formerly our Company's Chief Executive Officer and served as Executive Chairman until his retirement from our Company in July 2009. While Mr. Currie now qualifies as an independent director under the NASDAQ Standard, our Board continues to regularly hold sessions of its meetings that are exclusively attended by independent directors, excluding the presence of Mr. Currie. Louis A. Smith serves as Lead Director to chair the meetings of independent directors, to communicate actions requested by the independent directors, and to serve as a liaison between the independent directors and our Chief Executive Officer. Mr. Smith receives \$10,000 per year for serving in this capacity. We believe that the governance of our Board, as currently constituted, is more effective by separating the offices of chairman of the board and chief executive officer.

Our Board of Directors, through its three committees, has an advisory role in risk oversight for our Company. Company management maintains primary responsibility for the risk management of our Company. The current trends toward increased regulation, litigation, and political volatility make it extremely difficult to predict the type and magnitude of risks facing our Company. In spite of this unpredictability, our Board relies on the representations of management, periodic reports from our independent auditors, as well as internal audit services performed by a third party, our Company's systems of internal controls, our Company's insurance advisors, and the historically conservative practices of our Company to provide comfort on our Company's ability to manage its risks. Management's discussion of current risk factors are set forth in our Company's Annual Report on Form 10-K.

RATIFICATION OF DELOITTE & TOUCHE LLP AS INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2014

The Audit Committee of the Board completed a competitive process for purposes of selecting an audit firm to serve as the Company's independent registered public accounting firm for the fiscal year ending December 27, 2014. Effective February 27, 2014, the Audit Committee approved the engagement of Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accounting firm for purposes of auditing the Company's financial statements, effective as of that date. This selection resulted in the dismissal of Ernst & Young LLP ("E&Y"), which had served that role until that date.

The audit reports of E&Y on the consolidated financial statements of the Company as of and for the years ended December 29, 2012 and December 28, 2013, did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the two most recent calendar years ending December 29, 2012 and December 28, 2013, and from December 28, 2013 through February 27, 2014, the effective date of E&Y's dismissal (the "Relevant Period"), there have been no (i) disagreements between the Company and E&Y on any matters of accounting principle or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to E&Y's satisfaction, would have caused E&Y to make reference to the subject matter of such disagreements in connection with its reports for those years, or (ii) reportable events as described in Item 304(a)(1)(v) ("Reportable Events") of Regulation S-K.

During the Relevant Period, neither the Company nor (to the Company's knowledge) anyone acting on behalf of the Company, consulted with Deloitte regarding either (i) the application of accounting principles to a specified transaction (either completed or proposed), (ii) the type of audit opinion that might be rendered on the Company's financial statements, or (iii) any matter that was either the subject matter of a "disagreement," as described in Item 304(a)(1) of Regulation S-K, or a Reportable Event.

We are asking our shareholders to ratify the selection of Deloitte as our independent registered public accounting firm. Although ratification is not legally required, the Board is submitting the selection of Deloitte to our shareholders for ratification as a matter of good corporate governance. Representatives of Deloitte are expected to be present at our Annual Meeting of Shareholders to respond to appropriate questions and to make such statements as they may desire.

The affirmative vote of the holders of the majority of the shares represented in person or by proxy and entitled to vote on this item will be required for approval. Abstentions and broker non-votes will not be treated as votes cast in this matter. Unless otherwise instructed by you, brokers, banks, and other street-named holders will have the discretionary authority to vote your shares on this matter.

If our shareholders do not ratify the appointment, the appointment will be reconsidered by the Audit Committee and the Board. Even if the selection is ratified, the Audit Committee, at its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of our Company and our shareholders.

The Board of Directors recommends a vote “FOR” this proposal to ratify the appointment of Deloitte as our Company's independent registered public accounting firm for fiscal 2014.

#### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – DISCLOSURE OF FEES

As explained above, E&Y served as our independent registered public accounting firm for the fiscal years ended December 29, 2012 and December 28, 2013. The following table sets forth the fees we paid to E&Y for those years, all of which were pre-approved by the Audit Committee.

	2013	2012
Audit Fees <sup>(1)</sup>	\$691,000	\$537,000
Audit Related Fees	0	0
Tax Fees	0	0
All Other Fees	0	0
Total	\$691,000	\$537,000

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(1) Includes annual audit, quarterly reviews, audit of internal controls, consultation, and preferability letter related to goodwill evaluation.

Audit Committee Pre-Approval Policy. The Audit Committee has established a pre-approval policy and procedures for audit, audit-related, and tax services that can be performed by our independent registered public accounting firm. The policy sets out the specific services that must be pre-approved by the Audit Committee, and places limitations on the scope of these services while ensuring that the independence of the auditors to audit our financial statements is not impaired. The policy prohibits us from retaining E&Y for services which are proscribed by rules of the SEC. In addition, the policy requires disclosure of non-audit services performed by our auditors. The pre-approval policy does not include a delegation of the Audit Committee's responsibilities and authority under the pre-approval policy.

ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

At our Annual Meeting on April 13, 2011, our shareholders advised us that they prefer to vote, on an advisory basis, on the approval of our executive compensation each year. Accordingly, we are offering our shareholders the opportunity to vote, on an advisory basis, on the approval of the compensation of our Named Executives. Because your vote is advisory, it will not be binding on our Board. However, our Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Our Company has had a long-standing tradition of delivering results to our shareholders. Because the compensation of our executives has been closely linked to Company performance, our executive compensation programs have played a major role in our ability to drive strong financial results and attract and retain a highly experienced, successful team to manage our Company.

We believe our executive compensation programs are effective and structured in a manner that (a) is consistent with our compensation philosophy and objectives (as described in our Compensation Discussion and Analysis below), (b) promotes our business objectives, and (c) supports our culture and traditions that have existed for over 58 years.

Our compensation programs are substantially tied to our key business objectives and the success of our shareholders. If the value we deliver to our shareholders declines, so does the compensation we deliver to our executives. We closely monitor the compensation programs and pay levels of executives of companies of similar size and complexity, so that we may ensure our compensation programs are within the norm of a range of market practices and remain competitive.

Our Committees, Chairman of the Board, and Chief Executive Officer engage in a talent review process annually to address succession and executive development for our Chief Executive Officer and other key executives.

Accordingly, our Board of Directors recommends that you vote in favor of the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables, and related material disclosed in the Company's proxy statement for its 2014 Annual Meeting of Shareholders, is hereby APPROVED."

The Board of Directors recommends a vote "FOR" this proposal.



## OWNERSHIP OF COMMON STOCK

The following table sets forth information as to each shareholder known to have been the beneficial owner of more than five percent (5%) of our outstanding shares of common stock as of December 31, 2013:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)	
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	2,098,703 (3)	10.5	%
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403	1,906,367 (4)	9.6	%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	1,690,075 (5)	8.5	%
Heartland Advisors, Inc. 789 North Water Street	1,532,994 (6)	7.7	%