LANCASTER COLONY CORP
Form DEF 14A
October 10, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

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 under §240.14a-12

LANCASTER COLONY CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than Registrant)
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(3) Filing Party:
(4) Date Filed:

380 Polaris Parkway, Suite 400
Westerville, Ohio 43082

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held On November 14, 2018

The Annual Meeting of Shareholders (the “Annual Meeting”) of Lancaster Colony Corporation (the “Corporation”) will be held at 1:00 p.m., Eastern Standard Time, on November 14, 2018, in the Regent Ballroom at the Hilton Columbus at Easton, 3900 Chagrin Drive, Columbus, Ohio 43219.

The meeting will be held for the following purposes:

1. To elect three directors, each for a term that expires in 2021;
2. To approve, by non-binding vote, the compensation of the Corporation’s named executive officers;
3. To ratify the selection of Deloitte & Touche LLP as the Corporation’s independent registered public accounting firm for the year ending June 30, 2019; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

By action of the Board of Directors, only persons who are holders of record of shares of the Corporation at the close of business on September 17, 2018 will be entitled to notice of and to vote at the Annual Meeting.

If you do not expect to attend the Annual Meeting, please sign, date and return the enclosed proxy card, which is being solicited by the Corporation’s Board of Directors. A self-addressed envelope, which requires no postage, is enclosed for your convenience in returning the proxy. Its prompt return would be appreciated. Alternatively, internet voting is available, as described in the proxy voting instructions on your proxy card. The giving of the proxy will not affect your right to vote in person should you find it convenient to attend the Annual Meeting. If you are the beneficial owner of shares held in “street name” by a broker, bank or other nominee, the broker, bank or nominee, as the record holder of the shares, should have enclosed a voting instruction card for you to use in directing it on how to vote your shares.

John B. Gerlach, Jr.
Executive Chairman of the Board

October 10, 2018

LANCASTER COLONY CORPORATION
380 Polaris Parkway, Suite 400
Westerville, Ohio 43082

PROXY STATEMENT

General Information

This Proxy Statement is furnished to the shareholders of Lancaster Colony Corporation (the “Corporation”) in connection with the solicitation by the Board of Directors of the Corporation (the “Board”) of proxies to be used in voting at the Annual Meeting of Shareholders to be held November 14, 2018, in the Regent Ballroom at The Hilton Columbus at Easton, 3900 Chagrin Drive, Columbus, Ohio 43219, at 1:00 p.m., Eastern Standard Time (the “Annual Meeting”). The enclosed proxy card, if completed and forwarded to the Corporation prior to the Annual Meeting, will be voted in accordance with the instructions contained therein. The proposals referred to on the enclosed proxy card are described in this Proxy Statement. This Proxy Statement and enclosed proxy card are first being mailed to shareholders on or about October 10, 2018.

A proxy may be revoked by the person giving it any time before it is exercised. Such revocation, to be effective, must be communicated to the Secretary or Assistant Secretary of the Corporation prior to the Annual Meeting. The presence of a shareholder at the Annual Meeting will not revoke his or her proxy unless specific notice thereof is given to the Secretary or Assistant Secretary of the Corporation.

The Corporation will bear the cost of solicitation of proxies, including any charges and expenses of brokerage firms and others for forwarding solicitation material to the beneficial owners of the Corporation’s shares. Proxies may be solicited by personal interview, mail, telephone and electronic communications through the efforts of officers and regular employees of the Corporation.

The Board has fixed the close of business on September 17, 2018 as the record date for the determination of shareholders entitled to receive notice and to vote at the Annual Meeting or any adjournments or postponements thereof. At September 17, 2018, the Corporation had outstanding and entitled to vote 27,487,869 shares of Common Stock, without par value (“Common Stock”), with each share of Common Stock entitling its holder to one vote. The Corporation has no other class of stock outstanding.

The presence, in person or by proxy, of a majority of the outstanding shares of Common Stock of the Corporation is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Proxies reflecting abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Broker non-votes occur when brokers, who hold their customers’ shares in street name, sign and submit proxies for those shares but fail to vote those shares on some matters.

If you are the beneficial owner of shares held in “street name” by a broker, bank or other nominee, the broker, bank or nominee, as the record holder of the shares, should have enclosed a voting instruction card for you to use in directing it on how to vote your shares.

Voting Requirements

The following are the voting requirements for the items of business listed on the Notice of Annual Meeting of Shareholders that are expected to be conducted at the Annual Meeting, along with an explanation of how broker non-votes and abstentions will be treated for purposes of each proposal:

1. Proposal One: The election of the director nominees requires the favorable vote of a plurality of all votes cast by the holders of the Common Stock at a meeting at which a quorum is present. Broker non-votes and proxies marked “Withhold” will not be counted toward the election of directors or toward the election of individual nominees specified in the form of proxy and, thus, will have no effect on the outcome of this proposal. However, as set forth under “Corporate Governance – Majority Voting Policy in Uncontested Elections,” each director has agreed that if he or she receives more “Withheld” votes than “For” votes in an uncontested election such as this one, the director will tender his or her resignation for consideration by the Nominating and Governance Committee and the Board.
2. Proposal Two: The non-binding approval of the compensation of our named executive officers requires the favorable vote of a majority of all votes cast by the holders of the Common Stock at a meeting at which a quorum is present. Broker non-votes and abstentions will have no effect on the outcome of this proposal.
3.

Proposal Three: The ratification of the Corporation’s independent registered public accounting firm for the year ending June 30, 2019 also requires the favorable vote of a majority of all votes cast by the holders of the Common Stock at a meeting at which a quorum is present. Broker non-votes and abstentions will have no effect on the outcome of this proposal.

PROPOSAL ONE

NOMINATION AND ELECTION OF DIRECTORS

The Board currently consists of ten members and is divided into two classes of three members and one class of four members. The members of the three classes are elected to serve for staggered terms of three years.

Except for Michael H. Keown, each of the nominees is a director standing for re-election. Mr. James B. Bachmann has reached mandatory retirement age and is not standing for re-election. Mr. Keown has been nominated by the Board to fill the vacancy that would otherwise be created by Mr. Bachmann's retirement. Mr. Keown was selected by the Nominating and Governance Committee and nominated by the Board after an extensive search for a qualified candidate. The Nominating and Governance Committee fielded potential candidates from a variety of sources, including those suggested by other Board members, and engaged an independent third-party search firm to assist in identifying qualified candidates. Mr. Keown was first identified and recommended by the independent third-party search firm. Mr. Keown was selected as a nominee based upon his business leadership background, relevant food industry knowledge and experience, cultural fit with the Board, and his ability and willingness to serve as a director of the Corporation.

Each nominee has consented to stand for election for a term expiring at the Corporation's 2021 Annual Meeting of Shareholders. In the event that any of the nominees becomes unavailable to serve as a director before the Annual Meeting, the Board will designate a new nominee and the persons named as proxies will vote for that substitute nominee.

The Board of Directors recommends a vote "FOR" the election of each of the nominees listed below by executing and returning the enclosed proxy card.

Nominees for Term to Expire in 2021

| Name | Position with the Corporation | Age | Director Since |
|---|---|---|---|
| Neeli Bendapudi | Director of the Corporation | 55 | 2005 |
| William H. Carter | Director of the Corporation | 65 | 2015 |
| Michael H. Keown | Nominee | 56 | — |

Continuing Directors – Term to Expire in 2019

| Name | Position with the Corporation | Age | Director Since |
|---|---|---|---|
| David A. Ciesinski | Director, Chief Executive Officer and President of the Corporation | 52 | 2017 |
| Kenneth L. Cooke | Director of the Corporation | 69 | 2010 |
| Alan F. Harris | Director of the Corporation | 64 | 2008 |
| Zuheir Sofia | Director of the Corporation | 74 | 1998 |

Continuing Directors – Term to Expire in 2020

| Name | Position with the Corporation | Age | Director Since |
|---|---|---|---|
| Robert L. Fox | Director of the Corporation | 69 | 1991 |
| John B. Gerlach, Jr. | Director and Executive Chairman of the Board | 64 | 1985 |
| Robert P. Ostryniec | Director of the Corporation | 57 | 2014 |

Retiring Director – Term to Expire in 2018

| Name | Position with the Corporation | Age | Director Since |
|---|---|---|---|
| James B. Bachmann | Director of the Corporation | 75 | 2003 |

The following information is provided for each director and each person nominated for election as a director and includes their principal occupations during the past five years; their specific experiences, qualifications, attributes or skills that qualify them to serve as directors; and certain other information.

Neeli Bendapudi currently serves as President of the University of Louisville and has held that position since May 2018. She served as Provost and Executive Vice Chancellor of the University of Kansas from July 2016 to May 2018. She also served as Dean of the School of Business of the University of Kansas from July 2011 to July 2016. She served as Professor/Associate Professor of Marketing at The Ohio State University from 1996 to 2007 and from October 2008 to July 2011; and Executive Vice President and Chief Customer Officer of Huntington National Bank from April 2007 until October 2008. Ms. Bendapudi's extensive

knowledge of marketing, brand strategies and consumer behavior provides considerable benefit in the Board's oversight of our retail marketing strategies. As an educator, Ms. Bendapudi adds to the diversity of experience the Corporation values in its leadership.

William H. Carter has been retired from full-time employment since December 2015. He served as Executive Vice President and Chief Financial Officer of Hexion Inc. (formerly known as Momentive Specialty Chemicals Inc.), an international specialty chemicals and materials company, from April 1995 to December 2015. In addition, he served as a director of Hexion Inc. from November 2001 to December 2015. Mr. Carter also served as Executive Vice President and Chief Financial Officer and a director of Momentive Performance Holdings LLC and its wholly-owned subsidiary Momentive Performance Materials Inc. from October 2010 until October 2014. Momentive Performance Materials Inc. voluntarily filed to reorganize under Chapter 11 of the U.S. Bankruptcy Code in April 2014 and emerged from the Chapter 11 reorganization in October 2014. Prior to joining Hexion Inc., Mr. Carter was a partner with Price Waterhouse LLP, which he joined in 1975. He is a director of M/I Homes, Inc. and chair of its audit committee, providing additional experience overseeing the issues that face public companies. He also serves as a director of New VAC Intermediate Holdings B.V. and serves on the audit committee. He currently serves on the board of trustees of the James Cancer Foundation Board. Mr. Carter's extensive finance and accounting experience provides the Board with valuable expertise in numerous financial areas, including accounting, tax, treasury, capital markets and strategic planning.

Michael H. Keown currently serves as President, Chief Executive Officer and Director of Farmer Brothers, a national coffee roaster, wholesaler and distributor of coffee, tea and culinary products, and has held those positions since March 2012. Prior to joining Farmer Brothers, Mr. Keown served in various executive capacities at Dean Foods Company, a food and beverage company, from 2003 to March 2012. He was at WhiteWave Foods Company, a subsidiary of Dean Foods, from 2004 to March 2012, including as President, Indulgent Brands from 2006 to March 2012. He was also responsible for WhiteWave's alternative channel business comprised largely of foodservice. Mr. Keown served as President of the Dean Branded Products Group of Dean Foods from 2003 to 2004. Mr. Keown joined Dean Foods from The Coca-Cola Company, where he served as Vice President and General Manager of the Shelf Stable Division of The Minute Maid Company. Mr. Keown has over 25 years of experience in the Consumer Goods business, having held various positions with E&J Gallo Winery and The Procter & Gamble Company. He has served on the Board of Directors of Welch Foods Inc., a wholly owned subsidiary of the National Grape Cooperative Association, Inc., since June 2015, and currently serves on Welch's Audit and Compensation Committees. In October 2016, Mr. Keown was also appointed Vice Chairman of the Board of Directors of World Coffee Research, a collaborative, not-for-profit 501(c)(5) research organization created by the global coffee industry. The Board believes Mr. Keown's significant management experience in the food industry would provide valuable perspective to the Board.

David A. Ciesinski currently serves as President and Chief Executive Officer of the Corporation. He has served as President of the Corporation since April 2016 and as Chief Executive Officer since July 2017. Mr. Ciesinski previously served as President of the Meal Solutions Division at Kraft Foods Group, Inc., and as its Executive Vice President and President of Meals & Desserts from 2014 to 2015, in which capacity he was responsible for leading Kraft's grocery business. Between 2013 and 2014, Mr. Ciesinski served as Chief Commercial Officer and Executive Vice President of Forever, Inc., a cloud based storage company, in which capacity he was responsible for leading the sales, marketing, business development and operations functions. From 2012 to 2013, Mr. Ciesinski served as the Vice President of Global Business Development at H.J. Heinz Company, in which capacity he was responsible for leading the corporate business development activities of H.J. Heinz Company. Between 2011 and 2012, Mr. Ciesinski served as Group Vice President and Chief Marketing Officer of the U.S. Retail Division at H.J. Heinz Company, in which capacity he was responsible for leading Heinz's marketing and demand generation functions of their U.S. consumer products business. Between 2003 and 2011, Mr. Ciesinski served in various other leadership roles at H.J. Heinz Company, including those in marketing and strategic planning functions. Prior to joining H.J. Heinz Company, Mr. Ciesinski was a consultant with Ernst & Young LLP. As a veteran of the packaged foods industry with a broad base of executive leadership positions, Mr. Ciesinski's past experience provides a strong background to draw from in his role as the Corporation's President and Chief Executive Officer.

Kenneth L. Cooke currently serves as an Executive of Intermedix Corporation, a wholly owned subsidiary of R1 RCM, Inc. Intermedix is a leading provider of technology-enabled solutions for the healthcare industry. He served as President of Intermedix from February 2015 until its sale to R1 RCM, Inc. in May 2018. He also served as Executive Vice President and Chief Operating Officer from March 2008 to February 2015 and as a member of the Board of Directors from March 2008 to May 2018. He served as Global Chief Information Officer of PricewaterhouseCoopers LLP (“PwC”), a registered independent public accounting firm, from July 2001 to March 2008; and Partner from July 1986 to March 2008. Mr. Cooke has over 30 years of experience in public accounting. At PwC, Mr. Cooke served in a variety of senior US and Global leadership positions specializing in tax, audit and other accounting and consulting services. Mr. Cooke also has significant experience in information technology and business process optimization as well as mergers and acquisitions and has worked with other food businesses. His current and prior positions provide additional experience as an operations officer and director. The breadth and depth of Mr. Cooke’s experience enables Mr. Cooke to provide significant contributions to the Board.

Alan F. Harris has been retired from full-time employment since 2007. He served as Executive Vice President and Chief Marketing and Customer Officer of Kellogg Company, a food products company, from 2003 to 2007; and Executive Vice President and President, Kellogg Company International Division from 2000 to 2003. With over 23 years of experience at Kellogg in a variety of positions, Mr. Harris possesses extensive domestic and international experience in the retail food industry, as well as considerable consumer marketing expertise. In addition, Mr. Harris embodies many other desirable qualities that contribute to the leadership of the Corporation, including strong general management breadth and experience and significant strategic acumen. Mr. Harris has made significant contributions to the Board in key areas of oversight, including strategic planning, risk assessment and product development.

Zuheir Sofia currently serves as Chairman, President and Chief Executive Officer of Business Bank of Florida, Corp., a bank holding company, and as Director of Florida Business Bank, a community bank, and has held those positions since April 2007. He also currently serves as Chairman of Sofia & Company, Inc., a financial advisory firm, and has held that position since 1998. Mr. Sofia served as President, Chief Operating Officer, Director and Treasurer of Huntington Bancshares Incorporated, a bank holding company, from 1984 to 1998 and also served as Chairman of the Board of Trustees at The Ohio State University. Mr. Sofia's extensive leadership experience with Huntington, Sofia & Company and Business Bank of Florida, Corp. has allowed him to bring to the Board his demonstrated management ability at the executive level. Mr. Sofia has significant experience in mergers and acquisitions, treasury, capital markets and asset/liability management. Mr. Sofia's attributes also include financial, strategic planning, risk management and operational expertise. The depth and knowledge of Mr. Sofia's current and past service as a director of several public and private companies and as chairman and board member of several non-profit organizations provides an invaluable expertise and insight to the Board.

Robert L. Fox currently serves as an Account Executive at Sweney Cartwright & Co., a stock brokerage firm, and has held that position since November 2014. He previously served as a Financial Adviser for Wells Fargo Advisors, a stock brokerage firm, from July 2008 to November 2014. He also served as Financial Adviser for A.G. Edwards & Sons, Inc., a stock brokerage firm, from 2005 to July 2008; and Financial Adviser for Advest, Inc., a stock brokerage firm, from 1978 to 2005. Mr. Fox has over 30 years of experience in the securities industry analyzing and evaluating the financial, operational and managerial capabilities of public companies. This experience enables Mr. Fox to better view the Corporation from a shareholder's perspective and contribute that perspective to the Board. As a member of the Board for over 20 years, Mr. Fox demonstrates an extensive knowledge of our business, our history and the markets we serve. Mr. Fox's significant ownership interest in the Corporation assures that his interests are directly aligned with those of our shareholders.

John B. Gerlach, Jr. currently serves as Executive Chairman of the Board of the Corporation and has held that position since July 2017. He served as Chief Executive Officer of the Corporation from 1997 until June 2017. Mr. Gerlach brings significant leadership and operational management experience to the Board. Mr. Gerlach has demonstrated strong executive leadership skills through over 30 years of executive officer service with the Corporation, including over 20 years as CEO. Mr. Gerlach is the Corporation's longest-serving director. This experience, combined with his prior service on the board of Huntington Bancshares Incorporated and numerous nonprofit organizations, provides Mr. Gerlach with vast board level leadership capabilities. Perhaps most importantly, Mr. Gerlach's significant ownership interest in the Corporation ensures that top leadership is directly aligned with the interests of our shareholders.

Robert P. Ostryniec retired from full-time employment in March 2017. He served as Chief Product Supply Officer for Keurig Green Mountain, Inc. from 2013 until March 2017. He also served as Senior Vice President for H.J. Heinz Company from 2010 to 2013; and Global Supply Chain Officer of H.J. Heinz Company from 2003 to 2013. Mr. Ostryniec has 33 years of experience as an executive in manufacturing, purchasing, supply chain and logistics roles for publicly traded, consumer-focused companies including General Electric Company, Stanley Black & Decker, Inc., H.J. Heinz Company and Keurig Green Mountain, Inc. Mr. Ostryniec's significant management experience, particularly in manufacturing, purchasing, supply chain and logistics, enables him to provide valuable perspective and insight to the Board.

## CORPORATE GOVERNANCE

The Board has a standing Audit, Compensation, Nominating and Governance and Executive Committee. In addition, the Board has adopted a Corporate Governance Program that includes Corporate Governance Principles, a Code of Business Ethics, Standards of Conduct and an Insider Trading Policy. Each of these documents and the charters of the

Board Committees are posted on the Corporation's web site at http://www.lancastercolony.com/investors/corporate-governance/governance-documents/default.aspx.

Director Independence — The Board and the Nominating and Governance Committee have reviewed and evaluated transactions and relationships with Board members and Board nominees to determine the independence of each of the members or nominees. The Board does not believe that any of its nonemployee members or nominees have relationships with the Corporation that would interfere with the exercise of independent judgment in carrying out his or her responsibilities as a director. The Board and the Nominating and Governance Committee have determined that a majority of the Board's members are "independent directors," as that term is defined in the applicable Nasdaq Global Select Market ("Nasdaq") listing standards. The Board has identified and determined that Ms. Bendapudi and Messrs. Bachmann, Carter, Cooke, Fox, Harris, Ostryniec, and Sofia are independent directors, and that Mr. Keown, if elected, will be an independent director.

Board Attendance — Each member of the Board is expected to make a reasonable effort to attend all meetings of the Board, all applicable committee meetings, and each annual meeting of shareholders. All members of the Board attended the 2017 Annual Meeting, and each of the current members of the Board is expected to attend the 2018 Annual Meeting. The Board held a total of six meetings during fiscal 2018. Each director attended at least 75% of the aggregate meetings of the Board and the committees on which he or she served in fiscal 2018.

Board Leadership Structure — Mr. John B. Gerlach, Jr. currently serves as the Executive Chairman of the Board. Mr. David A. Ciesinski currently serves as the Corporation's Chief Executive Officer ("CEO"). The Board believes that the Corporation and its shareholders are best served by retaining the Board's flexibility to allocate the responsibilities of Executive Chairman of the Board and CEO in any way that is in the best interests of the Corporation at any future point in time.

The Corporation's Corporate Governance Principles require the Corporation to have a Lead Independent Director at any time during which the positions of Chairman of the Board and CEO are held by the same person and also permit the appointment of a Lead Independent Director at any other time. Mr. James B. Bachmann was appointed Lead Independent Director in 2007, and he continues to serve as Lead Independent Director. Upon Mr. Bachmann's retirement at our November 2018 Annual Meeting, Mr. Harris will be appointed as Lead Independent Director. Under the Corporate Governance Principles, the Lead Independent Director:

- Works closely with the Chairman to approve the information presented to the Board and set and approve meeting agendas and meeting schedules;
- Chairs meetings of the Board in the absence of the Chairman;
- Oversees meetings of the independent directors, including executive sessions of the nonemployee directors;
- Serves as the principal liaison between the independent directors and the Chairman;
- Takes a leading role in the Board evaluation process; and
- Has the authority to call meetings of the independent directors from time to time.

Mr. Gerlach, in his capacity as Executive Chairman, serves as a bridge between the Board and management and provides critical leadership for carrying out the Corporation's strategic initiatives and confronting its challenges. In short, the Board believes that an Executive Chairman who is a member of the management team and a significant shareholder is well situated to assess the Corporation's strategy and business plans to maximize shareholder value. The Board believes that Board independence and oversight of management are effectively maintained through the Board's current composition, committee system and the position of Lead Independent Director.

Board Role in Risk Oversight — The Board, together with the Audit Committee and the Compensation Committee, are primarily responsible for overseeing the Corporation's risk management. Management of the Corporation has formed an Enterprise Risk Management Committee ("ERM Committee") consisting of the CEO, CFO, Senior Vice President of Supply Chain, Director of Internal Audit, General Counsel and Manager of Corporate Insurance. The primary responsibility of the ERM Committee is to promote the development of sound policies, procedures and practices for managing the Corporation's material risks and to report the results of the ERM Committee's activities to the Audit Committee. The ERM Committee provides the Audit Committee with reports on a periodic basis, and the full Board is provided an overview of key risks from various members of senior management. In addition, the Compensation Committee oversees risk requiring its expertise, such as those related to incentive compensation programs and policies.

Although the Board and its committees oversee risk management for the Corporation, management is responsible for the day-to-day management and mitigation of the Corporation's risks. We believe this division of responsibility reflects the appropriate roles of the Board and management in assessing and managing risks and has no effect on the Board's leadership structure.

Director Qualifications — The Nominating and Governance Committee will look for candidates who possess qualifications that meet our strategic needs; possess the highest personal and professional ethics, integrity and values; have an understanding of our business; have diverse experiences in key business, financial and other challenges that are faced by publicly held corporations with a consumer focus; and represent the long-term interest of our shareholders. In particular, the Nominating and Governance Committee will look for candidates with special and diverse experience in areas such as management of public companies or other large organizations; consumer packaged goods, particularly retail food companies; investment banking or the banking industry; accounting and finance; technology; supply chain; and retail/mass marketing experience. We expect our directors to represent all shareholders rather than special interest groups or any group of shareholders.

Corporate Governance Principles — The Board, on the recommendation of the Nominating and Governance Committee, adopted a set of Corporate Governance Principles in 2005. These Corporate Governance Principles were amended in 2007, 2012, 2016 and 2017. The Corporate Governance Principles relate to the role, composition, structure and functions of the Board and the Corporation. The Nominating and Governance Committee is responsible for periodically reviewing these Corporate Governance Principles and recommending any changes to the Board.

Majority Voting Policy in Uncontested Elections — The Board, on the recommendation of the Nominating and Governance Committee, adopted a policy in 2016 stating that in an uncontested election of directors (i.e. an election where the number of nominees does not exceed the number of directors to be elected), a nominee who receives more "Withheld" votes than "For" votes in such election is expected to promptly tender his or her resignation as a director. The Nominating and Governance Committee shall consider each tendered director resignation and recommend to the Board whether to accept or reject it. After considering the recommendation of the Nominating and Governance Committee and any other information the Board deems appropriate, and within 90 days following the certification of the election results, the Board will act to accept or reject each tendered director resignation and promptly disclose its decision.

If a director's resignation is rejected, the Board will disclose the reasons for its decision and the director will continue to serve the remainder of his or her term until his or her successor is duly elected or until his or her earlier death, resignation or removal. If a director's resignation is accepted, the Board, in its sole discretion, may fill any resulting vacancy or decrease the size of the Board, in each case to the extent permitted by the Corporation's Amended and Restated Code of Regulations.

Any director who tenders a resignation under this policy may not participate in the Nominating and Governance Committee recommendation or the action of the Board regarding whether to accept or reject such tender of resignation.

Code of Business Ethics and Standards of Conduct — The Corporation has adopted a Code of Business Ethics and Standards of Conduct that inform the Corporation's directors and employees of their legal and ethical obligations to the Corporation and set a high standard of business conduct. The Code of Business Ethics and Standards of Conduct apply to all employees and, where applicable, to directors of the Corporation. The Corporation intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver from, any provision (including the standards listed under Item 406(b) of Regulation S-K) of the Code of Business Ethics that applies to the Corporation's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions by posting such information on the Corporation's website at http://www.lancastercolony.com/investors/corporate-governance/default.aspx.

Shareholder Communication with the Board — Any of the directors may be contacted by writing to them at: Board of Directors, c/o Corporate Secretary's Office, Lancaster Colony Corporation, 380 Polaris Parkway, Suite 400, Westerville, Ohio 43082. The directors have requested that the Secretary of the Corporation act as their agent in processing any communication received. All communications that relate to matters that are within the scope of responsibilities of the Board and its committees will be forwarded to the Board of Directors. Communications relating to matters within the responsibility of one of the committees of the Board will be forwarded to the Chairperson of the appropriate committee. Communications relating to ordinary business matters are not within the scope of the Board's responsibility and will be forwarded to the appropriate officer at the Corporation. Solicitations, advertising materials and frivolous or inappropriate communications will not be forwarded.

## BOARD COMMITTEES AND MEETINGS

Audit Committee — The Board has established an audit committee (the "Audit Committee") that currently consists of Messrs. Bachmann, Carter, Cooke, Harris, and Ostryniec. Mr. Cooke currently serves as Chairperson of the Audit Committee, succeeding Mr. Bachmann, who served in that role until January 2018. The Board has determined that each member of the Audit Committee meets Nasdaq independence requirements and that Messrs. Bachmann, Carter and Cooke are "audit committee financial experts," as defined in Item 407(d)(5) of Regulation S-K. With respect to its assessment of whether Messrs. Bachmann, Carter and Cooke are "audit committee financial experts," the Board considered, among other things, their business experience and background described previously within this Proxy

Statement. The Audit Committee operates pursuant to a charter that was approved by the Board in 2004 and amended in 2007 and 2010. The duties of the Audit Committee include the responsibility of reviewing financial information (both external and internal) about the Corporation and its subsidiaries so as to assure (i) that the overall audit coverage of the Corporation and its subsidiaries is satisfactory and appropriate to protect the shareholders from undue risks and (ii) that an adequate system of internal financial control has been designed and implemented throughout the Corporation and is being effectively maintained. Additionally, the Audit Committee has sole authority and direct responsibility with respect to the appointment, compensation, retention and oversight of the Corporation's independent registered public accounting firm, or independent auditor. Also, as part of its duties, the Audit Committee has adopted procedures for receiving and acting on complaints received by the Corporation regarding accounting, internal controls and auditing issues. Such complaints should be sent to the attention of the Corporate Secretary's Office, Lancaster Colony Corporation, 380 Polaris Parkway, Suite 400, Westerville, Ohio

43082. The Audit Committee annually reviews the Audit Committee charter and annually evaluates the Audit Committee's performance. The Audit Committee held five meetings during fiscal 2018.

Compensation Committee — The Board has established a compensation committee (the "Compensation Committee") that currently consists of Ms. Bendapudi and Messrs. Cooke, Fox, and Sofia. Mr. Sofia serves as Chairperson of the Compensation Committee. It has been determined by the Board that each member of the Compensation Committee meets Nasdaq independence requirements. The Compensation Committee operates pursuant to a charter that was approved by the Board in 2004 and amended in 2008, 2010, 2013 and 2016. The duties of the Compensation Committee include: annually determining the compensation of the Chief Executive Officer and other key executives and reviewing and approving goals and objectives relevant to their activities; reviewing and approving the Chief Executive Officer's recommendations as to the compensation to be paid other executive officers of the Corporation; reviewing and approving offers to potential executive officers to join the Corporation; reviewing and approving perquisite policies; reviewing and approving employment agreements, severance or retention plans or agreements and severance or termination payments; retaining and overseeing compensation consultants and other advisors; overseeing regulatory compliance regarding compensation matters; establishing and evaluating performance goals and the level of achievement of such goals; reviewing and offering advice regarding direct compensation, equity-based compensation and retirement pay programs; administering equity-based compensation plans and approving equity awards; reporting activities to the Board; reviewing and discussing the Compensation Discussion and Analysis with the Corporation's management; determining whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Corporation's Annual Report on Form 10-K and Proxy Statement; preparing a Compensation Committee Report for inclusion in the Corporation's Annual Report on Form 10-K and Proxy Statement; periodically reviewing director compensation in relation to other comparable companies and in light of other facts the Compensation Committee finds appropriate; annually reviewing the Compensation Committee charter; and annually evaluating the Compensation Committee's performance. The charter does not provide the Compensation Committee with any delegation authority regarding its duties, except for the ability to delegate authority to approve equity awards to a subcommittee of the Compensation Committee. See the discussion below under "Compensation Discussion and Analysis" and "Compensation of Directors" for more information about the Compensation Committee's processes and procedures. The Compensation Committee held four meetings during fiscal 2018.

Nominating and Governance Committee — The Board has established a nominating and governance committee (the "Nominating and Governance Committee") that currently consists of Ms. Bendapudi and Messrs. Fox, Harris and Sofia. Mr. Fox serves as Chairperson of the Nominating and Governance Committee. It has been determined by the Board that each member of the Nominating and Governance Committee meets Nasdaq independence requirements. The Nominating and Governance Committee operates pursuant to a charter that was approved by the Board in 2004 and amended in 2005, 2010 and 2012. The duties of the Nominating and Governance Committee include identification and nominations to the Board of candidates for election as directors of the Corporation and the development and review of a set of Corporate Governance Principles. As part of its assigned duties, the Nominating and Governance Committee has reviewed the Corporate Governance Principles and found them to be acceptable in scope and application and has so reported to the Board. The Nominating and Governance Committee held four meetings during fiscal 2018.

The Nominating and Governance Committee uses different sources to identify Board candidates, including the Corporation's executive officers, current members of the Board and independent third-party search firms. The Nominating and Governance Committee also considers the nomination of director candidates recommended by shareholders in conformance with the tests and standards outlined in the Nominating and Governance Committee's charter and the Corporation's Amended and Restated Code of Regulations. The Nominating and Governance Committee uses the same manner and process for evaluating every candidate for Board membership, regardless of the original source of the candidate's nomination. The Nominating and Governance Committee generally considers the subject of diversity as described above under "Corporate Governance – Director Qualifications." Recommendations to the Nominating and Governance Committee from shareholders regarding candidates must be delivered to the Corporation's Corporate Secretary no later than June 30 of the year in which such shareholder proposes that the recommended candidate stand for election. Section 2.03 of the Corporation's Code of Regulations authorizes director nominations to be made by shareholders if the conditions specified therein are met, including the giving of advance notice and the furnishing of certain personal background information and a written statement from the proposed candidate agreeing to be identified in the Proxy Statement as a nominee and, if elected, to serve as a director. The Nominating and Governance Committee currently has not set specific, minimum qualifications or criteria for nominees that it proposes for Board membership, but evaluates the entirety of each candidate's credentials. The Nominating and Governance Committee believes, however, that the Corporation will be best served if its directors bring to the Board a variety of experience and backgrounds and, among other things, demonstrated integrity, executive leadership and financial, marketing, technology, supply chain or business knowledge and experience.

Executive Committee — The Board has established an executive committee (the "Executive Committee") that currently consists of Messrs. Gerlach, Fox and Bachmann. No particular director serves as Chairperson of the Executive Committee. The Executive Committee operates pursuant to resolutions that were adopted by the Board in February 2008. The Executive Committee exercises the power and authority of the Board in managing the business and affairs of the Corporation (other than any power or authority specifically precluded by applicable law, the Corporation's Articles of Incorporation or Amended and Restated Code of Regulations, or by limiting resolutions of the Board), but the Executive Committee acts only in the intervals between meetings of the Board. Furthermore, all acts of the Executive Committee must be reported at the next Board meeting. The Executive Committee met four times during fiscal 2018.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

To the Corporation's knowledge, based solely on its review of copies of forms filed with the Securities and Exchange Commission ("SEC"), all filing requirements applicable to the officers, directors and beneficial owners of more than 10% of the outstanding Common Stock under Section 16(a) of the Securities Exchange Act of 1934, as amended, were complied with during the fiscal year ended June 30, 2018, except that there was one untimely report on Form 4 for Douglas A. Fell, the Vice President, Assistant Secretary and Chief Financial Officer of the Corporation, which was filed on January 26, 2018.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following shareholders have beneficial ownership, directly or indirectly, of more than five percent of the outstanding Common Stock as of September 17, 2018:

| Name and Address of Beneficial Owner | Nature of Beneficial Ownership | Amount of Beneficial Ownership | Percent of Class[(1)] |
|---|---|---|---|
| John B. Gerlach, Jr.[(2)]<br>c/o Lancaster Colony Corporation<br>380 Polaris Parkway, Suite 400<br>Westerville, Ohio 43082 | Direct and indirect | 8,200,642 | 29.8% |
| Dareth A. Gerlach[(3)]<br>c/o Lancaster Colony Corporation<br>380 Polaris Parkway, Suite 400<br>Westerville, Ohio 43082 | Direct and indirect | 5,920,737 | 21.5% |
| John B. Gerlach Trust A-1[(2)]<br>c/o Lancaster Colony Corporation<br>380 Polaris Parkway, Suite 400<br>Westerville, Ohio 43082 | Direct | 5,737,602 | 20.9% |
| BlackRock, Inc.[(4)]<br>55 East 52nd Street<br>New York, NY 10055 | Direct and indirect | 2,013,688 | 7.3% |
| The Vanguard Group[(5)]<br>100 Vanguard Blvd.<br>Malvern, PA 19355 | Direct and indirect | 1,835,421 | 6.7% |
| State Street Corporation[(6)]<br>State Street Financial Center<br>One Lincoln Street<br>Boston, MA 02111 | Direct and indirect | 1,847,380 | 6.7% |

(1) Aside from Mr. Gerlach, percentages based upon 27,487,869 shares outstanding as of September 17, 2018. Percentage for Mr. Gerlach is based on 27,507,143 shares, which includes 19,274 shares available from vested stock appreciation rights, assuming exercise on September 17, 2018.

(2) Mr. Gerlach beneficially owns 8,200,642 shares in the aggregate. This includes: (i) 255,397 shares held by Mr. Gerlach's spouse either directly or as trustee for which Mr. Gerlach's spouse has the sole power to vote and dispose of these shares. Mr. Gerlach disclaims beneficial ownership of all of these shares; (ii) 5,737,602 shares held by the John B. Gerlach Trust A-1, of which Mr. Gerlach is trustee with no power to vote or dispose of the shares, and of which Mr. Gerlach's mother, Dareth A. Gerlach, is the special trustee with the sole power to vote and dispose of the

shares. Mr. Gerlach disclaims beneficial ownership of all of these shares; (iii) 137,430 shares held by the John B. Gerlach Taxable Trust U/A, of which Mr. Gerlach is trustee with no power to vote or dispose of the shares, and of which Mr. Gerlach's mother, Dareth A. Gerlach, is the special trustee with the sole power to vote and dispose of the shares. Mr. Gerlach disclaims beneficial ownership of all of these shares; (iv) 372,200 shares held by Mr. Gerlach as trustee or custodian for which he has the sole power to vote and dispose of the shares. Mr. Gerlach disclaims beneficial ownership of all of these shares; (v) 360,500 shares held by a family limited partnership and general partnership, of which Mr. Gerlach is a shareholder and an officer of each. Mr. Gerlach has shared power to vote and dispose of all of these shares and disclaims beneficial ownership of 351,461 of these shares; (vi) 280,326 shares held by the Gerlach Foundation Inc., a private charitable foundation for which Mr. Gerlach shares the power to vote and dispose of the shares. Mr. Gerlach disclaims beneficial ownership of all of these shares; (vii) 132,160 shares held by Lancaster Lens Inc., a private charitable foundation for which Mr. Gerlach shares the power to vote and dispose of the shares. Mr. Gerlach disclaims beneficial ownership of all of these shares; and (viii) 620,122 shares held by Lehrs, Inc., a for profit corporation that is owned by the Fox Foundation, Inc., Gerlach Foundation, Inc. and The FG Foundation. Messrs. Gerlach and Fox serve as trustees of The FG Foundation, which is a supporting foundation of a public charitable foundation. Messrs. Gerlach and Fox each have shared power to vote and dispose of the shares held by Lehrs, Inc., and each disclaims beneficial ownership of all of those shares.

(3) Includes 5,737,602 shares held by the John B. Gerlach Trust A-1 and 137,430 shares held by the John B. Gerlach Taxable Trust U/A. Mr. Gerlach is trustee of these trusts with no power to vote or dispose of the shares, and Mr. Gerlach's mother, Dareth A. Gerlach, is the special trustee with the sole power to vote

and dispose of the shares. These shares are also included in the total number of shares held by Mr. Gerlach in the above table. Mr. Gerlach disclaims beneficial ownership of these shares, all of which are also reported in footnote 2.

(4) BlackRock, Inc. filed a Schedule 13G/A with the SEC on January 25, 2018 indicating that, as of December 31, 2017, BlackRock, Inc. has sole voting power with respect to 1,972,049 shares and sole dispositive power with respect to 2,013,688 shares.

(5) The Vanguard Group filed a Schedule 13G/A with the SEC on February 9, 2018 indicating that, as of December 31, 2017, The Vanguard Group has sole voting power with respect to 37,026 shares, sole dispositive power with respect to 1,797,141 shares, and shared dispositive power with respect to 38,280 shares.

(6) State Street Corporation filed a Schedule 13G with the SEC on February 14, 2018 indicating that, as of December 31, 2017, State Street Corporation has shared dispositive power with respect to 1,847,380 shares.

The following information indicates the beneficial ownership of outstanding Common Stock as of September 17, 2018 by all executive officers and directors of the Corporation as a group, each individual director, each individual director nominee, and each named executive officer in the 2018 Summary Compensation Table:

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Percent of Class[1] | |
|---|---|---|---|---|
| James B. Bachmann | 11,742 shares | | * | |
| Neeli Bendapudi | 10,467 shares | | * | |
| William H. Carter | 2,167 shares | | * | |
| David A. Ciesinski | 22,550 shares | (2) | * | |
| Kenneth L. Cooke | 9,537 shares | | * | |
| Douglas A. Fell | 15,143 shares | (2) | * | |
| Robert L. Fox | 1,062,928 shares | (3) | 3.9 | % |
| John B. Gerlach, Jr. | 8,200,642 shares | (2)(4) | 29.8 | % |
| Alan F. Harris | 17,012 shares | (5) | * | |
| Michael H. Keown | 0 shares | | * | |
| David S. Nagle | 1,700 shares | (2) | * | |
| Robert P. Ostryniec | 3,527 shares | | * | |
| Zuheir Sofia | 11,065 shares | | * | |
| Joseph M. Tuza | 3,385 shares | (2) | * | |
| All executive officers and directors as a group (15 persons) | 8,758,071 shares | (6)(7) | 31.8 | % |

___________

* Less than 1%

(1) Aside from Messrs. Ciesinski, Fell, Gerlach, Nagle and Tuza, individual percentages based upon 27,487,869 shares outstanding as of September 17, 2018. Percentages for Messrs. Ciesinski, Fell, Gerlach, Nagle and Tuza are based on 27,499,959 shares; 27,488,390 shares; 27,507,143 shares; 27,488,343 shares and 27,489,627 shares, respectively, which include the individual amounts noted in (2) below. Percentages for the group are based on 27,523,198 shares, which includes the total amount noted in (2) below and the amount noted in (7) below.

(2) Includes 12,090; 521; 19,274; 474 and 1,758 shares available from vested stock appreciation rights for Messrs. Ciesinski, Fell, Gerlach, Nagle and Tuza respectively, assuming exercise on September 17, 2018.

(3) Mr. Fox beneficially owns 1,062,928 shares in the aggregate. This includes: (i) 53,273 shares held directly by Mr. Fox's spouse. Mr. Fox disclaims beneficial ownership of all of these shares; (ii) 86,997 shares held by Mr. Fox as trustee for which he has the sole power to vote and dispose of the shares. Mr. Fox disclaims beneficial ownership of 78,398 of these shares; (iii) 57,530 shares held by the Fox Foundation Inc., a private charitable foundation for which Mr. Fox shares the power to vote and dispose of the shares. Mr. Fox disclaims beneficial ownership of all of these shares; and (iv) 620,122 shares held by Lehrs, Inc., a for profit corporation that is owned by the Fox Foundation, Inc., Gerlach Foundation, Inc. and The FG Foundation. Messrs. Fox and Gerlach serve as trustees of

The FG Foundation, which is a supporting foundation of a public charitable foundation. Messrs. Fox and Gerlach each have shared power to vote and dispose of the shares held by Lehrs, Inc., and each disclaims beneficial ownership of all of those shares.

(4) See the footnote for Mr. Gerlach in the beneficial ownership table listed previously within this Proxy Statement.

(5) Includes 13,156 shares held as trustee for which Mr. Harris has the sole power to vote and dispose of these shares.

(6) For purposes of this calculation, the 620,122 shares held by Lehrs, Inc. have only been counted once.

(7) Includes 6,328 shares beneficially owned by other executive officers not individually listed in the table.

## COMPENSATION DISCUSSION AND ANALYSIS

In this section, we discuss the principles underlying our executive compensation policies and decisions and the most important factors relevant to an analysis of these policies and decisions. We provide qualitative information regarding the manner and context in which compensation is awarded to and earned by our named executive officers to give perspective to the data we present in the compensation tables below, as well as the narratives that follow the tables.

Executive Officers

The following is a list of the names and ages of all of the executive officers of the Corporation indicating all positions and offices held by each such person and each person's principal occupation or employment during the past five years. The executive officers are elected annually by the Board:

| Name | Principal Occupation | Age | Executive Officer Since |
|---|---|---|---|
| David A. Ciesinski [(1)] | Chief Executive Officer of the Corporation since 2017; President of the Corporation since 2016; President of T. Marzetti Company, the specialty foods subsidiary of the Corporation, since 2016 | 52 | 2016 |
| Douglas A. Fell | Chief Financial Officer, Vice President and Assistant Secretary of the Corporation since 2014; Treasurer of the Corporation from 2014 to 2018; Senior Vice President of Finance of T. Marzetti Company, the specialty foods subsidiary of the Corporation, from 2012 to 2014; Senior Vice President of Strategic Development of T. Marzetti Company from 2010 to 2012 | 56 | 2014 |
| John B. Gerlach, Jr. | Executive Chairman of the Board of the Corporation since 2017; Chairman of the Board and Chief Executive Officer of the Corporation from 1997 to 2017; President of the Corporation from 1997 to 2016 | 64 | 1982 |
| David S. Nagle [(2)] | Senior Vice President of Supply Chain of T. Marzetti Company, the specialty foods subsidiary of the Corporation, since 2017; Chief Operating Officer of Phillips Pet Food & Supply from 2014 to 2017; President, Distribution of Associated Materials from 2012 to 2014 | 54 | 2017 |
| Joseph M. Tuza [(2)] | Senior Vice President of Retail Sales of T. Marzetti Company, the specialty foods subsidiary of the Corporation, since 2012 | 48 | 2017 |
| Timothy S. Tate [(2)] | Senior Vice President of Foodservice Sales of T. Marzetti Company, the specialty foods subsidiary of the Corporation, since 1999 | 63 | 2017 |

(1) See "Proposal One - Nomination and Election of Directors" for Mr. Ciesinski's employment information prior to 2016.

(2) Messrs. Nagle, Tuza and Tate became executive officers of the Corporation on July 1, 2017, the first day of our 2018 fiscal year.

Executive Summary

During 2018, we continued a food-focused strategy that we believe will best increase long-term shareholder value. The strategy involved continuing to grow our existing specialty food businesses organically. We also continue to evaluate additional acquisition opportunities that match our existing food-focused operations and anticipate growth from potential future acquisitions.

During fiscal 2018, we achieved the following financial outcomes from continuing operations:

- Overall sales increased 2% to $1.223 billion.
- Our Retail segment net sales increased 1.4% to $650.2 million with growth from shelf-stable dressings and sauces sold under license agreements and the incremental contribution from our November 2016 acquisition of Angelic Bakehouse, Inc. ("Angelic").
- Our Foodservice segment net sales increased 2.2% to $572.7 million driven by pricing actions and higher volumes for frozen breads and frozen pasta.
- Operating income decreased 2% as impacted by increased commodity costs, particularly eggs, and higher freight costs. Offsetting these negative factors were cost savings realized from the Corporation's lean six sigma program and pricing actions. In the prior year, we incurred a one-time charge of $17.6 million related to our withdrawal from an underfunded multiemployer pension plan. Excluding this charge, our operating income decreased $20.2 million, or 10.5%.

- Value-added income, a key factor in our annual incentive plans, decreased by 25% and 24% at the corporate level and for the combined Retail and Foodservice segments, respectively.
- The 2017 incentive calculation excluded the impact of the $17.6 million one-time multiemployer pension charge. In addition, the financial impact of Angelic, including its sales, operating income and net assets, was excluded

from the 2017 incentive calculation because that business was acquired during the course of the year and was therefore not considered in the development of the 2017 incentive plan.

- The value-added income at the corporate level decreased because of lower 2018 operating income, as well as an increase in the average net asset level. The annual incentive for Mr. Fell is based on this value-added income.
- Value-added income for the combined Retail and Foodservice segments also decreased because of lower 2018 operating income, as well as an increase in the average net asset level. This value-added income is the basis for the annual incentive payouts for Messrs. Ciesinski, Nagle and Tuza.
- Net income and net income per common share (fully diluted) increased by 17.3% and 17.1%, respectively, primarily impacted by the reduction in federal income taxes in fiscal 2018 due to the Tax Cuts and Jobs Act of 2017 (“Tax Act”).
- Return on beginning shareholders’ equity was 23.5%.
- Our financial strength remained strong, with a year-end cash balance of $205.8 million and no debt.

Our ongoing shareholders experienced a total shareholder return of 15.0% during fiscal 2018. Shareholder returns are inclusive of $64.5 million in dividends, which represented a fiscal year dividend of $2.35 per share. Three-year total shareholder return was 67.8%, including dividends, an annualized rate of 18.8%.

Based on the financial performance results noted above, we provided the following pay outcomes to our continuing named executive officers (Messrs. Ciesinski, Fell and Gerlach) for fiscal 2018:

Executive Pay Decisions - Increases/Decreases in Fiscal 2018

| Executive | Salary | Annual Incentive | Long-Term Incentive | Total Direct Compensation | Notes |
|---|---|---|---|---|---|
| Mr. Ciesinski | 22% | 27% | 12% | 17% | Increases based on promotion to CEO. |
| Mr. Fell | 3% | -25% | 9% | -5% | Overall decrease is the result of lower annual financial performance. |
| Mr. Gerlach | -33% | 0% | -100% | -57% | Decreases based on transition from CEO to Executive Chairman. |
| Aggregate | -10% | -4% | -20% | -12% | Overall decrease is the result of change in CEO and decrease in annual financial performance. |

Note: Messrs. Nagle and Tuza are not included in the above table because they have only been Executive Officers for one year.

Aggregate compensation declined for the three executives noted above who were also named in our 2017 Proxy Statement. The changes were driven by two key factors:

- The transition of the CEO position from Mr. Gerlach to Mr. Ciesinski at the beginning of the fiscal year; and
- The decline in year-over-year financial results, which served to reduce annual incentive payouts as described in more detail below.

Our Compensation Committee believes the above pay outcomes were appropriate in the context of the financial and shareholder return performances described above.

Executive Compensation Program Philosophy and Objectives

The primary objective of our key executive compensation program is to reward our named executive officers for their efforts in:

- attaining market or above-market financial results;
- achieving our strategic goals; and
- increasing long-term shareholder value.

As a result, our executive compensation philosophy is focused on "pay for performance."

For the Corporation, a "pay for performance" philosophy means providing competitive compensation outcomes when performance meets our expectations, but also realizing that results above or below our expectations may result in above-market or below-market compensation outcomes. To further this philosophy, we have designed our executive compensation program to achieve the following objectives:

- motivation of our named executive officers to help achieve superior financial and operational performance;
- continued alignment of our named executive officers' compensation interests with our goal of creating long-term shareholder value; and
- attraction and retention of key executive talent.

We believe our executive compensation program should promote long-term shareholder value and should not be overly influenced by the short-term performance of our stock. In our experience, salary, annual cash incentive awards and long-term equity-based awards, as the primary elements of our executive compensation program, are the best vehicles to align our executives' interests with our goal of promoting long-term shareholder value. We also understand our executive compensation programs provide a starting point, or baseline of comparison, for the compensation we pay to our other employees. For this reason, we believe our executive compensation program should strike an appropriate balance among rewards, incentives and expectations.

While these broad concepts generally govern our executive compensation program, we also take into account specific factors particular to each executive officer when making individual compensation decisions, which we describe in detail below. These factors include the executive's range of responsibilities and related performance measures and other individual factors affecting each executive's performance. We also engage in a general "double-check" of our executive compensation levels against amounts paid to executive officers with similar responsibilities in similarly situated companies, but we do not specifically benchmark compensation against percentiles or ranges of compensation provided by such companies.

At our 2017 Annual Meeting, our executive compensation program received approval from 99.6% of our shareholders casting votes on the matter, indicating strong shareholder support for the Compensation Committee's executive compensation decisions and policies. There are many factors contributing to the Compensation Committee's decision on whether to make significant changes to our compensation mix, including shareholder approval, peer group actions, target pay levels, performance metrics, or other compensation policies. The Compensation Committee will continue to consider results from future shareholder advisory votes, which will be held annually until the next shareholder advisory vote in 2023 on the frequency of future votes on executive compensation, in its ongoing evaluation of our executive compensation programs and practices.

Compensation Administration and Consultant

The Compensation Committee reviews and determines the compensation for our named executive officers. The compensation we paid our named executive officers for fiscal 2018 is disclosed in detail in the tables and narratives below under the heading "Executive Compensation." Our Compensation Committee is also responsible for, among other duties, structuring and administering the compensation programs and plans in which our named executive officers participate.

During fiscal 2018, the Compensation Committee retained the services of an independent executive compensation consultant, Pay Governance LLC ("Pay Governance"). Pay Governance reports directly to the Compensation Committee and did not provide any other types of service to the Corporation during fiscal 2018. The Compensation Committee believes there were no conflicts of interest between Pay Governance and the Compensation Committee during fiscal 2018. In reaching this conclusion, the Compensation Committee considered the compensation consultant independence factors set forth in Rule 10C-1(b)(4) of the Securities Exchange Act of 1934, as amended.

Pay Governance reevaluated our peer group and, based on its recommendations and input from management, the Compensation Committee adopted changes to the peer group for 2018 as provided below. In addition, Pay Governance provided information regarding median compensation for our named executive officers, Messrs. Ciesinski, Fell, Gerlach, Nagle and Tuza. The information was used by the Compensation Committee to obtain a general understanding of current compensation practices in our competitive market rather than for benchmarking purposes. Pay Governance also worked with the Compensation Committee to redesign the annual incentive plan for implementation in fiscal 2019, as described in more detail below.

Over time, the Compensation Committee has worked to include peer companies with the following characteristics:

-

annual revenues generally between 50% and 250% of the Corporation's annual revenues;

- companies primarily competing in the Packaged Foods and Meats category and other related categories; and
- a market cap similar to ours (i.e., between $1 billion and $5 billion vs. our market cap in excess of $3 billion).

During 2018, we removed the following companies from our peer group:

- Blue Buffalo Pet Products Inc. (acquisition announced during 2018)
- Snyder's-Lance Inc. (acquired in March 2018)

We anticipate further changes in the peer group due to the expected future disparate revenue growth rates among the current peer companies as well as future mergers and acquisitions.

Our peer group for 2018 consists of the following companies:

- B&G Foods, Inc.
- Calavo Growers Inc.
- Cal-Maine Foods, Inc.
- Hain Celestial Group Inc.
- Hostess Brands Inc.
- J&J Snack Foods Corp.
- National Beverage Corp.
- Pinnacle Foods Inc.
- Prestige Brands Holdings Inc.
- Revlon, Inc.
- Sanderson Farms Inc.
- Tootsie Roll Industries, Inc.

Our fiscal 2018 revenues were near the median of the chosen peer companies (49$^{th}$ percentile), while our market capitalization and total enterprise value were at the 82$^{nd}$ and 51$^{st}$ percentiles of the 2018 peer group, respectively. Total enterprise value is defined as market capitalization plus long-term debt less cash.

Compensation Processes, Procedures and Comparison to Peer Group

Generally, our Compensation Committee establishes salaries for the current fiscal year and annual cash incentive award payouts for the prior fiscal year at its regularly scheduled August meeting. Historically, at this meeting, our Compensation Committee reviews the elements of each named executive officer's total compensation during the previous fiscal year. Our Chief Executive Officer then makes compensation recommendations to our Compensation Committee with respect to the members of senior management who report to him, but those executives are not present in the meeting during compensation deliberations.

The Compensation Committee Chair then makes compensation recommendations in executive session to our Compensation Committee with respect to our Executive Chairman and Chief Executive Officer, who are absent from the meeting at that time. Our Compensation Committee also compares our named executive officers' compensation with that offered to executive officers employed by companies in our peer group, based on information about the peer group companies supplied by Pay Governance, during the first part of the review process as a "double-check" against market compensation practices rather than as a formal benchmarking process.

Our Compensation Committee may accept or make adjustments to the recommendations it receives in establishing the final compensation for each of the named executive officers. In general, when setting each component of compensation for our named executive officers, our Compensation Committee considers the following performance factors:

- our previous year's operating results and achievement of our performance objectives;
- the relative value of the executive's unique skills, competencies and institutional knowledge, including time in current position;
- the executive's performance of his or her responsibilities; and