

CENTRAL GARDEN & PET CO  
Form DEF 14A  
December 29, 2015

**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

**CENTRAL GARDEN & PET COMPANY**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
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**CENTRAL GARDEN & PET COMPANY**

**1340 Treat Blvd., Suite 600**

**Walnut Creek, California 94597**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**Tuesday, February 9, 2016, 10:30 A.M.**

TO THE STOCKHOLDERS:

The Annual Meeting of Stockholders of Central Garden & Pet Company will be held at the RENAISSANCE CLUBSPORT HOTEL, 2805 Jones Road, Walnut Creek, California 94597, on Tuesday, February 9, 2016, at 10:30 A.M. for the following purposes:

- (1) To elect nine directors;
- (2) To ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending on September 24, 2016; and
- (3) To transact such other business as may properly come before the meeting.

Only holders of record of Common Stock and Class B Stock on the books of the Company as of 5:00 P.M., December 14, 2015, will be entitled to vote at the meeting and any adjournment thereof. Holders of Class A Common Stock are welcome to attend and participate in this meeting. A complete list of the Company's stockholders entitled to vote at the meeting will be available for examination by any stockholder for ten days prior to the meeting during normal business hours at the Company's principal executive offices at 1340 Treat Blvd., Suite 600, Walnut Creek, California.

Except for those stockholders who have already requested printed copies of the Company's proxy materials, the Company is furnishing proxy materials for this annual meeting to stockholders through the Internet. On or about December 29, 2015, the Company mailed to stockholders on the record date a Notice of Internet Availability of Proxy Materials (the "Notice"). Certain stockholders who previously requested email notice in lieu of mail received the Notice by email. If a stockholder received a Notice by mail or email, that stockholder will not receive a printed copy of the proxy materials unless such stockholder specifically requests one. Instead, the Notice instructs stockholders on how to access and review all of the important information contained in the Proxy Statement and in the Company's Annual Report on Form 10-K for the fiscal year ended September 26, 2015 (which the Company posted on the Internet on December 29, 2015), as well as how to submit proxies over the Internet. The Company believes that mailing or emailing the Notice and posting other materials on the Internet allow it to provide stockholders with the information they need while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting. If a stockholder received the Notice and would still like to receive a printed copy of the proxy materials, such stockholder may request a printed copy of the proxy materials by any of the following methods: through the Internet at [www.proxyvote.com](http://www.proxyvote.com); by telephone at 1-800-579-1639; or by sending an email to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com) for holders of Common Stock and Class B Stock, or [www.materialnotice.com](http://www.materialnotice.com) for holders of Class A Common Stock.

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible in accordance with the instructions provided to you to ensure that your vote is counted at the annual meeting.

Dated: December 29, 2015

By Order of the Board of Directors

George A. Yuhas, *Secretary*

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## CENTRAL GARDEN & PET COMPANY

1340 Treat Blvd., Suite 600

Walnut Creek, California 94597

### PROXY STATEMENT

The Board of Directors of Central Garden & Pet Company (the Company) is soliciting proxies to be used at the Annual Meeting of Stockholders on February 9, 2016 (the Annual Meeting), for the purposes set forth in the foregoing notice. This proxy statement and, in the case of holders of Common Stock and Class B Stock, the form of proxy were first sent to stockholders on or about December 29, 2015. Holders of Class A Common Stock will receive this proxy statement but will not be entitled to vote at the Annual Meeting of Stockholders or any adjournment thereof.

Pursuant to rules adopted by the Securities and Exchange Commission (the SEC), the Company has elected to provide access to proxy materials (consisting of the Notice of Annual Meeting, this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended September 26, 2015, as filed with the SEC on December 29, 2015), over the Internet. Therefore, the Company is sending a Notice of Internet Availability of Proxy Materials (the Notice) to its stockholders. Starting on the date of distribution of the Notice, all stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request printed copies may be found in the Notice. If a Class B or Common stockholder requests printed versions of the proxy materials by mail, the materials will also include a proxy card or other voting instruction form.

If a Class B or Common stockholder holds shares in its own name as a stockholder of record, such Class B or Common stockholder may vote shares either in person at the meeting or by proxy. To vote in person, Class B or Common stockholders should bring a form of identification, such as a valid driver's license or passport, and proof that they were a stockholder as of December 14, 2015, and the Company will provide a ballot when such stockholders arrive. To vote by proxy, Class B or Common stockholders should vote in one of the following ways:

*Via the Internet.* Class B or Common stockholders may vote through the Internet at [www.proxyvote.com](http://www.proxyvote.com) by following the instructions provided in the Notice.

*By Telephone.* If a Class B or Common stockholder received proxy materials or requested printed copies by mail, such Class B or Common stockholder located in the United States may vote by calling the toll-free number found on the proxy card.

*By Mail.* If a Class B or Common stockholder received proxy materials or requested printed copies by mail, such Class B or Common stockholder may vote by mail by marking, dating, signing and mailing the proxy card in the envelope provided.

Voting by proxy will not affect the right of Class B or Common stockholders to vote shares if they attend the Annual Meeting and want to vote in person by voting in person such Class B or Common stockholders automatically revoke their proxy. Class B or Common stockholders may also revoke a proxy at any time before the applicable voting deadline by giving the Company's Secretary written notice of revocation, by submitting a later-dated proxy card or by voting again using the telephone or Internet (the latest telephone or Internet proxy is the one that will be counted).

If you vote by proxy, the individuals named as proxyholders will vote the shares as instructed. If a Class B or Common stockholder votes shares over the telephone, such Class B or Common stockholder must select a voting option ( For or Withhold (for directors) and For, Against or Abstain (for Proposal Two)) in order for the proxy to be counted on that matter. If a Class B or Common stockholder validly votes shares over the Internet or by mail but does not provide any voting instructions, the individuals named as proxyholders will

vote such shares FOR the election of the nominees for director and FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending September 24, 2016.

If shares are registered in street name, Class B or Common stockholders must vote shares in the manner prescribed by the broker, bank or other nominee. In most instances, a Class B or Common stockholder can do this over the telephone or Internet, or if a Class B or Common stockholder has received or requested a hard copy of the proxy statement and accompanying voting instruction form, the Class B or Common stockholder may mark, sign, date and mail the voting instruction form in the envelope the broker, bank or other nominee provides. The materials that were sent to Class B or Common stockholders have specific instructions for how to submit votes and the deadline for doing so. If a Class B or Common stockholder would like to revoke its proxy, such Class B or Common stockholder must follow the broker, bank or other nominee's instructions on how to do so. If a Class B or Common stockholder wishes to vote in person at the Annual Meeting, such Class B or Common stockholder must obtain a legal proxy from the broker, bank or other nominee holding the shares.

#### VOTING SECURITIES

Only stockholders of record of Common Stock and Class B Stock on the books of the Company as of 5:00 P.M., December 14, 2015, will be entitled to vote at the Annual Meeting.

As of the close of business on December 14, 2015, there were outstanding 11,908,317 shares of Common Stock of the Company, entitled to one vote per share, and 1,652,262 shares of Class B Stock of the Company, entitled to the lesser of ten votes per share or 49% of the total votes cast. There were also outstanding 36,588,683 shares of Class A Common Stock, which generally have no voting rights unless otherwise required by Delaware law. Holders of Common Stock and Class B Stock will vote together on all matters presented to the stockholders for their vote or approval at the meeting.

The holders of a majority of the shares of Common Stock and Class B Stock of the Company entitled to vote, present in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting or any adjournment thereof. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the election inspector appointed for the meeting and will determine whether or not a quorum is present. The election inspector will treat abstentions and broker non-votes as shares that are present and entitled to vote for purposes of determining the presence of a quorum but as unvoted for purposes of determining the approval of any matter submitted to the stockholders for a vote. Under the General Corporation Law of the State of Delaware, stockholders are not entitled to dissenter's rights with respect to any matter to be considered and voted on at the Annual Meeting, and we will not independently provide stockholders with any such right.

With regard to the election of directors, votes may be cast For or Withhold for each nominee; votes that are withheld will be excluded entirely from the vote and will have no effect. The directors will be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. As a result, if you withhold your authority to vote for any nominee, your vote will not count for or against the nominee, nor will a broker non-vote affect the outcome of the election.

The other matters submitted for stockholder approval at the Annual Meeting will be decided by the affirmative vote of a majority of the shares present, in person or by proxy, at the Annual Meeting and entitled to vote on the subject matter. Abstentions are included in the determination of shares present for quorum purposes.

If a stockholder's shares are held in street name and the stockholder does not instruct his or her broker how to vote the shares, the brokerage firm, in its discretion, may either leave the shares unvoted or vote the shares on routine matters. The proposal to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the current fiscal year should be treated as a routine matter. To the extent a stockholder's brokerage firm votes shares on the stockholder's behalf on that proposal, the shares also will be counted as present for the purpose of determining a quorum.

In order to reduce printing and postage costs for stockholders who request a printed copy of the proxy materials, only one Annual Report and one Proxy Statement will be mailed to multiple stockholders who request a printed copy of the proxy materials sharing an address unless we receive contrary instructions from one or more of the stockholders sharing an address. This practice is commonly referred to as householding. If your household has received only one Annual Report and one Proxy Statement, we will deliver promptly a separate copy of the Annual Report and the Proxy Statement to any stockholder who sends a written request to Investor Relations at our executive offices, which are located at 1340 Treat Blvd., Suite 600, Walnut Creek, California 94597, or calls (925) 948-4000 and requests such a delivery. If your household is receiving multiple copies of our annual reports or proxy statements and you wish to request delivery of a single copy, you may send a written request to our executive offices at 1340 Treat Blvd., Suite 600, Walnut Creek, California 94597, or call (925) 948-4000 with such a request.



**PROPOSAL ONE****ELECTION OF DIRECTORS**

The persons named below are nominees for director to serve until the next annual meeting of stockholders and until their successors shall have been elected. The nominees are all members of the present Board of Directors. In the absence of instructions to the contrary, shares represented by proxy will be voted for the election of all such nominees to the Board of Directors. If any nominee is unable or unwilling to be a candidate for the office of director at the date of the Annual Meeting, or any adjournment thereof, the proxies will vote for such substitute nominee as shall be designated by the proxies. Management has no reason to believe that any of the nominees will be unable or unwilling to serve if elected. Set forth below is certain information concerning the nominees which is based on data furnished by them.

Nominees for Director	Age	Business Experience During Past Five Years and Other Information	Served as Director Since
John B. Balousek(1)(2)	70	<p>Lead independent director of the Company. Interim Chairman of the Company since July 2015. From 1991 to 1996, Mr. Balousek served as President, Chief Operating Officer and a director of Foote, Cone &amp; Belding Communications, one of the largest global advertising and communications networks, and also in 1996 as Chairman and Chief Executive Officer of True North Technologies, a digital and interactive services company affiliated with True North Communications. Mr. Balousek was also a founding shareholder and strategic contributor to Lenscrafters one-hour optical in the United States, Vision Express in Europe, and a founder of Eyemasters one-hour optical in Canada. Prior to 1991, Mr. Balousek held various management positions with Foote, Cone &amp; Belding Communications and in brand management with the Procter &amp; Gamble Company. Mr. Balousek has also served as a director on multiple boards, including Inuvo, Inc., an online analytics, data and media company, from June 2008 to March 2012, Rabobank NA, a California community bank, and VIB Corp., a bank holding company.</p> <p>As a former President and Chief Operating Officer of a global advertising network, executive in brand management at one of the world's leading consumer packaged goods organizations, and an experienced director with deep boardroom experience across a range of businesses, Mr. Balousek brings valuable skills and insights to the Company.</p>	2001
William E. Brown	74	<p>Chairman of the Board of the Company since 1980. From 1980 to June 2003, Mr. Brown served as Chief Executive Officer of the Company. In October 2007, the Board reappointed Mr. Brown to the additional post of Chief Executive Officer which he held until February 11, 2013.</p> <p>Mr. Brown founded the Company and has extensive management and leadership experience and a deep knowledge of the lawn and garden and pet supplies industries and the financial and operational issues faced by the Company.</p>	1980

Nominees for Director	Age	Business Experience During Past Five Years and Other Information	Served as Director Since
David N. Chichester	70	<p>Acting Chief Financial Officer of the Company since September 2015. Mr. Chichester served as interim chief financial officer and also as a consultant to several companies as a partner of Tatum, a Randstad company, a financial and technology leadership services firm, from 2005 to 2015. Mr. Chichester served as Senior Vice President Finance Starbucks Corporation from 2001 to 2003 and, in Tokyo, as Chief Financial Officer Starbucks Coffee Japan, Ltd. from 2003 to 2004. Mr. Chichester served as Executive Vice President and Chief Financial Officer at Red Roof Inns, Inc. from 1996 to 1999. Prior to these positions, he held senior management positions in finance at Integrated Health Services, Inc., Marriott Corporation and General Electric Credit Corporation, and served as an investment banker at Warburg Paribas Becker Incorporated and in several roles at The First National Bank of Chicago. He has also served on the boards of other public and private companies, including Pets.com and Red Roof Inns, Inc.</p>	2002
Thomas J. Colligan(2)(3)(4)	71	<p>Mr. Chichester has an extensive background in corporate and real estate finance, including international business. As a financial officer of public and private companies and an investment banker, Mr. Chichester brings significant public company accounting, disclosure, financial system management, and risk assessment experience to the Company's Board.</p> <p>Mr. Colligan served in executive roles for 37 years at PriceWaterhouseCoopers LLP (PwC), including as the firm's Vice Chairman from 2001 to 2004. After retiring from PwC in 2004, Mr. Colligan worked for two years as managing director at Duke Corporate Education before becoming Vice Dean of Executive Education at the University of Pennsylvania's Wharton School until 2010. Mr. Colligan currently serves on the board of The ADT Corporation and consults to the board of Sharp Electronics. He previously served on the boards of CNH Global, Office Depot, Inc., Schering Plough Corporation, Educational Management Corporation, Targus Corporation and Anesiva, Inc. Mr. Colligan is a Certified Public Accountant and member of the American Institute of Certified Public Accountants.</p>	2015
		<p>Mr. Colligan's qualifications include his 38 years as a Certified Public Accountant, his PwC experience, his extensive experience with audit and financial issues and his past service on public company boards and audit committees.</p>	

Nominees for Director	Age	Business Experience During Past Five Years and Other Information	Served as Director Since
Brooks M. Pennington III(2)(4)	61	<p>Director of Special Projects for the Company since October 2006. From 1994 through September 2006, Mr. Pennington was the President and Chief Executive Officer of Pennington Seed, Inc., a business which was acquired by the Company in 1998. He also serves on the boards of several private companies.</p>	1998
Alfred A. Piergallini(1)(3)	69	<p>Mr. Pennington has over 35 years of work experience in the lawn and garden industry, including 12 years as the former chief executive officer of Pennington Seed, Inc.</p> <p>Consultant with Desert Trail Consulting, a marketing consulting organization, since January 2001 and Chairman of Wisconsin Cheese Group, Inc., a specialty cheese company, from January 2006 to December 2010. From December 1999 to December 2001, Mr. Piergallini served as the Chairman, President and Chief Executive Officer of Novartis Consumer Health Worldwide, a manufacturer, developer and marketer of health-related products, and from February 1999 to December 1999, Mr. Piergallini served as the President and Chief Executive Officer of Novartis Consumer Health North America. From 1989 to 1999, Mr. Piergallini held senior management positions with Gerber Products Company, including, at various times, the offices of Chairman of the Board, President and Chief Executive Officer. He currently serves as a director of Comerica Incorporated, a financial services company.</p>	2004
John R. Ranelli(2)	69	<p>As a former senior executive of several consumer products companies and a director of other public companies, Mr. Piergallini brings significant experience in general management, marketing, sales and branding and many other aspects of the operations of public companies.</p> <p>Chief Executive Officer of the Company since February 2013. Mr. Ranelli has served as Chairman of the Board of Woolrich, Inc., a global apparel and accessories company, since 2011, and also served as Chief Executive Officer from March 2012 until October 2012. From 2008 to 2012, Mr. Ranelli was also engaged in pursuing corporate acquisition opportunities while advising companies and private equity firms. From 2007 to 2008, Mr. Ranelli was Chief Executive Officer and President of Mikasa, Inc., a global dinnerware, crystal and home accessories company. From 1999 to 2006, he served as Chairman, Chief Executive Officer and President of FGX International, a global optical and jewelry company. Previously, he served in senior executive capacities with Stride Rite Corporation, Deckers Outdoor Corporation, TLC Beatrice and The Timberland Company. He served on the boards of Party City Holdings, Inc. from 2005 to 2008, GNC Corporation from 2006 to 2007 and Deckers Outdoor Corporation from 1994 to 1996.</p>	2010

Nominees for Director	Age	Business Experience During Past Five Years and Other Information	Served as Director Since
George C. Roeth(2)(4)	54	As an experienced chief executive officer of consumer products companies and a Chairman and director of public and private equity owned companies, Mr. Ranelli has extensive experience leading and managing all aspects of mid to large consumer products companies.	2015
Mary Beth Springer(2)(3)	51	<p>As a former senior executive of a large consumer products company, Mr. Roeth has a proven track record of delivering profitable growth.</p> <p>From 2009 to 2011, Ms. Springer served as Executive Vice President and General Manager of The Clorox Company. She served as Clorox's Group Vice President - Strategy and Growth from 2007 until 2009. She was Group Vice President and General Manager, Specialty Division from 2005 to 2007 and Vice President and General Manager, Glad Products Business Unit from 2002 through 2004. Ms. Springer joined Clorox in 1990 as associate marketing manager for household products and subsequently held marketing positions of increasing responsibility. Ms. Springer also serves as lead independent director of Nature's Sunshine Products, Inc., a natural health and wellness company.</p> <p>As a former senior executive of one of the leading consumer products companies, Ms. Springer brings significant experience in general management, marketing, sales and branding and many other aspects of the operations of a public company.</p>	2013

(1) Member of Compensation Committee.

(2) Member of Succession Committee.

(3) Member of Audit Committee.

(4) Member of Strategy Committee.

**Recommendation of the Board**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH OF THE DIRECTOR NOMINEES LISTED ABOVE.**

**FURTHER INFORMATION CONCERNING**

**THE BOARD OF DIRECTORS**

**Board Independence**

Upon consideration of the criteria and requirements regarding director independence set forth in NASDAQ Rule 5605, the Board of Directors has determined that each of Messrs. Balousek, Colligan, Piergallini and Roeth and Ms. Springer meet the standards of independence established by the NASDAQ.

**Board Leadership Structure**

Under our current leadership structure, the Company has separated the roles of Chairman and Chief Executive Officer. Mr. Brown has served as Chairman since founding the Company in 1980, and Mr. Ranelli has served as Chief Executive Officer since February 2013. The Board determined that separating the roles was appropriate given the differences between the two roles as they are presently defined. The Chief Executive Officer is responsible for setting our strategic direction and for our day-to-day leadership and performance, while the Chairman provides guidance to the Chief Executive Officer and leads the Board. In addition, because Mr. Brown is not independent within the meaning of the NASDAQ listing standards, the Board has selected a director who is independent to serve as the lead independent director. Mr. Brown is currently on a leave of absence, and Mr. Balousek, our lead independent director, is serving as Interim Chairman.

The Board believes in the importance of independent oversight, which it seeks to ensure through a variety of means, including:

A majority of the Company's directors are independent.

Mr. Balousek acts as the Company's lead independent director. The lead independent director leads each independent director session of the Board. He also serves as a liaison between the Chairman and the independent directors.

During each regularly scheduled Board meeting, all independent directors meet in executive session without the presence of any management directors.

The charters for each of the Board's standing committees require that all of the members of those committees be independent. The Board believes that the separated role of Chairman and Chief Executive Officer, together with the significant responsibilities of the Company's lead independent director and other independent directors described above, provides an appropriate balance between leadership and independent oversight.

**Committees of the Board**

The Company has two standing committees: an Audit Committee and a Compensation Committee. The Company also has two other committees which are not standing committees, but does not have a nominating committee or a committee performing the functions of a nominating committee. The entire Board fulfills the function of the nominating committee.

*Audit Committee*

During fiscal 2015, the members of the Audit Committee were Messrs. Piergallini (Chairman), Balousek and Colligan. Mr. Chichester served as a member of the Audit Committee until August 2015 when he was appointed Acting Chief Financial Officer beginning in September 2015. In October 2015, Mr. Balousek resigned from the Audit Committee and Ms. Springer joined the Audit Committee. The Company's Board of Directors has

determined that Mr. Colligan qualifies as an audit committee financial expert as set forth in Section 407(d)(5) of Regulation S-K promulgated by the SEC and he is independent as such term is defined in the NASDAQ Rules. The functions performed by the Audit Committee include:

recommending to the Board of Directors the engagement or discharge of the Company's independent registered public accounting firm;

reviewing with the independent registered public accounting firm the plan and results of the audit engagement;

reviewing the Company's system of internal financial and accounting controls;

reviewing the financial statements of the Company;

discussing with management and the independent auditors the Company's accounting policies;

approving the Company's filing of reports with the SEC; and

inquiring into matters within the scope of its functions.

The Board of Directors has adopted a written Audit Committee charter. The charter is available on the Company's website at [www.central.com](http://www.central.com). The Audit Committee held 10 meetings during fiscal 2015.

#### *Compensation Committee*

During fiscal 2015, the members of the Compensation Committee were Messrs. Balousek (Chairman) and Piergallini. The functions performed by the Compensation Committee include:

reviewing and making recommendations to the Board of Directors concerning the compensation of officers, directors and key management employees of the Company;

administering the Company's equity incentive plans;

evaluating the performance of management and related matters;

evaluating the mixture of base salary, cash bonus and equity compensation in each executive's total compensation package;

awarding restricted stock and stock options as a means of linking executives' long-term compensation to the rate of return received by stockholders;

considering the possible tax consequences to the Company and to the executives when determining executive compensation;

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reviewing and discussing with management the annual Compensation Discussion and Analysis disclosure regarding named executive officer compensation and, based on this review and discussions, recommending whether the Company include the Compensation Discussion and Analysis in its proxy statement and incorporate it by reference in its annual report on Form 10-K; and

creating and approving an annual Compensation Committee Report to be included in its proxy statement and incorporated by reference in its annual report on Form 10-K.

The Board of Directors has adopted a written Compensation Committee charter. The charter is available on the Company's website at [www.central.com](http://www.central.com). The Compensation Committee held 21 meetings during fiscal 2015.

The Compensation Discussion and Analysis included in this proxy statement includes additional information regarding the Compensation Committee's processes and procedures for considering and determining executive officer compensation.

#### *Other Committees*

In addition to its two standing committees, the Board established two additional committees during fiscal 2015 to address two specific issues which the Board believed required special attention.

In May 2015, the Board established an informal working group consisting of Messrs. Colligan, Pennington and Roeth to develop a succession plan for senior management and work with management to further develop and better articulate the Company's strategic vision for the future. This informal working group became the Strategy Committee. During the last four months of fiscal 2015, one or more members of the Strategy Committee held numerous informal meetings with management.

In light of the planned retirement of our Chief Executive Officer, the Board of Directors established a Succession Committee in October 2015 for the purpose of recruiting senior executives for the Company and assisting in the identification, training and development of internal talent. The members of the Succession Committee are Messrs. Balousek, Ranelli, Colligan, Pennington and Roeth and Ms. Springer, and Mr. Balousek serves as its chairman.

#### **Compensation Committee Interlocks and Insider Participation**

Messrs. Balousek and Piergallini served as members of the Compensation Committee during fiscal 2015. They have no relationship with the Company other than as directors and stockholders. During fiscal 2015, no executive officer of the Company served as a director, or as a member of any compensation committee, of any other for-profit entity that had an executive officer that served on the Board of Directors or Compensation Committee of the Company.

#### **Attendance at Meetings**

During fiscal 2015, there were 15 meetings of the Board of Directors. No members of the Board of Directors attended fewer than seventy-five percent of the meetings of the Board of Directors and all committees of the Board on which they served, other than Mr. Brown, who attended less than seventy-five percent of meetings of the Board of Directors due to a home accident in early 2015. The Company encourages, but does not require, the members of its Board of Directors to attend its annual meeting of stockholders. All members of the Board attended the 2015 Annual Meeting of Stockholders, other than Mr. Brown.

#### **Stockholder Communications with Directors**

The Board of Directors welcomes communications from the Company's stockholders. Stockholders may send communications to the Board, or to any director in particular, c/o Central Garden & Pet Company, 1340 Treat Blvd., Suite 600, Walnut Creek, California 94597. Any correspondence addressed to the Board or to any director in care of the Company's offices is forwarded by the Company to the addressee without review by management.

#### **The Board's Role in Risk Oversight**

The Company faces a number of risks, including operational, economic, financial, legal, regulatory and competitive. The Company's management is responsible for the day-to-day management of the risks faced by the Company. While the Board, as a whole, has ultimate responsibility for the oversight of risk management, it administers its risk oversight role in part through the Board committee structure, with the Audit Committee and Compensation Committee responsible for monitoring and reporting on the material risks associated with their subject matter areas.

The Board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, economic, financial,



legal, regulatory and competitive risks. The full Board (or the appropriate committee in the case of risks that are reviewed by a particular committee) receives these reports from those responsible for the relevant risk to enable it to understand the Company's risk exposures and the steps that management has taken to monitor and control these exposures. When a committee receives the report, the Chairman of the relevant committee typically provides a summary to the full Board at the next Board meeting. This process helps the Board and its committees to coordinate the risk oversight role. The Audit Committee assists the Board in oversight and monitoring of principal risk exposures related to financial statements, legal, regulatory and other matters, as well as related mitigation efforts. The Compensation Committee assesses, at least annually, the risks associated with the Company's compensation policies.

### **Compensation of Directors**

Members of the Board of Directors who are not employees of the Company receive directors' fees consisting of \$35,000 per year and \$1,500 for each Board meeting attended in person. The chairs of the Audit Committee and Compensation Committee each receive additional annual retainer fees of \$15,000, and the lead independent director receives an additional retainer fee of \$25,000. Directors who attend meetings of the Audit Committee or Compensation Committee receive an additional \$1,500 for each meeting not held on the same day as a Board meeting. The members of the Succession Committee, other than Messrs. Ranelli and Pennington, each receive an additional annual retainer of \$25,000. For service on the Strategy Committee Mr. Roeth receives an additional annual retainer of \$50,000, Mr. Colligan receives an additional annual retainer of \$25,000 and Mr. Pennington does not receive an additional retainer.

Each non-employee director also receives \$500 for participation in each telephonic meeting of the Board of Directors or any committee of less than three hours and \$1,000 for participation in meetings of three hours or more. The Company pays non-employee directors \$1,500 for each day spent traveling to board and committee meetings, attending subsidiary and division management meetings and conducting plant and facility visits. Mr. Pennington receives similar annual, per meeting and travel fees for his Board service. Mr. Chichester does not receive director fees or meeting participation fees during the period that he serves as Acting Chief Financial Officer.

Under the Nonemployee Director Equity Incentive Plan, on the date of each Annual Meeting of Stockholders, each non-employee director will be granted a number of (i) options to purchase shares of Class A Common Stock determined by dividing \$200,000 by the closing price of a share of Class A Common Stock on the date of such meeting and (ii) shares of restricted stock determined by dividing \$20,000 by the closing price of a share of Class A Common Stock on the date of such meeting. Mr. Pennington will receive similar awards under the 2003 Equity Incentive Plan.

Set forth below is a summary of the compensation earned during fiscal 2015 by the Company's directors, except Messrs. Brown, Chichester and Ranelli, whose compensation is reported below under Executive Compensation Compensation of Executive Officers.

**DIRECTOR COMPENSATION TABLE**

Name(1)	Fees Earned or Paid in Cash (\$)	Stock Awards (2)(3)(\$)	Option Awards (2)(3)(\$)	Non-Equity Incentive Plan Compen- sation(\$)	Change in Pension Value and Nonqualified Deferred Compen- sation Earnings(\$)	All Other Compen- sation(\$)	Total(\$)
John B. Balousek	167,000	20,006	44,422				231,428
Thomas J. Colligan	82,500	20,006	44,422				146,928
Brooks M. Pennington(4)	75,500	20,006	44,422			126,521	265,949
Alfred A. Piergallini	85,500	20,006	44,422				149,928
George C. Roeth	101,000	20,006	44,422				165,428
Mary Beth Springer	60,500	20,006	44,422				124,428

- (1) As of the end of fiscal 2015, Messrs. Balousek, Colligan, Pennington, Piergallini and Roeth and Ms. Springer held the following options to purchase shares of Class A Common Stock:

	Vested	Unvested
John B. Balousek	47,651	22,770
Thomas J. Colligan	6,761	13,523
Brooks M. Pennington	36,651	22,770
Alfred A. Piergallini	47,651	22,770
George C. Roeth	6,761	13,523
Mary Beth Springer	47,651	22,770

- (2) This column reflects the aggregate grant date fair value computed in accordance with the FASB Accounting Standards Codification 718 Compensation Stock Compensation ( ASC 718 ). Please refer to Note 14, Stock-Based Compensation , in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K filed on December 10, 2015 for the relevant assumptions used to determine the valuation of our stock and option awards.
- (3) In fiscal 2015, the grant date fair values were determined using the closing stock price on the date of grant.
- (4) Brooks M. Pennington III is the Company's Director of Special Projects and receives compensation as an employee in addition to compensation for his Board service. All other compensation for Mr. Pennington includes salary of \$116,000, the Company's matching contributions under the Company's 401(k) Plan of \$870 and medical and life insurance premium payments of \$9,561.

**Director Nominations**

Due to the limited size of the Board, the Board has determined that it is not necessary at this time to establish a separate nominating committee. As such, the entire Board fulfills the function of nominating additional directors. A majority of the members of the Board have been determined by the Board to be independent under the standards established by NASDAQ. At a minimum, the Chairman of the Board, as well as at least two independent directors, must interview any qualified candidates prior to nomination. Other directors and members of management will also interview each candidate as requested by the Chairman. Once potential candidates have successfully progressed through the interview stage, the independent directors will meet in executive session to consider the screened candidates. All director nominees must be selected, or recommended for the Board's selection, by a majority of the independent directors.



A majority of the members of the Board must be independent directors as defined in NASDAQ Rule 5605(a)(2). When considering potential director candidates, the Board also considers the candidate's knowledge, experience, integrity, leadership, reputation and ability to understand the Company's business. In addition, all director nominees must possess certain core competencies, which may include experience in consumer products, logistics, product design, merchandising, marketing, general operations, strategy, human resources, technology, media or public relations, finance or accounting, or experience as a Chief Executive Officer or Chief Financial Officer. While we do not have a formal diversity policy for Board membership, we look for potential candidates that help ensure that the Board has the benefit of a wide range of attributes.

The Board will consider any director candidate recommended by stockholders, provided that the candidate satisfies the minimum qualifications for directors as described above. Stockholders must submit recommendations to the Company's Secretary for consideration by the Board no later than 120 days before the annual meeting of stockholders. To date, the Board has not received any recommendations for nominees to be considered at the Annual Meeting from any non-management stockholder or group of stockholders that beneficially own five percent or more of the Company's voting stock.

Messrs. Colligan and Roeth were appointed as directors following the 2015 Annual Meeting and are standing for election for the first time. The other seven nominees included on this year's proxy card are directors standing for re-election.

**PROPOSAL TWO**

**RATIFY THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has selected Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year end.