MEREDITH CORP
Form 8-K
November 18, 2014

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 12, 2014

MEREDITH CORPORATION
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| IOWA | 1-5128 | 42-0410230 |
| (State or other jurisdiction of incorporation or organization) | (Commission file number) | (I.R.S. Employer Identification No.) |
| 1716 Locust Street, Des Moines, Iowa | | 50309-3023 |
| (Address of principal executive offices) | | (Zip Code) |

(515) 284-3000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 12, 2014, at the Annual Meeting (the “Annual Meeting”) of shareholders of Meredith Corporation (the “Company”), the shareholders of the Company approved the Meredith Corporation 2014 Stock Incentive Plan (the “Plan”) which is a program of incentives for officers, key employees, and directors of the Company, as further described below. The Plan previously had been approved, subject to shareholder approval, by the Board of Directors of the Company (the “Board of Directors”).

Summary Description of the Plan.

The following is a summary description of the material features of the Plan. The following summary description does not purport to be complete and is qualified in its entirety by and subject to the full text of the Plan, which is filed as Exhibit 10.1 to this Current Report on Form 8-K. Attached as Exhibit 10.2 to this Current Report on Form 8-K is the form of the Nonqualified Stock Option Award Agreement for Employees. Attached as Exhibit 10.3 to this Current Report on Form 8-K is the form of the Nonqualified Stock Option Award Agreement for Non-Employee Directors. Attached as Exhibit 10.4 to this Current Report on Form 8-K is the form of the Restricted Stock Award Agreement for Employees. Attached as Exhibit 10.5 to this Current Report on Form 8-K is the form of the Restricted Stock Award Agreement for Non-Employee Directors. Attached as Exhibit 10.6 to this Current Report on Form 8-K is the form of the Restricted Stock Unit Award Agreement - Performance Based. Attached as Exhibit 10.7 to this Current Report on Form 8-K is the form of the Restricted Stock Unit Award Agreement - Time Vested.

Purpose of the Plan. The purpose of the Plan is to establish a program of incentives for officers, key employees, and directors of the Company which will (a) stimulate, recognize, and reward the contribution of those persons to the achievement of long-range corporate goals, (b) provide flexibility to the Company in its ability to motivate, attract and retain the services of those persons possessing a high level of managerial ability and experience upon whose judgment, interest and special effort the successful conduct of its operation is largely dependent, and (c) to align the interests of those persons with those of the Company’s shareholders.

Shares Subject to Plan. The number of shares of common stock, $1.00 par value per share, of the Company reserved for issuance under the Plan is three million (3,000,000) shares plus the aggregate number of shares available for issuance (and not subject to outstanding awards) under the Company’s 2004 Stock Incentive Plan as of the date on which the Plan was approved by the Company’s shareholders.

The number of shares reserved for issuance will be adjusted upon a merger, reorganization, recapitalization, stock dividend or other change in the corporate structure of the Company affecting the common stock. The maximum number of options or stock appreciation shares, in the aggregate, that may be awarded to a participant during any annual period is 750,000 shares. The maximum number of shares, in the aggregate, that may be awarded to any participant as restricted stock, restricted stock units, stock equivalent units, or performance shares in any annual period is 300,000 shares.

If any award granted under the Plan terminates, expires, or lapses prior to exercise for any reason, or if shares are issued and then reacquired by the Company, any shares subject to such award or any reacquired shares shall be available for the grant of a new award under the Plan. Shares covered by an award shall not be counted as used unless and until they are actually issued and delivered to a participant. Any shares covered by a stock appreciation right shall be counted as used only to the extent shares are actually issued to the participant upon exercise of the right. In addition, any shares of common stock exchanged by an optionee as full or partial payment to the Company of the exercise price under any stock option exercised under the Plan, any shares retained by the Company pursuant to a participant’s tax withholding election, and any shares covered by a benefit which is settled in cash shall be added to the shares available for benefits under the Plan.

Administration. The Plan provides for administration by a committee of the Board of Directors consisting of two or more directors who qualify as non-employee directors. The Plan will be administered by the Compensation Committee of the Board of Directors. Among the powers granted to the committee are the authority to interpret the Plan; establish rules and regulations for its operation; select persons to receive awards; determine the size and types of awards; and determine the terms and conditions of such awards. Subject to certain conditions, the committee also has the power to amend the terms and conditions of any outstanding award.

Eligibility and Selection of Participants. All key employees of the Company and its subsidiaries and all non-employee directors of the Company are eligible to participate in this Plan. The selection of participants from eligible employees is within the discretion of the committee. The estimated number of persons who are eligible to participate in the Plan at this time is 800.

Awards under the Plan. In structuring the Plan, the Board of Directors sought to provide for a variety of awards that could be flexibly administered in order to carry out the purposes of the Plan. Accordingly, the Plan provides for the grant of any or all of the following types of awards: stock options, stock appreciation rights, restricted stock, restricted stock units, stock equivalent units, performance shares, and performance cash awards. The committee shall determine the nature and amount of each award.

Stock Options. The Plan authorizes the committee to grant incentive stock options, nonqualified stock options, or a combination thereof to purchase common stock.

Subject to the limitations on the number of options that may be granted under the Plan, the committee shall determine for each option its duration, the terms and conditions to which the exercise of the option is subject, the number of shares that may be purchased, and the purchase price per share upon exercise of the option. The purchase price per share may not be less than 100% of the fair market value of such share on the date the option is granted, and no option may be exercised later than the tenth anniversary date of its grant. If an option other than an incentive stock option may not be exercised due to a black-out period within the three business days prior to the normal expiration date of the option, then the expiration date of such option shall be extended for a period of 30 days following the end of the black-out period or such longer period as permitted by the committee.

The option price upon exercise may be paid in full either: (a) in cash or its equivalent; (b) by tender of previously acquired shares; (c) by a certification of ownership of such previously-acquired shares; (d) to the extent permitted by law, by delivery of a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale proceeds from the option shares or loan proceeds to pay the exercise price and applicable withholding taxes due to the Company; (e) by having the Company retain from the option shares a number of shares of common stock having a value, determined pursuant to rules established by the committee in its discretion, equal to the option price; or (f) such other methods of payment as the committee deems appropriate. In no event shall the committee, (1) without shareholder approval, cancel any outstanding stock option for the purpose of reissuing the option to the participant at a lower exercise price or reduce the option price of an outstanding option, or (2) cancel any outstanding stock option with an exercise price greater than the then current fair market value of the common stock for the purpose of cashing out a stock option unless such cash-out occurs in conjunction with a change in control.

Stock Appreciation Rights (“SARs”). The Plan authorizes the committee to grant SARs, each of which would the participant to payment equal to the excess of the fair market value of a share of common stock on the exercise date of the SAR over the fair market value on the date of the grant. Payment of the SAR shall be in cash or common stock as set forth in the award. Each SAR grant will be subject to the terms and conditions the committee may impose, but no SAR may be exercised later than the tenth anniversary date of its grant. If a SAR may not be exercised due to a black-out period within the three business days prior to the normal expiration date of the SAR, then the expiration date of such SAR shall be extended for a period of 30 days following the end of the black-out period or such longer period as permitted by the committee. In no event shall the committee, (a) without shareholder approval, cancel any outstanding SAR for the purpose of reissuing the SAR to the participant at a lower exercise price or reduce the option price of an outstanding SAR, or (b) cancel any outstanding SAR with an exercise price greater than the then current fair market value of the common stock for the purpose of cashing out a SAR

unless such cash-out occurs in conjunction with a change in control. The committee also may, in its sole discretion, substitute SARs which can be settled only in stock for outstanding stock options.

Restricted Stock, Restricted Stock Units, and Stock Equivalent Units. The Plan authorizes the committee to grant awards in the form of restricted stock, restricted stock units, or stock equivalent units. The committee may award or sell shares of restricted stock to participants subject to such terms, conditions, restrictions, and/or limitations, if any, as the committee deems appropriate, subject to the limitations on the number of shares of restricted stock that may be granted under the Plan.

Restricted stock units and stock equivalent units provide participants the right to receive shares of common stock at a future date subject to such terms and conditions as the committee determines appropriate, including, without limitation, restrictions on the sale or other disposition of the units, forfeiture of the units upon termination of the participant’s employment or service as a director within specified periods, and the attainment of performance goals.

Performance Shares. The Plan authorizes the committee to grant performance shares to participants subject to such terms and conditions as the committee deems appropriate. Performance shares may be earned in whole or in part if certain goals established by the committee are achieved over a period of time designated by the committee.

Performance Cash Awards. The committee may designate the participants to whom cash incentives based on performance (“performance cash awards”) are to be awarded and determine the amount of the award and the terms and conditions of each such award. Each performance cash award shall entitle the participant to a payment in cash upon the attainment of one or more performance goals and other terms and conditions specified by the committee. Performance cash awards may include, without limitation, special long-term incentive plans or other incentive programs based upon performance contained in employment agreements between a participant and the Company. Notwithstanding the satisfaction of any performance goals, the amount to be paid under a performance cash award may be adjusted by the committee on the basis of such further consideration as the committee, in its sole discretion, shall determine. However, the committee may not, in any event, increase the amount earned under a performance cash award upon satisfaction of any performance goal by any participant who is either the Chief Executive Officer of the Company or one of the named executive officers of the Company (“Covered Employee”) and the maximum amount earned under such an award by a Covered Employee in any fiscal year may not exceed $7,500,000. The committee may, in its discretion, substitute actual shares of common stock for the cash payment otherwise required to be made to a participant pursuant to a performance cash award.

Performance Goals. Awards of restricted stock, restricted stock units, stock equivalent units, performance shares, and performance cash awards may be made subject to the attainment of performance goals determined by reference to or based upon one or more business criteria within the meaning of Section 162(m) of the Code, including the following goals: cash flow; cost; ratio of debt to debt plus equity; profit before tax; economic profit; earnings before interest and taxes; earnings before interest, taxes, depreciation, and amortization; earnings per share; operating earnings; economic value added; ratio of operating earnings to capital spending; free cash flow; net profit; net sales; sales growth; price of the Company’s common stock; return on net assets, equity or stockholders’ equity; return on invested capital; market share; or total return to stockholders (“performance criteria”). Any performance criteria may be measured, as applicable, (i) in absolute terms, (ii) in relative terms (including without limitation by the passage of time and/or against another company or companies), (iii) on a per-share basis, (iv) against the performance of the Company as a whole or a segment of the Company, (v) on a pre-tax or after-tax basis, and/or (vi) on a GAAP or non-GAAP basis. Measurement of the attainment of performance criteria may include or exclude, as specified by the committee in an award agreement, impact of charges for restructuring, discontinued operations, extraordinary items and other unusual or non-recurring items, and the cumulative effects of tax or accounting changes, each as identified in the financial statements, in the Company’s accounting records, in the notes to the financial statements, in the Management’s Discussion and Analysis of the annual report on Form 10-K, or in other Securities and Exchange Commission filings. However, unless the committee determines otherwise prior to the end of the applicable time for establishing metrics for an award, to the extent any item referenced in the preceding sentence affects any metric applicable to an award, such item shall be automatically excluded or included

in determining the extent to which the metrics have been achieved depending on which produces the higher award (subject to any exercise of “negative discretion” by the committee).

Other Terms of Awards. No awards granted under the Plan shall be transferable, other than by will or the laws of descent and distribution. Further, all options and SARs granted to a participant under the Plan shall be exercisable during the participant’s lifetime only by such participant. The committee, at the time of granting an award, shall determine what effect the death, disability, retirement, or other termination of employment will have on the ability of the participant to exercise or retain the benefits of such award. Notwithstanding the foregoing, the committee, in its discretion, may permit the transferability of any award under the Plan to members of the participant’s immediate family or trusts or family partnerships for the benefit of such persons, subject to terms and conditions imposed by the committee. The exercise price of any award granted under the Plan may not be “repriced” or reduced after the date it is granted, and no award may be canceled for the purpose of granting a new award at a lower exercise price, without shareholder approval. In addition, any cash or equity-based incentive compensation paid to a participant under the Plan shall be subject to policies established and amended from time to time by the committee regarding the recovery of erroneously awarded compensation.

No Shareholder Rights. No participant who receives an option shall have the right of a shareholder of the Company until such participant actually acquires shares of common stock upon the exercise of an option.

Change of Control. Immediately upon a change of control of the Company (as defined in the Plan), all outstanding stock option and stock appreciation rights will become exercisable; all restrictions on restricted stock, restricted stock units, and stock equivalent units will lapse; and all performance awards will be delivered as if the performance goals had been met.

Duration of Plan, Amendment, and Termination. The Plan will continue until all shares subject to the Plan have been purchased or acquired. No award may be granted on or after November 12, 2024. The Board may amend the Plan from time to time or terminate the Plan; however, no amendment may be made without shareholder approval, if such approval is required by law, regulation, or stock exchange rule.

Item 5.07 Submission of Matters to a Vote of Security Holders

The Company held its Annual Meeting on November 12, 2014. The following is a summary of the voting results for each matter presented to shareholders at the Annual Meeting.

Proposal 1. Election of Directors.

The Company's shareholders elected three persons nominated as Class I directors of the Company and one person nominated as a Class II director of the Company as set forth below:

| Nominees | For * | Withhold | Broker Non-Votes |
|---|---|---|---|
| Class I | | | |
| Phillip A. Marineau | 84,239,059 | 9,295,792 | 2,821,338 |
| Elizabeth E. Tallett | 83,337,614 | 10,197,236 | 2,821,338 |
| Donald A. Baer | 93,365,388 | 169,462 | 2,821,338 |
| Class II | | | |
| Donald C. Berg | 93,281,839 | 253,011 | 2,821,338 |

* As specified on the proxy card, if no vote For or Withhold was specified, the shares were voted For the election of the named director.

Proposal 2. The Company's shareholders voted to approve, on an advisory basis, the executive compensation program for the Company's named executive officers as described in the proxy statement.

| For | Against | Abstain | Broker Non-Votes |
|---|---|---|---|
| 83,539,178 | 9,346,239 | 649,433 | 2,821,338 |

Proposal 3. The Company's shareholders voted to approve the Meredith Corporation 2014 Stock Incentive Plan.

| For | Against | Abstain | Broker Non-Votes |
|---|---|---|---|
| 78,451,413 | 14,985,020 | 98,417 | 2,821,338 |

Proposal 4. The Company's shareholders ratified the appointment of KPMG LLP as the Company's independent registered public accounting firm for the Company for the fiscal year ending June 30, 2015.

| For | Against | Abstain | Broker Non-Votes |
|---|---|---|---|
| 95,329,241 | 375,065 | 161,350 | 490,433 |

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| Exhibit Number | Description |
|---|---|
| 10.1 | Meredith Corporation 2014 Stock Incentive Plan |
| 10.2 | Form of the Nonqualified Stock Option Award Agreement for Employees |
| 10.3 | Form of the Nonqualified Stock Option Award Agreement for Non-Employee Directors |
| 10.4 | Form of the Restricted Stock Award Agreement for Employees |
| 10.5 | Form of the Restricted Stock Award Agreement for Non-Employee Directors |
| 10.6 | Form of the Restricted Stock Unit Award Agreement - Performance Based |
| 10.7 | Form of the Restricted Stock Unit Award Agreement - Time Vested |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MEREDITH CORPORATION
Registrant

/s/ John S. Zieser
John S. Zieser
Chief Development Officer, General Counsel and Secretary

Date: November 18, 2014

INDEX TO EXHIBITS

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%">To the knowledge of the Company, the ownership of the Company s outstanding Common Stock as of December 31, 2014, by persons who are beneficial owners of 5% or more of the outstanding Common Stock is set forth below.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership (*) | Percent of Class |
|---|---|---|
| T. Rowe Price Associates, Inc.<br>100 E. Pratt Street<br>Baltimore, MD 21202 | 2,574,326 | 8.8% |
| Blackrock, Inc.<br>55 East 52nd Street<br>New York, NY 10022 | 2,407,346 | 8.3% |
| Herbert A. Kraft<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 2,093,543 | 7.2% |
| The Vanguard Group<br>100 Vanguard Blvd.<br>Malvern, PA 19355 | 1,695,348 | 5.8% |
| River Road Asset Management, LLC<br>462 S. 4th St. Ste 1600<br>Louisville, KY 40202 | 1,627,118 | 5.6% |
| Champlain Investment Partners, LLC<br>180 Battery St.<br>Burlington, VT 05401 | 1,612,950 | 5.6% |

(*) Based on information reported to the SEC by, or on behalf of, such beneficial owner.

To the knowledge of the Company, the ownership of the Company s outstanding Common Stock, as of March 6, 2015, by persons who are directors and nominees for directors, the executive officers of the Company named in the Summary Compensation Table, and by all directors and officers as a group is set forth below. Unless otherwise indicated the Company believes that each of the persons set forth below has the sole power to vote and to dispose of the shares listed opposite his name.

| Office (if any) | Name and Address Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|---|
| Chairman & CEO | Eric G. Wintemute<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 919,437(1) | 3.2% |
| Director | Carl R. Soderlind<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 66,149 | (3) |
| Director | Lawrence S. Clark<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 28,678(2) | (3) |
| Director | John L. Killmer<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 25,446 | (3) |
| Director | Alfred F. Ingulli<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 15,392 | (3) |
| Director | M. Esmail Zirakparvar<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 18,021 | (3) |
| Director | Debra F. Edwards<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 9,906 | (3) |
| Director | Morton D. Erlich<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 4,834(4) | (3) |
| Director | Scott D. Baskin<br>4695 MacArthur Court<br>Newport Beach, CA 92660 | 4,480 | (3) |
| Managing Director | Ad de Jong | 28,481 | (3) |

| | | | |
|---|---|---|---|
| | 4695 MacArthur Court<br><br>Newport Beach, CA 92660 | | |
| CFO | David T. Johnson<br><br>4695 MacArthur Court<br><br>Newport Beach, CA 92660 | 67,454(5) | (3) |
| Senior Vice President<br><br>(AMVAC Chemical Corporation) | Glen D. Johnson<br><br>4695 MacArthur Court<br><br>Newport Beach, CA 92660 | 69,960(6) | (3) |
| Senior Vice President<br><br>(AMVAC Chemical Corporation) | Cynthia B. Smith<br><br>4695 MacArthur Court<br><br>Newport Beach, CA 92660 | 23,835 | (3) |
| Directors and Officers as a Group | | 1,282,073 | 4.41% |

(1) This figure includes 30,000 shares of Common Stock Mr. Eric Wintemute is entitled to acquire pursuant to stock options exercisable within sixty days of this Report.
(2) This figure includes 544 shares of Common Stock owned by Mr. Clark s children, for whom Mr. Clark and his spouse are trustees or custodians and for which he disclaims beneficial ownership.
(3) Under 1% of class.
(4) Represents shares held by the Erlich Family Trust, in which Mr. Erlich is a trustee and beneficiary, and over which Mr. Erlich shares voting power with his spouse.
(5) This figure includes 25,000 shares of Common Stock Mr. D.T. Johnson is entitled to acquire pursuant to stock options exercisable within sixty days of this Report.
(6) This figure includes 25,000 shares of Common Stock Mr. G. D. Johnson is entitled to acquire pursuant to stock options exercisable within sixty days of this Report.

**SECTION 16(a) REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company s executive officers, directors, and persons who own more than ten percent of a registered class of the Company s equity securities to file reports of ownership and changes in ownership with the SEC.

Based solely on the Company s review of the copies of such forms received by the Company, or representations obtained from certain reporting persons, except as described below, the Company believes that during the year ended December 31, 2014, all Section 16(a) filing requirements applicable to its executive officers, directors, and greater than ten percent beneficial stockholders were complied with.

**EMPLOYEE COMPENSATION AND ENTERPRISE RISK**

The Company has concluded that its compensation policies and practices do not give rise to any risk that is reasonably likely to have a material adverse effect upon it. In reaching its conclusion, the Company has found, among other things, that all business units have a similar compensation structure and that no business unit bears a disproportionate share of the overall risk profile, profits or revenues. To the extent that a function carries a unique risk, we have attempted to mitigate that risk with one or more countervailing risk mitigation objectives. For example, in manufacturing and technology, the objective of implementing processes for new chemistries is offset by the paramount objective of safety in the workplace and surrounding communities. In sales and marketing, the objective of achieving top line sales is offset by goals for maintaining profit margins. Similarly, the risk of spending excessive amounts in acquiring a product line or new technology is offset by objectives to realize certain minimum returns on investment. Risk is further mitigated by the use of long-term incentives which encourage prudent, long-term decision making. Finally, compensation for the entire workforce is subject to achievement of Company-wide financial objectives.

**COMPENSATION DISCUSSION AND ANALYSIS**

***Compensation Objectives***

Our executive compensation program has three primary objectives: to align management s interest with the long-term interests of stockholders; to provide compensation on the basis of performance that supports key financial and strategic business outcomes; and to attract, motivate and retain top talent to lead our business. The Company s philosophy toward compensation is to employ both objective metrics (such as net income, net sales and quantified individual goals) as well as other factors in making compensation decisions. To the extent that the Compensation Committee has discretion in making awards, such as incentive compensation, it has established fixed limits to those awards. Also, the Committee regularly uses an independent compensation consultant, who benchmarks executive compensation against peer groups and advises the Committee on plan design and implementation. The Committee keeps current on compensation practices, follows an analytical approach toward making decisions and maintains a sense of pragmatism.

Our first objective to align management s interests with the long-term interests of stockholders is accomplished by ensuring that our executives are stockholders. We do this through the regular award of equity, whether in the form of restricted stock, options or performance-based shares/options, and the adoption of executive stock ownership guidelines. Our second objective to provide compensation on the basis of performance that supports the key financial and strategic business outcomes means that we want our executives to seek optimal results in both the short and long term. One of the primary means of rewarding performance is through cash incentive compensation. Another means is through performance-based equity, which requires that the Company attain certain measures of financial success (e.g., pre-tax earnings) as compared to its industry peers. Our third objective to attract, motivate and retain top talent to lead our business is effected through ensuring that our compensation is competitive (as, for example, through benchmarking the compensation practices of similarly-situated companies) and offering deferred compensation, to promote the retention of key talent, in the form of stock and options that cliff vest in three years.

***What We Reward***

We expect our executives to operate at a high level and to be involved in setting and executing our business plan. Our executives are directly involved in defining the Company s strategy (its roadmap to success), its budget (the short term business plan), and the short term objectives for achieving strategic goals within the budget (our SMART goals, which are Specific, Measurable, Achievable, Realistic and Time-Based). We hold the executives accountable for meeting challenging goals, which drive overall Company performance, but we also expect them to respond to fast-changing market conditions, to solve unforeseen problems and to show initiative and creativity.

***Compensation Program Best Practices***

The Committee continues to implement and maintain leading practices in our executive compensation program and related areas. Our current compensation program includes features that we believe drive performance and excludes features we do not believe serve our stockholders long-term interests. The table below highlights the Sound Practices features our compensation program includes and Poor Pay Practices which are excluded.

<u>**Included Features ( Sound Practices )**</u>

ü **Performance-based Equity** Half of the equity awards made to executives vest based upon the achievement of either internal metrics (net sales, net income) or total stockholder return.

ü **Caps on Individual Bonuses** Our executives incentive compensation is capped at 1.6 times salary for the CEO and 1 times salary for non-CEO officers.

ü **Clawback Policy** Our executives are subject to having incentive compensation recouped by the Company in the event of material fraud or misconduct resulting in a restatement of financial statements.

ü **Stock Ownership Guidelines** We have adopted share ownership requirements for both our executive officers (requiring our CEO to own shares equal in value to four times his base salary and, for other named executive officers ( NEOs ), two times their base salary) and our directors (requiring them to hold shares of Company stock equal to that which was received during his or her first three full years of service).

ü **No Hedging Policy** Our executive officers and directors are prohibited from certain hedging activities and holding Company securities in margin accounts.

ü **Consultant Independence** The Committee retains an independent compensation consultant. Our consultant is evaluated annually for independence to ensure objectivity.

ü **Risk Management** Our executive officers compensation program has been designed and is reviewed to ensure that it does not encourage inappropriate risk-taking.

ü **Double Trigger severance** Our change in control agreements require **both** a change in control and termination during a two year period before equity is accelerated and monetary benefits become due.

ü **Stock Incentive Plan 162(m) Compliant** The Company s stock incentive plan has been amended to comply with IRC Code 162(m) to ensure payroll deductibility for performance awards made thereunder.

<u>**Excluded Features ( Poor Practices )**</u>

ü **No excise tax gross-ups.**

ü **No single trigger severance payments.**

ü **No guaranteed base salary increases, minimum bonuses or equity awards.**

***Consideration of Say on Pay Advisory Vote for Past Three Years***

At each of the last three Annual Meetings of Stockholders, we have held an advisory stockholder vote on executive compensation. For the years 2011, 2012 and 2013, approximately 98%, 96% and 97%, respectively, of the shares that voted approved our executive compensation described in the subject proxy statement. The Compensation Committee and the Company viewed these results as a strong indication that the Company s stockholders support the compensation policies and practices of the Company over this period

***Changes to Compensation Programs in 2014***

Notwithstanding the stockholders overwhelming support of our compensation practices during the prior three annual meetings, during 2014, we implemented four additional changes that align compensation more fully with performance. These programs include increasing the percentage of performance shares in NEO equity awards, the issuance of performance-based options, the adoption of a clawback policy, and the placement of a cap on individual incentive payments.

A. Higher Percentage of Performance Shares

In 2013, the Company began the practice of awarding performance-based shares to its NEOs. As you will note from the table entitled Grant of Plan Based Awards (please see page 28 hereof), executive officers were awarded a combination of both time-based restricted stock (having a three-year, cliff-vesting period) and performance shares based upon either internal targets for net sales and net income or total stockholder return. Performance shares represented approximately 25% of the total equity award for executives in 2013. In 2014, the Company increased that proportion to 50%. We believe that time-based shares provide executives with an incentive to remain with the Company, while performance shares serve to motivate senior management to achieve targeted financial performance, which, in turn, should translate into stockholder value.

B. Performance Options

During 2014, following a reduction of over one-fifth of the entire workforce (as more fully discussed in Elements of 2014 Compensation below), in an effort to foster retention, the Company issued stock options to all levels of the workforce. Executive personnel, however, received one-half of the award in the form of time-based options and the other half in the form of performance-based options. Performance options require not only payment of the strike price, but also (i) continuous employment at the Company through the vesting date (which is three years from date of award), and (ii) the achievement of certain financial goals (sales and EBIT) as compared to a group of industry peers and total stockholder return (as compared to both industry peers and the Russell 2000 Index) as measured over fiscal years 2015 through 2017. The vesting schedule gives the optionee a deferred benefit (thereby encouraging retention), the performance requirement gives the optionee incentive to boost financial performance, and, under the Black Scholes formula, the expense to the Company is less than 40% of a stock award of an equivalent number of shares.

C. Clawback Policy

In March 2014, the Board of Directors adopted a clawback policy that provides, subject to the restrictions of applicable law, in the event of material fraud or misconduct leading to a restatement of the Company s financial statements, the incentive compensation of executives found to be complicit in such material fraud or misconduct may be recouped in whole or in part by the Board of Directors after a hearing on the matter; provided, however, that if the subject executive does not agree with the outcome of such hearing, prior to instituting litigation, the parties shall promptly refer the matter to mediation. We believe that, this policy serves multiple purposes. First, it sends a strong message to senior management that the Company is committed to the highest standards of legal compliance and accounting discipline. Second, by placing paid compensation at risk, it serves as additional incentive to senior management to live up to the Company s stated commitment. And third, the policy should help contribute to stockholders peace of mind that the Company is doing all that it can to ensure accuracy and completeness in its financial reporting.

D. Cap on Individual Bonuses

Also in March 2014, the Compensation Committee adopted a policy of placing individual limits on each executive s incentive compensation. Specifically, the CEO will be limited to 1.6 times his annual salary, while the other NEOs will be limited to 1 times his or her annual salary. While the Company has historically awarded incentive compensation at levels well below these maximum limits, the Compensation Committee has nevertheless put these caps in place to eliminate the possibility that any one individual will receive an excessive share of the bonus pool.

***Compensation Consultant Independence***

In 2013 the Board of Directors amended the Compensation Committee charter to empower that committee to evaluate the independence of its compensation consultants as per NYSE Listing Standard 303A.05(c)(iv). In keeping with that charter amendment, that committee evaluated its compensation consultant, Exequity LLP, in 2014 and determined that that there is no conflict of interest with that firm and that with respect to the six factors set forth in the listing rules, Exequity was independent as indicated by the following:

| **Independence Factor** | **Consultant Compliance** |
|---|---|
| ü Provision of other services to the Company by the person that employs the consultant. | ü Consultant does not provide other services to the Company. |
| ü Amount of fees received from the Company as a percentage of consultant s total revenues. | ü Fees received by consultant during FY 2014 are less than 1% of the firm s revenues for the period. |
| ü Policies and procedures of committee are designed to prevent conflicts of interest. | ü Consultant has implemented principles to ensure independence:<br>ü Does not provide unrelated services.<br>ü Does not maintain a proprietary database.<br>ü Does not trade in the stock of its clients. |
| ü Any business or personal relationship with a member of the Compensation Committee. | ü There is no such relationship. |
| ü Any stock of the Company owned by consultant. | ü Consultant owns no shares of the Company. |
| ü Any business or personal relationship with an executive officer of the Company. | ü There is no such relationship. |

We believe that, by ensuring the independence and objectivity of our compensation consultant, we provide an additional assurance that that consultant will not be influenced by motives, such as personal gain or profitability, that have no place in advising the Compensation Committee and recommending a fair and transparent plan of compensation for Company executives.

The following sections further explain our rationale for our compensation practices during the last fiscal year.

***Elements of 2014 Compensation***

In order to cover this topic, it is necessary to understand the business conditions and financial performance of the Company during 2014. As reported by the Company in its public filings, sales of the Company s corn products into the Midwest U.S. market grew steadily over the course of 2010 through 2012. That market showed unprecedented demand for corn products (including those of the Company and its competitors, as well as of fertilizer companies and seed providers) just prior to the 2013 planting season. At that time, many such products were on allocation, as growers and distribution prepared for a strong planting season. However, prolonged wet weather struck the Midwest in early 2013 thereby preventing some growers from planting corn and causing other growers to forego use of pre-plant products (such as the Company s). As a consequence, excess inventory (consisting of multiple crop protection products and fertilizers from many companies) accumulated in the channel of distribution. Over the course of 2013, with excess inventory in-hand, distributors and retailers of corn products curtailed procurement activity. They continued this procurement pattern through the 2014 planting season, limiting orders for new corn products, while they drew down the excess inventory on their shelves. Despite the fact that this slowdown in procurement had the effect of reducing channel inventory to more normal seasonal levels, distribution nevertheless continued its constrained approach toward purchasing to the end of 2014.

As a result of these conditions, the Company s net sales dropped from $381MM in FY2013 to $299MM in FY2014. This drop in sales was due entirely to lower sales of the Company s corn products, including both its corn soil insecticides and herbicide products. In fact, by contrast, non-corn products showed a modest increase in net sales, year-over-year. In light of reduced demand for its corn products, the Company experienced a significant increase in its own inventory. Accordingly, management slowed manufacturing activity, curtailed procurement and took measures to reduce operating expenses, including reducing its workforce from 499 to 382 employees. Reduced manufacturing activity led to increased under absorption costs; in fact, unabsorbed overhead increased to $24MM in FY2014 from $11MM in FY2013. This, coupled with higher inventory-related expenses (such as freight and storage) reduced the Company s average gross margin from 45% to 38% (year-over-year) and resulted in a drop in net income from $34.5MM in FY2013 to $4.8MM in FY2014.

Below we discuss the components of executive compensation for 2014 in light of these conditions.

***Salaries*** As is the case with virtually all public companies, our executives received a salary as part of their compensation package in 2014. While base salary, on average, constituted about 68% of total cash compensation for NEOs in 2013, that percentage increased to 100% in 2014, in light of the fact that (as explained below), executives received no bonus compensation. As per the Company s standard practice, the 2014 salaries were set in December of 2013. In light of the fact that 2013 financial performance included record net sales of $381MM (versus $366MM in FY2012), and that NEOs performance was good, 2014 salaries were increased for the NEOs by about 3%, consistent with general trends among public companies. It should be understood, however, that the salary increase is not considered to be a form of entitlement. In fact, in light of poor financial performance in 2014, salaries for the NEOs have been frozen for 2015.

Further, while it made no extraordinary adjustments to executive salaries in 2014, the Company has historically raised salaries in excess of a modest adjustment when an executive takes on additional responsibilities; for example, in 2011, the CAO s salary was increased by 11% over the prior year in light of a promotion and increased responsibilities. Similarly, the Company will reduce an executive s salary in the case of a demotion or a reduction in responsibilities. The table below indicates salaries for NEOs in the years 2013 and 2014 as approved by the Compensation Committee after assessment of the Company s and individual s performance during the prior year as well as a market assessment of pay.

| **Name of Officer** | **2014 Base Salary** | **2013 Base Salary** | **Year over Year Change** |
|---|---|---|---|
| Eric G. Wintemute CEO | $ 605,000 | $ 592,000 | 2.2% |
| Ad de Jong Managing Director | $ 320,000 | $ 354,000 | (9.6)%[1] |
| David T. Johnson CFO | $ 318,500 | $ 306,500 | 3.8% |
| Glen D. Johnson SVP, Bus. Dev t | $ 320,000 | $ 311,500 | 2.7% |
| Cynthia B. Smith SVP, Director | $ 305,000 | $ 293,000 | 4.1% |

***Incentive Compensation*** In 2014, as in prior years, executives were eligible to receive incentive compensation annually in the form of a cash bonus. Unlike the salary, the cash bonus is at risk and varies from

1 Mr. de Jong is paid in Euros. While his base wage during 2014 as expressed in Euros ( 262,907) was 2.3% higher than that of 2013 ( 256,996), due to exchange rate fluctuation between the US dollar and the Euro, the dollar value of his salary decreased as indicated.

year to year depending upon many factors. The main reason for this element of compensation (which is typically paid in March of the subsequent year) is to reward the executive for Company performance and the executives individual contributions during the immediately prior year. As a general rule, the Company reserves ten percent of its pre-tax net income over the course of each fiscal year to serve as the pool from which incentive compensation may be paid. From that pool, bonuses are paid to the entire employee population. Over the five fiscal years, preceding 2014, the percentage of the bonus pool allocated to the NEOs has averaged 24%. At year end, the Committee evaluates Company performance (including net sales, net income, indebtedness, and working capital measures). If these measures fall short of the Company s budget, then the Committee will reduce the pool at its discretion.

After determining whether any of the pool will be distributed, the Committee works with the CEO, who recommends an allocation of bonuses among individuals based upon their performance. The Committee then exercises its own discretion in setting an allocation for the CEO and considers the CEO s recommended awards for others; in so doing, the Committee takes into account the executive s achievement of his or her SMART goals as well as other contributions to the overall Company performance. As mentioned above, in 2014, the Committee has formally adopted a policy of placing a cap on individual incentive awards for executive officers, limiting the CEO to 1.6 times salary and other NEOs to 1 times salary.

In 2014, the NEOs did not achieve their primary financial goals (net sales and net income), which are of critical importance in pay-for-performance. While certain individual goals may have been accomplished by the NEOs, the Committee determined that overall financial performance had dropped so far below budgeted goals, that an incentive award was not deserved. Accordingly, the Committee awarded no incentive bonus to the executives.

Select individual performance goals (SMART goals) for NEOs during 2015 are indicated below. These will be the measures against which the subject NEOs will be adjudged, in part, in determining their compensation.

- CEO meet or exceed budgeted net sales and net income; reduce operating expenses, forecasted unabsorbed factory overhead and inventory by a defined amount; complete automated integration of S&OP; complete acquisition of product lines of a defined size during 2015; and successfully integrate COO into the Company.

- CFO implement MRP; achieve overall tax rate at or below 32%; deliver a departmental succession plan; record no material weaknesses or significant deficiencies in internal controls.

- SVP Business Development & Marketing acquire one or more product lines (of a minimum defined size) or license agreements during 2015; revise 2020 strategy to take into account market conditions; manage collaboration with equipment OEMs for next generation delivery systems; launch high concentration corn soil insecticides; and lead the Company s marketing organization to achieve budgeted gross margin performance.

- Managing Director AMVAC Netherlands BV achieve or exceed budgeted net sales and gross margin goals for territory; automate S&OP process for international sales; develop marketing plan for geographical expansion including increased distribution in Brazil; and support acquisition or licensing of new products ex US.

- SVP Global Regulatory Affairs & Product Development obtain registrations for certain new products and label expansions for certain existing products; develop product development plan in conjunction with business development; and keep budgeted expenses at or below 90% of 2013 levels;.

The Company believes that these goals are reasonable and achievable.

***Equity*** In 2014 the Company continued its practice of regularly awarding equity to its key executives. We believe that in providing equity to senior executives and requiring that a minimum number of shares be accumulated by such executives over time, the interests of our executives will be more fully aligned with those of our stockholders. The Company has adopted a policy to prohibit short sales or hedging transactions by executives and members of the Board. Through these awards and these policies, the Company believes that executives will take a longer view of the Company and will seek to enhance stockholder value several years into the future. Equity awards also serve as a means of encouraging excellent future performance and of retaining key employees over the long term. In addition, it is highly prevalent among peer companies to award equity to executives annually. It would be difficult to attract, motivate, and retain executives without offering them a share in the Company s long term prospects. Historically at the Company, equity awards have taken the form of either incentive stock options or time-based restricted stock (typically having a three year, cliff-vesting schedule with forfeiture for failing to remain continuously employed through the vesting date).

In March 2014, the Board authorized the long-term award of restricted stock to the NEOs, half of which awards were time-based (three year cliff vesting) and the other half of which were performance-based shares (the details of which are more fully described on the table entitled Grants of Plan Based Awards on page 28). These shares were granted pursuant to the Company s Stock Incentive Plan ( SIP ), which had been amended in 2013 to ensure compliance with Internal Revenue Code Section 162(m) specifically to facilitate the award of performance shares. Section 162(m) relates to payroll tax deductibility for individual compensation that exceeds $1 million per annum. At the time of the March award, the Board of Directors considered the recommendation of the Compensation Committee and its independent compensation consultant, which benchmarked the form and amount of equity awarded by the Company s peers. The Board also considered the cost of expensing any such awards, the amount of dilution to other stockholders and the performance of individual recipients. Because these awards (both time-vested awards and performance shares) vest over a three year period, they serve to enhance retention of high-performing executives. These awards were made by the Board in the first quarter (which is standard practice), so that it could take into account equity as a portion of total compensation.

As mentioned above, market conditions (particularly in the Midwest corn sector) languished during 2014, reducing sales of the Company s corn products. In order to cut expenses, the Company reduced headcount, culminating in a 20% reduction in force at its corporate headquarters in December 2014. Further, senior management announced a salary freeze (for 2015), a hiring freeze and its intention not to award bonuses for 2014 performance. In order to improve morale and ensure retention of the workforce, senior management and the Compensation Committee moved forward the 2015 equity award (which typically would have been made in March 2015) to late December 2014, at which time the Board awarded stock options to the entire workforce. It is not anticipated that any further equity will be awarded to Company employees in 2015. Executive officers received half of their options as time-vested options and the other half as performance-based options (as more fully described on page 28 in the table entitled Grants of Plan Based Awards ).

As indicated in the Summary Compensation Table and the equity table on the same page, equity grants made to NEOs in March and December of 2014 had a total value of $1.798 million. This represented a 3% increase in value over equity awards made in 2013. However, if the value of the December option awards is excluded (on the theory that these grants were for 2015), then the decrease in equity value is about 30% year-over-year. This decrease is consistent with reduced financial performance in 2014, offset by the need to ensure the retention of key employees for the purpose of building long term stockholder value.

***Other Benefits*** In 2014, the Company continued to offer a comprehensive suite of other benefits to its executives. We offered group health (medical, dental and vision) and life insurance to all of our employees, including key executive officers. Our medical plan takes the form of PPO programs which are largely self-funded. However, the Company limited its claims exposure by maintaining stop loss coverage on an individual basis and placed its third party administration with a nationally-known insurance carrier. Health benefits premiums were highly-subsidized by the Company and offered extremely competitive terms (e.g., low co-payments and office visit charges). As a corollary to the group health plan, the Company continued to promote wellness through its voluntary program, through which the Company gives financial incentives for fitness, participation in group events (e.g., 5K, walking, yoga), and diet planning, among other things. These programs are a powerful tool in recruiting and not only raise morale, but also serve to ensure the continued health of the workforce. Our executives also enjoyed life insurance and long term disability insurance coverage. In addition, executives received an automobile allowance and, in the case of the CEO, reimbursement for other perquisites (e.g., country club membership) that provide a venue for the cultivation of business relationships.

Finally, in 2014, our executives (and, in fact, any full time employee) continued to have the option to participate in the Company s 401K retirement savings plan, under which the Company matches up to 5% of the participant s salary (subject to an annual cap) and the Employee Stock Purchase Plan, which permits the purchase of Company shares at a discount through payroll deduction.

***Benchmarking and the Compensation Consultant***

During 2014 the Compensation Committee retained independent compensation consultant Exequity to assist in defining its compensation strategy and in fashioning a compensation plan. In connection with benchmarking analysis, Exequity has defined a group of comparators, consisting of 16 publicly traded specialty chemical companies having similar revenues (ranging between $215 million per annum and $1.02 billion per annum) and market capitalization (ranging between $230 million and $1.71 billion). Exequity also focused on product lines, Global Industry Classification Standard numbers, and a proxy review to determine whether and to what extent peer companies identified the Company (or others in the Company s peer group) as comparators. The comparator group ( Proxy Peers ) identified by Exequity includes Aceto Corporation (ACET), American Pacific Corporation (APFC), Balchem Corporation (BCPC), Calgon Carbon Corporation (CCC), Chase Corporation (CCF), Hawkins, Inc. (HWKN), Innophos Holdings Inc (IPHS), Innospec Inc. (IOSP), Intrepid Potash, Inc. (IPI), KMG Chemicals, Inc. (KMG), Landec Corporation (LNDC), LSB Industries, Inc. (LXU), OMNOVA Solutions, Inc. (OMN), Penford Corporation ((PENX), Quaker Chemical Corporation (KWR) and Zep, Inc. (ZEP). It should be noted that American Vanguard is the only publicly traded crop protection Company of its size. Companies that we have identified as Proxy Peers do not operate primarily (or at all) in the crop protection sector.

Using the Proxy Peers as a reference point, the Company found that its 2014 CEO compensation yielded the following comparative results.

The CEO salary (at $605K) was just below the median ($625K) of the Proxy Peers.

CEO incentive compensation at $0 was at the zero percentile for Proxy Peers.

Equity, in the form of stock options, restricted stock and performance-based equity, was at about the median of Proxy Peer CEOs.

Total direct compensation for the Company s CEO ($1.529K) was at about the 35th percentile of the Proxy Peers.

***Closing Comments***

The Company believes that its executive compensation meets its primary objectives. The Company s financial performance improved steadily over the course of 2010 ($226,859 in net sales, $10,984 in net income), 2011 ($301,080 in net sales, $22,068 in net income), and 2012 ($366,190 in net sales, $36,867 in net income). 2013 performance was mixed, with net sales up 4.1% to $381,021 and net income down 6.6% to $34,449. As mentioned earlier, Midwest corn market conditions, including excess inventory in the distribution channel, caused the Company s 2014 financial performance to suffer, with net sales down 22% over the prior year. Further, profitability was reduced, as reduced factory activity and other inventory-related expenses brought down gross margins from 45% to 38%. In light of reduced performance, senior management received no cash incentive compensation. While salaries were increased at the start of 2014 (to reflect performance in 2013), the Company imposed a salary freeze in 2015. In addition, the value of the March equity award to NEOs decreased by 30% year-over-year. In addition, the March 2013 equity award was 25% performance-based, while the March 2014 equity award was 50% performance-based. After reducing its headcount across the workforce by over 20%, in the interest of retention and building long term stockholder value, the Company moved forward its 2015 equity award to December 30, 2014. This award took the form of the least expensive form of equity (stock options) and half of the grants to NEOs were performance-based. As for the CEO compensation, total direct compensation over the past year is near the 35th percentile of the Proxy Peers.

In summary, we have cut both cash and non-cash compensation to the NEOs during a challenging year. No bonuses were paid, and salaries for 2015 were frozen. Further, recent financial performance puts at risk the value of equity awards made to our executives. For example, performance-based grants that were made in 2013 are likely to have no value upon vesting in 2016, as the financial metrics are out of reach. With respect to equity awards generally, our executives stand to gain or lose significant value depending upon future financial performance and stock value (as compared to our peers). Thus, while we have implemented measures (e.g., December option awards) to encourage retention, we have done so with the goal of building the business and attaining greater stockholder value in the long term. For these reasons, the Company believes that we continue to pay for performance.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402 (b) of Regulation S-K with management and, based on the review and discussions referred to in that Item, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the registrant s annual report on Form 10-K or incorporated by reference to the presentation in the proxy statement.

Lawrence S. Clark, Chair

Carl R. Soderlind

Alfred F. Ingulli

**EXECUTIVE OFFICERS OF THE COMPANY**

The following persons are the current NEOs of the Company:

| Name of Director/Officer | Age | Capacity |
|---|---|---|
| Eric G. Wintemute | 59 | Chairman and CEO |
| Ad de Jong | 62 | Managing Director, Amvac Netherlands BV |
| David T. Johnson | 58 | Vice President, CFO and Treasurer |
| Glen D. Johnson | 60 | Senior Vice President Business Development |
| Cynthia B. Smith | 52 | Senior Vice President Global Regulatory Affairs and Product Development |

***Eric G. Wintemute*** has served as a director of the Company since June 1994. He was appointed Chairman and CEO in June 2011. Mr. Wintemute has also served as President and CEO from July 1994 until June 2011. He was appointed Executive Vice President and COO of the Company in January 1994.

***Ad de Jong*** has served as Managing Director of AMVAC Netherlands BV since July 2012. Prior to joining AMVAC, Mr. de Jong held positions of increasing responsibility over a 23 year period at Chemtura Corporation culminating with the position of Vice President Crop Protection for Europe/Middle East/Africa. Prior to his service at Chemtura, Mr. de Jong served in the advisory service with the Dutch Ministry of Agriculture.

***David T. Johnson*** has served as Vice President, CFO, and Treasurer of the Company since March 7, 2008. Mr. Johnson served as Finance Director for Amcor Flexibles UK Ltd., a 500 million dollar manufacturer of decorative packaging and a subsidiary of Amcor, a multibillion dollar corporation based in Australia, from June 2003 through March 2008. Prior to that he served as Vice President of Finance for Sterer Engineering, a subsidiary of Eaton Aerospace, an eight billion dollar Cleveland based multinational Company from April 2001 through June 2003.

***Glen D. Johnson*** has served as Senior Vice President and Director of Business Development of AMVAC Chemical Corporation since February 1999. Mr. Johnson was previously the North American Senior Marketing Manager for Contract Sales at Zeneca Ag Products. Prior to joining AMVAC Chemical Corporation, Mr. Johnson had over 20 years of experience in sales and marketing, acquisition and licensing, market development, and field research and development with three multinational agrochemical companies.

***Cindy Baker Smith*** joined AMVAC in September 2012 as Senior Vice President & Director of Global Regulatory Affairs. In 2014, she was appointed Assistant Secretary to the Company and took on responsibility for overseeing the Company s Product Development function. Prior to her service with AMVAC, Ms. Smith served in positions of increasing responsibility at the Gowan Group of Companies, a privately-held manufacturer and distributor of specialty chemicals used in agriculture. While at Gowan she managed global regulatory affairs, marketing, supply chain administration and human resources, and eventually became Chief Operating Officer.

**EXECUTIVE COMPENSATION**

The following table sets forth the aggregate cash and other compensation for services rendered for the year ended December 31, 2014 paid or awarded by the Company and its subsidiaries to the CEO, CFO, the three most highly compensated executive officers other than the CEO and CFO, and any persons who departed from the Company during the subject year and, but for such departure, would have been in any of the aforementioned categories (the NEOs ).

**SUMMARY COMPENSATION TABLE**

| Name and Principal Position (a) | Year (b) | Salary ($) (c) | Bonus ($)(1) (d) | Stock Awards ($) (e) | Option Awards ($) (f) | Non-Equity Incentive Plan Compensation ($) (g) | Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (h) | All Other Compen-sation ($) (i) | Total ($) (j) |
|---|---|---|---|---|---|---|---|---|---|
| Eric G. Wintemute | 2014 | 605,000 | | 596,612 | 275,210 | | | 52,370 | 1,529,192 |
| | 2013 | 592,000 | 300,000 | 1,052,606 | | | | 51,900 | 1,996,506 |
| | 2012 | 577,000 | 562,750 | 848,052 | | | | 57,210 | 2,045,012 |
| David T. Johnson | 2014 | 318,500 | | 157,047 | 78,118 | | | 28,370 | 582,035 |
| | 2013 | 306,500 | 160,000 | 266,930 | | | | 28,460 | 761,890 |
| | 2012 | 297,800 | 210,000 | 225,170 | | | | 28,550 | 761,520 |
| Ad de Jong(2) | 2014 | 320,000 | | 165,581 | 74,043 | | | 23,681 | 583,305 |
| | 2013 | 354,000 | 107,000 | 97,550 | | | | 26,820 | 585,370 |
| | 2012 | 165,500 | 106,500 | 372,260 | | | | 12,873 | 657,133 |
| Glen D. Johnson | 2014 | 320,000 | | 157,783 | 69,481 | | | 27,996 | 575,260 |
| | 2013 | 311,500 | 145,000 | 274,064 | | | | 29,660 | 760,224 |
| | 2012 | 303,000 | 220,000 | 225,170 | | | | 26,365 | 774,535 |
| Cynthia B. Smith(2) | 2014 | 305,000 | | 150,397 | 74,095 | | | 28,370 | 557,862 |
| | 2013 | 293,000 | 150,000 | 48,759 | | | | 27,088 | 518,847 |
| | 2012 | 89,500 | 50,000 | 353,040 | | | | 5,775 | 498,315 |

(1) Amounts reflect bonus payments for service rendered in the subject year. These payments are made in March of the following year.
(2) Compensation for 2012 reflects a partial year of service, including a less-than-full-year salary and both a signing bonus and initial award of equity. Equity in the subsequent year of 2013 was reduced in light of the 2012 award.

**SUMMARY COMPENSATION TABLE**

**ALL OTHER COMPENSATION**

| | | Perquisites ($) | Tax Reimbursements ($) | Insurance Premiums ($) | Company Contributions to Defined Contribution Plans ($)(3) | Severance Payments / Accruals ($) | Change in Control Payments / Accruals ($) |
|---|---|---|---|---|---|---|---|
| Eric G. Wintemute | 2014 | 37,800(1) | | 2,070 | 12,500 | | |
| | 2013 | 37,240(1) | | 2,160 | 12,500 | | |
| | 2012 | 42,460(1) | | 2,250 | 12,500 | | |
| David T. Johnson | 2014 | 13,800(2) | | 2,070 | 12,500 | | |
| | 2013 | 13,800(2) | | 2,160 | 12,500 | | |
| | 2012 | 13,800(2) | | 2,250 | 12,500 | | |
| Ad de Jong | 2014 | 23,681(2) | | | | | |
| | 2013 | 26,820(2) | | | | | |
| | 2012 | 12,873(2) | | | | | |
| Glen D. Johnson | 2014 | 15,000(2) | | 2,070 | 10,926 | | |
| | 2013 | 15,000(2) | | 2,160 | 12,500 | | |
| | 2012 | 12,952(2) | | 2,250 | 11,163 | | |
| Cynthia B. Smith | 2014 | 13,800(2) | | 2,070 | 12,500 | | |
| | 2013 | 13,800(2) | | 788 | 12,500 | | |
| | 2012 | 5,750(2) | | 25 | | | |

(1) Automobile allowance of $18,000, $18,000 and $18,000 for the years ended December 31, 2014, 2013 and 2012, respectively; and personal expense reimbursements of $19,800, $19,240 and $24,460 relating to country club membership fees and assessments in the years ended December 31, 2014, 2013, and 2012, respectively.

(2) Automobile allowance.

(3) Effective January 1, 2005, the Company matches employee contributions to its 401(k) savings plan dollar for dollar up to 5% of base salary.

**GRANTS OF PLAN-BASED AWARDS**

The following table sets forth the grant of plan-based awards for the year ended December 31, 2014 to the NEOs.

| Name | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | All Other Stock Awards: Number of Shares of Stock or Units (#) | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards ($/Share) | Full Grant Date Fair Value of Stock ($) (1) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Threshold ($) | Target ($) | Maximum ($) | Threshold ($) | Target ($) | Maximum ($) | | | | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) |
| Eric G. Wintemute | 5/23/14 | | | | | | | 20,275(2) | | 14.92 | 302,503 |
| Ad de Jong | 5/23/14 | | | | | | | 5,627(2) | | 14.92 | 83,955 |
| David T. Johnson | 5/23/14 | | | | | | | 5,337(2) | | 14.92 | 79,628 |
| Glen D. Johnson | 5/23/14 | | | | | | | 5,362(2) | | 14.92 | 80,001 |
| Cynthia B. Smith | 5/23/14 | | | | | | | 5,111(2) | | 14.92 | 76,256 |
| Eric G. Wintemute | 5/23/14 | | | | | | | 16,220(3) | | 14.92 | 242,002 |
| Ad de Jong | 5/23/14 | | | | | | | 4,502(3) | | 14.92 | 67,170 |
| David T. Johnson | 5/23/14 | | | | | | | 4,270(3) | | 14.92 | 63,708 |
| Glen D. Johnson | 5/23/14 | | | | | | | 4,290(3) | | 14.92 | 64,007 |
| Cynthia B. Smith | 5/23/14 | | | | | | | 4,089(3) | | 14.92 | 61,008 |
| Eric G. Wintemute | 5/23/14 | | | | | | | 4,055(4) | | 12.85 | 52,107 |
| Ad de Jong | 5/23/14 | | | | | | | 1,125(4) | | 12.85 | 14,456 |
| David T. Johnson | 5/23/14 | | | | | | | 1,067(4) | | 12.85 | 13,711 |
| Glen D. Johnson | 5/23/14 | | | | | | | 1,072(4) | | 12.85 | 13,775 |
| Cynthia B. Smith | 5/23/14 | | | | | | | 1,022(4) | | 12.85 | 13,133 |
| Eric G. Wintemute | 12/30/14 | | | | | | | | 26,483(5) | 11.49 | 139,565 |
| Ad de Jong | 12/30/14 | | | | | | | | 7,125(5) | 11.49 | 37,549 |
| David T. Johnson | 12/30/14 | | | | | | | | 7,517(5) | 11.49 | 39,615 |
| Glen D. Johnson | 12/30/14 | | | | | | | | 6,686(5) | 11.49 | 35,235 |
| Cynthia B. Smith | 12/30/14 | | | | | | | | 7,130(5) | 11.49 | 37,575 |
| Eric G. Wintemute | 12/30/14 | | | | | | | | 21,186(6) | 11.49 | 111,650 |
| Ad de Jong | 12/30/14 | | | | | | | | 5,700(6) | 11.49 | 30,039 |
| David T. Johnson | 12/30/14 | | | | | | | | 6,014(6) | 11.49 | 31,694 |
| Glen D. Johnson | 12/30/14 | | | | | | | | 5,349(6) | 11.49 | 28,189 |
| Cynthia B. Smith | 12/30/14 | | | | | | | | 5,704(6) | 11.49 | 30,060 |
| Eric G. Wintemute | 12/30/14 | | | | | | | | 5,297(7) | 11.49 | 23,995 |
| Ad de Jong | 12/30/14 | | | | | | | | 1,425(7) | 11.49 | 6,455 |
| David T. Johnson | 12/30/14 | | | | | | | | 1,503(7) | 11.49 | 6,809 |
| Glen D. Johnson | 12/30/14 | | | | | | | | 1,337(7) | 11.49 | 6,057 |
| Cynthia B. Smith | 12/30/14 | | | | | | | | 1,426(7) | 11.49 | 6,460 |

(1) This column shows the full grant date fair value of restricted stock grants made based on the closing price of the Company s stock as of the date of grant, with the exception of the TSR grant, which was determined by using the Monte Carlo valuation method, and incentive stock option award, which was determined by using the Black-Scholes valuation method. The full grant date fair value of each award is the number of shares multiplied by the grant date fair value per share. These amounts were not paid to any named executive officer. The recognized compensation expenses for 2014 are shown in the Stock Awards column in the Summary Compensation Table .

(2) These grants constitute restricted stock that vests in its entirety upon the third anniversary of the award date and is subject to forfeiture in the event that the recipient is not continuously employed by the Company through the vesting date. The grant date fair value of these awards is $14.92/share, which was determined based on the closing price of the Company s stock as of the date of grant.

(3) These grants constitute performance shares that vest upon both (i) the passage of three years of full-time, continuous employment and (ii) the achievement of certain financial goals of the Company compared to an identified peer group. With respect to clause (ii), the number of shares to vest depends upon the level of net sales and income before tax

achieved during the period commencing April 1, 2014 and ending December 31, 2016 as compared to internal targets and can vary from zero (for performance at less than 80% of the target) to 200% (for performance at or above 120% of the target). The grant date fair value of these awards is $14.92/share, which was determined based on the closing price of the Company s stock as of the date of grant.

(4) These shares constitute an award of performance shares that vest based upon both (i) continuous, full time service through the third anniversary of the award, and (ii) the achievement of TSR metrics as follows. As measured during the period commencing April 1, 2014 and ending December 31, 2016, assuming an initial share price of $14.92 per share, the number of shares earned depends upon the achievement of a certain target share price as compared to that of the Russell 2000 Index and comparator companies, identified in the Company s 2014 Proxy Statement at the end of the measurement period and can vary from zero shares (for a share price that is 8 % or more below the target) to 200% (for a share price that is 12% above the target). The grant date fair value of these awards is $12.85/share, which was determined using the Monte Carlo valuation method.

(5) These awards constitute incentive stock options that vests in its entirety upon the third anniversary of the award date and is subject to forfeiture in the event that the recipient is not continuously employed by the Company through the vesting date. The grant date fair value of these awards is $5.27/share, which was determined using the Black-Scholes valuation method.

(6) These grants constitute performance shares that vest upon both (i) the passage of three years of full-time, continuous employment and (ii) the achievement of certain financial goals of the Company compared to an identified peer group. With respect to clause (ii), the number of shares to vest depends upon the level of net sales and income before tax achieved during the period commencing January 1, 2015 and ending December 31, 2017 as compared to internal targets and can vary from zero (for performance at less than 80% of the target) to 200% (for performance at or above 120% of the target). The grant date fair value of these awards is $5.27/share, which was determined using the Black-Scholes valuation method.

(7) These shares constitute an award of performance shares that vest based upon both (i) continuous, full time service through the third anniversary of the award, and (ii) the achievement of TSR metrics as follows. As measured during the period commencing January 1, 2015 and ending December 31, 2017, assuming an initial share price of $11.49 per share, the number of shares earned depends upon the achievement of a certain target share price, as compared to that of the Russell 2000 Index and comparator companies, identified in the Company s 2014 Proxy Statement at the end of the measurement period and can vary from zero shares (for a share price that is 8 % or more below the target) to 200% (for a share price that is 12% above the target). The grant date fair value of these awards is $4.19/share, which was determined using the Monte Carlo valuation method.

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

The following table shows, with respect to the NEOs, the number of shares covered by both exercisable and non-exercisable stock options as of December 31, 2014 with respect to options to purchase Common Stock of the Company. The closing price of the Common Stock on December 31, 2014, the last trading day of the Company s fiscal year, was $11.62 per share.

| | | | Option Awards | | |
|---|---|---|---|---|---|
| Name (a) | Number of Securities Underlying Unexercised Options (#) Exercisable (b) | Number of Securities Underlying Unexercised Options (#) Unexercisable (c) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d) | Option Exercise Price ($) (e) | Option Expiration Date (f) |
| Eric G. Wintemute | 30,000 | | | $ 7.50 | 12/10/2020 |
| David T. Johnson | 6,779 | | | $ 14.75 | 03/07/2018 |
| David T. Johnson | 25,000 | | | $ 7.50 | 12/10/2020 |
| Glen D. Johnson | 25,000 | | | $ 7.50 | 12/10/2020 |
| Eric G. Wintemute | | 52,966 | | $ 11.49 | 12/30/2024 |
| Ad de Jong | | 14,250 | | $ 11.49 | 12/30/2024 |
| David T. Johnson | | 15,034 | | $ 11.49 | 12/30/2024 |
| Glen D. Johnson | | 13,372 | | $ 11.49 | 12/30/2024 |
| Cynthia B. Smith | | 14,260 | | $ 11.49 | 12/30/2024 |

| | | Stock Awards | | |
|---|---|---|---|---|
| Name (a) | Number of Shares or Units of Stock That Have Not Vested (#) (g) | Market Value of Shares or Units of Stock That Have Not Vested ($) (h) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j) |
| Eric G. Wintemute | 115,892 | 1,346,665 | | |
| Ad de Jong | 24,481 | 284,469 | | |
| David T. Johnson | 30,274 | 351,784 | | |
| Glen D. Johnson | 30,790 | 357,780 | | |
| Cynthia B. Smith | 20,835 | 242,103 | | |

**OPTION EXERCISES AND STOCK VESTED**

The following table shows, with respect to the NEOs, the number of shares acquired on the exercise of stock options and on vesting of stock awards and their respective value realized (market price less exercise price) for the year ended December 31, 2014.

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| Name<br>(a) | Number of Shares Acquired on Exercise (#)<br>(b) | Value Realized on Exercise ($)<br>(c) | Number of Shares Acquired on Vesting (#)<br>(d) | Value Realized on Vesting ($)<br>(e) |
| Eric G. Wintemute | | | | |
| Ad de Jong | | | | |
| David T. Johnson | | | | |
| Glen D. Johnson | | | | |
| Cynthia B. Smith | | | | |

**Pension Benefits**

The following table sets forth the pension benefits payable to the NEOs for the year ended December 31, 2014. This table is for illustrative purposes only as the Company currently does not provide this benefit to the NEOs.

| Name<br>(a) | Plan Name<br>(b) | Number of Years Credited Service (#)<br>(c) | Present Value of Accumulated Benefit ($)<br>(d) | Payments During Last Fiscal Year ($)<br>(e) |
|---|---|---|---|---|
| Not Applicable | | | | |

**Non-qualified Deferred Compensation**

The following table sets forth the non-qualified deferred compensation benefits payable to the NEOs for the year ended December 31, 2014. This table is for illustrative purposes only as the Company currently does not provide this benefit to the NEOs.

| Name<br>(a) | Executive Contributions in Last Fiscal Year ($)<br>(b) | Registrant Contributions in Last Fiscal Year ($)<br>(c) | Aggregate Earnings in Last Fiscal Year ($)<br>(d) | Aggregate Withdrawals/ Distributions ($)<br>(e) | Aggregate Balance at Last Fiscal Year End ($)<br>(f) |
|---|---|---|---|---|---|
| Not Applicable | | | | | |

**Potential Payments Upon Termination or Change of Control**

Each of the NEOs is party to a Change of Control Severance Agreement. Under the terms of those agreements, the employee is entitled to receive certain payments in the event that there is a change of control during the term of agreement and such employee is either terminated (for reasons other than cause) or resigns for good reason. In other words, there is a double trigger before benefits are earned under this arrangement. If the employee is terminated for cause or due to death or disability, he or she is not entitled to severance under the agreement. Provided both conditions for payment are met, employee is entitled to receive a lump sum amount equal to two years base salary, 24 months worth of COBRA coverage for medical insurance, executive level outplacement costs, and acceleration of unvested options (or other securities to which employee may have a right). For purposes of these agreements, change in control is defined to mean, in effect, either (i) a merger or

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consolidation of the Company in which those who were stockholders immediately before the effective time of the merger or consolidation have less than 50% of the voting power of the new corporation or entity; (ii) a sale or disposition of all or substantially all of the Company s assets; or (iii) when any person (as defined in Sections 13(d) and 14(d) of the Exchange Act) directly or indirectly owns more than 50% of the Common Stock of the Company. As a condition to payment, the employee must enter into a written release of claims against the Company.

The following table summarizes the estimated payments to be made to the NEOs in the event of a termination without cause or voluntary resignation for good reason after a change in control assuming, for illustration purposes, that such change in control had occurred on December 31, 2014.

| | Salary ($) | COBRA Insurance Premiums ($) | Outplacement Services ($) | Accelerated Options and Grants Vesting ($)(1) | Total Change in Control Payments ($)(2) |
|---|---|---|---|---|---|
| Eric G. Wintemute | 1,210,000 | 51,570 | 25,000 | 1,955,244 | 3,241,814 |
| Ad de Jong | 640,000 | | 25,000 | 448,202 | 1,113,202 |
| David T. Johnson | 637,000 | 56,601 | 25,000 | 524,525 | 1,243,126 |
| Glen D. Johnson | 640,000 | 40,977 | 25,000 | 511,424 | 1,217,401 |
| Cynthia B. Smith | 610,000 | 52,272 | 25,000 | 405,950 | 1,093,222 |

(1) Upon change in control, the agreement allows for the accelerated vesting of options and grants. Assuming the change in control had happened as of 12/31/2014, then there would be unvested awards of 222,272 shares of restricted stocks and 109,882 shares of incentive stock options. If the change in control occurred on 12/31/2014, these awards will vest and the Company recognizes additional compensation expense based on grant date fair value in the amount of $1,918,877 and $570,008 for restricted stocks and incentive stock options, respectively.

(2) Payments are subject to reduction to ensure that they are fully tax deductible by the Company.

**Director Compensation**

The following table summarizes compensation paid to the Board for the year ended December 31, 2014.

| Name (a) | Fees Earned or Paid in Cash ($) (b) | Stock Awards ($) (c) | Option Awards ($) (d) | Non-Equity Incentive Plan Compensation ($) (e) | Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (f) | All Other Compen-sation ($) (g) | Total ($) (h) |
|---|---|---|---|---|---|---|---|
| Scott D. Baskin | 78,000 | 70,841(1) | | | | | 148,841 |
| Lawrence S. Clark | 105,000 | 50,000 | | | | | 155,000 |
| Debra F. Edwards | 124,625 | 25,000 | | | | | 149,625 |
| Alfred F. Ingulli | 131,500 | 25,000 | | | | | 156,500 |
| John L. Killmer | 119,000 | 50,000 | | | | | 169,000 |
| Morton D. Erlich | 89,500 | 50,000 | | | | | 139,500 |
| Carl R. Soderlind | 102,500 | 25,000 | | | | | 127,500 |
| M. Esmail Zirakparvar | 97,000 | 50,000 | | | | | 147,000 |

(1) This stock award reflects a partial-year award for service from January 1, 2014 through June 4, 2014 (the date of the Annual Stockholders Meeting ASM ), as well as the full-year from the 2014 ASM to the 2015 ASM.

The Company has the following compensatory arrangements with the non-employee members of its Board:

**Cash Compensation:**

Effective with each non-employee director s election/re-election of the Board is entitled to receive cash compensation for his or her services on the Board as follows:

Quarterly retainer fee of $11,250 for services on the Board.

Quarterly retainer fee of $6,250 for services as Lead Director of the Board.

Quarterly retainer fee of $2,500 for service as chairperson of the Audit Committee.

Quarterly retainer fee of $1,250 for service as chairperson of the Compensation Committee, the Nominating and Corporate Governance Committee, the Finance Committee and the Risk Committee.

Attendance fee of $2,500 per meeting of the Board.

Attendance fee of $1,000 per meeting of the Risk Committee and Nominating & Corporate Governance Committee. Attendance fee of $1,500 per meeting of the Audit Committee, Compensation Committee and Finance Committee. Further, non-management directors receive $1,250 per meeting in executive session.

Per diem fee of $2,000 for special assignments as determined from time to time by the Board.

**Stock Awards:**

In accordance with the terms and conditions of the Company s Amended and Restated 1994 Stock Incentive Plan, as amended through June 5, 2013 (the Plan ), each non-employee director of the Board is entitled to receive awards of Restricted Stock or Restricted Stock Units (as each term is defined in the Plan) of the Company s Common Stock, par value $.10 ( Common Stock ), as follows:

In connection with each non-employee director s election or re-election to the Board, such director is entitled to receive an award that equals $50,000 (the Stock Award ). Further, it is the policy of the Company that each director accumulate and hold Company stock equal to the number of shares received by him or her over the course of his or her first three full years of service on the Board, after which such director may elect to receive up to half of the value of any subsequent Stock Award in the form of a cash payment.

If a person is appointed to the Board for any partial year (for example, due to a vacancy on the Board), such director will receive a pro rata portion of the Stock Award as determined by the Compensation Committee or the Board.

Each Stock Award will be calculated based on the closing price of the Common Stock on the date of issuance, as reported on the New York Stock Exchange or other national exchange on which the Common Stock is traded. No fractional share of any Stock Award will be issued; the value of such fractional share will be paid in cash.

Each Stock Award will vest immediately in full upon grant.

The Company has entered into written indemnification agreements with each of its directors, effective as of the first day of such person s service as a director. The agreement provides for contractual indemnification obligations by the Company to the extent permitted by applicable law and the advancement of expenses in connection therewith. The agreement also provides that any legal action brought by the Company against a director must be brought within two years from the date of the accrual of such action or such shorter period as provided by law.

See Description of Compensatory Arrangements Applicable to Non-Employee Directors for 2005 which was filed as Exhibit 10.1 to the Company s Form 8-K which was filed with the SEC on June 15, 2005.

**Employee Contracts, Termination of Employment and Change of Control Arrangements**

The Company and Eric G. Wintemute entered into a written employment agreement, dated as of January 15, 2008, pursuant to which Mr. Wintemute serves as the Company s Chairman and CEO. Mr. Wintemute s current annual base compensation is $605,000, with increases to be made by the Board in their sole discretion. Mr. Wintemute may receive a bonus, in an amount as determined by the Board, based on his performance against reasonable qualitative and quantitative benchmarks. The agreement also provides Mr. Wintemute with certain additional benefits which are customary for executives at this level in the industry, including a car allowance of $1,500 per month and reimbursement for reasonable and customary business expenses. Mr. Wintemute s agreement is of indefinite duration, unless terminated by the Company. If the Company terminates Mr. Wintemute s employment without cause and not due to disability or death, the Company shall pay to Mr. Wintemute an amount equal to two times the average annual cash compensation received by him over the course of the two immediately preceding calendar years. If Mr. Wintemute dies during the term of the agreement, the Company will pay his designated beneficiary any amounts (including salary) and continue any benefits due to Mr. Wintemute under the agreement for 12 months after his death.

AMVAC Chemical Corporation, the Company s principal operating subsidiary, and Ulrich Trogele entered into a written employment agreement dated as of December 31, 2014 pursuant to which Mr. Trogele serves as AMVAC s Executive Vice President and Chief Operating Officer. Under the terms of the agreement, Mr. Trogele s annual base compensation is $360,000 and he was entitled to receive an initial bonus in the amount of $150,000 (which was paid within 30 days after his start date of January 5, 2015). The agreement features a three year term and certain additional benefits that are customary for executives at this level in the industry, including a car allowance of $1,500 per month. Also, in the event of termination without cause, Mr. Trogele is entitled to severance pay in the amount of the greater of (x) his annual base wage and health insurance for the remainder of the term and (y) one year s base wage and health insurance. He is also party to a Change in Control ( C-in-C ) Agreement the form of which is substantially similar to that currently in place between the Company and other executives; in the event of a termination that qualifies him for severance under both agreements, Mr. Trogele would be entitled to receive the more favorable severance package.

**Compensation Committee Interlocks and Insider Participation**

The Compensation Committee of the Board for the year ended December 31**,** 2014, consisted of Messrs. Lawrence S. Clark, Alfred F. Ingulli, and Carl R. Soderlind. During 2014, no officer or employee of the Company served on the board of directors of any other entity, where any officer or director of such entity also served on the Company s Board.

**Review and Approval of Related Person Transactions**

In accordance with the terms of its written charter, the Nominating and Corporate Governance Committee ( the Committee ) has the responsibility for the review and approval or ratification of all related persons and conflict of interest transactions involving any director, executive officer, nominee for director, any holder of 5% or more of any class of the Company s voting securities or any non-executive officer (or any member of the immediate family of any of the foregoing persons), if such related person or conflict of interest transaction involves more than $10,000, in each case using appropriate counsel and other advisers as the Committee may deem necessary.

In the course of its review of a proposed related person transaction, the Committee will consider all relevant facts and circumstances, including: (i) the benefits of the transaction to the Company; (ii) the impact of the transaction on a director s independence; (iii) the availability of other sources for comparable products or services; (iv) the terms of the transaction; (v) the terms available to unrelated third parties or to employees generally; and (vi) other facts and circumstances that may bear on the materiality of the transaction under applicable law and listing standards. The Committee may seek bids, quotes or independent valuations from third parties in connection with assessing any proposed related person transaction.

The Committee will approve only those related person transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee determines in good faith. To the extent that a proposed related person transaction involves any member of the Committee (or an immediate family member of any member of the Committee), such member would not participate in the deliberations or vote respecting the approval or ratification of the proposed transaction.

**Related Person Transactions**

In June 2011, the Company entered into a consulting agreement with director Debra F. Edwards to provide technical services relating to product defense and stewardship. During the year ended December 31, 2014, the Company paid approximately $10,625 to Ms. Edwards for the provision of technical services.

**SUMMARY OF PROPOSALS**

This Proxy contains three proposals for which stockholder action is sought.

Proposal 1 requests the election of eight directors to the Board.

Proposal 2 requests the ratification of the appointment of BDO USA, LLP as the Company s independent registered public accounting firm for 2015.

Proposal 3 requests an advisory vote on executive compensation.

Details of each proposal appear below.

**PROPOSAL 1**

**Election of Directors**

The Board is elected annually. The Certificate of Incorporation and Bylaws, as each have been previously amended and restated, of the Company, currently provide that the number of directors of the Board shall not be more than nine nor less than three. As per the Bylaws, the Board has fixed the maximum number of directors at nine. At this election, eight directors have been nominated to be elected at the Annual Meeting and will hold office from the time of the election until the next Annual Meeting and until their respective successors are duly elected and qualified, or until their earlier resignation or removal. The Board has nominated Scott D. Baskin, Lawrence S. Clark, Debra F. Edwards, Morton D. Erlich, Alfred F. Ingulli, John L. Killmer, Eric G. Wintemute, and M. Esmail Zirakparvar to be elected to serve as directors until the next annual meeting and until their successors are duly elected and qualified.

**REQUIRED VOTE AND RECOMMENDATION**

The directors to be elected by the holders of Common Stock shall be the candidates receiving a number of FOR votes that exceed the number of AGAINST votes.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR** THE NOMINEES IDENTIFIED ABOVE.

**PROPOSAL 2**

**Ratification of Appointment of Independent Registered Public Accounting Firm**

The Audit Committee of the Company has appointed BDO as the Company s independent registered public accounting firm for the year ending December 31, 2015, and the Board of Directors has confirmed that appointment.

BDO has served as the independent registered public accounting firm of the Company continuously since 1991. It is believed that its knowledge of the Company s business gained through this period of service is of great value.

Aggregate fees for professional services rendered to the Company by BDO for the years ended December 31, 2014 and 2013, were (in thousands):

| | 2014 | 2013 |
|---|---|---|
| Audit | $ 584 | $ 521 |
| Tax | 226 | 284 |
| | $ 810 | $ 805 |

*Audit fees* for 2014 and 2013 were for professional services rendered for the audits of the consolidated financial statements of the Company, including the audits of internal controls under Section 404 of the Sarbanes-Oxley Act, reviews of quarterly financial statements, consents, and assistance with review of documents filed with the SEC.

*Tax fees* for 2014 and 2013 were for services related to tax compliance, including the preparation of tax returns and claims for refund, and tax planning and tax advice, including assistance with and representation in tax audits, advice related to acquisitions, and requests for technical advice from tax authorities.

*Audit Related fees,* if any, would primarily relate to assurance services, accounting consultations in connection with acquisitions, and consultations concerning financial accounting and reporting standards. There were none in 2014 and 2013.

*All Other fees,* if any, would relate to services other than those in the above three categories. There were none in 2014 and 2013.

Our Audit Committee has considered whether the provision of the non-audit services described above is compatible with maintaining our registered public accounting firm s independence and determined that such services are appropriate.

Representatives of BDO are expected to be present at the Annual Meeting and will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

**REQUIRED VOTE AND RECOMMENDATION**

The affirmative vote of holders of a majority of the shares of Common Stock cast at the meeting is required to ratify the appointment of BDO. THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR** THE FOLLOWING RESOLUTION:

**Resolved, that the appointment of BDO USA, LLP as the Company s independent registered public accounting firm to audit the 2015 consolidated financial statements and related internal controls over financial reporting of American Vanguard Corporation and its subsidiaries, made by the Audit Committee and the Board, is hereby ratified**

## PROPOSAL 3

### Advisory Vote on Executive Compensation

Over the past three years, stockholders have indicated over 95% approval for the Company s executive compensation. Since our last annual meeting, we believe that our program has improved. As mentioned in the Compensation Discussion & Analysis, our executive compensation is designed to align management s interest with the long-term interests of stockholders; to provide compensation on the basis of performance that supports key financial and strategic business outcomes; and to attract, motivate and retain top talent to lead our business. Our executive compensation:

- Has been benchmarked against a comparator group that is similar in size, Global Industry Classification Standard code and that cites the Company (and the group) as peers;
- Is designed in collaboration with an independent compensation consultant;
- Features incentive elements that rise and fall with financial performance (e.g. in light of reduced financial performance in 2014, NEOs received no cash incentive compensation and 2015 salaries were frozen);
- Includes time-based and performance-based equity awards and holding periods that give executives the long view of the Company. In 2014, half of the equity awards to NEOs were performance-based, and that places the grant/award value at-risk dependent upon future financial performance and shareholder return;
- Is based primarily upon objective performance targets such as net sales, net income and SMART goals;
- Includes factors that limit discretion and discourage misconduct, such as caps on bonuses, a clawback provision, a policy against hedging shares; and
- Is administered pragmatically to ensure that NEOs are paid for performance (as evidenced by the reduction in both cash and non-cash compensation for 2014) but also includes incentives for retaining key employees for the purpose of building long term stockholder value.

This advisory stockholder vote, commonly known as Say-on-Pay, gives you as a stockholder, the opportunity to endorse or not endorse our executive compensation program and policies through the following resolution. Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Company s Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

**REQUIRED VOTE AND RECOMMENDATION**

The passage of a recommendation requires the affirmative vote of holders of a majority of the shares of Common Stock cast at the meeting. THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR** THE FOLLOWING RESOLUTION:

**Resolved, that the stockholders approve the overall executive compensation policies and procedures of the Company, as described in the Compensation Discussion and Analysis and the tabular disclosures regarding named executive officers compensation in this Proxy Statement.**

**COMMUNICATIONS**

**Communications to the Board**

All communications to the Board or any individual director must be in writing and addressed to them c/o American Vanguard Corporation, Attn: Corporate Secretary, 4695 MacArthur Court, Suite 1200, Newport Beach, California 92660.

**Proposals for Submission at Next Annual Meeting**

Any stockholder who intends to present a proposal at the Company s 2016 Annual Meeting of Stockholders must send the proposal to: American Vanguard Corporation, Attn: Corporate Secretary, 4695 MacArthur Court, Suite 1200, Newport Beach, California 92660.

If the stockholder intends to present a proposal at the 2016 Annual Meeting of Stockholders, without inclusion of such proposal in the Company s proxy materials, the proposal must be received by the Company no earlier than December 31, 2015 and no later than January 15, 2016, and must (i) present a proper matter for stockholder action under the Delaware General Corporation Law, (ii) comply with the requirements of the Company s Certificate of Incorporation and Bylaws, each as amended and restated, and (iii) comply with the requirements of the Exchange Act.

**Stockholder Nomination of Directors**

The Nominating and Corporate Governance Committee of the Board will consider nominees to the Board recommended by stockholders who comply with the following procedures. In order for a stockholder to nominate a candidate for director at the 2016 Annual Meeting of Stockholders, timely notice of the nomination must be given in writing as follows: American Vanguard Corporation, Attn: Chairperson of the Nominating and Corporate Governance Committee, 4695 MacArthur Court, Suite 1200, Newport Beach, California 92660. The committee will consider nominees to the Board recommended by stockholders who comply with procedures established by the committee as follows:

In order for a stockholder to nominate a candidate for director, timely notice of the nomination must be given in writing to the Chair of the committee. To be timely, such notice must be received at the principal executive offices of the Company not less than ninety (90) days prior to any meeting of stockholders called for the election of directors.

Any notice of nomination must include (i) the stockholder s name, address and number of shares of the Company owned by such stockholder; (ii) the name, age, business address, residence address, and principal occupation of the nominee; (iii) the number of shares of the Company beneficially owned by the nominee; (iv) information that would be required to be disclosed in the solicitation of proxies for election of directors under the federal securities laws; (v) information as to whether the nominee can understand basic financial statements; and (vi) information as to the nominee s other board memberships (if any). The stockholder must also submit with such notice the nominee s written consent to be elected and to serve on the Board.

The committee may require any nominee to furnish any other information, within reason, that may be needed to determine the eligibility of the nominee.

In considering candidates for the Board, the committee selects from candidates that exhibit a proven track record of relevant skills and characteristics in the context of the current makeup of the Board. The assessment includes a review of the candidate s (i) understanding of the Company s industry, (ii) experience as a member of senior management in this industry, (iii) experience as a member of the board of directors of a publicly-traded Company, and (iv) acumen and experience in strategic planning, corporate finance, and mergers and acquisitions all in the context of the perceived needs of the Board at that point in time.

**ANNUAL REPORT ON FORM 10-K**

Upon request, the Company will provide without charge to any beneficial owner of its Common Stock, a copy of its Annual Report on Form 10-K, excluding exhibits but including financial schedules (if applicable), filed with the SEC with respect to the year ended December 31, 2014. Requests are to be made to the attention of the Chief Financial Officer, American Vanguard Corporation, 4695 MacArthur Court, Suite 1200, Newport Beach, California 92660.

**OTHER MATTERS**

The Company s Annual Report for the year ended December 31, 2014 accompanies this Proxy Statement but shall not be deemed incorporated herein. The Board does not know of any matter to be acted upon at the Annual Meeting other than the matters described herein.

By Order of the Board of Directors

Timothy J. Donnelly

*Chief Administrative Officer,*

*General Counsel & Secretary*

Dated: April 23, 2015

**ANNUAL MEETING OF STOCKHOLDERS OF**

**AMERICAN VANGUARD CORPORATION**

**Wednesday, June 3, 2015**

**GO GREEN**

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**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, Proxy Statement, Proxy Card

are available at www.american-vanguard.com

**Please sign, date and mail**

**your proxy card in the**

**envelope provided as soon**

**as possible.**

i Please detach along perforated line and mail in the envelope provided. i

¢ 20830300000000000000 8 060315

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ALL DIRECTOR NOMINEES AND FOR PROPOSALS 2 AND 3.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE** x

| | FOR | AGAINST | ABSTAIN |
|---|---|---|---|
| 2. Ratify the appointment | ¨ | ¨ | ¨ |

1. To elect eight (8) directors for the ensuing year:

**NOMINEES:**

| | |
|---|---|
| ¨ **FOR ALL NOMINEES** | O Scott D. Baskin |
| | O Lawrence S. Clark |
| | O Debra F. Edwards |
| ¨ **AGAINST ALL NOMINEES** | O Morton D. Erlich |
| | O Alfred F. Ingulli |
| ¨ **FOR ALL EXCEPT** | O John L. Killmer |
| (See instructions below) | O Eric G. Wintemute |
| | O M. Esmail Zirakparvar |

of BDO USA, LLP as independent registered public accounting firm for the year ending December 31, 2015.

| | FOR | AGAINST | ABSTAIN |
|---|---|---|---|
| 3. Approve the overall executive compensation policies and procedures of the Company as described in this Proxy Statement. | ¨ | ¨ | ¨ |

PLEASE VOTE, SIGN, DATE AND RETURN THE PROXY CARD USING THE ENCLOSED ENVELOPE.

**INSTRUCTIONS:** To vote against any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to vote against, as shown here: l

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. ¨

Signature of Stockholder Date: Signature of Stockholder Date:

¢ **Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title ¢

as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

¨ n

**AMERICAN VANGUARD CORPORATION**

**4695 MacArthur Court, Suite 1200**

**Newport Beach, California 92660**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

**As an alternative to completing this form, you may enter your vote instruction by telephone at 1-800-PROXIES (1-800-776-9437), or via the Internet at www.voteproxy.com and follow the simple instructions. Use the Company Number and Account Number shown on your proxy card.**

The undersigned hereby appoints ERIC G. WINTEMUTE and TIMOTHY J. DONNELLY as Proxies, each with the power to appoint his substitute, and authorizes them to represent and to vote as designated on the reverse, all the shares of Common Stock of American Vanguard Corporation held of record by the Undersigned at the close of business on April 15, 2015, at the Annual Meeting of Stockholders, to be held at the Hilton Hotel, 18800 MacArthur Boulevard, Irvine, California, at 11:00 a.m. PST on Wednesday, June 3, 2015, or at any adjournment thereof.

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

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**ANNUAL MEETING OF STOCKHOLDERS OF**

**AMERICAN VANGUARD CORPORATION**

**Wednesday, June 3, 2015**

**PROXY VOTING INSTRUCTIONS**

**INTERNET -** Access **www.voteproxy.com** and follow the on-screen instructions or scan the QR code with your smartphone. Have your proxy card available when you access the web page.

**COMPANY NUMBER**
**ACCOUNT NAME**

**TELEPHONE -** Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call.

Vote online/phone until 11:59 PM EST the day before the meeting.

**MAIL -** Sign, date and mail your proxy card in the envelope provided as soon as possible.

**IN PERSON -** You may vote your shares in person by attending the Annual Meeting.

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Card are available at www.american-vanguard.com
i Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet. i

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**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ALL DIRECTOR NOMINEES AND FOR**

**PROPOSALS 2 AND 3.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK**

**AS SHOWN HERE** x

1. To elect eight (8) directors for the ensuing year:

**NOMINEES:**

¨ **FOR ALL NOMINEES**

¨ **AGAINST ALL NOMINEES**

¨ **FOR ALL EXCEPT**

(See instructions below)

O Scott D. Baskin

O Lawrence S. Clark

O Debra F. Edwards

O Morton D. Erlich

O Alfred F. Ingulli

O John L. Killmer

O Eric G. Wintemute

O M. Esmail Zirakparvar

**INSTRUCTIONS:** To vote against any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to vote against, as shown here: l

| | FOR | AGAINST | ABSTAIN |
|---|---|---|---|
| 2. Ratify the appointment of BDO USA, LLP as independent registered public accounting firm for the year ending December 31, 2015. | ¨ | ¨ | ¨ |
| 3. Approve the overall executive compensation policies and procedures of the Company as described in this Proxy Statement. | ¨ | ¨ | ¨ |

PLEASE VOTE, SIGN, DATE AND RETURN THE PROXY CARD USING THE ENCLOSED ENVELOPE.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. ¨

Signature of Stockholder Date: Signature of Stockholder Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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