



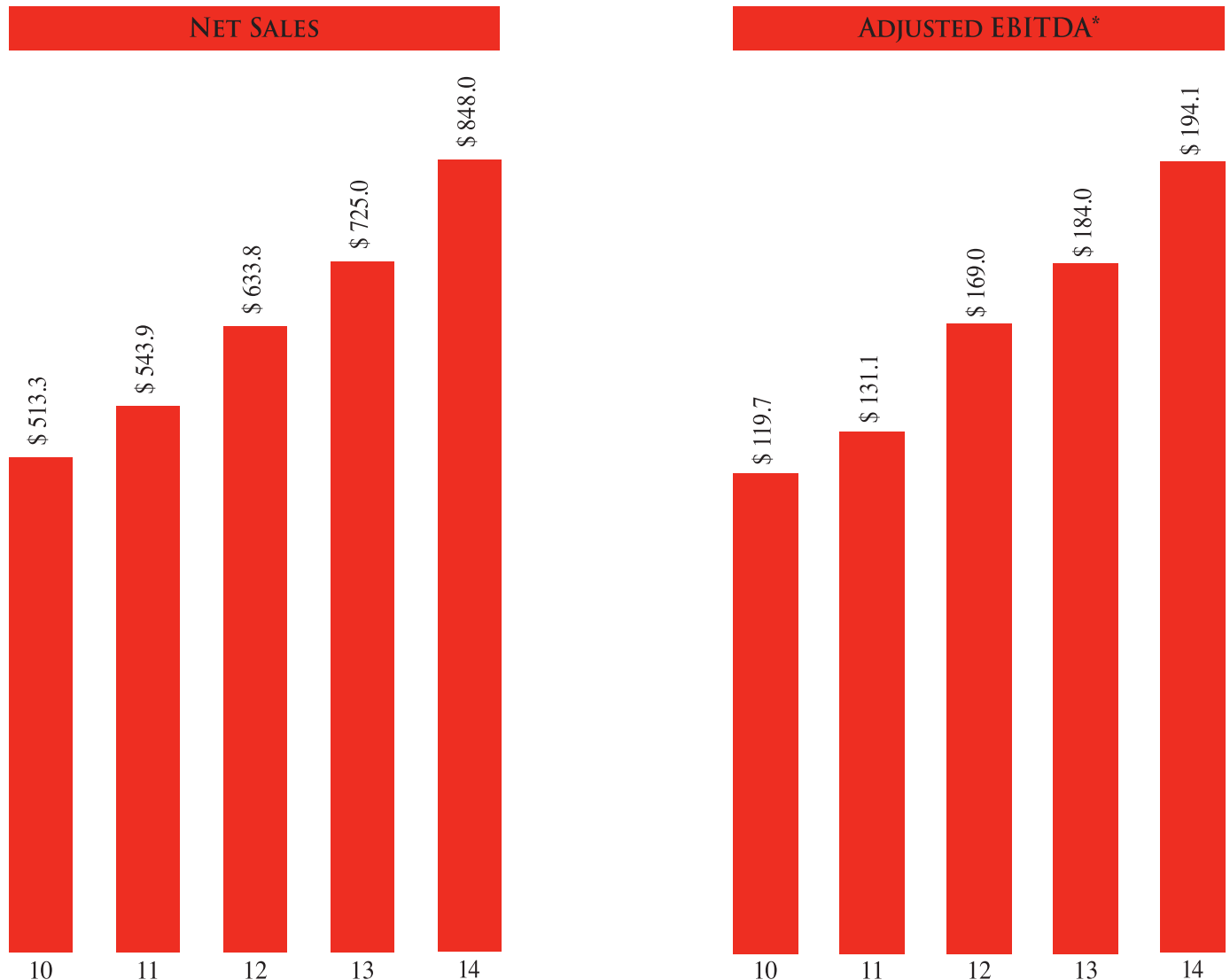
**B&G Foods, Inc.**

*Quality Foods Since 1889*

2014 Annual Report

# FINANCIAL HIGHLIGHTS

FISCAL YEAR	2014	2013	2012	2011	2010
(Dollars in millions)					
Net Sales	\$ 848.0	\$ 725.0	\$ 633.8	\$ 543.9	\$ 513.3
Adjusted EBITDA*	\$ 194.1	\$ 184.0	\$ 169.0	\$ 131.1	\$ 119.7



\*Adjusted EBITDA is a "non-GAAP (Generally Accepted Accounting Principles) financial measure." Please see the discussion within the footnotes to Item 6, "Selected Financial Data" in the following Annual Report on Form 10-K for a more detailed discussion of adjusted EBITDA and a reconciliation of adjusted EBITDA with the most directly comparable GAAP measure for fiscal 2014, 2013, 2012, 2011 and 2010, along with the components of adjusted EBITDA.



# **B&G Foods, Inc.**

*Quality Foods Since 1889*

**TO OUR STOCKHOLDERS,**

## **Financial Performance**

In fiscal 2014, B&G Foods again set company records for net sales and adjusted EBITDA,<sup>1</sup> with net sales increasing 17.0% to \$848.0 million and adjusted EBITDA increasing 5.5% to \$194.1 million. In the ten years since our initial public offering in 2004, net sales and adjusted EBITDA have increased at compound annual growth rates of 8.6% and 10.7% per year, respectively. Our adjusted EBITDA as a percentage of net sales was 22.9% for the year, keeping B&G Foods in the top tier of the industry for adjusted EBITDA margin.

## **Investment Highlights**

Since our initial public offering over ten years ago, B&G Foods has been and continues to be committed to creating stockholder value by paying a generous cash dividend and achieving consistent and ever improving operating results. During 2014, our board of directors increased the amount of the quarterly dividend by 3%, and over the prior five years has doubled the amount of our dividend, which has grown at a compound annual growth rate of 14.9% per year. The current dividend rate is \$1.36 per share per year. The quarterly dividend declared in March of this year was the 42nd consecutive quarterly dividend declared by B&G Foods.

With the combination of steady and growing dividend payments and strong operating performance, B&G Foods has generated significant value for our stockholders. Assuming the reinvestment of dividends, our total stockholder return for the last five fiscal years was 305%.

## **Business Performance**

Fiscal 2014 was another year in which we broke company records for net sales and adjusted EBITDA. Our net sales growth in 2014 came primarily from businesses we acquired in 2014 and 2013, namely Specialty Brands of America and Pirate Brands. Volume and pricing in our industry remain challenging, but we were still able to grow our base business net sales by 1.4%, excluding the impact of the sales shortfall of our *Rickland Orchards* brand and the impact of our *Ortega* and *Las Palmas* recall, which I discuss in more detail below. Volume in our base business increased 2.2%, partially offset by price decreases of 0.8%, all of which occurred in the first half of 2014. Pricing was flat in the second half of fiscal 2014, and we expect positive pricing in 2015.

We had some notable successes in 2014, especially the Specialty Brands acquisition, which continues to exceed our expectations. The integration went smoothly and the acquired brands, including *Bear Creek Country Kitchens*, are outperforming our net sales and adjusted EBITDA expectations. We are now developing new *Bear Creek* products that we expect to launch in the 2015 Fall soup season. We also saw success in the club channel in 2014. Sales to the club channel are now 10% of our total net sales and growing. To build on that success, we have launched a number of new club products. We have continued to manage the risk of global commodity price fluctuations by locking in the majority of our commodity costs twelve months or more in advance, and that strategy worked well in 2014. The minor cost increases we did see in 2014 were manageable and we were generally able to offset those cost increases with continuous improvement cost reduction efforts.

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<sup>1</sup> Adjusted EBITDA is a “non-GAAP (Generally Accepted Accounting Principles) financial measure.” Please see the discussion in the footnotes to Item 6, “Selected Financial Data” in the following Annual Report on Form 10-K for a more detailed discussion of adjusted EBITDA and a reconciliation of adjusted EBITDA with the most directly comparable GAAP measure along with the components of adjusted EBITDA.

We believe that the results highlighted above are even more impressive when considered in light of the many challenges we faced in 2014, including a major product recall, the impact of a disappointing acquisition and certain inefficiencies in our distribution system.

The biggest challenge we faced in 2014 was the first major recall in B&G Foods' history. The *Ortega* and *Las Palmas* recall we announced in November was an unprecedented challenge for our company. It impacted over 40 SKUs in the two brands. These SKUs generate approximately \$70 million in annual net sales. The recall negatively affected our net sales by approximately \$8.9 million and our adjusted EBITDA by approximately \$3.0 million. During the fourth quarter of 2014, our organization focused most of its energy on the recall, including making sure the product removal and replacement ran smoothly and efficiently. I am happy to report that the brands are now back to their regular course, and we expect both brands to show strong growth in 2015.

In 2014, we also absorbed the impact of our first disappointing acquisition, *Rickland Orchards*. Net sales of *Rickland Orchards* have fallen well short of our expectations, especially in the club channel. Despite this disappointing development, we learned a lot from this acquisition. Moreover, we have now fully integrated all of our recent snack acquisitions and have a sales organization in place that is making great strides in growing our brands. For example, in 2014 we saw very strong performances by Pirate Brands, which grew 29% in net sales, and *TrueNorth*, which grew 11% in net sales. Our snack brands are an important part of our strategy and will continue to be an important part of the company.

One of our other significant challenges in 2014 was distribution inefficiencies. In order to improve our distribution efficiency and prepare our distribution system for future organic and acquisition growth, we plan to enter into a strategic partnership with a third party logistics services provider. We expect to realize benefits from this partnership in the second half of 2015 and even more significant improvements in 2016.

## **Fiscal 2015**

We see many opportunities ahead of us in 2015. We expect positive volume growth and sales price increases to contribute to net sales growth. We also expect that the changes we are making to our distribution system will improve customer service, efficiency and reduce costs. For families dealing with higher food costs and a slowly recovering economy, we continue to offer a portfolio of trusted brands that provide families with the ability to enjoy great meals at affordable prices. To meet the ever changing demands of today's consumer, we continue to make improvements to our iconic brands through improved packaging and by simplifying and improving ingredients. For example, during the next twelve months we are launching key new products for our *Ortega*, *Pirate's Booty*, *True North*, *Bear Creek* and *Cream of Wheat* brands that we believe better fit the needs of today's consumer.

## **In Closing**

As I start this new year from a new position, I could not be more proud of our company, our history, our people and our perseverance. Under the leadership of our experienced management team, we expect to deliver consistent sales growth and expand our adjusted EBITDA margin through accretive new product innovation and value-enhancing acquisitions in both center of store grocery and snacks. We have a highly successful business strategy and very talented and motivated employees who know how to execute that strategy and have helped build a company that has increased its equity value to over \$1.6 billion, creating significant value for our stockholders.

I will continue to support our dividend policy and industry leading dividend yield. I expect a successful 2015 and a return to the consistent performance that our investors have come to expect from B&G Foods.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Cantwell". The signature is fluid and cursive, with the first name "Robert" and last name "Cantwell" clearly distinguishable.

Robert C. Cantwell  
President and Chief Executive Officer  
March 27, 2015



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

(Mark one)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the fiscal year ended January 3, 2015**

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the transition period from** \_\_\_\_\_ **to** \_\_\_\_\_.

**Commission file number 001-32316**

**B&G FOODS, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**13-3918742**  
(I.R.S. Employer  
Identification No.)

**Four Gatehall Drive, Parsippany, New Jersey**  
(Address of principal executive offices)

**07054**  
(Zip Code)

Registrant's telephone number, including area code: **(973) 401-6500**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
**Common Stock, par value \$0.01 per share**

Name of exchange on which registered  
**New York Stock Exchange**

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐  
(Do not check if a smaller  
reporting company)

Smaller reporting company ☐

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

The aggregate market value of the registrant's outstanding shares of common stock held by non-affiliates of the registrant (assuming for these purposes, but without conceding, that all executive officers and directors are affiliates of the registrant) as of June 27, 2014, the last business day of the registrant's most recently completed second fiscal quarter, was \$1,705,356,898 (based on the \$32.55 per share closing price of the registrant's common stock on that date as reported on the New York Stock Exchange).

As of March 4, 2015, the registrant had 53,758,649 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Selected designated portions of the registrant's definitive proxy statement to be filed on or before May 4, 2015 in connection with the registrant's 2015 annual meeting of stockholders are incorporated by reference into Part III of this annual report.





**B&G FOODS, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**FOR THE FISCAL YEAR ENDED JANUARY 3, 2015**  
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## PART I

### Item 1. Business.

#### Overview

The terms “B&G Foods,” “our,” “we” and “us,” as used in this report, refer to B&G Foods, Inc. and its wholly owned subsidiaries, except where it is clear that the term refers only to the parent company. Throughout this report, we refer to our fiscal years ended January 1, 2011, December 31, 2011, December 29, 2012, December 28, 2013 and January 3, 2015 as “fiscal 2010,” “fiscal 2011,” “fiscal 2012,” “fiscal 2013” and “fiscal 2014,” respectively. Our fiscal year is the 52 or 53 week reporting period ending on the Saturday closest to December 31. Fiscal 2014 contained 53 weeks and fiscal 2013, 2012, 2011 and 2010 each contained 52 weeks.

B&G Foods manufactures, sells and distributes a diverse portfolio of branded, high quality, shelf-stable food and household products across the United States, Canada and Puerto Rico. Many of our branded products have leading regional or national market shares. In general, we position our products to appeal to the consumer desiring a high quality and reasonably priced product. We complement our branded product retail sales with institutional and food service sales and limited private label sales.

B&G Foods, including our subsidiaries and predecessors, has been in business for over 120 years. We were incorporated in Delaware on November 25, 1996 under the name B Companies Holdings Corp. On August 11, 1997, we changed our name to B&G Foods Holdings Corp. On October 14, 2004, B&G Foods, Inc., then our wholly owned subsidiary, was merged with and into us and we were renamed B&G Foods, Inc.

Our company has been built upon a successful track record of both organic and acquisition-related growth. Our goal is to continue to increase sales, profitability and cash flows through organic growth, disciplined acquisitions of complementary branded businesses and new product development. Since 1996, we have successfully acquired and integrated more than 40 brands into our company.

The table below includes some of the acquisitions we have completed in recent years:

Date	Significant Event
November 2010	Acquisition of the <i>Don Pepino</i> and <i>Sclafani</i> brands from Violet Packing LLC, referred to as the “ <i>Don Pepino</i> acquisition” in the remainder of this document.
November 2011	Acquisition of the <i>Mrs. Dash</i> , <i>Baker’s Joy</i> , <i>Sugar Twin</i> , <i>Static Guard</i> , <i>Molly McButter</i> and <i>Kleen Guard</i> brands from Conopco, Inc. dba Unilever United States, Inc., referred to as the “ <i>Mrs. Dash</i> acquisition” in the remainder of this document.
October 2012	Acquisition of the <i>New York Style</i> , <i>Devonsheer</i> , <i>JJ Flats</i> and <i>Old London</i> brands from Chipita America, Inc., referred to as the “ <i>New York Style</i> acquisition” in the remainder of this document.
May 2013	Acquisition of the <i>TrueNorth</i> brand from DeMet’s Candy Company, referred to as the “ <i>TrueNorth</i> acquisition” in the remainder of this document.
July 2013	Acquisition of Pirate Brands, LLC, including the <i>Pirate’s Booty</i> , <i>Smart Puffs</i> and <i>Original Tings</i> brands from affiliates of VMG Partners and Driven Capital Management, and certain other entities and individuals, referred to as the “Pirate Brands acquisition” in the remainder of this document.
October 2013	Acquisition of Rickland Orchards LLC, including the <i>Rickland Orchards</i> brand, from Natural Instincts LLC, referred to as the “ <i>Rickland Orchards</i> acquisition” in the remainder of this document.
April 2014	Acquisition of Specialty Brands of America, Inc. and related entities, including the <i>Bear Creek Country Kitchens</i> , <i>Spring Tree</i> , <i>Cary’s</i> , <i>MacDonald’s</i> , <i>New York Flatbreads</i> and <i>Canoleo</i> brands, from affiliates of American Capital, Ltd., referred to as the “Specialty Brands acquisition” in the remainder of this document.

## Products and Markets

The following is a brief description of some of our brands and product lines:

The *Ortega* brand has been in existence since 1897; its products span the shelf-stable Mexican food segment including taco shells, tortillas, seasonings, dinner kits, taco sauces, peppers, refried beans, salsas and related food products.

Pirate Brands, which includes *Pirate's Booty*, *Smart Puffs* and *Original Tings*, originated in 1987 and offers baked, trans fat free and gluten free snacks.

The *Maple Grove Farms of Vermont* brand, which originated in 1915, is one of the leading brands of pure maple syrup sold in the United States. Other products under the *Maple Grove Farms of Vermont* label include a line of gourmet salad dressings, sugar free syrups, marinades, fruit syrups, confections, pancake mixes and organic products.

The *Mrs. Dash* brand, which was introduced in 1983 as the original brand in salt-free seasonings, is available in more than a dozen blends. In 2005, the leading brand in salt-free seasonings introduced 6 salt-free marinades. *Mrs. Dash's* brand essence, "Salt-Free, Flavor-Full," resonates with consumers and underscores the brand's commitment to provide healthy products that fulfill consumers' expectations for taste.

The *Cream of Wheat* brand was introduced in 1893 and is among the leading brands and one of the most trusted and widely recognized brands of hot cereals sold in the United States. *Cream of Wheat* is available in Original, Whole Grain and Maple Brown Sugar stove top, and also in instant packets of Original and other flavors. We also offer *Cream of Rice*, a gluten-free, rice-based hot cereal.

The *Bear Creek Country Kitchens* brand is the leading brand of hearty dry soups in the United States. *Bear Creek Country Kitchens* also offers a line of savory pasta dishes and hearty rice dishes.

The *Polaner* brand was introduced in 1880 and is comprised of a broad array of fruit-based spreads as well as jarred wet spices such as chopped garlic and oregano. *Polaner All Fruit* is a leading national brand of fruit-juice sweetened fruit spread. The spreads are available in more than a dozen flavors. *Polaner Sugar Free* preserves are the second leading brand of sugar free preserves nationally.

The *Las Palmas* brand originated in 1922 and primarily includes authentic Mexican enchilada sauce, chili sauce and various pepper products.

The *New York Style* brand was created in 1985 and now includes *Original Bagel Crisps*, *Mini Bagel Crisps*, *Pita Chips* and *Panetini* Italian Toast.

The *Bloch & Guggenheimer (B&G)* brand originated in 1889, and its pickle, pepper and relish products are a leading brand in the New York metropolitan area. This line consists of shelf-stable pickles, peppers, relishes, olives and other related specialty items.

The *Spring Tree* brand originated in 1976 in Brattleboro, Vermont, and consists of pure maple syrup and sugar free syrup.

The *TrueNorth* brand was introduced in 2008. *TrueNorth* nut cluster snacks combine freshly roasted nuts, a dash of sea salt and just a hint of sweetness. *TrueNorth* varieties include almond pecan crunch, chocolate nut crunch and cashew crunch.

The *Rickland Orchards* brand was created in 2012, and its products include Greek yogurt coated granola bars and bites and other Greek yogurt coated snacks.

The *B&M* brand was introduced in 1927 and is the original brand of brick-oven baked beans and remains one of the very few authentic baked beans. The *B&M* line includes a variety of baked beans and brown bread. The *B&M* brand currently has a leading market share in the New England region.

The *Underwood* brand's "*Underwood Devil*" logo, which was registered in 1870, is believed to be the oldest registered trademark still in use for a prepackaged food product in the United States. *Underwood* meat spreads, which were introduced in the late 1860s, include deviled ham, white-meat chicken, roast beef, corned beef and liverwurst.

The *Ac'cent* brand was introduced in 1947 as a flavor enhancer for meat preparation and is generally used on beef, poultry, fish and vegetables. We believe that *Ac'cent* is positioned as a unique flavor enhancer that provides food with the "umami" flavor sensation.

The *Emeril's* brand was introduced in 2000 under a licensing agreement with celebrity chef Emeril Lagasse. We offer a line of pasta sauces, seasonings, cooking stocks, mustards, salsas, pepper sauces, dip mixes and cooking sprays under the *Emeril's* brand name.

The *Trappey's* brand, which was introduced in 1898, has a Louisiana heritage. *Trappey's* products fall into two major categories—high quality peppers and hot sauces, including *Trappey's Red Devil*.

The *Grandma's* brand of molasses, which was introduced in 1890, is the leading brand of premium-quality molasses sold in the United States. *Grandma's* molasses products are offered in two distinct styles: *Grandma's Original Molasses* and *Grandma's Robust Molasses*.

The *Don Pepino* and *Sclafani* brands originated in 1955 and 1900, respectively, and primarily include pizza and spaghetti sauces, whole and crushed tomatoes and tomato puree.

The *Joan of Arc* brand, which originated in 1895, includes a full range of canned beans including kidney, chili and other varieties.

The *Old London* brand was created in 1932 and offers a wide variety of flavors available in melba toasts, melba rounds and other snacks. *Old London* also markets specialty snacks under the *Devonsheer* and *JJ Flats* brand names.

The *Static Guard* brand, the number one brand name in static elimination sprays, created the anti-static spray category when it was launched in 1978 to fulfill a previously unmet consumer need. The brand's ability to consistently deliver on its promise to "instantly eliminate static cling" has resulted in a loyal consumer following.

The *Cary's* brand originated in 1904 and is the oldest brand of pure maple syrup in the United States. *Cary's* also offers sugar free syrup.

The *Regina* brand, which has been in existence since 1949, includes vinegars and cooking wines. *Regina* products are most commonly used in the preparation of salad dressings as well as in a variety of recipe applications, including sauces, marinades and soups.

The *Baker's Joy* brand was introduced in 1982 and is the original brand of no-stick baking spray with flour. *Baker's Joy's* product proposition has been to "generate a perfect release from the pan every time," making baking easier, faster and more successful for everyday bakers.

The *Sugar Twin* brand was developed in 1968 and is a calorie free sugar substitute.

The *Wright's* brand was introduced in 1895 and is a seasoning that reproduces the flavor and aroma of pit smoking in meats, chicken and fish. *Wright's* is offered in three flavors: Hickory, Mesquite and Applewood.

The *Brer Rabbit* brand has been in existence since 1907 and currently offers mild and full-flavored molasses as well as blackstrap molasses. Mild molasses is designed for table use and full-flavored molasses is typically used in baking, barbeque sauces and as a breakfast syrup.

The *Sa-són* brand was introduced in 1947 as a flavor enhancer used primarily for Puerto Rican and Hispanic food preparation. The product is generally used on beef, poultry, fish and vegetables. The

brand's flavor enhancer is offered in four flavors: Original, Coriander and Achiote, Garlic and Onion, and Tomato. We also offer reduced sodium versions of *Sa-són*.

The *New York Flatbreads* brand is a line of thin, crispy, flavorful crispbread that is available in several toppings.

The *Vermont Maid* brand has been in existence since 1919 and we offer maple-flavored syrup under the brand name. *Vermont Maid* syrup is available in regular, sugar-free and sugar-free butter varieties.

The *Molly McButter* brand created the butter-flavored sprinkles category in 1987. *Molly McButter* is available in butter and cheese flavors.

The *Canoleo* brand is the first margarine made from 100% canola oil. It is an all-purpose margarine used for spreading, cooking, and baking.

### **Processed Food Industry**

The processed food industry is one of the United States' largest industries. It is characterized by relatively stable sales growth, based largely on price and population increases. As large food companies with a presence in a variety of branded product categories seek tighter focus within their businesses, they have shed brands or an entire presence in non-core categories. They have also sold smaller brands to increase focus on the larger brands within their portfolios.

In the past decade, the retail side of the food industry has seen a continuing shift of sales to alternate food outlets such as supercenters, warehouse clubs, dollar stores and drug stores. This shift has caused consolidation of traditional grocery chains into larger entities, often spanning the country under varying banner names. Consolidation has increased the importance of having a number one or two brand within a category, be that position national or regional. A broad sales and distribution infrastructure has also become critical for food companies, allowing them to reach all outlets selling food to consumers and expanding their growth opportunities.

### **Sales, Marketing and Distribution.**

*Overview.* We sell, market and distribute our products through a multiple-channel sales, marketing and distribution system to all major U.S. food channels, including sales and shipments to supermarkets, mass merchants, warehouse clubs, wholesalers, food service distributors and direct accounts, specialty food distributors, military commissaries and non-food outlets such as drug and dollar store chains. Certain of our brands, including *Cream of Wheat*, *Ac'cent*, *Crock Pot* seasoning mixes, *Underwood*, *Polaner*, *Static Guard*, *Mrs. Dash*, *New York Style*, *Sugar Twin* and *Rickland Orchards*, are also distributed to similar food channels in Canada. We sell, market and distribute our two household brands through the same sales, marketing and distribution system to many of the same customers who buy our food products as well as to other household product retailers and distributors.

We sell our products primarily through broker sales networks to supermarket chains, food service outlets, mass merchants, warehouse clubs, non-food outlets and specialty distributors. The broker sales network handles the sale of our products at the retail level.

*Sales.* Our sales organization is aligned by distribution channels and consists of regional sales managers, key account managers and sales persons. Regional sales managers sell our products nationwide through national and regional brokers, with separate organizations focusing on food service, grocery chain accounts and special markets. Our sales managers coordinate our broker sales efforts, make key account calls with buyers or distributors and supervise broker retail coverage of the products at the store level.

Our sales strategy is centered on individual brands. We allocate promotional spending for each of our brands and our regional sales managers coordinate promotions with customers. Additionally, our

marketing department works in conjunction with the sales department to coordinate special account activities and marketing support, such as couponing, public relations and media advertising.

We have a national sales force that is capable of supporting our current brands and quickly integrating and supporting any newly acquired brands.

*Marketing.* Our marketing organization is aligned by brand and is responsible for the strategic planning for each of our brands. We focus on deploying promotional dollars where we believe the spending will have the greatest impact on sales. Marketing and trade spending support, on a national basis, typically consists of advertising trade promotions, coupons and cross-promotions with supporting products. Radio, internet, social media and limited television advertising supplement this activity.

*Distribution.* We distribute our products through a multiple-channel system that covers every class of customer nationwide. We believe our distribution system has sufficient capacity to accommodate incremental product volume. See Item 2, “Properties” for a listing of our distribution centers and warehouses.

## **Customers**

Our top ten customers accounted for approximately 52.4% of our net sales and 51.7% of our end of the year receivables for fiscal 2014. Other than Wal-Mart, which accounted for 19.1% of our fiscal 2014 net sales, no single customer accounted for 10.0% or more of our fiscal 2014 net sales. Other than Wal-Mart, which accounted for 16.7% of our receivables as of the end of fiscal 2014, no single customer accounted for more than 10.0% of our receivables as of the end of fiscal 2014. During fiscal 2014, 2013 and 2012, our net sales to foreign countries represented approximately 3.6%, 3.2% and 2.7%, respectively, of our total net sales. Our foreign sales are primarily to customers in Canada.

## **Seasonality**

Sales of a number of our products tend to be seasonal and may be influenced by holidays, changes in seasons or other annual events. In the aggregate, however, sales of our products are not heavily weighted to any particular quarter due to the offsetting nature of demands for our diversified product portfolio. However, sales during the fourth quarter are generally greater than those of the preceding three quarters.

We purchase most of the produce used to make our shelf-stable pickles, relishes, peppers, tomatoes and other related specialty items during the months of July through October, and we generally purchase the majority of our maple syrup requirements during the months of April through August. Consequently, our liquidity needs are greatest during these periods.

## **Competition**

We face competition in each of our product lines. Numerous brands and products compete for shelf space and sales, with competition based primarily on product quality, convenience, price, trade promotion, consumer promotion, brand recognition and loyalty, customer service, advertising and other activities and the ability to identify and satisfy emerging consumer preferences. We compete with numerous companies of varying sizes, including divisions or subsidiaries of larger companies. Many of these competitors have multiple product lines, substantially greater financial and other resources and may have lower fixed costs and/or be substantially less leveraged than we are. Our ability to grow our business could be impacted by the relative effectiveness of, and competitive response to, our product initiatives, product innovation, advertising and promotional activities. In addition, from time to time, we experience margin pressure in certain markets as a result of competitors’ pricing practices.

Our products compete not only against other brands in their respective product categories, but also against products in similar or related product categories. For example, our shelf-stable pickles compete



not only with other brands of shelf-stable pickles, but also with pickle products found in the refrigerated sections of grocery stores, and all our brands compete against private label products to varying degrees.

### **Raw Materials**

We purchase raw materials, including agricultural products, meat, poultry, flour, other raw materials, ingredients and packaging materials from growers, commodity processors, other food companies and packaging suppliers located in U.S. and foreign locations. The principal raw materials for our products include maple syrup, wheat, corn, nuts, cheese, fruits, beans, tomatoes, peppers, meat, sugar, concentrates, molasses, spices and corn sweeteners. We purchase our agricultural raw materials in bulk or pursuant to short-term supply contracts. We purchase most of our agricultural products between April 1 and October 31. We also use packaging materials, particularly glass jars, cans, cardboard and plastic containers. The profitability of our business relies in substantial part on the prices we and our co-packers pay for these raw materials and packaging materials, which can fluctuate due to a number of factors, including changes in crop size, national, state and local government sponsored agricultural programs, export demand, currency exchange rates, natural disasters, weather conditions during the growing and harvesting seasons, general growing conditions, the effect of insects, plant diseases and fungi, and glass, metal and plastic prices.

Fluctuations in commodity prices can lead to retail price volatility and intensive price competition, and can influence consumer and trade buying patterns.

The cost of labor, manufacturing, energy, fuel, packaging materials and other costs related to the production and distribution of our food products can from time to time increase significantly and unexpectedly. We attempt to manage these risks by entering into short-term supply contracts and advance commodities purchase agreements, implementing cost saving measures and raising sales prices. During the past three years, our cost saving measures and sales price increases have substantially offset increases to our raw material, ingredient and packaging costs. To the extent we are unable to offset present and future cost increases, our operating results will be negatively impacted.

### **Production**

*Manufacturing.* We operate seven manufacturing facilities for our products. See Item 2, “Properties” for a listing of our manufacturing facilities.

*Co-Packing Arrangements.* In addition to our own manufacturing facilities, we source a significant portion of our products under “co-packing” arrangements, a common industry practice in which manufacturing is outsourced to other companies. We regularly evaluate our co-packing arrangements to ensure the most cost-effective manufacturing of our products and to utilize company-owned manufacturing facilities most effectively. Third parties located in U.S. and foreign locations produce our *Baker’s Joy*, *Bear Creek Country Kitchens*, *Canoleo*, *Cream of Rice*, *Crock Pot*, *JJ Flats*, *Joan of Arc*, *MacDonald’s*, *Mrs. Dash*, *New York Flatbreads*, *Pirate Brands*, *Regina*, *Rickland Orchards*, *Spring Tree*, *Static Guard*, *Sugar Twin* and *TrueNorth* products and certain *B&G*, *Cary’s*, *Cream of Wheat*, *Emeril’s*, *Las Palmas* and *Ortega* products under co-packing agreements or purchase orders. Each of our co-packers produces products for other companies as well. We believe that there are alternative sources of co-packing production readily available for the majority of our products, although we may experience short-term disturbances in our operations if we are required to change our co-packing arrangements unexpectedly.

### **Trademarks and Licensing Agreements**

We consider our trademarks, in the aggregate, to be material to our business. We protect our trademarks by registration in the United States, Canada and in other countries where we sell our

products. We also oppose any infringement in key markets. Trademark protection continues in some countries for as long as the mark is used and in other countries for as long as it is registered. Registrations generally are for renewable, fixed terms. Examples of our trademarks and registered trademarks include *Ac'cent*, *B&G*, *B&G Sandwich Toppers*, *B&M*, *Baker's Joy*, *Bear Creek Country Kitchens*, *Brer Rabbit*, *Canoleo*, *Cary's*, *Cream of Rice*, *Cream of Wheat*, *Devonsheer*, *Don Pepino*, *Emeril's*, *Grandma's*, *Greek on the go!*, *JJ Flats*, *Joan of Arc*, *Kleen Guard*, *Las Palmas*, *MacDonald's*, *Maple Grove Farms of Vermont*, *Molly McButter*, *Mrs. Dash*, *New York Flatbreads*, *New York Style*, *Old London*, *Original Tings*, *Ortega*, *Pirate's Booty*, *Polaner*, *Regina*, *Rickland Orchards*, *Sa-són*, *Sclafani*, *Smart Puffs*, *Spring Tree*, *Static Guard*, *Sugar Twin*, *Trappey's*, *TrueNorth*, *Underwood*, *Vermont Maid* and *Wright's*.

In June 2000 we entered into a license agreement with Emeril's Food of Love Productions, L.L.C. (EFLP). This license agreement grants us an exclusive license to use the intellectual property owned by the licensor relating to Mr. Lagasse, including the name "Emeril Lagasse" and pictures, photographs and other personality material, in connection with the manufacturing, marketing and distribution of dry seasoning, liquid seasoning, condiments, sauces, dressings and certain other products through retail channels in the United States, the Caribbean and Canada. We also have the right of first negotiation with respect to other shelf-stable grocery products. Under the license agreement, the licensor owns all of the recipes that it provides to us and all of our *Emeril's* brand products and related marketing materials are subject to the prior approval of the licensor, which approval may not be unreasonably withheld. In addition, we are prohibited from entering into similar arrangements with other chefs in connection with any of the products covered by the agreement with the licensor.

The license agreement has been extended through June 2018 and thereafter is subject to extension and renewal at our option for additional three-year periods if we meet specified annual net sales results. Under the license agreement, we are, among other things, obligated to introduce and market new products in each year of the license agreement and to pay the licensor royalties based on annual net sales of our *Emeril's* brand products. The license agreement may be terminated by the licensor if we are in breach or default of any of our material obligations thereunder. We have also agreed to indemnify the licensor with respect to claims under the license agreement, including claims relating to any alleged unauthorized use of any mark, personality or recipe by us in connection with the products in the *Emeril's* line of products.

In February 2008, Martha Stewart Living Omnimedia, Inc. (MSLO) announced that it was acquiring certain assets related to the business of Emeril Lagasse. In connection with the closing of that transaction and with our consent, EFLP assigned its rights under the license agreement to a subsidiary of MSLO.

From time to time we also enter into other licensing agreements. For example, we sell *Cream of Wheat* Cinnabon®, a co-branded product, pursuant to a licensing agreement with Cinnabon, Inc. and Crock Pot® Seasoning Mixes pursuant to a licensing agreement with Sunbeam Products, Inc. dba Jarden Consumer Solutions.

## **Employees and Labor Relations**

As of January 3, 2015, our workforce consisted of 956 employees. Of that total, 743 employees were engaged in manufacturing, 72 were engaged in marketing and sales, 112 were engaged in warehouse and distribution and 29 were engaged in administration. Approximately 34% of our employees, located at three facilities, are covered by collective bargaining agreements. These agreements, which vary in term depending on the location, expire on April 25, 2015 (Portland, Maine; Bakery, Confectionery, Tobacco Workers and Grain Millers International Union, AFL-CIO, Local No. 334), March 31, 2016 (Stoughton, Wisconsin; Drivers, Salesmen, Warehousemen, Milk Processors, Cannery, Dairy Employees and Helpers Union, Local No. 695) and March 31, 2020 (Roseland, New



Jersey; International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, Local No. 863). The collective bargaining agreement covering our Portland facility, which covers approximately 95 employees, is the only collective bargaining agreement expiring in the next twelve months. While we believe that our relations with our union employees are in general good, we cannot assure you that we will be able to negotiate a new collective bargaining agreement for our Portland facility on terms satisfactory to us, or at all, and without production interruptions, including labor stoppages. At this time, however, management does not expect that the outcome of these negotiations will have a material adverse impact on our business, financial condition or results of operations.

### **Government Regulation**

As a manufacturer and marketer of food and household products, our operations are subject to extensive regulation by the United States Food and Drug Administration (FDA), the United States Department of Agriculture (USDA), the Federal Trade Commission (FTC), the Consumer Product Safety Commission (CPSC), the United States Department of Labor, the Environmental Protection Agency and various other federal, state, local and foreign authorities regarding the manufacturing, processing, packaging, storage, labeling, sale and distribution of our products and the health and safety of our employees. Our manufacturing facilities and products are subject to periodic inspection by federal, state, local and foreign authorities. In addition, our meat processing operation in Portland, Maine is subject to daily inspection by the USDA.

We are subject to the Food, Drug and Cosmetic Act and the Food Safety Modernization Act and the regulations promulgated thereunder by the FDA. This comprehensive regulatory program governs, among other things, the manufacturing, composition and ingredients, labeling, packaging and safety of food. We are also subject to the U.S. Bio-Terrorism Act of 2002 which imposes on us import and export regulations. Under the Bio-Terrorism Act we are required, among other things, to provide specific information about the food products we ship into the United States and to register our manufacturing, warehouse and distribution facilities with the FDA.

We believe that we are currently in substantial compliance with all material governmental laws and regulations and maintain all material permits and licenses relating to our operations. Nevertheless, there can be no assurance that we are in full compliance with all such laws and regulations or that we will be able to comply with any future laws and regulations in a cost-effective manner. Failure by us to comply with applicable laws and regulations could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, all of which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

### **Environmental Matters**

We are subject to environmental laws and regulations in the normal course of business. We have not made any material expenditures during the last three fiscal years in order to comply with environmental laws or regulations. Based on our experience to date, we believe that the future cost of compliance with existing environmental laws and regulations (and liability for known environmental conditions) will not have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. However, we cannot predict what environmental laws or regulations will be enacted in the future or how existing or future laws or regulations will be enforced, administered or interpreted, nor can we predict the amount of future expenditures that may be required in order to comply with such environmental laws or regulations or to respond to such environmental claims.

## **Available Information**

Under the Securities Exchange Act of 1934, as amended, we are required to file with or furnish to the SEC annual, quarterly and current reports, proxy and information statements and other information. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We file electronically with the SEC.

We make available, free of charge, through the investor relations section of our web site, our reports on Forms 10-K, 10-Q and 8-K, and amendments to those reports, filed with or furnished to the SEC as soon as reasonably practicable after they are filed with the SEC. The address for the investor relations section of our web site is <http://ir.bgfoods.com>.

The full text of the charters for each of the audit, compensation and nominating and governance committees of our board of directors as well as our Code of Business Conduct and Ethics is available at the investor relations section of our web site, <http://ir.bgfoods.com>. Our Code of Business Conduct and Ethics applies to all of our employees, officers and directors, including our chief executive officer and our chief financial officer and principal accounting officer. We intend to disclose any amendment to, or waiver from, a provision of the Code of Business Conduct and Ethics that applies to our chief executive officer or chief financial officer and principal accounting officer in the investor relations section of our web site.

The information contained on our web site is not part of, and is not incorporated in, this or any other report we file with or furnish to the SEC.

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

Any investment in our company will be subject to risks inherent to our business. Before making an investment decision, investors should carefully consider the risks described below together with all of the other information included in this report. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties that we are not aware of or focused on or that we currently deem immaterial may also impair our business operations. This report is qualified in its entirety by these risk factors.

Any of the following risks could materially and adversely affect our business, consolidated financial condition, results of operations or liquidity. In that case, holders of our securities may lose all or part of their investment.

### **Risks Specific to Our Company**

#### ***The packaged food industry is highly competitive.***

The packaged food industry is highly competitive. Numerous brands and products, including private label products, compete for shelf space and sales, with competition based primarily on product quality, convenience, price, trade promotion, brand recognition and loyalty, customer service, effective consumer advertising and promotional activities and the ability to identify and satisfy emerging consumer preferences. We compete with a significant number of companies of varying sizes, including divisions or subsidiaries of larger companies. Many of these competitors have multiple product lines, substantially greater financial and other resources available to them and may have lower fixed costs and/or are substantially less leveraged than our company. If we are unable to continue to compete successfully with these companies or if competitive pressures or other factors cause our products to lose market share or result in significant price erosion, our business, consolidated financial condition, results of operations or liquidity could be materially and adversely affected.

***We may be unable to maintain our profitability in the face of a consolidating retail environment.***

Our largest customer, Wal-Mart, accounted for 19.1% of our fiscal 2014 net sales, and our ten largest customers together accounted for approximately 52.4% of our fiscal 2014 net sales. As the retail grocery trade continues to consolidate and our retail customers grow larger and become more sophisticated, our retail customers may demand lower pricing and increased promotional programs. Further, these customers are reducing their inventories and increasing their emphasis on products that hold either the number one or number two market position and private label products. If we fail to use our sales and marketing expertise to maintain our category leadership positions to respond to these trends, or if we lower our prices or increase promotional support of our products and are unable to increase the volume of our products sold, our profitability and financial condition may be adversely affected.

***We are vulnerable to decreases in the supply and increases in the price of raw materials and labor, manufacturing, distribution and other costs, and we may not be able to offset increasing costs by increasing prices to our customers.***

We purchase agricultural products, meat, poultry, other raw materials, ingredients and packaging materials from growers, commodity processors, other food companies and packaging manufacturers. Raw materials, ingredients and packaging materials are subject to increases in price attributable to a number of factors, including changes in crop size, federal and state agricultural programs, export demand, currency exchange rates, energy and fuel costs, weather conditions during the growing and harvesting seasons, insects, plant diseases and fungi, and glass, metal and plastic prices. Fluctuations in commodity prices can lead to retail price volatility and intensive price competition, and can influence consumer and trade buying patterns. The cost of labor, manufacturing, energy, fuel, packaging materials and other costs related to the production and distribution of our products can from time to time increase significantly and unexpectedly. We attempt to manage these risks by entering into short-term supply contracts and advance commodities purchase agreements from time to time, by implementing cost saving measures and by raising sales prices. During the past three years, our cost saving measures and sales price increases substantially offset increases to our raw material, ingredient and packaging costs. To the extent we are unable to offset present and future cost increases, our operating results will be negatively impacted.

***We may be unable to offset any reduction in net sales in our mature food product categories through an increase in trade spending for these categories or an increase in net sales in other categories.***

Most of our food product categories are mature and certain categories have experienced declining consumption rates from time to time. If consumption rates and sales in our mature food product categories decline, our revenue and operating income may be adversely affected, and we may not be able to offset this decrease in business with increased trade spending or an increase in sales or profitability of other products and product categories.

***We may have difficulties integrating future acquisitions or identifying new acquisitions.***

A major part of our strategy is to grow through acquisition and we intend to pursue additional acquisitions of food product lines and businesses. However, we may be unable to identify and consummate additional acquisitions or may be unable to successfully integrate and manage the product lines or businesses that we have recently acquired or may acquire in the future. In addition, we may be unable to achieve a substantial portion of any anticipated cost savings from future acquisitions or other anticipated benefits in the timeframe we anticipate, or at all. Moreover, any acquired product lines or businesses may require a greater than anticipated amount of trade, promotional and capital spending. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, services and products of the acquired companies, personnel turnover and the diversion of

management's attention from other business concerns. Any inability by us to integrate and manage any product lines or businesses that we have recently acquired or may acquire in the future in a timely and efficient manner, any inability to achieve a substantial portion of any anticipated cost savings or other anticipated benefits from these acquisitions in the time frame we anticipate or any unanticipated required increases in trade, promotional or capital spending could adversely affect our business, consolidated financial condition, results of operations or liquidity. Moreover, future acquisitions by us could result in our incurring substantial additional indebtedness, being exposed to contingent liabilities or incurring the impairment of goodwill and other intangible assets, all of which could adversely affect our financial condition, results of operations and liquidity.

***We have substantial indebtedness, which could restrict our ability to pay dividends and impact our financing options and liquidity position.***

At January 3, 2015, we had total long-term indebtedness of \$1,026.5 million (before debt discount), including \$326.5 million principal amount of senior secured indebtedness and \$700.0 million principal amount of senior unsecured indebtedness. Our ability to pay dividends is subject to contractual restrictions contained in the instruments governing our indebtedness. Although our credit agreement and the indenture governing our senior notes (which we refer to as the senior notes indenture) contain covenants that restrict our ability to incur debt, as long as we meet these covenants we will be able to incur additional indebtedness. The degree to which we are leveraged on a consolidated basis could have important consequences to the holders of our securities, including:

- our ability in the future to obtain additional financing for working capital, capital expenditures or acquisitions may be limited;
- we may not be able to refinance our indebtedness on terms acceptable to us or at all;
- a significant portion of our cash flow is likely to be dedicated to the payment of interest on our indebtedness, thereby reducing funds available for future operations, capital expenditures, acquisitions and/or dividends on our common stock; and
- we may be more vulnerable to economic downturns and be limited in our ability to withstand competitive pressures.

***We are subject to restrictive debt covenants and other requirements related to our debt that limit our business flexibility by imposing operating and financial restrictions on our operations.***

The agreements governing our indebtedness impose significant operating and financial restrictions on us. These restrictions prohibit or limit, among other things:

- the incurrence of additional indebtedness and the issuance of certain preferred stock or redeemable capital stock;
- the payment of dividends on, and purchase or redemption of, capital stock;
- a number of restricted payments, including investments;
- specified sales of assets;
- specified transactions with affiliates;
- the creation of certain types of liens;
- consolidations, mergers and transfers of all or substantially all of our assets; and
- entry into certain sale and leaseback transactions.

Our credit agreement requires us to maintain specified financial ratios and satisfy financial condition tests, including, without limitation, a maximum leverage ratio and a minimum interest coverage ratio.

Our ability to comply with the ratios or tests may be affected by events beyond our control, including prevailing economic, financial and industry conditions. A breach of any of these covenants, or failure to meet or maintain ratios or tests could result in a default under our credit agreement and/or our senior notes indenture. Certain events of default under our credit agreement and our senior notes indenture would prohibit us from paying dividends on our common stock. In addition, upon the occurrence of an event of default under our credit agreement or our senior notes indenture, the lenders could elect to declare all amounts outstanding under the credit agreement and the senior notes, together with accrued interest, to be immediately due and payable. If we were unable to repay those amounts, the credit agreement lenders could proceed against the security granted to them to secure that indebtedness. If the lenders accelerate the payment of the indebtedness, our assets may not be sufficient to repay in full this indebtedness and our other indebtedness.

***To service our indebtedness, we require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.***

Our ability to make interest payments on and to refinance our indebtedness, and to fund planned capital expenditures and potential acquisitions depends on our ability to generate cash flow from operations in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

A significant portion of our cash flow from operations is dedicated to servicing our debt requirements. In addition, in accordance with our current dividend policy we intend to continue distributing a significant portion of any remaining cash flow to our stockholders as dividends.

Our ability to continue to expand our business is, to a certain extent, dependent upon our ability to borrow funds under our credit agreement and to obtain other third-party financing, including through the issuance and sale of additional debt or equity securities.

***Financial market conditions may impede our access to, or increase the cost of, financing for acquisitions.***

Any future financial market disruptions or tightening of the credit markets, may make it more difficult for us to obtain financing for acquisitions or increase the cost of obtaining financing. In addition, our borrowing costs can be affected by short and long-term debt ratings assigned by independent rating agencies that are based, in significant part, on our performance as measured by credit metrics such as interest coverage and leverage ratios. A decrease in these ratings could increase our cost of borrowing or make it more difficult for us to obtain financing.

***Future disruptions in the credit markets or other factors, could impair our ability to refinance our debt upon terms acceptable to us or at all.***

Our \$500.0 million revolving credit facility and our \$292.5 million of tranche A term loan borrowings mature on June 5, 2019 and our \$700.0 million of senior notes mature on June 1, 2021. Our ability to raise debt or equity capital in the public or private markets in order to effect a refinancing of our debt at or prior to maturity could be impaired by various factors, including factors beyond our control. For example, in recent years U.S. credit markets experienced significant dislocations and liquidity disruptions that caused the spreads on prospective debt financings to widen considerably. These circumstances materially impacted liquidity in the debt markets, making financing terms for borrowers less attractive, and in certain cases resulted in the unavailability of certain types of debt financing. Any future uncertainty in the credit markets could negatively impact our ability to access additional debt financing or to refinance existing indebtedness on favorable terms, or at all. In addition,

any future uncertainty in other financial markets in the U.S. could make it more difficult or costly for us to raise capital through the issuance of common stock or other equity securities. Any of these risks could impair our ability to fund our operations or limit our ability to expand our business or increase our interest expense, which could have a material adverse effect on our financial results.

If we are unable to refinance our indebtedness at or prior to maturity on commercially reasonable terms or at all, we would be forced to seek other alternatives, including:

- sales of assets;
- sales of equity; and
- negotiations with our lenders or noteholders to restructure the applicable debt.

If we are forced to pursue any of the above options, our business and/or the value of an investment in our securities could be adversely affected.

***We rely on co-packers for a significant portion of our manufacturing needs, and the inability to enter into additional or future co-packing agreements may result in our failure to meet customer demand.***

We rely upon co-packers for a significant portion of our manufacturing needs. The success of our business depends, in part, on maintaining a strong sourcing and manufacturing platform. We believe that there are a limited number of competent, high-quality co-packers in the industry, and if we were required to obtain additional or alternative co-packing agreements or arrangements in the future, we can provide no assurance that we would be able to do so on satisfactory terms or in a timely manner. Our inability to enter into satisfactory co-packing agreements could limit our ability to implement our business plan or meet customer demand.

***We rely on the performance of major retailers, wholesalers, specialty distributors and mass merchants for the success of our business, and should they perform poorly or give higher priority to other brands or products, our business could be adversely affected.***

We sell our products principally to retail outlets and wholesale distributors including, traditional supermarkets, mass merchants, warehouse clubs, wholesalers, food service distributors and direct accounts, specialty food distributors, military commissaries and non-food outlets such as drug store chains and dollar stores. The replacement by or poor performance of our major wholesalers, retailers or chains or our inability to collect accounts receivable from our customers could materially and adversely affect our results of operations and financial condition. In addition, our customers offer branded and private label products that compete directly with our products for retail shelf space and consumer purchases. Accordingly, there is a risk that our customers may give higher priority to their own products or to the products of our competitors. In the future, our customers may not continue to purchase our products or provide our products with adequate levels of promotional support.

***We may be unable to anticipate changes in consumer preferences, which may result in decreased demand for our products.***

Our success depends in part on our ability to anticipate and offer products that appeal to the changing tastes, dietary habits and product packaging preferences of consumers in the market categories in which we compete. If we are not able to anticipate, identify or develop and market products that respond to these changes in consumer preferences, demand for our products may decline and our operating results may be adversely affected. In addition, we may incur significant costs related to developing and marketing new products or expanding our existing product lines in reaction to what we perceive to be increased consumer preference or demand. Such development or marketing may not result in the volume of sales or profitability anticipated.



***Severe weather conditions and natural disasters can affect crop supplies and reduce our operating results.***

Severe weather conditions and natural disasters, such as floods, droughts, frosts, earthquakes or pestilence, may affect the supply of the raw materials that we use for our products. Our maple syrup products, for instance, are particularly susceptible to severe freezing conditions in Québec, Canada and Vermont during the season in which maple syrup is produced. Competing manufacturers can be affected differently by weather conditions and natural disasters depending on the location of their supplies. If our supplies of raw materials are reduced, we may not be able to find supplemental supply sources on favorable terms or at all, which could adversely affect our business and operating results.

***Most of our products are sourced from single manufacturing sites.***

Our products are manufactured at many different manufacturing facilities, including our seven manufacturing facilities and manufacturing facilities operated by our co-packers. However, in most cases, individual products are produced only at a single location. If any of these manufacturing locations experiences a disruption for any reason, including a work stoppage, power failure, fire, or weather related condition or natural disaster, etc., this could result in a significant reduction or elimination of the availability of some of our products. If we were not able to obtain alternate production capability in a timely manner or on satisfactory terms, this could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

***Our operations are subject to numerous laws and governmental regulations, exposing us to potential claims and compliance costs that could adversely affect our business.***

Our operations are subject to extensive regulation by the U.S. Food and Drug Administration (FDA), the United States Department of Agriculture (USDA), the Federal Trade Commission (FTC), the Consumer Product Safety Commission (CPSC), the United States Department of Labor, the Environmental Protection Agency and various other federal, state, local and foreign authorities. We are also subject to U.S. laws affecting operations outside of the United States, including anti-bribery laws such as the Foreign Corrupt Practices Act (FCPA). Any changes in these laws and regulations, or any changes in how existing or future laws or regulations will be enforced, administered or interpreted could increase the cost of developing, manufacturing and distributing our products or otherwise increase the cost of conducting our business, or expose us to additional risk of liabilities and claims, which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. In addition, failure by us to comply with applicable laws and regulations, including future laws and regulations, could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. See Item 1, “Business—Government Regulation” and “—Environmental Matters.”

***Failure by third-party co-packers or suppliers of raw materials to comply with food safety, environmental or other regulations may disrupt our supply of certain products and adversely affect our business.***

We rely on co-packers to produce certain of our products and on other suppliers to supply raw materials. Such co-packers and other suppliers, whether in the United States or outside the United States, are subject to a number of regulations, including food safety and environmental regulations. Failure by any of our co-packers or other suppliers to comply with regulations, or allegations of compliance failure, may disrupt their operations. Disruption of the operations of a co-packer or other suppliers could disrupt our supply of product or raw materials, which could have an adverse effect on our business, consolidated financial condition, results of operations or liquidity. Additionally, actions we may take to mitigate the impact of any such disruption or potential disruption, including increasing inventory in anticipation of a potential production or supply interruption, may adversely affect our business, consolidated financial condition, results of operations or liquidity.

***A recall of our products could have a material adverse effect on our business. In addition, we may be subject to significant liability should the consumption of any of our products cause injury, illness or death.***

The sale of food products for human consumption involves the risk of injury to consumers. Such injuries may result from mislabeling, tampering by unauthorized third parties or product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents or residues introduced during the growing, manufacturing, storage, handling or transportation phases of production. Under certain circumstances, we may be required to recall products, leading to a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. Even if a situation does not necessitate a recall, product liability claims might be asserted against us. We have from time to time been involved in product liability lawsuits, none of which have been material to our business. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, if the consumption of any of our products causes, or is alleged to have caused, a health-related illness in the future we may become subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused injury, illness or death could adversely affect our reputation with existing and potential customers and our corporate and brand image. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance and product contamination insurance in amounts we believe to be adequate. However, we cannot assure you that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage. A product liability judgment against us or a product recall or the damage to our reputation resulting therefrom could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

***Pending and future litigation may lead us to incur significant costs.***

We are, or may become, party to various lawsuits and claims arising in the normal course of business, which may include lawsuits or claims relating to contracts, intellectual property, product recalls, product liability, the marketing and labeling of products, employment matters, environmental matters or other aspects of our business. Even when not merited, the defense of these lawsuits may divert our management's attention, and we may incur significant expenses in defending these lawsuits. In addition, we may be required to pay damage awards or settlements or become subject to injunctions or other equitable remedies, which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. The outcome of litigation is often difficult to predict, and the outcome of pending or future litigation may have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

***Consumer concern regarding the safety and quality of food products or health concerns could adversely affect sales of certain of our products.***

If consumers in our principal markets lose confidence in the safety and quality of our food products even without a product liability claim or a product recall, our business could be adversely affected. Consumers have been increasingly focused on food safety and health and wellness with respect to the food products they buy. We have been and will continue to be impacted by publicity concerning the health implications of food products generally, which could negatively influence consumer perception and acceptance of our products and marketing programs. Developments in any of these areas could cause our results to differ materially from results that have been or may be projected.



***Risk associated with foreign suppliers and co-packers, including changes in import/export duties, wage rates, political or economic climates, or exchange rates, may adversely affect our operations.***

Our relationships with foreign suppliers and co-packers subject us to the risks of doing business outside the United States. The countries from which we source our products may be subject to political and economic instability, and may periodically enact new or revise existing laws, taxes, duties, quotas, tariffs, currency controls or other restrictions to which we are subject. Our products are subject to import duties and other restrictions, and the U.S. government may periodically impose new or revise existing duties, quotas, tariffs or other restrictions to which we are subject. In addition, changes in respective wage rates among the countries from which we and our competitors source product could substantially impact our competitive position. Changes in exchange rates, import/export duties or relative international wage rates applicable to us or our competitors could adversely impact our business, financial condition and results of operations. These changes may impact us in a different manner than our competitors.

***A weakening of the U.S. dollar in relation to the Canadian dollar would significantly increase our future costs relating to the production of maple syrup products.***

We purchase a significant majority of our maple syrup requirements from suppliers in Québec, Canada. A weakening of the U.S. dollar in relation to the Canadian dollar would significantly increase our future costs relating to the production of our maple syrup products to the extent we have not purchased Canadian dollars or otherwise entered into a currency hedging arrangement in advance of any such weakening of the U.S. dollar. These increased costs would not be fully offset by the positive impact the change in the relative strength of the Canadian dollar versus the U.S. dollar would have on our net sales in Canada.

***Litigation regarding our trademarks and any other proprietary rights and intellectual property infringement claims may have a significant negative impact on our business.***

We maintain an extensive trademark portfolio that we consider to be of significant importance to our business. If the actions we take to establish and protect our trademarks and other proprietary rights are not adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as an alleged violation of their trademarks and proprietary rights, it may be necessary for us to initiate or enter into litigation in the future to enforce our trademark rights or to defend ourselves against claimed infringement of the rights of others. Any legal proceedings could result in an adverse determination that could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

***We face risks associated with our defined benefit pension plans and multiemployer pension plan obligations.***

We maintain three defined benefit pension plans that cover substantially all of our employees. A deterioration in the value of plan assets resulting from poor market performance, a general financial downturn or otherwise could cause an increase in the amount of contributions we are required to make to these plans. For example, our defined benefit pension plans may from time to time move from an overfunded to underfunded status driven by decreases in plan asset values that may result from changes in long-term interest rates and disruptions in U.S. or global financial markets. Additionally, historically low interest rates coupled with poor market performance would have the effect of decreasing the funded status of these plans which would result in greater required contributions. For a more detailed description of these plans, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies; Use of Estimates—Pension Expense” and Note 12, “Pension Benefits,” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

We also participate in a multiemployer pension plan maintained by the labor union representing certain of our employees at our Portland, Maine facility. We make periodic contributions to this plan pursuant to the terms of a collective bargaining agreement. In the event that we withdraw from participation in this plan or substantially reduce our participation in this plan (such as due to a workforce reduction), applicable law could require us to make withdrawal liability payments to the plan, and we would have to reflect that liability on our balance sheet. The amount of our withdrawal liability would depend on the extent of this plan's funding of vested benefits at the time of our withdrawal. Furthermore, our withdrawal liability could increase as the number of employers participating in this plan decreases.

The multiemployer plan, to which we contribute, has significant underfunded liabilities. Due to the level of underfunding, this plan has been determined to be in "critical" status. While this plan is in critical status, we are required to make additional plan contributions until we agree to a new collective bargaining agreement that implements a rehabilitation plan to improve the plan's funded status. Accordingly, our required contributions to this plan may increase substantially when our next collective bargaining agreement is executed.

For a more detailed description of this multiemployer plan, see Note 12, "Pension Benefits," to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

An obligation to make additional, unanticipated contributions to our defined benefit plans or the multiemployer plan described above could reduce the cash available for working capital and other corporate uses, and may have a material adverse effect on our business, consolidated financial position, results of operations and liquidity.

***Our financial well-being could be jeopardized by unforeseen changes in our employees' collective bargaining agreements, shifts in union policy or labor disruptions in the food industry.***

As of January 3, 2015, approximately 34% of our 956 employees were covered by collective bargaining agreements. A prolonged work stoppage or strike at any of our facilities with union employees or a significant work disruption from other labor disputes in the food or related industries could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. We are currently in negotiations for a new collective bargaining agreement to replace the existing collective bargaining agreement for our Portland, Maine manufacturing facility, which covers approximately 95 employees, that is scheduled to expire on April 25, 2015. However, we cannot assure you that we will be able to negotiate a new collective bargaining agreement for our Portland facility on terms satisfactory to us, or at all, and without production interruptions, including labor stoppages. If prior to the expiration of the collective bargaining agreement for the Portland facility or prior to the expiration of any of our other existing collective bargaining agreements we are unable to reach new agreements without union action or any such new agreements are not on terms satisfactory to us, our business, consolidated financial condition, results of operations or liquidity could be materially and adversely affected.

***We are increasingly dependent on information technology; Disruptions, failures or security breaches of our information technology infrastructure could have a material adverse effect on our operations.***

Information technology is critically important to our business operations. We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities, including manufacturing, financial, logistics, sales, marketing and administrative functions. We depend on our information technology infrastructure to communicate internally and externally with employees, customers, suppliers and others. We also use information technology networks and systems to comply with regulatory, legal and tax requirements. These information technology systems, many of which are managed by third

parties or used in connection with shared service centers, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, computer viruses, attacks by computer hackers or other cybersecurity risks, telecommunication failures, user errors, natural disasters, terrorist attacks or other catastrophic events. If any of our significant information technology systems suffer severe damage, disruption or shutdown, and our disaster recovery and business continuity plans do not effectively resolve the issues in a timely manner, our product sales, financial condition and results of operations may be materially and adversely affected, and we could experience delays in reporting our financial results.

In addition, if we are unable to prevent physical and electronic break-ins, cyber-attacks and other information security breaches, we may suffer financial and reputational damage, be subject to litigation or incur remediation costs or penalties because of the unauthorized disclosure of confidential information belonging to us or to our partners, customers, suppliers or employees. The mishandling or inappropriate disclosure of non-public sensitive or protected information could lead to the loss of intellectual property, negatively impact planned corporate transactions or damage our reputation and brand image. Misuse, leakage or falsification of legally protected information could also result in a violation of data privacy laws and regulations and have a negative impact on our reputation, business, financial condition and results of operations.

***If we are unable to retain our key management personnel, our growth and future success may be impaired and our results of operations could suffer as a result.***

Our success depends to a significant degree upon the continued contributions of senior management, certain of whom would be difficult to replace. As a result, departure by members of our senior management could have a material adverse effect on our business and results of operations. In addition, we do not maintain key-man life insurance on any of our executive officers.

***We are a holding company and we rely on dividends, interest and other payments, advances and transfers of funds from our subsidiaries to meet our obligations.***

We are a holding company, with all of our assets held by our direct and indirect subsidiaries, and we rely on dividends and other payments or distributions from our subsidiaries to meet our debt service obligations and to enable us to pay dividends. The ability of our subsidiaries to pay dividends or make other payments or distributions to us depends on their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization (which may limit the amount of funds available for the payment of dividends), agreements of those subsidiaries, our credit agreement, our senior notes indenture and the covenants of any future outstanding indebtedness we or our subsidiaries incur.

***Future changes that increase cash taxes payable by us could significantly decrease our future cash flow available to make interest and dividend payments with respect to our securities.***

We are able to amortize goodwill and certain intangible assets within the meaning of Section 197 of the Internal Revenue Code of 1986. We expect to be able to amortize for tax purposes approximately \$651.5 million between 2015 and 2029. The expected annual deductions are approximately \$64.5 million per year for fiscal 2015 through 2017, approximately \$61.9 million for fiscal 2018, approximately \$57.5 million per year for fiscal 2019, approximately \$56.2 million for fiscal 2020, approximately \$53.3 million for fiscal 2021, approximately \$42.3 million for fiscal 2022, approximately \$40.1 million per year for fiscal 2023 through 2025, approximately \$38.2 million for fiscal 2026, approximately \$18.5 million for fiscal 2027, approximately \$9.8 million for fiscal 2028 and less than \$0.1 million for fiscal 2029. If there is a change in U.S. federal tax policy that reduces any of these available deductions or results in an increase in our corporate tax rate, our cash taxes payable may

increase, which could significantly reduce our future cash and impact our ability to make interest and dividend payments.

***A change in the assumptions used to value our goodwill or our unamortizable intangible assets could negatively affect our consolidated results of operations and net worth.***

Our total assets include substantial goodwill and unamortizable intangible assets (trademarks). These assets are tested for impairment at least annually and whenever events or circumstances occur indicating that goodwill or unamortizable intangibles might be impaired. The annual goodwill impairment test involves a two-step process. The first step of the impairment test involves comparing our company's market capitalization with our company's carrying value, including goodwill. If the carrying value of our company exceeds our market capitalization, we perform the second step of the impairment test to determine the amount of the impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of goodwill with the carrying value and recognizing a loss for the difference. We test our unamortizable intangibles by comparing the fair value with the carrying value and recognize a loss for the difference. We estimate the fair value of our unamortizable intangibles based on discounted cash flows that reflect certain third party market value indicators. Calculating our fair value for these purposes requires significant estimates and assumptions by management. We completed our annual impairment tests for fiscal 2014, 2013 and 2012 with no adjustments to the carrying values of goodwill and unamortizable intangibles. However, an interim impairment analysis relating to our *Rickland Orchards* brand performed at September 27, 2014, resulted in our company recording non-cash impairment charges to amortizable trademarks and customer relationship intangibles for the *Rickland Orchards* brand of \$26.9 million and \$7.3 million, respectively, during fiscal 2014, which is recorded in "Impairment of intangible assets" on the accompanying consolidated statement of operations for fiscal 2014. If operating results for the *Rickland Orchards* brand continue to deteriorate, or if operating results for any of our other brands, including newly acquired brands, deteriorate, at rates in excess of our current projections, we may be required to record additional non-cash impairment charges to certain intangible assets. In addition, any significant decline in our market capitalization, even if due to macroeconomic factors, could put pressure on the carrying value of our goodwill. A determination that all or a portion of our goodwill or unamortizable intangible assets are impaired, although a non-cash charge to operations, could have a material adverse effect on our business, consolidated financial condition and results of operations.

***Any future financial market disruptions or tightening of the credit markets could expose us to additional credit risks from customers and supply risks from suppliers and co-packers.***

Any future financial market disruptions or tightening of the credit markets could result in some of our customers experiencing a significant decline in profits and/or reduced liquidity. A significant adverse change in the financial and/or credit position of a customer could require us to assume greater credit risk relating to that customer and could limit our ability to collect receivables. A significant adverse change in the financial and/or credit position of a supplier or co-packer could result in an interruption of supply. This could have a material adverse effect on our business, consolidated financial condition, results of operations and liquidity.

### **Risks Relating to our Securities**

***Holders of our common stock may not receive the level of dividends provided for in our dividend policy or any dividends at all.***

Dividend payments are not mandatory or guaranteed and holders of our common stock do not have any legal right to receive, or require us to pay, dividends. Our board of directors may, in its sole discretion, decrease the level of dividends provided for in our dividend policy or entirely discontinue the payment of dividends. Future dividends with respect to shares of our capital stock, if any, depend

on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions (including restrictions in our credit agreement and senior notes indenture), business opportunities, provisions of applicable law (including certain provisions of the Delaware General Corporation Law) and other factors that our board of directors may deem relevant.

If our cash flows from operating activities were to fall below our minimum expectations (or if our assumptions as to capital expenditures or interest expense were too low or our assumptions as to the sufficiency of our revolving credit facility to finance our working capital needs were to prove incorrect), we may need either to reduce or eliminate dividends or, to the extent permitted under our credit agreement and senior notes indenture, fund a portion of our dividends with borrowings or from other sources. If we were to use working capital or permanent borrowings to fund dividends, we would have less cash and/or borrowing capacity available for future dividends and other purposes, which could negatively impact our financial condition, results of operations, liquidity and ability to maintain or expand our business.

***Our dividend policy may negatively impact our ability to finance capital expenditures, operations or acquisition opportunities.***

Under our dividend policy, a substantial portion of our cash generated by our business in excess of operating needs, interest and principal payments on indebtedness, and capital expenditures sufficient to maintain our properties and assets is in general distributed as regular quarterly cash dividends to the holders of our common stock. As a result, we may not retain a sufficient amount of cash to finance growth opportunities or unanticipated capital expenditure needs or to fund our operations in the event of a significant business downturn. We may have to forego growth opportunities or capital expenditures that would otherwise be necessary or desirable if we do not find alternative sources of financing. If we do not have sufficient cash for these purposes, our financial condition and our business will suffer.

***Our certificate of incorporation authorizes us to issue without stockholder approval preferred stock that may be senior to our common stock in certain respects.***

Our certificate of incorporation authorizes the issuance of preferred stock without stockholder approval and, in the case of preferred stock, upon such terms as the board of directors may determine. The rights of the holders of shares of our common stock will be subject to, and may be adversely affected by, the rights of holders of any class or series of preferred stock that may be issued in the future, including any preferential rights that we may grant to the holders of preferred stock. The terms of any preferred stock we issue may place restrictions on the payment of dividends to the holders of our common stock. If we issue preferred stock that is senior to our common stock in right of dividend payment, and our cash flows from operating activities or surplus are insufficient to support dividend payments to the holders of preferred stock, on the one hand, and to the holders common stock, on the other hand, we may be forced to reduce or eliminate dividends to the holders of our common stock.

***Future sales or the possibility of future sales of a substantial number of shares of our common stock or other securities convertible or exchangeable into common stock may depress the price of our common stock.***

We may issue shares of our common stock or other securities convertible or exchangeable into common stock from time to time in future financings or as consideration for future acquisitions and investments. In the event any such future financing, acquisition or investment is significant, the number of shares of our common stock or other securities convertible or exchangeable into common stock that we may issue may in turn be significant. In addition, we may grant registration rights covering shares of our common stock or other securities convertible or exchangeable into common stock, as applicable, issued in connection with any such future financing, acquisitions and investments.



Future sales or the availability for sale of a substantial number of shares of our common stock or other securities convertible or exchangeable into common stock, whether issued and sold pursuant to our currently effective shelf registration statement or otherwise, would dilute our earnings per share and the voting power of each share of common stock outstanding prior to such sale or distribution, could adversely affect the prevailing market price of our securities and could impair our ability to raise capital through future sales of our securities.

***Our certificate of incorporation and bylaws and several other factors could limit another party's ability to acquire us and deprive our investors of the opportunity to obtain a takeover premium for their securities.***

Our certificate of incorporation and bylaws contain certain provisions that may make it difficult for another company to acquire us and for holders of our securities to receive any related takeover premium for their securities. For example, our certificate of incorporation authorizes the issuance of preferred stock without stockholder approval and upon such terms as the board of directors may determine. The rights of the holders of shares of our common stock will be subject to, and may be adversely affected by, the rights of holders of any class or series of preferred stock that may be issued in the future.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

Our corporate headquarters are located at Four Gatehall Drive, Parsippany, NJ 07054. Our manufacturing facilities are generally located near major customer markets and raw materials. Of our seven manufacturing facilities, six are owned and one is leased. Management believes that our manufacturing facilities have sufficient capacity to accommodate our planned growth. Listed below are our manufacturing facilities and the principal warehouses, distribution centers and offices that we own or lease.

<u>Facility Location</u>	<u>Owned/Leased</u>	<u>Description</u>
Hurlock, Maryland . . . . .	Owned	Manufacturing/Warehouse
Portland, Maine . . . . .	Owned	Manufacturing/Warehouse
Stoughton, Wisconsin . . . . .	Owned	Manufacturing/Warehouse
St. Johnsbury, Vermont . . . . .	Owned	Manufacturing/Warehouse
Williamstown, New Jersey . . . . .	Owned	Manufacturing/Warehouse
Yadkinville, North Carolina . . . . .	Owned	Manufacturing/Warehouse
St. Evariste, Québec . . . . .	Owned	Storage Facility
Parsippany, New Jersey . . . . .	Leased	Corporate Headquarters
Roseland, New Jersey . . . . .	Leased	Manufacturing/Warehouse
Lebanon, Tennessee . . . . .	Leased	Distribution Center
Houston, Texas . . . . .	Leased	Distribution Center
Easton, Pennsylvania . . . . .	Leased	Distribution Center
Bentonville, Arkansas . . . . .	Leased	Sales Office

**Item 3. Legal Proceedings.**

The information set forth under the heading “*Legal Proceedings*” in Note 13 of Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K is incorporated herein by reference.

**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

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

#### Market Information

Shares of our common stock are traded on the New York Stock Exchange under the symbol "BGS" and have been so traded since May 23, 2007. The following table sets forth the high and low sales prices of shares of our common stock for each of the quarterly periods indicated.

	<u>High</u>	<u>Low</u>
<b>Fiscal 2014</b>		
Fourth Quarter . . . . .	\$31.69	\$27.03
Third Quarter . . . . .	\$33.13	\$27.09
Second Quarter . . . . .	\$34.63	\$29.75
First Quarter . . . . .	\$34.20	\$27.35
<b>Fiscal 2013</b>		
Fourth Quarter . . . . .	\$37.66	\$32.85
Third Quarter . . . . .	\$36.49	\$33.36
Second Quarter . . . . .	\$34.49	\$27.61
First Quarter . . . . .	\$33.14	\$27.52

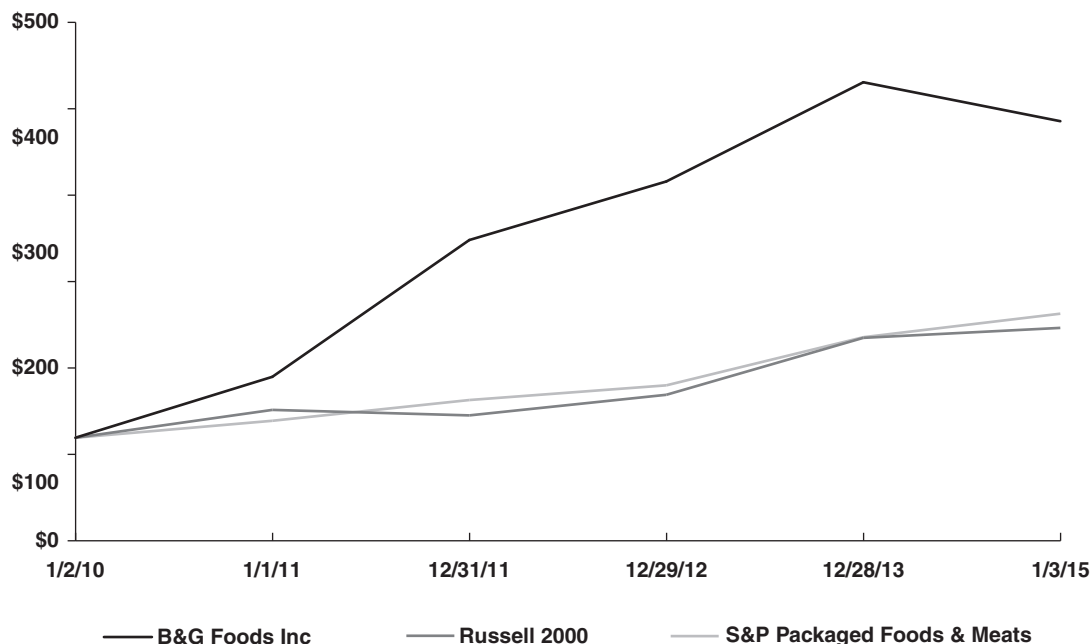
#### Holders

According to the records of our transfer agent, we had 58 holders of record of our common stock as of February 20, 2015, including Cede & Co. as nominee for The Depository Trust Company (DTC). Cede & Co. as nominee for DTC holds shares of our common stock on behalf of participants in the DTC system, which in turn hold the shares of common stock on behalf of beneficial owners.

#### Performance Graph

Set forth below is a line graph comparing the change in the cumulative total shareholder return on our company's common stock with the cumulative total return of the Russell 2000 Index and the S&P Packaged Foods & Meats Index for the period from January 2, 2010 to January 3, 2015, assuming the investment of \$100 on January 2, 2010 and the reinvestment of dividends. The common stock price performance shown on the graph only reflects the change in our company's common stock price relative to the noted indices and is not necessarily indicative of future price performance.

**Comparison of 5 Year Cumulative Total Return  
Among B&G Foods, Inc. Common Stock, the Russell 2000 Index  
and the S&P Packaged Foods & Meats Index**



	<u>1/2/2010*</u>	<u>1/1/2011</u>	<u>12/31/2011</u>	<u>12/29/2012</u>	<u>12/28/2013</u>	<u>1/3/2015</u>
B&G Foods, Inc. (NYSE: BGS) . . . . .	\$100.00	\$158.76	\$290.69	\$347.18	\$442.85	\$405.29
Russell 2000 Index . . . . .	100.00	126.86	121.56	141.43	196.34	205.95
S&P Packaged Foods & Meats Index . . . . .	100.00	116.36	136.37	150.54	196.96	219.64

\* \$100 invested on January 2, 2010 in B&G Foods' common stock or index, including reinvestment of dividends. Indexes calculated on month-end basis.

## Dividend Policy

### *General*

Our dividend policy reflects a basic judgment that our stockholders would be better served if we distributed a substantial portion of our cash available to pay dividends to them instead of retaining it in our business. Under this policy, a substantial portion of the cash generated by our company in excess of operating needs, interest and principal payments on indebtedness, capital expenditures sufficient to maintain our properties and other assets is distributed as regular quarterly cash dividends to the holders of our common stock and not retained by us. We have paid dividends every quarter since our initial public offering in October 2004.

For fiscal 2014 and fiscal 2013, we had cash flows from operating activities of \$99.1 million and \$114.9 million, respectively, and distributed \$72.4 million and \$62.8 million as dividends, respectively. At our current dividend rate of \$1.36 per share per annum, we expect our aggregate dividend payments in 2015 to be approximately \$73.1 million.



The following table sets forth the dividends per share we have declared in each of the quarterly periods of 2014 and 2013:

	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>
Fourth Quarter . . . . .	\$0.34	\$0.33
Third Quarter . . . . .	\$0.34	\$0.32
Second Quarter . . . . .	\$0.34	\$0.29
First Quarter . . . . .	\$0.34	\$0.29

Under U.S. federal income tax law, distributions to holders of our common stock are taxable to the extent they are paid out of current or accumulated earnings and profits. Generally, the portion of the distribution treated as a return of capital should reduce the tax basis in the shares of common stock up to a holder's adjusted basis in the common stock, with any excess treated as capital gains. Qualifying dividend income and the return of capital, if any, will be allocated on a pro-forma basis to all distributions for each fiscal year. Based on U.S. federal income tax laws, B&G Foods has determined that for fiscal 2014 and fiscal 2013, 66.6% and 75.8%, respectively, of distributions paid on common stock will be treated as a return of capital and 33.4% and 24.2%, respectively, will be treated as a taxable dividend paid from earnings and profits.

Our dividend policy is based upon our current assessment of our business and the environment in which we operate, and that assessment could change based on competitive or other developments (which could, for example, increase our need for capital expenditures or working capital), new acquisition opportunities or other factors. Our board of directors is free to depart from or change our dividend policy at any time and could do so, for example, if it was to determine that we have insufficient cash to take advantage of growth opportunities.

#### *Restrictions on Dividend Payments*

Our ability to pay future dividends, if any, with respect to shares of our capital stock will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, provisions of applicable law and other factors that our board of directors may deem relevant. Under Delaware law, our board of directors may declare dividends only to the extent of our "surplus" (which is defined as total assets at fair market value minus total liabilities, minus statutory capital), or if there is no surplus, out of our net profits for the then current and/or immediately preceding fiscal years. Our board of directors will periodically and from time to time assess the appropriateness of the then current dividend policy before actually declaring any dividends.

In general, our senior notes indenture restricts our ability to declare and pay dividends on our common stock as follows:

- we may use up to 100% of our excess cash (as defined below) for the period (taken as one accounting period) from and including March 31, 2013 to the end of our most recent fiscal quarter for which internal financial statements are available at the time of such payments, plus certain incremental funds described in the indenture for the payment of dividends so long as the fixed charge coverage ratio for the four most recent fiscal quarters for which internal financial statements are available is not less than 1.6 to 1.0; and
- we may not pay any dividends on any dividend payment date if a default or event of default under our indenture has occurred or is continuing.

Excess cash is defined in our senior notes indenture and under the terms of our credit agreement. Excess cash is calculated as "consolidated cash flow," as defined in the indenture and under the terms of our credit agreement (which, in each case, allows for certain adjustments and which is equivalent to the term adjusted EBITDA), minus the sum of cash tax expense, cash interest expense, certain capital

expenditures, excess tax benefit from issuance of LTIA shares, certain repayment of indebtedness and the cash portion of the restructuring charges.

In addition, the terms of our credit agreement also restrict our ability to declare and pay dividends on our common stock. In accordance with the terms of our credit agreement, we are not permitted to declare or pay dividends unless we are permitted to do so under our senior notes indenture. In addition, our credit agreement does not permit us to pay dividends unless we maintain:

- a “consolidated interest coverage ratio” (defined as the ratio of our adjusted EBITDA for any period of four consecutive fiscal quarters to our consolidated interest expense for such period payable in cash) of not less than 1.75 to 1.0; and
- a “consolidated total leverage ratio” (defined as the ratio of our consolidated total debt, as of the last day of any period of four consecutive fiscal quarters to our adjusted EBITDA for such period) of not more than 7.00 to 1.00 through the fourth quarter of 2015; 6.75 to 1.00 for the first quarter of 2016 through the fourth quarter of 2016; and 6.50 to 1.00 for the first quarter of 2017 and thereafter.

#### **Recent Sales of Unregistered Securities**

We did not issue any unregistered securities in fiscal 2014.

#### **Issuer Purchases of Equity Securities**

We did not repurchase any shares of our common stock during the fourth quarter of fiscal 2014.

## Item 6. Selected Financial Data.

The following selected historical consolidated financial data should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited consolidated financial statements and related notes to those statements included in this report. The selected historical consolidated financial data as of and for the years ended January 3, 2015 (fiscal 2014), December 28, 2013 (fiscal 2013), December 29, 2012 (fiscal 2012), December 31, 2011 (fiscal 2011) and January 1, 2011 (fiscal 2010) have been derived from our audited consolidated financial statements.

	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
	(In thousands, except per share data and ratios)				
<b>Consolidated Statement of Operations Data<sup>(1)</sup>:</b>					
Net sales <sup>(2)</sup> . . . . .	\$ 848,017	\$ 724,973	\$ 633,812	\$ 543,866	\$513,337
Cost of goods sold <sup>(3)</sup> . . . . .	600,246	482,050	410,469	366,090	345,668
Gross profit . . . . .	247,771	242,923	223,343	177,776	167,669
Selling, general and administrative expenses <sup>(4)</sup> . . . . .	93,033	79,043	66,212	57,618	56,495
Amortization expense <sup>(5)</sup> . . . . .	12,692	9,884	8,126	6,679	6,457
Impairment of intangible assets <sup>(6)</sup> . . . . .	34,154	—	—	—	—
Gain on change in fair value of contingent consideration <sup>(7)</sup> . . . . .	(8,206)	—	—	—	—
Operating income . . . . .	116,098	153,996	149,005	113,479	104,717
Interest expense, net <sup>(8)</sup> . . . . .	46,573	41,813	47,660	36,675	40,342
Loss on extinguishment of debt <sup>(9)</sup> . . . . .	5,748	31,291	10,431	—	15,224
Income before income tax expense . . . . .	63,777	80,892	90,914	76,804	49,151
Income tax expense . . . . .	22,821	28,549	31,654	26,561	16,772
Net income . . . . .	<u>\$ 40,956</u>	<u>\$ 52,343</u>	<u>\$ 59,260</u>	<u>\$ 50,243</u>	<u>\$ 32,379</u>
<i>Earnings per share data:</i>					
Weighted average basic common shares outstanding . . .	53,658	52,998	49,239	47,856	47,584
Weighted average diluted common shares outstanding . .	53,747	53,182	49,557	48,541	48,284
Cash dividends declared per common share . . . . .	\$ 1.36	\$ 1.23	\$ 1.10	\$ 0.86	\$ 0.68
Basic earnings per common share . . . . .	\$ 0.76	\$ 0.99	\$ 1.20	\$ 1.05	\$ 0.68
Diluted earnings per common share . . . . .	\$ 0.76	\$ 0.98	\$ 1.20	\$ 1.04	\$ 0.67
<b>Other Financial Data<sup>(1)</sup>:</b>					
Net cash provided by operating activities . . . . .	\$ 99,126	\$ 114,910	\$ 100,528	\$ 72,033	\$ 98,877
Capital expenditures . . . . .	(19,025)	(14,649)	(10,637)	(10,556)	(10,965)
Cash payments for acquisition of businesses . . . . .	(154,277)	(247,281)	(62,667)	(326,000)	(14,602)
Net cash provided by (used in) financing activities . . . .	71,619	131,828	(24,744)	182,575	(14,534)
EBITDA <sup>(10)</sup> . . . . .	\$ 143,532	\$ 178,073	\$ 167,858	\$ 129,708	\$119,740
Ratio of earnings to fixed charges <sup>(11)</sup> . . . . .	2.3x	2.8x	2.8x	3.0x	2.2x
Senior debt / EBITDA <sup>(12)</sup> . . . . .	7.2x	4.9x	3.8x	5.6x	4.0x
Total debt / EBITDA . . . . .	7.1x	4.9x	3.8x	5.6x	4.0x
EBITDA / cash interest expense <sup>(13)</sup> . . . . .	3.4x	4.8x	3.9x	4.1x	3.3x
<b>Consolidated Balance Sheet Data (at end of period)<sup>(1)</sup>:</b>					
Cash and cash equivalents . . . . .	\$ 1,490	\$ 4,107	\$ 19,219	\$ 16,738	\$ 98,738
Total assets . . . . .	1,649,353	1,484,343	1,191,968	1,132,923	871,723
Total debt . . . . .	1,025,857	870,885	637,689	720,107	477,748
Total stockholders' equity . . . . .	\$ 337,995	\$ 378,363	\$ 361,175	\$ 235,547	\$230,585

- (1) We completed the Specialty Brands acquisition from affiliates of American Capital, Ltd., and certain individual sellers, on April 23, 2014. We completed the *Rickland Orchards* acquisition from Natural Instincts LLC on October 7, 2013. We completed the Pirate Brands acquisition from affiliates of VMG Partners and Driven Capital Management, and certain other entities and individuals, on July 8, 2013. We completed the *TrueNorth* acquisition from DeMet’s Candy Company on May 6, 2013. We completed the *New York Style* acquisition from Chipita America on October 31, 2012. We completed the *Mrs. Dash* acquisition from Unilever on November 30, 2011. We completed the *Don Pepino* acquisition from Violet Packing on November 18, 2010. Each of these acquisitions has been accounted for using the acquisition method of accounting and, accordingly, the assets acquired, liabilities assumed and results of operations of the acquired business is included in our consolidated financial statements from the date of acquisition.

- (2) Fiscal 2014 contained 53 weeks and fiscal 2013, 2012, 2011 and 2010 each contained 52 weeks. Net sales for fiscal 2014 were negatively impacted by \$4.1 million of customer refunds, net of expected insurance recoveries, related to our November 2014 voluntary recall of certain *Ortega* and *Las Palmas* products.
- (3) Cost of goods sold for fiscal 2014 includes \$8.2 million of inventory write-off and other cost of goods sold charges, net of expected insurance recoveries, related to the *Ortega* and *Las Palmas* recall and a \$4.5 million loss on disposal of inventory related to the impairment of *Rickland Orchards*.
- (4) Selling, general and administrative expenses for fiscal 2014 include \$7.3 million of acquisition-related expenses for the Specialty Brands, *Rickland Orchards* and Pirate Brands acquisitions and \$0.5 million of administrative expenses, net of expected insurance recoveries, related to the *Ortega* and *Las Palmas* recall. Selling, general and administrative expenses for fiscal 2013 include \$5.9 million of acquisition-related expenses for the *Rickland Orchards*, *TrueNorth* and Pirate Brands acquisitions partially offset by a gain of \$1.5 million relating to a legal settlement. Selling, general and administrative expenses for fiscal 2012 include \$1.2 million of acquisition-related expenses for the *New York Style* acquisition. Selling, general and administrative expenses for fiscal 2011 include \$1.4 million of acquisition-related expenses for the *Mrs. Dash* acquisition.
- (5) Amortization expense includes the amortization of customer relationships, amortizable trademarks and other intangible assets acquired in the Specialty Brands, *Rickland Orchards*, Pirate Brands, *TrueNorth*, *New York Style*, *Mrs. Dash*, *Don Pepino* and prior acquisitions.
- (6) Impairment of intangible assets for fiscal 2014 includes a \$26.8 million loss for the impairment of amortizable trademarks and a \$7.4 million loss for the impairment of customer relationship intangibles, both relating to *Rickland Orchards*.
- (7) In addition to the base purchase price consideration paid at closing, the acquisition agreement for *Rickland Orchards* requires that we pay additional purchase price earn-out consideration contingent upon the achievement of revenue growth targets for fiscal 2014, 2015 and 2016. At the time of acquisition, we established the fair value of the contingent consideration using revenue growth targets meant to achieve operating results in excess of base purchase price acquisition model assumptions. As required, at June 28, 2014 we remeasured the fair value of the contingent consideration using actual operating results through June 28, 2014 and revised forecasted operating results for the remainder of fiscal 2014, 2015 and 2016, and reduced the probability of achievement and the fair value of the contingent consideration to zero. This resulted in a non-cash gain of \$8.2 million that is included in gain on change in fair value of contingent consideration in fiscal 2014.
- (8) Fiscal 2011 net interest expense includes a benefit of \$0.6 million related to the realized gain on an interest rate swap, a charge of \$1.6 million for the reclassification of the amount recorded in accumulated other comprehensive loss related to an interest rate swap and a \$2.1 million charge relating to the write-off of the remaining amount recorded in accumulated other comprehensive loss on the interest rate swap due to our early termination of \$130.0 million term loan borrowings. Fiscal 2010 net interest expense includes a charge of \$0.4 million relating to the unrealized loss on the interest rate swap, and a charge of \$1.7 million for the reclassification of the amount recorded in accumulated other comprehensive loss related to the swap.
- (9) Fiscal 2014 loss on extinguishment of debt includes the write-off of deferred debt financing costs of \$5.4 million and the write-off of unamortized discount of \$0.3 million in connection with the termination of our prior credit agreement and the repayment of all outstanding obligations thereunder. Fiscal 2013 loss on extinguishment of debt includes costs relating to our repurchase of \$248.5 million aggregate principal amount of 7.625% senior notes and our repayment of \$222.2 million aggregate principal amount of tranche B term loans, including the repurchase premium and other expenses of \$20.2 million, the write-off of deferred debt financing costs of \$8.3 million and the write-off of unamortized discount of \$2.8 million. Fiscal 2012 loss on extinguishment of debt includes costs relating to our partial redemption of \$101.5 million aggregate principal amount of 7.625% senior notes, including the repurchase premium and other expenses of \$7.7 million, the write-off of deferred debt financing costs of \$1.5 million and the write-off of unamortized discount of \$0.5 million. Loss on extinguishment during fiscal 2012 also includes costs related to the amendment and restatement of our credit agreement, including the write-off of deferred debt financing costs of \$0.4 million, unamortized discount of \$0.1 million and other expenses of \$0.2 million. Fiscal 2010 loss on extinguishment of debt includes costs relating to our repurchase of senior subordinated notes, including the repurchase premium of \$10.7 million and the write-off of deferred financing costs of \$4.5 million.
- (10) EBITDA is a non-GAAP financial measure used by management to measure operating performance. A non-GAAP financial measure is defined as a numerical measure of our financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in our consolidated balance sheets and related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows. EBITDA is defined as net income before net interest expense, income taxes, depreciation and amortization and loss on extinguishment of debt (see (9) above). We define adjusted EBITDA as EBITDA adjusted for cash and non-cash acquisition-related expenses, gains or losses (which may include third party fees and expenses, integration, restructuring and consolidation expenses), intangible asset impairment charges and related asset write-offs; gains or losses related to changes in the fair value of contingent liabilities from earn-outs; and loss on product recalls, including customer refunds, selling, general and administrative expenses and the impact on cost of sales. Management believes that it is useful to eliminate net interest expense, income taxes, depreciation and amortization, loss on extinguishment of debt, acquisition-related expenses, gains and losses, non-cash intangible asset impairment charges and related asset write-offs, gains or losses related to changes in the fair value of contingent liabilities from earn-outs and loss on product recalls because it allows management to focus on what it deems to be a more reliable indicator of ongoing operating performance and our ability to generate cash flow from operations. We use EBITDA and adjusted EBITDA in

our business operations, among other things, to evaluate our operating performance, develop budgets and measure our performance against those budgets, determine employee bonuses and evaluate our cash flows in terms of cash needs. We also present EBITDA and adjusted EBITDA because we believe they are useful indicators of our historical debt capacity and ability to service debt and because covenants in our credit agreement and our senior notes indenture contain ratios based on these measures. As a result, internal management reports used during monthly operating reviews feature the EBITDA and adjusted EBITDA metrics. However, management uses these metrics in conjunction with traditional GAAP operating performance and liquidity measures as part of its overall assessment of company performance and liquidity and therefore does not place undue reliance on these measures as its only measures of operating performance and liquidity.

EBITDA and adjusted EBITDA are not recognized terms under GAAP and do not purport to be an alternative to operating income or net income (loss) or any other GAAP measure as an indicator of operating performance. EBITDA and adjusted EBITDA are not complete net cash flow measures because EBITDA and adjusted EBITDA are measures of liquidity that do not include reductions for cash payments for an entity's obligation to service its debt, fund its working capital, capital expenditures and acquisitions and pay its income taxes and dividends. Rather, EBITDA and adjusted EBITDA are two potential indicators of an entity's ability to fund these cash requirements. EBITDA and adjusted EBITDA are not complete measures of an entity's profitability because they do not include costs and expenses for depreciation and amortization, interest and related expenses, loss on extinguishment of debt, acquisition-related expenses, gains and losses and income taxes, intangible asset impairment charges and related asset write-offs, gains or losses related to changes in the fair value of contingent liabilities from earn-outs and loss on product recalls. Because not all companies use identical calculations, this presentation of EBITDA and adjusted EBITDA may not be comparable to other similarly titled measures of other companies. However, EBITDA and adjusted EBITDA can still be useful in evaluating our performance against our peer companies because management believes these measures provide users with valuable insight into key components of GAAP amounts.

A reconciliation of EBITDA and adjusted EBITDA to net income and to net cash provided by operating activities for fiscal 2014, 2013, 2012, 2011 and 2010 along with the components of EBITDA and adjusted EBITDA follows:

	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
	(In thousands)				
Net income . . . . .	\$ 40,956	\$ 52,343	\$ 59,260	\$ 50,243	\$ 32,379
Income tax expense . . . . .	22,821	28,549	31,654	26,561	16,772
Interest expense, net <sup>(A)</sup> . . . . .	46,573	41,813	47,660	36,675	40,342
Depreciation and amortization . . . . .	27,434	24,077	18,853	16,229	15,023
Loss on extinguishment of debt <sup>(B)</sup> . . . . .	5,748	31,291	10,431	—	15,224
EBITDA . . . . .	143,532	178,073	167,858	129,708	119,740
Acquisition-related expenses . . . . .	7,315	5,932	1,159	1,418	—
Impairment of intangible assets <sup>(C)</sup> . . . . .	34,154	—	—	—	—
Loss on disposal of inventory <sup>(D)</sup> . . . . .	4,535	—	—	—	—
Gain on change in fair value of contingent consideration <sup>(E)</sup> . . . . .	(8,206)	—	—	—	—
Loss on product recall, net of expected insurance recoveries <sup>(F)</sup> . . . . .	12,798	—	—	—	—
Adjusted EBITDA . . . . .	194,128	184,005	169,017	131,126	119,740
Income tax expense . . . . .	(22,821)	(28,549)	(31,654)	(26,561)	(16,772)
Interest expense, net <sup>(A)</sup> . . . . .	(46,573)	(41,813)	(47,660)	(36,675)	(40,342)
Acquisition-related expenses . . . . .	(7,315)	(5,932)	(1,159)	(1,418)	—
Loss on product recall, net of expected insurance recoveries . . . . .	(12,798)	—	—	—	—
Deferred income taxes . . . . .	13,855	20,800	15,295	13,529	9,452
Amortization of deferred financing costs and bond discount . . . . .	3,790	4,400	5,028	2,251	2,016
Unrealized loss on interest rate swap <sup>(A)</sup> . . . . .	—	—	—	—	436
Realized gain on interest rate swap <sup>(A)</sup> . . . . .	—	—	—	(612)	—
Reclassification to net interest expense for interest rate swap <sup>(A)</sup> . . . . .	—	—	—	3,669	1,693
Share-based compensation expense . . . . .	2,235	3,935	3,777	4,098	3,747
Excess tax benefits from share-based compensation . . . . .	(2,356)	(4,192)	(8,031)	(1,047)	(326)
Acquisition-related contingent consideration expense, including interest accretion . . . . .	432	208	—	—	—
Changes in assets and liabilities, net of effects of business combinations . . . . .	(23,451)	(17,952)	(4,085)	(16,327)	19,233
Net cash provided by operating activities . . . . .	\$ 99,126	\$ 114,910	\$ 100,528	\$ 72,033	\$ 98,877

(A) See footnote (8) above.

- (B) See footnote (9) above.
- (C) See footnote (6) above.
- (D) Represents a loss on disposal of inventory related to the impairment of Rickland Orchards.
- (E) See footnote (7) above.
- (F) See Note 13, “Commitments and Contingencies—*Ortega and Las Palmas Recall*,” to our consolidated financial statements in Part II, Item 8 of this report, for detailed information.
- (11) We have calculated the ratio of earnings to fixed charges by dividing earnings by fixed charges. For the purpose of this computation, earnings consist of income before income taxes plus fixed charges. Fixed charges consist of the sum of interest on indebtedness, amortized expenses related to indebtedness, reclassification to net interest expense of a portion of the amount recorded in accumulated other comprehensive loss related to an interest rate swap and an interest component of lease rental expense. Fixed charges exclude the unrealized loss on the interest rate swap.
- (12) As of the end of each fiscal year presented, senior debt is defined as the face amount all of our outstanding debt.

	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>
	<b>(In thousands, except ratios)</b>				
Current and former senior secured credit agreement:					
Revolving credit facility . . . . .	\$ 34,000	\$ 40,000	\$ 25,000	\$ —	\$ —
Term loan due 2013 . . . . .	—	—	—	—	130,000
Tranche A term loan due 2016 . . . . .	—	131,250	144,375	150,000	—
Tranche A term loan due 2019 . . . . .	292,500	—	—	—	—
Tranche B term loan due 2018 . . . . .	—	—	223,313	225,000	—
7.625% senior notes due 2018 . . . . .	—	—	248,500	350,000	350,000
4.625% senior notes due 2021 . . . . .	700,000	700,000	—	—	—
Senior debt . . . . .	<u>\$1,026,500</u>	<u>\$871,250</u>	<u>\$641,188</u>	<u>\$725,000</u>	<u>\$480,000</u>
EBITDA . . . . .	\$ 143,532	\$178,073	\$167,858	\$129,708	\$119,740
Senior debt / EBITDA . . . . .	<u>7.2x</u>	<u>4.9x</u>	<u>3.8x</u>	<u>5.6x</u>	<u>4.0x</u>
Adjusted EBITDA . . . . .	\$ 194,128	\$184,005	\$169,017	\$131,126	\$119,740
Senior debt /adjusted EBITDA . . . . .	<u>5.3x</u>	<u>4.7x</u>	<u>3.8x</u>	<u>5.5x</u>	<u>4.0x</u>

- (13) Cash interest expense, calculated below, is equal to net interest expense less amortization of deferred financing and bond discount, unrealized loss on an interest rate swap, realized gain on the interest rate swap and reclassification to net interest expense of a portion of the amount recorded in accumulated other comprehensive loss related to an interest rate swap.

	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>
	<b>(In thousands, except ratios)</b>				
Interest expense, net . . . . .	\$ 46,573	\$ 41,813	\$ 47,660	\$ 36,675	\$ 40,342
Amortization of deferred financing and bond discount . . . . .	(3,790)	(4,400)	(5,028)	(2,251)	(2,016)
Unrealized loss on interest rate swap . . . . .	—	—	—	—	(436)
Realized gain on interest rate swap . . . . .	—	—	—	612	—
Reclassification to interest expense, net . . . . .	—	—	—	(3,669)	(1,693)
Cash interest expense . . . . .	<u>\$ 42,783</u>	<u>\$ 37,413</u>	<u>\$ 42,632</u>	<u>\$ 31,367</u>	<u>\$ 36,197</u>
EBITDA . . . . .	\$143,532	\$178,073	\$167,858	\$129,708	\$119,740
EBITDA / cash interest expense . . . . .	<u>3.4x</u>	<u>4.8x</u>	<u>3.9x</u>	<u>4.1x</u>	<u>3.3x</u>
Adjusted EBITDA . . . . .	\$194,128	\$184,005	\$169,017	\$131,126	\$119,740
Adjusted EBITDA / cash interest expense . . . . .	<u>4.5x</u>	<u>4.9x</u>	<u>4.0x</u>	<u>4.2x</u>	<u>3.3x</u>



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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under Item 1A, "Risk Factors" and under the heading "Forward-Looking Statements" below and elsewhere in this report. The following discussion should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report.

### General

We manufacture, sell and distribute a diverse portfolio of branded, high quality, shelf-stable foods and household products, many of which have leading regional or national market shares. In general, we position our branded products to appeal to the consumer desiring a high quality and reasonably priced product. We complement our branded product retail sales with institutional and food service sales and limited private label sales.

Our company has been built upon a successful track record of both organic and acquisition-driven growth. Our goal is to continue to increase sales, profitability and cash flows through organic growth, strategic acquisitions and new product development. We intend to implement our growth strategy through the following initiatives: expanding our brand portfolio with disciplined acquisitions of complementary branded businesses, continuing to develop new products and delivering them to market quickly, leveraging our multiple channel sales and distribution system and continuing to focus on higher growth customers and distribution channels.

Since 1996, we have successfully acquired and integrated more than 35 brands into our company. Most recently, on April 23, 2014, we completed the acquisition of Specialty Brands of America, Inc., including the *Bear Creek Country Kitchens*, *Spring Tree*, *Cary's*, *MacDonald's*, *New York Flatbreads* and *Canoleo* brands, from affiliates of American Capital, Ltd. and certain individuals. On October 7, 2013, we acquired Rickland Orchards LLC, including the *Rickland Orchards* brand, from Natural Instincts LLC. On July 8, 2013, we completed the acquisition of Pirate Brands, LLC, including the *Pirate's Booty*, *Smart Puffs* and *Original Tings* brands, from affiliates of VMG Partners and Driven Capital Management and certain other entities and individuals. On May 7, 2013, we acquired the *TrueNorth* nut cluster brand from DeMet's Candy Company. And on October 31, 2012, we completed the acquisition of the *New York Style*, *Old London*, *JJ Flats* and *Devonsheer* brands from Chipita America, Inc. We refer to these acquisitions in this report as the "Specialty Brands acquisition," "*Rickland Orchards* acquisition," "Pirate Brands acquisition," "*TrueNorth* acquisition" and "*New York Style* acquisition," respectively. Each of these five recent acquisitions has been accounted for using the acquisition method of accounting and, accordingly, the assets acquired, liabilities assumed and results of operations of the acquired businesses are included in our consolidated financial statements from the respective dates of acquisition. These acquisitions and the application of the acquisition method of accounting affect comparability between periods.

We are subject to a number of challenges that may adversely affect our businesses. These challenges, which are discussed above under Item 1A, "Risk Factors" and below under the heading "Forward-Looking Statements," include:

*Fluctuations in Commodity Prices and Production and Distribution Costs.* We purchase raw materials, including agricultural products, meat, poultry, ingredients and packaging materials from growers, commodity processors, other food companies and packaging suppliers located in U.S. and foreign locations. Raw materials and other input costs, such as fuel and transportation, are subject to fluctuations in price attributable to a number of factors. Fluctuations in commodity prices can lead to retail price volatility and intensive price competition, and can influence consumer and trade buying

patterns. The cost of raw materials, fuel, labor, distribution and other costs related to our operations can increase from time to time significantly and unexpectedly.

We attempt to manage cost inflation risks by locking in prices through short-term supply contracts and advance commodities purchase agreements and by implementing cost saving measures. We also attempt to offset rising input costs by raising sales prices to our customers. However, increases in the prices we charge our customers may lag behind rising input costs. Competitive pressures also may limit our ability to quickly raise prices in response to rising costs.

We expect cost increases for raw materials in the marketplace during 2015 and are currently locked into our supply and prices for a majority of our most significant commodities (excluding, among others, maple syrup) through fiscal 2015 at a cost increase of less than 1% of cost of goods sold. During fiscal 2014, we had a minimal cost decrease. To the extent we are unable to avoid or offset any present or future cost increases by locking in our costs, implementing cost saving measures or increasing prices to our customers, our operating results could be materially adversely affected. In addition, should input costs begin to decline further, customers may look for price reductions in situations where we have locked into purchases at higher costs.

*Consolidation in the Retail Trade and Consequent Inventory Reductions.* As the retail grocery trade continues to consolidate and our retail customers grow larger and become more sophisticated, our retail customers may demand lower pricing and increased promotional programs. These customers are also reducing their inventories and increasing their emphasis on private label products.

*Changing Customer Preferences.* Consumers in the market categories in which we compete frequently change their taste preferences, dietary habits and product packaging preferences.

*Consumer Concern Regarding Food Safety, Quality and Health.* The food industry is subject to consumer concerns regarding the safety and quality of certain food products. If consumers in our principal markets lose confidence in the safety and quality of our food products, even as a result of a product liability claim or a product recall by a food industry competitor, our business could be adversely affected.

*Fluctuations in Currency Exchange Rates.* Our foreign sales are primarily to customers in Canada. Our sales to Canada are generally denominated in Canadian dollars and our sales for export to other countries are generally denominated in U.S. dollars. During fiscal 2014, 2013 and 2012, our net sales to foreign countries represented approximately 3.6%, 3.2% and 2.7%, respectively, of our total net sales. We also purchase a significant majority of our maple syrup requirements from suppliers located in Québec, Canada. Any weakening of the U.S. dollar against the Canadian dollar could significantly increase our costs relating to the production of our maple syrup products to the extent we have not purchased Canadian dollars in advance of any such weakening of the U.S. dollar or otherwise entered into a currency hedging arrangement in advance of any such weakening of the U.S. dollar. These increased costs would not be fully offset by the positive impact the change in the relative strength of the Canadian dollar versus the U.S. dollar would have on our net sales in Canada. Our purchases of raw materials from other foreign suppliers are generally denominated in U.S. dollars.

To confront these challenges, we continue to take steps to build the value of our brands, to improve our existing portfolio of products with new product and marketing initiatives, to reduce costs through improved productivity, to address consumer concerns about food safety, quality and health and to favorably manage currency fluctuations.

#### **Critical Accounting Policies; Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires our management to make a number of estimates and



assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates and assumptions made by management involve trade and consumer promotion expenses; allowances for excess, obsolete and unsaleable inventories; pension benefits; acquisition accounting allocations; the recoverability of goodwill, other intangible assets, property, plant and equipment, and deferred tax assets; the determination of the useful life of customer relationship and amortizable trademark intangibles; the fair value of contingent consideration liabilities; and the accounting for share-based compensation expense. Actual results could differ significantly from these estimates and assumptions.

Our significant accounting policies are described more fully in note 2 to our consolidated financial statements included elsewhere in this report. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our consolidated financial statements.

#### ***Trade and Consumer Promotion Expenses***

We offer various sales incentive programs to customers and consumers, such as price discounts, in-store display incentives, slotting fees and coupons. The recognition of expense for these programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors. Actual expenses may differ if the level of redemption rates and performance vary from our estimates.

#### ***Inventories***

Inventories are stated at the lower of cost or market. Cost is determined using the first in, first out and average cost methods. Inventories have been reduced by an allowance for excess, obsolete and unsaleable inventories. The allowance is an estimate based on our management's review of inventories on hand compared to estimated future usage and sales.

#### ***Long-Lived Assets***

Long-lived assets, such as property, plant and equipment, and intangibles with estimated useful lives are depreciated or amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted net future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted net future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Recoverability of assets held for sale is measured by a comparison of the carrying amount of an asset or asset group to their fair value less estimated costs to sell. Estimating future cash flows and calculating the fair value of assets requires significant estimates and assumptions by management.

#### ***Goodwill and Other Intangible Assets***

Our total assets include substantial goodwill and unamortizable intangible assets (trademarks). These assets are tested for impairment at least annually and whenever events or circumstances occur indicating that goodwill or unamortizable intangibles might be impaired. We perform the annual impairment tests as of the last day of each fiscal year. The annual goodwill impairment test involves a two-step process. The first step of the impairment test involves comparing our company's market capitalization with our company's carrying value, including goodwill. If the carrying value of our company exceeds our market capitalization, we perform the second step of the impairment test to

determine the amount of the impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of goodwill with the carrying value and recognizing a loss for the difference.

We test our unamortizable intangibles by comparing the fair value with the carrying value and recognize a loss for the difference. We estimate the fair value of our unamortizable intangibles based on discounted cash flows that reflect certain third party market value indicators.

Calculating our fair value for these purposes requires significant estimates and assumptions by management. We completed our annual impairment tests for fiscal 2014, 2013 and 2012 with no adjustments to the carrying values of goodwill and unamortizable intangibles. However, materially different assumptions regarding the future performance of our businesses could result in significant impairment losses. In addition, any significant decline in our market capitalization, even if due to macroeconomic factors, could put pressure on the carrying value of our goodwill. A determination that all or a portion of our goodwill or unamortizable intangible assets are impaired, although a non-cash charge to operations, could have a material adverse effect on our business, consolidated financial condition and results of operations.

#### *Income Tax Expense Estimates and Policies*

As part of the income tax provision process of preparing our consolidated financial statements, we are required to estimate our income taxes. This process involves estimating our current tax expenses together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. We then assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe the recovery is not likely, we establish a valuation allowance. Further, to the extent that we establish a valuation allowance or increase this allowance in a financial accounting period, we include such charge in our tax provision, or reduce our tax benefits in our consolidated statements of operations. We use our judgment to determine our provision or benefit for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against our deferred tax assets.

There are various factors that may cause these tax assumptions to change in the near term, and we may have to record a valuation allowance against our deferred tax assets. We cannot predict whether future U.S. federal and state income tax laws and regulations might be passed that could have a material effect on our results of operations. We assess the impact of significant changes to the U.S. federal and state income tax laws and regulations on a regular basis and update the assumptions and estimates used to prepare our consolidated financial statements when new regulations and legislation are enacted. We recognize the benefit of an uncertain tax position that we have taken or expect to take on the income tax returns we file if it is more likely than not that such tax position will be sustained based upon its technical merits.

#### *Pension Expense*

We have defined benefit pension plans covering substantially all of our employees. Our funding policy is to contribute annually not less than the amount recommended by our actuaries. The funded status of our pension plans is dependent upon many factors, including returns on invested assets and the level of certain market interest rates. We review pension assumptions regularly and we may from time to time make voluntary contributions to our pension plans, which exceed the amounts required by statute. During fiscal 2014 and 2013, we made total pension contributions to our pension plans of \$1.8 million and \$4.8 million, respectively. Changes in interest rates and the market value of the securities held by the plans could materially change, positively or negatively, the funded status of the plans and affect the level of pension expense and required contributions in fiscal 2015 and beyond.

Our discount rate assumption for our three defined benefit plans changed from 4.815% at December 28, 2013 to 3.882% at January 3, 2015. While we do not presently anticipate a change in our fiscal 2015 assumptions, as a sensitivity measure, a 0.25% decline or increase in our discount rate would increase or decrease our pension expense by approximately \$0.4 million and \$0.3 million, respectively. Similarly, a 0.25% decrease or increase in the expected return on pension plan assets would increase or decrease our pension expense by approximately \$0.2 million. We expect to make \$3.5 million of defined benefit pension plan contributions during fiscal 2015.

#### *Acquisition Accounting*

Our consolidated financial statements and results of operations include an acquired business's operations after the completion of the acquisition. We account for acquired businesses using the acquisition method of accounting, which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Transaction costs are expensed as incurred.

The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact our results of operations. Accordingly, for significant items, we typically obtain assistance from third party valuation specialists. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives. All of these judgments and estimates can materially impact our results of operations.

#### *Share-based Compensation Expense*

We provide compensation benefits in the form of stock options, performance share long-term incentive awards (LTIA's) and common stock to employees and non-employee directors. The cost of share based compensation is recorded at fair value at the date of grant and expensed in our consolidated statement of income over the requisite service period, if any.

Performance share LTIA's granted to our executive officers and certain other members of senior management entitle each participant to earn shares of common stock upon the attainment of certain performance goals over the applicable performance period. The recognition of compensation expense for the performance share LTIA's is initially based on the probable outcome of the performance condition based on the fair value of the award on the date of grant and the anticipated number of shares to be awarded on a straight-line basis over the applicable performance period. The fair value of the awards on the date of grant is determined based upon the closing price of our common stock on the applicable measurement dates (i.e., the deemed grant dates for accounting purposes) reduced by the present value of expected dividends using the risk-free interest-rate as the award holders are not entitled to dividends or dividend equivalents during the vesting period. Our company's performance against the defined performance goals are re-evaluated on a quarterly basis throughout the applicable performance period and the recognition of compensation expense is adjusted for subsequent changes in the estimated or actual outcome. The cumulative effect of a change in the estimated number of shares of common stock to be issued in respect of performance share awards is recognized as an adjustment to earnings in the period of the revision.

The fair value of stock option awards is estimated on the date of grant using the Black-Scholes option pricing model and is recognized in expense over the vesting period of the options using the straight-line method. The Black-Scholes option pricing model requires various assumptions, including the expected volatility of our stock, the expected term of the option, the risk-free interest rate and the expected dividend yield. Expected volatility is based on both historical and implied volatilities of our common stock over the estimated expected term of the award. The risk-free rate for the expected term

of the option is based on the U.S. Treasury yield curve in effect at the time of grant. All stock option grants have an exercise price equal to the fair market value of our common stock on the date of grant, have a 10-year term and cliff vest three years from the date of grant.

We recognize compensation expense for only that portion of share based awards that are expected to vest. We utilize historical employee termination behavior to determine our estimated forfeiture rates. If the actual forfeitures differ from those estimated by management, adjustments to compensation expense will be made in future periods.

### **Product Recall**

On November 14, 2014, we announced a voluntary recall for certain *Ortega* and *Las Palmas* products after learning that one or more of the spice ingredients purchased from a third party supplier contained peanuts and almonds, allergens that are not declared on the products' ingredient statements. The cost impact of this recall during fiscal 2014 (not including lost sales during the period of time production and distribution of the affected products were suspended), net of expected insurance recoveries of \$5.0 million, was \$12.8 million, of which \$4.1 million was recorded as a decrease in net sales related to customer refunds; \$8.2 million was recorded as an increase in cost of goods sold primarily related to costs associated with product retrieval, destruction charges, customer fees and inventory write-offs; and \$0.5 million was recorded as an increase in selling, general, and administrative expenses related to administrative costs. The charges we recorded are based upon costs incurred to date and management's estimates of costs that have yet to be incurred that relate to 2014. As of January 3, 2015, the reserves related to the recall remaining on our consolidated balance sheets include \$4.0 million in accounts receivable reserves and \$0.6 million of accrued expenses. We have recorded a \$5.0 million receivable for the expected insurance recoveries in prepaid expenses in our consolidated balance sheet as of January 3, 2015.

In connection with the recall, we temporarily suspended production and distribution of the affected products for several weeks. We estimate that this negatively impacted net sales of the *Ortega* and *Las Palmas* brands by approximately \$4.8 million during the fourth quarter of fiscal 2014. However, it is possible that we may experience an increase in net sales for these two brands during fiscal 2015, as our customers restock their inventory of affected products.

## Results of Operations

The following table sets forth the percentages of net sales represented by selected items reflected in our consolidated statements of operations. The comparisons of financial results are not necessarily indicative of future results:

	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
<b>Statement of Operations:</b>			
Net sales . . . . .	100.0%	100.0%	100.0%
Cost of goods sold . . . . .	<u>70.8%</u>	<u>66.5%</u>	<u>64.8%</u>
Gross profit . . . . .	29.2%	33.5%	35.2%
Selling, general and administrative expenses . . . . .	11.0%	10.9%	10.4%
Amortization expense . . . . .	1.5%	1.4%	1.3%
Impairment of intangible assets . . . . .	4.0%	—	—
Gain on change in fair value of contingent consideration . . . . .	<u>(1.0)%</u>	<u>—</u>	<u>—</u>
Operating income . . . . .	13.7%	21.2%	23.5%
Interest expense, net . . . . .	5.5%	5.8%	7.5%
Loss on extinguishment of debt . . . . .	<u>0.7%</u>	<u>4.3%</u>	<u>1.7%</u>
Income before income tax expense . . . . .	7.5%	11.1%	14.3%
Income tax expense . . . . .	<u>2.7%</u>	<u>3.9%</u>	<u>5.0%</u>
Net income . . . . .	<u>4.8%</u>	<u>7.2%</u>	<u>9.3%</u>

As used in this section the terms listed below have the following meanings:

*Net Sales.* Our net sales represents gross sales of products shipped to customers plus amounts charged to customers for shipping and handling, less cash discounts, coupon redemptions, slotting fees and trade promotional spending.

*Gross Profit.* Our gross profit is equal to our net sales less cost of goods sold. The primary components of our cost of goods sold are cost of internally manufactured products, purchases of finished goods from co-packers, a portion of our warehousing expenses plus freight costs to our distribution centers and to our customers.

*Selling, General and Administrative Expenses.* Our selling, general and administrative expenses include costs related to selling our products, as well as all other general and administrative expenses. Some of these costs include administrative, marketing and internal sales force employee compensation and benefits costs, consumer advertising programs, brokerage costs, a portion of our warehousing expenses, information technology and communication costs, office rent, utilities, supplies, professional services, acquisition-related expenses and other general corporate expenses.

*Impairment of Intangible Assets.* Impairment on intangible assets represents a reduction of the carrying value of amortizable intangible assets to fair value when the carrying value of the assets is no longer recoverable.

*Gain on Change in Fair Value of Contingent Consideration.* Gain on change in fair value of contingent consideration represents decreases in the fair value of the contingent consideration liability relating to additional purchase price earn-out payments that are contingent upon the achievement of certain operating results by acquired businesses.

*Amortization Expense.* Amortization expense includes the amortization expense associated with customer relationships, amortizable trademarks and other intangibles.

*Net Interest Expense.* Net interest expense includes interest relating to our outstanding indebtedness, amortization of bond discount and amortization of deferred debt financing costs (net of interest income).

*Loss on Extinguishment of Debt.* Loss on extinguishment of debt includes costs relating to the retirement of indebtedness, including repurchase premium, if any, and write-off of deferred debt financing costs and unamortized discount, if any.

#### ***Fiscal 2014 Compared to Fiscal 2013***

*Net Sales.* Net sales increased \$123.0 million, or 17.0%, to \$848.0 million for fiscal 2014 from \$725.0 million for fiscal 2013. Our fiscal 2014 contained 53 weeks and fiscal 2013 contained 52 weeks. We estimate that the extra week in fiscal 2014 contributed approximately \$15.0 million to the overall increase.

Additional months of ownership of Specialty Brands, Pirate Brands, *Rickland Orchards* and *TrueNorth* in fiscal 2014 as compared to fiscal 2013, contributed \$133.6 million to the overall net sales increase, of which approximately \$2.5 million was due to the extra week.

We estimate that the *Ortega* and *Las Palmas* recall reduced net sales by approximately \$8.9 million, of which \$4.1 million related to customer refunds and \$4.8 million related to lost sales from the temporary suspension of production and distribution of the affected products. Net sales were also negatively impacted by a shortfall in net sales of *Rickland Orchards* during the fourth quarter of 2014 of \$11.8 million, a continuation of the weakness that caused us to impair the brand.

Net sales for our base business for fiscal 2014 decreased \$10.6 million, or 1.5%. Excluding the impact of the *Ortega* and *Las Palmas* recall and the *Rickland Orchards* shortfall, base business net sales increased \$10.1 million, or 1.4%, for fiscal 2014. The \$10.1 million increase was attributable to an increase in unit volume of \$15.7 million, or 2.2%, \$12.5 million of which was attributable to the extra week described above, partially offset by a net price decrease of \$5.6 million, or 0.8%. Approximately 63% of the net price decrease is attributable to net price decreases for *Ortega*, *Maple Grove Farms of Vermont* and *B&M* products of \$2.0 million, \$0.9 million and \$0.7 million, as we increased promotional activity in response to competition. See Note 15, “Net Sales by Brand,” to our consolidated financial statements in Part II, Item 8 of this report, for detailed information regarding total net sales by brand for fiscal 2014 and fiscal 2013 for each of our brands that exceed approximately 2% of our fiscal 2014 net sales and for all other brands in the aggregate. The following chart sets forth the most significant

net sales increases and decreases by brand for our base business for fiscal 2014 as compared to fiscal 2013:

	Base Business Net Sales Increase (Decrease)	
	Dollars (in millions)	Percentage
Brand:		
Pirate Brands <sup>(1)</sup> . . . . .	\$ 9.3	28.6%
<i>Mrs. Dash</i> . . . . .	2.3	3.7%
<i>Maple Grove Farms of Vermont</i> . . . . .	2.1	2.7%
<i>Crock Pot</i> seasoning mixes . . . . .	1.6	61.7%
<i>TrueNorth</i> <sup>(2)</sup> . . . . .	1.4	10.9%
<i>Static Guard</i> . . . . .	1.1	11.9%
<i>Rickland Orchards</i> <sup>(3)</sup> . . . . .	(11.8)	(91.5)%
<i>New York Style</i> . . . . .	(4.9)	(14.9)%
<i>Ortega</i> <sup>(4)</sup> . . . . .	(2.8)	(2.1)%
<i>Cream of Wheat</i> . . . . .	(2.7)	(4.2)%
<i>Old London</i> . . . . .	(1.6)	(12.1)%
<i>B&amp;M</i> . . . . .	(1.3)	(5.9)%
All other brands . . . . .	(3.3)	(1.3)%
Total . . . . .	<u>\$ (10.6)</u>	<u>(1.3)%</u>
Total (excluding impact of the product recall and the <i>Rickland Orchards</i> shortfall described above) . . . . .	<u>\$ 10.1</u>	<u>1.4%</u>

- (1) In total, Pirate Brands contributed \$50.0 million to our overall net sales increase for fiscal 2014, \$40.7 million of which is attributable to an extra six months of ownership of Pirate Brands during fiscal 2014 and \$9.3 million of which is base business growth during the comparable period of ownership during fiscal 2014 and fiscal 2013.
- (2) In total, *TrueNorth* contributed \$8.6 million to our overall net sales increase for fiscal 2014, \$7.2 million of which is attributable to an extra four months of ownership of the brand during fiscal 2014 and \$1.4 million of which is base business growth during the comparable period of ownership during fiscal 2014 and fiscal 2013.
- (3) In total, *Rickland Orchards* contributed \$8.4 million to our overall net sales increase for fiscal 2014, \$20.2 million of which is attributable to an additional nine months of ownership of the brand during fiscal 2014, offset by a decrease of \$11.8 million during the comparable period of ownership during fiscal 2014 and fiscal 2013.
- (4) On November 14, 2014, we announced a voluntary recall for certain *Ortega* and *Las Palmas* products. In connection with the recall, we recorded a reduction of net sales, net of expected insurance recoveries, of \$4.1 million related to customer refunds. In addition, we temporarily suspended production and distribution of the affected products for several weeks, which we estimate negatively impacted our net sales of *Ortega* and *Las Palmas* brands by \$4.8 million during the fourth quarter of 2014.

**Gross Profit.** Gross profit increased \$4.9 million, or 2.0%, to \$247.8 million in fiscal 2014 from \$242.9 million in fiscal 2013. Gross profit expressed as a percentage of net sales decreased to 29.2% for fiscal 2014 from 33.5% in fiscal 2013. The 4.3 percentage point decrease was due in part to the *Ortega* and *Las Palmas* recall and the write-off of certain raw material and finished goods inventory used in the production of *Rickland Orchards* products (See Note 6, “Goodwill and Other Intangible Assets,” to our consolidated financial statements in Part II, Item 8 of this report, for detailed information regarding this write-off), which reduced gross profit margin by approximately 1.4 percentage points and 0.5 percentage points, respectively. Excluding the impact of the recall and the *Rickland Orchards* inventory write-off, gross profit as a percentage of net sales was 31.1%. The remaining gross profit shortfall of 2.4 percentage points was attributable to an increase in distribution costs, the base business



net price decrease described above, a sales mix shift to lower margin products and the negative impact of the Canadian exchange rate, which reduced gross profit margin by approximately 1.0 percentage points, 0.6 percentage points, 0.6 percentage points and 0.2 percentage points, respectively.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased \$14.0 million, or 17.7%, to \$93.0 million for fiscal 2014 from \$79.0 million for fiscal 2013. This increase was primarily due to recent acquisitions. During fiscal 2014, we experienced increases in consumer marketing of \$4.9 million, brokerage expenses of \$3.5 million, warehousing expenses of \$2.4 million, acquisition-related expenses of \$1.4 million, administrative expenses related to the product recall of \$0.5 million and all other expenses of \$1.3 million. Expressed as a percentage of net sales, our selling, general and administrative expenses increased to 11.0% in fiscal 2014 from 10.9% in fiscal 2013 because the increases in selling, general and administrative expenses were primarily the result of recent acquisitions that also resulted in increased net sales.

*Impairment of Intangible Assets.* Impairment of intangible assets of \$34.2 million for fiscal 2014 includes a \$26.8 million loss for the impairment of amortizable trademarks and a \$7.4 million loss for the impairment of customer relationship intangibles, both relating to *Rickland Orchards*, due primarily to our reduced projections for net sales to the club channel for the core products of *Rickland Orchards*. We did not have any impairment of intangible assets during 2013. See Note 6, “Goodwill and Other Intangible Assets” to our consolidated financial statements for a more detailed description of the impairment of intangible assets related to *Rickland Orchards*.

*Gain on Change in Fair Value of Contingent Consideration.* In addition to the base purchase price consideration paid at closing, the acquisition agreement for *Rickland Orchards* requires that we pay additional purchase price earn-out consideration contingent upon the achievement of revenue growth targets during fiscal 2014, 2015 and 2016. At the time of the acquisition, we established the fair value of the contingent consideration using revenue growth targets meant to achieve operating results in excess of base purchase price acquisition model assumptions. As required, at June 28, 2014 we remeasured the fair value of the contingent consideration using the actual operating results through June 28, 2014 and our revised forecasted operating results for the remainder of fiscal 2014, 2015 and 2016, and reduced the probability of achievement and the fair value of the contingent consideration to zero. This resulted in a non-cash gain of \$8.2 million that is included in gain on change in fair value of contingent consideration in the accompanying audited consolidated statements of operations for fiscal 2014. See Note 6, “Goodwill and Other Intangible Assets” and Note 8, “Fair Value Measurements,” to our consolidated financial statements for a more detailed description of the *Rickland Orchards* acquisition and related contingent consideration. We did not have any contingent consideration obligations in fiscal 2013.

*Amortization Expense.* Amortization expense increased \$2.8 million to \$12.7 million for fiscal 2014 from \$9.9 million in fiscal 2013. The increase is due to the Specialty Brands acquisition in fiscal 2014 and the full year impact of amortization related to the *Rickland Orchards*, Pirate Brands and *TrueNorth* acquisitions completed in fiscal 2013.

*Operating Income.* As a result of the foregoing, operating income decreased \$37.9 million, or 24.6%, to \$116.1 million in fiscal 2014 from \$154.0 million in fiscal 2013. Operating income expressed as a percentage of net sales decreased 7.5 percentage points to 13.7% in fiscal 2014 from 21.2% in fiscal 2013.

*Net Interest Expense.* Net interest expense in fiscal 2014 increased \$4.8 million to \$46.6 million from \$41.8 million in fiscal 2013. The increase was primarily due to the increase in our average debt outstanding attributable to our recent acquisitions. See “—Liquidity and Capital Resources—Debt” below.

*Loss on Extinguishment of Debt.* Loss on extinguishment of debt for fiscal 2014 includes costs relating to the termination of our prior credit agreement and the repayment of all outstanding obligations thereunder, including the write-off of deferred debt financing costs and unamortized discount of \$5.4 million and \$0.3 million, respectively. Loss on extinguishment of debt for fiscal 2013 includes costs relating to our repurchase of \$248.5 million aggregate principal amount of 7.625% senior notes and our repayment of \$222.2 million aggregate principal amount of tranche B term loans, including the repurchase premium and other expenses of \$20.2 million, the write-off of deferred debt financing costs of \$8.3 million and the write-off of unamortized discount of \$2.8 million.

*Income Tax Expense.* Income tax expense decreased \$5.7 million to \$22.8 million in fiscal 2014 from \$28.5 million in fiscal 2013. Our effective tax rate was 35.8% in fiscal 2014 and 35.3% in fiscal 2013. Due to changes in state apportionments, a deferred tax benefit of \$0.3 million, or 0.4%, was recorded in fiscal 2013. There was no change in state apportionment in fiscal 2014.

#### ***Fiscal 2013 Compared to Fiscal 2012***

*Net Sales.* Net sales increased \$91.2 million, or 14.4%, to \$725.0 million for fiscal 2013 from \$633.8 million for fiscal 2012. An additional ten months of net sales of the *New York Style* and *Old London* brands, which we acquired at the end of October 2012, contributed \$36.5 million to the overall increase. Net sales of Pirate Brands, which we acquired in July 2013, contributed \$32.6 million to the overall increase. Net sales of the *TrueNorth* brand, which we acquired in May 2013, contributed \$13.0 million to the overall increase. And net sales of the *Rickland Orchards* brand, which we acquired in October 2013, contributed \$12.9 million to the overall increase.

Net sales for our base business decreased \$3.8 million, or 0.6%, attributable to a net price decrease of \$6.7 million partially offset by a unit volume increase of \$2.9 million. Approximately 75% of the net price decrease is attributable to net price decreases for our *Cream of Wheat*, *Ortega*, *Polaner*, *Don Pepino* and *Emeril's* products of \$1.7 million, \$1.6 million, \$0.7 million, \$0.6 million and \$0.5 million, respectively, as we increased promotional activity in response to competition. See Note 15, "Net Sales by Brand," to our consolidated financial statements in Part II, Item 8 of this report, for detailed information regarding total net sales by brand for fiscal 2013 and fiscal 2012 for each of our brands that exceed approximately 2% of our fiscal 2014 net sales and for all other brands in the

aggregate. The following chart sets forth the most significant net sales increases and decreases by brand for our base business for fiscal 2013 as compared to fiscal 2012:

	Base Business Net Sales Increase (Decrease)	
	Dollars (in millions)	Percentage
Brand:		
<i>Maple Grove Farms of Vermont</i> .....	\$ 2.2	3.0%
<i>Ortega</i> .....	2.0	1.5%
<i>Baker's Joy</i> .....	1.5	23.3%
<i>Crock Pot</i> seasoning mixes .....	1.4	124.5%
<i>B&amp;M</i> .....	(1.8)	(8.0)%
<i>Bloch &amp; Guggenheimer (B&amp;G)</i> .....	(1.8)	(6.1)%
<i>Emeril's</i> .....	(1.6)	(8.8)%
<i>Polaner</i> .....	(1.4)	(3.5)%
<i>Underwood</i> .....	(1.3)	(6.3)%
<i>Las Palmas</i> .....	(1.0)	(3.0)%
All other brands .....	(2.0)	(0.8)%
Total .....	<u><u>\$(3.8)</u></u>	<u><u>(0.6)%</u></u>

**Gross Profit.** Gross profit increased \$19.6 million, or 8.8%, to \$242.9 million in fiscal 2013 from \$223.3 million in fiscal 2012. Gross profit expressed as a percentage of net sales decreased 1.7 percentage points to 33.5% for fiscal 2013 from 35.2% in fiscal 2012, primarily attributable to a net price decrease of \$6.7 million, a sales mix shift to lower margin products and an increase in distribution costs.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses increased \$12.8 million, or 19.4%, to \$79.0 million for fiscal 2013 from \$66.2 million for fiscal 2012. This increase was primarily due to recent acquisitions. During fiscal 2013, we experienced increases in consumer marketing of \$4.3 million, selling expenses of \$3.5 million (including increases of \$1.9 million for salesperson compensation and \$1.2 million for brokerage expenses), acquisition-related expenses of \$4.8 million and warehousing expenses of \$1.9 million, which were partially offset by a \$1.5 million gain relating to a legal settlement and a decrease in all other expenses of \$0.2 million. Expressed as a percentage of net sales, our selling, general and administrative expenses increased 0.5 percentage points to 10.9% in fiscal 2013 from 10.4% in fiscal 2012 because the increases in selling, general and administrative expenses were primarily the result of recent acquisitions that also resulted in increased net sales.

**Amortization Expense.** Amortization expense increased \$1.8 million to \$9.9 million for fiscal 2013 from \$8.1 million in fiscal 2012. The increase was due to the *Rickland Orchards*, *Pirate Brands*, *TrueNorth* and *New York Style* acquisitions.

**Operating Income.** As a result of the foregoing, operating income increased \$5.0 million, or 3.3%, to \$154.0 million in fiscal 2013 from \$149.0 million in fiscal 2012. Operating income expressed as a percentage of net sales decreased 2.3 percentage points to 21.2% in fiscal 2013 from 23.5% in fiscal 2012.

**Net Interest Expense.** Net interest expense decreased \$5.9 million in fiscal 2013 to \$41.8 million from \$47.7 million in fiscal 2012. The decrease was due to the refinancing of our long-term debt,

including our issuance of our 4.625% senior notes, our repurchase of our 7.625% senior notes and our repayment of our tranche B term loans. See “—Liquidity and Capital Resources—Debt” below.

*Loss on Extinguishment of Debt.* Loss on extinguishment of debt for fiscal 2013 includes costs relating to our repurchase of \$248.5 million aggregate principal amount of 7.625% senior notes and our repayment of \$222.2 million aggregate principal amount of tranche B term loans, including the repurchase premium and other expenses of \$20.2 million, the write-off of deferred debt financing costs of \$8.3 million and the write-off of unamortized discount of \$2.8 million. Loss on extinguishment of debt for fiscal 2012 includes costs relating to our partial redemption of \$101.5 million aggregate principal amount of our 7.625% senior notes, including the repurchase premium and other expenses of \$7.7 million, the write-off of deferred debt financing costs of \$1.5 million and the write-off of unamortized discount of \$0.5 million. Loss on extinguishment during fiscal 2012 also includes costs related to the amendment and restatement of our credit agreement, including the write-off of deferred debt financing costs of \$0.4 million, unamortized discount of \$0.1 million and other expenses of \$0.2 million.

*Income Tax Expense.* Income tax expense decreased \$3.2 million to \$28.5 million in fiscal 2013 from \$31.7 million in fiscal 2012. Our effective tax rate before state deferred tax rate adjustments for both fiscal 2013 and 2012 was 35.7%. Due to changes in state apportionments, our blended statutory state rate change created a deferred tax benefit of \$0.3 million (0.4%) and \$0.9 million (0.9%) in fiscal 2013 and 2012, respectively. These benefits reduced our effective tax rate for fiscal 2013 and fiscal 2012 to 35.3% and 34.8%, respectively.

## **Liquidity and Capital Resources**

Our primary liquidity requirements include debt service, capital expenditures and working capital needs. See also, “Dividend Policy” and “Commitments and Contractual Obligations” below. We fund our liquidity requirements, as well as our dividend payments and financing for acquisitions, primarily through cash generated from operations and external sources of financing, including our revolving credit facility.

### ***Cash Flows***

*Net Cash Provided by Operating Activities.* Net cash provided by operating activities decreased \$15.8 million to \$99.1 million in fiscal 2014 from \$114.9 million in fiscal 2013. Net cash provided by operating activities for fiscal 2012 was \$100.5 million. The decrease in net cash provided by operating activities in fiscal 2014 as compared to fiscal 2013 was primarily due to costs associated with the *Ortega* and *Las Palmas* recall, recent acquisitions and related integration inefficiencies that resulted in a decrease in net income before depreciation, amortization, loss on extinguishment of debt and other non-cash expenses, and higher net working capital costs (primarily related to increased inventory and lower accounts payables, offset by a decrease in accounts receivable and cash used for accrued expenses). The increase in net cash provided by operating activities in fiscal 2013 as compared to fiscal 2012 was due to an increase in net income (after non-cash adjustments) of \$28.4 million, offset by an increase in cash used for working capital of \$14.0 million.

*Net Cash Used in Investing Activities.* Net cash used in investing activities was \$173.3 million in fiscal 2014 as compared to \$261.9 million in fiscal 2013 and \$73.3 million for fiscal 2012. During fiscal 2014, our net cash used in investing included \$154.3 million for the Specialty Brands acquisition and \$19.0 million of capital expenditures. During fiscal 2013, our net cash used in investing included \$247.3 million for the *TrueNorth*, *Pirate Brands* and *Rickland Orchards* acquisitions and \$14.6 million of capital expenditures. During fiscal 2012, our net cash used in investing activities included \$62.5 million for the *New York Style* acquisition, \$0.2 million for the acquisition of a business and \$10.6 million of capital expenditures. Our capital expenditures typically include expenditures for building improvements,

purchases of manufacturing and computer equipment and capitalized interest. During fiscal 2015, we expect that our capital expenditures will be approximately \$18.0 million.

*Net Cash Provided by (Used in) Financing Activities.* Net cash provided by financing activities was \$71.6 million and \$131.8 million in fiscal 2014 and fiscal 2013, respectively. Net cash used in financing activities was \$24.7 million in fiscal 2012. The decrease in net cash provided by financing activities from fiscal 2013 to fiscal 2014 was primarily the result of reduced acquisition activity, which reduced our need to incur additional debt. The change from fiscal 2012 to fiscal 2013 was primarily attributable to the refinancing of our long-term debt in fiscal 2013, including our issuance of our 4.625% senior notes, partially offset by our repurchase of our 7.625% senior notes and our repayment of our tranche B term loans.

For fiscal 2014, net cash provided by financing activities includes \$229.3 million of proceeds from the refinancing of our term loan borrowings and revolving credit facility and \$2.3 million of excess tax benefits from share-based compensation. Net cash provided by financing activities was partially offset by the repayment of \$138.8 million tranche A term loans, \$72.4 million of dividends payments, \$8.5 million for the payment of deferred financing costs and \$6.0 million of repayments of revolving loans.

For fiscal 2013, net cash provided by financing activities includes \$700.0 million of proceeds from the issuance of our 4.625% senior notes, \$15.0 million of proceeds from borrowings under our revolving credit facility (net of \$90.0 million of repayments of revolving loans) and \$4.2 million of excess tax benefits from share-based compensation. Net cash provided by financing activities was reduced for the repurchase and redemption of \$248.5 million aggregate principal amount of 7.625% senior notes, the repayment of \$222.2 million aggregate principal amount of tranche B term loans, including the repurchase premiums and other expenses of \$20.2 million and \$14.2 of scheduled principal payments of tranche A and tranche B term loans; \$62.8 million of dividend payments; \$12.6 million for the payment of deferred financing costs and \$6.8 million for the payment of tax withholding on behalf of employees for net share settlement of share-based compensation.

For fiscal 2012, net cash used in financing activities includes \$116.8 million in long term debt related payments, which includes \$109.5 million in payments for the repurchase and redemption of \$101.5 million aggregate principal amount of our 7.625% senior notes and \$7.3 million of scheduled principal payments of tranche A and tranche B term loans, \$50.2 million of dividend payments, \$10.7 million for the payment of tax withholding on behalf of employees for net share settlement of share-based compensation, , \$5.0 million of principal payments of revolving credit loans and \$0.5 million of deferred financing costs. Net cash used in financing activities was partially offset by \$120.4 million of net proceeds from our public offering of common stock, \$30.0 million of proceeds from borrowings under our revolving credit facility and \$8.0 million of excess tax benefits from share-based compensation.

*Cash Income Tax Payments.* Based on a number of factors, including amortization for tax purposes of our trademark, goodwill and other intangible assets acquired in prior acquisitions, we realized a significant reduction in cash taxes in fiscal 2014, 2013 and 2012 as compared to our tax expense for financial reporting purposes. We believe that we will realize a benefit to our cash taxes payable from amortization of our trademarks, goodwill and other intangible assets for the taxable years 2015 through 2029. If there is a change in U.S. federal tax policy that reduces any of these available deductions or results in an increase in our corporate tax rate, our cash taxes payable may increase further, which could significantly reduce our future cash and impact our ability to make interest and dividend payments.

### ***Dividend Policy***

For a discussion of our dividend policy, see the information set forth under the heading “Dividend Policy” in Part II, Item 5 of this report.

### ***Acquisitions***

Our liquidity and capital resources have been significantly impacted by acquisitions and may be impacted in the foreseeable future by additional acquisitions. As discussed elsewhere in this report, as part of our growth strategy we plan to expand our brand portfolio with disciplined acquisitions of complementary brands. We have historically financed acquisitions with borrowings and cash flows from operating activities. As a result, our interest expense has in the past increased as a result of additional indebtedness we have incurred in connection with acquisitions and will increase with any additional indebtedness we may incur to finance future acquisitions. The impact of future acquisitions, whether financed with additional indebtedness or otherwise, may have a material impact on our liquidity.

### ***Debt***

***Senior Secured Credit Agreement.*** On June 5, 2014, we entered into a new senior secured credit agreement, which includes a \$500.0 million revolving credit facility and \$300.0 million of tranche A term loans. The proceeds of the term loan borrowings, \$46.0 million of revolving loans and cash on hand were used to repay all outstanding obligations under our prior credit agreement, which included \$215.0 million of revolving loans, \$121.9 million of term loan borrowings and \$0.6 million of accrued and unpaid interest, and to pay \$8.6 million of related transaction fees and expenses. At January 3, 2015, \$292.5 million of tranche A term loans were outstanding and \$34.0 million of revolving loans were outstanding under our senior secured credit agreement. The credit agreement is secured by substantially all of our and our domestic subsidiaries’ assets except our and our domestic subsidiaries’ real property.

At January 3, 2015, the available borrowing capacity under our revolving credit facility, net of outstanding letters of credit of \$1.3 million, was \$464.7 million. Proceeds of the revolving credit facility may be used for general corporate purposes including acquisitions of targets in the same or a similar line of business as our company, subject to specified criteria. The revolving credit facility matures on June 5, 2019.

The tranche A term loans are subject to principal amortization: \$7.5 million was due and paid in fiscal 2014, \$18.8 million is due and payable in fiscal 2015, \$26.2 million is due and payable in fiscal 2016, \$24.4 million is due and payable in fiscal 2017 and \$76.9 million is due and payable in fiscal 2018. The balance of all borrowings under the tranche A term loan facility, or \$146.2 million, is due and payable at maturity on June 5, 2019.

Interest under the revolving credit facility, including any outstanding letters of credit, and under the tranche A term loan facility, is determined based on alternative rates that we may choose in accordance with the credit agreement, including a base rate per annum plus an applicable margin ranging from 0.50% to 1.00%, and LIBOR plus an applicable margin ranging from 1.50% to 2.00%, in each case depending on our consolidated leverage ratio. At January 3, 2015, the revolving credit facility and the tranche A term loan interest rates were each approximately 2.16%.

For further information regarding our senior secured credit agreement, including a description of optional and mandatory prepayment terms, and financial and restrictive covenants, see Note 7, “Long-Term Debt,” to our consolidated financial statements in Part II, Item 8 of this report.

***4.625% Senior Notes due 2021.*** On June 4, 2013, we issued \$700.0 million aggregate principal amount of 4.625% senior notes due 2021 at a price to the public of 100% of their face value. We used the net proceeds from the issuance of the 4.625% senior notes to purchase or redeem all \$248.5 million



principal amount of our then existing 7.625% senior notes due 2018, to repay \$222.2 million principal amount of tranche B term loans and approximately \$40.0 million principal amount of revolving loans under our credit agreement, and to pay related premiums, fees and expenses. We used the remaining net proceeds for the Pirate Brands acquisition.

Interest on the 4.625% senior notes is payable on June 1 and December 1 of each year. The 4.625% senior notes will mature on June 1, 2021, unless earlier retired or redeemed as permitted or required by the terms of the indenture governing the 4.625% senior notes as described in Note 7, “Long-Term Debt,” to our consolidated financial statements in Part II, Item 8 of this report. We may also, from time to time, seek to retire the 4.625% senior notes through cash repurchases of the 4.625% senior notes or exchanges of the 4.625% senior notes for equity securities or both, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. See Note 7, “Long-Term Debt,” to our consolidated financial statements in Part II, Item 8 of this report for a more detailed description of the 4.625% senior notes.

*Deferred Debt Financing Costs.* During fiscal 2014, we wrote-off and expensed \$5.4 million of deferred debt financing costs relating to the termination of our prior credit agreement, which included the repayment of \$121.9 million aggregate principal amount of our tranche A term loans and \$215.0 million of revolving loans. During fiscal 2014, we also capitalized \$5.6 million and \$2.9 million of debt financing costs relating to the new revolving credit facility and tranche A term loans, respectively, which are being amortized over the five year scheduled term of the new credit agreement. During fiscal 2013, we wrote-off and expensed \$8.3 million of deferred debt financing costs relating to the repayment of the \$248.5 million aggregate principal amount of 7.625% senior notes and our repayment of \$222.2 million aggregate principal amount of tranche B term loans. During fiscal 2013, we also capitalized \$12.2 million of debt financing costs, which are being amortized over the eight year scheduled term of the 4.625% senior notes and we also capitalized \$0.4 million of debt financing costs in connection with an amendment to our credit facility, which are being amortized over the remainder of the five year scheduled term of our revolving credit facility. During fiscal 2012, we wrote-off and expensed \$1.5 million of deferred debt financing costs relating to the partial redemption of \$101.5 million aggregate principal amount of our 7.625% senior notes and wrote-off and expensed \$0.4 million of deferred debt financing costs relating to the amendment of our credit agreement. During fiscal 2012, we also capitalized \$0.5 million of debt financing costs, which were being amortized over the five year term of the revolving credit facility and tranche A term loans and the seven year term of the tranche B term loans until the deferred debt financing costs were written off when we refinanced the prior credit agreement.

### **Future Capital Needs**

On January 3, 2015, our total long-term debt of \$1,025.9 million, net of our cash and cash equivalents of \$1.5 million, was \$1,024.4 million. Stockholders’ equity as of that date was \$338.0 million.

Our ability to generate sufficient cash to fund our operations depends generally on our results of operations and the availability of financing. Our management believes that our cash and cash equivalents on hand, cash flow from operating activities and available borrowing capacity under our revolving credit facility will be sufficient for the foreseeable future to fund operations, meet debt service requirements, fund capital expenditures, make future acquisitions, if any, and pay our anticipated quarterly dividends on our common stock.



**Seasonality**

Sales of a number of our products tend to be seasonal and may be influenced by holidays, changes in seasons or other annual events. In the aggregate, however, sales of our products are not heavily weighted to any particular quarter due to the offsetting nature of demands for our diversified product portfolio. Sales during the fourth quarter are generally greater than those of the preceding three quarters.

We purchase most of the produce used to make our shelf-stable pickles, relishes, peppers, tomatoes and other related specialty items during the months of July through October, and we generally purchase the majority of our maple syrup requirements during the months of April through August. Consequently, our liquidity needs are greatest during these periods.

**Inflation**

We are currently locked into pricing and supply for substantially all of our major commodities, other than maple syrup, through fiscal 2015 at a cost increase of less than 1% of cost of goods sold and will continue to manage inflation risk by entering into short-term supply contracts and advance commodities purchase agreements from time to time, and, if necessary, by raising prices. During fiscal 2014 we had a minimal cost decrease and during fiscal 2013, we had cost increases (net of cost savings) for raw materials of less than 2% of cost of goods sold. To the extent we are unable to avoid or offset any present or future cost increases by locking in our costs, implementing cost saving measures or increasing prices to our customers, our operating results could be materially and adversely affected. In addition, should input costs begin to further decline, customers may look for price reductions in situations where we have locked into purchases at higher costs.

**Contingencies**

See Note 13, “Commitments and Contingencies,” to our consolidated financial statements in Part II, Item 8 of this report.

**Recent Accounting Pronouncements**

See Note 2(r), “Summary of Significant Accounting Policies—*Recently Issued Accounting Standards*,” to our consolidated financial statements in Part II, Item 8 of this report.

**Off-balance Sheet Arrangements**

As of January 3, 2015, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

## Commitments and Contractual Obligations

Our contractual obligations and commitments principally include obligations associated with our outstanding indebtedness, future minimum operating lease obligations, future purchase obligations and future pension obligations as set forth in the following table as of January 3, 2015.

Contractual Obligations:	Payments Due by Period				
	Total	Fiscal 2015	Fiscal 2016 and 2017	Fiscal 2018 and 2019	Fiscal 2020 and Thereafter
			(In thousands)		
Long-term debt—principal . . . . .	\$1,026,500	\$ 18,750	\$ 50,625	\$257,125	\$700,000
Long-term debt—interest <sup>(1)</sup> . . . . .	244,165	41,692	81,058	75,550	45,865
Operating leases . . . . .	34,422	7,350	12,236	9,891	4,945
Purchase obligations <sup>(2)</sup> . . . . .	37,561	33,901	3,660	—	—
Pension obligations <sup>(3)</sup> . . . . .	3,500	3,500	—	—	—
Total . . . . .	<u>\$1,346,148</u>	<u>\$105,193</u>	<u>\$147,579</u>	<u>\$342,566</u>	<u>\$750,810</u>

- (1) Expected interest payments on long-term debt are based on principal amounts outstanding, scheduled maturity dates and interest rates at January 3, 2015. See Note 7, “Long-Term Debt,” to our consolidated financial statements in Part II, Item 8 for further information as to our long-term debt interest obligations.
- (2) For the purposes of this table, purchase obligations means agreements to purchase goods or services (such as raw materials, commodities, packaging, other materials and supplies and co-manufacturing arrangements) that are enforceable and legally binding on B&G Foods and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. The purchase obligations in the above table do not represent our entire expected future purchases for goods and services, which are significantly higher than the amounts set forth above. The table does not include purchase obligations under contracts that may be cancelled by B&G Foods without material penalty. Any amounts reflected on our consolidated balance sheet as accounts payable and accrued liabilities are excluded from the purchase obligations set forth in the table above. Penalties, if any, related to molds and equipment based upon failure to meet minimum volume requirements are also excluded from the table because we are unable to determine whether such penalties will be incurred and, if incurred, over what time period they will be paid.
- (3) We expect to make \$3.5 million of defined pension benefit contributions during fiscal 2015. We are unable to reliably estimate the timing of pension contributions and contribution amounts beyond fiscal 2015.

## Forward-Looking Statements

This report includes forward-looking statements, including without limitation the statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The words “believes,” “anticipates,” “plans,” “expects,” “intends,” “estimates,” “projects” and similar expressions are intended to identify forward-looking statements. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by any forward-looking statements. We believe important factors that could cause actual results to differ materially from our expectations include the following:

- our substantial leverage;
- the effects of rising costs for our raw materials, packaging and ingredients;
- crude oil prices and their impact on distribution, packaging and energy costs;
- our ability to successfully implement sales price increases and cost saving measures to offset any cost increases;
- intense competition, changes in consumer preferences, demand for our products and local economic and market conditions;

- our continued ability to promote brand equity successfully, to anticipate and respond to new consumer trends, to develop new products and markets, to broaden brand portfolios in order to compete effectively with lower priced products and in markets that are consolidating at the retail and manufacturing levels and to improve productivity;
- the risks associated with the expansion of our business;
- our possible inability to integrate any businesses we acquire;
- our ability to access the credit markets and our borrowing costs and credit ratings, which may be influenced by credit markets generally and the credit ratings of our competitors;
- unanticipated expenses, including, without limitation, litigation or legal settlement expenses;
- the effects of currency movements of the Canadian dollar as compared to the U.S. dollar;
- other factors that affect the food industry generally, including:
  - recalls if products become adulterated or misbranded, liability if product consumption causes injury, ingredient disclosure and labeling laws and regulations and the possibility that consumers could lose confidence in the safety and quality of certain food products;
  - competitors' pricing practices and promotional spending levels;
  - fluctuations in the level of our customers' inventories and credit and other business risks related to our customers operating in a challenging economic and competitive environment; and
  - the risks associated with third-party suppliers and co-packers, including the risk that any failure by one or more of our third-party suppliers or co-packers to comply with food safety or other laws and regulations may disrupt our supply of raw materials or certain finished goods products or injure our reputation; and
- other factors discussed elsewhere in this report, including under Item 1A, "Risk Factors," and in our other public filings with the SEC.

Developments in any of these areas could cause our results to differ materially from results that have been or may be projected by or on our behalf.

All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

We caution that the foregoing list of important factors is not exclusive. We urge investors not to unduly rely on forward-looking statements contained in this report.

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

Our principal market risks are exposure to changes in commodity prices, interest rates on borrowings and foreign currency exchange rates and market fluctuation risks related to our defined benefit pension plans.

*Commodity Prices and Inflation.* The information under the heading "Inflation" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" is incorporated herein by reference.

*Interest Rate Risk.* In the normal course of operations, we are exposed to market risks relating to our long-term debt arising from adverse changes in interest rates. Market risk is defined for these

purposes as the potential change in the fair value of a financial asset or liability resulting from an adverse movement in interest rates.

Changes in interest rates impact our fixed and variable rate debt differently. For fixed rate debt, a change in interest rates will only impact the fair value of the debt, whereas for variable rate debt, a change in the interest rates will impact interest expense and cash flows. At January 3, 2015, we had \$700.0 million of fixed rate debt and \$326.5 million of variable rate debt.

Based upon our principal amount of long-term debt outstanding at January 3, 2015, a hypothetical 1.0% increase or decrease in interest rates would have affected our annual interest expense by approximately \$3.3 million.

The carrying values and fair values of our revolving credit loans, term loans and senior notes as of January 3, 2015 and December 28, 2013 are as follows (in thousands):

	January 3, 2015		December 28, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Revolving Credit Loans . . . . .	34,000	34,000 <sup>(1)</sup>	40,000	40,000 <sup>(1)</sup>
Tranche A Term Loans due 2016 . . . . .	—	—	130,885 <sup>(2)</sup>	131,250 <sup>(1)</sup>
Tranche A Term Loans due 2019 . . . . .	291,857 <sup>(2)</sup>	292,500 <sup>(1)</sup>	—	—
4.625% Senior Notes due 2021 . . . . .	700,000	675,500 <sup>(3)</sup>	700,000	672,000 <sup>(3)</sup>

(1) Fair values are estimated based on Level 2 inputs, which were quoted prices for identical or similar instruments in markets that are not active.

(2) The carrying values of the tranche A term loans are net of discount. At January 3, 2015 and December 28, 2013, the face amounts of the tranche A term loans was \$292.5 million and \$131.3 million, respectively.

(3) Fair values are estimated based on quoted market prices.

Cash and cash equivalents, trade accounts receivable, income tax receivable, trade accounts payable, accrued expenses and dividends payable are reflected on our consolidated balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments.

For more information, see Note 7, “Long-Term Debt,” to our consolidated financial statements in Part II, Item 8 of this report.

**Foreign Currency Risk.** Our foreign sales are primarily to customers in Canada. Our sales to Canada are generally denominated in Canadian dollars and our sales for export to other countries are generally denominated in U.S. dollars. During fiscal 2014, 2013 and 2012, our net sales to foreign countries represented approximately 3.6%, 3.2% and 2.7%, respectively, of our total net sales. We also purchase certain raw materials from foreign suppliers. For example, we purchase a significant majority of our maple syrup requirements from suppliers in Québec, Canada. These purchases are made in Canadian dollars. A weakening of the U.S. dollar in relation to the Canadian dollar would significantly increase our future costs relating to the production of our maple syrup products to the extent we have not purchased Canadian dollars or otherwise entered into a currency hedging arrangement in advance of any such weakening of the U.S. dollar. Our purchases of raw materials from other foreign suppliers are generally denominated in U.S. dollars.

As a result, certain revenues and expenses have been, and are expected to be, subject to the effect of foreign currency fluctuations, and these fluctuations may have an adverse impact on operating results.

**Market Fluctuation Risks Relating to our Defined Benefit Pension Plans.** See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies; Use of Estimates—Pension Expenses” and Note 12, “Pension Benefits,” to our consolidated financial statements in Part II, Item 8 of this report for a discussion of the exposure of our defined benefit pension plan assets to risks related to market fluctuations.

**Item 8. Financial Statements and Supplementary Data.**

The consolidated balance sheets at January 3, 2015 and December 28, 2013 and the consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for fiscal 2014, 2013 and 2012 and related notes are set forth below.

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders  
B&G Foods, Inc.:

We have audited the accompanying consolidated balance sheets of B&G Foods, Inc. and subsidiaries as of January 3, 2015 and December 28, 2013, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for the years ended January 3, 2015, December 28, 2013 and December 29, 2012. In connection with our audits of the consolidated financial statements, we also have audited the schedule of valuation and qualifying accounts. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of B&G Foods, Inc. and subsidiaries as of January 3, 2015 and December 28, 2013, and the results of their operations and their cash flows for the years ended January 3, 2015, December 28, 2013 and December 29, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), B&G Foods, Inc.'s internal control over financial reporting as of January 3, 2015, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 4, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Short Hills, New Jersey  
March 4, 2015

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders  
B&G Foods, Inc.:

We have audited B&G Foods, Inc.'s internal control over financial reporting as of January 3, 2015, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). B&G Foods, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control Over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion B&G Foods, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 3, 2015, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of B&G Foods, Inc. and subsidiaries as of January 3, 2015 and December 28, 2013, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for the years ended January 3, 2015, December 28, 2013 and December 29, 2012, and our report dated March 4, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Short Hills, New Jersey  
March 4, 2015



**B&G FOODS, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(In thousands, except share and per share data)

	<u>January 3, 2015</u>	<u>December 28, 2013</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents . . . . .	\$ 1,490	\$ 4,107
Trade accounts receivable, less allowance for doubtful accounts and discounts of \$1,005 and \$1,081 in 2014 and 2013, respectively . . . . .	55,925	62,763
Inventories . . . . .	106,557	101,251
Prepaid expenses and other current assets . . . . .	14,830	8,079
Income tax receivable . . . . .	14,442	3,422
Deferred income taxes . . . . .	3,275	2,115
Total current assets . . . . .	196,519	181,737
Property, plant and equipment, net . . . . .	116,197	110,374
Goodwill . . . . .	370,424	319,292
Other intangibles, net . . . . .	947,895	844,141
Other assets . . . . .	18,318	28,799
Total assets . . . . .	<u>\$1,649,353</u>	<u>\$1,484,343</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Trade accounts payable . . . . .	\$ 38,052	\$ 42,638
Accrued expenses . . . . .	17,644	19,189
Current portion of long-term debt . . . . .	18,750	26,250
Dividends payable . . . . .	18,246	17,637
Total current liabilities . . . . .	92,692	105,714
Long-term debt . . . . .	1,007,107	844,635
Other liabilities . . . . .	7,352	8,692
Deferred income taxes . . . . .	204,207	146,939
Total liabilities . . . . .	1,311,358	1,105,980
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.01 par value per share. Authorized 1,000,000 shares; no shares issued or outstanding . . . . .	—	—
Common stock, \$0.01 par value per share. Authorized 125,000,000 shares; 53,663,697 and 53,445,910 issued and outstanding as of January 3, 2015 and December 28, 2013, respectively . . . . .	537	534
Additional paid-in capital . . . . .	110,349	183,113
Accumulated other comprehensive loss . . . . .	(11,034)	(2,471)
Retained earnings . . . . .	238,143	197,187
Total stockholders' equity . . . . .	337,995	378,363
Total liabilities and stockholders' equity . . . . .	<u>\$1,649,353</u>	<u>\$1,484,343</u>

See accompanying Notes to Consolidated Financial Statements.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
(In thousands, except per share data)

	Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Net sales . . . . .	\$848,017	\$724,973	\$633,812
Cost of goods sold . . . . .	600,246	482,050	410,469
Gross profit . . . . .	247,771	242,923	223,343
Operating expenses:			
Selling, general and administrative expenses . . . . .	93,033	79,043	66,212
Amortization expense . . . . .	12,692	9,884	8,126
Impairment of intangible assets . . . . .	34,154	—	—
Gain on change in fair value of contingent consideration . . . . .	(8,206)	—	—
Operating income . . . . .	116,098	153,996	149,005
Other expenses:			
Interest expense, net . . . . .	46,573	41,813	47,660
Loss on extinguishment of debt . . . . .	5,748	31,291	10,431
Income before income tax expense . . . . .	63,777	80,892	90,914
Income tax expense . . . . .	22,821	28,549	31,654
Net income . . . . .	<u>\$ 40,956</u>	<u>\$ 52,343</u>	<u>\$ 59,260</u>
Earnings per share:			
Basic . . . . .	\$ 0.76	\$ 0.99	\$ 1.20
Diluted . . . . .	\$ 0.76	\$ 0.98	\$ 1.20
Cash dividends declared per share . . . . .	\$ 1.36	\$ 1.23	\$ 1.10

See accompanying Notes to Consolidated Financial Statements.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
(In thousands)

	Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Net income . . . . .	\$40,956	\$52,343	\$59,260
Other comprehensive income:			
Foreign currency translation adjustments . . . . .	(116)	(72)	17
Amortization of unrecognized prior service cost and pension deferrals, net of tax . . . . .	(8,447)	8,696	(682)
Other comprehensive (loss) income . . . . .	(8,563)	8,624	(665)
Comprehensive income . . . . .	<u>\$32,393</u>	<u>\$60,967</u>	<u>\$58,595</u>

See accompanying Notes to Consolidated Financial Statements.

# B&G FOODS, INC. AND SUBSIDIARIES

## Consolidated Statements of Changes in Stockholders' Equity (In thousands, except share and per share data)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2011	47,700,132	\$477	\$159,916	\$(10,430)	\$ 85,584	\$235,547
Foreign currency translation	—	—	—	17	—	17
Change in pension benefit (net of \$317 of taxes)	—	—	—	(682)	—	(682)
Net income	—	—	—	—	59,260	59,260
Share-based compensation	—	—	3,777	—	—	3,777
Issuance of common stock for share-based compensation	687,093	7	(10,704)	—	—	(10,697)
Issuance of common stock	4,173,540	42	120,313	—	—	120,355
Tax benefit from issuance of common stock for share-based compensation	—	—	8,031	—	—	8,031
Dividends declared on common stock, \$1.10 per share	—	—	(54,433)	—	—	(54,433)
Balance at December 29, 2012	52,560,765	\$526	\$226,900	\$(11,095)	\$144,844	\$361,175
Foreign currency translation	—	—	—	(72)	—	(72)
Change in pension benefit (net of \$5,036 of taxes)	—	—	—	8,696	—	8,696
Net income	—	—	—	—	52,343	52,343
Share-based compensation	—	—	3,935	—	—	3,935
Issuance of common stock for share-based compensation	312,599	3	(6,815)	—	—	(6,812)
Issuance of common stock	572,546	5	20,119	—	—	20,124
Tax benefit from issuance of common stock for share-based compensation	—	—	4,192	—	—	4,192
Dividends declared on common stock, \$1.23 per share	—	—	(65,218)	—	—	(65,218)
Balance at December 28, 2013	53,445,910	\$534	\$183,113	\$ (2,471)	\$197,187	\$378,363
Foreign currency translation	—	—	—	(116)	—	(116)
Change in pension benefit (net of \$4,865 of taxes)	—	—	—	(8,447)	—	(8,447)
Net income	—	—	—	—	40,956	40,956
Share-based compensation	—	—	2,235	—	—	2,235
Issuance of common stock for share-based compensation	217,787	3	(4,377)	—	—	(4,374)
Tax benefit from issuance of common stock for share-based compensation	—	—	2,356	—	—	2,356
Dividends declared on common stock, \$1.36 per share	—	—	(72,978)	—	—	(72,978)
Balance at January 3, 2015	53,663,697	\$537	\$110,349	\$(11,034)	\$238,143	\$337,995

See accompanying Notes to Consolidated Financial Statements.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(In thousands)

	Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
<b>Cash flows from operating activities:</b>			
Net income	\$ 40,956	\$ 52,343	\$ 59,260
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	27,434	24,077	18,853
Amortization of deferred debt financing costs and bond discount	3,790	4,400	5,028
Deferred income taxes	13,855	20,800	15,295
Interest accretion on contingent consideration	432	208	—
Gain on change in fair value of contingent consideration	(8,206)	—	—
Impairment of intangible assets	34,154	—	—
Loss on disposal of inventory	4,535	—	—
Loss on extinguishment of debt	5,748	31,291	10,431
Share-based compensation expense	2,235	3,935	3,777
Excess tax benefits from share-based compensation	(2,356)	(4,192)	(8,031)
Provision for doubtful accounts	21	257	142
Changes in assets and liabilities, net of effects of businesses acquired:			
Trade accounts receivable	6,617	(13,703)	(1,106)
Inventories	(7,672)	(3,662)	(3,065)
Prepaid expenses and other current assets	(5,097)	(2,743)	1,793
Income tax receivable	(4,652)	5,032	6,298
Other assets	(642)	(2,695)	(36)
Trade accounts payable	(8,373)	9,231	(874)
Accrued expenses	(4,122)	(8,444)	(4,728)
Other liabilities	469	(1,225)	(2,509)
Net cash provided by operating activities	99,126	114,910	100,528
<b>Cash flows from investing activities:</b>			
Capital expenditures	(19,025)	(14,649)	(10,637)
Payments for acquisition of businesses, net of cash acquired	(154,277)	(247,281)	(62,667)
Net cash used in investing activities	(173,302)	(261,930)	(73,304)
<b>Cash flows from financing activities:</b>			
Repayments of long-term debt	(138,750)	(505,154)	(116,772)
Proceeds from issuance of long-term debt	299,250	700,000	30,000
Repayments of borrowings under revolving credit facility	(258,500)	(90,000)	(5,000)
Borrowings under revolving credit facility	252,500	105,000	—
Proceeds from issuance of common stock, net	—	—	120,355
Payments for repurchase of common stock	—	—	—
Dividends paid	(72,369)	(62,824)	(50,161)
Excess tax benefits from share-based compensation	2,356	4,192	8,031
Payments of tax withholding on behalf of employees for net share settlement of share-based compensation	(4,374)	(6,812)	(10,697)
Debt financing costs	(8,494)	(12,574)	(500)
Net cash provided by (used in) financing activities	71,619	131,828	(24,744)
Effect of exchange rate fluctuations on cash and cash equivalents	(60)	80	1
Net (decrease) increase in cash and cash equivalents	(2,617)	(15,112)	2,481
Cash and cash equivalents at beginning of year	4,107	19,219	16,738
Cash and cash equivalents at end of year	\$ 1,490	\$ 4,107	\$ 19,219
<b>Supplemental disclosures of cash flow information:</b>			
Cash interest payments	\$ 42,642	\$ 43,942	\$ 53,892
Cash income tax payments	\$ 13,624	\$ 2,722	\$ 10,061
Non-cash transactions:			
Dividends declared and not yet paid	\$ 18,246	\$ 17,637	\$ 15,243

See accompanying Notes to Consolidated Financial Statements.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(1) Nature of Operations**

*Organization and Nature of Operations*

B&G Foods, Inc. is a holding company whose principal assets are the shares of capital stock of its subsidiaries. Unless the context requires otherwise, references in this report to “B&G Foods,” “our company,” “we,” “us” and “our” refer to B&G Foods, Inc. and its subsidiaries. Our financial statements are presented on a consolidated basis.

We operate in a single industry segment and manufacture, sell and distribute a diverse portfolio of high-quality shelf-stable foods across the United States, Canada and Puerto Rico. Our products include hot cereals, fruit spreads, canned meats and beans, bagel chips, spices, seasonings, hot sauces, wine vinegar, maple syrup, molasses, salad dressings, Mexican-style sauces, dry soups, taco shells and kits, salsas, pickles, peppers, tomato-based products, puffed corn and rice snacks, nut clusters and other specialty products. Our products are marketed under many recognized brands, including *Ac’cent*, *B&G*, *B&M*, *Baker’s Joy*, *Bear Creek Country Kitchens*, *Brer Rabbit*, *Canoleo*, *Cary’s*, *Cream of Rice*, *Cream of Wheat*, *Devonsheer*, *Don Pepino*, *Emeril’s*, *Grandma’s Molasses*, *JJ Flats*, *Joan of Arc*, *Las Palmas*, *MacDonald’s*, *Maple Grove Farms of Vermont*, *Molly McButter*, *Mrs. Dash*, *New York Flatbreads*, *New York Style*, *Old London*, *Original Tings*, *Ortega*, *Pirate’s Booty*, *Polaner*, *Red Devil*, *Regina*, *Rickland Orchards*, *Sa-són*, *Sclafani*, *Smart Puffs*, *Spring Tree*, *Sugar Twin*, *Trappey’s*, *TrueNorth*, *Underwood*, *Vermont Maid* and *Wright’s*. We also sell and distribute two branded household products, *Static Guard* and *Kleen Guard*. We compete in the retail grocery, food service, specialty, private label, club and mass merchandiser channels of distribution. We sell and distribute our products directly and via a network of independent brokers and distributors to supermarket chains, food service outlets, mass merchants, warehouse clubs, non-food outlets and specialty distributors.

Sales of a number of our products tend to be seasonal and may be influenced by holidays, changes in seasons or other annual events. In the aggregate, however, sales of our products are not heavily weighted to any particular quarter due to the offsetting nature of demands for our diversified product portfolio. Sales during the fourth quarter are generally greater than those of the preceding three quarters. We purchase most of the produce used to make our shelf-stable pickles, relishes, peppers, tomatoes and other related specialty items during the months of July through October, and we generally purchase the majority of our maple syrup requirements during the months of April through August. Consequently, our liquidity needs are greatest during these periods.

*Fiscal Year*

We utilize a 52-53 week fiscal year ending on the Saturday closest to December 31. The fiscal year ended January 3, 2015 (fiscal 2014) contained 53 weeks and the fiscal years ended December 28, 2013 (fiscal 2013) and December 29, 2012 (fiscal 2012) contained 52 weeks each.

*Business and Credit Concentrations*

Our exposure to credit loss in the event of non-payment of accounts receivable by customers is estimated in the amount of the allowance for doubtful accounts. We perform ongoing credit evaluations of the financial condition of our customers. Our top ten customers accounted for approximately 52.4%, 48.4% and 50.7% of consolidated net sales in fiscal 2014, 2013 and 2012, respectively. Our top ten customers accounted for approximately 51.7%, 46.1% and 50.2% of our consolidated trade accounts

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(1) Nature of Operations (Continued)**

receivables as of the end of fiscal 2014, 2013 and 2012, respectively. Other than Wal-Mart, which accounted for 19.1%, 18.5% and 19.7% of our consolidated net sales in fiscal 2014, 2013 and 2012, respectively, no single customer accounted for more than 10.0% of consolidated net sales in fiscal 2014, 2013 or 2012. Other than Wal-Mart, which accounted for 16.7%, 12.9% and 14.9% of our consolidated trade accounts receivables as of the end of fiscal 2014, 2013 and 2012, respectively, no single customer accounted for more than 10.0% of our consolidated trade accounts receivables as of the end of fiscal 2014, 2013 and 2012. As of January 3, 2015, we do not believe we have any significant concentration of credit risk with respect to our consolidated trade accounts receivable with any single customer whose failure or nonperformance would materially affect our results other than as described above with respect to Wal-Mart.

During fiscal 2014, 2013 and 2012, our sales to foreign countries represented approximately 3.6%, 3.2% and 2.7%, respectively, of net sales. Our foreign sales are primarily to customers in Canada.

**(2) Summary of Significant Accounting Policies**

***(a) Basis of Presentation***

The consolidated financial statements include the accounts of B&G Foods, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated. Certain prior year amounts have been reclassified to conform to the current year's presentation.

***(b) Use of Estimates***

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires our management to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates and assumptions made by management involve trade and consumer promotion expenses; allowances for excess, obsolete and unsaleable inventories; pension benefits; acquisition accounting allocations; the recoverability of goodwill, other intangible assets, property, plant and equipment and deferred tax assets; the determination of the useful life of customer relationship and amortizable trademark intangibles; and the fair value of contingent consideration. Actual results could differ significantly from these estimates and assumptions.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances, including the current economic environment. We adjust such estimates and assumptions when facts and circumstances dictate. Volatility in the credit and equity markets can increase the uncertainty inherent in such estimates and assumptions.

***(c) Subsequent Events***

We have evaluated subsequent events for disclosure through the date of issuance of the accompanying consolidated financial statements.



**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(2) Summary of Significant Accounting Policies (Continued)**

***(d) Cash and Cash Equivalents***

For purposes of the consolidated statements of cash flows, all highly liquid instruments with maturities of three months or less when acquired are considered to be cash and cash equivalents.

***(e) Inventories***

Inventories are stated at the lower of cost or market and include direct material, direct labor, overhead, warehousing and product transfer costs. Cost is determined using the first-in, first-out and average cost methods. Inventories have been reduced by an allowance for excess, obsolete and unsaleable inventories. The allowance is an estimate based on our management's review of inventories on hand compared to estimated future usage and sales.

***(f) Property, Plant and Equipment***

Property, plant and equipment are stated at cost. Depreciation on plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets, 10 to 30 years for buildings and improvements, 5 to 12 years for machinery and equipment, and 2 to 5 years for office furniture and vehicles. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Expenditures for maintenance, repairs and minor replacements are charged to current operations. Expenditures for major replacements and betterments are capitalized. We capitalize interest on qualifying assets based on our effective interest rate. During fiscal 2014, 2013 and 2012, we capitalized \$0.3 million, \$0.2 million and \$0.2 million, respectively.

***(g) Goodwill and Other Intangible Assets***

Goodwill and unamortizable intangible assets (trademarks) are tested for impairment at least annually and whenever events or circumstances occur indicating that goodwill or unamortizable intangibles might be impaired. We perform the annual impairment tests as of the last day of each fiscal year. The annual goodwill impairment test involves a two-step process. The first step of the impairment test involves comparing our company's market capitalization with our company's carrying value, including goodwill. If the carrying value of our company exceeds our market capitalization, we perform the second step of the impairment test to determine the amount of the impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of goodwill with the carrying value and recognizing a loss for the difference.

We test our unamortizable intangibles by comparing the fair value with the carrying value and recognize a loss for the difference. We estimate the fair value of our unamortizable intangibles based on discounted cash flows that reflect certain third party market value indicators.

Calculating our fair value for these purposes requires significant estimates and assumptions by management. We completed our annual impairment tests for fiscal 2014, 2013 and 2012 with no adjustments to the carrying values of goodwill and unamortizable intangibles. Each annual test confirmed that the market capitalization and fair values of our goodwill and unamortizable intangibles, respectively, exceeded their current carrying values.

Customer relationship intangibles and amortizable trademarks are presented at cost, net of accumulated amortization, and are amortized on a straight-line basis over their estimated useful lives of 10 to 20 years.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(2) Summary of Significant Accounting Policies (Continued)**

***(h) Deferred Debt Financing Costs***

Debt financing costs are capitalized and amortized over the term of the related debt agreements and are classified as other assets. Amortization of deferred debt financing costs for fiscal years 2014, 2013 and 2012 was \$3.6 million, \$4.0 million and \$4.2 million, respectively.

***(i) Long-Lived Assets***

Long-lived assets, such as property, plant and equipment, and intangibles with estimated useful lives are depreciated or amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future net cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Recoverability of assets held for sale is measured by a comparison of the carrying amount of an asset or asset group to their fair value less estimated costs to sell. Estimating future cash flows and calculating the fair value of assets requires significant estimates and assumptions by management.

Assets to be disposed of are separately presented in the consolidated balance sheets and are no longer depreciated.

***(j) Accumulated Other Comprehensive Loss***

Accumulated other comprehensive loss includes foreign currency translation adjustments relating to assets and liabilities located in our foreign subsidiaries and changes in our pension benefits due to the initial adoption and ongoing application of the authoritative accounting literature relating to pensions, net of tax.

***(k) Revenue Recognition***

Revenues are recognized when products are shipped. We report all amounts billed to a customer in a sale transaction as revenue, including those amounts related to shipping and handling. Shipping and handling costs are included in cost of goods sold. Consideration from a vendor to a retailer is presumed to be a reduction to the selling prices of the vendor's products and, therefore, is characterized as a reduction of sales when recognized in the vendor's income statement. As a result, coupon incentives, slotting and promotional expenses are recorded as a reduction of sales.

***(l) Selling, General and Administrative Expenses***

We promote our products with advertising, consumer incentives and trade promotions. These programs include, but are not limited to, discounts, slotting fees, coupons, rebates, in-store display incentives and volume-based incentives. Consumer incentive and trade promotion activities are recorded as a reduction to revenues based on amounts estimated as being due to customers and consumers at the end of a period. We base these estimates principally on historical utilization and redemption rates. We expense our advertising costs either in the period the advertising first takes place or as incurred. Advertising expenses were approximately \$5.1 million, \$4.3 million and \$5.9 million, for the fiscal years 2014, 2013 and 2012, respectively.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(2) Summary of Significant Accounting Policies (Continued)**

***(m) Pension Plans***

We have defined benefit pension plans covering substantially all of our employees. Our funding policy is to contribute annually the amount recommended by our actuaries. From time to time, however, we voluntarily contribute greater amounts based on pension asset performance, tax considerations and other relevant factors.

***(n) Share Based Compensation Expense***

We provide compensation benefits in the form of stock options, performance share long-term incentive awards (LTIA) and common stock to employees and non-employee directors. The cost of share based compensation is recorded at fair value at the date of grant and expensed in our consolidated statement of income over the requisite service period, if any.

Performance share LTIA granted to our executive officers and certain other members of senior management entitle each participant to earn shares of common stock upon the attainment of certain performance goals over the applicable performance period. The recognition of compensation expense for the performance share LTIA is initially based on the probable outcome of the performance condition based on the fair value of the award on the date of grant and the anticipated number of shares to be awarded on a straight-line basis over the applicable performance period. The fair value of the awards on the date of grant is determined based upon the closing price of our common stock on the applicable measurement dates (i.e., the deemed grant dates for accounting purposes) reduced by the present value of expected dividends using the risk-free interest-rate as the award holders are not entitled to dividends or dividend equivalents during the vesting period. Our company's performance against the defined performance goals are re-evaluated on a quarterly basis throughout the applicable performance period and the recognition of compensation expense is adjusted for subsequent changes in the estimated or actual outcome. The cumulative effect of a change in the estimated number of shares of common stock to be issued in respect of performance share awards is recognized as an adjustment to earnings in the period of the revision.

The fair value of stock option awards is estimated on the date of grant using the Black-Scholes option pricing model and is recognized in expense over the vesting period of the options using the straight-line method. The Black-Scholes option pricing model requires various assumptions, including the expected volatility of our stock, the expected term of the option, the risk-free interest rate and the expected dividend yield. Expected volatility is based on both historical and implied volatilities of our common stock over the estimated expected term of the award. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. All stock option grants have an exercise price equal to the fair market value of our common stock on the date of grant, have a 10-year term and cliff vest three years from the date of grant.

We recognize compensation expense for only that portion of share based awards that are expected to vest. We utilize historical employee termination behavior to determine our estimated forfeiture rates. If the actual forfeitures differ from those estimated by management, adjustments to compensation expense will be made in future periods.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(2) Summary of Significant Accounting Policies (Continued)**

*(o) Income Tax Expense Estimates and Policies*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities of our company are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided when it is more likely than not that all or some portion of the deferred tax asset will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date.

As part of the income tax provision process of preparing our consolidated financial statements, we are required to estimate our income taxes. This process involves estimating our current tax expenses together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. We then assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe the recovery is not likely, we establish a valuation allowance. Further, to the extent that we establish a valuation allowance or increase this allowance in a financial accounting period, we include such charge in our tax provision, or reduce our tax benefits in our consolidated statements of operations. We use our judgment to determine our provision or benefit for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against our deferred tax assets.

There are various factors that may cause these tax assumptions to change in the near term, and we may have to record a valuation allowance against our deferred tax assets. We cannot predict whether future U.S. federal and state income tax laws and regulations might be passed that could have a material effect on our results of operations. We assess the impact of significant changes to the U.S. federal and state income tax laws and regulations on a regular basis and update the assumptions and estimates used to prepare our consolidated financial statements when new regulations and legislation are enacted. We recognize the benefit of an uncertain tax position that we have taken or expect to take on our income tax returns we file if it is “more likely than not” that such tax position will be sustained based on its technical merits.

*(p) Dividends*

Cash dividends, if any, are accrued as a liability on our consolidated balance sheets and recorded as a decrease to additional paid-in capital when declared.

*(q) Earnings Per Share*

Basic earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding. Diluted earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding plus all additional shares of common stock that would have been outstanding if potentially dilutive shares of common stock had

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(2) Summary of Significant Accounting Policies (Continued)**

been issued upon the exercise of stock options or in connection with performance share LTIA's that may be earned as of the beginning of the period using the treasury stock method.

	Fiscal 2014	Fiscal 2013	Fiscal 2012
	(In thousands, except share and per share data)		
Net income . . . . .	\$ 40,956	\$ 52,343	\$ 59,260
<i>Weighted average common shares outstanding:</i>			
Basic . . . . .	53,658,100	52,998,263	49,238,759
Net effect of dilutive share-based compensation awards . . . . .	89,111 <sup>(1)</sup>	184,043	318,067
Diluted . . . . .	<u>53,747,211</u>	<u>53,182,306</u>	<u>49,556,826</u>
Earnings per share:			
Basic . . . . .	\$ 0.76	\$ 0.99	\$ 1.20
Diluted . . . . .	\$ 0.76	\$ 0.98	\$ 1.20

(1) For fiscal 2014, 418,158 outstanding stock options were excluded from diluted earnings per share as the effect was antidilutive.

**(r) Recently Issued Accounting Standards**

In May 2014, the Financial Accounting Standards Board (FASB) issued new accounting requirements for the recognition of revenue from contracts with customers. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods, which for us is the first quarter of fiscal 2017. We are currently evaluating the impact of this new standard, however, we do not expect it to have a material impact on our consolidated financial position, results of operations or liquidity.

**(3) Acquisitions**

On April 23, 2014, we completed the acquisition of Specialty Brands of America, Inc. and related entities, including the Bear Creek Country Kitchens, Spring Tree, Cary's, MacDonald's, New York Flatbreads and Canoleo brands, from affiliates of American Capital, Ltd. and certain individual sellers for a purchase price of \$154.3 million in cash. We refer to this acquisition as the "Specialty Brands acquisition."

On October 7, 2013, we acquired Rickland Orchards LLC, including the *Rickland Orchards* brand, from Natural Instincts LLC for a base purchase price of \$57.5 million, of which approximately \$37.4 million was paid in cash and approximately \$20.1 million was paid in shares of common stock of B&G Foods (based on the closing price of \$35.15 per share on October 4, 2013), plus contingent earn-out consideration ranging from zero to a maximum of \$15.0 million in the aggregate, which is payable upon the achievement of revenue growth targets during fiscal 2014, 2015 and 2016 meant to achieve operating results in excess of base purchase price acquisition model assumptions. We refer to this acquisition as the "*Rickland Orchards* acquisition."

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(3) Acquisitions (Continued)**

On July 8, 2013, we completed the acquisition of Pirate Brands, LLC, including the *Pirate's Booty*, *Smart Puffs* and *Original Tings* brands, from affiliates of VMG Partners and Driven Capital Management and certain other entities and individuals for a purchase price of \$195.4 million in cash. We refer to this acquisition as the "Pirate Brands acquisition."

On May 6, 2013, we acquired the *TrueNorth* brand from DeMet's Candy Company. We refer to this acquisition as the "*TrueNorth* acquisition."

On October 31, 2012, we completed the acquisition of *New York Style*, *Old London*, *Devonsheer* and *JJ Flats* brands from Chipita America, Inc. for \$62.5 million in cash. We refer to this acquisition as the "*New York Style* acquisition."

We have accounted for each of these acquisitions using the acquisition method of accounting and, accordingly, have included the assets acquired, liabilities assumed and results of operations in our consolidated financial statements from the respective dates of acquisition. The excess of the purchase price over the fair value of identifiable net assets acquired represents goodwill. Unamortizable trademarks are deemed to have an indefinite useful life and are not amortized. Customer relationship intangibles and amortizable trademarks acquired are amortized over 10 to 20 years. Goodwill and other intangible assets, except in the case of the Specialty Brands acquisition, are deductible for income tax purposes. Inventory has been recorded at estimated selling price less costs of disposal and a reasonable profit and the property, plant and equipment and other intangible assets (including trademarks, customer relationships and other intangibles) acquired have been recorded at fair value as determined by our management with the assistance of a third-party valuation specialist. See Note 6, "Goodwill and Other Intangible Assets."

The following table sets forth the preliminary allocation of the Specialty Brands acquisition purchase price to the estimated fair value of the net assets acquired at the date of acquisition. The preliminary purchase price allocation may be adjusted as a result of the finalization of our purchase price allocation procedures related to assets acquired and liabilities assumed. During the second half of fiscal 2014, we recorded a purchase price allocation adjustment by decreasing goodwill, long-term deferred income taxes and other working capital and increasing trademarks and customer relationship intangibles by \$2.1 million primarily due to a change in our valuation of intangible assets and deferred income taxes as of the date of acquisition. The preliminary purchase price allocation may be adjusted as a result of the finalization of our purchase price allocation procedures related to accounts receivable, inventory and intangibles acquired. We anticipate completing the purchase price allocation before or

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(3) Acquisitions (Continued)**

during the second quarter of fiscal 2015. The goodwill and other intangible assets acquired are not expected to be deductible for income tax purposes.

Specialty Brands Acquisition (dollars in thousands):

Purchase Price:	
Cash paid . . . . .	\$154,277
Total . . . . .	<u>\$154,277</u>
Preliminary Allocation:	
Income tax receivable . . . . .	\$ 4,012
Short-term deferred income tax assets . . . . .	1,786
Trademarks—unamortizable intangible assets . . . . .	137,300
Goodwill . . . . .	48,852
Customer relationship intangibles—amortizable intangible assets . . . . .	13,300
Other working capital . . . . .	(2,068)
Long-term deferred income tax liabilities, net . . . . .	<u>(48,905)</u>
Total . . . . .	<u>\$154,277</u>

The following table sets forth the allocation of the *Rickland Orchards* acquisition purchase price to the estimated fair value of the net assets acquired at the date of acquisition. During fiscal 2014, we recorded a purchase price allocation adjustment by increasing goodwill and decreasing other working capital by \$2.1 million due to a change in our valuation of accounts receivable and inventory as of the date of acquisition.

*Rickland Orchards* Acquisition (dollars in thousands):

Purchase Price:	
Cash paid . . . . .	\$37,376
Equity issued . . . . .	20,124
Fair value of contingent consideration . . . . .	<u>7,566</u>
Total . . . . .	<u>\$65,066</u>
Allocation:	
Trademarks—amortizable intangible assets . . . . .	\$35,000
Goodwill . . . . .	23,353
Customer relationship intangibles—amortizable intangible assets . . . . .	9,000
Other working capital . . . . .	<u>(2,287)</u>
Total . . . . .	<u>\$65,066</u>



**B&G FOODS, INC. AND SUBSIDIARIES**  
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**(3) Acquisitions (Continued)**

The following table sets forth the allocation of the Pirate Brands acquisition purchase price to the estimated fair value of the net assets acquired at the date of acquisition. During fiscal 2014, we recorded a purchase price allocation adjustment by increasing goodwill and decreasing other working capital by \$0.2 million due to a change in our valuation of accounts receivable as of the date of acquisition.

Pirate Brands Acquisition (dollars in thousands):

Purchase Price:	
Cash paid . . . . .	\$195,417
Total . . . . .	<u>\$195,417</u>
Allocation:	
Trademarks—unamortizable intangible assets . . . . .	\$152,800
Goodwill . . . . .	29,953
Customer relationship intangibles—amortizable intangible assets . . . . .	11,400
Other working capital . . . . .	<u>1,264</u>
Total . . . . .	<u>\$195,417</u>

The following table sets forth the allocation of the *New York Style* acquisition purchase price to the estimated fair value of the net assets acquired at the date of acquisition.

*New York Style* Acquisition (dollars in thousands):

Purchase Price:	
Cash paid . . . . .	\$62,517
Total . . . . .	<u>\$62,517</u>
Allocation:	
Property, Plant and Equipment . . . . .	\$42,889
Goodwill . . . . .	4,963
Customer relationship intangibles—amortizable intangible assets . . . . .	5,100
Trademarks—unamortizable intangible assets . . . . .	5,700
Other working capital . . . . .	<u>3,865</u>
Total . . . . .	<u>\$62,517</u>

***Unaudited Pro Forma Summary of Operations***

The following pro forma summary of operations presents our operations as if the Specialty Brands acquisition had occurred as of the beginning of fiscal 2013 and as if the Pirate Brands and *Rickland Orchards* acquisitions had occurred as of the beginning of fiscal 2012. In addition to including the results of operations of these acquisitions, the pro forma information gives effect to the interest on additional borrowings, the amortization of trademark and customer relationship intangibles, and the issuance of shares of common stock. On an actual basis, Specialty Brands contributed \$65.5 million of

**B&G FOODS, INC. AND SUBSIDIARIES**  
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**(3) Acquisitions (Continued)**

our aggregate \$848.0 million of consolidated net sales for fiscal 2014. On an actual basis, Pirate Brands and *Rickland Orchards* contributed \$32.6 million and \$12.9 million, respectively, of our aggregate \$725.0 million of consolidated net sales for fiscal 2013.

	Fiscal 2014	Fiscal 2013	Fiscal 2012
	(dollars in thousands)		
Net sales . . . . .	\$874,410	\$890,728	\$721,379
Net income . . . . .	42,148	56,041	50,149
Basic earnings per share . . . . .	\$ 0.79	\$ 1.05	\$ 1.01
Diluted earnings per share . . . . .	\$ 0.78	\$ 1.05	\$ 1.00

The pro forma information presented above does not purport to be indicative of the results that actually would have been attained had the Specialty Brands acquisition occurred as of the beginning of fiscal 2013 and had the Pirate Brands and *Rickland Orchards* acquisitions occurred as of the beginning of fiscal 2012, and is not intended to be a projection of future results.

The *TrueNorth* acquisition and the *New York Style* acquisition were not material to our consolidated results of operations or financial position and, therefore, pro forma financial information is not presented.

**(4) Inventories**

Inventories consist of the following as of the dates indicated (in thousands):

	January 3, 2015	December 28, 2013
Raw materials and packaging . . . . .	\$ 23,795	\$ 25,075
Finished goods . . . . .	82,762	76,176
Total . . . . .	<u>\$106,557</u>	<u>\$101,251</u>

**(5) Property, Plant and Equipment, net**

Property, plant and equipment, net consists of the following as of the dates indicated (in thousands):

	January 3, 2015	December 28, 2013
Land . . . . .	\$ 3,508	\$ 3,512
Buildings and improvements . . . . .	55,524	51,618
Machinery and equipment . . . . .	165,751	153,815
Office furniture and vehicles . . . . .	15,572	14,319
Construction-in-progress . . . . .	5,095	1,795
	<u>245,450</u>	<u>225,059</u>
Less: accumulated depreciation . . . . .	<u>(129,253)</u>	<u>(114,685)</u>
Total . . . . .	<u>\$ 116,197</u>	<u>\$ 110,374</u>

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(5) Property, Plant and Equipment, net (Continued)**

Depreciation expense was \$14.7 million, \$14.2 million and \$10.7 million for fiscal 2014, 2013 and 2012, respectively.

**(6) Goodwill and Other Intangible Assets**

The carrying amounts of goodwill and other intangible assets, as of the dates indicated, consist of the following (in thousands):

	As of January 3, 2015			As of December 28, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Amortizable Intangible Assets</i>						
Trademarks . . . . .	\$ 12,056	\$ 875	\$ 11,181	\$ 41,800	\$ 1,031	\$ 40,769
Customer relationships . . . . .	192,913	58,400	134,513	187,569	49,097	138,472
	<u>\$204,969</u>	<u>\$59,275</u>	<u>\$145,694</u>	<u>\$229,369</u>	<u>\$50,128</u>	<u>\$179,241</u>
<i>Unamortizable Intangible Assets</i>						
Goodwill . . . . .	<u>\$370,424</u>			<u>\$319,292</u>		
Trademarks . . . . .	<u>\$802,201</u>			<u>\$664,900</u>		

Note: The increases in carrying amounts are attributable to purchase accounting adjustments related to the Specialty Brands, *Rickland Orchards* and Pirate Brands acquisitions. The impairment loss relating to *Rickland Orchards* described below offset the increase in customer relationship intangibles and caused the decrease in amortizable trademarks.

During fiscal 2014, 2013 and 2012, we amortized \$12.7 million, \$9.9 million and \$8.1 million, respectively, of the customer relationship and other intangibles. We expect to recognize \$10.7 million of amortization expense in fiscal 2015 and for each of the next four fiscal years thereafter associated with our current other intangible assets and amortizable trademarks.

*Rickland Orchards.* As of the date of the *Rickland Orchards* acquisition, we estimated the original fair value of the contingent consideration to be approximately \$7.6 million. During the remainder of fiscal 2013 and fiscal 2014, we recorded interest accretion expense on the contingent consideration liability of \$0.2 million and \$0.4 million, respectively. At June 28, 2014, we remeasured the fair value of the contingent consideration using actual operating results through June 28, 2014 and our revised forecasted operating results for *Rickland Orchards* for the remainder of 2014, 2015 and 2016. As a result of lower than expected net sales results for *Rickland Orchards*, and the unlikelihood of *Rickland Orchards* achieving the revenue growth targets, the fair value of the contingent consideration was reduced to zero, resulting in a non-cash gain of \$8.2 million that is included in gain on change in fair value of contingent consideration in the consolidated statement of operations for fiscal 2014. See Note 8, "Fair Value Measurements." We also concluded that these factors were potential indicators of the impairment of certain long-lived assets (trademark and customer relationship intangibles), requiring us to perform an interim impairment analysis of the trademark and customer relationship intangibles acquired in the *Rickland Orchards* acquisition. Based on the results of the interim impairment analysis we performed at June 28, 2014, we determined that no impairment was required as of that date.

During the third quarter of 2014, net sales to the club channel of the core products of *Rickland Orchards* continued to deteriorate beyond our June 28, 2014 projections. As a result, we had as of

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(6) Goodwill and Other Intangible Assets (Continued)**

September 27, 2014 reduced our net sales projections to the club channel and performed an interim impairment analysis of the trademark and customer relationship intangibles acquired in the *Rickland Orchards* acquisition. We used a discounted cash flow model to determine the fair value of the intangibles. Based on the results of the interim impairment analysis performed at September 27, 2014, we recorded non-cash impairment charges to amortizable trademarks and customer relationship intangibles of *Rickland Orchards* of \$26.9 million and \$7.3 million, respectively, which is recorded in "Impairment of intangible assets" in the consolidated statement of operations for fiscal 2014. As of January 3, 2015, the remaining balances of the *Rickland Orchards* amortizable trademark and customer relationship intangibles (net) were \$5.1 million and \$1.1 million, respectively. If operating results for the *Rickland Orchards* brand continue to deteriorate at rates in excess of our current projections, we may be required to record an additional non-cash charge for the impairment of long-lived intangibles relating to *Rickland Orchards*, and these non-cash charges would be material.

In connection with the impairment analysis of the intangibles, we also recorded during fiscal 2014 a charge to cost of goods sold of approximately \$4.5 million relating to a write-off of certain raw material and finished goods inventory used in the production of *Rickland Orchards* products.

**(7) Long-Term Debt**

Long-term debt consists of the following, as of the dates indicated (in thousands):

	<u>January 3, 2015</u>	<u>December 28, 2013</u>
Current and former senior secured credit agreement:		
Revolving credit facility . . . . .	\$ 34,000	\$ 40,000
Tranche A term loan due 2019, net of unamortized discount of \$643 at January 3, 2015 . . . . .	291,857	—
Tranche A term loan due 2016, net of unamortized discount of \$365 at December 28, 2013 . . . . .	—	130,885
4.625% senior notes due 2021 . . . . .	<u>700,000</u>	<u>700,000</u>
Total long-term debt, net of unamortized discount . .	1,025,857	870,885
Current portion of long-term debt . . . . .	<u>(18,750)</u>	<u>(26,250)</u>
Long-term debt, net of unamortized discount and excluding current portion . . . . .	<u>\$1,007,107</u>	<u>\$844,635</u>

*Senior Secured Credit Agreement.* On June 5, 2014, we entered into a new senior secured credit agreement, which includes a \$500.0 million revolving credit facility and \$300.0 million of tranche A term loans. The proceeds of the term loan borrowings, \$46.0 million of revolving loans and cash on hand were used to repay all outstanding obligations under our prior credit agreement, which included \$215.0 million of revolving loans that were used in part to fund the Specialty Brands acquisition, \$121.9 million of term loan borrowings and \$0.6 million of accrued and unpaid interest, and to pay \$8.5 million of related transaction fees and expenses. At January 3, 2015, \$292.5 million of tranche A term loans were outstanding and \$34.0 million of revolving loans were outstanding under our senior secured credit agreement.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(7) Long-Term Debt (Continued)**

At January 3, 2015, the available borrowing capacity under our revolving credit facility, net of outstanding letters of credit of \$1.3 million, was \$464.7 million. Proceeds of the revolving credit facility may be used for general corporate purposes including acquisitions of targets in the same or a similar line of business as our company, subject to specified criteria. We are required to pay a commitment fee of 0.50% per annum on the unused portion of the revolving credit facility. The maximum letter of credit capacity under our revolving credit facility is \$50.0 million, with a fronting fee of 0.25% per annum for all outstanding letters of credit and a letter of credit fee equal to the applicable margin for revolving loans that are Eurodollar (LIBOR) loans. The revolving credit facility matures on June 5, 2019.

The tranche A term loans are subject to principal amortization: \$7.5 million was due and paid in fiscal 2014, \$18.8 million is due and payable in fiscal 2015, \$26.2 million is due and payable in fiscal 2016, \$24.4 million is due and payable in fiscal 2017 and \$76.9 million is due and payable in fiscal 2018. The balance of all borrowings under the tranche A term loan facility, or \$146.2 million, is due and payable at maturity on June 5, 2019.

We may prepay the tranche A term loans or permanently reduce the revolving credit facility commitment under our credit agreement at any time without premium or penalty (other than customary breakage costs with respect to the early termination of LIBOR loans). Subject to certain exceptions, the credit agreement provides for mandatory prepayment upon certain asset dispositions or casualty events and issuances of indebtedness.

Interest under the revolving credit facility, including any outstanding letters of credit, and under the tranche A term loan facility, is determined based on alternative rates that we may choose in accordance with the credit agreement, including a base rate per annum plus an applicable margin ranging from 0.50% to 1.00%, and LIBOR plus an applicable margin ranging from 1.50% to 2.00%, in each case depending on our consolidated leverage ratio. At January 3, 2015, the revolving credit facility and the tranche A term loan interest rates were each approximately 2.16%.

Our obligations under our credit agreement are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of our existing and certain future domestic subsidiaries. The credit facility is secured by substantially all of our and our domestic subsidiaries' assets except our and our domestic subsidiaries' real property. The credit agreement contains customary restrictive covenants, subject to certain permitted amounts and exceptions, including covenants limiting our ability to incur additional indebtedness, pay dividends and make other restricted payments, repurchase shares of our outstanding stock and create certain liens.

The credit agreement also contains certain financial maintenance covenants, which, among other things, specify maximum capital expenditure limits, a maximum consolidated leverage ratio and a minimum interest coverage ratio, each ratio as defined in the credit agreement. Our consolidated leverage ratio (defined as the ratio of our consolidated net debt, as of the last day of any period of four consecutive fiscal quarters to our adjusted EBITDA for such period), may not exceed 7.00 to 1.00 through the fourth quarter of 2015; 6.75 to 1.00 for the first quarter of 2016 through the fourth quarter of 2016; and 6.50 to 1.00 for the first quarter of 2017 and thereafter. We are also required to maintain a consolidated interest coverage ratio of at least 1.75 to 1.00 as of the last day of any period of four

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(7) Long-Term Debt (Continued)**

consecutive fiscal quarters. As of January 3, 2015, we were in compliance with all of the covenants, including the financial covenants, in the credit agreement.

The credit agreement also provides for an incremental term loan and revolving loan facility, pursuant to which we may request that the lenders under the credit agreement, and potentially other lenders, provide unlimited additional amounts of term loans or revolving loans or both on terms substantially consistent with those provided under the credit agreement. Among other things, the utilization of the incremental facility is conditioned on our ability to meet a maximum senior secured leverage ratio of 4.00 to 1.00, and a sufficient number of lenders or new lenders agreeing to participate in the facility.

*4.625% Senior Notes due 2021.* On June 4, 2013, we issued \$700.0 million aggregate principal amount of 4.625% senior notes due 2021 at a price to the public of 100% of their face value. We used the net proceeds from the issuance of the 4.625% senior notes to purchase or redeem all \$248.5 million principal amount of our then existing 7.625% senior notes due 2018, to repay \$222.2 million principal amount of tranche B term loans and approximately \$40.0 million principal amount of revolving loans under our credit agreement, and to pay related premiums, fees and expenses. We used the remaining net proceeds for the Pirate Brands acquisition.

Interest on the 4.625% senior notes is payable on June 1 and December 1 of each year. The 4.625% senior notes will mature on June 1, 2021, unless earlier retired or redeemed. On or after June 1, 2016, we may redeem some or all of the 4.625% senior notes at a redemption price of 103.469% beginning June 1, 2016 and thereafter at prices declining annually to 100% on or after June 1, 2019, in each case plus accrued and unpaid interest to the date of redemption. We may redeem up to 35% of the aggregate principal amount of the 4.625% senior notes prior to June 1, 2016 with the net proceeds from certain equity offerings at a redemption price of 104.625% plus accrued and unpaid interest to the date of redemption. We may also redeem some or all of the 4.625% senior notes at any time prior to June 1, 2016 at a redemption price equal to the make-whole amount set forth in the indenture governing the 4.625% senior notes. In addition, if we undergo a change of control or upon certain asset sales, we may be required to offer to repurchase the 4.625% senior notes at the repurchase price set forth in the indenture plus accrued and unpaid interest to the date of repurchase.

We may also, from time to time, seek to retire the 4.625% senior notes through cash repurchases of the 4.625% senior notes and/or exchanges of the 4.625% senior notes for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Our obligations under the 4.625% senior notes are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of our existing and certain future domestic subsidiaries. The 4.625% senior notes and the subsidiary guarantees are our and the guarantors' general unsecured obligations and are effectively junior in right of payment to all of our and the guarantors' secured indebtedness and to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries; are *pari passu* in right of payment to all of our and the guarantors' existing and future unsecured senior debt; and are senior in right of payment to all of our and the guarantors' future subordinated debt. Our foreign subsidiaries are not guarantors, and any future foreign or partially owned domestic subsidiaries will not be guarantors, of the 4.625% senior notes.



**B&G FOODS, INC. AND SUBSIDIARIES**  
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**(7) Long-Term Debt (Continued)**

The indenture contains covenants with respect to us and the guarantors and restricts the incurrence of additional indebtedness and the issuance of capital stock; the payment of dividends or distributions on, and redemption of, capital stock; a number of other restricted payments, including certain investments; creation of specified liens, certain sale-leaseback transactions and sales of certain specified assets; fundamental changes, including consolidation, mergers and transfers of all or substantially all of our assets; and specified transactions with affiliates. Each of the covenants is subject to a number of important exceptions and qualifications. As of January 3, 2015, we were in compliance with all of the covenants in the indenture governing the 4.625% senior notes.

*Subsidiary Guarantees.* We have no assets or operations independent of our direct and indirect subsidiaries. All of our present domestic subsidiaries jointly and severally and fully and unconditionally guarantee our long-term debt, and management has determined that our Canadian subsidiaries, which are our only subsidiaries that are not guarantors of our long-term debt, are “minor subsidiaries” as that term is used in Rule 3-10 of Regulation S-X promulgated by the SEC. There are no significant restrictions on our ability and the ability of our subsidiaries to obtain funds from our respective subsidiaries by dividend or loan. Consequently, separate financial statements have not been presented for our subsidiaries because management has determined that they would not be material to investors.

*Deferred Debt Financing Costs.* During fiscal 2014, we wrote-off and expensed \$5.4 million of deferred debt financing costs relating to the termination of our prior credit agreement, which included the repayment of \$121.9 million aggregate principal amount of our tranche A term loans and \$215.0 million of revolving loans. During fiscal 2014, we also capitalized \$5.6 million and \$2.9 million of debt financing costs relating to the new revolving credit facility and tranche A term loans, respectively, which are being amortized over the five year scheduled term of the new credit agreement. During fiscal 2013, we wrote-off and expensed \$8.3 million of deferred debt financing costs relating to the repayment of the \$248.5 million aggregate principal amount of 7.625% senior notes and our repayment of \$222.2 million aggregate principal amount of tranche B term loans. During fiscal 2013, we also capitalized \$12.2 million of debt financing costs, which are being amortized over the eight year scheduled term of the 4.625% senior notes and we also capitalized \$0.4 million of debt financing costs in connection with an amendment to our credit facility, which are being amortized over the remainder of the five year scheduled term of our revolving credit facility. During fiscal 2012, we wrote-off and expensed \$1.5 million of deferred debt financing costs relating to the partial redemption of \$101.5 million aggregate principal amount of our 7.625% senior notes and wrote-off and expensed \$0.4 million of deferred debt financing costs relating to the amendment of our credit agreement. During fiscal 2012, we also capitalized \$0.5 million of debt financing costs, which were being amortized over the five year term of the revolving credit facility and tranche A term loans and the seven year term of the tranche B term loans until the deferred debt financing costs were written off when we refinanced the prior credit agreement.

As of January 3, 2015 and December 28, 2013 we had net deferred debt financing costs of \$17.2 million and \$17.8 million, respectively, included in other assets in the accompanying consolidated balance sheets.

*Loss on Extinguishment of Debt.* Loss on extinguishment of debt for fiscal 2014 includes costs in connection with the termination of our prior credit agreement and the repayment of all outstanding



**B&G FOODS, INC. AND SUBSIDIARIES**  
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**(7) Long-Term Debt (Continued)**

obligations thereunder. The loss on extinguishment includes the write-off of deferred debt financing costs of \$5.4 million, as discussed above, and the write-off of unamortized discount of \$0.3 million. Loss on extinguishment of debt for fiscal 2013 includes costs relating to our repurchase of \$248.5 million aggregate principal amount of 7.625% senior notes and our repayment of \$222.2 million aggregate principal amount of tranche B term loans, including the repurchase premium and other expenses of \$20.2 million, the write-off of deferred debt financing costs of \$8.3 million and the write-off of unamortized discount of \$2.8 million. Loss on extinguishment of debt for fiscal 2012 includes costs relating to our partial redemption of \$101.5 million aggregate principal amount of our 7.625% senior notes, including the repurchase premium and other expenses of \$7.7 million, the write-off of deferred debt financing costs of \$1.5 million and the write-off of unamortized discount of \$0.5 million. Loss on extinguishment during fiscal 2012 also includes costs related to the amendment and restatement of our credit agreement, including the write-off of deferred debt financing costs of \$0.4 million, unamortized discount of \$0.1 million and other expenses of \$0.2 million.

*Contractual Maturities.* As of January 3, 2015, the aggregate contractual maturities of long-term debt are as follows (in thousands):

<u>Fiscal Year:</u>	
2015 .....	\$ 18,750
2016 .....	26,250
2017 .....	24,375
2018 .....	76,875
2019 .....	180,250
Thereafter .....	700,000
Total .....	<u>\$1,026,500</u>

*Accrued Interest.* At January 3, 2015 and December 28, 2013 accrued interest of \$3.5 million and \$3.3 million, respectively, is included in accrued expenses in the accompanying consolidated balance sheets.

**(8) Fair Value Measurements**

The authoritative accounting literature relating to fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The accounting literature outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under generally accepted accounting principles, certain assets and liabilities must be measured at fair value, and the accounting literature details the disclosures that are required for items measured at fair value.

Financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy under the accounting literature. The three levels are as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

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**Notes to Consolidated Financial Statements (Continued)**  
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**(8) Fair Value Measurements (Continued)**

Level 2—Observable inputs other than Level 1 quoted prices, such as quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value driver is observable for the asset or liability, either directly or indirectly.

Level 3—Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

Cash and cash equivalents, trade accounts receivable, income tax receivable, trade accounts payable, accrued expenses and dividends payable are reflected in the consolidated balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments.

The carrying values and fair values of our revolving credit loans, term loans and senior notes as of January 3, 2015 and December 28, 2013 are as follows (in thousands):

	January 3, 2015		December 28, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Revolving Credit Loans . . . . .	34,000	34,000 <sup>(1)</sup>	40,000	40,000 <sup>(1)</sup>
Tranche A Term Loans due 2016 . . . . .	—	—	130,885 <sup>(2)</sup>	131,250 <sup>(1)</sup>
Tranche A Term Loans due 2019 . . . . .	291,857 <sup>(2)</sup>	292,500 <sup>(1)</sup>	—	—
4.625% Senior Notes due 2021 . . . . .	700,000	675,500 <sup>(3)</sup>	700,000	672,000 <sup>(3)</sup>

(1) Fair values are estimated based on Level 2 inputs, which were quoted prices for identical or similar instruments in markets that are not active.

(2) The carrying values of the tranche A term loans are net of discount. At January 3, 2015 and December 28, 2013, the face amounts of the tranche A term loans were \$292.5 million and \$131.3 million, respectively.

(3) Fair values are estimated based on quoted market prices.

For the *Rickland Orchards* acquisition, additional purchase price payments ranging from zero to \$15.0 million are contingent upon the achievement of certain revenue growth targets during fiscal 2014, 2015 and 2016 meant to achieve revenue growth in excess of base purchase price acquisition model assumptions. We estimated the original fair value of the contingent consideration as the present value of the expected contingent payments, determined using the weighted probabilities of the possible payments. As of the date of acquisition we estimated the original fair value of the contingent consideration to be approximately \$7.6 million.

During fiscal 2014 and fiscal 2013, we recorded interest accretion expense on the contingent consideration liability of \$0.4 million and \$0.2 million, respectively. We are required to reassess the fair value of the contingent consideration at each reporting period. At June 28, 2014, we remeasured the fair value of the contingent consideration using actual operating results through June 28, 2014 and revised our forecasted operating results for *Rickland Orchards* for the remainder of fiscal 2014, 2015 and 2016. As a result of lower than expected net sales results for *Rickland Orchards* and the unlikelihood of *Rickland Orchards* achieving the revenue growth targets, the fair value of the contingent consideration was reduced to zero, resulting in a non-cash gain of \$8.2 million that is included in gain on change in fair value of contingent consideration in the accompanying audited consolidated statements of operations for fiscal 2014. The significant inputs used in these estimates include

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(8) Fair Value Measurements (Continued)**

numerous possible scenarios for the contingent earn-out payments based on the contractual terms of the contingent consideration, for which probabilities are assigned to each scenario, which are then discounted based on an individual risk analysis of the respective liabilities. Although we believe our assumptions are reasonable, different assumptions or changes in the future may result in different estimated amounts.

The following table summarized the Level 3 activity (in thousands):

	January 3, 2015	December 28, 2013
Balance at beginning of year . . . . .	\$ 7,774	\$7,566
Contingent consideration accretion expense . . . . .	432	208
Gain on change in fair value of contingent consideration . . .	(8,206)	—
Balance at end of year . . . . .	<u>\$ —</u>	<u>\$7,774</u>

**(9) Accumulated Other Comprehensive Loss**

The reclassification from accumulated other comprehensive loss for fiscal 2014 and 2013 are as follows (in thousands):

Details about AOCL Components	Amount Reclassified From AOCL		Affected Line Item in the Statement Where Net Income (loss) is Presented
	January 3, 2015	December 28, 2013	
<b>Defined benefit pension plan items</b>			
Amortization of prior service cost . . . . .	\$ 45	\$ 44	See (1) below
Amortization of unrecognized loss . . . . .	—	815	See (1) below
	45	859	Total before tax
	(17)	(315)	Income tax expense
<b>Total reclassification . . . . .</b>	<u>\$ 28</u>	<u>\$ 544</u>	Net of tax

- (1) These items are included in the computation of net periodic pension cost. See Note 12, "Pension Benefits," for additional information.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(9) Accumulated Other Comprehensive Loss (Continued)**

Changes in accumulated other comprehensive loss for fiscal 2014 and 2013 are as follows (in thousands):

	Defined Benefit Pension Plan Items	Foreign Currency Translation Adjustments	Total
Balance at December 29, 2012 . . . . .	\$(11,036)	\$ (59)	\$(11,095)
Other comprehensive loss before reclassifications . . . . .	8,152	(72)	8,080
Amounts reclassified from AOCL . . . . .	544	—	544
Net current period other comprehensive income (loss) . . . . .	8,696	(72)	8,624
Balance at December 28, 2013 . . . . .	\$ (2,340)	\$(131)	\$ (2,471)
Other comprehensive loss before reclassifications . . . . .	(8,475)	(116)	(8,591)
Amounts reclassified from AOCL . . . . .	28	—	28
Net current period other comprehensive income (loss) . . . . .	(8,447)	(116)	(8,563)
Balance at January 3, 2015 . . . . .	<u>\$(10,787)</u>	<u>\$(247)</u>	<u>\$(11,034)</u>

**(10) Income Taxes**

The components of income before income tax expense consist of the following (in thousands):

	Fiscal 2014	Fiscal 2013	Fiscal 2012
U.S. . . . .	\$63,232	\$80,291	\$90,646
Foreign . . . . .	545	601	268
Total . . . . .	<u>\$63,777</u>	<u>\$80,892</u>	<u>\$90,914</u>

Income tax expense (benefit) consists of the following (in thousands):

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Current:			
Federal . . . . .	\$ 7,993	\$ 6,853	\$15,024
State . . . . .	820	728	1,260
Foreign . . . . .	153	168	75
Subtotal . . . . .	8,966	7,749	16,359
Deferred:			
Federal . . . . .	13,330	20,200	15,438
State . . . . .	525	600	(143)
Subtotal . . . . .	13,855	20,800	15,295
Total . . . . .	<u>\$22,821</u>	<u>\$28,549</u>	<u>\$31,654</u>

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(10) Income Taxes (Continued)**

Income tax expense differs from the expected income tax expense (computed by applying the U.S. federal income tax rate of 35% for fiscal years 2014, 2013 and 2012 to income before income tax expense) as a result of the following:

	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
Expected tax expense . . . . .	35.0%	35.0%	35.0%
Increase (decrease):			
State income taxes, net of federal income tax benefit . . . . .	1.8%	1.8%	1.8%
Impact on deferred taxes from changes in state tax rates . . . . .	—	(0.4)%	(0.9)%
Foreign income taxes . . . . .	—	—	0.1%
Permanent differences . . . . .	(1.0)%	(1.1)%	(1.2)%
Total . . . . .	<u>35.8%</u>	<u>35.3%</u>	<u>34.8%</u>

In fiscal 2014, 2013 and 2012, changes in state apportionments or state tax laws resulted in a decrease of our blended state rate, resulting in a tax benefit of less than \$0.1 million, \$0.3 million and \$0.9 million, respectively.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in thousands):

	<u>January 3, 2015</u>	<u>December 28, 2013</u>
Deferred tax assets:		
Accounts receivable, principally due to allowance . . . . .	\$ 37	\$ 37
Inventories, principally due to additional costs capitalized for tax purposes . . . . .	1,050	1,088
Accruals and other liabilities . . . . .	5,196	301
Net operating loss and tax credit carry forwards . . . . .	1,157	—
Other liabilities . . . . .	—	76
Total gross deferred tax assets . . . . .	<u>7,440</u>	<u>1,502</u>
Deferred tax liabilities:		
Plant and equipment . . . . .	(13,060)	(9,908)
Goodwill and other intangible assets . . . . .	(194,406)	(135,341)
Prepaid expenses . . . . .	(906)	(1,077)
Total gross deferred tax liabilities . . . . .	<u>(208,372)</u>	<u>(146,326)</u>
Net deferred tax liability . . . . .	<u>\$(200,932)</u>	<u>\$(144,824)</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(10) Income Taxes (Continued)**

reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income and reversal of deferred tax liabilities over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that we will realize the benefits of these deductible differences, at January 3, 2015. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during future periods are reduced. The valuation allowance at January 3, 2015 and December 28, 2013 was \$0.

At January 3, 2015 we had intangibles of \$651.5 million for tax purposes, which are amortizable through 2029.

We operate in multiple taxing jurisdictions within the United States and Canada and from time to time face audits from various tax authorities regarding the deductibility of certain expenses, state income tax nexus, intercompany transactions, transfer pricing and other matters. In January 2015, our company received notice that the IRS intends to conduct an audit of our 2012 tax year. There have been no further communications from the IRS since then and the audit has not yet commenced. Although the final resolution of the audit is uncertain, we believe that the ultimate disposition will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. Although we do not believe that we are otherwise currently under examination in any of our major tax jurisdictions, we remain subject to examination in all of our tax jurisdictions until the applicable statutes of limitations expire. As of January 3, 2015, a summary of the tax years that remain subject to examination in our major tax jurisdictions are:

United States—Federal . . . . .	2011 and forward
United States—States . . . . .	2010 and forward
Canada . . . . .	2010 and forward

As of January 3, 2015, we do not have any reserves for uncertain tax positions. Our policy is to classify interest and penalties that result from any income tax uncertainties as income tax expense.

**(11) Capital Stock**

*Voting Rights.* The holders of our common stock are entitled to one vote per share with respect to each matter on which the holders of our common stock are entitled to vote. The holders of our common stock are not entitled to cumulate their votes in the election of our directors.

*Dividends.* The holders of our common stock are entitled to receive dividends, if any, as they may be lawfully declared from time to time by our board of directors, subject to any preferential rights of holders of any outstanding shares of preferred stock. In the event of any liquidation, dissolution or winding up of our company, common stockholders are entitled to share ratably in our assets available for distribution to the stockholders, subject to the prior rights of holders of any outstanding preferred stock. See Note 16, “Quarterly Financial Data (unaudited),” for dividends declared for each quarter of fiscal 2014 and 2013.

*Additional Issuance of Our Authorized Common Stock and Preferred Stock.* Additional shares of our authorized common stock and preferred stock may be issued, as determined by our board of

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(11) Capital Stock (Continued)**

directors from time to time, without approval of holders of our common stock, except as may be required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Our board of directors has the authority by resolution to determine and fix, with respect to each series of preferred stock prior to the issuance of any shares of the series to which such resolution relates, the designations, powers, preferences and rights of the shares of preferred stock of such series and any qualifications, limitations or restrictions thereof.

*Stock Repurchases.* We did not repurchase any shares of common stock during fiscal 2014, 2013 or 2012.

*Common Stock Issued.* In October 2013, as partial consideration for the *Rickland Orchards* acquisition, we issued to 572,546 shares of common stock valued at \$20.1 million to the seller. See Note 3, "Acquisitions."

In October 2012, we completed an underwritten public offering of 4,173,540 shares of our common stock at a price to the public of \$30.25 per share. The proceeds of the offering were approximately \$120.4 million, after deducting underwriting discounts and commissions and other estimated offering expenses. The offering was made by means of a prospectus and related prospectus supplement included as part of an effective shelf registration statement previously filed with the SEC. We used the net proceeds of the offering, together with cash on hand, for the partial redemption of our then outstanding 7.625% senior notes plus accrued and unpaid interest and general corporate purposes.



**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(12) Pension Benefits**

We have three defined benefit pension plans covering substantially all of our employees. The benefits are based on years of service and the employee's compensation, as defined.

The following table sets forth our defined benefit pension plans' benefit obligation, fair value of plan assets and funded status recognized in the consolidated balance sheets. We used January 3, 2015 and December 28, 2013 measurement dates for fiscal 2014 and 2013, respectively, to calculate end of year benefit obligations, fair value of plan assets and annual net periodic benefit cost.

	January 3, 2015	December 28, 2013
	(in thousands)	
<b>Change in projected benefit obligation:</b>		
Projected benefit obligation at beginning of year . . . . .	\$ 50,679	\$54,549
Actuarial loss (gain) . . . . .	12,365	(7,672)
Service cost . . . . .	2,940	3,285
Interest cost . . . . .	2,387	2,111
Benefits paid . . . . .	(1,644)	(1,594)
Projected benefit obligation at end of year . . . . .	<u>66,727</u>	<u>50,679</u>
<b>Change in plan assets:</b>		
Fair value of plan assets at beginning of year . . . . .	59,701	47,709
Actual gain on plan assets . . . . .	3,356	8,836
Employer contributions . . . . .	1,750	4,750
Benefits paid . . . . .	(1,644)	(1,594)
Fair value of plan assets at end of year . . . . .	<u>63,163</u>	<u>59,701</u>
<b>Net amount recognized:</b>		
Other assets . . . . .	\$ 804	\$ 9,022
Other long-term liabilities . . . . .	(4,368)	—
Funded status at the end of the year . . . . .	<u>\$ 3,564</u>	<u>\$ 9,022</u>
<b>Amount recognized in accumulated other comprehensive loss (income) consist of:</b>		
Prior service cost . . . . .	\$ (126)	\$ (171)
Actuarial loss . . . . .	(16,875)	(3,518)
Deferred taxes . . . . .	6,214	1,349
Accumulated other comprehensive loss . . . . .	<u>\$(10,787)</u>	<u>\$(2,340)</u>

The accumulated benefit obligations of the three plans were \$58.9 million and \$44.9 million at January 3, 2015 and December 28, 2013, respectively. The following information is presented for those plans with an accumulated benefit obligation in excess of plan assets:

	January 3, 2015	December 28, 2013
Accumulated benefit obligation . . . . .	\$ 5,665	—
Fair value of plan assets . . . . .	\$ 5,244	—

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(12) Pension Benefits (Continued)**

The amounts in accumulated other comprehensive loss that are expected to be recognized as components of net periodic benefit cost in fiscal 2015 are as follows (in thousands):

Prior service cost . . . . .	\$ 45
Actuarial loss . . . . .	704
	<u>\$749</u>

	<u>January 3, 2015</u>	<u>December 28, 2013</u>
Weighted-average assumptions:		
Discount rate . . . . .	3.882%	4.815%
Rate of compensation increase . . . . .	3.00%	3.00%
Expected long-term rate of return . . . . .	6.50%	7.25%

The discount rate used to determine year-end fiscal 2014 and fiscal 2013 pension benefit obligations was derived by matching the plans' expected future cash flows to the corresponding yields from the Citigroup Pension Discount Curve. This yield curve has been constructed to represent the available yields on high-quality fixed-income investments across a broad range of future maturities.

The overall expected long-term rate of return on plan assets assumption is based upon a building-block method, whereby the expected rate of return on each asset class is broken down into the following components: (1) inflation; (2) the real risk-free rate of return (i.e., the long-term estimate of future returns on default-free U.S. government securities); and (3) the risk premium for each asset class (i.e., the expected return in excess of the risk-free rate).

All three components are based primarily on historical data, with modest adjustments to take into account additional relevant information that is currently available. For the inflation and risk-free return components, the most significant additional information is that provided by the market for nominal and inflation-indexed U.S. Treasury securities. That market provides implied forecasts of both the inflation rate and risk-free rate for the period over which currently available securities mature. The historical data on risk premiums for each asset class is adjusted to reflect any systemic changes that have occurred in the relevant markets; e.g., the higher current valuations for equities, as a multiple of earnings, relative to the longer-term average for such valuations.

Net periodic cost includes the following components (in thousands):

	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
Service cost—benefits earned during the period . .	\$ 2,940	\$ 3,284	\$ 2,393
Interest cost on projected benefit obligation . . . .	2,387	2,111	2,036
Expected return on plan assets . . . . .	(4,347)	(3,635)	(2,918)
Amortization of unrecognized prior service cost . .	45	44	45
Amortization of loss . . . . .	—	815	921
Net pension cost . . . . .	<u>\$ 1,025</u>	<u>\$ 2,619</u>	<u>\$ 2,477</u>

The asset allocation for our pension plans at the end of fiscal 2014 and fiscal 2013, and the target allocation for fiscal 2015, by asset category, follows.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(12) Pension Benefits (Continued)**

Our pension plan assets are managed by outside investment managers; assets are rebalanced at the end of each quarter. Our investment strategy with respect to pension assets is to maximize return while protecting principal. The investment manager has the flexibility to adjust the asset allocation and move funds to the asset class that offers the most opportunity for investment returns.

Asset Category	Target Allocation	Percentage of Plan Assets at Year End	
		January 3, 2015	December 28, 2013
Equity securities . . . . .	75%	80%	79%
Fixed income securities . . . . .	25%	15%	17%
Other . . . . .	—	5%	4%
Total . . . . .		<u>100%</u>	<u>100%</u>

The general investment objective of each of the pension plans is to grow the plan assets in relation to the plan liabilities while prudently managing the risk of a decrease in the plan's assets relative to those liabilities. To meet this objective, our management has adopted the above target allocations that it reconsiders from time to time as circumstances change. The actual plan asset allocations may be within a range around these targets. The actual asset allocations are reviewed and rebalanced on a periodic basis.

The fair values of our pension plan assets at January 3, 2015 and December 28, 2013, utilizing the fair value hierarchy discussed in Note 8, "Fair Value Measurements" follow (in thousands):

Asset Category	January 3, 2015		December 28, 2013	
	Level 1	Levels 2 & 3	Level 1	Levels 2 & 3
Cash . . . . .	\$ 2,934	\$—	\$ 2,480	\$—
Equity securities:				
U.S. mutual funds . . . . .	12,409	—	25,921	—
Foreign mutual funds . . . . .	2,542	—	—	—
U.S. common stocks . . . . .	33,228	—	17,832	—
Foreign common stocks . . . . .	2,414	—	3,374	—
Fixed income securities:				
U.S. mutual funds . . . . .	9,636	—	10,094	—
Total . . . . .	<u>\$63,163</u>	<u>\$—</u>	<u>\$59,701</u>	<u>\$—</u>

The investment portfolio contains a diversified blend of common stocks, bonds, cash equivalents and other investments, which may reflect varying rates of return. The investments are further diversified within each asset classification. The portfolio diversification provides protection against a single security or class of securities having a disproportionate impact on aggregate performance. Of the \$33.2 million of U.S. common stocks in the investment portfolio at the end of fiscal 2014, \$4.9 million was invested in B&G Foods' common stock. Of the \$17.8 million of U.S. common stocks in the investment portfolio at the end of fiscal 2013, \$5.5 million was invested in B&G Foods' common stock.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(12) Pension Benefits (Continued)**

Information about the expected cash flows for the pension plan follows (in thousands):

	<u>Pension Payments</u>
Benefit payments:	
2015 .....	\$ 1,648
2016 .....	1,760
2017 .....	1,987
2018 .....	2,242
2019 .....	2,620
2020 to 2024 .....	16,799

We currently anticipate making contributions of approximately \$3.5 million to our pension plan in fiscal 2015.

We also sponsor a defined contribution plan covering substantially all of our employees. Employees may contribute to this plan and these contributions are matched by us at varying amounts. Contributions for the matching component of this plan amounted to \$1.0 million, \$1.0 million and \$0.8 million for fiscal 2014, 2013 and 2012, respectively.

*Multi-Employer Defined Benefit Pension Plan.* We also contribute to the Bakery and Confectionary Union and Industry International Pension Fund (EIN 52-6118572, Plan No. 001), a multi-employer defined benefit pension plan, sponsored by the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union (BCTGM). The plan provides multiple plan benefits with corresponding contribution rates that are collectively bargained between participating employers and their affiliated BCTGM local unions. The collective bargaining agreement for our Portland, Maine employees participating in the plan expires on April 25, 2015.

We were notified that for the plan year beginning January 1, 2012, the plan was in critical status and classified in the Red Zone. As of the date of the accompanying audited consolidated financial statements, the plan remains in critical status. The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. A 5% surcharge payable on hours worked on and after June 1, 2012 until December 31, 2012 was charged for plan year 2012, the initial critical year. A 10% surcharge payable on hours worked on and after January 1, 2013 will be applicable for each succeeding plan year that the plan is in critical status until we agree to a collective bargaining agreement that implements a rehabilitation plan. B&G Foods made contributions to the plan of \$1.0 million in each of fiscal 2014, 2013 and 2012, respectively. These contributions represented less than five percent of total contributions made to the plan. In each of fiscal 2012, fiscal 2013 and fiscal 2014, we paid less than \$0.1 million in surcharges and expect to pay surcharges of less than \$0.1 million in fiscal 2015 assuming consistent hours are worked.

**(13) Commitments and Contingencies**

*Operating Leases.* We have several noncancelable operating leases, primarily for our corporate headquarters, one of our manufacturing facilities, warehouses, transportation equipment and machinery. These leases generally require us to pay all executory costs such as maintenance, taxes and insurance.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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**(13) Commitments and Contingencies (Continued)**

Total rental expense for our operating leases was \$7.3 million, \$6.4 million and \$5.5 million, for fiscal 2014, 2013 and 2012, respectively.

As of January 3, 2015, future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) for the periods set forth below are as follows (in thousands):

<u>Fiscal year ending:</u>	<u>Third Parties</u>
2015 .....	\$ 7,350
2016 .....	7,289
2017 .....	4,947
2018 .....	4,910
2019 .....	4,981
Thereafter .....	4,945
Total .....	<u>\$34,422</u>

*Legal Proceedings.* We are from time to time involved in various claims and legal actions arising in the ordinary course of business, including proceedings involving product liability claims, product labeling claims, worker's compensation and other employee claims, and tort and other general liability claims, as well as trademark, copyright, patent infringement and related claims and legal actions. While we cannot predict with certainty the results of these claims and legal actions in which we are currently or in the future may be involved, we do not expect that the ultimate disposition of any currently pending claims or actions will have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Beginning in December 2012, Pirate Brands was named as a defendant in six duplicative putative class action lawsuits filed in United States District Courts, two of which were filed prior to our ownership of Pirate Brands, alleging that Pirate Brands' products were improperly labeled as "natural" because they contained "genetically modified" and "highly processed" ingredients. Each case was filed on behalf of a plaintiff and purported similarly situated individuals. In 2013, all of the cases were transferred to the Eastern District of New York. Pirate Brands had moved to dismiss each of the actions when, in December 2014, each case was voluntarily dismissed with prejudice by the respective plaintiffs for an immaterial settlement amount. The dismissal of these actions did not have a material effect on B&G Foods' consolidated financial position, results of operations or liquidity.

B&G Foods was named as a defendant in two additional putative class action lawsuits alleging that certain of our products were improperly labeled as "natural" because they contained "genetically modified" and/or "highly processed" ingredients. The first case was filed in the United States District Court for the Southern District of Florida in September 2014 by Bonnie Jo Pettinga, Caleb Johnson, Shawn Teufel and Joseph Grey, individually and purportedly on behalf of similarly situated individuals. This action was voluntarily dismissed without prejudice by the plaintiffs on or about October 17, 2014. The second case was filed in the United States District Court for the Southern District of New York in October 2014 by Carolina Alduey, purportedly on behalf of herself and similarly situated individuals. In November 2014, Ms. Alduey voluntarily dismissed her action with prejudice for an immaterial settlement amount. The dismissal of these actions did not have a material effect on B&G Foods' consolidated financial position, results of operations or liquidity.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(13) Commitments and Contingencies (Continued)**

Selling, general and administrative expenses for fiscal 2013 include a gain of \$1.5 million relating to a legal settlement.

*Environmental.* We are subject to environmental laws and regulations in the normal course of business. We did not make any material expenditures during fiscal 2014, 2013 or 2012 in order to comply with environmental laws and regulations. Based on our experience to date, management believes that the future cost of compliance with existing environmental laws and regulations (and liability for any known environmental conditions) will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. However, we cannot predict what environmental or health and safety legislation or regulations will be enacted in the future or how existing or future laws or regulations will be enforced, administered or interpreted, nor can we predict the amount of future expenditures that may be required in order to comply with such environmental or health and safety laws or regulations or to respond to such environmental claims.

*Collective Bargaining Agreements.* As of January 3, 2015, approximately 327 of our 956 employees, or 34%, were covered by collective bargaining agreements, of which approximately 95 were covered by a collective bargaining agreement expiring within the next 12 months. Our collective bargaining agreement with the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union, AFL-CIO, Local No. 334 that covers certain employees at our Portland, Maine manufacturing facility is scheduled to expire on April 25, 2015. We are currently in negotiations for a new collective bargaining agreement for our Portland, Maine facility. While we believe that our relations with our union employees are in general good, we cannot assure you that we will be able to negotiate a new collective bargaining agreement for the Portland, Maine manufacturing facility on terms satisfactory to us, or at all, and without production interruptions, including labor stoppages. As of the date of the accompanying audited financial statements, however, management does not expect the outcome of these negotiations to have a material adverse effect on our business, financial condition or results of operations. None of our other collective bargaining agreements is scheduled to expire within one year.

*Severance and Change of Control Agreements.* We have employment agreements with each of our seven executive officers. The agreements generally continue until terminated by the executive or by us, and provide for severance payments under certain circumstances, including termination by us without cause (as defined in the agreements) or as a result of the employee's death or disability, or termination by us or a deemed termination upon a change of control (as defined in the agreements). Severance benefits generally include payments for salary continuation, continuation of health care and insurance benefits, present value of additional pension credits and, in the case of a change of control, accelerated vesting under compensation plans and, in certain cases, potential gross up payments for excise tax liability.

*Ortega and Las Palmas Recall.* On November 14, 2014, we announced a voluntary recall for certain Ortega and Las Palmas products after learning that one or more of the spice ingredients purchased from a third party supplier contained peanuts and almonds, allergens that are not declared on the products' ingredient statements. The cost impact of this recall during fiscal 2014 (not including lost sales during the period of time production and distribution of the affected products were suspended), net of expected insurance recoveries of \$5.0 million, was \$12.8 million, of which \$4.1 million was recorded as a decrease in net sales related to customer refunds; \$8.2 million was recorded as an increase in cost of goods sold primarily related to costs associated with product retrieval, destruction



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**Notes to Consolidated Financial Statements (Continued)**  
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**(13) Commitments and Contingencies (Continued)**

charges, customer fees and inventory write-offs; and \$0.5 million was recorded as an increase in selling, general, and administrative expenses related to administrative costs. The charges we recorded are based upon costs incurred to date and management's estimates of costs that have yet to be incurred that relate to 2014. As of January 3, 2015, the reserves related to the recall remaining on our consolidated balance sheets include \$4.0 million in accounts receivable reserves and \$0.6 million of accrued expenses. We have recorded a \$5.0 million receivable for the expected insurance recoveries in prepaid expenses in our consolidated balance sheet as of January 3, 2015.

**(14) Incentive Plans**

*Annual Bonus Plan.* Annually, our board of directors establishes a bonus plan that provides for cash awards to be made to our executive officers and other senior managers upon our company's attainment of pre-set annual financial objectives. Awards are normally paid in cash in a lump sum following the close of each plan year. At January 3, 2015, we did not have an accrual for the annual bonus plan. At December 28, 2013, accrued expenses in the accompanying consolidated balance sheets include an accrual for the annual bonus plan of \$4.7 million.

*2008 Omnibus Incentive Compensation Plan.* Upon the recommendation of our compensation committee, our board of directors on March 10, 2008 adopted (subject to stockholder approval) the B&G Foods, Inc. 2008 Omnibus Incentive Compensation Plan, which we refer to as the 2008 Omnibus Plan. Our stockholders approved the 2008 Omnibus Plan at our annual meeting on May 6, 2008. Our stockholders reapproved the material terms of the performance goals in our 2008 Omnibus Plan at our annual meeting on May 16, 2013.

The 2008 Omnibus Plan authorizes the grant of performance share awards, restricted stock, options, stock appreciation rights, deferred stock, stock units and cash-based awards to employees, non-employee directors and consultants. Subject to adjustment as provided in the plan, the total number of shares of common stock available for awards under the plan is 4,500,000, of which 2,689,645 were available for future issuance as of January 3, 2015. Some of those shares are subject to outstanding performance share long-term incentive awards (LTIA's) and stock options as described in the table below.

*Performance Share Awards.* Beginning in fiscal 2008, our compensation committee has made annual grants of performance share LTIA's to our executive officers and certain other members of senior management under the 2008 Omnibus Plan. The performance share LTIA's entitle the participants to earn shares of common stock upon the attainment of certain performance goals over the applicable performance period. The performance period is typically three years.

Each performance share LTIA has a threshold, target and maximum payout. The awards are settled based upon our performance over the applicable performance period. For the performance share LTIA's granted to date, the applicable performance metric is and has been "excess cash" (as defined in the award agreements). If our performance fails to meet the performance threshold, then the awards will not vest and no shares will be issued pursuant to the awards. If our performance meets or exceeds the performance threshold, then a varying amount of shares from the threshold amount (50% of the target number of shares) up to the maximum amount (200% of the target number of shares) may be earned.

Subject to the performance goal for the applicable performance period being certified in writing by our compensation committee as having been achieved, shares of common stock are issued prior to March 15 following the completion of the performance period.



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**Notes to Consolidated Financial Statements (Continued)**  
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**(14) Incentive Plans (Continued)**

The following table details the activity in our performance share LTIA's for fiscal 2014:

	<u>Number of Performance Shares</u>	<u>Weighted Average Grant Date Fair Value (per share)<sup>(2)</sup></u>
Beginning of fiscal 2014 . . . . .	611,819 <sup>(1)</sup>	\$17.05
Granted . . . . .	174,834 <sup>(1)</sup>	\$27.54
Vested . . . . .	(342,576)	\$11.78
Forfeited . . . . .	<u>(63,099)</u>	<u>\$27.75</u>
End of fiscal 2014 . . . . .	<u>380,978<sup>(1)</sup></u>	<u>\$24.82</u>

(1) Solely for purposes of this table, the number of performance shares is based on the participants earning the maximum number of performance shares (i.e., 200% of the target number of performance shares).

(2) The fair value of the awards was determined based upon the closing price of our common stock on the applicable measurement dates (i.e., the deemed grant dates for accounting purposes) reduced by the present value of expected dividends using the risk-free interest-rate as the award holders are not entitled to dividends or dividend equivalents during the vesting period.

*Employee Stock Options.* The following table details our stock option activity for fiscal 2014:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Contractual Life Remaining (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at beginning of fiscal 2014 . . . . .	—			
Granted . . . . .	418,158	\$30.94	9.8	0.00
Exercised . . . . .	—	N/A		
Forfeited . . . . .	—	N/A		
Outstanding at end of fiscal 2014 . . . . .	<u>418,158</u>	<u>\$30.94</u>	<u>9.8</u>	<u>0.00</u>
Exercisable at end of fiscal 2014 . . . . .	—	—	—	—

The fair value of the options was estimated on the date of grant using the Black-Scholes option-pricing model utilizing the following assumptions. Expected volatility was based on both historical and implied volatilities of our common stock over the estimated expected term of the award. The expected term of the options granted represents the period of time that options were expected to be outstanding and is based on the "simplified method" in accordance with accounting guidance. We utilized the simplified method to determine the expected term of the options as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The risk-free interest rate was based on the U.S. Treasury yield curve in effect at the time of the grant, which corresponds to the expected term of the options.

Weighted average grant date fair value . . . . .	\$ 6.74
Expected volatility . . . . .	34.8%
Expected term . . . . .	6.5 years
Risk-free interest rate . . . . .	1.9%
Dividend yield . . . . .	4.4%

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(14) Incentive Plans (Continued)**

No stock options were issued or outstanding in fiscal 2013 or fiscal 2012.

*Non-Employee Director Stock Grants.* Each of our non-employee directors receives an annual equity grant as part of his or her non-employee director compensation. These shares fully vest when issued.

The following table details the number of shares of common stock issued by our company during fiscal 2014, 2013 and 2012 upon the vesting of performance share long-term incentive awards and for non-employee director annual equity grants and other share based compensation:

	<u>January 3, 2015</u>	<u>December 28, 2013</u>	<u>December 29, 2012</u>
Number of performance shares vested . . . . .	342,576	512,885	1,124,205
Shares withheld to fund statutory minimum tax withholding . . . . .	<u>138,799</u>	<u>214,878</u>	<u>463,942</u>
Shares of common stock issued for performance share long-term incentive awards . . . . .	203,777	298,007	660,263
Shares of common stock issued to non-employee directors for annual equity grants . . . . .	14,010	14,592	17,436
Shares of common stock issued for other share based compensation, net of shares withheld to fund statutory minimum tax withholding . . . . .	<u>—</u>	<u>—</u>	<u>9,394</u>
Total shares of common stock issued . . . . .	<u>217,787</u>	<u>312,599</u>	<u>687,093</u>
Excess tax benefit recorded to additional paid in capital . . . . .	<u>\$ 2,356</u>	<u>\$ 4,192</u>	<u>\$ 8,031</u>

The following table sets forth the compensation expense recognized for share-based payments (performance share LTIA's, stock options, non-employee director stock grants and other share based payments) during the last three fiscal years and where that expense is reflected in our consolidated statements of operations (in thousands):

<u>Consolidated Statements of Operations Location</u>	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
Compensation expense included in cost of goods sold . . . . .	\$1,075	\$ 855	\$ 772
Compensation expense included in selling, general and administrative expenses . . . . .	<u>1,160</u>	<u>3,080</u>	<u>3,005</u>
Total compensation expense for share-based payments . . . . .	<u>\$2,235</u>	<u>\$3,935</u>	<u>\$3,777</u>

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(14) Incentive Plans (Continued)**

As of January 3, 2015, there was \$0.7 million of unrecognized compensation expense related to LTIA's, which is expected to be recognized over the next two years and \$2.5 million of unrecognized compensation expense related to stock options, which is expected to be recognized over the next three years.

**(15) Net Sales by Brand**

The following table sets forth net sales by brand (in thousands):

	<u>Fiscal 2014<sup>(8)</sup></u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
Brand <sup>(1)</sup> :			
<i>Ortega</i> . . . . .	\$134,374	\$137,192	\$135,147
<i>Pirate Brands</i> <sup>(2)</sup> . . . . .	82,563	32,545	—
<i>Maple Grove Farms of Vermont</i> . . . . .	79,177	77,084	74,846
<i>Mrs. Dash</i> . . . . .	64,105	61,846	62,089
<i>Cream of Wheat</i> . . . . .	62,494	65,202	64,850
<i>Bear Creek Country Kitchens</i> <sup>(3)</sup> . . . . .	41,432	—	—
<i>Polaner</i> . . . . .	36,136	37,036	38,394
<i>Las Palmas</i> . . . . .	35,121	34,486	35,541
<i>New York Style</i> <sup>(4)</sup> . . . . .	28,075	32,995	5,910
<i>Bloch &amp; Guggenheimer</i> . . . . .	26,889	26,988	28,746
<i>Spring Tree</i> <sup>(3)</sup> . . . . .	15,183	—	—
<i>TrueNorth</i> <sup>(5)</sup> . . . . .	21,635	13,045	—
<i>Rickland Orchards</i> <sup>(6)</sup> . . . . .	21,343	12,867	—
<i>B&amp;M</i> . . . . .	19,958	21,210	23,061
<i>Underwood</i> . . . . .	19,603	19,996	21,348
<i>Ac'cent</i> . . . . .	18,899	18,824	19,326
All other brands <sup>(7)</sup> . . . . .	141,030	133,657	124,554
Total . . . . .	<u>\$848,017</u>	<u>\$724,973</u>	<u>\$633,812</u>

- (1) Net sales for each brand also includes branded net sales and, if applicable, any private label and food service net sales attributable to the brand.
- (2) We completed the acquisition of Pirate Brands on July 8, 2013.
- (3) We completed the acquisition of Specialty Brands on April 23, 2014, including the *Bear Creek Country Kitchens* and *Spring Tree* brands.
- (4) We completed the acquisition of the *New York Style* brand on October 31, 2012.
- (5) We acquired the *TrueNorth* brand on May 6, 2013.
- (6) We acquired the *Rickland Orchards* brand on October 7, 2013.
- (7) Net sales for "all other brands" has been impacted by the acquisition of the *Cary's*, *MacDonald's*, *New York Flatbreads* and *Canoleo* brands acquired as part of the Specialty Brands acquisition, which was completed on April 23, 2014.
- (8) Fiscal 2014 contained 53 weeks and fiscal 2013 and fiscal 2012 each contained 52 weeks.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(16) Quarterly Financial Data (unaudited)**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share data)			
Net sales				
2014 .....	\$198,140	\$202,889	\$208,998	\$237,990
2013 .....	\$171,194	\$160,882	\$181,350	\$211,547
Gross profit				
2014 .....	\$ 64,669	\$ 63,027	\$ 63,062	\$ 57,013
2013 .....	\$ 58,812	\$ 55,697	\$ 61,266	\$ 67,148
Net income (loss)				
2014 .....	\$ 17,777	\$ 16,138	\$ (4,413)	\$ 11,454
2013 .....	\$ 19,634	\$ (1,433)	\$ 15,350	\$ 18,792
Basic and diluted earnings (loss) per share				
2014 .....	\$ 0.33	\$ 0.30	\$ (0.08)	\$ 0.21
2013 .....	\$ 0.37	\$ (0.03)	\$ 0.29	\$ 0.35
Cash dividends declared per share				
2014 .....	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34
2013 .....	\$ 0.29	\$ 0.29	\$ 0.32	\$ 0.33

Earnings per share were computed individually for each of the quarters presented using the weighted average number of shares outstanding during each quarterly period, while earnings per share for the full year were computed using the weighted average number of shares outstanding during the full year; therefore, the sum of the earnings per share amounts for the quarters may not equal the total for the full year.

**(17) Related Party Transactions**

Except as noted below, there were no related party transactions in fiscal 2014 with any director or executive officer of B&G Foods or any other related person, as defined in Rule 404 under Regulation S-K promulgated under the Securities Act of 1933, as amended, and none is proposed.

On October 7, 2013, we completed the acquisition of all the issued and outstanding equity interests of Rickland Orchards LLC from Natural Instincts LLC for a purchase price of \$57.5 million, of which approximately \$37.4 million was paid in cash and approximately \$20.1 million was paid in shares of common stock of B&G Foods (based on the closing price of \$35.15 per share on October 4, 2013), plus consideration of up to a maximum of \$15.0 million in the aggregate, which is payable based upon the achievement of specified operating results during fiscal 2014, 2015 and 2016. Following the completion of the acquisition, Jason Cohen, a co-founder and the former chief executive officer of Rickland Orchards, and Michael Sands, a co-founder and the former chief operating officer of Rickland Orchards, began serving as an executive vice president and a vice president, respectively, of B&G Foods. Mr. Sands was promoted to executive vice president of snacks of B&G Foods effective March 11, 2014. Mr. Cohen resigned as executive vice president of club channel of B&G Foods effective March 31, 2014. Mr. Cohen is a member of the board of managers of Natural Instincts as well as a member of Natural Instincts. Mr. Sands is a member of Natural Instincts. Mr. Cohen has an approximately 40% interest in Natural Instincts and Mr. Sands has an approximately 1.5% interest in

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**January 3, 2015, December 28, 2013 and December 29, 2012**

**(17) Related Party Transactions (Continued)**

Natural Instincts. In addition, in connection with Mr. Cohen's resignation from B&G Foods, Replenish Capital LLC agreed to become a strategic advisor to B&G Foods' executive management team on a non-exclusive basis. Under that arrangement, Replenish Capital was able to earn \$20,000 per month plus commissions on incremental sales of B&G Foods products to the club channel that are facilitated by Replenish Capital. Mr. Cohen is the sole member of Replenish Capital. On August 1, 2014, Replenish Capital and B&G Foods mutually agreed to terminate the consulting arrangement, with an effective date of termination of September 30, 2014.

**B&G FOODS, INC. AND SUBSIDIARIES**  
**Schedule of Valuation and Qualifying Accounts**  
(In thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts—describe	Deductions—describe	Balance at end of period
Year ended December 29, 2012:					
Allowance for doubtful accounts and discounts . . . . .	\$ 723	\$142	—	\$34 <sup>(a)</sup>	\$ 831
Year ended December 28, 2013:					
Allowance for doubtful accounts and discounts . . . . .	\$ 831	\$257	—	\$ 7 <sup>(a)</sup>	\$1,081
Year ended January 3, 2015:					
Allowance for doubtful accounts and discounts . . . . .	\$1,081	\$ 21	—	\$97 <sup>(a)</sup>	\$1,005

(a) Represents bad-debt write-offs.

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

None.

**Item 9A. Controls and Procedures.****Evaluation of Disclosure Controls and Procedures.**

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, our management, including our chief executive officer and our chief financial officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. As defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, disclosure controls and procedures are controls and other procedures that we use that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on that evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

**Management's Report on Internal Control over Financial Reporting.**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management, including our chief executive officer and chief financial officer, conducted an evaluation of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework of Internal Control—Integrated Framework (1992), our management concluded that our internal control over financial reporting was effective at January 3, 2015. The effectiveness of our internal control over financial reporting as of January 3, 2015 was audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included in Part II, Item 8, "Financial Statements and Supplementary Data" of this report.

Our internal control system is designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published consolidated financial statements in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Changes in Internal Control over Financial Reporting.**

As required by Rule 13a-15(d) under the Exchange Act, our management, including our chief executive officer and our chief financial officer, also conducted an evaluation of our internal control over financial reporting to determine whether any change occurred during the last quarter of fiscal



2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our chief executive officer and our chief financial officer concluded that there has been no change during the last quarter of fiscal 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Inherent Limitations on Effectiveness of Controls.**

Our company's management, including the chief executive officer and chief financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

**Item 9B. Other Information.**

None.

### PART III

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

With the exception of the information relating to our Code of Business Conduct and Ethics that is presented in Part I, Item 1 of this report under the heading “Available Information,” the information required by this Item will appear in the sections entitled “Corporate Governance,” “Proposal 1—Election of Directors,” “Our Management,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Compensation Committee Interlocks and Insider Participation” and “Report of the Compensation Committee” included in our definitive proxy statement to be filed on or before May 4, 2015, relating to the 2015 annual meeting of stockholders, which information is incorporated herein by reference.

#### Item 11. Executive Compensation.

The information required by this item will appear in the section entitled “Executive Compensation” and “Compensation Discussion and Analysis” included in our definitive proxy statement to be filed on or before May 4, 2015, relating to the 2015 annual meeting of stockholders, which information is incorporated herein by reference.

#### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

*Securities Authorized for Issuance Under Equity Compensation Plans.* The following table summarizes information, as of January 3, 2015, relating to the 2008 Omnibus Incentive Compensation Plan, which was approved by the company’s stockholders and under which restricted stock, options, stock appreciation rights, deferred stock, stock units and cash-based awards to employees, non-employee directors and consultants may be granted from time to time.

#### Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders . . . . .	799,136 <sup>(1)</sup>	\$30.94 <sup>(2)</sup>	1,890,509 <sup>(1)</sup>
Equity compensation plans not approved by security holders . . . . .	—	—	—
Total . . . . .	<u>799,136<sup>(1)</sup></u>	<u>\$30.94<sup>(2)</sup></u>	<u>1,890,509<sup>(1)</sup></u>

- (1) Includes 418,158 stock options and 380,978 performance share long-term incentive awards (LTIs) (for the 2012 to 2014, 2013 to 2015 and 2014 to 2016 performance periods) outstanding as of January 3, 2015, under the 2008 Omnibus Incentive Compensation Plan. For the performance share LTIs, includes the maximum number of shares (i.e., 200% of the target number of shares) of common stock that may be issued under the 2008 Omnibus Incentive Compensation Plan in respect of the performance share LTIs, subject to the achievement of specified performance goals. There is, however, no guarantee that all or any part of these performance based awards will actually be earned and that shares of common stock will be issued upon completion of the performance cycles. In addition, if performance goals are achieved for the performance share LTIs, plan participants are required to have shares withheld by our company to satisfy tax withholding requirements. Shares not issued due to withholding and shares not issued due to failure to satisfy performance goals do not count against the maximum number of remaining authorized shares under the plan. 94,952 shares of common stock (which is net of

58,242 shares withheld for minimum statutory tax withholding) were issued in February 2015 in respect of the 2012 to 2014 performance share LTIA's.

- (2) Reflects the weighted average exercise price of 418,158 stock options outstanding under the 2008 Omnibus Incentive Compensation Plan. 380,978 performance share LTIA's do not have an exercise price and are not included in calculation of the weighted average exercise price set forth in column (b).

The remaining information required by this item will appear in the section entitled "Security Ownership of Certain Beneficial Owners and Management" included in our definitive proxy statement to be filed on or before May 4, 2015, relating to the 2015 annual meeting of stockholders, which information is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item will appear in the section entitled "Certain Relationships and Related Transactions" and "Corporate Governance" included in our definitive proxy statement to be filed on or before May 4, 2015, relating to the 2015 annual meeting of stockholders, which information is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services.**

The information required by this item will appear in the section entitled "Independent Registered Public Accounting Firm Fees" included in our definitive proxy statement to be filed on or before May 4, 2015, relating to the 2015 annual meeting of stockholders, which information is incorporated herein by reference.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this report.

(1) *Consolidated Financial Statements:* The following consolidated financial statements are included in Part II, Item 8 of this report.

	<u>Page</u>
Reports of Independent Registered Public Accounting Firm. . . . .	52
Consolidated Balance Sheets as of January 3, 2015 and December 28, 2013. . . .	54
Consolidated Statements of Operations for the years ended January 3, 2015, December 28, 2013 and December 29, 2012. . . . .	55
Consolidated Statements of Comprehensive Income for the years ended January 3, 2015, December 28, 2013 and December 29, 2012. . . . .	56
Consolidated Statements of Changes in Stockholders' Equity for the years ended January 3, 2015, December 28, 2013 and December 29, 2012. . . . .	57
Consolidated Statements of Cash Flows for the years ended January 3, 2015, December 28, 2013 and December 29, 2012. . . . .	58
Notes to Consolidated Financial Statements. . . . .	59

(2) *Financial Statement Schedule.* The following financial statement schedule is included in Part II, Item 8 of this report.

Schedule II—Schedule of Valuation and Qualifying Accounts. . . . .	94
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(3) *Exhibits.*

EXHIBIT NO.	DESCRIPTION
2.1	Asset Purchase Agreement, dated as of September 19, 2012, among Chipita America, Inc., B&G Foods North America, Inc., and, for purposes of Articles X and XI thereof only, Chipita S.A. (Filed as Exhibit 2.1 to B&G Foods' Current Report on Form 8-K filed on September 25, 2012, and incorporated by reference herein)
2.2	Stock Purchase Agreement and Agreement and Plan of Merger, dated as of June 7, 2013, among Robert's American Gourmet Food, LLC, VMG Pirate's Booty Blocker, Inc., VMG Equity Partners GP, L.P., VMG Tax-Exempt, L.P., VMG Partners, LLC, B&G Foods North America, Inc., OT Acquisition, LLC and B&G Foods, Inc., as Guarantor (Filed as Exhibit 2.1 to B&G Foods' Current Report on Form 8-K filed on June 11, 2013, and incorporated by reference herein)
2.3	Amended and Restated Purchase Agreement, dated as of April 23, 2014, among American Capital Equity I, LLC, American Capital Equity II, LP, American Capital, Ltd., Walter McKenna, Donna Halk, Dominique Bastien, BCK Holdings, Inc., American Capital Ltd., as Sellers' Representative, and B&G Foods North America, Inc. (Filed as Exhibit 2.1 to B&G Foods' Current Report on Form 8-K filed April 28, 2014, and incorporated by reference herein)

EXHIBIT NO.	DESCRIPTION
3.1	Second Amended and Restated Certificate of Incorporation of B&G Foods, Inc. (Filed as Exhibit 3.1 to B&G Foods' Current Report on Form 8-K filed on August 13, 2010, and incorporated by reference herein)
3.2	Bylaws of B&G Foods, Inc., as amended and restated through February 27, 2013 (Filed as Exhibit 3.1 to B&G Foods' Current Report on Form 8-K filed on March 4, 2013, and incorporated by reference herein)
4.1	Indenture, dated as of June 4, 2013, between B&G Foods, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (Filed as Exhibit 4.1 to B&G Foods' Current Report on Form 8-K filed on June 4, 2013, and incorporated by reference herein)
4.2	First Supplemental Indenture, dated as of June 4, 2013, among B&G Foods, Inc., B&G Foods North America, Inc., B&G Foods Snacks, Inc., William Underwood Company, and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the 4.625% senior notes due 2021 (Filed as Exhibit 4.2 to B&G Foods' Current Report on Form 8-K filed on June 4, 2013, and incorporated by reference herein)
4.3	Form of 4.625% Senior Note due 2021 (included in Exhibit 4.2)
4.4	Form of stock certificate for common stock (Filed as Exhibit 4.1 to B&G Foods' Current Report on Form 8-K filed on August 13, 2010, and incorporated by reference herein)
10.1	Credit Agreement, dated as of June 5, 2014, among B&G Foods, Inc., as borrower, the several banks and other financial institutions or entities from time to time party thereto as lenders and Credit Suisse AG, as administrative agent and collateral agent, with Credit Suisse Securities (USA) LLC, Barclays Bank PLC, RBC Capital Markets, Bank of America, N.A., Deutsche Bank Securities Inc., RBS Citizens, N.A., TD Securities (USA) LLC and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., as joint lead arrangers and joint bookrunners, Barclays Bank PLC, RBC Capital Markets, Bank of America, N.A. and Deutsche Bank Securities Inc., as co-syndication agents, and RBS Citizens, N.A., TD Bank, N.A. and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch, as co-documentation agents (Filed as Exhibit 10.1 to B&G Foods' Current Report on Form 8-K filed on June 9, 2014, and incorporated by reference herein)
10.2	Guarantee and Collateral Agreement, dated as of June 5, 2014, among B&G Foods, Inc., B&G Foods North America, Inc., B&G Foods Snacks, Inc., BCKK Holdings, Inc., Bear Creek Country Kitchens, LLC, Pirate Brands, LLC, Rickland Orchards LLC, Specialty Brands of America, Inc. and William Underwood Company, and each other subsidiary of B&G Foods, Inc. party thereto from time to time, and Credit Suisse AG, as collateral agent (Filed as Exhibit 10.2 to B&G Foods' Current Report on Form 8-K filed on June 9, 2014, and incorporated by reference herein)
10.3	Agreement by and between MSLO Emeril Acquisition Sub LLC (successor by assignment to Emeril's Food of Love Productions, L.L.C.) and B&G Foods, Inc. dated June 9, 2000 (Filed with as Exhibit 10.13 to Amendment No. 2 to Registration Statement on Form S-1 (file no. 333-112680) filed on May 3, 2004, and incorporated by reference herein)
10.4	Second Amended and Restated Employment Agreement, dated as of December 11, 2014, between Robert C. Cantwell and B&G Foods, Inc. (Filed as Exhibit 10.1 to B&G Foods' Current Report on Form 8-K filed on December 16, 2014, and incorporated by reference herein)

EXHIBIT NO.	DESCRIPTION
10.5	Amended and Restated Employment Agreement by and between Vanessa E. Maskal and B&G Foods, Inc., dated as of December 31, 2008 (Filed as Exhibit 10.3 to B&G Foods' Current Report on Form 8-K filed on January 6, 2009, and incorporated by reference herein)
10.6	Amended and Restated Employment Agreement by and between Scott E. Lerner and B&G Foods, Inc., dated as of December 31, 2008 (Filed as Exhibit 10.5 to B&G Foods' Current Report on Form 8-K filed on January 6, 2009, and incorporated by reference herein)
10.7	Employment Agreement, dated as of August 6, 2009, between William F. Herbes and B&G Foods, Inc. (Filed as Exhibit 10.2 to B&G Foods' Current Report on Form 8-K filed on August 10, 2009, and incorporated by reference herein)
10.8	Employment Agreement, dated as of March 5, 2010, between William H. Wright and B&G Foods, Inc. (Filed as Exhibit 10.12 to B&G Foods' Annual Report on Form 10-K filed on March 1, 2011, and incorporated by reference herein)
10.9	Employment Agreement, dated as of March 11, 2014, between Michael Sands and B&G Foods, Inc. (Filed as Exhibit 10.1 to B&G Foods' Quarterly Report on Form 10-Q filed on April 24, 2014, and incorporated by reference herein)
10.10	First Amendment to Employment Agreement, dated May 13, 2014, between B&G Foods and Michael Sands (Filed as Exhibit 10.1 to B&G Foods' Current Report on Form 8-K filed on May 13, 2014, and incorporated by reference herein)
10.11	Form of B&G Foods, Inc. Performance Share Long-Term Incentive Award Agreement (Filed as Exhibit 10.11 to B&G Foods' Annual Report on Form 10-K filed on February 26, 2014, and incorporated by reference herein)
10.12	Form of B&G Foods, Inc. Stock Option Agreement (Non-Qualified Stock Option) (Filed as Exhibit 10.2 to B&G Foods' Current Report on Form 8-K filed on December 16, 2014, and incorporated by reference herein)
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of B&G Foods, Inc.
23.1	Consent of KPMG LLP.
31.1	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Chief Financial Officer.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer and Chief Financial Officer.
101.1	The following financial information from B&G Foods' Annual Report for the year ended January 3, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements, and (vii) document and entity information.

## SIGNATURES

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 thereunto duly authorized.

Dated: March 4, 2015

B&G FOODS, INC.

By: /s/ ROBERT C. CANTWELL

Robert C. Cantwell  
*President, Chief Executive Officer and Chief  
Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>NAME</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ STEPHEN C. SHERRILL</u> Stephen C. Sherrill	Chairman of the Board of Directors	March 4, 2015
<u>/s/ ROBERT C. CANTWELL</u> Robert C. Cantwell	President, Chief Executive Officer, Chief Financial Officer and Director (Principal Executive, Financial and Accounting Officer)	March 4, 2015
<u>/s/ CYNTHIA T. JAMISON</u> Cynthia T. Jamison	Director	March 4, 2015
<u>/s/ CHARLES F. MARCY</u> Charles F. Marcy	Director	March 4, 2015
<u>/s/ DENNIS M. MULLEN</u> Dennis M. Mullen	Director	March 4, 2015
<u>/s/ CHERYL M. PALMER</u> Cheryl M. Palmer	Director	March 4, 2015
<u>/s/ ALFRED POE</u> Alfred Poe	Director	March 4, 2015
<u>/s/ DAVID L. WENNER</u> David L. Wenner	Director	March 4, 2015



**CERTIFICATION BY CHIEF EXECUTIVE OFFICER**

I, Robert C. Cantwell, certify that:

1. I have reviewed this annual report on Form 10-K of B&G Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2015

/s/ ROBERT C. CANTWELL

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Robert C. Cantwell  
*Chief Executive Officer*

**CERTIFICATION BY CHIEF FINANCIAL OFFICER**

I, Robert C. Cantwell, certify that:

1. I have reviewed this annual report on Form 10-K of B&G Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2015

/s/ ROBERT C. CANTWELL

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Robert C. Cantwell  
*Chief Financial Officer*

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of B&G Foods, Inc. (the “Company”) on Form 10-K for the period ended January 3, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert C. Cantwell, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT C. CANTWELL

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Robert C. Cantwell  
*Chief Executive Officer and Chief Financial Officer*  
March 4, 2015

*A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*



# COMPANY INFORMATION

## BOARD OF DIRECTORS

Stephen C. Sherrill  
*Chairman of the Board*  
*Director since 1997*

Robert C. Cantwell  
*President and Chief Executive Officer*  
*Director since 2005*

Cynthia T. Jamison  
*Director since 2004*

Charles F. Marcy  
*Director since 2010*

Dennis M. Mullen  
*Director since 2006*

Cheryl M. Palmer  
*Director since 2010*

Alfred Poe  
*Director since 1997*

David L. Wenner  
*Director since 1997*

## EXECUTIVE OFFICERS

Robert C. Cantwell  
*President and Chief Executive Officer*

Thomas P. Crimmins  
*Executive Vice President of Finance*  
*and Chief Financial Officer*

William F. Herbes  
*Executive Vice President of Operations*

Scott E. Lerner  
*Executive Vice President, General Counsel,*  
*Secretary and Chief Compliance Officer*

Vanessa E. Maskal  
*Executive Vice President of Sales and Marketing*

Michael A. Sands  
*Executive Vice President of Snacks*

William H. Wright  
*Executive Vice President of Quality Assurance and*  
*Research & Development*

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This Annual Report includes certain forward-looking statements that are based upon current expectations and are subject to a number of risks and uncertainties. Please see "Forward-Looking Statements" beginning on page 48 in the Management's Discussion and Analysis section.

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## CORPORATE HEADQUARTERS

B&G Foods, Inc.  
Four Gatehall Drive  
Parsippany, NJ 07054  
Telephone: 973.401.6500  
Website: [www.bgfoods.com](http://www.bgfoods.com)

## STOCK EXCHANGE LISTING

B&G Foods' common stock is traded on the New York Stock Exchange under the ticker symbol BGS.

## CORPORATE NEWS RELEASES AND SEC FILINGS

Corporate news releases and SEC filings, including Forms 10-K, 10-Q and 8-K are available free of charge in the Investor Relations section of our website, [www.bgfoods.com](http://www.bgfoods.com). If you do not have internet access, you may contact ICR, Inc. at the address and telephone number listed below to request these materials.

## INVESTOR RELATIONS

Inquiries and requests regarding this annual report and other stockholder questions should be directed to:

ICR, Inc.  
761 Main Avenue, Norwalk, CT 06851  
Attn: Don Duffy or Dara Dierks  
Telephone: 866.211.8151

Please also visit the Investor Relations section of our website, [www.bgfoods.com](http://www.bgfoods.com).

## TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.  
P.O. Box 30170  
College Station, TX 77842

Private Couriers/Registered Mail:  
Computershare Trust Company, N.A.  
211 Quality Circle, Suite 210  
College Station, TX 77845

Telephone: 800.522.6645  
Website: [www.computershare.com/investor](http://www.computershare.com/investor)  
Hearing Impaired #: TDD: 800.952.9245

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
51 John F. Kennedy Parkway  
Short Hills, NJ 07078

## ANNUAL MEETING

The annual meeting of stockholders will be held on Tuesday, May 19, 2015, at 10:00 a.m., local time, at the Hanover Marriott, 1401 Route 10 East, Whippany, NJ 07981.



**B&G Foods, Inc.**  
*Quality Foods Since 1889*

4 Gatehall Drive • Parsippany, NJ 07054 • 973-401-6500 • [www.bgfoods.com](http://www.bgfoods.com)