

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

SENECA FOODS CORP /NY/
Form DEF 14A
June 26, 2003

SENECA FOODS CORPORATION
3736 South Main Street
Marion, New York 14505

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting (the "Meeting") of the shareholders of SENECA FOODS CORPORATION will be held at 3732 South Main Street, Marion, New York, on Friday, August 8, 2003, at 1:00 p.m., Eastern Daylight Savings Time, for the following purposes:

1. To elect two directors to serve until the Annual Meeting of shareholders in 2006 and until their successors are duly elected and shall qualify.
2. To ratify the appointment by the Board of Directors of Deloitte & Touche LLP as independent auditors for the fiscal year ending March 31, 2004.
3. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this notice is a form of proxy and Proxy Statement. If you are unable to be present in person at the Meeting, please sign the enclosed form of proxy and return it in the enclosed envelope. If you attend the Meeting and vote personally, the proxy will not be used. Only shareholders of record at the close of business on June 13, 2003, will be entitled to vote at the Meeting and any adjournment thereof. The prompt return of your proxy will save the expense of further communications.

A copy of the Annual Report for the fiscal year ended March 31, 2003, also accompanies this Notice.

By order of the Board of Directors,

JEFFREY L. VAN RIPER
Secretary

DATED: Marion, New York
June 24, 2003

IT IS IMPORTANT THAT THE ENCLOSED PROXY BALLOT BE SIGNED, DATED AND PROMPTLY RETURNED IN THE ENCLOSED ENVELOPE, SO THAT YOUR SHARES WILL BE REPRESENTED WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS OF
SENECA FOODS CORPORATION

Date of Mailing: June 24, 2003

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Annual Meeting of Shareholders: August 8, 2003

The enclosed proxy is solicited by the Board of Directors of Seneca Foods Corporation (hereinafter called the "Company"). Any proxy given pursuant to such solicitation may be revoked by the shareholder at any time prior to the voting of the proxy. The signing of the form of proxy will not preclude the shareholder from attending the Annual Meeting (the "Meeting") and voting in person. Shares represented by proxy will be voted in accordance with the directions of the shareholder. The directors of the Company know of no matters to come before the meeting other than those set forth in this Proxy Statement. In the event any other matter may properly be brought before the meeting, the proxy holders will vote the proxies in their discretion on such matter. If no choices are specified on the proxy, the proxy will be voted FOR the proposals discussed in this Proxy Statement.

All of the expenses involved in preparing and mailing this Proxy Statement and the material enclosed herewith will be paid by the Company. The Company will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for expenses reasonably incurred by them in sending proxy material to beneficial owners of stock.

Only record holders of the voting stock at the close of business on June 13, 2003 (the "Record Date") are entitled to vote at the Meeting. On that day the following shares were issued and outstanding: (i) 3,911,480 shares of Class A common stock, \$0.25 par value per share ("Class A Common Stock"); (ii) 2,764,005 shares of Class B common stock, \$0.25 par value per share ("Class B Common Stock", and together with the Class A Common Stock, sometimes collectively referred to as the "Common Stock"); (iii) 200,000 shares of Six Percent (6%) Cumulative Voting Preferred Stock, \$0.25 par value per share ("6% Preferred Stock"); (iv) 407,240 shares of 10% Cumulative Convertible Voting Preferred Stock - Series A, \$0.025 stated value per share ("10% Series A Preferred Stock"); (v) 400,000 shares of 10% Cumulative Convertible Voting Preferred Stock - Series B, \$0.025 stated value per share ("10% Series B Preferred Stock"); and (vi) 3,482,496 shares of Convertible Participating Preferred Stock with \$0.025 par value per share (the "Convertible Participating Preferred Stock"). The shares of Class B Common Stock, 10% Series A Preferred Stock, and 10% Series B Preferred Stock are entitled to one vote per share on all matters submitted to the Company's shareholders. The shares of Class A Common Stock are entitled to one-twentieth (1/20) of one vote per share on all matters submitted to the Company's shareholders. The shares of 6% Preferred Stock are entitled to one vote per share, but only with respect to the election of directors. The shares of Convertible Participating Preferred Stock are not currently entitled to vote on matters submitted to shareholders (other than as required by law); however, these shares are convertible on a share-for-share basis into shares of Class A Common Stock, which are entitled to one-twentieth (1/20) of one vote per share.

At the Meeting, shareholders of the Company will consider and vote upon the following matters:

(1) To elect two directors to serve until the Annual Meeting of shareholders in 2006 and until each of their successors is duly elected and shall qualify.

(2) To ratify the appointment by the Board of Directors of Deloitte & Touche LLP as independent auditors for the fiscal year ending March 31, 2004.

(3) To transact such other business as may properly come before the Meeting or any adjournment thereof.

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

The Board of Directors of the Company unanimously recommends a vote FOR each of the items set forth above.

PROPOSAL 1

ELECTION OF DIRECTORS

Under the By-Laws of the Company, its Board of Directors is divided into three classes, as equal in number as possible, having staggered terms of three years each. At this annual meeting two directors will be elected to serve until the annual meeting in 2006 and until their successors are duly elected and shall qualify.

Unless authority to vote for the election of directors is withheld or the Proxy is marked to the contrary as provided therein, the enclosed Proxy will be voted FOR the election of the two nominees listed below. The Board of Directors has reduced the total number of directors from nine to eight, therefore, only two directors are being nominated for this meeting.

Although the directors do not contemplate that any of the nominees will be unable to serve, should such a situation arise, the Proxy may be voted for the election of other persons as directors. Each nominee, to be elected as a director, must receive the affirmative vote of a plurality of the votes cast at the Meeting by the shareholders entitled to vote thereon.

The following table sets forth certain information with respect to the nominees for election as directors and directors whose terms continue beyond the meeting:

Nominee -----	Principal Occupation for Past Five Years (1) ----- Nominees Standing for Election -----	Age ---	Serv Dire Sinc -----
To serve until the annual meeting of shareholders in 2006 and until their successors are duly elected and shall qualify:			
Arthur H. Baer (7)	President of Hudson Valley Publishing since January 2003 and 1998 to 1999; President Arrow Electronics from 2000 to 2002; President of XYAN Inc. from 1996 to 1998.	56	1
Kraig H. Kayser	President and Chief Executive Officer of the Company. (5)	42	1
Directors Whose Terms Expire in 2004 -----			
Andrew M. Boas (4)	General Partner of Carl Marks Management Company, L.P. (merchant banking firm); President of Carl Marks Offshore Management, Inc. since 1994; Vice President of CM Capital; Vice President of Carl Marks & Co., Inc. (6)	48	1
Douglas F. Brush	Chairman and Chief Executive Officer of John D. Brush & Company, Inc., (manufacturer of safes) Rochester, New York.	49	2

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Susan W. Stuart (3)	Marketing Consultant, Fairfield, Connecticut.	48	1
Directors Whose Terms Expire in 2005 -----			
Robert T. Brady	Chairman and Chief Executive Officer of Moog Inc., East Aurora, New York (manufacturer of control systems). (2)	62	19
G. Brymer Humphreys	President, Humphreys Farm Inc., New Hartford, New York.	62	19
Arthur S. Wolcott (3)	Chairman of the Company.	77	19

OWNERSHIP OF SECURITIES

Ownership by Management. The following table sets forth certain information with respect to beneficial ownership of the Company's outstanding Class A Common Stock, Class B Common Stock, 6% Preferred Stock, 10% Series A Preferred Stock, 10% Series B Preferred Stock, and Convertible Participating Preferred Stock by each nominee and director and by all directors, nominees and officers as a group as of April 1, 2003. ("Beneficial ownership" for these purposes is determined in accordance with applicable Securities and Exchange Commission ["SEC"] rules and includes shares over which a person has sole or shared voting power or investment power):

Nominees for Election -----	Title of Class -----	Shares (1) Beneficially Owned -----	Percent of Class -----
Arthur H. Baer	Class B Common Stock	2,000	-
Kraig H. Kayser	Class A Common Stock (10)	219,158	5.6
	Class B Common Stock (11)	449,264	16.2
	6% Preferred Stock (12)	8,000	4.0
	10% Series A Preferred Stock (13)	173,812	42.6
	10% Series B Preferred Stock (14)	165,080	41.2
Directors Whose Terms do not Expire -----	Title of Class -----	Shares (1) Beneficially Owned -----	Percent of Class -----
Andrew M. Boas	Class A Common Stock	70,642	1.81
	Class B Common Stock	70,642	2.56
	Convertible Participating Preferred Stock (9)	2,995,736	86.02
Douglas F. Brush	Class B Common Stock	770	-

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Susan W. Stuart	Class A Common Stock (15)	158,568	4.05
	Class B Common Stock (16)	395,322	14.30
	6% Preferred Stock	25,296	12.65
Robert T. Brady		-(2)	-
G. Brymer Humphreys	Class A Common Stock	800	-
	Class B Common Stock	800	-
	Convertible Participating Preferred Stock	400	-
Arthur S. Wolcott	Class A Common Stock (4)	172,024	4.4
	Class B Common Stock (5)	309,647	11.2
	6% Preferred Stock (6)	32,844	16.4
	10% Series A Preferred Stock (7)	212,840	52.2
	10% Series B Preferred Stock (8)	212,200	53.0
Director Whose Term Expires	Title of Class	Shares (1) Beneficially Owned	Per of C
-----	-----	-----	-----
Edward O. Gaylord	Class A Common Stock	4,544	-
	Class B Common Stock	4,544	-
Other Named Officers:			
Philip G. Paras		-	-
All directors, nominees and named officers as a group (17)	Class A Common Stock (18)	404,735	10.19
	Class B Common Stock (19)	597,740	21.55
	6% Preferred Stock (20)	66,140	33.07
	10% Series A Preferred Stock (21)	386,652	94.94
	10% Series B Preferred Stock (22)	377,280	94.32
	Convertible Participating Preferred Stock (23)	2,996,136	86.03

Principal Owners of Voting Stock. The following table sets forth, as of April 1, 2003, certain information with respect to persons known by the Company to be the beneficial owners of more than five percent of the classes of stock. ("Beneficial ownership" for these purposes is determined in accordance with applicable SEC rules and includes shares over which a person has sole or shared voting power or investment power.) The holdings of Common Stock listed in the table do not include the shares obtainable upon conversion of the 10% Series A Preferred Stock and the 10% Series B Preferred Stock, which currently are convertible into Class A Common Stock and Class B Common Stock on the basis of 20 and 30 shares of Preferred Stock, respectively, for each share of Common Stock. The holdings of Class A Common Stock listed in the table do not include the shares obtainable upon conversion of the Convertible Participating Preferred Stock, which is convertible into Class A Common Stock on a one-for-one basis.

Amount of Shares and Nature

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Title of Class	Name and Address of Beneficial Owner	of Beneficial Ownership		Total	Percentage of Class
		Sole Voting/ Investment Power	Shared Voting/ Investment Power		
6% Preferred Stock	Arthur S. Wolcott (1)	32,844	--	32,844	
	Kurt C. Kayser Bradenton, Florida	27,536 (2)	--	27,536	
	Susan W. Stuart Fairfield, Connecticut	25,296 (3)	--	25,296	
	Bruce S. Wolcott Canandaigua, New York	25,296 (3)	--	25,296	
	Grace W. Wadell Wayne, Pennsylvania	25,292 (3)	--	25,292	
	Mark S. Wolcott Pittsford, New York	25,292 (3)	--	25,292	
	L. Jerome Wolcott, Jr. Costa Mesa, California	15,222	--	15,222	
	Peter J. Wolcott Bridgewater, Connecticut	15,222 (3)	--	15,222	
10% Series A Preferred Stock	Arthur S. Wolcott	212,840 (4)	--	212,840	
	Kraig H. Kayser (5)	32,168	141,644 (6)	173,812	
	Hannelore Wolcott-Bailey Penn Yan, New York	20,588	--	20,588	
10% Series B Preferred Stock	Arthur S. Wolcott	212,200 (7)	--	212,200	
	Kraig H. Kayser	--	165,080 (8)	165,080	
	Hannelore Wolcott-Bailey	22,720	--	22,720	
Class A Common Stock (9)	Edwin S. Marks (10) Great Neck, New York	217,892	232,912 (11)	450,804	
	The Pillsbury Company (12) General Mills, Inc. Minneapolis, Minnesota	--	346,570	346,570	
	T. Rowe Price Associates, Inc. Baltimore, Maryland (17)	307,000	--	307,000	
	Franklin Advisory Services, LLC (16) San Mateo, California	266,600	--	266,600	

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

	Susan W. Stuart (15)	57,214	101,354	158,568
	Kraig H. Kayser (13)	58,928	160,230	219,158
	Arthur S. Wolcott (14)	63,789	108,235	172,024
Class B Common Stock	Susan W. Stuart	63,492	331,830 (21)	395,322
	Kraig H. Kayser	80,870	368,394 (19)	449,264
	Edwin S. Marks (10)	212,642	202,162 (18)	414,804
	Arthur S. Wolcott	13,674	295,973 (20)	309,647
Convertible Participating Preferred Stock (22)	Carl Marks Strategic Investments, LP New York, New York	2,304,161	--	2,304,161
	Carl Marks Strategic Investments II, LP New York, New York	691,575	--	691,575
	Edwin S. Marks	145,000	106,520	251,520

Information Concerning Operation Of The Board of Directors

In order to facilitate the handling of various functions of the Board of Directors, the Board has appointed several committees including an Audit Committee, a Compensation Committee and a Nominating Committee.

The members of the Audit Committee are Edward O. Gaylord (Chairman), Arthur H. Baer, Robert T. Brady, Douglas F. Brush, G. Brymer Humphreys and Andrew M. Boas. The Audit Committee recommends to the full Board of Directors the engagement of independent auditors, reviews with the auditors the scope and results of the audit, reviews with management the scope and results of the Company's internal auditing procedures, reviews the independence of the auditors and any non-audit services provided by the auditors, reviews with the auditors and management the adequacy of the Company's system of internal accounting controls and makes inquiries into other matters within the scope of its duties.

The Nominating Committee consists of Arthur S. Wolcott (Chairman), Robert T. Brady, G. Brymer Humphreys and Andrew M. Boas. The Nominating Committee screens and selects nominees for vacancies in the Board of Directors as they occur. Consideration will be given to serious candidates for director who are recommended by shareholders of the Company. (Shareholder recommendations must be in writing and addressed to the Chairman of the Nominating Committee, c/o Corporate Secretary, 3736 South Main Street, Marion, New York 14505, and should include a statement setting forth the qualifications and experience of the proposed candidates and basis for nomination.)

The Compensation Committee consists of Douglas F. Brush (Chairman), Edward O. Gaylord, Susan W. Stuart and Andrew M. Boas. The Compensation Committee establishes the level of compensation on an annual basis for all executive officers.

During the fiscal year ended March 31, 2003, the Board of Directors had four meetings, the Audit Committee had three meetings, the Nominating Committee

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

had one meeting and the Compensation Committee had one meeting. All directors who served during the entire fiscal year attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by any committee of the Board on which he or she served.

Certain Relationships and Related Transactions

Humphreys Farms Inc. is a member of Pro Fac Cooperative whose largest customer is Birds Eye Foods, Inc., a processing and marketing company. During fiscal 2003, Humphreys Farms Inc., acting on behalf of Birds Eye Foods, Inc., delivered to the Company raw product with a total value (including crop, harvesting and trucking payments) of \$119,834. G. Brymer Humphreys, a director of the Company, is President and a 23% shareholder of Humphreys Farms Inc.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Act of 1934 requires that the Company's directors, officers and shareholders owning more than 10% of a registered class of equity securities of the Company file reports with the SEC within the first ten days of the month following any purchase or sale of shares in the Company. The Company is not aware that any from this group failed to make such filings in a timely manner during the past year.

EXECUTIVE OFFICERS

The following is a listing of the Company's executive officers:

Officer -----	Principal Occupation for Past Five Years (1) -----	Age ---
Arthur S. Wolcott	See table under "Election of Directors".	77
Kraig H. Kayser	See table under "Election of Directors".	42
Philip G. Paras	Chief Financial Officer since March 31, 2000; Vice President-Finance from 1996 to 2000 and Treasurer of the Company since 1997.	42
Jeffrey L. Van Riper	Secretary and Controller of the Company.	46
Sarah S. Mortensen	Assistant Secretary of the Company.	58

EXECUTIVE COMPENSATION

The following table sets forth the compensation paid by the Company to the Chief Executive Officer and to the most highly compensated executive officers whose compensation exceeded \$100,000 (the "Named Officers") for services rendered in all capacities to the Company and its subsidiaries during the fiscal years ended March 31, 2003, 2002 and 2001.

Name of Individual and Principal Position -----	Fiscal Year -----	Annual Compensation	
		Salary -----	Bonus -----

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Arthur S. Wolcott	2003	\$ 391,406	\$ 39,220
Chairman and Director	2002	381,708	--
	2001	370,590	--
Kraig H. Kayser	2003	\$ 330,392	\$ 33,107
President, Chief Executive	2002	322,206	--
Officer and Director	2001	312,824	--
Philip G. Paras	2003	\$ 100,829	\$ 10,103
Chief Financial Officer	2002	--(1)	--
	2001	--(1)	--

(1) Compensation did not exceed \$100,000 in 2002 or 2001.

Pension Benefits

The executive officers of the Company are entitled to participate in the Pension Plan (referred to in this section as the "Plan"), which is for the benefit of all employees meeting certain eligibility requirements. Effective August 1, 1989, the Company amended the Plan to provide improved pension benefits under the Plan's Excess Formula. The Excess Formula for the calculation of the annual retirement benefit is: total years of credited service (not to exceed 35) multiplied by the sum of (i) 0.6% of the participant's average salary (five highest consecutive years, excluding bonus), and (ii) 0.6% of the participant's average salary in excess of his compensation covered by Social Security.

Participants who were employed by the Company prior to August 1, 1988, are eligible to receive the greater of their benefit determined under the Excess Formula or their benefit determined under the Offset Formula. The Offset Formula is: (i) total years of credited service multiplied by \$120, plus (ii) average salary multiplied by 25%, less 74% of the primary Social Security benefit. Pursuant to changes required by the Tax Reform Act of 1986 the Company amended the Plan to cease further accruals under the Offset Formula as of July 31, 1989. Participants who were eligible to receive a benefit under the Offset Formula will receive the greater of their benefit determined under the Excess Formula or their benefit determined under the Offset Formula as of July 31, 1989. The maximum permitted annual retirement income under either formula is \$160,000.

The following table sets forth estimated annual retirement benefits payable at age 65 for participants in certain compensation and years of service classifications using the highest number obtainable under both formulas:

Five Highest Consecutive Years Earnings	ANNUAL BENEFITS			
	15 Years	20 Years	25 Years	30 Years
\$90,000	\$ 12,700	\$ 16,900	\$ 21,100	\$ 25,400
120,000	18,100	24,100	30,100	36,200
150,000	23,900	31,300	39,100	47,000

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

180,000

31,400

38,500

48,400

57,800

Under the Plan, Arthur S. Wolcott and Kraig H. Kayser have 54 years and 11 years of credited service, respectively. Their compensation during fiscal 2003 covered by the Plan was \$391,406 for Mr. Wolcott and \$330,392 for Mr. Kayser. The Internal Revenue Code limits the amount of compensation that can be taken into account in calculating retirement benefits (for 2003 the limit is \$200,000).

Directors' Fees

Effective August 1, 2001, the director's fee was increased from \$1,000 to \$1,500 per month. Any director who is also an officer of the Company receives no director fee.

Equity Compensation Plans

No options were granted or exercised in the period from April 1, 2002, to the date of this Proxy Statement, nor were any unexpired options held at the latter date by any officer or director of the Company. The Company has no equity compensation plans, therefore, no table is necessary as described in item 201(d) of Regulation SK.

Profit Sharing Bonus Plan

The Company has a Profit Sharing Bonus Plan for certain eligible employees of the Company ("Corporate Profit Sharing" for the officers and certain key Corporate employees and "Operating Unit Profit Sharing" for certain key Operating Unit employees). Under Corporate Profit Sharing, some or all of the Corporate Profit Sharing Pool (10% of the Corporate Bogey as defined below) will be paid only if Pre-Tax Profits (as defined) equal or exceed the Corporate Bogey. The bonuses will be distributed at the sole discretion of the Chief Executive Officer upon approval of such bonuses by the Compensation Committee of the Board of Directors. Under the Operating Unit Profit Sharing, the Operating Unit Profit Sharing pool (10% of Pre-Tax Profit less the Operating Unit Bogey as defined below) will be paid only if the Pre-Tax Profit of the Operating Unit equals or exceeds the Operating Unit Bogey. The bonuses will be distributed at the discretion of the Operating Unit President. For fiscal 2003 the Corporate Bogey will be equal to the greater of (i) five percent of the prior year's Consolidated Net Worth of the Company plus the Pillsbury Subordinated Note or (ii) five percent plus the annual increase in the Consumer Price Index greater than five percent, times the prior year's Consolidated Net Worth of the Company. The Operating Unit Bogey will be an amount equal to the average gross assets employed by the Vegetable, Snack or Flight Operations for the preceding 12 months divided by the consolidated average gross assets of the Company for the same period multiplied by the Corporate Bogey. A total of \$90,855 of bonuses related to the Corporate Plan were earned in 2003. No officers earned bonuses in 2002 or 2001 under the Profit Sharing Bonus Plan.

Compensation Committee Interlocks and Insider Participation

Mr. Kayser (President and Chief Executive Officer) serves as Chairman of the Audit Committee, and up until recently, also served as a member of the Compensation Committee of Moog Inc. and as a director on its Board. Mr. Brady, who is the President and Chief Executive Officer of Moog Inc., serves as a director on the Company's Board. Since Mr. Kayser is no longer on Moog, Inc.'s Compensation Committee, there is no cross compensation committee relationship,

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Mr. Brady can be considered an independent director serving on the Audit Committee. Now, all members of the Audit Committee qualify as independent directors. Members of the Company's Compensation Committee are Douglas F. Brush (Chairman), Edward O. Gaylord, Susan W. Stuart and Andrew M. Boas.

Compensation Committee Report On Executive Compensation

The Compensation Committee is responsible for providing overall guidance with respect to the Company's executive compensation programs. The goal of the Compensation Committee is to maintain a competitive compensation program in order to attract and retain well qualified management, to provide management with the incentive to accomplish the Company's financial and operating objectives and to link the interest of the Company's executive officers and management to the interests of its stockholders through bonuses tied to financial performance. The Compensation Committee is composed of four members and meets annually to review the Company's compensation programs, including executive salary administration and the profit sharing plan.

The Compensation Committee believes that the Company's executives should be rewarded for their contributions to the Company's attaining annual financial goals, as set forth in the annual budget, which is subject to revision during the year, and their attaining annual individual objectives. The Company pays its executive officers two principal types of compensation: base salary and Corporate Profit Sharing plan, each of which is more fully described below.

Base Salary - The Company has historically established the base salary of its executive officers on the basis of each executive officer's scope of responsibility, experience, individual performance and accountability within the Company. In that regard the Company reviews comparable salary and other compensation arrangements in similar businesses and companies of similar size to determine appropriate levels necessary to attract and retain top quality management.

Profit Sharing Plan - To further align the interests of executive officers with those of the Company's shareholders, a significant component of an executive officer's total compensation arrangement is participation in the annual profit sharing plan. An executive is rewarded with a cash bonus equal to a percentage of the executive's base salary if the Pre-Tax Profit of the Company for that year equals or exceeds the Corporate Bogey (see "--Profit Sharing Bonus Plan").

Performance Review - The general policies described above for the compensation of executive officers also apply to the compensation level approved by the Compensation Committee with respect to the 2002 compensation for the Chief Executive Officer. Based on the criteria outlined above, the Compensation Committee awarded to Kraig H. Kayser a base salary of \$340,997 for the fiscal year 2004. The Compensation Committee recognized Mr. Kayser's leadership role in guiding the overall performance of the Company towards its desired strategic direction as well as managing costs.

Summary

The Compensation Committee is committed to attracting, motivating and retaining executives who will help the Company meet the increasing challenges of the food processing industry. The Compensation Committee recognizes its responsibility to the Company's shareholders and intends to continue to establish and implement compensation policies that are consistent with competitive practice and are based on the Company's and the executives' performance.

This report has been submitted by the Compensation Committee of the Company's Board of Directors:

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Douglas F. Brush Susan W. Stuart Andrew M. Boas Edward O. Gaylord

Audit Committee

The Audit Committee's Report for 2003 follows.

Audit Committee's Report

The Audit Committee of the Board of Directors, comprised of six outside directors, held three meetings during 2003. The Audit Committee operates under a written charter approved by the Board of Directors.

The Audit Committee met with the independent public accountants and management to assure that all were carrying out their respective responsibilities. The Committee reviewed the performance of the independent public accountants prior to recommending their appointment, and met with them to discuss the scope and results of their audit work, including the adequacy of internal controls and the quality of financial reporting. The Committee discussed with the independent public accountants their judgments regarding the quality and acceptability of the Company's accounting principles, the clarity of its disclosures and the degree of aggressiveness or conservatism of its accounting principles and underlying estimates. The Committee discussed with and received a letter from the independent public accountants confirming their independence. The independent public accountants had full access to the Committee, including regular meetings without management present. Additionally, the Committee reviewed and discussed the audited financial statements with management and recommended to the Board of Directors that these financial statements be included in the Company's Form 10-K filing with the Securities and Exchange Commission. Mr. Gaylord is retiring after serving on the Board for 28 years. Mr. Baer is the proposed replacement as Chairman of the Audit Committee.

Audit Committee

Edward O. Gaylord
Chairman

Andrew M. Boas G. Brymer Humphreys

Robert T. Brady Douglas F. Brush

Arthur H. Baer

As part of its duties, the Audit Committee also considered whether the provision of services other than audit services during fiscal year 2003 by Deloitte & Touche LLP, the Company's independent public accountants, is compatible with maintaining the accountants' independence although no professional services were provided by Deloitte & Touche LLP during 2003. See the Ratification of Appointment of Independent Public Accountants on page 17.

Fees for all services provided by Deloitte & Touche LLP for fiscal year 2003 are as follows:

Audit Fees

Amounts billed by Deloitte & Touche LLP related to the 2003 annual financial statement audit and reviews of quarterly financial statements filed on form 10-Q were approximately \$106 thousand.

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Financial Information Systems Design and Implementation Fees

No amounts were billed by Deloitte & Touche LLP in 2003 for financial information systems design and implementation services.

All Other Fees

No amounts were billed by Deloitte & Touche LLP in 2003 for other professional services.

Common Stock Performance Graph

The following graph shows the cumulative, five-year total return for the Company's Common Stock compared with the NASDAQ Market Index (which includes the Company) and a peer group of companies (described below).

Performance data assumes that \$100.00 was invested on March 31, 1998, in the Company's Class B Common Stock, the NASDAQ Market, and the peer group. The data assumes the reinvestment of all cash dividends and the cash value of other distributions. Stock price performance shown in the graph is not necessarily indicative of future stock price performance.

Comparison of Five Year Cumulative Total Return
Seneca Foods Corporation, NASDAQ Composite Index and Peer Group

Year	Seneca Foods	Peer Group	NASDAQ
----	-----	-----	-----
1998	100.00	100.00	100.00
1999	64.18	83.20	134.09
2000	67.16	80.14	249.11
2001	77.61	84.76	100.25
2002	85.67	83.33	100.53
2003	109.73	69.02	73.06

The companies in the peer group presented in the graph above are H.J. Heinz Company, J.M. Smucker Company, Chiquita Brands International, Inc., Hain Food Group, Inc., and Dole Food Company, Inc.

The Company currently is primarily a vegetable processor. Management wishes to include only vegetable processing companies in the peer group for the current year's performance graph. However, due to the fact that some of its competitors are not publicly traded or have less than five years of history as publicly traded companies, there was not enough data available on vegetable processing companies to form a peer group. Therefore, the former peer group companies were retained.

..
PROPOSAL 2

RATIFICATION OF SELECTION OF AUDITORS

The Board of Directors through its Audit Committee has selected Deloitte & Touche LLP, independent public accountants, to act as auditors for the fiscal year ending March 31, 2004. Deloitte & Touche LLP has served as the Company's

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

independent auditors for many years.

It is anticipated that representatives of Deloitte & Touche LLP will be present at the annual meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Management recommends a vote FOR its proposal to ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company for the fiscal year ending March 31, 2004. Unless marked otherwise, proxies will be voted FOR this purpose.

* * * * *

BROKER NON-VOTES AND ABSTENTIONS

Broker non-votes will not be treated as votes cast or shares entitled to vote on matters as to which the applicable rules of national securities exchanges withhold the broker's authority to vote in the absence of direction from the beneficial owner.

VOTING OF PROXIES

The shares represented by all valid proxies received will be voted in the manner specified on the proxies. Where specific choices (including abstentions) are not indicated, the shares represented by all valid proxies received will be voted FOR the nominees for director named earlier in this Proxy Statement and FOR approval of Proposal 2 as described earlier in this Proxy Statement.

Should any matter not described above be acted upon at the meeting, the persons named in the proxy will vote in accordance with their judgment. The Board knows of no other matters, which may be presented to the meeting.

SHAREHOLDER PROPOSALS

Shareholder proposals must be received at the Company's offices no later than February 21, 2004, in order to be considered for inclusion in the Company's proxy materials for the 2004 Annual Meeting.

MISCELLANEOUS

To assure a quorum at the annual meeting (the holders of a majority of the stock entitled to vote thereat constitute a quorum), shareholders are requested to sign and return promptly the enclosed form of proxy in the envelope provided. A shareholder who has delivered a proxy may attend the meeting and, if he or she desires, vote in person at the meeting.

The Audit Committee Charter was included in the 2002 Proxy Statement and is not included in this filing since it was not modified and only needs to be included once every three years as long as it is not changed.

By order of the Board of Directors,

JEFFREY L. VAN RIPER
Secretary

DATED: Marion, New York
June 24, 2003

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

SENECA FOODS CORPORATION
3736 South Main Street
Marion, New York 14505

PROXY

FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 8, 2003

The undersigned shareholder of SENECA FOODS CORPORATION (the "Company") hereby appoints and constitutes ARTHUR S. WOLCOTT and KRAIG H. KAYSER, and either of them, the proxy or proxies of the undersigned, with full power of substitution and revocation, for and in the name of the undersigned to attend the annual meeting of shareholders of the Company to be held at 3732 South Main Street, Marion, New York, on Friday, August 8, 2003 at 1:00 pm., Eastern Daylight Savings Time, and any and all adjournments thereof (the "Meeting"), and to vote all shares of stock of the Company registered in the name of the undersigned and entitled to vote at the Meeting upon the matters set forth below:

MANAGEMENT RECOMMENDS A VOTE FOR ITEMS 1 AND FOR ITEM 2.

1. Election of Directors: Election of the three nominees listed below to serve until the annual meeting of shareholders in 2004 or until their successors are duly elected and shall qualify:

- FOR all nominees listed below (except as marked to the contrary below);
- WITHHOLD AUTHORITY to vote for all nominees listed below.

INSTRUCTION: To withhold authority to vote for any individual nominee, strike a line through his or her name in the list below:

Arthur H. Baer, Kraig H. Kayser

2. Appointment of Auditors: Ratification of the appointment of Deloitte & Touche LLP as independent auditors for the fiscal year ending March 31, 2004:

FOR AGAINST ABSTAIN

3. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the Meeting or any adjournment thereof.

The shares represented by this Proxy will be voted as directed by the shareholder. IF NO CHOICES ARE SPECIFIED, THIS PROXY WILL BE VOTED FOR ITEM 1 AND FOR ITEM 2.

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

Signature: _____

Joint owners should each sign.
Executors, administrators, trustees,
guardians and corporate officers should
give their titles.

Edgar Filing: SENECA FOODS CORP /NY/ - Form DEF 14A

Dated: _____

(PLEASE SIGN AND RETURN PROMPTLY)