

FLOWERS FOODS INC  
Form DEF 14A  
April 11, 2017  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the registrant

Filed by a party other than the registrant

**Check the appropriate box:**

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-12

**FLOWERS FOODS, INC.**

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

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

**Payment of filing fee (check the appropriate box):**

**No fee required.**

**Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11**

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid

**Fee paid previously with preliminary materials.**

**Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**Dear Shareholder:**

We would like to extend an invitation for you to join us at our annual meeting of shareholders on May 25, 2017 at 11:00 a.m., Eastern Time, at the Thomasville Municipal Auditorium in Thomasville, Georgia for the following purposes, as more fully described in this proxy statement:

1. to elect as directors of the company the twelve nominees identified in this proxy statement, each to serve for a term of one year;
2. to hold an advisory vote on the compensation of the company's named executive officers;
3. to hold an advisory vote on the frequency of future advisory votes on the compensation of the company's named executive officers;
4. to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for Flowers Foods, Inc. for the fiscal year ending December 30, 2017; and
5. to hold a vote on a shareholder proposal regarding whether the chairman of the board of directors should be independent, if properly presented at the annual meeting.

In addition, Flowers Foods' senior management team will report on the performance of the company and respond to questions from shareholders.

The company has implemented the Notice and Access rule of the Securities and Exchange Commission that permits companies to send their shareholders a notice that proxy materials are available in electronic form on the Internet or in printed form by request instead of mailing a printed proxy statement and annual report to every shareholder. By utilizing Notice and Access, we are able to speed delivery of the proxy materials, lower our distribution costs and reduce the environmental impact of proxy delivery. On or about April 11, 2017, we mailed to our shareholders a notice that contains instructions on how to access our 2017 proxy statement and 2016 annual report and vote online or to affirmatively elect to receive the proxy materials by mail.

Please carefully review the proxy materials. Your vote is important to us and to our business. We encourage you to vote using telephone or Internet voting prior to the annual meeting, so that your shares of Flowers Foods common stock will be represented and voted at the annual meeting even if you cannot attend. If you elected to receive paper copies of the proxy materials by mail, you may vote by signing, dating and mailing the proxy card in the envelope provided.

We hope to see you in Thomasville.

**April 11, 2017**

Thomasville, Georgia

**George E. Deese**

Non-Executive Chairman of the Board

**Allen L. Shiver**

President and Chief Executive Officer

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 25, 2017**

Flowers Foods, Inc.'s 2017 proxy statement and 2016 annual report are available at [www.proxyvote.com](http://www.proxyvote.com).

**Table of Contents**

**Notice of Annual Meeting  
of Shareholders**

**May 25, 2017**

**11:00 a.m., Eastern Time**

***Thomasville Municipal Auditorium, 144 East Jackson Street, Thomasville, Georgia***

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of Flowers Foods, Inc. will be held on May 25, 2017 at 11:00 a.m., Eastern Time, at the Thomasville Municipal Auditorium, 144 East Jackson Street, Thomasville, Georgia, for the following purposes:

- (1) to elect as directors of the company the twelve nominees identified in this proxy statement, each to serve for a term of one year;
- (2) to hold an advisory vote on the compensation of the company's named executive officers;
- (3) to hold an advisory vote on the frequency of future advisory votes on the compensation of the company's named executive officers;
- (4) to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for Flowers Foods, Inc. for the fiscal year ending December 30, 2017;
- (5) to hold a vote on a shareholder proposal regarding whether the chairman of the board of directors should be independent, if properly presented at the annual meeting;  
and to transact any other business as may properly come before the annual meeting and at any adjournment or postponement thereof; all as set forth in the proxy statement accompanying this notice.

Only record holders of issued and outstanding shares of our common stock at the close of business on March 23, 2017 are entitled to notice of, and to vote at, the annual meeting, or any adjournment or postponement thereof. A list of such shareholders will be open for examination by any shareholder at the annual meeting.

**April 11, 2017**

1919 Flowers Circle

Thomasville, Georgia 31757

By order of the Board of Directors,

**Stephen R. Avera**

*Executive Vice President,*

*Secretary and General Counsel*

**Table of Contents****Table of Contents**

<u>Proxy Summary</u>	6
<b><u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING</u></b>	<b>10</b>
<u>What is the purpose of the annual meeting?</u>	10
<u>How do I attend the annual meeting in person?</u>	10
<u>How does the board of directors recommend that I vote on each proposal?</u>	10
<u>What is a proxy?</u>	11
<u>Are the proxy materials available electronically?</u>	11
<u>Who can vote?</u>	11
<u>How many votes do I have?</u>	11
<u>How do I vote?</u>	11
<u>If I am a registered holder, what if I do not give any instructions on a particular matter described in this proxy statement when voting by mail?</u>	12
<u>Can I change my vote after I have mailed my proxy card or after I have authorized the voting of my shares over the Internet or by telephone?</u>	12
<u>How do I vote my 401(k) shares?</u>	12
<u>Can I vote if my shares are held in <u>street name</u> by a bank, broker or other record holder?</u>	12
<u>How will broker <u>non-votes</u> be treated?</u>	13
<u>How will abstentions be treated?</u>	13
<u>What constitutes a quorum?</u>	13
<u>What if a quorum is not present at the meeting?</u>	13
<u>What vote is required for each matter to be voted upon at the annual meeting?</u>	13
<u>Will any other business be conducted at the annual meeting or will other matters be voted on?</u>	13
<u>Where can I find the voting results from the annual meeting?</u>	13
<u>How and when may I submit a shareholder proposal for the 2018 annual meeting?</u>	14
<u>Who pays the costs of soliciting proxies?</u>	14
<u>How can I obtain an Annual Report on Form 10-K?</u>	14
<u>Can I elect to receive future notices and proxy materials electronically?</u>	14
<u>Who should I contact if I have any questions?</u>	14
<b><u>DIRECTORS AND CORPORATE GOVERNANCE</u></b>	<b>15</b>
<u>Director-Nominees Serving Until 2017</u>	15
<b><u>CORPORATE GOVERNANCE</u></b>	<b>17</b>
<u>General</u>	17
<u>Determination of Independence</u>	17
<u>Presiding Director</u>	18
<u>The Board of Directors and Committees of the Board of Directors</u>	18
<u>Audit Committee</u>	19
<u>Nominating/Corporate Governance Committee</u>	19
<u>Compensation Committee</u>	20
<u>Finance Committee</u>	20
<u>Board Leadership Structure</u>	21
<u>Risk Management</u>	21
<u>Relationships Among Certain Directors</u>	21
<u>Attendance at Annual Meetings</u>	21

<u>Selection of Director-Nominees</u>	21
<u>Shareholder &amp; Other Interested Party Communication with Directors</u>	22
<b><u>DIRECTOR COMPENSATION</u></b>	<b>22</b>
<u>General</u>	22
<u>2016 Director Compensation Package</u>	22
<u>Cash and Stock Compensation</u>	23
<u>Additional Compensation Program Details</u>	23
<u>Stock Ownership Guidelines</u>	23
<u>Other Arrangements</u>	23
<b><u>DIRECTOR SUMMARY COMPENSATION TABLE</u></b>	<b>24</b>



**Table of Contents**

<b><u>TRANSACTIONS WITH MANAGEMENT AND OTHERS</u></b>	<b>25</b>
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	<b>25</b>
<u>Principal Shareholders</u>	25
<u>Share Ownership of Certain Executive Officers, Directors and Director-Nominees</u>	26
<b><u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	<b>27</b>
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>27</b>
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<b>27</b>
<u>2016 In Brief</u>	27
<u>Consideration of 2016 Say on Pay Vote</u>	27
<u>Summary of Our Compensation Practices</u>	28
<u>Executive Compensation Generally</u>	28
<u>Objectives of Executive Compensation</u>	28
<u>Mix of Compensation Opportunity</u>	29
<u>Role of Executive Officers in Compensation Decisions</u>	29
<u>Compensation Consultants</u>	29
<u>Compensation Benchmarking</u>	30
<u>Cash Compensation</u>	30
<u>Base Salary</u>	30
<u>Annual Executive Cash Incentive Awards</u>	31
<u>Long-Term Incentive Compensation</u>	32
<u>Equity and Performance Compensation Awards</u>	32
<u>Recoupment ( Clawback ) Policy</u>	33
<u>Anti-Hedging Policy</u>	33
<u>Retirement &amp; Other Post-Employment Benefits</u>	33
<u>Retirement Plan</u>	33
<u>Executive Deferred Compensation Plan</u>	34
<u>Change of Control Severance</u>	34
<u>Executive Share Ownership Guidelines</u>	34
<u>Tax Deductibility of Executive Compensation</u>	35
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	<b>35</b>
<b><u>SUMMARY COMPENSATION TABLE</u></b>	<b>36</b>
<b><u>GRANTS OF PLAN-BASED AWARDS</u></b>	<b>37</b>
<b><u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END</u></b>	<b>38</b>
<b><u>STOCK VESTED AND OPTION EXERCISES</u></b>	<b>39</b>
<b><u>PENSION BENEFITS</u></b>	<b>39</b>
<b><u>NONQUALIFIED DEFERRED COMPENSATION</u></b>	<b>40</b>
<b><u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL</u></b>	<b>41</b>
<u>Payments Made Upon Termination Following a Change of Control</u>	41
<u>Payments Made Upon Death or Disability, Retirement or Change of Control</u>	42
<b><u>AUDIT COMMITTEE REPORT</u></b>	<b>43</b>
<u>2016 Audited Financial Statements</u>	43
<b><u>OVERVIEW OF PROPOSALS</u></b>	<b>44</b>
<b><u>PROPOSAL I ELECTION OF DIRECTORS</u></b>	<b>44</b>
<u>Vote Required</u>	44
<u>Recommendation of the Board</u>	44

<b><u>PROPOSAL II ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	<b>45</b>
<u>Vote Required</u>	45
<u>Recommendation of the Board</u>	45
<b><u>PROPOSAL III ADVISORY VOTE ON FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION</u></b>	<b>46</b>
<u>Vote Required</u>	46
<u>Recommendation of the Board</u>	46

4 FLOWERS FOODS, INC. - 2017 Proxy Statement

**Table of Contents**

<b><u>PROPOSAL IV RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	<b>47</b>
<u>Fiscal 2016 and Fiscal 2015 Audit Firm Fee Summary</u>	47
<u>Vote Required</u>	47
<u>Recommendation of the Board</u>	47
<b><u>SHAREHOLDER PROPOSAL</u></b>	<b>47</b>
<b><u>PROPOSAL V INDEPENDENT BOARD CHAIRMAN</u></b>	<b>48</b>
<u>Supporting Statement</u>	48
<u>Board of Directors Statement in Opposition of Proposal V</u>	48
<u>Recommendation of the Board</u>	49
<b><u>2018 SHAREHOLDER PROPOSALS</u></b>	<b>49</b>
<b><u>ANNEX A (NON-GAAP FINANCIAL MEASURES)</u></b>	<b>A-1</b>

FLOWERS FOODS, INC. - 2017 Proxy Statement 5

**Table of Contents****Proxy Summary**

*To assist you in reviewing Flowers Foods' 2016 performance and executive compensation, this summary highlights certain key elements of our financial performance and our proxy statement that are discussed in more detail elsewhere in the proxy materials. This summary does not contain all of the information that you should consider, and you should carefully review our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and the entire proxy statement before voting. Page references ( XX ) are supplied to help you find further information in this proxy statement.*

**2017 Annual Meeting of Shareholders**

Date and Time: Thursday, May 25, 2017 at 11:00 a.m., Eastern Time

Location: Thomasville Municipal Auditorium, 144 East Jackson Street, Thomasville, Georgia

Record Date: March 23, 2017

**Voting Matters and Board Recommendations (page 44)**

	<b>Board Vote Recommendation</b>	<b>Page Reference (for more detail)</b>
Election of Twelve Director-Nominees	FOR each Director-Nominee	<b>44</b>
Advisory Vote on Executive Compensation	FOR	<b>45</b>
Advisory Vote on Frequency of Future Advisory Votes on Executive Compensation	1 YEAR	<b>46</b>
Ratification of Independent Registered Public Accounting Firm	FOR	<b>47</b>
Shareholder Proposal Regarding Independent Board Chairman	AGAINST	<b>48</b>

**Business Highlights**

*(For more details, please see our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the Securities and Exchange Commission (the SEC ) on February 23, 2017)*

During 2016, Flowers Foods gained market share, driven by the solid performance of Dave's Killer Bread ( DKB ), volume improvement by Nature's Own, and growing sales of the Wonder brand. Among other things, Flowers Foods key developments in 2016 included:

*The completion of the diagnostic phase of Project Centennial.* Flowers Foods is now turning its focus to executing on the following four key strategic initiatives developed as a result of Project Centennial that it believes will strengthen its competitive position and drive profitable revenue growth: (1) reinvigorating the core business, (2) capitalizing on product adjacencies, (3) reducing costs to fuel growth and (4) developing leading capabilities. Flowers Foods is targeting at least 250 basis points of net EBITDA margin improvement by fiscal 2021, and expects to achieve run rate cost reductions of at least \$45 million by fiscal 2018.

*The completion of Flowers Foods nationwide launch of the DKB brand.* Organic, non-GMO DKB products are now available in over 17,000 stores within Flowers Foods direct-store-delivery (DSD) geographic footprint. As part of this process, Flowers Foods also completed the conversion of its Tuscaloosa, Alabama plant to an all-organic production facility. Financial highlights from the 52-week fiscal 2016:

Sales increased 3.9%. Acquisitions of DKB, until cycled September 12, 2016, and Alpine Valley Bread, until cycled October 13, 2016, contributed 4.0% to the overall sales increase.

Net income of \$163.8 and adjusted EBITDA of \$446.8 million.<sup>(1)</sup> Adjusted EBITDA margin was 11.4% of sales.<sup>(1)</sup>

Diluted net income per share of \$0.78 per share and adjusted net income per diluted common share of \$0.91 per share.<sup>(1)</sup>

Paid dividends in fiscal 2016 of \$0.6250, an increase of 10.1% over fiscal 2015.

Entered into an accelerated share repurchase agreement to repurchase \$120 million of the company's common stock.

*(1) Adjusted EBITDA, adjusted EBITDA margin and adjusted net income per diluted common share differ from the measures reported under U.S. generally accepted accounting principles ( GAAP ). See Annex A for a reconciliation of non-GAAP financial measures to the nearest financial measure reported under GAAP.*

### **Governance of the Company (page 17)**

**Director Independence** Pursuant to our corporate governance guidelines, the nominating/corporate governance committee and the board of directors are required to annually review the independence of each director and director-nominee. The purpose of this annual review is to determine whether each director meets the applicable criteria for independence under the rules and regulations of the SEC, the New York Stock Exchange Listed Company Manual ( NYSE Rules ) and our corporate governance

6 FLOWERS FOODS, INC. - *2017 Proxy Statement*

**Table of Contents**

guidelines. Only those directors who meet the applicable criteria for independence and the board of directors affirmatively determines to have no direct or indirect material relationship with the company are considered independent directors. Additional guidelines apply to the members of the audit committee under the SEC rules and regulations and NYSE Rules.

**Board Leadership Structure** George E. Deese, our former chairman and chief executive officer, now serves as non-executive chairman. In fiscal 2016, Benjamin H. Griswold, IV was elected as presiding director. With the active participation by all of our directors, including 10 independent directors, we believe that the board leadership structure best positions Flowers to benefit from the respective strengths of our chief executive officer, non-executive chairman of the board of directors and presiding director.

**Director-Nominees (page 15)**

<b>Name</b>	<b>Director</b>		<b>Experience</b>	<b>Committee</b>		<b>Other Company Boards</b>
	<b>Age</b>	<b>since</b>		<b>Independent</b>	<b>Memberships</b>	
George E. Deese	71	2004	Retired Chairman and Chief Executive Officer of Flowers Foods	No		
Rhonda Gass	53	2016	Vice President and Chief Information Officer of Stanley Black & Decker	Yes	Audit and Finance Committees	
Benjamin H. Griswold, IV	76	2005	Partner and Chairman of Brown Advisory; retired Senior Chairman of Deutsche Bank Securities	Yes	Nominating/Corporate Governance and Compensation Committees	Stanley Black & Decker; W.P. Carey Inc.
Richard Lan	62	2016	Chief Operating Officer of	Yes	Audit and Finance Committees	

Edgar Filing: FLOWERS FOODS INC - Form DEF 14A

			Maple Leaf Food Group and Chief Executive Officer of Canada Bread			
Margaret G. Lewis	63	2014	Former President of Hospital Corporation of America's Capital Division	Yes	Audit and Finance Committees	
Amos R. McMullian	79	2001	Chairman Emeritus of Flowers Foods; retired Chairman of the Board and Chief Executive Officer of Flowers Foods	Yes		
J.V. Shields, Jr.	79	2001	Chairman of Wellington Shields & Co., LLC	Yes	Nominating/Corporate Governance and Compensation Committees	
Allen L. Shiver	61	2013	President and Chief Executive Officer of Flowers Foods	No		
David V. Singer	61	2010	Retired Chief Executive Officer of Snyder's Lance, Inc.	Yes	Nominating/Corporate Governance and Compensation Committees	SPX Flow, Inc.; Hanes Brands
James T. Spear	62	2015	Retired Executive Vice President and Chief Financial Officer of Cadence Health	Yes	Audit and Finance Committees	
Melvin T. Stith	70	2004		Yes		



			Professor of Marketing at Syracuse University; former Dean of Whitman School of Management		Nominating/Corporate Governance and Compensation Committees	Synovus Financial Corp.; Aflac Incorporated
C. Martin Wood III	73	2001	Partner of Wood Associates; retired Senior Vice President and Chief Financial Officer of Flowers Foods	Yes	Audit and Finance Committees	

**Table of Contents**

**Executive Compensation (page 27)**

**2016 Compensation Developments**

Under the established executive compensation program, our named executive officers earned the following compensation based upon 2016 performance:

Payment of cash bonuses at 48.80% of Target Bonus Percentage under our bonus plan, based upon the achievement of 89.76% of the target performance goal.

Vesting in 2017 of the ROIC Performance-Contingent Restricted Stock Award issued in 2015 at 87% of target as a result of the company's return on invested capital during the two-year performance period ending December 31, 2016 exceeding the company's weighted average cost of capital by 322 basis points.

Vesting in 2017 of the TSR-Based Performance-Contingent Restricted Stock Award issued in 2015 at 0% of target as a result of the company's TSR from January 1, 2015 through each of the last four quarters ending December 31, 2016, placing below the 30<sup>th</sup> percentile of the TSR Peer Group companies. We ended the two-year performance period with cumulative TSR of 10.9%.

**Summary of Our Compensation Practices (page 28)**

**Practices We Have Adopted**

Moderate pay targeted to the size-adjusted 50th percentile of market data

Long-term incentives that are performance-based, not merely time-vested

Multiple performance measures used in incentive plans

**Practices We Do Not Engage In**

Employment agreements

Dividend equivalents on unvested performance shares

Income tax gross-ups

Excise tax gross-ups on change of control severance

Capped incentives

Backdating or repricing of stock options

Clawback policy

Pension credited service for years not worked

No perquisites

Stock ownership guidelines for executives and outside directors and share retention requirements for executives

Moderate change of control severance arrangements

Beginning with 2015 grants, double-trigger equity vesting upon a change of control

Annual review of tally sheets by the compensation committee

Incentives that are risk-mitigated through plan design and administration

Compensation committee comprised solely of independent directors

Independent compensation consultant who reports directly to the compensation committee

Anti-hedging policy for executives and outside directors

8 FLOWERS FOODS, INC. - *2017 Proxy Statement*

**Table of Contents****2016 Executive Compensation Summary (page 36)****Named Executive Compensation**

Set forth below is a summary of the 2016 compensation for each named executive officer of the company as determined under applicable SEC rules and regulations (the "Named Executives"). Base salaries reflect increases of approximately 2.6% for Mr. Shiver; 6.1% for Mr. Kinsey; 5.1% for Mr. Alexander; 3.3% for Mr. Avera; and 12.8% for Mr. Wheeler. Stock awards made in 2016 are performance-contingent and are established at market levels based on the industry survey data discussed under "Executive Compensation - Compensation Discussion and Analysis - Compensation Benchmarking" on page 30. All other compensation consists solely of employer contributions to retirement plans, as we offer no perquisites to our Named Executives. The information below should be read in connection with the explanatory information contained on page 27 under "Executive Compensation - Compensation Discussion and Analysis" and page 36 under "Executive Compensation - Summary Compensation Table," and is qualified in its entirety by such information.

Name and Principal Position	Salary (\$)	Stock Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension	All Other Compensation (\$)	Total (\$)
				Value and Nonqualified Deferred Compensation Earnings (\$)		
<b>Allen L. Shiver</b> President and Chief Executive Officer	1,000,000	3,975,616	536,800	52,212	84,366	5,648,994
<b>R. Steve Kinsey</b> Executive Vice President and Chief Financial Officer	531,923	842,428	207,663	32,259	40,361	1,654,634
<b>Bradley K. Alexander</b> Executive Vice President and Chief Operating Officer	534,231	859,321	208,564	60,400	40,492	1,703,008
<b>Stephen R. Avera</b> Executive Vice President,	471,539	637,870	161,078	19,641	35,424	1,325,552

Secretary and General  
Counsel

<b>D. Keith Wheeler</b>	410,592	520,067	140,258	14,400	25,726	1,111,043
-------------------------	---------	---------	---------	--------	--------	-----------

President, Flowers  
Bakeries

**2016 Executive Total Compensation Mix (page 29)**

*The information below should be read in connection with the explanatory information contained on page 29 under Executive Compensation Compensation Discussion and Analysis Mix of Compensation Opportunity, and is qualified in its entirety by reference to such information.*

**Table of Contents**

**FLOWERS FOODS, INC.**

1919 Flowers Circle

Thomasville, Georgia 31757

**PROXY STATEMENT FOR THE ANNUAL MEETING**

**OF SHAREHOLDERS TO BE HELD MAY 25, 2017**

*This proxy statement and the accompanying form of proxy are being furnished to the shareholders of Flowers Foods, Inc. on or about April 11, 2017 in connection with the solicitation of proxies by the board of directors for use at the annual meeting of shareholders to be held on May 25, 2017 at 11:00 a.m., Eastern Time, at the Thomasville Municipal Auditorium, 144 East Jackson Street, Thomasville, Georgia, and any adjournment or postponement of the annual meeting.*

**QUESTIONS AND ANSWERS ABOUT**

**THE ANNUAL MEETING AND VOTING**

**What is the purpose of the annual meeting?**

At the annual meeting, shareholders will:

- (1) vote to elect as directors of the company the twelve nominees identified in this proxy statement, each to serve for a term of one year;
- (2) hold an advisory vote on compensation of the Named Executives;
- (3) to hold an advisory vote on the frequency of future advisory votes on the compensation of the Named Executives;
- (4) vote on the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for Flowers Foods for the fiscal year ending December 30, 2017; and
- (5) to hold a vote on a shareholder proposal regarding whether the chairman of the board of directors should be independent, if properly presented at the annual meeting.

The shareholders will also transact any other business that may properly come before the annual meeting and any adjournment or postponement of the annual meeting. In addition, Flowers Foods' senior management team will report on the performance of the company and respond to questions from shareholders.

**How do I attend the annual meeting in person?**

**Important note: If you plan to attend the annual meeting, you must follow these instructions to gain admission.**

Pre-registration is required for attendance at the 2017 annual meeting, and you must be a Flowers Foods shareholder to register. The deadline for registration is May 18, 2017. All attendees will be required to present a valid, government-issued photo ID, such as a passport or driver's license, to gain admission.

Please visit [www.flowersfoods.com](http://www.flowersfoods.com), and click on Shareholders Meeting Pre-Registration.

**How does the board of directors recommend that I vote on each proposal?**

The board of directors recommends that you vote:

**FOR** the election of all the director-nominees to serve as directors until 2018;

**FOR** the approval, on an advisory basis, of the compensation of the Named Executives;

**1 YEAR** for the frequency of future advisory votes on the compensation of the Named Executives;

**FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 30, 2017; and

**AGAINST** the shareholder proposal regarding whether the chairman of the board of directors should be independent, if properly presented at the annual meeting.



**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**What is a proxy?**

A proxy is your legal designation of another person to vote the shares of Flowers Foods common stock you own as of the record date for the annual meeting. If you appoint someone as your proxy in a written document, that document is also called a proxy or a proxy card. We have designated three of our executive officers as proxies for the annual

meeting. These three officers are Allen L. Shiver, our president and chief executive officer, R. Steve Kinsey, our executive vice president and chief financial officer, and Stephen R. Avera, our executive vice president, secretary and general counsel.

**Are the proxy materials available electronically?**

Yes. Under SEC rules and regulations, Flowers Foods is making this proxy statement and its 2016 annual report available to its shareholders electronically on the Internet at [www.proxyvote.com](http://www.proxyvote.com). On or about April 11, 2017, we mailed to our shareholders a notice (the Notice) containing instructions on how to access this proxy statement and our 2016 annual report online. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Rather, the

Notice instructs you on how to access and review all of the important information contained in this proxy statement and our 2016 annual report on the Internet. The Notice also instructs you on how you may submit your proxy vote over the Internet.

If you received a Notice by mail but would like to receive a printed copy of this proxy statement and our 2016 annual report, please follow the instructions contained on the Notice.

**Who can vote?**

To be eligible to vote, you must have been a shareholder of record of the company's common stock at the close of business on March 23, 2017, which is the record date for the annual meeting. There were 209,184,590 shares of our common stock outstanding and entitled to vote on the record date.

**How many votes do I have?**

You are entitled to one vote on each of the twelve director-nominees, and one vote on each other matter to be voted upon at the annual meeting, for each share of common stock you held on the record date for the annual meeting. For example, if you owned 100 shares of our common stock on the record date, you would be entitled to 100 votes for each of the twelve director-nominees and for each other matter to be voted upon at the annual meeting.

### **How do I vote?**

You can vote in the following ways:

*Voting by Mail.* If you elect to receive your proxy materials by mail, you may vote by completing and signing the enclosed proxy card and promptly mailing it in the enclosed postage-paid envelope. The envelope does not require additional postage if you mail it within the United States.

*Internet Voting.* If you have Internet access, you may vote your shares from any location in the world by following the "Vote by Internet" instructions set forth on the Notice or the proxy card.

*Telephone Voting.* You may authorize the voting of your shares by following the "Vote by Telephone" instructions set forth on the proxy card.

*Vote at the Meeting.* If you attend the annual meeting and you are a registered shareholder, you may vote by delivering your completed proxy card in person or you may vote by completing a ballot, which will be available at the annual meeting. If your shares are held in "street name" through a bank, broker or other record holder, to be eligible to vote your shares in person, you must obtain a legal proxy from your bank, broker or other record holder that specifies the number of shares you owned on the record date and bring the legal proxy with you to the annual meeting.

By executing and returning your proxy (either by returning the proxy card or by submitting your proxy electronically by the Internet or telephone), you appoint Allen L. Shiver, R. Steve Kinsey and Stephen R. Avera to represent you at the annual meeting and to vote your shares at the annual meeting in accordance with your voting instructions. The Internet and telephone voting procedures are designed to authenticate shareholder identities, allow shareholders to give voting instructions and confirm that shareholders' instructions have been recorded properly. Any shareholder voting by Internet or telephone should understand that there may be costs associated with electronic access, like usage charges from Internet access and telephone or cable service providers, that must be paid by the shareholder.

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**If I am a registered holder, what if I do not give any instructions on a particular matter described in this proxy statement when voting by mail?**

Registered shareholders should specify their choice for each matter on the proxy card. If no specific instructions are given, proxies that are signed and returned will be voted:

FOR the election of each director-nominee, the approval, on an advisory basis, of the compensation of the Named Executives and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 30, 2017.

1 YEAR for the frequency of future advisory votes on the compensation of the Named Executives.

AGAINST the shareholder sponsored proposal.

**Can I change my vote after I have mailed my proxy card or after I have authorized the voting of my shares over the Internet or by telephone?**

Yes. You can change your vote and revoke your proxy at any time before the polls close at the annual meeting by doing any one of the following things:

signing and delivering to our corporate secretary another proxy with a later date;  
giving our corporate secretary a written notice before or at the annual meeting that you want to revoke your proxy;  
or

voting in person at the annual meeting.

Your attendance at the annual meeting alone will not revoke your proxy.

**How do I vote my 401(k) shares?**

If you participate in the Flowers Foods, Inc. 401(k) Retirement Savings Plan (the 401(k) Plan ) and you received the Notice, you may vote by the Internet or telephone as previously described in this proxy statement. If you elect to

receive your proxy materials by mail, you may vote by completing and signing the enclosed proxy card and promptly mailing it in the enclosed postage-paid envelope. In addition, if you received a Notice by mail but would like to receive a printed copy of this proxy statement and our 2016 annual report, please follow the instructions contained on the Notice. By voting, you will direct Great-

West Trust Company, LLC, as trustee of the 401(k) Plan (the Trustee ), how to vote the shares of Flowers Foods common stock allocated to your account. Any unvoted or unallocated shares will be voted by the Trustee in the same proportion on each proposal as the Trustee votes the shares of common stock credited to the 401(k) Plan participants accounts for which the Trustee receives voting directions from the 401(k) Plan participants. The number of shares you are eligible to vote is based on the number of shares of Flowers Foods common stock in your account on the record date for the annual meeting.

**Can I vote if my shares are held in street name by a bank, broker or other record holder?**

If your shares of Flowers Foods common stock are held in street name through a bank, broker or other record holder, you will receive instructions from the registered holder that you must follow in order for your shares to be voted for you by that bank, broker or other record holder. Internet and telephone voting are offered to shareholders who own their shares of Flowers Foods common stock through certain banks and brokers.

The election of directors (Proposal I), the advisory vote on the compensation of the Named Executives (Proposal II), the advisory vote on the frequency of future advisory votes on the compensation of the Named Executives (Proposal III) and the shareholder proposal regarding whether the chairman of the board of directors should be independent,

if properly presented at the annual meeting (Proposal V), are considered non-discretionary matters under applicable NYSE Rules. A broker or other nominee cannot vote without instructions on non-discretionary matters, and therefore there may be broker non-votes on Proposal I, Proposal II, Proposal III and Proposal V. The ratification of the appointment of our independent registered public accounting firm for fiscal 2017 (Proposal IV) is considered a discretionary matter under applicable rules, and a broker or other nominee may (but is not required to) vote FOR Proposal IV without instructions. Accordingly, it is important that you follow the voting instructions sent to you by the registered holder of your shares held in street name if you want your vote to be counted.

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**How will broker non-votes be treated?**

Broker non-votes will be counted as present in determining whether the quorum requirement is satisfied but will not be included in vote totals and generally will not affect the outcome of the vote. A non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a proposal because the nominee has not received instructions from the beneficial owner and does not have discretionary power to vote.

**In order for your shares to be voted on all matters presented at the annual meeting, including the election of directors, we urge all shareholders whose shares are held in street name by a bank, broker or other record holder to provide voting instructions to the bank, broker or other record holder.**

**How will abstentions be treated?**

Abstentions will be counted as present in determining whether the quorum requirement is satisfied. However, abstentions will not be included in the vote totals and will have no effect on the outcome of the vote with respect to Proposals I, II, III, IV and V.

**What constitutes a quorum?**

The holders of at least a majority of the shares of our common stock entitled to vote at the annual meeting are required to be present in person or represented by proxy to constitute a quorum for the transaction of business at the annual meeting. Abstentions and broker non-votes will be counted as present in determining whether the quorum requirement is satisfied. The aggregate number of votes cast by all shareholders present

in person or represented by proxy at the annual meeting, whether those shareholders vote for or against the proposals, and the total number of votes cast for each of these proposals will be counted for purposes of determining whether the proposals have been approved by the shareholders.

**What if a quorum is not present at the meeting?**

If a quorum is not present at the scheduled time of the annual meeting, we may adjourn or postpone the annual meeting until a quorum is present. The time and place of the adjourned or postponed annual meeting will be

announced at the time the adjournment or postponement is taken, and, unless such adjournment or postponement is for more than 120 days, no other notice will be given. An adjournment or postponement will have no effect on the business that may be conducted at the annual meeting.

**What vote is required for each matter to be voted upon at the annual meeting?**

With regard to Proposal I, each of the twelve nominees for director who receive a majority of the votes cast at the meeting in person or by proxy will be elected (meaning the number of shares voted FOR a director-nominee must exceed the number of votes cast AGAINST that director-nominee), subject to the board of directors existing policy regarding resignations by directors who do not receive a majority of FOR votes, which is described in our corporate governance guidelines.

Approval of Proposals II, III, IV and V require the affirmative vote of the holders of a majority of the shares of our common stock present at the meeting in person or by proxy.

**Will any other business be conducted at the annual meeting or will other matters be voted on?**

At this time, the board of directors does not know of any other business to be brought before the annual meeting, but if any other business is properly brought before the annual meeting, the persons named as proxies, Messrs. Shiver, Kinsey and Avera, will exercise their judgment in deciding how to vote or otherwise act at the annual meeting with respect to that matter or proposal.

**Where can I find the voting results from the annual meeting?**

We will report the voting results from the annual meeting on a Current Report on Form 8-K, which we expect to file with the SEC on or before May 31, 2017.

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**How and when may I submit a shareholder proposal for the 2018 annual meeting?**

For information on how and when you may submit a shareholder proposal for the 2018 annual meeting, please refer to the section entitled "2018 Shareholder Proposals" in this proxy statement.

**Who pays the costs of soliciting proxies?**

We will pay the cost of soliciting proxies. We have engaged Morrow Sodali LLC to assist in the solicitation of votes for a fee of \$9,500, plus out-of-pocket expenses. In addition, our directors and officers may solicit proxies in person, by telephone or facsimile but will not receive additional compensation for these services. Brokerage houses, nominees, custodians and fiduciaries will be requested to forward soliciting material to beneficial owners of common stock held of record by them, and we will reimburse those persons for their reasonable expenses in doing so.

**How can I obtain an Annual Report on Form 10-K?**

The Notice, this proxy statement and our 2016 annual report are available on the Internet at [www.proxyvote.com](http://www.proxyvote.com). You may also receive a copy of our 2016 annual report free of charge by sending a written request to Flowers Foods, Inc., 1919 Flowers Circle, Thomasville, Georgia 31757, Attention: Investor Relations Department.

If you elected to receive your proxy materials by mail, a copy of our 2016 annual report, which includes our Annual Report on Form 10-K and our financial statements for the fiscal year ended December 31, 2016, is included in the mailing of this proxy statement.

The annual report does not form any part of the material for the solicitation of proxies.

**Can I elect to receive future notices and proxy materials electronically?**

Yes. If you are a registered shareholder or if you participate in the 401(k) Plan, go to the company's website, [www.flowersfoods.com](http://www.flowersfoods.com), and follow the instructions for signing up for electronic delivery of proxy materials. Those shareholders signing up for this service will receive all future proxy materials, including the Notice, proxy statement and annual report electronically. Please call Lisa Hay, our manager of shareholder relations, at (229) 226-9110 if you need assistance.

If you hold your shares in a brokerage account or bank you may also have the opportunity to receive these documents electronically. Please contact your brokerage service, bank or financial advisor to make arrangements for electronic delivery of your proxy materials.

**Who should I contact if I have any questions?**

If you have any questions about the annual meeting or your ownership of our common stock, please contact Marta J. Turner, our executive vice president of corporate relations, at the above address or by calling (229) 226-9110.

14 FLOWERS FOODS, INC. - *2017 Proxy Statement*



---

**Table of Contents****DIRECTORS AND CORPORATE GOVERNANCE****Director-Nominees Serving Until 2017**

**George E. Deese**, age 71, served as executive chairman of the board of directors of the company from May 22, 2013 until he retired December 31, 2014 and continues to serve as non-executive chairman. Mr. Deese was chief executive officer of Flowers Foods from January 2004 until May 2013. Mr. Deese has served as a director of Flowers Foods since June 2004 and chairman of the board of directors since January 1, 2006. Previously, he served as president and chief operating officer of Flowers Foods from May 2002 to January 2004 and as president and chief operating officer of Flowers Bakeries, the company's core business division, from 1983 to May 2002. Mr. Deese joined the company in 1964. He previously served as a board member of the Grocery Manufacturers of America (GMA), and previously served as a trustee of the Georgia Research Alliance. Mr. Deese previously served as chairman of the American Bakers Association (ABA) and on the ABA board and executive committee. He previously served as vice chairman of the board for Quality Bakers of America (QBA) and as a member of the QBA board for 15 years. Mr. Deese has gained extensive operational and financial experience as an executive in various capacities during his 50-year career with the company.

**Rhonda Gass**, age 53, has served as vice president and chief information officer for Stanley Black & Decker since 2012 and was named an executive officer of the company the same year. Mrs. Gass is responsible for Stanley Black & Decker's comprehensive and cross business unit IT strategy, delivery and support, and security infrastructure. She also leads the functional transformation activities for the company, focusing on effectiveness and efficiency. Previously, she was vice president of strategy, technology, and governance for Dell, where she worked for 12 years in positions of increasing scope and responsibility. Ms. Gass brings extensive strategic and information technology experience to the board of directors.

**Benjamin H. Griswold, IV**, age 76, is partner and chairman of Brown Advisory. Mr. Griswold retired in February 2005 as senior chairman of Deutsche Bank Securities, a position he had held since 1999. Prior to that time, Mr. Griswold held several positions with Alex. Brown & Sons, ultimately being elected the firm's chairman of the board. Following the merger of Alex. Brown and Bankers Trust New York, he became senior chairman of BT Alex. Brown, which was acquired by Deutsche Bank in 1999. Mr. Griswold also served on the board of the New York Stock Exchange, completing his term in 1999. He has been non-executive chairman of W.P. Carey Inc. (NYSE) since 2012 and a director since 2006. Previously he served as a director of Stanley Black & Decker, Inc. (NYSE) from 2001 until his retirement from the board effective April 20, 2016, and is a trustee emeritus of Johns Hopkins University. Mr. Griswold has extensive experience in investment banking, corporate finance and strategic planning.

**Richard Lan**, age 62, Mr. Lan spent 20 years with Maple Leaf Foods/Canada Bread Ltd., Canada's largest food processing company. He was chief operating officer of Maple Leaf Food Group, which included both Maple Leaf's animal protein and bakery businesses. Lan also served as chief executive officer of Canada Bread Ltd., which was publicly traded and 90% owned by Maple Leaf Foods until it was sold in 2014. Prior to his career with Maple Leaf, Lan held management positions at other food and beverage companies, including Dell Products Corp. and McCain Foods, Ltd. Mr. Lan has management, operational and financial experience as the chief operating officer and chief executive officer of publicly traded companies.

**Margaret G. Lewis**, age 63, is the retired president of HCA's Capital Division, which includes facilities in northern, central and southwestern Virginia, New Hampshire, Indiana and Kentucky, and has served as a director of the company since May 2014. She began her career with HCA in 1978 and held several positions in nursing management and quality management before becoming chief nursing officer of HCA's Richmond Division in 1997. Ms. Lewis became chief operating officer of CJW Medical Center in 1998 and chief executive officer in 2001. She is a registered nurse and a diplomat of the American College of Healthcare Executives. Ms. Lewis has served as a director of the Federal Reserve Bank of Richmond since September 2013. She previously served as a director of Smithfield Foods from 2011 to 2013. Ms. Lewis brings extensive leadership experience and management skills to the board of directors. Her variety of senior management roles provides expertise in executive decision-making and strategic planning.

**Amos R. McMullian**, age 79, chairman emeritus of Flowers Foods, retired as chairman of the board of directors of Flowers Foods effective January 1, 2006, a position he had held since November 2000. He previously served as chief executive officer of Flowers Foods from November 2000 to January 2004. Mr. McMullian previously served as chairman of the board of directors of Flowers Industries, Inc. from 1985 until March 2001 and as its chief executive officer from 1981 until March 2001. Mr. McMullian previously served on the board of directors of Hughes Supply (2001-2006). Mr. McMullian has extensive operational and financial experience as an executive in various capacities during his 50-year career with the company, 24 years of which he served as the chief executive officer. Mr. McMullian joined the company in 1963.

---

**Table of Contents****DIRECTORS AND CORPORATE GOVERNANCE**

**J.V. Shields, Jr.**, age 79, has been chairman of Wellington Shields & Co., LLC, a diversified financial services company and member of the New York Stock Exchange, since 2009, following the merger of Shields & Co. with H.G. Wellington & Co. Prior to the merger, Mr. Shields had been chairman of the board of directors and chief executive officer of Shields & Co. since 1982. Mr. Shields also is chairman of Capital Management Associates, Inc., and chairman of Wellington Shields Capital Management LLC, both registered investment advisors, and was chairman and director of The BBH Funds, the Brown Brothers Harriman mutual funds group, from 1990-January 2014. He has served as a director of Flowers Foods since March 2001, and he previously served as a director of Flowers Industries, Inc. from March 1989 until March 2001. Mr. Shields has extensive corporate finance and investing experience and has operational and financial experience from his service as a chief executive officer of Shields & Co.

**Allen L. Shiver**, age 61, was elected president and chief executive officer of the company effective May 22, 2013 and has served as a director of the company since that date. Mr. Shiver was president of Flowers Foods from January 2010 to May 22, 2013. Mr. Shiver previously served as executive vice president and chief marketing officer of Flowers Foods from May 2008 to January 2010. He previously served as president and chief operating officer of the warehouse delivery segment from April 2003 until May 2008. Prior to that, he served as president and chief operating officer of Flowers Snack from July 2002 until April 2003. Prior to that, Mr. Shiver served as executive vice president of Flowers Bakeries from 1998 until 2002, as a regional vice president of Flowers Bakeries in 1998 and as president of Flowers Baking Company of Villa Rica from 1995 until 1998. Prior to that time, Mr. Shiver served in various sales and marketing positions at Flowers Bakeries. Mr. Shiver joined the company in 1979. Mr. Shiver has extensive operational and financial experience as an executive in various capacities during his over 33-year career with the company.

**David V. Singer**, age 61, is the retired chief executive officer of Snyder's-Lance, Inc. (NASDAQ), a position he served in from 2010, following the merger of Lance, Inc. and Snyder's of Hanover, Inc. to 2014. He previously served as the president and chief executive officer of Lance, Inc. from 2005 until the merger with Snyder's in 2010. He was the executive vice president and chief financial officer of Coca-Cola Bottling Co. Consolidated, Charlotte, NC, from 2001 until 2005 and vice president and chief financial officer of Coca-Cola Bottling Co. Consolidated from 1987 until 2001. Mr. Singer was a director of Snyder's-Lance, Inc. from 2010 to 2014 and previously served as a director of Lance, Inc. from 2003-2010. He joined Flowers Foods' board of directors on January 1, 2010. Mr. Singer was elected as a director of SPX Flow, Inc. (NYSE) in 2015, having served previously as a director of its former parent company, SPX Corporation (NYSE) since 2013. He also has served as a director of Brunswick Corporation (NYSE) and as a director of Hanesbrands, Inc. (NYSE) since 2014. Mr. Singer has management and financial experience as well as operational and financial experience as the chief executive officer of a publicly traded consumer products company.

**James T. Spear**, age 62, joined the company's board of directors on January 1, 2015. Mr. Spear is the retired executive vice president and chief financial officer of Cadence Health, where he served from 2006 to 2012. Prior to that Mr. Spear served as vice president finance at Keebler Foods and also operated an independent advisory and consulting business. Since his retirement, Mr. Spear has periodically engaged in various consulting activities. Mr. Spear also currently serves on the board of directors of both The Trust Company of Illinois and The Trinity Forum. He also serves on the board of advisors to the Wheaton College Center for Faith, Politics, and Economics, where he also serves as an adjunct professor. Since 2013, the National Association of Corporate Directors has designated Mr. Spear as a Board Leadership Fellow. Mr. Spear has extensive food and health care industry, and leadership experience with public and private companies along with expertise in acquisitions and divestitures, financial reporting and auditing, corporate finance, risk management, information technology, investor relations, and strategic planning.

**Melvin T. Stith, Ph.D.**, age 70, is dean emeritus of the Whitman School of Management at Syracuse University in New York. From June 2013 until he retired in December 2015, he was professor of marketing at the Whitman School of Management. He previously served as dean of the Whitman School of Management from 2005 to 2013. Prior to that time, he was dean of the College of Business at Florida State University and the Jim Moran Professor of Business Administration. He also is a director of Synovus Financial Corp. (NYSE) (1998-present) and Aflac Incorporated (NYSE) (2012-present). Dr. Stith previously served as a director of Keebler Foods Company from 1999 to 2001. He has served as a director of Flowers Foods since July 2004. Dr. Stith has a significant background in marketing and accounting, has a high level of financial literacy and brings a unique academic perspective to the board of directors.

**C. Martin Wood III**, age 73, has been a partner in Wood Associates, a private investment firm, since January 2000. He retired as senior vice president and chief financial officer of Flowers Industries, Inc. on January 1, 2000, a position that he had held since 1978. Mr. Wood has served as a director of Flowers Foods since March 2001 and he previously served as a director of Flowers Industries, Inc. from 1975 until March 2001. Mr. Wood joined the company in 1970. Mr. Wood also serves as senior active trustee on the board of Archbold Medical Center and as a trustee for the Archbold Foundation. Mr. Wood has a high degree of financial literacy and extensive knowledge of the company gained through his 43 years of service with the company, 22 of which he served as its chief financial officer.

**Table of Contents**

**DIRECTORS AND CORPORATE GOVERNANCE**

**CORPORATE GOVERNANCE**

**General**

We believe that good corporate governance is essential to ensure that the company is effectively managed for the long-term benefit of our shareholders. We have thoroughly reviewed our corporate governance policies and practices and compared them with those recommended by corporate governance advisors and the policies and practices of other publicly-held companies.

Based upon this review we have adopted the following corporate governance documents:

Corporate Governance Guidelines

Audit Committee Charter

Compensation Committee Charter

Nominating/Corporate Governance Committee Charter

Finance Committee Charter

Code of Business Conduct and Ethics for Officers and Members of the Board of Directors

Stock Ownership Guidelines for Executive Officers and Non-Employee Directors

Flowers Foods, Inc. Employee Code of Conduct

Disclosure Policy

You can access the full text of all these corporate governance documents on our website at [www.flowersfoods.com](http://www.flowersfoods.com) by clicking on the Investor Center tab and selecting Corporate Governance. You can also receive a copy of these documents by writing to Flowers Foods, Inc., 1919 Flowers Circle, Thomasville, Georgia 31757, Attention: Investor Relations Department.

## Determination of Independence

Pursuant to our corporate governance guidelines, the nominating/corporate governance committee and the board of directors are required to annually review the independence of each director and director-nominee. During this review, transactions and relationships among each director and director-nominee or any member of his or her immediate family and the company are considered, including, among others, all commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships and those reported in this proxy statement under Transactions with Management and Others. In addition, transactions and relationships among directors or director-nominees or their affiliates and members of senior management and their affiliates are examined. The purpose of this annual review is to determine whether each director and director-nominee meets the applicable criteria for independence in accordance with the SEC rules and regulations, NYSE Rules and our corporate governance guidelines. Only those directors who meet the applicable criteria for independence and the board of directors affirmatively determines to have no direct or indirect material relationship with the company are considered independent directors.

As part of our corporate governance guidelines, we have adopted categorical standards which provide that certain relationships will be considered material relationships and will preclude a director's independence. Under these standards, an independent director is one who:

has not been employed by the company or any of its subsidiaries or affiliates, or whose immediate family member has not been employed as an executive officer by the company, within the previous three years;

does not, or whose immediate family member does not, receive more than \$120,000 per year in direct compensation from the company, other than director and committee fees and pension or other forms of deferred compensation for prior service, provided such compensation is not contingent in any way on continued service (such person is presumed not to be independent until three years after he or she (or their immediate family member) ceases to receive more than \$120,000 per year in such compensation); provided that compensation received by an immediate family member for service as an employee of the company (other than as an executive officer) need not be considered;

is not affiliated with or employed by, or whose immediate family member is not affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the company (such person is not independent until three years after the end of either the affiliation or the auditing relationship);

is not employed, or whose immediate family member is not employed, as an executive officer of another company where any of Flowers Foods' present executives serve on such other company's compensation committee (such person is not independent until three years after the end of such service or the employment relationship); and

is not a current employee, or whose immediate family member is not a current executive officer, of a company that has made payments to, or received payments from, Flowers Foods for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated

gross revenues.

The nominating/corporate governance committee and the board of directors conducted the required annual independence review in February 2017. Upon the recommendation of the nominating/corporate governance committee, the board of directors affirmatively determined that a majority of our directors and director-nominees are independent of the company and its management as required by the SEC rules and regulations, NYSE Rules and our corporate governance guidelines. Messrs. Griswold, Lan, McMullian, Shields, Singer, Spear, Stith and Wood and Mses. Lewis and Gass are independent director-nominees and Messrs. Beverly and Burke were independent directors prior to their retirement in May of 2016. Mr. Deese is considered an inside director

**Table of Contents**

**DIRECTORS AND CORPORATE GOVERNANCE**

because of the proximity of his employment with the company as executive chairman and Mr. Shiver is an inside director because he is currently the president and chief executive officer of the company. Each director and director-nominee abstained from voting on his or her own independence.

The foregoing discussion of director independence is applicable only to service as a member of the board of directors, the compensation committee and the nominating/corporate governance committee. Additional guidelines apply to the members of the audit committee under the SEC rules and regulations and NYSE Rules.

**Presiding Director**

Pursuant to our corporate governance guidelines, the board of directors created the position of presiding director, whose primary responsibilities are to preside over periodic executive sessions of the board of directors in which management directors and other members of management do not participate and to:

serve as the liaison between the chairman of the board of directors and the outside, independent directors of the company;

oversee information sent by the company to the members of the board of directors;

review meeting agendas and schedules for the board of directors;

call meetings of the independent, non-management directors; and

be available for consultation and director communication with shareholders.

Each year at the meeting of the board of directors following the annual meeting, a presiding director is appointed among the independent directors to serve until the company's annual meeting of shareholders the following year. On May 26, 2016, Benjamin H. Griswold, IV was appointed to serve as the presiding director until the 2017 annual meeting of shareholders.

**The Board of Directors and Committees of the Board of Directors**



In accordance with the company's amended and restated bylaws, the board of directors has set the number of members of the board of directors at twelve. The board of directors held nine meetings in fiscal 2016, and no incumbent director attended fewer than 75% of the aggregate of:

the total number of meetings of the board of directors held during the period for which he or she has been a director; and

the total number of committee meetings held by all committees of the board of directors on which he or she served during the periods that he or she served.

The board of directors has established several standing committees: an audit committee, a nominating/corporate governance committee, a compensation committee and a finance committee. The board of directors has adopted a written charter for each of these committees, all of which are available on the company's website at [www.flowersfoods.com](http://www.flowersfoods.com).

The following table describes the current members of each of the committees and the number of meetings held during fiscal 2016:

	<b>Audit Committee</b>	<b>Nominating/Corporate Governance Committee</b>	<b>Compensation Committee</b>	<b>Finance Committee</b>
George E. Deese				
Rhonda Gass*	X			X
Benjamin H. Griswold, IV*		Chair	X	
Richard Lan*	X			X
Margaret G. Lewis*	X			X
Amos R. McMullian*				
J.V. Shields, Jr.*		X	X	
Allen L. Shiver				
David V. Singer*		X	Chair	
James T. Spear*	Chair			X
Melvin T. Stith*		X	X	
C. Martin Wood III*	X			Chair
<b>NUMBER OF MEETINGS</b>	<b>9</b>	<b>6</b>	<b>4</b>	<b>4</b>

\* *Independent Directors*

*Messrs. Beverly and Burke retired from the board of directors effective at the 2016 annual meeting of shareholders. Each served on the Audit Committee and Finance Committee prior to retirement.*

**Table of Contents**

**DIRECTORS AND CORPORATE GOVERNANCE**

**Audit Committee**

Under the terms of its charter, the audit committee represents and assists the board of directors in fulfilling its oversight responsibilities with respect to:

the integrity of our financial statements;

our compliance with legal and regulatory requirements;

the independent registered public accounting firm's qualifications and independence; and

the performance of the company's internal audit function and the independent registered public accounting firm. The audit committee's duties and responsibilities include:

responsibility for overseeing our financial reporting process on behalf of the board of directors;

direct responsibility for the appointment, retention, termination, compensation and oversight of the work of the independent registered public accounting firm employed by the company, which reports directly to the committee, and sole authority to pre-approve all services to be provided by the independent registered public accounting firm;

review and discussion of our annual audited financial statements and quarterly financial statements with management and our independent registered public accounting firm;

review of the internal audit function's organization, plans and results and of the qualifications and performance of our independent registered public accounting firm (our internal audit function and its compliance officer report directly to the audit committee);

review with management and our independent registered public accounting firm the effectiveness of our internal controls;

review with management any material legal matters and the effectiveness of our procedures to ensure compliance with our legal and regulatory responsibilities, including the monitoring of our whistle-blower hotline;

discussion of guidelines and policies with respect to risk assessment and risk management to assess and manage the company's exposure to risk; and

oversight of the company's enterprise risk management activities (ERM), with the full understanding that responsibility for ERM continues to be shared by the entire board of directors and all directors have the authority and obligation to scrutinize the company's ERM efforts.

The board of directors has determined that all audit committee members serving during 2016 are or were independent under the SEC rules and regulations, NYSE Rules and our corporate governance guidelines. Messrs. Beverly and Burke retired from the board of directors and the audit committee effective at the 2016 annual meeting of shareholders. Mr. Lan and Ms. Gass have been elected to the audit committee and both are independent under the SEC rules and regulations, NYSE Rules and our corporate governance guidelines.

The board of directors has also determined that Mr. Spear is an audit committee financial expert under Item 407(d)(5) of Regulation S-K of the Securities Act of 1933. Each member of the audit committee is financially literate, knowledgeable and qualified to review financial statements.

### **Nominating/Corporate Governance Committee**

Under the terms of its charter, the nominating/corporate governance committee is responsible for considering and making recommendations to the board of directors with regard to the function and needs of the board of directors, and the review and development of our corporate governance guidelines. In fulfilling its duties, the nominating/corporate governance committee shall:

receive identification of individuals qualified to become board members;

select, or recommend that the board of directors select, the director-nominees for our next annual meeting of shareholders;

evaluate incumbent directors;

develop and recommend corporate governance principles applicable to the company;

review possible conflicts of interest of directors and management and make recommendations to prevent, minimize or eliminate such conflicts;

make recommendations to the board of directors regarding the independence of each director or director-nominee;

review director compensation;

oversee the evaluation of the board of directors and management;

oversee risks related to ethics issues, shareholder activism, change of control, investor relations and corporate structure; and

perform any other duties and responsibilities delegated to the committee from time to time.

The board of directors has determined that all members of the nominating/corporate governance committee are independent under the SEC rules and regulations, NYSE Rules and our corporate governance guidelines. For information relating to nomination of directors by shareholders, please see Selection of Director-Nominees.

**Table of Contents**

**DIRECTORS AND CORPORATE GOVERNANCE**

**Compensation Committee**

Under the terms of its charter, the compensation committee has overall responsibility for evaluating and approving the company's compensation plans, policies and programs. The compensation committee's duties and responsibilities include:

review and approval of corporate goals and objectives relevant to our chief executive officer's compensation, evaluation of our chief executive officer's performance in light of these goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board of directors), determination and approval of our chief executive officer's compensation level based on this evaluation;

making recommendations to the board of directors with respect to senior officer compensation, incentive-compensation plans and equity-based plans;

administration of equity-based incentive plans and other plans adopted by the board of directors that contemplate administration by the compensation committee;

overseeing regulatory compliance with respect to compensation matters;

review of employment agreements (if any), severance agreements and any severance or other termination payments proposed with respect to any of our executive officers;

overseeing risks related to executive compensation disclosures, human capital needs, intellectual capital loss, labor relations, employee retention and public compensation disclosures; and  
production of a report on executive compensation for inclusion in our proxy statement for the annual meeting of shareholders.

For fiscal 2016, the compensation committee completed its annual review of our compensation philosophies and practices with respect to our employees and concluded that the risks arising from such policies and practices are not reasonably likely to have a material adverse effect on us. While risk is inherent in any strategy for growth, the company's compensation programs minimize risk through the following design elements, among others:

balanced incentive plans designed to reward both annual and long-term performance, and both internal and stock price performance;

incentive goals set at the corporate level;

capped incentives;

double-trigger equity vesting upon a change of control;

stock ownership guidelines requiring the Named Executives to own a significant amount of our common stock; and

a recoupment (clawback) policy for equity grants and cash bonuses if they are paid based on incorrect financial results due to knowing misconduct by a participant.

The board of directors has determined that all members of the compensation committee are independent under SEC rules and regulations, NYSE Rules and our corporate governance guidelines.

## **Finance Committee**

Under the terms of its charter, the finance committee reviews and makes recommendations with respect to financial matters affecting the company. The finance committee's duties and responsibilities include:

make recommendations to the board of directors with respect to (i) management's capital expenditure plans and other uses of the company's cash flows (including the financial impact of stock repurchases, acquisitions and the payment of dividends), (ii) the company's credit facilities, (iii) commodities hedging and (iv) liquidity matters;

make plan design recommendations to the board of directors with respect to the approval, adoption and any significant amendment of all defined benefit and defined contribution retirement plans;

recommend to the board of directors appointments to and have oversight over the Fiduciary Oversight Committee; and

be responsible for oversight of risks regarding the following matters:

leverage and debt service/cash flow;

access to capital;

deployment of capital;

mergers and acquisitions;

benefit plan funding and multi-employer pension plan funding;

use of derivatives, including for commodity and foreign currency exchange;

global procurement and interruption of supply chain;

volatility of inventory because of inflation or deflation; and

energy availability and cost, including unstable fuel costs.

20 FLOWERS FOODS, INC. - *2017 Proxy Statement*

**Table of Contents**

**DIRECTORS AND CORPORATE GOVERNANCE**

**Board Leadership Structure**

Mr. Deese, our former executive chairman of the board of directors, is non-executive chairman and continues to provide guidance regarding the strategic direction of the company. Mr. Shiver, in his role as president and chief executive officer, has primary responsibility for the day-to-day operations of the company. In his role as non-executive chairman of the board of directors, Mr. Deese continues to set the strategic priorities for the board of directors (with input from the presiding director), preside over its meetings and communicate its strategic findings and guidance to management. The board of directors believes that the close working relationship between the president and chief executive officer and non-executive chairman of the board of directors will continue to provide consistent communication and coordination throughout the organization, which results in a more effective and efficient implementation of corporate strategy. The board of directors further believes that Mr. Deese's continued active role on the board of directors is important in unifying the

company's strategy behind a consistent vision as the company transitions through its established succession plans.

As noted earlier, the independent non-management directors appointed Mr. Griswold as independent presiding director in fiscal 2016, which provides balance to the board's leadership structure. With a supermajority of independent directors, an audit committee, compensation committee, nominating/corporate governance committee and finance committee each comprised entirely of independent directors, and an independent presiding director to oversee all meetings of the non-management directors, the company's board of directors believes the existing leadership structure provides for an appropriate balance that best serves the company and its shareholders. The board of directors annually reviews its leadership structure to ensure that it remains the optimal structure for the company and our shareholders.

**Risk Management**

The board of directors is actively involved in oversight of risks that could affect the company. This oversight is conducted primarily through the audit committee, as described above and in the audit committee charter, but the full board of directors has retained responsibility for general oversight of risks. Specifically, the board of directors has responsibility for overseeing, reviewing and monitoring the company's overall risks, and each board committee is responsible for the oversight of specific risk areas relevant to its purpose as provided in the committee charters. The overall responsibility of the board of directors and its committees is enabled by an enterprise risk management model and process implemented by management that is designed to identify, assess, manage and mitigate risks. The board of directors satisfies this responsibility through full reports by each committee chair

regarding the committee's considerations and actions, as well as through regular reports to the board of directors directly from executive officers responsible for oversight of particular risks within the company. In addition, the compensation committee, nominating/corporate governance committee and finance committee are responsible for the



oversight of specific risks, as described above and in each committee's charter. The company believes that the board's leadership structure, discussed in detail above, supports the risk oversight function of the board of directors. Strong directors chair the various board committees involved with risk oversight, there is open communication between management and directors and all directors are actively involved in the risk oversight function.

### **Relationships Among Certain Directors**

J.V. Shields, Jr. and C. Martin Wood III are married to sisters.

### **Attendance at Annual Meetings**

In accordance with our corporate governance guidelines, directors are expected to rigorously prepare for, attend and participate in all meetings of the board of directors and meetings of the committees on which they serve and to devote the time necessary to appropriately discharge their responsibilities. Aside

from these requirements, the company does not maintain a formal policy for attendance by directors at annual meetings of shareholders. However, all of our directors attended the annual meeting of shareholders held on May 26, 2016.

### **Selection of Director-Nominees**

The nominating/corporate governance committee identifies and considers director candidates recommended by its members and other board members, as well as management and shareholders. A shareholder who wishes to recommend a prospective director-nominee

for the committee's consideration should submit the candidate's name and qualifications to Flowers Foods, Inc., 1919 Flowers Circle, Thomasville, Georgia 31757, Attention: Executive Vice President, Secretary and General Counsel. The nominating/corporate governance

**Table of Contents**

**DIRECTORS AND CORPORATE GOVERNANCE**

committee will also consider whether to recommend for nomination any person identified by a shareholder pursuant to the provisions of our amended and restated bylaws relating to shareholder nominations. Recommendations by shareholders that are made in accordance with these procedures will receive the same consideration given to nominees of the nominating/corporate governance committee.

The nominating/corporate governance committee believes that any director-nominee must meet the director qualification criteria set forth in our corporate governance guidelines before such director-nominee can be recommended for election to the board of directors. These factors include:

integrity and demonstrated high ethical standards;

the ability to express opinions, raise tough questions and make informed, independent judgments;

experience managing or operating public companies;

knowledge, experience and skills in at least one specialty area;

ability to devote sufficient time to prepare for and attend board of directors meetings;

willingness and ability to work with other members of the board of directors in an open and constructive manner;

ability to communicate clearly and persuasively; and

diversity in background, personal and professional experience, viewpoints or other demographics.

The nominating/corporate governance committee considers these factors as it deems appropriate, as well as other factors it determines

are pertinent in light of the current needs of the board of directors. The nominating/corporate governance committee may use the services of a third-party executive search firm to assist it in identifying and evaluating possible director-nominees.

On February 17, 2017, the board of directors voted to approve an amendment to the corporate governance guidelines eliminating the mandatory retirement age for directors. In making this determination, the board of directors considered its overall composition, including the qualifications, background and tenure of its current members, and the prospect that the current retirement age could result in the arbitrary or premature loss of valuable, experienced directors with

deep knowledge of the operations of the company and a thorough understanding of the company's history, operations, policies and strategic vision. The board of directors concluded that a specific retirement age may be counterproductive and that it is in the best interests of the company and its shareholders to retain flexibility in electing or reelecting directors without an age restriction. The elimination of the retirement age of 75 resulted in the following directors retaining eligibility for reelection in 2017: Benjamin H. Griswold, IV, age 76, who has been a director of the company since 2005; Amos R. McMullian, age 79, who is chairman emeritus of the company and served as chairman of the board of directors from 2000 to 2006 and chief executive officer of the company from 2000 to 2004; and J.V. Shields, Jr., age 79, who has been a director of the company since 2001. Messrs. Griswold, McMullian and Shields abstained from the vote of directors approving the amendment to the corporate governance guidelines.

### **Shareholder & Other Interested Party Communication with Directors**

The board of directors will give proper attention to written communications that are submitted by shareholders and other interested parties and will respond if appropriate. Shareholders and other interested parties interested in communicating directly with the board of directors as a group, the independent, non-management directors as a group or any individual director may do so by writing to Presiding Director, Flowers Foods, Inc., 1919 Flowers Circle,

Thomasville, GA 31757. Absent circumstances contemplated by committee charters, the chair of the nominating/corporate governance committee and the presiding director, with the assistance of our executive vice president, secretary and general counsel will monitor and review all correspondence from shareholders and other interested parties and provide copies or summaries of such communications to other directors as they deem appropriate.

## **DIRECTOR COMPENSATION**

### **General**

Based upon the recommendations of the nominating/corporate governance committee, the board of directors considers and establishes director compensation. An employee of the company who also serves as a director does not receive any additional compensation for serving as a director or as a member or chair of a board committee.

### **2016 Director Compensation Package**

During 2016, the directors' compensation package for non-employee directors was based on the following principles:

a significant portion of director compensation should be aligned with creating and sustaining shareholder value;

directors should have an equity interest in the company; and

total compensation should be structured to attract and retain a diverse and superior board of directors. The nominating/corporate governance committee annually reviews the status of director compensation in relation to other comparable companies and other factors it deems appropriate. In addition, in 2016, the nominating/corporate governance committee engaged Meridian Compensation Partners ( Meridian ), an independent compensation consultant, to assist the committee in its assessment of the competitiveness of director compensation.

22 FLOWERS FOODS, INC. - 2017 Proxy Statement

**Table of Contents****DIRECTORS AND CORPORATE GOVERNANCE****Cash and Stock Compensation**

Given the above principles and market data, the non-employee director compensation package was not modified from 2015 except as regards the Non-Executive Chairman Retainer, which was reduced to reflect expected contributions for 2016:

<b>Compensation Element</b>	<b>2015 Program</b>	<b>2016 Program</b>
<b>Annual Cash Retainer</b>	\$ 100,000 <sup>(1)</sup>	\$ 100,000 <sup>(1)</sup>
<b>Committee Chair Retainer</b>		
<b>Audit Committee</b>	\$ 15,000	\$ 15,000
<b>Compensation Committee</b>	\$ 15,000	\$ 15,000
<b>Nominating/Corporate Governance Committee</b>	\$ 10,000	\$ 10,000
<b>Finance Committee</b>	\$ 10,000	\$ 10,000
<b>Audit Committee Member Retainer</b>	\$ 5,000	\$ 5,000
<b>Presiding Director Retainer</b>	\$ 20,000	\$ 20,000
<b>Non-Executive Chairman Retainer</b>	\$ 450,000	\$ 400,000 <sup>(2)</sup>
<b>Annual Stock Award</b>	\$ 130,000	\$ 130,000 <sup>(3)</sup>

(1) Cash retainers may be deferred at the director's option; see *Additional Compensation Program Details*.

(2) Lowered to \$270,000 for 2017.

(3) Vests one year from the date of grant based upon the closing price of the company's common stock on May 31, 2016.

**Additional Compensation Program Details**

Non-employee directors are eligible to participate in the 2014 Omnibus Equity and Incentive Compensation Plan (the Omnibus Plan) and the Executive Deferred Compensation Plan (the EDCP).

Non-employee directors have the option to convert their annual cash board retainer fees into deferred stock equal in value to the cash payments they would otherwise have received. These deferred shares vest pro rata over a one-year period based on service. Accumulated dividends are paid upon the delivery of the vested shares.

Non-employee directors may alternatively elect to defer all or any portion of their annual retainers and cash committee fees into an interest-bearing account in the EDCP. Generally, the deferral plus interest is paid to the director upon retirement or termination from the company's board of directors.

## **Stock Ownership Guidelines**

In order to align the economic interests of directors with those of shareholders, all directors are expected to hold shares of common stock in the company. A non-employee director must own shares of common stock with a value of at least six times the annual cash retainer paid to the non-employee directors. In addition, the non-executive chairman of the board of directors is required to hold six times his

annual board retainer plus his additional cash retainer. All direct holdings of our common stock, certain indirect holdings, and all vested and unvested shares of deferred stock are included for purposes of determining compliance. Directors have five years to meet the required guidelines. All non-employee directors were in compliance with the guidelines as of August 2016.

## **Other Arrangements**

We reimburse all directors for out-of-pocket expenses incurred in connection with attendance at board of directors meetings, or when traveling in connection with the performance of their services for the company.

Table of Contents**DIRECTORS AND CORPORATE GOVERNANCE****DIRECTOR SUMMARY COMPENSATION TABLE**

The following table details compensation to non-employee members of the board of directors for the 2016 fiscal year:

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>Change in Pension Value and Nonqualified Deferred Comp. Earnings</b>	<b>All Other Comp.</b>	<b>Total</b>
	<b>(\$)<sup>(2)</sup></b>	<b>(\$)<sup>(3)</sup></b>	<b>(\$)<sup>(4)</sup></b>	<b>(\$)<sup>(5)</sup></b>	<b>(\$)</b>
Joe E. Beverly <sup>(1)</sup>	2,083	41,667			43,750
Franklin L. Burke <sup>(1)</sup>	43,750		33,141		76,891
George E. Deese	500,000	130,000	82,993	33,731	746,724
Rhonda Gass	105,000	130,000	2,201		237,201
Benjamin H. Griswold, IV	130,000	130,000			260,000
Richard Lan	105,000	130,000			235,000
Margaret G. Lewis	105,000	130,000	6,509		241,509
Amos R. McMullian	100,000	130,000	43,115	71,830	344,945
J.V. Shields, Jr.		230,000			230,000
David V. Singer	115,000	130,000			245,000
James T. Spear	20,000	230,000			250,000
Melvin T. Stith, Ph.D.	100,000	130,000			230,000
C. Martin Wood III	115,000	130,000	7,808		252,808

(1) Messrs. Beverly and Burke retired from the board of directors effective at the 2016 annual meeting of shareholders.

(2) Directors have the option under the Omnibus Plan to convert their annual board of directors retainer fees into deferred stock equal in value to the cash payments these directors would have otherwise received. Directors may also elect to defer all or a portion of their annual retainer and cash committee fees, if any, through the EDCP. In 2016, Mses. Gass and Lewis elected to defer all of their annual board of directors retainer fee into the EDCP. In fiscal 2016, under the Omnibus Plan, Messrs. Beverly, Spear and Shields elected to convert all of their annual board of directors retainer fees to deferred stock equal in value to the cash payments they would have received. Such deferred stock vests pro rata over one year from the date of grant, and is delivered to the grantee along with accumulated dividends at a designated time selected by the grantee at the date of the grant. The deferred stock is accounted for in accordance with the provisions of Financial Accounting Standards Board ( FASB ) ASC Topic 718 ( ASC 718 ).

(3) *The stock awards represent the grant date fair value computed in accordance with ASC 718 of deferred stock granted to each non-employee director under the Omnibus Plan in fiscal 2016 and deferred stock granted in connection with certain directors' elections to convert annual retainer fees into deferred stock. Deferred stock awards vest one year from the date of grant and deferred stock granted in connection with a director's election to convert annual board of directors retainer fees into deferred stock under the Omnibus Plan vests pro rata over a one-year period from the date of grant. Details regarding the deferred stock outstanding (vested and non-vested) by director as of December 31, 2016 are as follows:*

<b>Name</b>	<b>Deferred Stock  (#)</b>	<b>Deferred Stock  (\$)</b>
Joe E. Beverly		
Franklin L. Burke	111,385	2,224,358
George E. Deese	6,934	138,472
Rhonda Gass	9,464	188,996
Benjamin H. Griswold, IV	6,934	138,472
Richard Lan	9,464	188,996
Margaret G. Lewis	6,934	138,472
Amos R. McMullian	14,989	299,330
J.V. Shields, Jr.	11,594	231,532
David V. Singer	6,934	138,472
James T. Spear	22,812	455,556
Melvin T. Stith, Ph.D.	57,832	1,154,905
C. Martin Wood III	6,934	138,472

(4) *Amounts reported in this column represent above-market earnings on deferred compensation under the EDCP for Messrs. Burke, Deese and McMullian and Meses. Gass and Lewis and, for Messrs. Deese, McMullian and Wood for changes in pension value under the Retirement Plan (as defined below).*

(5) *Amounts reported as All Other Compensation in the Director Summary Compensation Table above are primarily administrative support provided to Mr. McMullian by the company for his service as chairman emeritus of the board of directors, and primarily administrative support provided to Mr. Deese by the company for his service as non-executive chairman of the board of directors.*



**Table of Contents****TRANSACTIONS WITH MANAGEMENT****AND OTHERS**

A. Ryals McMullian, the son of Amos R. McMullian, a director, was employed by the company throughout fiscal 2016 as vice president of mergers and acquisitions and deputy general counsel. In fiscal 2016 he was paid an aggregate salary and bonus of \$261,702 and was granted 3,820 shares of performance-contingent restricted stock pursuant to the Omnibus Plan.

Chris Mulford, the son-in-law of George E. Deese, the non-executive chairman of the board of directors, was employed by the company throughout fiscal 2016 as a plant president. In fiscal 2016, he was paid an aggregate salary and bonus of \$159,799 and was granted 1,780 shares of performance- contingent restricted stock pursuant to the Omnibus Plan.

Any transaction between the company and a related party is disclosed to the nominating/corporate governance committee and then presented to the full board of directors for evaluation and approval. The company's policies with respect to related party transactions are set forth in our corporate governance guidelines, which states that the company does not engage in transactions with related parties if such a transaction would cast into doubt the independence of the director, present the appearance of a conflict of interest or violate any applicable law, rule or regulation. Each of the transactions set forth above were reviewed and approved by the board of directors in accordance with the company's policies.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Principal Shareholders**

The following table lists information regarding the ownership of our common stock by the only non-affiliated individuals, entities or groups known to us to be the beneficial owner of more than 5% of our common stock:

<b>Name and Address of Beneficial Owner</b>	<b>Shares of Common Stock Beneficially Owned</b>	<b>Percent of Class<sup>(1)</sup></b>
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355 <sup>(2)</sup>	16,414,744	7.85%
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street	13,653,942	6.53%

New York, NY 10055<sup>(3)</sup>

T. Rowe Price Associates, Inc.

11,600,127

5.55%

100 E. Pratt Street

Baltimore, MD 21202<sup>(4)</sup>

(1) *Percent of class is based upon the number of shares of Flowers Foods common stock outstanding on March 23, 2017.*

(2) *The beneficial ownership reported is based upon a Schedule 13G/A filed by The Vanguard Group on February 13, 2017. The Schedule 13G/A indicates that The Vanguard Group has sole dispositive power as to 16,295,440 shares reported, sole voting power as to 106,768 shares, shared voting power as to 23,350 shares and shared dispositive power as to 119,304 shares reported.*

(3) *The beneficial ownership reported is based upon a Schedule 13G/A filed by BlackRock, Inc. on January 24, 2017. The Schedule 13G/A indicates that BlackRock, Inc. has sole dispositive power as to all shares reported and sole voting power as to 13,021,831 shares.*

(4) *The beneficial ownership reported is based upon a Schedule 13G/A filed by T. Rowe Price Associates, Inc. on February 7, 2017. The Schedule 13G/A indicates that T. Rowe Price Associates, Inc. has sole dispositive power as to all shares reported and sole voting power as to 2,589,012 shares.*

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Share Ownership of Certain Executive Officers, Directors and Director-Nominees**

The following table lists information as of March 23, 2017 regarding the number of shares owned by each director, each director-nominee, each executive officer listed on the Summary Compensation Table included later in this proxy statement and by all of our directors, director-nominees and executive officers as a group:

<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership<sup>(1)</sup></b>	<b>Percent of Class</b>
Bradley K. Alexander	436,225 <sup>(2)</sup>	*
Stephen R. Avera	677,414 <sup>(3)</sup>	*
George E. Deese	3,051,400 <sup>(4)</sup>	1.46%
Rhonda Gass	2,530	*
Benjamin H. Griswold, IV	311,042 <sup>(5)</sup>	*
R. Steve Kinsey	488,687 <sup>(6)</sup>	*
Richard Lan	38,285	*
Margaret G. Lewis	13,856	*
Amos R. McMullian	3,650,940	1.75%
J. V. Shields, Jr.	14,963,798 <sup>(7)</sup>	7.15%
Allen L. Shiver	1,397,585 <sup>(8)</sup>	*
David V. Singer	87,753	*
James T. Spear	42,921 <sup>(9)</sup>	*
Melvin T. Stith, Ph.D.	43,112	*
D. Keith Wheeler	99,757 <sup>(10)</sup>	*
C. Martin Wood III	7,856,364 <sup>(11)</sup>	3.76%
All Directors, Director-Nominees and Executive Officers as a Group (16 persons)	33,161,669	15.81%

\* Represents beneficial ownership of less than 1% of Flowers Foods common stock.

(1) Unless otherwise indicated, each person has sole voting and dispositive power with respect to all shares listed opposite his or her name.

(2) Includes (i) performance-contingent restricted stock awards of 79,100 shares all of which are subject to forfeiture and (ii) unexercised stock options for 110,362 shares.

(3) Includes (i) performance-contingent restricted stock awards of 59,280 shares all of which are subject to forfeiture and (ii) unexercised stock options for 115,200 shares. Also includes (i) 675 shares owned by Mr. Avera's spouse as custodian for their minor children and (ii) 61,880 shares held by a trust of which Mr. Avera is a co-trustee, in each case as to which shares Mr. Avera disclaims any beneficial ownership.

- (4) *Includes (i) 50,301 shares owned by the spouse of Mr. Deese, as to which Mr. Deese disclaims any beneficial ownership and (ii) 175,000 shares held by a family LLC, for which shares Mr. Deese retains sole voting and dispositive power.*
- (5) *Includes 5,062 shares owned by the spouse of Mr. Griswold, as to which Mr. Griswold disclaims any beneficial ownership.*
- (6) *Includes (i) performance-contingent restricted stock awards of 78,360 shares all of which are subject to forfeiture and (ii) unexercised stock options for 149,400 shares.*
- (7) *Includes (i) 6,199,681 shares held by investment advisory clients of Wellington Shields Capital Management Associates, LLC, of which Mr. Shields is the chairman; (ii) 482,096 shares held by trusts of which Mr. Shields is trustee; (iii) 7,685,421 shares owned by the spouse of Mr. Shields and (iv) 138,362 shares held by investment advisory clients of Wellington Shields & Co., LLC, of which Mr. Shields is chairman, in each case as to which Mr. Shields disclaims any beneficial ownership. Mr. Shields' business address is Wellington Shields & Company, LLC 140 Broadway, New York, NY 10005.*
- (8) *Includes performance-contingent restricted stock awards for 379,100 shares and time-based restricted stock of 58,500 shares, all of which are subject to forfeiture and unexercised stock options for 226,125 shares. Also includes 7,282 shares held by Mr. Shiver as custodian for his child and 4,437 shares held by the spouse of Mr. Shiver, as to which shares Mr. Shiver disclaims any beneficial ownership.*
- (9) *Includes 100 shares held by Mr. Spear's child, over which shares Mr. Spear shares voting and investment authority.*
- (10) *Includes (i) performance-contingent restricted stock awards of 50,580 shares, all of which are subject to forfeiture and (ii) unexercised stock options for 25,987 shares.*
- (11) *Includes 116,865 shares held by a trust of which Mr. Wood is trustee and 6,527,872 shares owned by the spouse of Mr. Wood, as to which shares Mr. Wood disclaims any beneficial ownership.*

**Table of Contents**

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based solely upon a review of our records and written representations by the persons required to file these reports, except as set forth below, all stock transaction reports required to be filed by Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act ), with the SEC were timely filed in fiscal 2016 by directors and executive officers.

Due to administrative error, late Form 4s reporting the vesting of deferred stock awards granted to Messrs. Deese, Griswold, McMullian, Shields, Singer, Wood, and Ms. Lewis that were due on May 31, 2016 were filed on June 10, 2016.

**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**2016 In Brief**

Under our pay-for-performance program, our Named Executives earned the following compensation based upon 2016 performance:

Payment of cash bonuses at 48.80% of Target Bonus Percentage (as defined below) under our bonus plan, based upon the achievement of 89.76% of the target performance goal.

Vesting in 2017 of the ROIC Performance-Contingent Restricted Stock Award issued in 2015 at 87% of target as a result of the company's return on invested capital (the Company ROIC ) during the two-year performance period ending December 31, 2016 exceeding the company's weighted average cost of capital (the Company WACC ) by 322 basis points.

Vesting in 2017 of the TSR-Based Performance-Contingent Restricted Stock Award issued in 2015 at 0% of target as a result of the company's TSR from January 1, 2015 through each of the last four quarters ending December 31, 2016, placing below the 30<sup>th</sup> percentile of the TSR Peer Group companies (as defined below). We ended the two-year performance period with cumulative TSR of 10.9%.

**Consideration of 2016 Say on Pay Vote**

At our 2016 annual meeting of shareholders, more than 98% of the shares voted were cast in support of the company's executive compensation program. As a result of the significant level of approval, we continued to apply similar principles to our executive compensation decisions during the remainder of 2016 and in early 2017.



**Table of Contents**

**EXECUTIVE COMPENSATION**

**Summary of Our Compensation Practices**

**Practices We Have Adopted**

Moderate pay targeted to the size-adjusted 50th percentile of market data

Long-term incentives that are performance-based, not merely time-vested

Multiple performance measures used in incentive plans

Capped incentives

Clawback policy

No perquisites

Stock ownership guidelines for executives and outside directors and share retention requirements for executives

Moderate change of control severance arrangements

Beginning with 2015 grants, double-trigger equity vesting upon a change of control

**Practices We Do Not Engage in**

Employment agreements

Dividend equivalents on unvested performance shares

Income tax gross-ups

Excise tax gross-ups on change of control severance

Backdating or repricing of stock options

Pension credited service for years not worked

Annual review of tally sheets by the compensation committee

Incentives that are risk-mitigated through plan design and administration

Compensation committee comprised solely of independent directors

Independent compensation consultant who reports directly to the committee

Anti-hedging policy for executives and outside directors

## **Executive Compensation Generally**

### **Objectives of Executive Compensation**

The primary objective of our executive compensation program is to attract, retain and motivate qualified executives necessary for the future success of the company and the maximization of shareholder value. Our compensation program is designed to motivate our executives by rewarding them for the achievement of specific annual, long-term and strategic goals of the company. The program aligns our executives' interests with those of the shareholders by rewarding performance above established goals, with the ultimate objective of improving shareholder value. We strive to foster a sense of ownership among our executives by establishing stock ownership guidelines that require them to maintain ownership of a specified amount of our common stock.

The compensation committee evaluates both performance and compensation to ensure that (i) the company maintains its ability to attract and retain the most qualified executives; (ii) each executive's compensation remains competitive relative to the compensation paid to similarly situated executives in comparable companies; and (iii) each of the company's primary objectives with respect to compensation is

being fulfilled. To meet those goals, our compensation program includes three primary components:

base salary;



annual cash bonuses; and

long-term incentives, through stock-based compensation.

Certain retirement and other post-employment benefits are also included in the executives' compensation package. In addition, see the section entitled "Potential Payments Upon Termination or Change of Control" of this proxy statement for details on payments and benefits payable (or realizable) upon termination of employment and a change of control of the company. We do not offer perquisites as part of our executive compensation program.

Each element of our compensation program is described in greater detail below, including a discussion of why the company chooses to pay each element, how we determine the amount of each element to pay and how each element and the company's decisions regarding that element fit into our overall compensation objectives.

28 FLOWERS FOODS, INC. - 2017 Proxy Statement

**Table of Contents**

**EXECUTIVE COMPENSATION**

**Mix of Compensation Opportunity**

The objectives of our executive compensation program are accomplished through a balance of pay components that are competitive with market practice and place considerable emphasis on performance-based compensation. Salary and non-equity incentive compensation, equity compensation, and other compensation

expressed as a percentage of total compensation for each Named Executive for the fiscal year ended December 31, 2016 were as shown below. There is no prescribed mix of our compensation elements; the mix below is driven by Relevant Market Data (as defined below) for each element of pay.

<b>Name and Principal Position</b>	<b>Salary Percentage</b>	<b>Non-Equity Incentive&amp;</b>
------------------------------------	------------------------------	--------------------------------------