

SENECA FOODS CORP /NY/
Form PRE 14A
June 11, 2010

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

SENECA FOODS CORPORATION

(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)(4) and 0-11.

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

(2) Aggregate number of securities to which transactions 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:

SENECA FOODS CORPORATION

3736 South Main Street

Marion, New York 14505

July 2, 2010

Dear Shareholder:

You are cordially invited to the 2010 Annual Meeting of Shareholders of Seneca Foods Corporation (the "Company"), to be held on August 5, 2010 at 1:00 p.m., Eastern Daylight Time, at the Company's Offices, 3736 South Main Street, Marion, New York.

Information about the Annual Meeting is included in the Notice of Annual Meeting of Shareholders and Proxy Statement which follow.

It is important that your shares of Common Stock be represented at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, I urge you to give your immediate attention to voting. Please review the enclosed materials, sign and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope.

Very truly yours,

/s/Kraig H. Kayser

KRAIG H. KAYSER

President and Chief Executive Officer

SENECA FOODS CORPORATION

3736 South Main Street

Marion, New York 14505

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON AUGUST 5, 2010

To the Shareholders:

The 2010 Annual Meeting of Shareholders of Seneca Foods Corporation (the "Company") will be held at the Company's Offices, 3736 South Main Street, Marion, New York, on Thursday, August 5, 2010 at 1:00 p.m., Eastern Daylight Time, for the following purposes:

1. To elect three directors to serve until the Annual Meeting of shareholders in 2013 and until each of their successors is duly elected and shall qualify;
2. To consider an amendment to the Company's Certificate of Incorporation for the purpose of deleting Article 10 thereto;
3. To ratify the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2011; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Only shareholders of record at the close of business on June 25, 2010 are entitled to notice of and to vote at the Annual Meeting and any adjournment thereof.

The prompt return of your proxy will avoid delay and save the expense involved in further communication. The proxy may be revoked by you at any time prior to its exercise, and the giving of your proxy will not affect your right to vote in person if you wish to attend the Annual Meeting.

By Order of the Board of Directors

/s/Jeffrey L. Van Riper

JEFFREY L. VAN RIPER

Secretary

DATED: July 2, 2010

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on August 5, 2010. This proxy statement, form of proxy and the Company's annual report are available at <http://www.senecafoods.com/companyprofile/investor.shtml>.

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

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE 2010 ANNUAL MEETING</u>	1
<u>PROPOSAL ONE: ELECTION OF DIRECTORS</u>	5
<u>Information Concerning Directors</u>	5
<u>BOARD GOVERNANCE</u>	7
<u>Independent Directors</u>	7
<u>Leadership Structure</u>	8
<u>Board Oversight of Risk Management</u>	8
<u>Committees and Meeting Data</u>	9
<u>Nominating Procedures</u>	9
<u>Board Attendance at Meetings</u>	10
<u>Shareholder Communication With the Board</u>	10
<u>Report of the Audit Committee</u>	10
<u>EXECUTIVE OFFICERS</u>	12
<u>COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS</u>	13
<u>Compensation Discussion and Analysis</u>	13
<u>Report of the Compensation Committee</u>	17
<u>Summary Compensation Table</u>	18
<u>Grants of Plan-Based Awards in Fiscal Year 2010</u>	19
<u>Outstanding Equity Awards at 2010 Fiscal Year-End</u>	19
<u>Stock Vested in Fiscal Year 2010</u>	21
<u>Pension Benefits</u>	21
<u>Compensation of Directors</u>	22
<u>Compensation Committee Interlocks</u>	22
<u>Certain Transactions and Relationships</u>	22
<u>OWNERSHIP OF COMPANY STOCK</u>	24
<u>Security Ownership of Certain Beneficial Owners</u>	24
<u>Security Ownership of Management and Directors</u>	27
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	29
<u>PROPOSAL TWO: TO APPROVE AN AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION</u>	29
<u>PROPOSAL THREE: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	30
<u>Principal Accountant Fees and Services</u>	31
<u>OTHER MATTERS</u>	31
<u>SHAREHOLDER PROPOSALS FOR THE 2011 ANNUAL MEETING</u>	31
<u>Proposals for the Company's Proxy Material</u>	31
<u>Proposals to be Introduced at the Annual Meeting but not Intended to be Included in the Company's Proxy Material</u>	31

PROXY STATEMENT
QUESTIONS AND ANSWERS
ABOUT THE 2010 ANNUAL MEETING

Why did I receive this proxy?

The Board of Directors of Seneca Foods Corporation (the “Company”) is soliciting proxies to be voted at the Annual Meeting of Shareholders. The Annual Meeting will be held Thursday, August 5, 2010, at 1:00 p.m., Eastern Daylight Time, at the Company’s Offices, 3736 South Main Street, Marion, New York. This proxy statement summarizes the information you need to know to vote by proxy or in person at the Annual Meeting. You do not need to attend the Annual Meeting in person in order to vote.

Who is entitled to vote?

All record holders of the Company’s voting stock as of the close of business on June 25, 2010 (the “Record Date”) are entitled to vote at the Annual Meeting. As of the Record Date, the following shares of voting stock were issued and outstanding: (i) 9,553,965 shares of Class A common stock, \$0.25 par value per share (“Class A Common Stock”); (ii) 2,177,922 shares of Class B common stock, \$0.25 par value per share (“Class B Common Stock”, and together with the Class A Common Stock, sometimes collectively referred to as the “Common Stock”); (iii) 200,000 shares of Six Percent (6%) Cumulative Voting Preferred Stock, \$0.25 par value per share (“6% Preferred Stock”); (iv) 407,240 shares of 10% Cumulative Convertible Voting Preferred Stock - Series A, \$0.25 stated value per share (“10% Series A Preferred Stock”); and (v) 400,000 shares of 10% Cumulative Convertible Voting Preferred Stock - Series B, \$0.25 stated value per share (“10% Series B Preferred Stock”).

How many votes do I have?

Each share of Class B Common Stock, 10% Series A Preferred Stock, and 10% Series B Preferred Stock is entitled to one vote on each item submitted to you for consideration. Each share of Class A Common Stock is entitled to one-twentieth (1/20) of one vote on each item submitted to you for consideration. Each share of 6% Preferred Stock is entitled to one vote, but only with respect to the election of directors.

What does it mean if I receive more than one proxy card?

It means that you have multiple accounts at the transfer agent or with stockbrokers. Please complete and return all proxy cards to ensure that all your shares are voted.

How do I vote?

- By Mail: Vote, sign, date your card and mail it in the postage-paid envelope.
- In Person: At the Annual Meeting.

How do I vote my shares that are held by my broker?

If you have shares held by a broker, you may instruct your broker to vote your shares by following the instructions that the broker provides to you.

What am I voting on?

You will be voting on Proposal One regarding the election of three directors of the Company, Proposal Two regarding the amendment to the Company's Certificate of Incorporation and Proposal Three regarding the ratification of BDO Seidman, LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2011.

Will there be any other items of business on the agenda?

Pursuant to SEC rules, shareholder proposals must have been received by May 17, 2010 to be considered at the Annual Meeting. To date, we have received no shareholder proposals and we do not expect any other items of business. Nonetheless, in case there is an unforeseen need, your proxy gives discretionary authority to Arthur S. Wolcott and Kraig H. Kayser with respect to any other matters that might be brought before the Annual Meeting. Those persons intend to vote that proxy in accordance with their best judgment.

How many votes are required to act on the proposals?

Pursuant to our Bylaws, provided a quorum is present, directors will be elected by a plurality of all the votes cast at the Annual Meeting with each share of voting stock being voted for as many individuals as there are directors to be elected and for whose election the share is entitled to vote.

Approval of the amendment to the Certificate of Incorporation requires the affirmative vote of a majority of the votes entitled to vote on the proposal, provided that a quorum is present at the Annual Meeting.

The ratification of the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2011 requires the affirmative vote of a majority of the votes cast on the proposal, provided that a quorum is present at the Annual Meeting.

How are votes counted?

The Annual Meeting will be held if a quorum is represented in person or by proxy. The holders of voting shares entitled to exercise a majority of the voting power of the Company shall constitute a quorum at the Annual Meeting. If you return a signed proxy card, your shares will be counted for the purpose of determining whether there is a quorum. We will treat failures to vote, referred to as abstentions, as shares present and entitled to vote for quorum purposes. A withheld vote is the same as an abstention.

Broker non-votes occur when proxies submitted by a broker, bank or other nominee holding shares in “street name” do not indicate a vote for a proposal because they do not have discretionary voting authority and have not received instructions as to how to vote on the proposal. We will treat broker non-votes as shares that are present and entitled to vote for quorum purposes.

Abstentions and broker non-votes will not be counted as votes cast on a proposal and will have no effect on the result of the vote on Proposals One and Three but is the equivalent of a vote against the Amendment to the Certificate of Incorporation since the approving vote for that proposal is to be measured against all shares entitled to vote.

What happens if I return my proxy card without voting on all proposals?

When the proxy is properly executed and returned, the shares it represents will be voted at the Annual Meeting in accordance with your directions. If the signed card is returned with no direction on a proposal, the proxy will be voted in favor of (FOR) Proposals One, Two and Three.

Who has paid for this proxy solicitation?

The Company has paid the entire expense of this proxy statement and any additional materials furnished to shareholders.

When was this proxy statement mailed?

This proxy statement and the enclosed proxy card were mailed to shareholders beginning on or about July 2, 2010.

How can I obtain a copy of this year’s Annual Report on Form 10-K?

A copy of our 2010 Annual Report to Shareholders, including financial statements for the fiscal year ended March 31, 2010, accompanies this Proxy Statement. The Annual Report, however, is not part of the proxy solicitation material. A copy of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) may be obtained free of charge by writing to Seneca Foods Corporation, 3736 South Main Street, Marion, New York 14505, Attention: Secretary or by accessing the “Investor Information” section of the Company’s website at www.senecafoods.com.

Can I find additional information on the Company's website?

Yes. Our website is located at www.senecafoods.com. Although the information contained on our website is not part of this proxy statement, you can view additional information on the website, such as our code of conduct, corporate governance guidelines, charters of board committees and reports that we file with the SEC. A copy of our code of ethics and each of the charters of our board committees may be obtained free of charge by writing to Seneca Foods Corporation, 3736 South Main Street, Marion, New York 14505, Attention: Secretary.

PROPOSAL ONE: ELECTION OF DIRECTORS

In accordance with our Bylaws, the Board of Directors has fixed the number of directors at nine. The Board of Directors is divided into three classes, as equal in number as possible, having staggered terms of three years each. Therefore, at this annual meeting three directors will be elected to serve until the annual meeting in 2013 and until each of their successors is duly elected and shall qualify.

The Board of Directors unanimously recommends a vote FOR the election of each of the nominees listed below. All nominees are currently serving as directors of the Company and, other than Mr. Gaylord who was appointed to fill a newly created vacancy on October 29, 2009, were elected at the 2007 Annual Meeting of Shareholders.

Unless instructed otherwise, proxies will be voted FOR the election of the three nominees listed below. Although the directors do not contemplate that any of the nominees will be unable to serve prior to the Meeting, if such a situation arises, the enclosed proxy will be voted in accordance with the best judgment of the person or persons voting the proxy.

Information Concerning Directors

The following biographies of each of the Director nominees, as well as the Directors whose terms continue beyond the Annual Meeting, contains information regarding that person's principal occupation, tenure with the Company, business experience, other director positions currently held or held at any time during the past five years, and the specific experience, qualifications, attributes or skills that led to the conclusion by the Board of Directors that such person should serve as a Director of the Company.

Nominees Standing for Election at the Annual Meeting

John P. Gaylord, age 49 – Mr. Gaylord has operating and management experience in manufacturing and distribution businesses, including experience as President of Jacintoport Terminal Company since 1992. He currently serves as a director and member of the conflicts committee, audit committee, nominating committee and compensation committee of the general partner of Martin Midstream Partners L.P., a publicly traded limited partnership with a diverse set of operations focused primarily in the United States Gulf Coast region. Mr. Gaylord holds a B.A. from Texas Christian University and an M.B.A. from Southern Methodist University. He has served as a director of the Company since October 2009.

Susan A. Henry, age 64 – Dr. Henry has served as a director of the Company since 2007 and has extensive experience in the management and administration of a large non-profit organization. She is the Ronald P. Lynch Dean, College of Agriculture and Life Sciences, Cornell University, where she is also a professor in the Department of Molecular Biology and Genetics. She is completing her second five-year term as Dean in July 2010. She is not standing for re-appointment and will return to her duties in the Department of Molecular Biology and Genetics. Prior to her appointment at Cornell, Dr. Henry was dean of science of the Mellon College of Science at Carnegie Mellon University. Dr. Henry also has experience serving on the boards of other publicly-traded companies including as a member of the Board of Directors of Tompkins Financial Corporation and Agrium, Inc., where she serves on the Human Resources and Compensation Committee, and as Chair of the Environmental Health and Safety Committee. Dr. Henry received her B.S. degree from the University of Maryland and her Ph.D. degree from the University of California at Berkeley.

Susan W. Stuart, age 55 – Ms. Stuart is a marketing consultant and private investor. In her role as a consultant, Ms. Stuart brings her knowledge from a broad range of marketing experience. Ms. Stuart is the daughter of our founder and Chairman, Arthur S. Wolcott. In addition to her extensive knowledge of the Company, Ms. Stuart controls a significant shareholding interest in the Company. She has served as a director of the Company since 1986. Ms. Stuart received her M.B.A. from the Tuck School of Business at Dartmouth College.

Directors whose Terms Expire in 2011

Robert T. Brady, age 69 – Mr. Brady has served as a director of the Company since 1989 and has significant public company managerial experience and he provides the Board with perspective on financial, operational and strategic matters. He has been President and Chief Executive Officer of Moog Inc., a publicly traded company that is a designer and manufacturer of high performance, precision motion and fluid controls and control systems for use in aerospace, defense, industrial and medical markets, since 1988. In 1996, he was elected Chairman of the Board of Moog Inc. Mr. Brady also serves on the Board of Directors of National Fuel Gas Company, Astronics Corporation and M&T Bank Corporation. Mr. Brady received his B.S. from the Massachusetts Institute of Technology and his M.B.A. from Harvard Business School.

G. Brymer Humphreys, age 69 – Mr. Humphreys is CFO of Humphreys Farm, Inc., and was State Executive Director, USDA Farm Services Agency, New York State Office from 2005 until 2009. Mr. Humphreys served as director for two Farm Credit banking institutions from 1986 to 2005. Mr. Humphreys has served as a director of the Company since 1983 and he provides valuable insight to the Board with respect to the historical and future direction of the Company based on his many years of experience on the Board together with his decades of experience in the agriculture industry. Mr. Humphreys received his A.A.S. from Morrisville College.

Arthur S. Wolcott, age 84 – Mr. Wolcott has served as a director and as the Chairman of the Board of the Company since 1949. His leadership experience and Company and extensive industry knowledge provide valuable insight to the Board of Directors in formulating and executing the Company's strategy. Mr. Wolcott received the Forty-Niner Service Award, the food processing industry's highest award, in 2008 in recognition of his career spanning six decades in the food processing industry. Mr. Wolcott graduated from Cornell University with a B.A. degree in Economics and is currently on the President's Council of Cornell University. He is the father of Susan W. Stuart, a director of the Company.

Directors whose Terms Expire in 2012

Arthur H. Baer, age 63 – Mr. Baer served as a director of the Company since 1998. He has served as the Chairman of the Board of Supervisors of Columbia County, New York from January 2008 to December 2009 and is currently Budget Officer since January 2010. Mr. Baer's business background also includes experience in managing businesses, senior leadership development and the evaluation of strategic opportunities and challenges. He was President of Hudson Valley Publishing from 2003 to 2008 and also held the position from 1998 to 1999. He was President of Arrow Electronics Europe from 2000 to 2002 and President of XYAN Inc. from 1996 to 1998. He holds a B.A. and M.B.A. from Columbia University.

Kraig H. Kayser, age 49 – Mr. Kayser is the President and Chief Executive Officer of the Company and has served in that capacity since 1993. From 1991 to 1993 he was Chief Financial Officer of the Company. He has served as a director of the Company since 1985. Mr. Kayser has served as an officer and/or director of the Company for over 25 years, providing continuity of executive leadership through all phases of the food processing industry and economic cycles. Mr. Kayser is also a director of Moog Inc. where he serves on the Audit Committee and the Nominating and Governance Committee. He received a B.A. from Hamilton College and an M.B.A. from Cornell University.

Thomas Paulson, age 54 – Mr. Paulson has served as a director of the Company since 2004. He has significant experience in financial reporting and financial controls as a chief financial officer. Mr. Paulson has been the Chief Financial Officer of Tennant Corporation, an industrial cleaning company, since 2006 and he was Chief Financial Officer of Innovex, Inc., a supplier of flexible circuits and assemblies, from February 2001 to March 2006. In addition, he was Vice President of Finance of The Pillsbury Company from 1998-2000. In these roles, Mr. Paulson was involved in numerous merger and acquisition transactions and financing transactions. Mr. Paulson serves on the Board of Directors of Merisant Inc. and also serves on their Audit Committee. Mr. Paulson received his B.A. and M.B.A from the University of St. Thomas.

BOARD GOVERNANCE

Independent Directors

Under the NASDAQ Global Market listing standards, at least a majority of the Company's directors and all of the members of the Company's Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee must meet the test of "independence" as defined by NASDAQ. The NASDAQ standards provide that, to qualify as an "independent" director, in addition to satisfying certain criteria, the Board of Directors must affirmatively determine that a director has no relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board of Directors has determined that each current director and nominee for director, other than Mr. Wolcott, the Company's Chairman, his daughter, Ms. Stuart, Mr. Kayser, the Company's President and Chief Executive Officer, and Mr. Humphreys is, "independent" as defined by the listing standards of the NASDAQ Global Market.

In making its determination with respect to Mr. Humphreys, the Board considered his relationship with the Company as fully described in "Certain Transactions and Related Relationships" below on page 21. It concluded that Mr. Humphreys does not satisfy the criteria under NASDAQ standards inasmuch as the Company purchased \$319,000 of raw vegetables from Mr. Humphreys under an arms length contract, above the \$200,000 threshold permitted under the NASDAQ standards in determining "independence".

With respect to the five independent directors, there are no transactions, relationships or arrangements not requiring disclosure pursuant to Item 404(a) of Regulation S-K that were considered by the Board in determining that these individuals are independent under the NASDAQ listing standards.

Leadership Structure

Mr. Wolcott serves as the Chairman of the Board of Directors and has served in that capacity since 1949. Mr. Kayser serves as the Chief Executive Officer and has served in that capacity since 1993. Our Board of Directors has no specific policy regarding separation of the offices of Chairman of the Board and Chief Executive Officer. Although our bylaws permit the Chairman to serve as Chief Executive Officer, our Board has determined that separating these positions is currently in the best interest of the Company and our shareholders. As Chief Executive Officer, Mr. Kayser focuses on the strategy, leadership and day-to-day execution of our business plan while Mr. Wolcott provides oversight, direction and leadership to the Board.

Our Board of Directors believes that it is able to effectively provide independent oversight of the Company's business and affairs, including the risks we face, without an independent Chairman through the composition of our Board of Directors, the strong leadership of the independent Directors and the independent committees of our Board of Directors, and the other corporate governance structures and processes already in place. Five of the nine current Directors are independent under the NASDAQ listing standards. All of our Directors are free to suggest the inclusion of items on the agenda for meetings of our Board of Directors or raise subjects that are not on the agenda for that meeting. In addition, our Board of Directors and each committee have complete and open access to any member of management and the authority to retain independent legal, financial and other advisors as they deem appropriate without consulting or obtaining the approval of any member of management. Our Board of Directors also holds regularly scheduled executive sessions of only non-management Directors in order to promote discussion among the non-management Directors and assure independent oversight of management. Moreover, our Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee, all of which are comprised entirely of independent Directors, also perform oversight functions independent of management.

Board Oversight of Risk Management

The Company believes that its leadership structure allows the Directors to provide effective oversight of the Company's risk management function by receiving and discussing regular reports prepared by the Company's senior management on areas of material risk to the Company, including market conditions, matters affecting capital allocation, compliance with debt covenants, significant regulatory changes that may affect the Company's business operations, access to debt and equity capital markets, existing and potential legal claims against the Company and various other matters relating to the Company's business. Additionally, the Board of Directors administers its risk oversight function through (i) the required approval by the Board of Directors (or a committee thereof) of significant transactions and other decisions, including, among others, major acquisitions and divestitures, new borrowings and the appointment and retention of the Company's senior management, (ii) the coordination of the direct oversight of specific areas of the Company's business by the Compensation, Audit and Corporate Governance and Nominating Committees, and (iii) periodic reports from the Company's auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to the Company's internal control over financial reporting.

Committees and Meeting Data

The Board of Directors has a standing Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. Each member of each of these committees is “independent” as that term is defined in the NASDAQ Global Market listing standards. The Board has adopted a written charter for each of these committees, which is available on our website at www.senecafoods.com.

The Audit Committee consists of Messrs. Baer, Brady, Gaylord and Paulson. The Audit Committee met four times during the fiscal year ended March 31, 2010. The Audit Committee is directly responsible for the engagement of independent auditors, reviews with the auditors the scope and results of the audit, reviews with management the scope and results of the Company’s internal auditing procedures, reviews the independence of the auditors and any non-audit services provided by the auditors, reviews with the auditors and management the adequacy of the Company’s system of internal accounting controls and makes inquiries into other matters within the scope of its duties. Messrs. Baer, Brady, and Paulson have been designated as the Company’s “audit committee financial experts” in accordance with the SEC rules and regulations. Shareholders should understand that this designation is a disclosure requirement of the SEC related to the member’s experience and understanding with respect to certain accounting and auditing matters. The designation does not impose any duties, obligations or liability that are greater than are generally imposed on them as members of the Audit Committee and the Board, and this designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any member of the Audit Committee or the Board. See “Report of the Audit Committee” below.

The Compensation Committee consists of Messrs. Paulson, Gaylord and Dr. Henry. The Compensation Committee’s function is to review and recommend to the Board of Directors appropriate executive compensation policy and compensation of the Company’s directors and officers. The Compensation Committee also reviews and makes recommendations with respect to executive and employee benefit plans and programs. The Compensation Committee met two times during the fiscal year ended March 31, 2010.

The Corporate Governance and Nominating Committee consists of Messrs. Brady, Paulson and Dr. Henry. The responsibilities of the Corporate Governance and Nominating Committee include assessing Board membership needs and identifying, screening, recruiting, and presenting director candidates to the Board, implementing policies regarding corporate governance matters, making recommendations regarding committee memberships and sponsoring and overseeing performance evaluations for the Board as a whole and the directors. The Committee met two times during the fiscal year ended March 31, 2010.

Nominating Procedures

The Board has not adopted specific minimum criteria for director nominees and although the Company does not have a formal policy or guidelines regarding diversity, the Company recognizes the value of having a Board that encompasses a broad range of skills, expertise, contacts, industry knowledge and diversity of opinion. The Corporate Governance and Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination. If any member of the Board does not wish to continue in service, or if the Corporate Governance and Nominating Committee decides not to nominate a member for re-election, the Committee first considers the appropriateness of the size of the Board. If the Committee determines the Board seat should remain and a vacancy exists, the Committee considers factors that it deems are in the best interests of the Company and its shareholders in identifying and evaluating a new nominee. The Corporate Governance and Nominating Committee will consider nominees suggested by incumbent Board members, management and shareholders.

Shareholder recommendations must be in writing and addressed to the Chairman of the Corporate Governance and Nominating Committee, c/o Corporate Secretary, 3736 South Main Street, Marion, New York 14505, and should include a statement setting forth the qualifications and experience of the proposed candidates and basis for nomination. Any person recommended by shareholders of the Company will be evaluated in the same manner as any other potential nominee for director.

Board Attendance at Meetings

The Board of Directors held four meetings during the fiscal year ended March 31, 2010. Each director attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and meetings held by all committees of the Board of Directors on which he or she served. Each director is expected to attend the Annual Meeting of shareholders. In 2009, the Annual Meeting of Shareholders was attended by all eight directors who were serving of the Board at that time.

Shareholder Communication With the Board

The Company provides an informal process for shareholders to send communications to the Board of Directors. Shareholders who wish to contact the Board of Directors or any of its members may do so in writing to Seneca Foods Corporation, 3736 South Main Street, Marion, New York 14505. Correspondence directed to an individual board member will be referred, unopened, to that member. Correspondence not directed to a particular board member will be referred, unopened, to the Chairman of the Audit Committee.

Report of the Audit Committee

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent the Company specifically incorporates this Report by reference therein.

The Audit Committee of the Company is composed of four directors, each of whom meets the current independence and experience requirements of the NASDAQ Global Market and the SEC. The Audit Committee operates under a written charter which was adopted on May 27, 2004. A complete copy of the Audit Committee charter is available on the Company's website at www.senecafoods.com. The Board has determined that Arthur H. Baer is an "audit committee financial expert" as defined in the current rules of the SEC.

Management is primarily responsible for the Company's financial statements and reporting process. BDO Seidman, LLP is responsible for performing an independent audit of the Company's financial statements and internal control over the financial statements in accordance with the standards of the Public Company Accounting Oversight Board and issuing a report on those statements and internal controls over those financial statements. The Audit Committee's responsibilities include oversight of the Company's independent registered public accounting firm and internal audit department, as well as oversight of the Company's financial reporting process on behalf of the full Board of Directors. It is not the duty or the responsibility of the Audit Committee to conduct auditing or accounting reviews or related procedures.

The Audit Committee meets at least quarterly and at such other times as it deems necessary or appropriate to carry out its responsibilities. Those meetings include, whenever appropriate, executive sessions with BDO Seidman without management being present. The Committee met four times during the fiscal year ended March 31, 2010. In the course of fulfilling its oversight responsibilities, the Audit Committee met with management, internal audit personnel and BDO Seidman to review and discuss all annual financial statements and quarterly operating results prior to their issuance. Management advised the Audit Committee that all financial statements were prepared in accordance with GAAP. The Audit Committee also discussed with BDO Seidman matters required to be discussed, pursuant to Statement on Auditing Standards No. 61, Communication with Audit Committees, including the reasonableness of judgments and the clarity and completeness of financial disclosures. In addition, the Audit Committee discussed with BDO Seidman matters relating to its independence and has received from BDO Seidman the written disclosures and letter required by the Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees.

On the basis of the reviews and discussions the Audit Committee has had with BDO Seidman and management, the Audit Committee recommended to the Board of Directors that the Board approve the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2010, for filing with the SEC.

Submitted by:

THE AUDIT COMMITTEE

Arthur H. Baer, Chair

Robert T. Brady

John P. Gaylord

Thomas Paulson

EXECUTIVE OFFICERS

The following provides certain information regarding our executive officers. Each individual's name and position with the Company is indicated. In addition, the principal occupation and business experience for the past five years is provided for each officer and, unless otherwise stated, each person has held the position indicated for at least the past five years.

Arthur S. Wolcott, age 84 – Mr. Wolcott has served as the Chairman of the Board of the Company since 1949.

Kraig H. Kayser, age 49 – Mr. Kayser is the President and Chief Executive Officer of the Company and has served in that capacity since 1993. From 1991-1993 he served as the Company's Chief Financial Officer.

Roland E. Breunig, ag