OLDHAM WILLIAM G
Form 4
April 03, 2009

# FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

| | |
|---|---|
| OMB Number: | 3235-0287 |
| Expires: | January 31, 2005 |
| Estimated average burden hours per response... | 0.5 |

(Print or Type Responses)

1. Name and Address of Reporting Person *
OLDHAM WILLIAM G

(Last) (First) (Middle)

C/O NANOMETRICS, INC., 1550 BUCKEYE DRIVE

(Street)

MILPITAS, CA 95035

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
NANOMETRICS INC [NANO]

3. Date of Earliest Transaction (Month/Day/Year)
04/02/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**
**(*e.g.*, puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount Underlying Securitie (Instr. 3 and 4) |
|---|---|---|---|---|---|---|---|

| (Instr. 3) | Price of Derivative Security | | (Month/Day/Year) | (Instr. 8) | | Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amour or Numbe of Shares |
| Non-Qualified Stock Option (right to buy) | $ 1.34 | 04/02/2009 | | A | | 2,500 | | (1) | 04/02/2014 | Common Stock | 2,50 |

# Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |
| OLDHAM WILLIAM G<br>C/O NANOMETRICS, INC.<br>1550 BUCKEYE DRIVE<br>MILPITAS, CA 95035 | X | | | |

# Signatures

| | |
|---|---|
| /s/ James P. Moniz, by power of attorney | 04/03/2009 |
| **Signature of Reporting Person | Date |

# Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

**(1)** The Option becomes exercisable in three equal annual installments beginning on the first anniversary of the date of the grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. BR>Withdrawals/

**Distributions in Last Fiscal Year**

**(d)**

**Aggregate Balance at Last Fiscal Year End**

**(e)**

Robert L. Moody, Sr.

$0 $66,930 $(767) $0 $89,474

James E. Pozzi

$46,301 $261,542 $2,297 $0 $622,507

Gregory V. Ostergren

$225,757 $43,052 $(7,529) $0 $387,358

David A. Behrens

$22,173 $90,838 $(6,539) $0 $207,445

John J. Dunn, Jr.

$15,858 $69,414 $(121) $0 $164,160

Timothy A. Walsh

$26,311 $24,014 $(1,079) $0 $54,937

*Column (a) Executive Contributions in Last Fiscal Year.* These amounts are included within the Salary and Non-Equity Incentive Compensation columns of the Summary Compensation Table above. Executive contributions are made each pay period during the fiscal year and are based on each NEO s elected deferral percentage. Participants are fully vested as to these amounts at the time of contribution.

*Column (b) Registrant Contributions in Last Fiscal Year.* As discussed in the Retirement Benefits section of the Compensation Discussion and Analysis above, these amounts include a Company matching component and a non-elective contribution component. These amounts are included within the All Other Compensation column of the Summary Compensation Table above. Participants are fully vested as to these amounts after three years of employment, or upon their earlier attaining of age 65 or a change in control of the Company, in either event while actively employed by the Company.

*Column (c) Aggregate Earnings (Losses) in Last Fiscal Year.* Earnings on amounts contributed to the Executive Plan are determined by investment selections made by each participant in investment alternatives that represent a subset of investment choices offered under our 401(k) Plan. Each participant in the Executive Plan can choose from approximately forty mutual fund offerings. The 2015 investment returns for the investment choices in which one or more of the NEOs participated are as follows:

| Fund | Return | Fund | Return |
|---|---|---|---|
| American Balanced Fund | 1.98% | T. Rowe Price International Stock Fund | -0.77% |

| | | | |
|---|---|---|---|
| Shelton Core Value Fund | -1.11% | T. Rowe Price Retirement 2015 Fund | -0.58% |
| T. Rowe Price Capital Appreciation Fund | 5.42% | T. Rowe Price Retirement 2020 Fund | -0.31% |
| T. Rowe Price Mid-Cap Value Fund | -3.41% | T. Rowe Price Retirement 2030 Fund | -0.02% |
| T. Rowe Price Growth Stock Fund | 10.85% | T. Rowe Price Retirement 2050 Fund | 0.19% |
| T. Rowe Price Small-Cap Fund | -3.18% | T. Rowe Price Value Fund | -1.74% |

We do not provide any above-market or preferential earnings rates, nor do we guarantee that an officer s investments will have positive earnings. Since these amounts are not preferential, they are not included in the Summary Compensation Table.

*Column (d) Aggregate Withdrawals/Distributions in Last Fiscal Year.* None of the NEOs made withdrawals or received distributions from the Executive Plan during 2015.

*Column (e) Aggregate Balance at Last Fiscal Year End.* The aggregate balance shown represents the sum of executive contributions, Company contributions and aggregate earnings, less any distributions or withdrawals, through December 31, 2015. Fiscal year 2014 was the first year of existence of the Executive Plan. Executive contributions and Company contributions for 2014 were reported in the Company s 2014 Summary Compensation Table in the following aggregate amounts: for Mr. Moody, $90,240; for Mr. Pozzi, $303,933; for Mr. Ostergren, $132,191; for Mr. Behrens, $103,240; and for Mr. Dunn, $80,452. Mr. Walsh was not included in the 2014 Summary Compensation Table.

***Farm Family Supplemental Profit Sharing Plan***

Timothy A. Walsh was a participant in the Farm Family Supplemental Profit Sharing Plan, which became effective on January 1, 1997 and was frozen as of December 31, 2004. The purpose of such plan was to provide participants with additional retirement benefits they would have received under the basic qualified retirement plan in absence of certain Code limitations. All contributions under the plan were made by the employer. Plan balances accrue interest quarterly at the Prime Rate published in the Money Rates section of the *Wall Street Journal* on the first business day of each calendar quarter. Mr. Walsh will begin receiving distributions from the plan at the same time and in the same manner as he receives distributions under the applicable Farm Family qualified retirement plan.

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The following table provides information regarding Mr. Walsh s participation in the Farm Family Supplemental Profit Sharing Plan:

| Executive Contributions in Last Fiscal Year | Registrant Contributions in Last Fiscal Year | Aggregate Earnings in Last Fiscal Year* | Aggregate Withdrawals/ Distributions in Last Fiscal Year | Aggregate Balance at Last Fiscal Year End |
|---|---|---|---|---|
| $ 0 | $ 0 | $ 843 | $ 0 | $ 312,090 |

* These earnings are not above-market or preferential and thus are not reported in the Summary Compensation Table.

***Farm Family Nonqualified Deferred Compensation Plans***

Directors of certain of our Farm Family subsidiaries are eligible to participate in the Farm Family Holdings, Inc. 409A Directors Deferred Compensation Plan (the Current Farm Family Plan ), which became effective on January 1, 2005. Prior to the effectiveness of the Current Farm Family Plan, the Farm Family subsidiary directors were eligible to participate in the Farm Family Holdings, Inc. Directors Deferred Compensation Plan, which was frozen as of December 31, 2004 (the Frozen Farm Family Plan ).

Mr. Ostergren is the only NEO eligible to participate in such plans who has elected to participate. In certain prior years, Mr. Ostergren deferred the $20,000 annual compensation he received as Chairman of the Board of the Farm Family insurance companies under the Current Farm Family Plan. We do not contribute any amounts to these plans other than amounts elected to be deferred by a director.

Deferred compensation under both the Current Farm Family Plan and the Frozen Farm Family Plan accrues interest each month at the Prime Rate published in the Money Rates section of the *Wall Street Journal* on the first day of the calendar quarter containing such month. Under the Current Farm Family Plan, a director may elect to receive distributions from the plan only in a single lump sum. Under the Frozen Farm Family Plan, a director may elect to receive distributions from the plan in a lump sum or in five, ten or fifteen equal annual installments.

The following table provides information regarding Mr. Ostergren s participation in the Current Farm Family Plan and the Frozen Farm Family Plan:

| Plan | Executive Contributions in Last Fiscal Year | Registrant Contributions in Last Fiscal Year | Aggregate Earnings in Last Fiscal Year* | Aggregate Withdrawals/ Distributions in Last Fiscal Year | Aggregate Balance at Last Fiscal Year End |
|---|---|---|---|---|---|
| Frozen Farm Family Plan | $ 0 | $ 0 | $ 3,388 | $ 0 | $ 106,097 |
| Current Farm Family Plan | $ 0 | $ 0 | $ 5,544 | $ 60,249 | $ 169,069 |

* These earnings are not above-market or preferential and thus are not reported in the Summary Compensation Table.

***POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL***

We do not have employment contracts, severance agreements, salary continuation agreements or severance plans with the NEOs. This section describes and quantifies certain compensation that would become payable under existing plans and arrangements if an NEO s employment had terminated on December 31, 2015, given each NEO s compensation and service levels as of such date and, if applicable, based on our closing stock price on that date, which was $102.27.

***Restricted Stock and Termination of Employment***

Pursuant to the 1999 Plan and award terms approved by the Board of Directors, shares of restricted stock issued to Mr. Moody and Mr. Pozzi vest upon death, disability, or upon retirement with the consent of the Board of Directors. Such shares are forfeited upon other termination of employment. In addition, such shares vest upon a change of control of our company. For purposes of the 1999 Plan, a change of control occurs if (i) there is a change in ownership of our outstanding securities which causes any person other than The Moody Foundation to become the beneficial owner, directly or indirectly, of securities representing fifty percent (50%) or more of the combined voting power of our outstanding securities then entitled to vote for the election of directors; (ii) the Board of Directors approves the sale of all or substantially all of our assets; or (iii) the Board of Directors approves any merger, consolidation, issuance of securities or purchase of assets, the result of which would be the occurrence of an event described in clause (i) above.

The aggregate market value of unvested restricted stock as of December 31, 2015 for Mr. Moody was $5,113,500 and for Mr. Pozzi was $1,022,700. The other NEOs had no restricted stock issued to them as of December 31, 2014.

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***SARs and Termination of Employment***

Pursuant to the 1999 Plan and award terms approved by the Board of Directors, SARs vest upon death or upon retirement at or after attaining the age of 65. SARs expire upon any other termination of employment. SARs also vest immediately upon a change of control. The events constituting a change of control are described above in Restricted Stock and Termination of Employment.

Assuming a change of control or a termination by reason of death or retirement on December 31, 2015, Messrs. Pozzi, Ostergren, Behrens and Walsh would not have received any amounts upon the exercise of their SARs that were then exercisable, because the closing price of our Common Stock on such date was less than the exercise price of all outstanding SARs granted to them. Mr. Moody and Mr. Dunn had no SARs issued to them as of December 31, 2015.

***RSUs and Termination of Employment***

Pursuant to the 1999 Plan and award terms approved by the Board of Directors, RSUs vest, at the election of the recipient, by either (i) converting to shares of our Common Stock on a one-for-one basis upon the officer s death or disability or upon the officer s retirement at or after attaining the age of 65, or (ii) converting into cash based on the market price of our Common Stock on the date of any such event. If the officer s employment with us terminates for any other reason prior to the vesting of any RSUs, all of such RSUs are forfeited. In addition, all RSUs vest immediately upon a change of control. The events constituting a change of control are described above in Restricted Stock and Termination of Employment.

Assuming a change of control or a termination by reason of death, retirement or disability on December 31, 2015, the RSUs issued to our NEOs pursuant to the 2014, 2013 and 2012 EICPs would convert to shares of our Common Stock. As of such date, each of the NEOs would have received the following number of shares of our Common Stock with the following market value, or a cash payment equal to such market value:

| **Name** | **No. of Shares of Common Stock** | **Market Value** |
|---|---|---|
| Robert L. Moody, Sr. | 67,432 | $ 6,896,271 |
| James E. Pozzi | 13,016 | $ 1,331,146 |
| Gregory V. Ostergren | 5,992 | $ 612,802 |
| David A. Behrens | 7,805 | $ 798,217 |
| John J. Dunn, Jr. | 5,795 | $ 592,655 |
| Timothy A. Walsh | 4,206 | $ 430,148 |

***Executive Plan Accounts and Termination of Employment***

Assuming a change of control or a termination by reason of death, retirement or disability on December 31, 2015, each of the NEOs would have been entitled to receive the aggregate balance of his Executive Plan account as of such date, as shown in column (e) of the Nonqualified Deferred Compensation Plans Executive Plan table above.

***Pension Benefits***

The following table describes the estimated benefits that would have been due to our NEOs under our existing pension plans in the event of any termination of employment as of December 31, 2015:

| Name | Plan | Potential Payout on Retirement or Voluntary Termination 12/31/15 (a) | Potential Payout if Terminated Upon Disability 12/31/15 (b) | Potential Payout if Terminated Upon Death 12/31/15 (c) | Potential Payout if Terminated Involuntarily 12/31/15 (d) |
|---|---|---|---|---|---|
| Robert L. Moody, Sr. | Qualified Plan | $ 1,291,288 | $ 1,291,288 | $ 650,118 | $ 1,291,288 |
| | Excess Benefit Plan | $ 54,477,925 | $ 54,477,925 | $ 37,031,054 | $ 54,477,925 |
| James E. Pozzi | Qualified Plan | $ 1,792,309 | $ 1,792,309 | $ 1,683,909 | $ 1,792,309 |
| | Excess Benefit Plan | $ 4,650,601 | $ 4,650,601 | $ 4,369,333 | $ 4,650,601 |
| Gregory V. Ostergren | Qualified Plan | $ 971,406 | $ 971,406 | $ 892,162 | $ 971,406 |
| | Excess Benefit Plan | $ 2,557,796 | $ 2,557,796 | $ 2,349,139 | $ 2,557,796 |
| David A. Behrens | Qualified Plan | $ 450,780 | $ 450,780 | $ 764,596 | $ 450,780 |
| | Excess Benefit Plan | $ 1,204,090 | $ 1,204,090 | $ 2,042,334 | $ 1,204,090 |
| John J. Dunn, Jr. | Qualified Plan | $ 133,542 | $ 133,542 | $ 172,762 | $ 133,542 |
| | Excess Benefit Plan | $ 147,603 | $ 147,603 | $ 190,943 | $ 147,603 |
| Timothy A. Walsh | Farm Family Employee Retirement Plan | $ 42,493 | $ 42,493 | $ 47,974 | $ 42,493 |

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*Column (a) Potential Payout on Retirement or Voluntary Termination*

The potential payout refers to the actuarial present value of the benefit payable. As explained in connection with the Pension Benefits table above, Mr. Moody is currently receiving in-service distributions under both the Qualified Plan and the Excess Benefit Plan. Mr. Pozzi is eligible for normal retirement, and Mr. Ostergren is eligible for early retirement, under both the Qualified Plan and the Excess Benefit Plan. In the case of Mr. Moody and Mr. Pozzi, each would have been eligible to receive his accumulated benefit upon retirement or voluntary termination on December 31, 2015. Mr. Ostergren would have been eligible to receive the early retirement benefit disclosed in column (a). The early retirement benefit is an actuarially reduced value of accumulated benefits, which for Mr. Ostergren was 72.3% of his deferred benefits at December 31, 2015.

*Column (b) Potential Payout if Terminated Upon Disability*

The potential payout refers to the actuarial present value of the benefit payable. In the event of total disability prior to age 65, no additional benefits become immediately payable, unless the individual is entitled to retirement at the time of disability. Total disability must be validated by approval for Social Security disability. Had the employment of Mr. Moody or Mr. Pozzi been terminated by disability on December 31, 2015, each would be entitled to his accumulated benefit. In the case of the disability of Mr. Ostergren on December 31, 2015, he would have been entitled to his early retirement benefit.

*Column (c) Potential Payout if Terminated Upon Death*

The potential payout refers to the actuarial present value of the benefit payable. This amount represents the value of a surviving spouse s benefit as determined based upon a percentage of the accrued or projected benefit at age 65, as specified in the applicable plans. In the case of an individual who has already commenced receiving benefits under the plans, any surviving spouse s benefit would be according to the form of payment elected at retirement. Mr. Moody has a guaranteed period of 21 years that would provide a surviving spouse s benefit based on the remaining portion of such period since benefit commencement. In the event of death prior to retirement, a pension is available for the surviving spouse for the life of the spouse that would be at most 75% of the NEO s projected monthly pension at age 65. Eligibility for this death benefit requires that the executive have been at least age 45 at the time of death and have age plus years of service equal to at least 55.

*Column (d) Potential Payout if Terminated Involuntarily*

Please see the explanation provided above in connection with *Column A Potential Payout on Retirement or Voluntary Termination.* No special benefits are triggered by involuntary termination.

***DIRECTOR COMPENSATION***

The following table has information about compensation of our directors and advisory directors for 2015, other than Mr. Moody and Mr. Pozzi.

| Name | Fees Earned or Paid in Cash | Stock Awards (b) | All Other Compensation (c) | Total |
|---|---|---|---|---|

| | (a) | | | |
|---|---|---|---|---|
| Directors | | | | |
| William C. Ansell | $ 82,000 | $ 78,563 | $ 7,690 | $ 168,253 |
| Arthur O. Dummer | $ 79,500 | $ 78,563 | $ 35,347 | $ 193,410 |
| Russell S. Moody | $ 47,500 | $ 78,563 | $ 10,183 | $ 136,246 |
| Frances A. Moody-Dahlberg | $ 47,500 | $ 78,563 | $ 86,304 | $ 212,367 |
| James P. Payne | $ 82,000 | $ 78,563 | $ 10,864 | $ 171,427 |
| E. J. Pederson | $ 83,500 | $ 78,563 | $ 13,250 | $ 175,313 |
| James D. Yarbrough | $ 82,000 | $ 78,563 | $ 244,990 | $ 405,553 |
| Advisory Directors | | | | |
| Shelby M. Elliott(1) | $ 45,000 | $ 78,563 | $ 11,872 | $ 135,435 |
| G. Richard Ferdinandtsen(2) | $ 44,500 | $ 78,563 | $ 50,278 | $ 173,341 |
| Irwin M. Herz, Jr. | $ 47,500 | $ 78,563 | $ 57,457 | $ 183,520 |
| R. Eugene Lucas | $ 47,500 | $ 78,563 | $ 50,137 | $ 176,200 |
| E. Douglas McLeod | $ 47,500 | $ 78,563 | $ 31,948 | $ 158,011 |
| Robert L. Moody, Jr.(3) | $ 47,500 | $ 78,563 | $ 64,042 | $ 190,105 |

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(1) Shelby M. Elliott served as an advisory director until his death in August 2015.
(2) Mr. Ferdinandtsen is a retired Company executive. For 2015, he experienced an increase in his accrued pension benefits of $1,270,826, including the effect of $1,465,800 in distributions.
(3) Please see the section below entitled Certain Relationships and Related Transactions for a discussion of agent-related compensation paid to Robert L. Moody, Jr., primarily through his wholly-owned insurance agency, Moody Insurance Group, Inc.

*Column (a) Fees Earned or Paid in Cash.* We pay cash compensation for service as a director or advisory director only to those individuals who are not employees. Such directors and advisory directors each receive a $40,000 annual retainer, plus $1,500 per meeting attended. Members of the Compensation Committee and Nominating Committee receive a $2,000 annual retainer per committee, plus $1,000 per meeting attended. Members of the Audit Committee receive a $4,000 annual retainer, plus $1,500 per meeting attended. The Chairman of the Audit Committee receives an additional annual retainer of $4,000. Directors may elect to defer their compensation, with interest accrued at the *Wall Street Journal* prime rate published on the first business day of each quarter. We do not provide any above-market or preferential earnings rates on compensation that is deferred.

*Column (b) Stock Awards.* On March 1, 2015, we awarded each of our directors and advisor directors reflected in the table above 750 RSUs. The amount shown represents the grant date fair value of such awards calculated in accordance with FASB ASC 718, excluding the effect of estimated forfeitures, based the closing price of our Common Stock on the last business day before Sunday, March 1, 2015, the grant date, which was $104.75. These RSUs vest in three equal annual installments, beginning on March 1, 2016, or upon an individual s earlier retirement, death or disability. Upon vesting, each director or advisory director will receive a number of shares of our Common Stock equal to the number of RSUs that have vested or, at the recipient s election, cash based upon the market value of our Common Stock on the date of vesting. In addition to the stock ownership of the directors and advisory directors as disclosed above under Security Ownership of Directors and Executive Officers and Security Ownership of Advisory Directors, each of the directors and advisory directors, other than Messrs. Ansell, Payne, Pederson, Elliott and Ferdinandtsen, owned 1,500 RSUs at December 31, 2015. Messrs. Ansell, Payne, Pederson and Ferdinandtsen owned 750 RSUs as of such date. Dr. Elliott owned 1,500 RSUs that vested and converted to shares of our Common Stock upon his passing in August 2015.

*Column (c) All Other Compensation.* These amounts include the following:

**All Other Compensation Table Directors and Advisory Directors**

| Name | Restricted Stock Dividends | Perquisites | Subsidiary Director Fees | Total |
|---|---|---|---|---|
| Directors | | | | |
| William C. Ansell | $ 0 | $ 7,690(1)(2) | $ 0 | $ 7,690 |
| Arthur O. Dummer | $ 8,374 | $ 26,973(1)(2) | $ 0 | $ 35,347 |
| Russell S. Moody | $ 7,820 | $ 2,363(2) | $ 0 | $ 10,183 |
| Frances A. Moody-Dahlberg | $ 7,820 | $ 78,484(1)(2) | $ 0 | $ 86,304(3) |
| James P. Payne | $ 0 | $ 10,864(1) | $ 0 | $ 10,864 |
| E. J. Pederson | $ 0 | $ 0 | $ 13,250 | $ 13,250 |
| James D. Yarbrough | $ 7,820 | $ 223,920(1)(2) | $ 13,250 | $ 244,990 |
| Advisory Directors | $ 4,107 | $ 7,765(1) | $ 0 | $ 11,872 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Shelby M. Elliott | | | | | | | | |
| G. Richard Ferdinandtsen | $ | 0 | $ | 42,278[1] | $ | 8,000 | $ | 50,278 |
| Irwin M. Herz, Jr. | $ | 7,820 | $ | 38,387[1][2] | $ | 11,250 | $ | 57,457 |
| R. Eugene Lucas | $ | 7,820 | $ | 40,317[1] | $ | 2,000 | $ | 50,137 |
| E. Douglas McLeod | $ | 7,820 | $ | 19,628[1][2] | $ | 4,500 | $ | 31,948 |
| Robert L. Moody, Jr. | $ | 4,186[4] | $ | 57,856[1][2] | $ | 2,000 | $ | 64,042 |

(1) We provide a medical reimbursement plan designed to reimburse certain medical expenses that are not covered by an underlying insurance policy for the benefit of (1) directors and advisory directors who are not current or former common law employees, (2) retired directors who have at least twenty (20) years of service who are not current or former common law employees, (3) designated consultants who are not current or former common law employees, and (4) the spouses and any dependents of the foregoing. The amounts of such benefit during 2015 with respect to Frances A. Moody-Dahlberg, James D. Yarbrough, Irwin M. Herz, Jr., and Robert L. Moody, Jr. were $63,222, $218,355, $32,323, and $50,206, respectively. The amount of such benefit to the other directors and advisory directors did not exceed thresholds for specific numerical disclosure under applicable proxy disclosure rules, although the value of such benefit is included in the Perquisites column.

(2) Includes guest travel, lodging, leisure activities, and food and beverage at our business conferences or other events.

(3) Includes $13,550, which Ms. Moody-Dahlberg received during 2015 as our Charitable Donations Request Coordinator.

(4) Moody Insurance Group, Inc., a company owned by Mr. Moody, was previously awarded shares of restricted stock as a Company consultant. Dividends on such shares are included in amounts reported in the Certain Relationships and Related Transactions section below.

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### *Compensation Committee Interlocks and Insider Participation*

No member of the Board Compensation Committee is or has been an officer or employee of the Company or any of its subsidiaries or had a relationship with us requiring disclosure under Regulation S-K Item 404. During 2015, no executive officer of the Company served as a member of the Board of Directors or compensation committee (or other Board committee performing similar functions or, in the absence of any such committee, the entire Board of Directors) of another corporation, one of whose executive officers served on our Board Compensation Committee. Robert L. Moody, Sr. serves as a director of Gal-Tex Hotel Corporation, and R. Eugene Lucas, the President of Gal-Tex Hotel Corporation, serves as one of our advisory directors. During 2015, no executive officer of the Company served as a member of the compensation committee (or other Board committee performing similar functions or, in the absence of any such committee, the entire Board of Directors) of another corporation, one of whose executive officers served as a member of our Board of Directors. Certain transactions between us and Gal-Tex Hotel Corporation are discussed in the section that follows.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following is a description of certain transactions and relationships existing since the beginning of 2015 between us and certain related parties.

*Mortgage Loans to Gal-Tex Hotel Corporation*: The Moody Foundation and the Libbie Shearn Moody Trust own 34% and 50.2%, respectively, of Gal-Tex Hotel Corporation ( Gal-Tex ). As of December 31, 2015, we held a first mortgage loan issued to Gal-Tex secured by hotel property in San Antonio, Texas. This loan was originated in 1999, had a balance of $5,181,710 as of December 31, 2015, has a current interest rate of 7.25%, and has a final maturity date of April 1, 2019. During 2015, Gal-Tex paid $1,326,306 in principal and $428,334 in interest with respect to this loan, which is current as to principal and interest payments. The largest principal amount outstanding during 2015 with respect to such loan was $6,508,016.

*Management Contracts with Gal-Tex Hotel Corporation*: We have entered into management contracts with a subsidiary of Gal-Tex for the management of a hotel and adjacent fitness center owned by us. During the year ended December 31, 2015, we paid Gal-Tex $187,256 and $133,227, respectively, for services rendered under these contracts. Both of such contracts are terminable by us upon thirty days prior written notice.

*Transactions with Robert L. Moody, Jr.*: Robert L. Moody, Jr. ( RLM Jr. ), one of our advisory directors, has entered into a number of agency agreements with us and some of our subsidiaries, primarily through his wholly-owned insurance agency, Moody Insurance Group, Inc. ( MIG ). In 2015, total commissions paid under such agency contracts, primarily from the marketing of health insurance products, were $580,266. We have entered into a Consulting and Special Marketing Agreement with MIG concerning development and marketing of new products. During 2015, we paid compensation of $122,299 under this agreement and a predecessor agreement. In addition to consulting fees, such amount includes dividends on shares of our Restricted Stock granted to MIG as a consultant. We also entered into a National Marketing Director s Contract with MIG in 1994, which gave MIG the exclusive right to sell annuities in the financial institutions market. In a subsequent restructuring of such contract, MIG gave up such exclusive right, and we assumed all responsibilities for sales and service in such market. During 2015, MIG received $1,116,323 in commissions under such restructured contract. As agreed by us and certain of our subsidiaries, MIG markets products of unrelated companies through certain of our agents. MIG receives commissions from the companies issuing such products. In 1994, MIG provided brokerage and business development services to an unrelated marketing company which has had a marketing agreement with us since such time. MIG has advised us that, during 2015, commissions received from such marketing company related to sales of our products aggregated $42,903. We entered into an agreement with MIG in 2006 pursuant to which we provide certain software and related computer services to MIG and its agents in connection with sales of health insurance products issued by one of our subsidiaries. MIG paid us $480 for such services during 2015, based on the same rates charged to our internal departments.

*Transactions with Moody National Bank*: We and some of our subsidiaries have entered into various depository, custodian and safekeeping arrangements with Moody National Bank in the ordinary course of our business. In addition, American National Registered Investment Advisor, Inc. ( ANRIA ), a registered investment advisor subsidiary of ours, provides investment management services to certain accounts maintained by others at the Trust Department of Moody National Bank. For such services, Moody National Bank compensates ANRIA from the fees the bank receives for its services as custodian, trustee or other agent of such accounts. During 2015, Moody National Bank paid ANRIA $387,925 in fees for such services.

*Health Insurance Contracts with Certain Entities*: Our Merit Plan is insured by National Western Life Insurance Company ( National Western ), which is controlled by Robert L. Moody, Sr. Further information regarding the Merit Plan is provided above in connection with the All Other Compensation Table NEOs. During 2015, we paid National Western $1,877,466 in premium and fees with respect to the Merit Plan. In addition, we insure substantially similar plans offered by National Western, Gal-Tex, and The Moody Foundation to certain of their officers. During 2015, National Western, Gal-Tex, and The Moody Foundation paid us premium and fees with respect to such plans in the amounts of $441,090; $112,500; and $117,901, respectively. We also insure The Moody Foundation s basic health insurance plan, for which we received $89,413 in premium during 2015.

*Transactions with Greer, Herz & Adams, L.L.P.*: Irwin M. Herz, Jr. is an advisory director of ours and a Partner with Greer, Herz & Adams, L.L.P. which serves as our General Counsel. In the year ended December 31, 2015, Greer, Herz & Adams, L.L.P. received approximately $7,950,797 in legal fees and reimbursements of expenses in connection with its services as our General Counsel. We also furnished offices, telephones and the use of certain office decorations to the law firm, the value of which was credited against additional fees due to such firm.

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*Other Family Relationships*: E. Vince Matthews III, a step-son of Robert L. Moody, Sr., is a director of a mutual insurer managed by us and an advisory director of one of our subsidiaries. He is also employed as one of our officers, for which he received total compensation during 2015, including under our Merit Plan for officers, in excess of $190,000, but less than $220,000.

***Procedure for Review, Approval or Ratification of Related Persons Transactions***

The Audit Committee reviews, approves or ratifies any related party transactions in which we have or will have an amount involved exceeding $120,000 and a related person has or will have a direct or indirect material interest. The Audit Committee will approve or ratify the transaction only if it determines that the transaction is in our best interests. In considering the transaction, the Audit Committee will consider all relevant factors, including (as applicable) the business rationale for entering into the transaction; the alternatives to entering into the transaction; whether the transaction is on terms comparable to those that could be obtained in arms-length dealings with an unrelated third party; and the overall fairness of the transaction to us. We have not adopted formal written procedures for the review of related party transactions. Rather, we are guided by the corporate governance rules of the NASDAQ, the requirements of Item 404(a) of Regulation S-K promulgated by the Securities and Exchange Commission (the SEC ), and other SEC guidance on related party transactions.

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

Under the securities laws of the United States, our directors, executive officers, and any persons holding more than ten percent of our Common Stock are required to report their initial ownership of our Common Stock and other equity securities and any subsequent changes in that ownership to the SEC and submit copies of these reports to the Company. To the Company s knowledge, based solely on review of the copies of such reports furnished to the Company and the written representations of such reporting persons, for the year ended December 31, 2015, all required Section 16(a) filings applicable to our directors, executive officers, and greater than ten percent beneficial owners were timely made, except that director Arthur O. Dummer inadvertently filed a late Form 4 to report a sale of fifty shares of our Common Stock by a family trust, and Elizabeth Lee Moody, a Moody Foundation trustee, inadvertently filed a late Form 3.

**PROPOSAL 2.**

**ADVISORY (NON-BINDING) VOTE ON EXECUTIVE OFFICER COMPENSATION**

Section 14A of the Securities Exchange Act of 1934 requires that stockholders have the opportunity at the Annual Meeting to cast an advisory (non-binding) vote on the compensation of our Named Executive Officers, as described in this proxy statement (a say-on-pay vote). The say-on-pay vote is not intended to be a vote on our general compensation policies, the compensation of our Board of Directors, or our compensation policies as they relate to risk management, nor is it intended to address any specific item of compensation. Accordingly, please read the Executive Compensation section of this proxy statement, which includes our Compensation Discussion and Analysis, executive officer compensation tables and related narrative discussions that describe in detail our compensation programs and policies for our executive officers and the decisions made by our Board Compensation Committee for 2015. We are required to hold the advisory vote on executive compensation at least once every three years. Pursuant to a separate advisory (non-binding) vote at the 2014 Annual Meeting, our stockholders voted to hold an annual say-on-pay vote.

The vote on this Proposal 2 is advisory and, therefore, not binding on the Board of Directors or the Board Compensation Committee. The Board, including the Board Compensation Committee, values the opinions of our stockholders and, to the extent there is any significant vote against the executive officer compensation as disclosed in this proxy statement, we will consider our stockholders concerns and evaluate what actions may be appropriate to address those concerns.

Stockholders will be asked at the Annual Meeting to approve the following resolution pursuant to this Proposal 2:

RESOLVED, that the stockholders of American National Insurance Company approve, on an advisory basis, the compensation of the Company s Named Executive Officers, as disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, and the accompanying narrative disclosure contained in the proxy statement for the Company s 2016 Annual Meeting of Stockholders.

***Board Recommendation: The Board of Directors recommends a vote FOR the approval of the foregoing advisory resolution on executive compensation.***

## PROPOSAL 3.

## RATIFICATION OF AUDITORS FOR 2016

Our Board Audit Committee has selected KPMG LLP, a firm of independent public accountants ( KPMG ), to serve as our independent registered public accounting firm to examine our consolidated financial statements for 2016. While the Audit Committee is responsible for the appointment, compensation, retention, termination and oversight of the independent auditor, we are requesting, as a matter of good corporate governance, that the stockholders ratify the appointment of KPMG as our principal independent registered public accounting firm. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether to retain KPMG and may retain that firm or another without re-submitting the matter to our stockholders. Even if the appointment is ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such change would be in our best interests and in the best interests of our stockholders.

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KPMG served as the Company s principal independent registered public accounting firm for the year ended December 31, 2015. During 2015, such firm performed audit services and tax consulting services for the Company. KPMG has advised the Company that neither it nor any of its partners has any material financial interest in, or any connection (other than as independent auditors) with the Company.

***Fees Paid to KPMG***

The following table presents fees billed by KPMG for audit and other services during 2015 and 2014:

| | 2015 | 2014 |
|---|---|---|
| Audit Fees[1] | $ 3,425,000 | $ 3,555,000 |
| Audit-Related Fees[2] | $ 23,500 | $ 23,500 |
| Tax Fees[3] | $ 826,032 | $ 740,287 |
| All Other Fees | | |

(1) Aggregate fees billed for the audit of the Company s consolidated financial statements and insurance company statutory financial statements, review of our interim financial statements, and review of our systems of internal control over financial reporting.

(2) Aggregate fees billed for performing assurance or related services that were related to the performance of the audit or review of our financial statements but were not reportable as Audit Fees.

(3) Aggregate fees billed by KPMG for tax compliance, tax advice and tax planning services related to review of tax returns of the Company and certain subsidiaries, as well as tax research services related to tax return compliance.

***Pre-Approval of Audit, Audit-Related, Tax and Non-Audit Services***

The Audit Committee pre-approves all audit services and non-audit services (including the fees and terms thereof) to be performed for the Company by its independent registered public accounting firm, as required by applicable law or listing standards and the Charter of the Audit Committee. The committee may delegate authority to one or more of its members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of any such member to grant pre-approvals are presented to the full Committee at its next scheduled meeting. The Audit Committee has determined the rendering of non-audit services by KPMG was compatible with maintaining KPMG s independence.

Representatives of KPMG are expected to be present at the Annual Meeting and will be given the opportunity to make a statement and to respond to appropriate questions.

***Board Recommendation: The Board of Directors recommends a vote FOR ratification of the appointment of KPMG as our auditors for 2016.***

## AUDIT COMMITTEE REPORT

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the Company s consolidated financial reports, its internal financial and accounting controls, and its auditing, accounting and financial reporting processes generally. However, the committee is not professionally engaged in the practice of accounting or auditing and does not provide any expert or special assurance as to such financial statements concerning compliance with laws, regulations or generally accepted accounting principles or as to auditor independence. The committee relies, without independent verification, on the information provided to it and on the representations made by management and the independent registered accounting firm. Management is responsible for the financial reporting process, including the system of internal controls, for the preparation of consolidated financial statements in accordance with generally accepted accounting principles and for the report on the Company s internal control over financial reporting. The Company s independent registered public accounting firm is responsible for auditing those financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America.

In discharging its oversight responsibilities regarding the audit process, the Audit Committee reviewed and discussed the audited consolidated financial statements of the Company as of and for the year ended December 31, 2015 with Company management and KPMG LLP ( KPMG ), the independent auditors. The Audit Committee received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence, discussed with KPMG any relationships that might impair the firm s independence from management and the Company, and satisfied itself as to the auditor s independence. The Audit Committee reviewed and discussed with KPMG all communications required by auditing standards generally accepted in the United States of America, including PCAOB Auditing Standard No. 16, *Communications with Audit Committees*.

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Based upon these reviews and discussions, and subject to the limitations on the committee s role and responsibilities referred to above and in the committee s Charter, the Audit Committee recommended to the Board of Directors that the Company s audited consolidated financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2015 for filing with the SEC.

Submitted by the Audit Committee:

Arthur O. Dummer, Chairman
William C. Ansell
James P. Payne
E. J. Pederson
James D. Yarbrough

## STOCKHOLDER PROPOSALS

Any stockholder proposal intended to be presented for consideration at the 2016 Annual Meeting of Stockholders and to be included in our Proxy Statement for such meeting must be in proper form and received by our Secretary at our principal executive offices by the close of business on December 6, 2016. We recommend that a proponent submit any proposal by Certified Mail, Return Receipt Requested and that all proposals be sent to the attention of the Secretary. If the date of the 2017 Annual Meeting is changed by more than thirty days from the date of the 2016 Annual Meeting, the deadline for submitting proposals to be included in the 2017 proxy statement is a reasonable time before the Company begins to print and mail its proxy materials for the 2017 Annual Meeting.

Stockholder proposals submitted outside of the procedure set forth above, which will not be included in our proxy statement, including nominations for directors, must be mailed to American National Insurance Company, One Moody Plaza, Galveston, Texas 77550, ATTN: Secretary, and must be received by the Secretary no later than February 19, 2017. If the proposal is received after that date, our proxy for the 2017 Annual Meeting of Stockholders may confer discretionary authority to vote on such matter without any discussion of such matter in the proxy statement for the 2017 Annual Meeting.

Nothing in this section shall be deemed to require us to permit presentation of a stockholder proposal or include in our proxy materials relating to our 2017 Annual Meeting any stockholder proposal that does not meet all of the requirements for such presentation or inclusion contained in our Bylaws and/or state and federal securities laws and regulations in effect at that time.

## ANNUAL REPORT ON FORM 10-K

A copy of the Company s Annual Report to the Securities and Exchange Commission on Form 10-K for the year ended December 31, 2015, and the financial statements and schedules thereto, accompanies this proxy statement. Upon written request and payment of copying costs, the exhibits to the Form 10-K will be furnished. These written requests should be directed to the Company s Secretary, American National Insurance Company, One Moody Plaza, Galveston, Texas 77550, telephone (409) 766-6537.

## HOUSEHOLDING OF ANNUAL MEETING MATERIALS

The SEC allows us to deliver a single proxy statement and annual report to an address shared by two or more of our stockholders. This delivery method, referred to as householding, can result in significant cost savings for us. In order to take advantage of this opportunity, we, and banks and brokerage firms that hold your shares, have delivered only one proxy statement and annual report to multiple stockholders who share an address, unless one or more of the stockholders has provided contrary instructions. We will deliver promptly, upon written or oral request, a separate copy of the proxy statement and annual report to a stockholder at a shared address to which a single copy of the documents was delivered. A stockholder who wishes to receive a separate copy of the proxy statement and annual report, now or in the future, may obtain one, without charge, by calling or writing us at the following address or telephone number: Secretary, American National Insurance Company, One Moody Plaza, Galveston, Texas 77550, telephone (409) 766-6537.

Stockholders of record sharing an address who are receiving multiple copies of proxy materials and annual reports and wish to receive a single copy of such materials in the future should submit their request by contacting us in the same manner. If you are the beneficial owner, but not the record holder, of the Company s shares and wish to receive only one copy of the proxy statement and annual report in the future, you will need to contact your broker, bank or other nominee to request that only a single copy of each document be mailed to all stockholders at the shared address in the future.

## CODE OF BUSINESS CONDUCT AND ETHICS

Our Code of Business Conduct and Ethics applies to all directors, officers and employees of our Company and is available through a link provided on our website at www.americannational.com/InvestorRelations/CorporateGovernance/index.htm. A printed copy will be provided to any person free of charge upon request made to the Company s Secretary at the address shown on page 1. We may satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding certain amendments to, or waivers from, provisions of our Code of Business Conduct and Ethics by posting such information on our website where it is accessible through the same link noted above.

## COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Stockholders may communicate with the full Board of Directors by writing to the Board or a specific director or directors in care of the Company s Secretary at the address shown on page 1, by facsimile transmission to (409) 766-6803, or by e-mail to mark.flippin@americannational.com. All such communications will be forwarded to the Board, as specified.

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## INCORPORATION BY REFERENCE

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Exchange Act of 1934, as amended, that might incorporate future filings including this proxy statement, in whole or in part, the report of the Compensation Committee and the report of the Audit Committee included in this proxy statement shall not be incorporated by reference to any such filings.

## OTHER MATTERS

The Board of Directors knows of no other matters that may properly be, or which are likely to be, brought before the meeting. However, if any matters are properly brought before the meeting, the persons named in the enclosed proxy or their substitutes will vote in accordance with their best judgment on such matters.

By Order of the Board of Directors

J. Mark Flippin, Secretary

Galveston, Texas

April 4, 2016

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