

EXPRESS, INC.
Form DEF 14A
May 05, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a -101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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 §240.14a-12

Express, Inc.

(Name of Registrant as Specified in Its Charter)

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*Notice of
2016
Annual Meeting
of Stockholders*

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Columbus, Ohio
May 5, 2016

**LETTER TO OUR STOCKHOLDERS
FROM THE BOARD OF DIRECTORS**

2015 was notable due to a successful CEO transition, strong financial performance, and significant progress against the objectives set forth by the Company at the beginning of the year. As a Board we remain fully committed to effective oversight to support Express and its management team in the execution of its strategic plan, delivering excellent operating results, and creating attractive stockholder returns.

We are pleased to share with you a few financial highlights from the year, along with a summary of some of the significant executive compensation and governance changes we have made in response to stockholder feedback, and changes to our Board leadership structure. We encourage you to review our annual report and this proxy statement in full for additional information.

Financial Results. Total stockholder return was equal to 30% for 2015 and adjusted diluted earnings per share increased by 79% year over year to \$1.45 in 2015.

Capital Utilization. Strong cash flow allowed Express to continue investing in the business and to enhance the capital structure for the benefit of stockholders. In 2015, Express redeemed all \$200.9 million of its outstanding long-term debt and repurchased approximately 3.8 million shares of its common stock for \$68.6 million. Additionally, in the first quarter of 2016, Express used an additional \$41.5 million to repurchase approximately 2.5 million shares of common stock.

Stockholder Rights Plan. In response to stockholder feedback, the Board terminated the Stockholder Rights Plan, effective March 29, 2016.

Executive Compensation. The 2015 CEO compensation package for David Kornberg provided for target total direct compensation below the median of the Company's peer group and includes performance-based restricted stock unit awards with three-year performance targets.

Board Leadership. As part of the Company's succession plan and following the successful CEO transition, Michael Weiss will retire from the Board at the Company's Annual Meeting and will assume the honorary title of Chairman Emeritus in recognition of his extraordinary contributions to Express. I will assume the role of independent Chairman of the Board and Peter Swinburn will assume the role of Chair of the Compensation and Governance Committee. Michael Devine will continue to serve as Chair of the Audit Committee.

Board Composition. We know that having the right combination of director skills and experience is necessary for effective oversight. We are currently engaged in a formal search to add one additional director to the Board to complement the skills and experience our existing directors bring.

In closing, we want to express our deepest gratitude to Michael Weiss who is retiring from the Board after more than 30 years of service to Express. Michael's vision, leadership, and lasting contributions have established Express as one of the most iconic fashion brands in the world and we wish him all the very best in his well-deserved retirement.

On behalf of the entire Board of Directors, thank you for your continued support.

Mylle H. Mangum

Lead Director

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*Notice of
2016 Annual Meeting of Stockholders*

Time and Date 8:30 a.m., Eastern Daylight Time, on Wednesday, June 8, 2016

Place Express Corporate Headquarters, 1 Express Drive, Columbus, OH 43230

- Items of Business**
1. Election of Class III director;
 2. Advisory vote to approve executive compensation (say-on-pay);
 3. Ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2016; and
 4. Such other business as may properly come before the meeting.

Record Date Holders of record of the Company's common stock at the close of business on April 11, 2016 are entitled to notice of and to vote at the 2016 Annual Meeting of Stockholders or any adjournment or postponement thereof.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the 2016 Annual Meeting of Stockholders, we urge you to vote your shares now in order to ensure the presence of a quorum.

Stockholders of record may vote:

1. By Internet: go to www.proxyvote.com;
2. By toll-free telephone: call (800) 690-6903; or
3. By mail: mark, sign, date, and promptly mail the enclosed proxy card in the postage-paid envelope.

Beneficial Stockholders. If you hold your shares through a broker, bank, or other nominee, follow the voting instructions you receive from your broker, bank, or other nominee, as applicable, to vote your shares.

By Order of the Board of Directors,
Lacey Bundy
Senior Vice President, General Counsel and Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 8, 2016: this Notice of Annual Meeting and Proxy Statement and our 2015 Annual Report are available in the investor relations section of our website at www.express.com/investor. Additionally, and in accordance with the Securities and Exchange Commission (SEC) rules, you may access our proxy materials at www.proxyvote.com, a site that does not have cookies that identify visitors to the site.

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This proxy statement is issued in connection with the solicitation of proxies by the Board of Directors of Express, Inc. for use at the 2016 Annual Meeting of Stockholders and at any adjournment or postponement thereof. On or about May 5, 2016, we will begin distributing print or electronic materials regarding the annual meeting to each stockholder entitled to vote at the meeting. Shares represented by a properly executed proxy will be voted in accordance with instructions provided by the stockholder.

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The Board of Directors (the Board) of Express, Inc. (the Company) is soliciting your proxy to vote at the Company's 2016 Annual Meeting of Stockholders (the Annual Meeting), or at any postponement or adjournment of the Annual Meeting. To assist you in your review of this proxy statement, we have provided a summary of certain information relating to the items to be voted on at the Annual Meeting in this section. For additional information about these topics, please review this proxy statement in full and the Company's Annual Report on Form 10-K for 2015 which was filed with the SEC on March 30, 2016 (the Annual Report).

We follow a 52/53 week fiscal year that ends on the Saturday nearest to January 31 in each year. Fiscal years in this proxy statement are identified according to the calendar year in which the fiscal year commences. For example, references to 2015, fiscal 2015, fiscal year 2015, or similar references refer to the fiscal year ended January 30, 2016 and references to 2014, fiscal 2014, fiscal year 2014, or similar references refer to the fiscal year ended January 31, 2015.

In this proxy statement, we refer to adjusted earnings per diluted share, a financial measure that is not calculated in accordance with U.S. generally accepted accounting principles (GAAP). Please refer to Appendix A to this proxy statement for more information on adjusted earnings per diluted share, a non-GAAP measure, and a reconciliation of adjusted earnings per diluted share information included in this proxy statement, to reported earnings per diluted share, the most directly comparable GAAP measure.

Proposals to be Voted on and Voting Recommendations

Proposal	Board Voting Recommendation	Page Reference (for more detail)
Election of Class III Director (Proposal No. 1)	FOR	8
Advisory Vote to Approve Executive Compensation (Say-on-Pay) (Proposal No. 2)	FOR	55
Ratification of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for 2016 (Proposal No. 3)	FOR	56

2015 Business Highlights

2015 Net Sales	2015 Operating Income	2015 Adjusted Diluted EPS
\$2.4B	\$207M	\$1.45
9%	52%	79%
2015 v. 2014	2015 v. 2014	2015 v. 2014

Other 2015 business highlights:

Comparable Sales: increased 6%

Share Repurchases: repurchased approximately 3.8 million shares of our outstanding common stock at an aggregate cost of \$68.6 million

TSR: one-year total shareholder return equal to 30%

Gross Margins: increased 330 basis points to 33.8%

Early Debt Retirement: prepaid in full \$200.9 million of our 8.75% Senior Notes in advance of the 2018 due date, eliminating approximately \$19 million of annual interest expense

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Proxy Statement Summary Information

2015 Compensation Highlights

CEO TARGET TOTAL DIRECT COMPENSATION

2015 CEO Target Total Direct Compensation (TDC)

For 2015, CEO target total direct compensation was below the median of the Company’s peer group. The short term incentives paid out at the 200% level for both the Spring and Fall 2015 seasons, reflecting the significant increase in operating income in 2015 compared to 2014. 50% of the long-term incentive value reflected above is attributable to the grant of performance-based restricted stock units with three-year performance targets. Time-based restricted stock units and stock options with four year vesting schedules account for the remaining value at 35% and 15%, respectively.

For more information on 2015 CEO compensation refer to Executive Compensation Compensation Discussion and Analysis CEO Realizable Pay on page 27 and the Summary Compensation Table on page 38. For more information on our short-term incentive program refer to Executive Compensation Compensation Discussion and Analysis What We Pay And Why Performance-Based Incentives Short-Term Incentives beginning on page 31. For information on our long-term incentive program see Executive Compensation Compensation Discussion and Analysis What We Pay And Why Performance-Based Incentives Long-Term Incentives beginning on page 32.

Target total direct compensation is comprised of base salary, short-term incentives, and long-term incentives based on grant date fair value, and excludes non-qualified deferred compensation and all other compensation reported in the Summary Compensation Table on page 38.

EXECUTIVE COMPENSATION PRACTICES

What We DO:

- Pay for Performance
- Annual Advisory Vote on Executive Compensation
- Performance-Based Equity Awards
- Challenging Performance Targets That Incentivize Creation of Stockholder Value
- Stock Ownership Guidelines
- Clawback Policy
- Independent Compensation Consultant

What We DON’T DO:

- No Special Tax Gross-ups
- No Pension Plans or Other Post-Employment Defined Benefit Plans
- No Repricing of Underwater Stock Options or Reloads of Stock Options
- No Hedging or Pledging Transactions
- No Single Trigger Change-in-Control Benefits
- No Special Perquisites

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Proxy Statement Summary Information

Governance Highlights

Governance Changes:

Board Leadership

Mr. Weiss, our current Chairman of the Board and a Class III director, will retire at our upcoming Annual Meeting. Upon his retirement, Mr. Weiss will assume the honorary title of Chairman Emeritus.

Effective at the Annual Meeting, Mylle Mangum will assume the role of Chairman of the Board and Peter Swinburn will assume the role of Chair of the Compensation and Governance Committee.

Board Composition

Following Mr. Weiss' retirement, the Board will have one Class III director. The Compensation and Governance Committee, on behalf of the Board, is currently engaged in a formal search for a new director. The new director will be appointed as a Class III director in order to make each class of directors as equal in number as possible.

Terminated Stockholder Rights Plan

In response to feedback from stockholders, the Board elected to terminate the Company's Stockholder Rights Plan, effective March 29, 2016.

Enhanced Stock Ownership Guidelines for Directors

Effective June 2015, the Board increased the stock ownership guidelines for directors to require directors to hold an amount of Company common stock equal to at least 5 times the annual Board retainer.

Other Governance Highlights:

Board Independence

Following Mr. Weiss' retirement from the Board, all of our directors will be independent, except for Mr. Kornberg, our President and CEO.

All of our Committee members are independent.

We currently have an independent Lead Director. We will have an independent Chairman, effective at our Annual Meeting, following Mr. Weiss' retirement.

Our independent directors have an opportunity to meet in executive session at each meeting and do so routinely.

Director Elections

Majority vote standard, with a director resignation policy, for uncontested director elections.

Board and Committee Meetings

Each of our directors attended at least 75% of all Board meetings and applicable Committee meetings.

Board and Committee Evaluations

The Board and each Committee conducts a comprehensive self-evaluation each year to identify potential areas of improvement.

Corporate Strategy

At least once per year, the Board and management engage in an in-depth discussion and align on the Company's long-term corporate strategy. The strategy is revisited regularly during Board and Committee meetings.

Stockholder Engagement

We routinely engage with our stockholders and the Board and its Committees regularly discuss and consider feedback from our stockholders. For example, the termination of the Stockholder Rights Plan and changes to the 2015 CEO compensation package were based in part on feedback from our stockholders.

Succession Planning

The Board reviews and discusses succession plans for executives and key contributors at least annually.

Director Nominee

The following table provides summary information about our Class III director nominee. The Class III director will be elected to serve a three-year term that will expire at the Company's 2019 annual meeting of stockholders.

Nominee	Age	Director Since	Select Professional Experience	Independent	Board Committees	Select Skills/Qualifications
Theo Killion	64	April 2012	Retired CEO of Zale Corporation	Yes	Compensation and Governance Committee	Retail merchandising and operations; human resources and organizational design; consumer brand marketing and advertising; business development and strategic planning; leadership

development and succession planning; leadership of complex organizations.

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Proxy Statement Summary Information

Forward-Looking Statements

This proxy statement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any statement that does not directly relate to any historical or current fact and are based on current expectations and assumptions, which may not prove to be accurate. Forward-looking statements are not guarantees and are subject to risks, uncertainties, changes in circumstances that are difficult to predict, and significant contingencies, many of which are beyond the Company's control. Many factors could cause actual results to differ materially and adversely from these forward-looking statements, including those set forth in Item 1A of the Company's Annual Report. The Company undertakes no obligation to publicly update or revise any forward-looking statements as a result of new information, future events, or otherwise, except as required by law.

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Frequently Asked Questions about Voting and the Annual Meeting

Who is entitled to vote at the meeting?

Only stockholders of record at the close of business on April 11, 2016, the record date for the Annual Meeting (the Record Date), are entitled to receive notice of and to participate in the Annual Meeting. If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the Annual Meeting or at any postponements or adjournments of the meeting.

A list of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and will also be available for ten business days prior to the Annual Meeting between the hours of 9:00 a.m. and 4:00 p.m., Eastern Daylight Time, at the Office of the Corporate Secretary located at 1 Express Drive, Columbus, OH 43230. A stockholder may examine the list for any germane purpose related to the Annual Meeting.

What are the voting rights of the holders of Express, Inc. common stock?

Holders of Express, Inc. common stock are entitled to one vote for each share held of record as of the Record Date on all matters submitted to a vote of the stockholders, including the election of directors. Stockholders do not have cumulative voting rights.

How do I vote?

Beneficial Stockholders. If you hold your shares through a broker, bank, or other nominee, you are a beneficial stockholder. In order to vote your shares, please refer to the materials forwarded to you by your broker, bank, or other nominee, as applicable, for instructions on how to vote the shares you hold as a beneficial stockholder.

Registered Stockholders. If you hold your shares in your own name, you are a registered stockholder and may vote by proxy before the Annual Meeting via the Internet at www.proxyvote.com, by calling (800) 690-6903 or by signing and returning the enclosed proxy card. Proxies submitted via the Internet, by telephone, or by mail must be received by 11:59 p.m., Eastern Daylight Time, on June 7, 2016. You may also vote at the Annual Meeting by delivering your completed proxy card in person. If you vote by telephone or via the Internet you do not need to return your proxy card.

What are broker non-votes and why is it so important that I submit my voting instructions for shares I hold as a beneficial stockholder?

If a broker or other financial institution holds your shares in its name and you do not provide voting instructions to it, New York Stock Exchange (NYSE) rules allow that firm to vote your shares only on routine matters. Proposal No. 3, the ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2016, is the only routine matter for consideration at the Annual Meeting. For all matters other than Proposal No. 3, you must submit voting instructions to the firm that holds your shares if you want your vote to count on such matters. When a firm votes a client's shares on some but not all of the proposals, the missing votes are referred to as broker non-votes.

What constitutes a quorum and how will votes be counted?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the outstanding shares of common stock entitled to vote will constitute a quorum for purposes of the Annual Meeting. A quorum is required in order for the Company to conduct its business at the Annual Meeting. As of the Record Date, 78,680,665 shares of common stock were outstanding.

Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the Annual Meeting for purposes of establishing a quorum.

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Frequently Asked Questions about Voting and the Annual Meeting

What vote is required to approve each proposal?

Proposal	Vote Required	Board Voting Recommendation
Election of Class III director (Proposal No. 1)	Majority of the votes cast FOR the director nominee	FOR the nominee
Advisory vote to approve executive compensation (say-on-pay) (Proposal No. 2)	The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting	FOR the executive compensation of our named executive officers
Ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2016 (Proposal No. 3)	The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting	FOR the ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2016

What are my choices for casting my vote on each matter to be voted on?

Proposal	Voting Options	Effect of Abstentions	Broker Discretionary Voting Allowed?	Effect of Broker Non-Votes
Election of Class III director (Proposal No. 1)	FOR, AGAINST or ABSTAIN	No effect not counted as a "vote cast"	No	No effect
Advisory vote to approve executive compensation (say-on-pay) (Proposal No. 2)	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	No	No effect
Ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2016 (Proposal No. 3)	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	Yes	Not applicable

Unless you give other instructions when you vote, the persons named as proxies, David Kornberg and Lacey J. Bundy, will vote in accordance with the Board's recommendations. We do not expect any other business to properly come before the Annual Meeting; however, if any other business should properly come before the Annual Meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

What happens if a director nominee does not receive a majority of the votes cast for his or her re-election?

Pursuant to the Company's Corporate Governance Guidelines, the Board expects any director nominee who fails to receive a greater number of votes cast for than votes cast against his or her re-election to tender his or her resignation for consideration by the Compensation and Governance Committee. The Compensation and Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding the resignation. The Compensation and Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept the director's resignation.

May I change my vote or revoke my proxy?

Beneficial Stockholders. Beneficial stockholders should contact their broker, bank, or other nominee for instructions on how to change their vote or revoke their proxy.

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Registered Stockholders. Registered stockholders may change their vote or revoke a properly executed proxy at any time before its exercise by:

delivering written notice of revocation to the Office of the Corporate Secretary, Express, Inc., 1 Express Drive, Columbus, OH 43230;

submitting another proxy that is dated later than the original proxy (including a proxy submitted via telephone or Internet); or

voting in person at the Annual Meeting.

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Frequently Asked Questions about Voting and the Annual Meeting

Can I attend the Annual Meeting?

Subject to space availability, all stockholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting. Since seating is limited, admission to the Annual Meeting will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., Eastern Daylight Time. If you attend, please note that you may be asked to present valid photo identification, such as a driver's license or passport, and will need to check in at the registration desk prior to entering the Annual Meeting. Please also note that if you are a beneficial stockholder (that is, you hold your shares through a broker, bank, or other nominee), you will need to show proof of your stock ownership as of the Record Date, such as a copy of a brokerage statement, to present at the registration desk in order to gain admission to the Annual Meeting. Cameras, cell phones, recording devices, and other electronic devices will not be permitted at the Annual Meeting other than those operated by the Company or its designees. All bags, briefcases, and packages will be subject to search.

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*Election of Class III Director
(Proposal No. 1)*

The Board currently consists of seven members and is divided into three classes of directors, with two Class I directors, three Class II directors, and two Class III directors. The current term of our Class III directors expires at the Annual Meeting, while the terms for Class I and Class II directors will expire at our 2017 and 2018 annual meetings of stockholders, respectively. Mr. Weiss and Mr. Killion currently serve as Class III directors. Mr. Weiss will retire at the end of his term at the Annual Meeting and the size of the Board will be reduced to six members, with two Class I directors, three Class II directors, and one Class III director.

Mr. Killion has served as a director since 2012 and was elected by stockholders to serve a three-year term at our 2013 annual meeting of stockholders. Upon recommendation by the Compensation and Governance Committee of the Board, the Board has nominated Mr. Killion for re-election as a Class III director, to serve a three-year term expiring at the 2019 annual meeting of stockholders.

Mr. Killion has consented to serve if elected. If re-elected, Mr. Killion will hold office until his or her respective successor has been duly elected and qualified or until his earlier resignation or removal. If Mr. Killion becomes unavailable to serve as a director, the Board may either designate a substitute nominee or reduce the number of directors. If the Board designates a substitute nominee, the persons named as proxies will vote for the substitute nominee designated by the Board.

Information with respect to our Class III director nominee and our continuing Class I and Class II directors, including their recent employment or principal occupation, a summary of select qualifications, skills, and experience that led to the conclusion that they are qualified to serve as directors, the names of other public companies for which they currently serve as a director or have served as a director within the past five years, their period of service on the Board, and their ages as of the Record Date are provided in this section.

The Compensation and Governance Committee, on behalf of the Board, is currently engaged in a formal search for a new director. The new director, once determined, will be appointed as a Class III director in order to make each class of directors as equal in number as possible.

The Board and its Compensation and Governance Committee are committed to ensuring that the Board possesses the right diversity of backgrounds, skills, experiences, and perspectives to constitute an effective Board.

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Election of Class III Director (Proposal No. 1)

Nominee For Class III Director for Election at the 2016 Annual Meeting

Theo Killion

Director Since: April 2012
Age: 64
Compensation and Governance Committee Member

Select Qualifications, Skills, and Experience:

Retail merchandising and operations
Human resources and organizational design
Consumer brand marketing and advertising