

NORDSTROM INC
Form DEF 14A
March 26, 2015
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 (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

NORDSTROM, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

1617 Sixth Avenue, Seattle, Washington 98101-1707

March 26, 2015

Dear Shareholder,

We are pleased to invite you to join the Nordstrom Board of Directors and leadership team at the 2015 Annual Meeting of Shareholders in our hometown of Seattle. The meeting will take place on Tuesday, May 5, 2015 at 11:00 a.m. Pacific Daylight Time in the John W. Nordstrom Room at 1617 Sixth Avenue, 5th floor, in the downtown Seattle Nordstrom. If you are unable to be with us in person, please join the meeting live online at *investor.nordstrom.com*.

Our strategy is driven by the changing expectations of our customers. As our business evolves with the customer, the way we create value is evolving, too. Over the last several years we have accelerated our investments to support our strategy and to position the Company for continued growth. We are confident we have in place a highly capable management team as well as a diverse group of directors who are well qualified to oversee the success of the business and to represent all shareholders.

Since its founding, our Company's leaders, employees and Board have always sought to achieve the highest ethical standards in every aspect of our business including a commitment to strong corporate governance and financial integrity. We will continue to take a long-term view of our business, including new and existing governance practices and policies guided by our own rigorous Code of Conduct that reflects our commitment to all of our stakeholders. Doing what's right for our customers, employees and shareholders is the cornerstone of our Company that has served us well over the years and will continue to do so in the future.

In addition to this Proxy Statement, we encourage you to view our online Company Review at *nordstrom.com/companyreview* and read our 2014 Annual Report. There you will find a more complete picture of our performance and how we are working to increase shareholder value by improving the customer experience.

Finally, we encourage you to vote — regardless of the size of your share holdings. Every vote is important and your participation helps us do a better job of listening and acting on what matters to you as a shareholder. You can cast your vote online, by telephone, or by using a printed proxy card as outlined in this document.

On behalf of all of us at Nordstrom, we want to thank you for your continued support and ownership of the Company.

Sincerely,

Enrique Hernandez, Jr. Blake W. Nordstrom

Chairman of the Board President

Peter E. Nordstrom

Executive Vice President

Erik B. Nordstrom

Executive Vice President

and President – Merchandising and President – Nordstrom.com

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1617 Sixth Avenue, Seattle, Washington 98101-1707

**Notice of Annual Meeting
of Shareholders**

Tuesday, May 5, 2015

11:00 a.m. Pacific Daylight Time

John W. Nordstrom Room, Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, WA 98101

The 2015 Annual Meeting of Shareholders (the “Annual Meeting”) of Nordstrom, Inc. (the “Company”) will be held for the following purposes:

1. To elect 13 Directors identified in the accompanying Proxy Statement to serve until the 2016 Annual Meeting of Shareholders;
2. To ratify the appointment of Deloitte & Touche LLP (“Deloitte”) as the Company’s Independent Registered Public Accounting Firm to serve for the 2015 fiscal year;
3. To conduct an advisory vote regarding the compensation of our Named Executive Officers; and
4. To transact any other business that may properly come before the Annual Meeting and any adjournment or postponement thereof.

You are eligible to vote if you were a shareholder of record at the close of business on March 2, 2015 (the “record date”). There were 190,405,729 shares of Common Stock issued and outstanding as of March 2, 2015.

Shareholders are invited to attend the Annual Meeting in person. Those who are hearing impaired or require other assistance should contact the Company at 206-303-3033 so that we may facilitate your participation at the Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. Whether or not you intend to be present at the Annual Meeting, you are encouraged to vote.

Seattle, Washington

March 26, 2015

By order of the Board of Directors,

Robert B. Sari

Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2015 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 5, 2015

The accompanying Proxy Statement and the 2014 Annual Report on Form 10-K are available at *investor.nordstrom.com*

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PROXY SUMMARY

This summary highlights information described in more detail elsewhere in this Proxy Statement. It does not contain all of the information you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are provided to help you find further information.

2015 Annual Meeting of Shareholders

Date and Time:	May 5, 2015 11:00 a.m. Pacific Daylight Time	Meeting Webcast:	<i>investor.nordstrom.com</i> , select Webcasts and Presentations and follow the instructions given. The webcast will be archived and available for one year following the Annual Meeting.
Place:	John W. Nordstrom Room Downtown Seattle Nordstrom 1617 Sixth Avenue, 5 th Floor Seattle, WA 98101-1707		

Eligibility to Vote

You can vote if you were a shareholder of record at the close of business on March 2, 2015.

How to Cast Your Vote (page 12)

You can vote by any of the following methods:

Internet (*www.proxyvote.com*), until 11:59 p.m. Eastern Daylight Time on May 4, 2015;

Telephone, if you requested printed materials, by using the toll-free number listed on your proxy card until 11:59 p.m. Eastern Daylight Time on May 4, 2015;

Mail, by completing, signing and returning your proxy or voting instruction card on or before May 4, 2015; or

In person, if you are a shareholder of record, by voting your shares at the Annual Meeting. If your shares are held in the name of a broker, nominee or other intermediary, you must obtain a proxy, executed in your favor, to bring to the meeting.

Voting Matters (page 11)

	Board Vote Recommendation FOR each Director Nominee	Page Reference (for more detail)
1. Election of Directors		23
2. Ratification of Appointment of Independent Registered Public Accounting Firm	FOR	30
3. Advisory Vote Regarding Executive Compensation	FOR	57

Board Nominees (page 24)

Name	Age	Director Since	Occupation	Committee Memberships	Other Public Company Boards
Shellye L. Archambeau*	52	2015	Chief Executive Officer of MetricStream, Inc.	Audit, Technology	Verizon, Inc.
Phyllis J. Campbell*	63	2004	Chairman of the Pacific Northwest Region of JPMorgan Chase & Co.	Audit, Finance	Alaska Air Group, Inc.
Michelle M. Ebanks*	53	2011	President of Essence Communications	Finance, Technology	
Enrique Hernandez, Jr.*	59	1997	President and Chief Executive Officer of Inter-Con Security Systems, Inc.	Compensation, Corporate Governance and Nominating	McDonald's Corporation, Wells Fargo & Company, Chevron Corporation
Robert G. Miller*	70	2005	Chief Executive Officer of Albertsons LLC	Audit, Finance (Chair)	
Blake W. Nordstrom	54	2005	President of Nordstrom, Inc.	N/A	
Erik B. Nordstrom	51	2006	Executive Vice President and President – Nordstrom.com	N/A	
Peter E. Nordstrom	53	2006	Executive Vice President and President – Merchandising	N/A	
Philip G. Satre*	65	2006	Retired Chief Executive Officer of Harrah's Entertainment, Inc.	Compensation, Corporate Governance and Nominating (Chair)	International Game Technology
Brad D. Smith*	50	2013	President and Chief Executive Officer of Intuit, Inc.	Audit, Technology	Intuit, Inc.
B. Kevin Turner*	49	2010	Chief Operating Officer of Microsoft Corporation	Compensation, Technology (Chair)	
Robert D. Walter*	69	2008	Founder and Retired Chairman and Chief Executive Officer of Cardinal Health, Inc.	Compensation (Chair), Corporate Governance and Nominating	American Express Company, YUM! Brands, Inc.
Alison A. Winter*	68	2001	Chief Executive Officer of Braintree Holdings, LLC	Audit (Chair), Corporate Governance and	

Nominating

**Independent Director.*

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Governance of the Company (page 15)

- 10 of 13 Directors are independent.
- Independent Directors meet regularly in executive session.
- The roles of President and Chairman of the Board are separate.
- Only independent Directors are Committee members.
- Director elections have a majority voting standard, and all Directors are elected annually.
- The Board has stock ownership guidelines for Directors and Executive Officers.
- Board, Committee and Director performance evaluations are conducted annually.
- The Board and its Committees are responsible for risk oversight.
- President and management succession planning is one of the Board's highest priorities.

Business Highlights

We consider 2014 a defining year in our Company's history. Over the past 12 months, we successfully entered Canada, expanded our Nordstrom Rack business through store growth and the launch of Nordstromrack.com, and acquired Trunk Club. These milestones are the outcome of our strategy to serve customers on their terms and to deliver the Nordstrom experience they expect. Several years ago, we began to accelerate growth in multiple channels to evolve the personalized customer experience that merges the richness of stores with the convenience of online. In 2014, we delivered tangible results in executing this strategy and some of these highlights are shown below. We look forward to the opportunities ahead as we continue our commitment to a best-in-class customer experience through service, product and capabilities across all channels at Nordstrom.

Achieved a new record for total net sales at over \$13 billion, a 7.8% increase over our previous high last year.

Generated earnings of \$720M reflecting consistent execution and ongoing investments to drive growth.

Delivered a 4.0% increase in comparable sales, with Nordstrom.com achieving 23% growth.

During the course of the year, we made significant progress in these areas:

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- Nearly 4 million customers acquired through Nordstrom Rack, representing our largest source of new customers.
- 5 consecutive years of 20%+ growth in Nordstrom.com sales, representing 15% of total Company net sales in 2014.
- Successful entry into Canada with our first full-line store in Calgary, Alberta.
- 2 U.S. store openings in The Woodlands, Texas and Jacksonville, Florida and 27 new Nordstrom Rack stores.
- Launch of Nordstromrack.com enabled through a seamless integration with HauteLook.
- Acquisition of Trunk Club, a high-growth business offering a new approach to personalized service.
- Over 10 million followers on our social media channels every day.
- 1 million new members added to Nordstrom Rewards program in each of the last three years.
- ...continuing to serve each customer in an exceptional way.

For more information, please see our Annual Report on Form 10-K or visit nordstrom.com/companyreview.

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Executive Compensation Highlights - Paying For Performance

In accordance with our pay-for-performance philosophy, the compensation program for our Named Executive Officers is straightforward in design and includes four primary elements: base salary, performance-based bonus, long-term incentives and benefits. Within these elements, we emphasize variable pay over fixed pay, with 80% of target compensation linked to our financial or market results. The program also balances the importance of these executives achieving both critical short-term objectives and long-term strategic priorities.

Our Variable Pay Reflects Company Performance

Under our pay-for-performance design, payouts to the Named Executive Officers in fiscal year 2014 were closely aligned with results for their variable pay components:

Performance-based bonuses paid out at approximately 83% of target Earnings Before Interest and Income Taxes (“EBIT”), as our Incentive ROIC achievement of 13.6% exceeded the established threshold of 12.5% and Incentive EBIT results of \$1,391 million exceeded the minimum performance milestone. These outcomes reflected total sales growth of 7.8% adding just under \$1 billion to our top line, partially offset by lower than expected gross profit performance. See page 37 to learn more about the performance-based bonus pay element including Incentive ROIC and Incentive EBIT results for 2014.

Performance share units granted under the long-term incentive plan paid out at 75% as our Total Shareholder Return (“TSR”) of approximately 19% over the 2012-2014 fiscal year performance cycle outpaced more than half of our retail peers, surpassing the minimum threshold of greater than 50th percentile rank. See page 38 to learn more about the long-term incentive pay element and results for 2014.

Payouts for these variable compensation elements in prior years have been closely aligned with Company results as well. The following graphs show performance-based payouts to President Blake Nordstrom relative to EBIT and TSR for fiscal year 2014 and the four prior years. This pattern of pay for performance is consistent for the Named Executive Officers during these periods.

Annual EBIT Results are used to determine bonus payout and, as in 2014, may reflect related adjustments under the Executive Management Bonus Plan. Beginning in 2013, Blake Nordstrom's target bonus opportunity was increased resulting in a higher payout for similar levels of performance. See page 37 to learn more about performance-based bonus including Incentive ROIC and Incentive EBIT.

3-Year TSR Results reflect payout when performance surpasses the minimum threshold relative to our peers. See page 38 to learn more about long-term incentive pay.

Based on these and other outcomes, the Committee believes that total direct compensation for our Named Executive Officers reflects our pay-for-performance objective, is well-aligned with shareholder interests and compares favorably relative to our peers.

For more information on executive compensation, please see the Compensation Discussion and Analysis starting on page 32.

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FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

1. Why am I receiving these materials?

The Company has made these materials available to you on the Internet or, upon your request, delivered printed versions of these materials to you by mail, because you were a shareholder of Nordstrom, Inc. as of March 2, 2015, the record date, and were entitled to receive notice of the 2015 Annual Meeting of Shareholders and to vote on matters that will be presented at the Annual Meeting.

2. What items will be voted on at the Annual Meeting?

Shareholders will vote on the following matters at the Annual Meeting:		Board Recommendation:	Page Reference (for more detail)
Proposal 1	To elect the 13 nominees to the Board of Directors (the “Board”) named in this Proxy Statement	FOR each Director Nominee	23
Proposal 2	To ratify the appointment of Deloitte & Touche as our Independent Registered Public Accounting Firm	FOR	30
Proposal 3	To conduct an advisory vote regarding the compensation of our Named Executive Officers	FOR	57
Other	Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof		

3. How can I view the webcast? Where is the Annual Meeting being held?

You can view the live webcast of the Annual Meeting at investor.nordstrom.com. Select Webcasts and Presentations and follow the instructions given. If you would like to attend the Annual Meeting in person, it is being held in the John W. Nordstrom Room, which is located in the Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, Washington, 98101-1707.

4. Why did I receive a Notice instead of a full set of proxy materials? How can I access the proxy materials online?

We are furnishing proxy materials to our shareholders primarily via the Internet as many of our shareholders prefer that method. By doing so, we increase the convenience of our proxy materials and reduce the environmental impact of our Annual Meeting, as well as save costs. On March 26, 2015, we mailed a Notice of Internet Availability of Proxy Materials (the “Notice”) to our shareholders who had not previously requested printed materials. The Notice contains instructions about how to access our proxy materials and vote online. If you would like to receive a paper copy of our

proxy materials, please follow the instructions included in the Notice. If you have previously chosen to receive our proxy materials electronically, you will receive access to these materials via email unless you elect otherwise.

5. What is a proxy and what is the purpose of this Proxy Statement?

If you designate another person to vote your stock, that other person is called a proxy. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card. If you vote online or complete the proxy card enclosed with the materials sent by mail to give us your proxy, you will have designated Blake W. Nordstrom, our President, and Robert B. Sari, an Executive Vice President and our General Counsel and Secretary, as your proxies to vote your shares as you have directed. This Proxy Statement provides information about the matters to be voted on by shareholders at the Annual Meeting, along with other information regarding the governance of Nordstrom, including our Board Committee structure and executive compensation.

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6. What is the difference between a shareholder of record and a street name shareholder?

Many Nordstrom shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held as a shareholder of record and those held in street name.

Shareholders of record: If your shares are registered directly in your name with Nordstrom's transfer agent, Computershare, you are considered the "shareholder of record" or a "registered shareholder," and the Notice or proxy materials are being sent directly to you by the Company. As the shareholder of record, you have the right to grant your voting proxy directly to Nordstrom or to vote in person at the Annual Meeting.

Street name shareholders: If your shares are held in a stock brokerage account or by a bank, trustee or nominee, you are considered the beneficial owner of shares held in "street name," and the Notice or proxy materials are being forwarded to you by your broker, bank or other holder of record who is considered the shareholder of record. As the street name shareholder you have the right to direct your broker, bank or other holder of record on how to vote your shares and you are invited to attend the Annual Meeting. Your broker, bank, trustee or nominee is obligated to provide you with a voting instruction form for you to use.

7. How do I cast my vote?

We encourage you to vote on the Internet or by telephone. It is convenient, and it saves us significant postage and processing costs. In addition, when you vote on the Internet or by telephone, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. The method by which you vote your proxy will not limit your right to vote at the Annual Meeting if you decide to attend in person.

Shareholders of record: The Internet and telephone voting procedures are designed to verify that you are a shareholder of record by using a control number and allowing you to confirm that your voting instructions have been properly recorded. Internet and telephone voting for shareholders of record are available 24 hours a day and will close at 11:59 p.m. Eastern Daylight Time on May 4, 2015.

Voting on the Internet. You may vote on the Internet by using the voting portal found at www.proxyvote.com. You can then confirm that your instructions have been properly recorded.

Voting by Telephone. If you request printed materials, you may vote by telephone using the toll-free number listed on your proxy card. Voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

Voting by Mail. If you request printed materials, you may vote by signing, dating and returning your proxy card.

Voting in Person. You may vote your shares at the Annual Meeting.

Street name shareholders: You may vote by the method explained on the proxy card or the information you receive from the bank, broker or other record holder. If you are a street name shareholder, you must obtain a proxy, executed in your favor, from the bank, broker or other holder of record to be able to vote in person at the Annual Meeting.

Shareholders holding shares invested in the Company's 401(k) Plan: If you participate in the Company's 401(k) Plan, the number of shares of Common Stock in your account as of the record date are reflected on your proxy notice and may be voted as described above for shareholders of record. However, if your vote on those shares is not received by 11:59 p.m. Eastern Daylight Time on April 30, 2015, then the Nordstrom, Inc. Retirement Committee will vote those shares in the same proportion as all other 401(k) Plan shares that have been voted.

Shareholders holding shares purchased through the Company's Employee Stock Purchase Plan: If you hold Common Stock that you acquired through the Company's Employee Stock Purchase Plan, you are the beneficial owner of those shares and your shares may be voted as described above for street name shareholders.

8. What does it mean if I receive more than one Notice or package of proxy materials?

This means that you have multiple accounts holding Nordstrom shares. These may include: accounts with our transfer agent, Computershare; shares held in the Nordstrom 401(k) Plan or purchased through the Employee Stock Purchase Plan; and accounts with a broker, bank or other holder of record. Please vote all Notices, voting instruction forms and proxy cards that you receive to ensure that all of your shares are voted.

9. What is a quorum and what is the voting requirement to approve each of the proposals?

We will have a quorum and will be able to conduct the business of the Annual Meeting if at least 95,202,865 shares, a majority of the outstanding shares of Common Stock as of the record date, are present at the Annual Meeting, either in person or by proxy. Your shares will be counted toward the number needed for a quorum if you: (i) vote on the Internet or by telephone; (ii) submit a valid proxy card or voting instruction form; or (iii) in the case of a shareholder of record, attend the Annual Meeting and vote your shares in person.

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To elect directors and adopt the other proposals, the following votes are required:

Proposal	Vote Required	Discretionary Voting Allowed?
Election of Directors	Majority of Votes Cast	No
Ratification of the Appointment of Independent Registered Public Accounting Firm	Majority of Votes Cast	Yes
Advisory Vote Regarding Executive Compensation	Majority of Votes Cast	No

Under Washington corporation law and our Articles of Incorporation and Bylaws, the approval of any corporate action taken at a shareholder meeting is based on votes cast. “Votes cast” means votes actually cast “for” or “against” a particular proposal, whether by proxy or in person. Broker nonvotes (broker nonvotes and discretionary voting are explained in the answer to Question 12) and abstentions are not considered “votes cast” and have no effect on the proposals.

Election of Directors; Majority Vote Policy: In the election of Directors, the Company has adopted a majority voting standard as described in more detail on page 17 under Director Elections. Because this is an uncontested election, an incumbent director nominee will be elected if the votes cast “for” the nominee’s election exceed the votes cast “against” the nominee. If a director nominee does not receive the requisite votes, that Director’s term will end on the date on which an individual is selected by the Board to fill the position held by such Director or ninety (90) days after the date the election results are determined, whichever occurs first. You may vote “for,” “against” or “abstain” with respect to the election of each nominee.

Ratification of the Appointment of Independent Registered Public Accounting Firm: Under the Company’s Bylaws, the votes cast “for” must exceed the votes cast “against” to ratify the appointment of Deloitte as the Company’s independent registered public accounting firm for the fiscal year ending January 30, 2016. You may vote “for,” “against” or “abstain” on this proposal.

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