EXPRESS, INC.
Form DEF 14A
May 02, 2019
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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

Express, 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.

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Notice of

2019

Annual Meeting

of Stockholders

Columbus, Ohio

May 2, 2019

LETTER TO OUR STOCKHOLDERS

FROM THE BOARD OF DIRECTORS

Dear Fellow Stockholders,

After a positive start to 2018, business performance declined in the back half of the year, and in particular Q4. The retail sector continues to face challenges but the Board believes in the growth potential of the Company, and remains committed to maximizing long-term value for our stockholders. With a view toward the future, the Board determined in January that a change of leadership at the CEO level was necessary and replaced Chief Executive Officer David Kornberg. In line with the Board s succession plan, we have appointed Matthew Moellering, our EVP and COO, to serve as Interim CEO, and the Board is making good progress on the search for a new CEO.

I want to assure you, as fellow stockholders, that while the CEO search is ongoing, the Board and management are actively working on several important initiatives that are intended to address the Company s underperformance and to reposition the business for future growth and improved profitability. These initiatives include getting the right product assortment, ensuring that our brand and product voice is clear to our customers, acquiring new customers, and retaining those we have with a focus on fashion and newness. Additional details on these initiatives are included in this proxy statement and in our annual report.

While 2018 financial performance fell short of expectations, there are reasons to be optimistic, including our e-commerce business, which grew on a comparable sales basis by 21% on top of 22% comparable sales growth the previous year. In addition, the Company remains in a strong financial position, ending the 2018 fiscal year with $172 million in cash and no debt financing.

As we address the underlying issues that have led to the disappointing financial performance, we continue to acknowledge the critical role that corporate governance plays in carrying out our commitment to you, and we remain committed to focusing on issues important to our stockholders. I want to highlight a few of these items.

We continue to focus on having a diverse and deeply knowledgeable Board. We understand the importance of having the right combination of skills and experience on the Board to oversee the Company as it carries out its strategy to transform and position itself for success in the ever-changing retail environment in which we operate. During 2018, we added Winnie Park to our Board, who brings deep retail experience, both domestically and internationally, amongst other skills, to the Board. With this addition, three of our seven directors are female, and each of the directors brings broad diversity of experience and expertise.

We continue to strategically evaluate our capital use strategy to maximize long-term value. The Board, together with the management team, regularly evaluates the Company s capital use strategy and we remain committed to deploying capital in ways that will generate long-term value for our stockholders. As such, in 2018, we repurchased 10 million shares of our outstanding common stock at an aggregate cost of $83 million, and have repurchased 13 million shares for $105 million life to date under the $150 million share repurchase program approved in November 2017 as part of a capital return plan for our stockholders.

We continue to emphasize a strong pay-for-performance culture for our senior leadership team. It is important to us that the interests of our executives are aligned with the interests of stockholders by setting rigorous performance targets that are tied to key financial results and strategic objectives that further the Company s long-term strategy. While we believe in providing a target pay opportunity that is competitive with the market, actual compensation should align with Company performance. In 2018, our outgoing CEO s target compensation did not increase from 2017 and his actual compensation, exclusive of a one-time separation payment, was significantly less than target, reflecting business results. In addition, in 2018 we further aligned the interests of our executives with our stockholders by introducing a relative total shareholder return modifier into our long-term incentive program. Finally, while the Company focuses on addressing the underlying issues that have led to financial underperformance, the senior management team s compensation will in general remain the same in 2019 as 2018, reflecting a continued pay-for-performance culture below the CEO level as well.

We continue to engage with you, our stockholders. During 2018, we reached out to stockholders representing a majority of our outstanding common stock. We highly value our conversations with stockholders and as a Board, discuss and take into consideration feedback shared. We appreciate those who took the time to engage and share their viewpoints with us in 2018 and we look forward to continued engagement with stockholders in 2019.

Express continues to be a relevant and resilient brand. We believe in its future, and thank you for your continued support.

Mylle H. Mangum

Chairman of the Board

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Notice of

2019 Annual Meeting of Stockholders

Time and Date	8:30 a.m., Eastern Daylight Time, on Wednesday, June 12, 2019
Place	Express Corporate Headquarters, 1 Express Drive, Columbus, OH 43230
Items of Business	1. Election of Class III directors; 2. Advisory vote to approve executive compensation (say-on-pay); 3. Advisory vote to determine the frequency of future advisory votes on executive compensation; 4. Ratification of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2019; and 5. 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 16, 2019 are entitled to notice of and to vote at the 2019 Annual Meeting of Stockholders or any adjournment or postponement thereof.

This proxy statement is issued in connection with the solicitation of proxies by the Board of Directors of Express, Inc. for use at the 2019 Annual Meeting of Stockholders and at any adjournment or postponement thereof. On or about May 2, 2019, 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.

How to Vote

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the 2019 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:

By Internet: go to www.proxyvote.com;	**By telephone:** call toll free (800) 690-6903; or	**By mail:** if you received paper copies in the mail of the proxy materials and proxy card, 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,

Melinda R. McAfee

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 12, 2019: this Notice of Annual Meeting and Proxy Statement and our 2018 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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The Board of Directors (the Board) of Express, Inc. (the Company) is soliciting your proxy to vote at the Company s 2019 Annual Meeting of Stockholders (the Annual Meeting), or at any adjournment or postponement 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 2018 which was filed with the SEC on March 19, 2019 (the Annual Report).

Our fiscal year ends on the Saturday closest to January 31. Fiscal years are referred to by the calendar year in which the fiscal year commences. All references herein to 2018 , 2017 , and 2016 refer to the 52-week period ended February 2, 2019, the 53-week period ended February 3, 2018, and the 52-week period ended January 28, 2017, respectively. Comparable sales for 2018 was calculated using the 52-week period ended February 2, 2019 as compared to the 52-week period ended February 3, 2018.

In this proxy statement, we refer to adjusted operating income and adjusted diluted earnings per share (Adjusted EPS), which are financial measures that are 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 operating income and Adjusted EPS, and a reconciliation of such measures to reported operating income and diluted earnings per share (EPS), respectively, which are their most directly comparable GAAP measures.

2018 Business Performance

Overall financial performance proved challenging in 2018 due to comparable sales and earnings declines during the Fall 2018 season, which more than offset positive year over year growth in comparable sales and earnings during the Spring 2018 season. Our e-commerce business continued to be a strength, generating record sales of over $600 million in 2018. We also continued to generate strong cash flow in 2018 and ended the year with more than $172 million in cash and no debt on our balance sheet. The Company s ability to generate cash flow beyond its investment needs allowed for the return of $83 million in value to our stockholders through share repurchases in 2018. The retail sector continues to face challenges and opportunities that come from rapid change. We continue to believe in the opportunities presented by the changing dynamics in retail and our ability to generate long-term value for our stockholders. To fully capitalize on this opportunity, the Board determined a change in leadership was necessary and in January 2019 terminated the employment of our President and Chief Executive Officer and commenced a search for a new President and Chief Executive Officer.

Net Sales	Adjusted Operating Income(1)	Adjusted EPS(1)

(1) Adjustments to operating income and EPS are shown in the unshaded boxes above. Refer to Appendix A for more information on adjustments made to operating income and EPS. Figures may not foot due to rounding.

(2) Reflects adjustments made to the Company s financial statements in connection with the adoption of the new revenue recognition standard ASC 606 in the first quarter of 2018.

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Progress Against Select Business Initiatives

E-commerce Growth. Achieved e-commerce sales at an all-time high in 2018 with sales of over $600 million, up 21% on a comparable sales basis versus 2017.

Optimize Retail Store Fleet. Reduced our retail store fleet by 43 stores, consisting of 29 conversions to outlet stores and the closure of 14 stores.

Open New Outlet Stores. Added 39 outlet locations in 2018, including 29 retail store conversions to the outlet format and 10 new outlet stores.

Expand Omni-Channel Capabilities. Reached target with approximately 400 active ship from store retail locations and expanded test of buy online, pick up in store in 2018.

Increase Store Productivity. Decline in same store sales of 9% compared to prior year.

Elevate The Customer Experience. Introduced extended sizing across women s and men s product assortment in stores for the first time, launched Express Style Trial, a subscription-based rental service, and opened two new retail stores with formats that feature enhanced customer facing technology.

Significant Cost Savings Initiatives. Achieved $12 million cost savings target in 2018.

Share Repurchases. Repurchased approximately 10 million shares of our outstanding common stock at an aggregate cost of $83 million in 2018.

Strong Cash Flow Generation. Generated strong cash flow in 2018, which allowed for continued investment in the business as well as share repurchases and ended the year with cash of $172 million.

Chief Executive Officer Transition and Forward Looking Strategy

The end of fiscal 2018 was marked by a leadership change at the Chief Executive Officer level. David Kornberg ceased to serve as President and Chief Executive Officer of the Company and resigned as a member of the Board, effective January 22, 2019. Mr. Kornberg remained employed by the Company through February 21, 2019. On January 22, 2019 Matthew Moellering, our Executive Vice President and Chief Operating Officer, was appointed Interim Chief Executive Officer and Interim President until a permanent Chief Executive Officer and President is appointed.

In 2019, led by the Interim CEO, the Company is focused on three key areas of the business including product, brand and product clarity, and customer acquisition and retention to reposition the business for future growth and improved profitability.

Across these focus areas, the Company has several initiatives underway, including:

- improving product acceptance through enhancing customer insights, reassessing testing and buying processes, and bringing in small quantities of forward season merchandise to get a better read on styles and more time to maximize trend-right product during the selling season;

- improving product and brand clarity by sharpening edit points for the women s and men s customer with a single fashion point of view, creating a new commercial planning process to align and focus key customer messages, and optimizing the product portfolio to improve clarity in stores; and

- growing the customer base by expanding partnerships with key fashion influencers and optimizing marketing spend.

In addition, the Company continues its efforts to capture the benefits from systems investments as well as its disciplined approach to managing expenses.

2018 Named Executive Officers

The Compensation Discussion and Analysis included in this proxy statement focuses on the compensation of our named executive officers (our NEOs) for 2018, who are listed below:

Name	**Position**
David Kornberg	Former President and Chief Executive Officer(1)
Matthew Moellering	Interim Chief Executive Officer and Interim President, Executive Vice President and Chief Operating Officer(1)
James (Jim) Hilt	Former Executive Vice President and Chief Customer Experience Officer(2)
John J. (Jack) Rafferty	Executive Vice President Planning and Allocation
Colin Campbell	Executive Vice President Sourcing and Production
Periclis (Perry) Pericleous	Senior Vice President, Chief Financial Officer and Treasurer

(1) Effective January 22, 2019, Mr. Kornberg ceased to serve as President and Chief Executive Officer and Mr. Moellering was appointed Interim Chief Executive Officer and Interim President.

(2) Mr. Hilt left the Company on March 19, 2019.

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2018 Compensation Highlights

The last day of our 2018 fiscal year was Saturday February 2, 2019. Mr. Kornberg served as our President and CEO for all but the last two weeks of our fiscal year. Accordingly, our Compensation Discussion and Analysis focuses on Mr. Kornberg s compensation for 2018, including information showing the relationship between the CEO s 2018 target compensation and 2018 actual realizable compensation. Unless otherwise noted, compensation related references in this proxy statement to the CEO are references to Mr. Kornberg.

Our executive compensation program is designed to strongly align executive compensation with the Company s financial performance. In 2018:

- **CEO Target Pay Opportunity Remained the Same in 2018**: CEO target pay opportunity for Mr. Kornberg was established at the median of our peer group in 2016 and remained unchanged in both 2017 and 2018. In 2019, target pay opportunity for our Interim CEO, Mr. Moellering, will reflect a base salary of approximately $1.1 million until his interim assignment ends, and his short-term cash incentive target percentage and amount of long-term incentive award will remain unchanged from 2018 levels when he served as Executive Vice President and Chief Operating Officer. Target pay opportunity for our other NEOs will generally stay the same in 2019.

- **CEO Pay-for-Performance Compensation Design with Challenging Performance Targets Continued**: Overall, the design of the CEO compensation package remained the same year over year, with 86% of Mr. Kornberg s target compensation package composed of short-term cash incentives and long-term equity and cash incentives. The performance-based short-term and long-term incentives continued to include challenging performance targets so that realizable compensation reflects business performance.

- **Short-Term Incentive Program Continues to Include a Strategic Performance Component**: Under the Company s 2018 short-term cash incentive program, 75% of the target bonus opportunity was based on achievement of challenging financial goals and 25% was based on achievement of key strategic objectives in furtherance of the Company s long-term growth strategy.

- **Long-Term Incentives Updated to Include a Relative TSR Modifier**: Performance-based long-term incentive awards continue to be dependent on the achievement of challenging three-year Adjusted EPS performance targets. In 2018, however, the design was modified by providing that the payout based on Adjusted EPS performance could be modified upwards or downwards by 20%, based on Company TSR performance relative to the Dow Jones U.S. Retail Apparel Index (Relative TSR).

- **Portion of Long-Term Incentives Cash Denominated**: While performance-based awards continue to represent 50% of the annual long-term incentive grant, to help manage share usage and overhang, in 2018, performance-based long-term incentive awards were delivered half in the form of equity and half in the form of cash. As a result, 2018 long-term incentive awards were comprised of 25% performance-based restricted stock units and 25% performance-based cash, with the remaining 50% comprised of restricted stock units with time-based vesting. Each of the performance-based restricted stock units and performance-based cash awards are subject to the same challenging three-year Adjusted EPS targets and subject to a Relative TSR modifier. No stock options were granted to our NEOs in 2018.

- **CEO Actual Realizable Total Direct Compensation was Significantly Below Target in 2018, Reflecting Business Results**: Reflecting the Company s disappointing business performance, Mr. Kornberg s actual realizable total direct compensation in 2018 was 63% below target total direct compensation, due to payout of the short-term cash incentive program below target and the forfeiture of all of his long-term incentive awards due to his termination of employment except for a portion of time-based restricted stock units that became vested pursuant to the terms of his employment agreement. Mr. Kornberg s actual realizable total direct compensation was also significantly below target for both 2017 and 2016 approximately 70% below target in 2017 and 80% below target in 2016. In connection with Mr. Kornberg s termination, he became entitled to certain separation payments under his employment agreement, including a cash separation payment not included in the calculation of actual realizable total direct compensation. His separation payments are described in Executive Compensation Compensation Discussion and Analysis What We Pay and Why: Elements of Compensation Chief Executive Officer Transition on page 39.

Proxy Statement Summary Information

Summary Compensation Table Total Direct Compensation

For 2016 through 2018, Mr. Kornberg s pay structure was the same: $1 million salary, 130% target bonus, and long-term incentives with a value of $5 million.

As reported in the Summary Compensation Table on page 45, the corresponding actual total direct compensation numbers for 2016, 2017, and 2018 were approximately $6 million, $6.4 million, and $5.5 million, reflecting that (1) no short-term cash incentive compensation was paid for 2016, (2) 2017 short-term cash incentive compensation was $400,000, and (3) 2018 short-term cash incentive compensation was $700,000 (including $195,000 reflected in the all other compensation column). The portion of the 2018 long-term incentive award denominated in performance-based cash ($1,250,000) is not reflected in the Summary Compensation Table.

Total Direct Compensation excludes non-qualified deferred compensation and all other compensation as reported in the Summary Compensation Table, including Mr. Kornberg s separation compensation provided under his employment agreement. For a discussion of Mr. Kornberg s separation compensation, see Executive Compensation Compensation Discussion and Analysis What We Pay and Why: Elements of Compensation Chief Executive Officer Transition on page 39.

CEO Realizable Total Direct Compensation(1): Target vs. Actual

The chart below illustrates CEO actual realizable total direct compensation compared to target realizable total direct compensation for the 2016, 2017, and 2018 fiscal years. Actual realizable total direct compensation reflects the actual amount of pay our CEO can expect to receive from equity awards.

For more information on the computation of CEO realizable compensation, which does not include the CEO s separation compensation provided under his employment agreement, refer to Executive Compensation Compensation Discussion and Analysis What We Pay and Why: Elements of Compensation CEO Realizable Pay on page 38.

For more information on the CEO s separation compensation, refer to Executive Compensation Compensation Discussion and Analysis What We Pay and Why: Elements of Compensation Chief Executive Officer Transition on page 39.

(1) Total direct compensation is comprised of base salary, short-term incentives, and long-term incentives, and excludes non-qualified deferred compensation and all other compensation reported in the Summary Compensation

Table on page 45, except for a portion of Mr. Kornberg s Fall 2018 short-term incentive ($195,000) reflected in all other compensation for 2018. Total direct compensation does not include the value of a one-time cash separation payment made to Mr. Kornberg pursuant to his employment agreement equal to 1.5 times the sum of his base salary and target bonus ($3,450,000).

(2) Long-term equity incentive awards consist of performance-based restricted stock units, time-based restricted stock units, stock options for 2016 and 2017, and performance-based cash for 2018.

For more information on our short-term cash incentive program, refer to Executive Compensation Compensation Discussion and Analysis What We Pay And Why: Elements of Compensation Performance-Based Incentives Short-Term Incentives beginning on page 32. For information on our long-term incentive program, see Executive Compensation Compensation Discussion and Analysis What We Pay And Why: Elements of Compensation Performance-Based Incentives Long-Term Incentives beginning on page 35.

EXECUTIVE COMPENSATION OBJECTIVES AND PRACTICES

Program Objective	**What We DO:**
Pay for Performance	Performance-Based CEO Compensation Package with 86% Variable Compensation Short-Term and Long-Term Incentives with Challenging Performance Targets that Incentivize Creation of Stockholder Value 50% of Long-Term Incentives are Performance-Based with 3-Year Performance Periods
Pay Competitively	Robust Compensation Setting Process that Utilizes Market Data to Ensure Competitiveness
Pay Responsibly	Long-Term Vesting Requirements: 3-year Performance Periods for Performance-Based Equity Awards and Performance-Based Cash Awards and 4-year Vesting Requirements for Time-Based Restricted Stock Units Annual Stockholder Engagement Process and the Incorporation of Stockholder Feedback into Executive Compensation Decision Making Stock Ownership Guidelines Mitigate Risk Through Incentive Compensation Design Utilize Independent Compensation Consultant Clawback Policy
	What We DON T DO:
Pay Responsibly	No Special Tax Gross-Ups No Pension Plans or Other Post-Employment Defined Benefit Plans No Liberal Share Recycling, Repricing of Underwater Stock Options, or Reloads of Stock Options No Hedging or Pledging Transactions No Single Trigger Change-in-Control Payments No Special Perquisites

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Proxy Statement Summary Information

Governance Highlights

Governance Changes:

Board Composition

· In 2018, the Board strengthened its collective competencies and experience with the appointment of Ms. Winnie Park as the Board s seventh independent director. Our Board is comprised of directors with diverse and deep experience in those areas that are core to the Company s strategy.

· Three out of seven of our directors are women, including our Chairman.

· Average director tenure is five years.

Committee Chair Rotation

· Effective in April 2019, Mr. Archbold will assume the role of Chair of the Audit Committee and Mr. Devine will step down as Chair and continue to serve as a member of the Audit Committee.

Other Governance Highlights:

Board Independence	· All of our directors are independent, which includes an independent Chairman of the Board and Committees comprised entirely of independent directors.

	· Our independent directors have an opportunity to meet in executive session at each meeting and do so routinely.
Director Elections	· We adhere to a 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 conduct 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	· As part of our annual stockholder engagement cycle, we reach out to our largest stockholders who collectively hold over a majority of the shares of our outstanding common stock, which usually includes approximately our top 20 largest stockholders. The Company s repurchase of approximately 10 million shares in 2018 was based in part on feedback received from our stockholders.
Succession Planning	· The Board reviews and discusses succession plans for executives and key contributors at least annually and followed its succession plan for the CEO position with the appointment of Mr. Moellering as Interim CEO and Interim President until a permanent CEO and President is appointed.

Proposals to be Voted on and Voting Recommendations

Proposal	**Board Voting Recommendation**	**Page Reference (for more detail)**
Election of Class III Directors (Proposal No. 1)	FOR	8
	FOR	64

Advisory vote to approve executive compensation (say-on-pay) (Proposal No. 2)		
Advisory vote to approve the frequency of advisory votes on executive compensation (Proposal No. 3)	EVERY YEAR	65
Ratification of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2019 (Proposal No. 4)	FOR	66

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Proxy Statement Summary Information

Director Nominees

The following table provides summary information about our Class III director nominees. The Class III directors will be elected to each serve a three-year term that will expire at the Company s 2022 annual meeting of stockholders.

Nominee	Age	Director Since	Select Professional Experience	Independent	Board Committees	Select Skills/Qualifications
Terry Davenport	61	November 2016	*Retired Brand and Marketing Executive* *Previous Experience:* - Global Brand Advisor Starbucks Coffee Company - SVP of Global Creative Studios, SVP of Marketing Starbucks Coffee Company - VP of Brand Strategy and Consumer Insights Starbucks Coffee Company - Senior Brand Leadership Roles YUM! Brands,	Yes	Compensation and Governance Committee	Consumer brand marketing and advertising; e-commerce and omni-channel retailing; retail merchandising and operations; business development and strategic planning; international operations; corporate responsibility; experience with target customers

			PepsiCo., and Omnicom Agencies			
Karen Leever	55	August 2016	*President, US Digital Products and Marketing, Discovery Communications* *Previous Experience:* - EVP and GM, Digital Media Discovery Communications - SVP, Digital and Direct Sales DIRECTV - SVP, Digital Marketing and Media DIRECTV - SVP, directv.com and Customer Communications DIRECTV - VP, Marketing Kmart Corporation	Yes	Compensation and Governance Committee	E-commerce and omni-channel retailing; technology development and management experience; data analytics; business development and strategic planning; retail merchandising and operations; experience with target customers; leadership development and succession planning
Winnie Park	48	June 2018	*Chief Executive Officer of Paper Source* *Previous Experience:* - EVP, Global Marketing and E-commerce DFS, a division of LVMH	Yes	Compensation and Governance Committee	Retail merchandising and operations; apparel merchandising and design; business development and strategic planning; e-commerce and omni-channel retailing; consumer brand marketing and advertising; supply chain; corporate responsibility

- Global VP, GMM, Merchandising DFS, a division of LVMH

- Senior Director, Women s Merchandising Levi Strauss and Co.

- Director, Strategy for Dockers Levi Strauss and Co.

Forward-Looking Statements

This proxy statement, including the Letter to our Stockholders from the Board of Directors, 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 on Form 10-K. 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.

Election of Class III Directors

(Proposal No. 1)

The Board and its Compensation and Governance Committee are committed to ensuring that the Board possesses the right diversity of backgrounds, skills, experience, and perspectives to constitute an effective Board. The Board currently consists of seven members and is divided into three classes of directors, with two Class I directors, two Class II directors, and three 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 2020 and 2021 annual meetings of stockholders, respectively.

Mr. Davenport and Mses. Leever and Park currently serve as Class III directors and are independent. Upon the recommendation of the Compensation and Governance Committee, the Board has nominated Mr. Davenport and Mses. Leever and Park for re-election as Class III directors, to each serve three-year terms expiring at the 2022 annual meeting of stockholders. Mr. Davenport and Ms. Leever have each served as a director since 2016 and Ms. Park joined the Board in June 2018.

Mr. Davenport and Mses. Leever and Park have consented to serve if elected. If re-elected, each of Mr. Davenport, Ms. Leever, and Ms. Park will hold office until his or her respective successor has been duly elected and qualified or until his or her earlier resignation or removal. If Mr. Davenport, Ms. Leever, or Ms. Park 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 nominees 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 Board believes that our continuing directors, together with our director nominees, possess a complementary and diverse set of qualifications, skills, and experience to allow the Board to function at a high-level and fulfill its responsibilities to our stockholders. Please refer to Corporate Governance Board Composition on page 13 for other information about our Board, including a description of the qualifications, skills, and experience that the Board believes are important in order to effectively oversee the Company as it carries out its growth strategy and commitment to long-term value creation.

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Nominees For Class III Directors For Election at the 2019 Annual Meeting

TERRY DAVENPORT

Director Since: November 2016

Age: 61

Compensation and Governance Committee Member

Select Qualifications, Skills, and Experience:

- Consumer brand marketing and advertising
- E-commerce and omni-channel retailing
- Retail merchandising and operations
- Business development and strategic planning
- International operations

- Corporate responsibility
- Experience with target customers

Business Experience

Mr. Davenport served as Global Brand Advisor for Starbucks Coffee Company from February 2014 until he retired in October 2017. Mr. Davenport spent the last ten years of his career at Starbucks Coffee Company. Prior to serving as Global Brand Advisor, his roles at Starbucks included: Senior Vice President of Global Creative Studios, Senior Vice President of Marketing and Category for Europe, Middle East, and Africa (EMEA), and Senior Vice President of Marketing for the U.S. He originally joined Starbucks as Vice President of Brand Strategy and Consumer Insights in October 2006. Prior to joining Starbucks, Mr. Davenport held senior brand leadership roles with YUM! Brands, PepsiCo., and Omnicom Agencies. Mr. Davenport is currently a strategic advisor and consultant for various enterprises on consumer, strategy, and brand related matters.

KAREN LEEVER

Director Since: August 2016

Age: 55

Compensation and Governance Committee Member

Select Qualifications, Skills, and Experience:

- E-commerce and omni-channel retailing
- Technology development and management experience

- Data analytics
- Business development and strategic planning
- Retail merchandising and operations
- Experience with target customers
- Leadership development and succession planning

Business Experience

Ms. Leever is President, US Digital Products and Marketing, for Discovery Communications, a role she has had since July 2018. Ms. Leever joined Discovery Communications in October 2015 where she first served as Executive Vice President and General Manager, Digital Media. Prior to joining Discovery Communications, she spent ten years with DIRECTV, and held several roles including: Senior Vice President of Digital and Direct Sales from 2013 until 2015, Senior Vice President of Digital Marketing and Media in 2012, and Senior Vice President of directv.com and Customer Communications in 2011. Additionally, Ms. Leever served as Vice President, Marketing at Kmart Corporation during 2005 and as Divisional Vice President, E-commerce from 2004 until 2005. Earlier in her career, she spent more than a decade in electronic television retailing at HSN and QVC, overseeing website design, messaging, pricing, and programming strategies.

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Election of Class III Directors (Proposal No. 1)

WINNIE PARK

Director Since: June 2018

Age: 48

Compensation and Governance Committee Member (Effective April 2019)

Select Qualifications, Skills, and Experience:

- Retail merchandising and operations
- Apparel merchandising and design
- Business development and strategic planning
- E-commerce and omni-channel retailing
- Consumer brand marketing and advertising

- Experience with Target Customers
- Supply Chain
- Corporate Responsibility

Business Experience

Ms. Park is Chief Executive Officer of Paper Source, a role she has held since September 2015. Prior to joining Paper Source, Ms. Park held the titles of Executive Vice President, Global Marketing and E-commerce and Global VP, GMM, Merchandising during her 9-year tenure at Hong Kong-based luxury retailer, DFS, a division of LVMH, beginning in 2006. Prior to her roles at DFS, Ms. Park served as Senior Director, Women s Merchandising and Director, Strategy for Dockers for Levi Strauss & Co. from 2003 to 2006. Earlier in her career, Ms. Park worked at McKinsey and Company, focusing on e-commerce, apparel and retail. Ms. Park started her career in the non-profit industry with Princeton Project 55.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE CLASS III NOMINEES TO BE ELECTED

AS DIRECTORS.

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Class I Directors With Terms Continuing Until the 2020 Annual Meeting

MICHAEL ARCHBOLD

Director Since: January 2012

Age: 58

Chair of the Audit Committee (Effective April 2019)

Select Qualifications, Skills, and Experience:

- Accounting, finance, and capital structure
- Risk management
- Retail merchandising and operations
- Business development and strategic planning
- Investor relations

- Executive leadership of complex organizations

Business Experience

Mr. Archbold served as Chief Executive Officer of GNC Holdings, Inc. from August 2014 until July 2016 and also served as a director on the board of GNC Holdings, Inc. Prior to that, he was the Chief Executive Officer of The Talbots Inc. from August 2012 until June 2013 and also served as a director on the board of The Talbots Inc. Prior to that, Mr. Archbold served as President and Chief Operating Officer of Vitamin Shoppe, Inc. from April 2011 until June 2012, and prior to that as its Executive Vice President, Chief Operating Officer, and Chief Financial Officer from April 2007. Mr. Archbold served as Executive Vice President / Chief Financial and Administrative Officer of Saks Fifth Avenue from 2005 until 2007. From 2002 until 2005 he served as Chief Financial Officer for AutoZone, originally as Senior Vice President, and later as Executive Vice President. Mr. Archbold is an inactive Certified Public Accountant, and has 20 years of financial experience in the retail industry.

PETER SWINBURN

Director Since: February 2012

Age: 66

Chair of the Compensation and Governance Committee

Select Qualifications, Skills, and Experience:

- Business development and strategic planning
- Consumer brand marketing and advertising

- International operations
- Finance and capital structure
- Corporate governance and public company board practices
- Executive leadership of complex organizations
- Mergers and acquisitions
- Executive compensation

Business Experience

Mr. Swinburn served as Chief Executive Officer and President of Molson Coors Brewing Company from July 2008 until he retired in December 2014. He also served as a director on the board of Molson Coors Brewing Company and MillerCoors Brewing Company from July 2008 until his retirement. Prior to that, he was Chief Executive Officer of Coors (US) and from 2005 until October 2007, Mr. Swinburn served as President and Chief Executive Officer of Molson Coors Brewing Company (UK) Limited. Prior to that, he served as President and Chief Executive Officer of Coors Brewing Worldwide and Chief Operating Officer of Molson Coors Brewing Company (UK) Limited following the Molson Coors Brewing Company s acquisition of Molson Coors Brewing Company (UK) Limited in 2002 where he served until 2003. Mr. Swinburn also serves as a director of Fuller, Smith & Turner PLC and previously served as a director of Cabela s Inc.

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Election of Class III Directors (Proposal No. 1)

Class II Directors With Terms Continuing Until the 2021 Annual Meeting

MICHAEL F. DEVINE

Director Since: May 2010

Age: 60

Audit Committee Member (Chair of the Audit Committee May 2010 - March 2019)

Select Qualifications, Skills, and Experience:

· Accounting, finance, and capital structure

· Risk management

· Corporate governance and public company board practices

· Investor relations

- Executive leadership of complex organizations
- Retail merchandising

Business Experience

Mr. Devine was appointed Senior Vice President and Chief Financial Officer of Coach in December 2001 and Executive Vice President in August 2007, a role he held until he retired in August 2011. Prior to joining Coach, Mr. Devine served as Chief Financial Officer and Vice President Finance of Mothers Work, Inc. (now known as Destination Maternity Corporation) from February 2000 until November 2001. From 1997 to 2000, Mr. Devine was Chief Financial Officer of Strategic Distribution, Inc. Mr. Devine was Chief Financial Officer at Industrial System Associates, Inc. from 1995 to 1997, and for the six years prior to that, he was the Director of Finance and Distribution for McMaster-Carr Supply Co. Mr. Devine previously served as a director of Nutrisystems, Inc. He currently serves as a director of Deckers, Inc. and Five Below, Inc.

MYLLE MANGUM

Director Since: August 2010

Age: 70

Chairman of the Board; Compensation and Governance Committee Member; Audit Committee Member

Select Qualifications, Skills, and Experience:

- Business development and strategic planning
- Corporate governance and public company board practices

- Executive leadership of complex organizations
- Leadership development and succession planning
- International and franchise operations
- Accounting, finance, and capital structure
- Executive compensation

Business Experience

Ms. Mangum is the Chief Executive Officer of IBT Holdings, LLC, a position she has held since October 2003. Prior to that, Ms. Mangum served as Chief Executive Officer of True Marketing Services, LLC since July 2002. She served as Chief Executive Officer of MMS Incentives, Inc. from 1999 to 2002. From 1997 until 1999, she served as President-Global Payment Systems and Senior Vice President-Expense Management and Strategic Planning for Carlson Wagonlit Travel, Inc. From 1992 until 1997 she served as Executive Vice President-Strategic Management for Holiday Inn Worldwide. Ms. Mangum was previously employed with BellSouth Corporation as Director-Corporate Planning and Development from 1986 to 1992 and President of BellSouth International from 1985 to 1986. Prior to that, she was with the General Electric Company. Ms. Mangum previously served as a director of Emageon, Inc., Scientific-Atlanta, Inc., and Respironics, Inc. Ms. Mangum currently serves as a director of PRGX Global, Inc., Barnes Group Inc., and Haverty Furniture Companies, Inc.

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Corporate Governance

Board Responsibilities

The Board is responsible for overseeing the affairs of the Company in order to generate sustainable long-term value for our stockholders and does so through oversight of the Company s (1) strategy and performance, (2) management, including succession planning, (3) risk management program, (4) compliance and corporate responsibility programs, and (5) other corporate governance practices, including stockholder engagement.

Board Oversight

Strategy and Performance	Management, including Succession Planning	Risk Management	Compliance and Corporate Responsibility	Other Corporate Governance Practices, including Stockholder Engagement

The Board believes that effective oversight is best achieved through (1) having the right combination of people on the Board, (2) an effective Board leadership and committee structure, and (3) effective Board practices. The Board continually reassesses the composition of the Board, the Board s leadership and structure, and its governance practices and believes that the continuing directors, along with the director nominees, together have a complementary and diverse set of skills, backgrounds, experiences, and perspectives to constitute an effective Board; and furthermore, that the Board s leadership and committee structure as well as its governance practices are effective. See Board Composition below and Election of Class III Directors (Proposal No. 1) on page 8 for more information about the composition of the Board; see Board Leadership and Structure on page 16 for more information about the Board s leadership structure and its committees; and see Board Practices on page 19 for more information about the Board s governance practices.

Board Composition

The Board and its Compensation and Governance Committee (in this Corporate Governance section, the Committee) are committed to ensuring that the Board possesses the right diversity of backgrounds, skills, experience, and perspectives to constitute an effective Board. The Committee is responsible for developing the criteria for, and reviewing periodically with the Board, the skills and characteristics of nominees, as well as the composition of the Board as a whole. These criteria include independence, diversity, age, skills, tenure, and experience in the context of the needs of the Board. The Committee also considers a number of other factors, including the ability to represent all stockholders without a conflict of interest; the ability to work in and promote a productive environment; sufficient time and willingness to fulfill the substantial duties and responsibilities of a director; a high level of character and integrity; broad professional and leadership experience and skills necessary to effectively respond to complex issues encountered by a publicly-traded company; and the ability to apply sound and independent business judgment.

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Corporate Governance

BOARD COMPETENCIES AND EXPERIENCE

The Board believes that it has the right mix of qualifications, skills, experience, and perspectives that allow it to fulfill its responsibilities, including overseeing management s execution of the Company s corporate strategy, which is designed to create long-term stockholder value. The information below shows how the Board s collective qualifications, skills, and experience relate to the Company s corporate strategy. For biographical information regarding each of our directors and their individual qualifications, skills, and experience see, Election of Class III Directors (Proposal No. 1) beginning on page 8.

Long-Term Strategy for Value Creation	Strategic Competencies and Experience	Corporate Governance Competencies and Experience
Improving Profitability Through a Balanced Approach to Growth	· Retail merchandising & operations	· Accounting, finance, and capital structure
Increasing Brand Awareness and Elevating the Customer Experience	· Apparel merchandising & design	· Investor relations
Transforming and Leveraging Information Technology Systems	· E-commerce and omni-channel retailing	· Executive compensation
Cultivating a Strong Company Culture	· Business development & strategic planning	· Mergers and acquisitions
	· Supply chain	· Executive leadership of complex

organizations

· International and franchise operations

· Corporate responsibility

· Technology development and management experience

· Corporate governance and public company board practices

· Data analytics

· Risk management

· Leadership development

· Succession planning

BOARD DEMOGRAPHICS AND REFRESHMENT

As previously noted, in addition to ensuring that the Board collectively has a diverse set of competencies, experience, and perspectives, the Committee and Board also consider independence as well as diversity, age, and tenure. The charts below show certain demographic information about our Board as of April 16, 2019.

In order to assure the appropriate balance between members with new and different perspectives and those with a deep understanding of the Company built up over many years, the Committee reviews a director s continuation on the Board each time such director s term of office expires. In addition, the Company s Corporate Governance Guidelines (the Corporate Governance Guidelines) provide that a director will not be nominated for re-election if he or she is 72 years of age or older at the time of nomination. The Board believes that together these practices are effective at ensuring an appropriate balance between experience and a fresh perspective on the Board.

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IDENTIFYING AND EVALUATING DIRECTOR CANDIDATES

The Committee is responsible for identifying, recruiting, and recommending candidates for the Board and is responsible for reviewing and evaluating any candidates recommended by stockholders.

The following shows our nomination process for candidates to our Board:

Conduct a Needs Assessment

The Committee determines the director skills, experience, and attributes needed for the Board to exercise effective oversight of the Company. The Committee assesses the skills, experience, and attributes of existing directors against desired director skills, experience, and attributes to identify any skills, experience, and attributes that would strengthen the collective skills and experience of the Board.

Develop a New Director Profile

The Committee develops a profile that sets forth the skills, experience, and attributes desired for the new director, which satisfies the needs identified in the needs assessment.

Identify New Director Candidates

The Committee may identify new director candidates through professional search firms, professional networks of sitting directors, and nominations suggested by stockholders.

Selection of New Director

The Committee makes a recommendation to the Board based on an initial round of interviews, reference checks, and a final round of interviews with all directors.

Due Diligence and Onboarding

Once due diligence is performed and the nominee is appointed to the Board, the Company provides a robust onboarding program which includes a full day of in-person meetings with senior leadership at the Company s headquarters and participation in a multi-day new director education program for first-time directors.

The Committee followed the process described above in connection with the appointment of Ms. Winnie Park to the Board in June 2018 and such process included the engagement of a third party search firm to identify and pre-qualify Ms. Park.

The Committee considers all director candidates, including candidates proposed by stockholders in accordance with our Bylaws, based on the same criteria. As noted above, the Committee may engage third party search firms to identify potential director nominees.

Board Leadership and Structure

LEADERSHIP STRUCTURE

Ms. Mangum has served as the Company s independent Chairman since assuming the role at our 2016 Annual Meeting of Stockholders. The independent Chairman s roles and responsibilities include: (1) establishing the Board agendas and schedules to confirm that appropriate topics are reviewed and sufficient time is allocated to each; (2) providing input to the CEO with respect to the information provided to the Board; (3) serving as a liaison between the independent directors and the CEO; (4) presiding at the executive sessions of independent directors; (5) facilitating communications and coordination of activities among the committees as appropriate; and (6) approving and coordinating the retention of advisors and consultants to the Board.

Our Corporate Governance Guidelines provide that the roles of Chairman and CEO may be separated or combined. The Board exercises its discretion in combining or separating these positions as it deems appropriate. The Board believes that the combination or separation of these positions should be considered as part of the succession planning process. In the event that the Chairman is not independent, the Board believes that it is beneficial for the independent directors to appoint an independent Lead Director. Currently, the Board believes that having an independent Chairman best serves the Board in its oversight role.

BOARD COMMITTEES

The Board has two standing committees: an Audit Committee and a Compensation and Governance Committee. The composition and leadership of these committees are shown in the table below. In the future, the Board may establish other committees, as it deems appropriate, to assist it with its responsibilities. The committees report to the Board as they deem appropriate and as the Board may request. Each standing committee operates under a charter that has been approved by the Board and each is comprised solely of independent directors.

Board Member	Audit Committee	Compensation and Governance Committee
Michael Archbold(1)	p	
Terry Davenport		X
Michael F. Devine(1)	X	
Karen Leever		X
Mylle Mangum	X	X