

STEIN MART INC
Form DEF 14A
April 20, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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 under §240.14a-12

STEIN MART, 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):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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Stein Mart, Inc.

NOTICE AND PROXY STATEMENT

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JUNE 14, 2011

TO OUR SHAREHOLDERS:

PLEASE TAKE NOTICE that the annual meeting of shareholders of Stein Mart, Inc. will be held on Tuesday, June 14, 2011, at 2:00 P.M., local time, at The Museum of Science and History, 1025 Museum Circle, Jacksonville, Florida 32207.

The meeting will be held for the following purposes:

1. To elect the twelve (12) director nominees named in the attached proxy statement to serve as directors of the Company for the ensuing year and until their successors have been elected and qualified;
2. To approve an advisory resolution on executive compensation;
3. To conduct an advisory vote on the frequency of future advisory votes on executive compensation;
4. To approve the material terms of the performance goals under the Stein Mart, Inc. 2001 Omnibus Plan and to authorize three (3) million additional shares available for issuance under that plan;
5. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered certified public accounting firm for the fiscal year ending January 28, 2012; and
6. To transact such other business as may properly come before the meeting or any adjournment thereof.

The shareholders of record at the close of business on April 8, 2011, will be entitled to vote at the annual meeting.

It is hoped you will be able to attend the meeting, but in any event, please vote according to the instructions on the enclosed proxy as promptly as possible. If you are able to be present at the meeting, you may revoke your proxy and vote in person.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on June 14, 2011: The 2010 Annual Report on Form 10-K and proxy statement of Stein Mart, Inc. are available online at www.proxyvote.com. For directions to

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the annual meeting, please contact Ms. Nancy Murphy, Director, Investor Relations, at NMurphy@steinmart.com.

By Order of the Board of Directors,

Gregory W. Kleffner
Secretary

Dated: May 6, 2011

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**Proxy Statement for the
Annual Meeting of Shareholders of
STEIN MART, INC.
To Be Held on Tuesday, June 14, 2011**

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Stein Mart, Inc.

1200 Riverplace Boulevard

Jacksonville, Florida 32207

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JUNE 14, 2011

This Proxy Statement and the enclosed form of proxy are being sent to shareholders of Stein Mart, Inc. on or about May 6, 2011 in connection with the solicitation by our Board of Directors of proxies to be used at our annual meeting of shareholders. The meeting will be held on Tuesday, June 14, 2011 at 2:00 P.M., local time, at The Museum of Science and History, 1025 Museum Circle, Jacksonville, Florida 32207.

The Board of Directors has designated Jay Stein and John H. Williams, Jr., and each or either of them, as proxies to vote the shares of common stock solicited on its behalf.

ABOUT THE ANNUAL MEETING

Why did I receive these materials?

Our Board of Directors is soliciting proxies for our 2011 annual meeting of shareholders. You are receiving a proxy statement because you owned shares of our common stock on April 8, 2011 and that entitles you to vote at our meeting of shareholders. By use of a proxy, you can vote whether or not you attend the meeting. This proxy statement describes the matters on which we would like you to vote and provides information on those matters so that you can make an informed decision.

What information is contained in this proxy statement?

The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, our Board and Board committees, the compensation of directors and executive officers and other information that the Securities and Exchange Commission requires us to provide annually to our shareholders.

Who is entitled to vote at the meeting?

Holders of common stock as of the close of business on the record date, April 8, 2011, will receive notice of, and be eligible to vote at, our annual meeting of shareholders and at any adjournment or postponement of such meeting. At the close of business on the record date, we had outstanding and entitled to vote 44,479,855 shares of common stock.

How many votes do I have?

Each outstanding share of our common stock you owned as of the record date will be entitled to one vote for each matter considered at the meeting. There is no cumulative voting.

Who can attend the meeting?

Only persons with evidence of stock ownership as of the record date or who are our invited guests may attend and be admitted to the annual meeting of the shareholders. Shareholders with evidence of stock ownership as of the record date may be accompanied by one guest. Photo identification will be required (a valid driver's license, state identification or passport). If a shareholder's shares are registered in the name of a broker, trust, bank or other nominee, the shareholder must bring a proxy or a letter from that broker, trust, bank or other nominee or their most

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recent brokerage account statement that confirms that the shareholder was a beneficial owner of our shares as of the record date. Since seating is limited, admission to the meeting will be on a first-come, first-served basis.

Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting.

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What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the common stock outstanding on the record date will constitute a quorum, permitting the conduct of business at the meeting. Proxies received but marked as abstentions and broker non-votes, if any, will be included in the calculation of the number of votes considered to be present at the meeting for the purposes of a quorum.

How do I vote?

If you are a holder of record (that is, your shares are registered in your own name with our transfer agent), you can vote either in person at the annual meeting or by proxy without attending the annual meeting. We urge you to vote by proxy even if you plan to attend the annual meeting so that we will know as soon as possible that enough votes will be present for us to hold the meeting. If you attend the meeting in person, you may vote at the meeting and your proxy will not be counted.

Each shareholder electing to receive shareholder materials by mail may vote by proxy by using the accompanying proxy card. When you return a proxy card that is properly signed and completed, the shares represented by your proxy will be voted as you specify on the proxy card.

If you hold your shares in street name, you must either direct the bank, broker or other record holder of your shares as to how to vote your shares, or obtain a proxy from the bank, broker or other record holder to vote at the meeting. Please refer to the voter instruction cards used by your bank, broker or other record holder for specific instructions on methods of voting, including by telephone or using the Internet.

Your shares will be voted as you indicate. If you return the proxy card but you do not indicate your voting preferences, then your shares will not be voted with respect to any proposal other than the ratification of our auditors and the individuals designated as proxies will vote your shares FOR the ratification of our auditors. The board and management do not intend to present any matters at this time at the annual meeting other than those outlined in the notice of the annual meeting. Should any other matter requiring a vote of shareholders arise, shareholders returning the proxy card confer upon the individuals designated as proxy's discretionary authority to vote the shares represented by such proxy on any such other matter in accordance with their best judgment.

Can I change my vote?

Yes. If you are a shareholder of record, you may revoke or change your vote at any time before the proxy is exercised by filing a notice of revocation with our secretary or mailing a proxy bearing a later date or by attending the annual meeting and voting in person. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee or, if you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote your shares, by attending the meeting and voting in person. In either case, the powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

How are we soliciting this proxy?

We are soliciting this proxy on behalf of our Board of Directors and will pay all expenses associated with this solicitation. In addition to mailing these proxy materials, certain of our officers and other employees may, without compensation other than their regular compensation, solicit proxies through further mailing or personal conversations, or by telephone, facsimile or other electronic means. We will also, upon request, reimburse brokers and other persons holding stock in their names, or in the names of nominees, for their reasonable out-of-pocket expenses for forwarding proxy materials to the beneficial owners of our stock and to obtain proxies.

Will shareholders be asked to vote on any other matters?

To the knowledge of the Company and its management, shareholders will vote only on the matters described in this proxy statement. However, if any other matters properly come before the meeting, the persons designated as proxies will vote on those matters in the manner they consider appropriate.

What vote is required to approve each item?

Directors are elected by a plurality of the votes cast at the meeting, which means that the twelve (12) nominees who

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receive the highest number of properly executed votes will be elected as directors, even if those nominees do not receive a majority of the votes cast. A properly executed proxy marked "For All Except" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. However, any nominee who receives more withheld than for votes must submit his or her resignation to the Corporate Governance Committee even if he or she received a plurality of votes. The Board of Directors shall then consider the Corporate Governance Committee's recommendation as to whether or not to accept such resignation and will publically disclose its decision, the process in reaching the decision and the underlying reasons for its decision.

The advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the Board of Directors. Shareholders will be able to specify one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. Notwithstanding the Board's recommendation and the outcome of the shareholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with shareholders and the adoption of material changes to compensation programs.

The advisory resolution on executive compensation, commonly referred to as a "say-on-pay" resolution, is non-binding on the Board of Directors. Although the vote is non-binding, the Board of Directors and the Compensation Committee will review the voting results in connection with their ongoing evaluation of our compensation program.

The approval of the Stein Mart, Inc. 2001 Omnibus Plan and the authorization of three (3) million additional shares under the plan and ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent registered certified public accounting firm for the fiscal year ending January 28, 2012 will be approved if the votes cast "FOR" the proposal exceed the votes cast "AGAINST" the proposal.

How are votes counted?

In the election of directors, you may vote "FOR" all or some of the nominees or your vote may be "FOR ALL EXCEPT" with respect to one or more of the nominees.

For the advisory vote on the frequency of future advisory votes on executive compensation, you may vote for "ONE YEAR," "TWO YEARS," "THREE YEARS" or "ABSTAIN."

For the advisory resolution on executive compensation, the approval of the Stein Mart, Inc. 2001 Omnibus Plan and the authorization of three (3) million additional shares under the plan and the ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent registered certified public accounting firm for the fiscal year ending January 28, 2012, you may vote "FOR," "AGAINST" or "ABSTAIN." Abstentions are considered to be present and entitled to vote at the meeting. Abstentions will have no effect on the advisory resolution on executive compensation, the approval of the Stein Mart, Inc. 2001 Omnibus Plan and the authorization of three (3) million additional shares under the plan and the ratification of the appointment of our independent registered certified public accounting firm.

If you hold your shares in street name, we have supplied copies of our proxy materials for our 2011 annual meeting of shareholders to the broker, bank or other nominee holding your shares of record and they have the responsibility to send these proxy materials to you. Your broker, bank or other nominee is permitted to vote your shares on the appointment of our independent registered certified public accounting firm without receiving voting instructions from you. In contrast, all other proposals are "non-discretionary" items. This means brokerage firms that have not received voting instructions from their clients on these proposals may not vote on them. These so-called "broker non-votes" will be included in the calculation of the number of votes considered to be present at the meeting for purposes of determining a quorum, but will not be considered in determining the number of votes necessary for approval and will have no effect on the outcome of the proposals.

What should I do if I receive more than one set of voting materials?

You may receive more than one set of voting materials, including multiple copies of this proxy statement, proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please vote your shares applicable to each proxy card and voting instruction card that you receive.

Where can I find the voting results of the annual meeting?

We intend to announce the preliminary voting results at the annual meeting and publish the final results in a Form 8-K within four business days following the annual meeting.

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The following table shows the name, address and beneficial ownership as of April 1, 2011 of each person known to us, other than Jay Stein, who is shown below, to be the beneficial owner of more than five percent (5%) of our outstanding common stock:

Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	3,634,170 ⁽¹⁾	8.3%
Paradigm Capital Management, Inc. Nine Elk Street Albany, New York 12207	3,078,822 ⁽²⁾	7.1%

(1) This information is based on a Schedule 13G filed February 14, 2011. These securities are owned by various individual and institutional investors for which T. Rowe Price Associates, Inc. (**Price Associates**) serves as investment advisor with power to direct investments. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(2) This information is based on a Schedule 13G filed February 11, 2011.

Security Ownership of Directors and Executive Officers

The following table sets forth certain information with respect to beneficial ownership of our common stock as of April 1, 2011 by: (i) each director; (ii) each executive officer named in the Summary Compensation Table and (iii) all directors and executive officers as a group.

Name	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class ^(*)
Jay Stein ⁽²⁾	15,811,466	35.5%
Ralph Alexander ⁽³⁾	18,182	*
Alvin R. Carpenter ⁽³⁾	19,280	*
Irwin Cohen ⁽³⁾	9,751	*
Susan Falk ⁽³⁾	9,751	*
Linda M. Farthing ⁽³⁾	219,523	*
D. Hunt Hawkins ⁽³⁾	205,167	*
Gregory W. Kleffner ⁽³⁾	60,443	*
Mitchell W. Legler ⁽³⁾⁽⁴⁾	93,233	*
Robert L. Mettler ⁽³⁾	8,431	*
Brian R. Morrow ⁽³⁾	60,282	*
Gary L. Pierce ⁽³⁾	27,857	*
Richard L. Sisisky ⁽³⁾⁽⁵⁾	39,780	*

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Martin E. Stein, Jr. ⁽³⁾⁽⁶⁾	44,480	*
David H. Stovall, Jr. ⁽³⁾	597,429	1.3%
John H. Williams, Jr. ⁽³⁾⁽⁷⁾	288,800	*
All directors and executive officers as a group (16) ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	17,513,855	38.7%

(*) Where percent is not indicated, amount is less than one percent (1%) of total outstanding common stock.

- (1) All shares of Common Stock indicated in the table are subject to the sole investment and voting power of the directors and executive officers, except as otherwise set forth in the footnotes below.
- (2) Shares consist of 13,441,279 shares held by Stein Ventures Limited Partnership, the general partner of which is Carey Ventures, Inc., 21,894 shares held by the Jay and Deanie Stein Foundation over which Mr. Stein has sole voting and dispositive power as trustee of the Foundation, 610,000 shares over which Mr. Stein serves as Custodian for his child and has sole voting and dispositive power, 24,644 shares held by Carey Ventures, Inc., a corporation wholly-owned by Mr. Stein, 982,049 shares held by Jay Stein and 731,600 shares owned by a trust for the benefit of Deanie Stein and over which Mr. Stein has sole voting and dispositive power as trustee.

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(3) Includes the following shares which are not currently outstanding but which the named shareholders are entitled to receive upon exercise of options:

Ralph Alexander	1,320
Irwin Cohen	1,320
Susan Falk	1,320
Linda M. Farthing	185,000
D. Hunt Hawkins	112,824
Richard L. Sisisky	4,000
John H. Williams, Jr.	77,100
All directors and executive officers as a group (16)	382,884

Options that are exercisable within sixty (60) days are included in the shares indicated. The shares described in this note are deemed to be outstanding for the purpose of computing the percentage of outstanding common stock owned by each named shareholder and by the group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Includes the following shares of restricted stock which are currently outstanding and are held by the transfer agent and delivered to each individual upon vesting:

Ralph Alexander	8,431
Alvin R. Carpenter	8,431
Irwin Cohen	8,431
Susan Falk	8,431
Linda M. Farthing	8,431
D. Hunt Hawkins	66,644
Gregory W. Kleffner	40,188
Mitchell W. Legler	23,410
Robert L. Mettler	8,431
Brian R. Morrow	60,282
Gary L. Pierce	27,857
Richard L. Sisisky	8,431
Martin E. Stein, Jr.	8,431
David H. Stovall, Jr.	142,265
All directors and executive officers as a group (16)	428,094

(4) Includes 69,823 shares owned by Mr. Legler and his wife as tenants by the entirety.

(5) Includes 100 shares over which Mr. Sisisky serves as custodian under the Florida Uniform Transfers to Minors Act.

(6) Includes 7,800 shares over which Mr. Stein serves as custodian for his children.

(7) Includes 211,700 shares owned jointly by Mr. Williams and his wife.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons owning more than ten percent (10%) of our common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities and to furnish us with copies of all such reports. To our knowledge, based solely on review of copies of such reports furnished to us during 2010, all Section 16(a) filing requirements applicable to our directors, officers and greater than ten percent (10%) beneficial owners have been complied with.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

At the meeting, twelve (12) directors will be elected for one (1) year and until the election and qualification of their successors. Each nominee is at present available for election and was previously elected to the Board by our shareholders. There are no family relationships between any of our directors or executive officers. While our directors are elected by a plurality vote, our policies require that any director who received more withheld votes than for votes must tender his or her resignation and the full Board must determine whether or not to accept those resignations. We will file a Form 8-K that discloses the Board's decision and the reasons for its actions.

We believe that each nominee possesses the characteristics that are expected of all directors, namely; independence, integrity, sound business judgment and a willingness to represent the long-term interests of all shareholders. The following paragraphs provide biographies of each of our nominees and the experiences, qualifications or skills that caused the Corporate Governance Committee and the Board to determine that the person should serve as our director. These biographies contain information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five (5) years and information regarding involvement in certain legal or administrative proceedings, if applicable.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE FOLLOWING NOMINEES. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS SHAREHOLDERS SPECIFY A CONTRARY CHOICE IN THEIR PROXIES.

Positions with the Company;

Principal Occupations and Other Directorships

Name	During Past Five (5) Years; Special Experiences,	Year First
Age	Qualifications and Skills	Became Director of the Company
Jay Stein (65)	Chairman of the Board of the Company since 1989 and Chief Executive Officer of the Company from 1990 to September 2001; former director of American Heritage Life Insurance Company and Promus Hotel Corporation. Mr. Stein, as the principal architect of the Company's growth, brings extensive knowledge of the retail environment and outstanding merchandising skills to the Board.	1968
John H. Williams, Jr. (73)	Vice Chairman of the Board since February 2003 and director of the Company; Vice Chairman and Chief Executive Officer of the Company from September 2001 to February 2003; President of the Company from 1990 to September 2001. Mr. Williams as a past chief executive officer brings extensive historical and operational knowledge to the board based on many years of experience with the Company.	1984
Ralph Alexander 卐 (56)	Director of the Company; Managing Director of Riverstone Holdings LLC; Chief Executive Officer of Innovene, British Petroleum's olefins and derivatives subsidiary, from June 2004 to December 2005; Chief Executive Officer of British Petroleum's Gas, Power and Renewable and Solar segment from 2001 to June 2004; director of Amyris Biotechnologies and TTI. Previous director of Foster Wheeler and Anglo American PLC. Mr. Alexander adds significant financial and organizational management skills to the Board.	2007
Alvin R. Carpenter 卐 (69)	Director of the Company; Vice Chairman of CSX Corporation from July 1999 to February 2001; director of Regency Centers Corporation, PSS World Medical, Inc., Lender Processing Services, Inc. and former director of Florida Rock Industries, Inc. Mr. Carpenter has extensive experience in management of employees and a vast knowledge of specific geographic markets to the Board.	1996
Irwin Cohen 卐 (70)	Director of the Company; Senior Advisor with the Peter J. Solomon Company since June 2003; Global Managing Partner of the Retail and Consumer Products Practice of Deloitte & Touche LLP from 1998 to May 2003; director of Supervalu, Inc. Mr. Cohen adds extensive financial and accounting experience and expertise in evaluating financial controls as well as extensive experience within the retail segment.	2007
Susan Falk 卐	Director of the Company; Chief Executive Officer of Betsey Johnson LLC since September 2010; Group President, Womenswear, Hartmarx Corporation from January 2005 to July 2009, a retail	2007

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consultant from May 2003 to December 2004 and President of Avenue Stores from October 2002 to April 2003. Ms. Falk greatly broadens the Board's retail and apparel experience and offers invaluable advice as to the Company's dealings with its vendors and its merchandising strategies.

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Positions with the Company;

Principal Occupations and Other Directorships

Name	During Past Five (5) Years; Special Experiences,	Year First
Age	Qualifications and Skills	Became Director of the Company
Linda M. Farthing (63)	Director of the Company; President and Chief Executive Officer of the Company from September 2007 to December 2008; President and director, Friedman's, Inc. 1998; President and director, The Cato Corporation 1990-1997. Former director of CT Communications from 2005 to 2007. Ms. Farthing's considerable experience in managing retail companies materially enhances the Board's ability to assess market trends and the Board's sensitivity to overall business trends affecting the retail industry.	1999
Mitchell W. Legler (68)	Director of the Company; majority shareholder of Kirschner & Legler, P.A. since April 2001; sole shareholder of Mitchell W. Legler, P.A. from August 1995 to April 2001; general counsel to the Company since 1991. Mr. Legler's substantial experience with financial companies and his general legal knowledge is beneficial to the Board's understanding of risks faced by the Company and assists in guiding the Board in understanding its responsibilities.	1991
Robert L. Mettler (70)	Director of the Company; President of Special Projects of Macy's, Inc. from February 2008 to January 2009; Chairman and Chief Executive Officer of Macy's West from 2002 to 2008; President and Chief Operating Officer of Macy's West from 2000 to 2002; director of Jones Apparel Group and Quiksilver, Inc. Mr. Mettler brings a wealth of retail experience to the Board greatly enhancing the Board's understanding of retail trends, management issues which are unique to retail companies and the Company's position in the retail industry.	2009
Richard L. Sisisky (56)	Director of the Company; President of The Shircliff & Sisisky Company, a management consulting company, since 2003; President and Chief Operating Officer and director of ParkerVision, Inc. from 1998 to 2003. Mr. Sisisky's material knowledge of the general business environment and management skills are invaluable to the Board's strategic insight and analysis.	2003
Martin E. Stein, Jr. (58)	Director of the Company; Chairman and Chief Executive Officer of Regency Centers Corporation, a real estate investment trust, since 1997; director of Patriot Transportation Holding, Inc. Mr. Stein's vast experience in the commercial real estate industry adds significant understanding of the retail real estate market and environment and the Company's opportunities for expansion.	2001
David H. Stovall, Jr. (64)	Director of the Company; President and Chief Executive Officer of the Company since December 2008; Chairman of the Central Division of Belk, Inc. from 2000 to 2008. Mr. Stovall's intimate knowledge of the Company's operations is critical to the Board's ability to assess the Company's strengths and challenges and ability to identify and address the most important issues.	2008

- Member of the Audit Committee
- Member of the Compensation Committee
- Member of the Corporate Governance Committee
- Member of the Strategic Planning Committee
- Lead Director
- Independent Director in accordance with applicable NASDAQ rules