

Zumiez Inc  
Form DEF 14A  
April 11, 2014

**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

**Zumiez 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:

(4) Date Filed:

4001 204<sup>th</sup> Street SW

Lynnwood, Washington 98036

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held On May 21, 2014**

Dear Shareholder:

You are cordially invited to attend the 2014 annual meeting of shareholders of Zumiez Inc., a Washington corporation. Zumiez is also referred to as we, our, us and the Company. The meeting will be held on Wednesday, May 21, 2014 at 1:00 p.m. (Pacific Time) at our headquarters located at 4001 204<sup>th</sup> Street SW, Lynnwood, Washington 98036 for the following purposes:

1. To elect three directors to hold office until our 2017 annual meeting of shareholders;
2. To hold an advisory, non-binding, vote on executive compensation;
3. Approval of the Zumiez 2014 Equity Incentive Plan;
4. Approval of the Zumiez 2014 Employee Stock Purchase Plan;
5. To consider and act upon a proposal to ratify the selection of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2015 ( fiscal 2014 ); and
6. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

Our board of directors recommends a vote **For** Items 1 through 5. The record date for the annual meeting is March 17, 2014. Only shareholders of record at the close of business on that date may vote at the meeting or any adjournment or postponement thereof.

Under the Securities and Exchange Commission ( SEC ) rules that allow companies to furnish proxy materials to shareholders over the Internet, we have elected to deliver our proxy materials to the majority of our shareholders over the Internet. The delivery process will allow us to provide shareholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On or about April 11, 2014, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials (the Notice ) containing instructions on how to access our fiscal year ending February 1, 2014 ( fiscal 2013 ) Proxy Statement and 2013 Annual Report to Shareholders. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail.

**YOUR VOTE IS IMPORTANT!**

Whether or not you attend the annual meeting, it is important that your shares be represented and voted at the meeting. Therefore, we urge you to promptly vote online, by telephone, or if you received a paper copy of the voting card, submit your proxy by signing, dating and returning the accompanying proxy card in the enclosed prepaid return envelope. If you decide to attend the annual meeting and you are a shareholder of record, you will be able to vote in person even if you have previously submitted your proxy.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 21, 2014:** The Notice of Annual Meeting of Shareholders, Proxy Statement and the Annual Report

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to Shareholders are available on the internet at <http://ir.zumiez.com./phoenix.zhtml?c=188692&p=irol-reports>.

Lynnwood, Washington

April 11, 2014

By Order of the Board of Directors  
*Chris K. Visser*  
*General Counsel and Corporate Secretary*

4001 204<sup>th</sup> Street SW

Lynnwood, Washington 98036

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD MAY 21, 2014**

**QUESTIONS AND ANSWERS**

**Why am I receiving these proxy materials?**

We are making available to you this proxy statement and the accompanying proxy card because the board of directors of Zumiez Inc. ( Zumiez, we, us and the Company ) is soliciting your proxy to vote at our 2014 annual meeting of shareholders. You are invited to attend the annual meeting to vote on the proposals described in this proxy statement. Should you choose to attend, you must be ready to present proof of your ownership of Zumiez stock as of the record date, March 17, 2014, to attend the meeting. However, you do not need to attend the meeting to vote your shares. For more information on voting, see information below under the section heading How do I vote?

We intend to mail or otherwise make available this proxy statement and the accompanying proxy card on or about April 11, 2014 to all shareholders of record entitled to vote at the annual meeting.

**Who can vote at the annual meeting?**

Only shareholders of record at the close of business on March 17, 2014, the record date for the annual meeting, will be entitled to vote at the annual meeting. At the close of business on the record date, there were 29,226,312 shares of common stock outstanding and entitled to vote.

*Shareholder of Record: Shares Registered in Your Name*

If, at the close of business on the record date, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you vote your proxy to ensure your vote is counted.

*Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent*

If, at the close of business on the record date, your shares were not held in your name, but rather in an account at a brokerage firm, bank or other agent, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker, bank or other agent. The broker, bank or other agent holding your account is considered to be the shareholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent on how to vote the shares in your account. You are also invited to attend the annual meeting. Should you choose to attend, you must be ready to present proof of your ownership of Zumiez stock as of the record date, March 17, 2014, in order to attend the meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid legal proxy issued in your name from your broker, bank or other agent. For more information about a legal proxy, see the information, below, under the section heading How do I vote? *Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent.*

**What am I voting on?**

You are being asked to vote on the following matters:

Election of three directors (Proposal 1);

An advisory, non-binding, vote on executive compensation (Proposal 2);

Approval of the Zumiez 2014 Equity Incentive Plan (Proposal 3);

Approval of the Zumiez 2014 Employee Stock Purchase Plan (Proposal 4); and

To consider and act upon a proposal to ratify the selection of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2015 ( fiscal 2014 ) (Proposal 5).

When you vote your proxy, you appoint Chris K. Visser and Richard M. Brooks as your representatives at the meeting. When we refer to the named proxies, we are referring to Mr. Visser and Mr. Brooks. This way, your shares will be voted even if you cannot attend the meeting.

**How do I vote?**

For Proposals 1 through 5, you may vote For, Against or Abstain from voting (for the election of directors, you may do this for any director nominee that you specify). The procedures for voting are as follows:

*Shareholder of Record: Shares Registered in Your Name*

If you are a shareholder of record, you may vote in person at the annual meeting, via the internet, by telephone or by proxy card. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy.

To vote in person, come to the annual meeting and we will give you a ballot when you arrive. Please be prepared to present proof of your ownership of Zumiez stock as of March 17, 2014.

To vote via the internet You may vote online at [www.proxyvote.com](http://www.proxyvote.com). Voting on the internet has the same effect as voting by mail or by telephone. If you vote via the internet, do not return your proxy card and do not vote by telephone. Internet voting will be available until 11:59 p.m. Eastern time, May 20, 2014.

To vote by telephone You may vote by telephone by calling 1-800-690-6903 and following the automated voicemail instructions. Voting by telephone has the same effect as voting by mail or via the internet. If you vote by telephone, do not return your proxy card and do not vote via the internet. Telephone voting will be available until 11:59 p.m. Eastern time, May 20, 2014.

To vote using the proxy card, simply complete, sign and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

*Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent*

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If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a proxy or voting instruction form with these proxy materials from that organization rather than from us. You can vote by using the proxy or voting information form provided by your broker, bank or other agent or, if made available, vote by telephone or via the internet. To vote in person at the annual meeting, you must obtain a legal proxy from your broker, bank or other agent. Under a legal proxy, the bank, broker, or other agent confers all of its rights as a record holder (which may in turn have been passed on to it by the ultimate



record holder) to grant proxies or to vote at the meeting. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a legal proxy. Please allow sufficient time to receive a legal proxy through the mail after your broker, bank or other agent receives your request.

**How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of Zumiez common stock you own as of the close of business on March 17, 2014, the record date for the annual meeting.

**What if I return a proxy card but do not make specific choices?**

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted in the following manner:

For the election of all nominees for director (Proposal 1);

For the approval of the compensation of the Company's named executive officers as disclosed in these materials (Proposal 2);

For the approval of the Zumiez 2014 Equity Incentive Plan (Proposal 3);

For the approval of the Zumiez 2014 Employee Stock Purchase Plan (Proposal 4); and

For the ratification of the selection of Moss Adams LLP as our independent registered public accounting firm for fiscal 2014 (Proposal 5).

If any other matter is properly presented at the meeting, one of the named proxies on your proxy card as your proxy will vote your shares using his discretion.

**Who is paying for this proxy solicitation?**

We will pay for the entire cost of soliciting proxies. In addition to mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. We have retained Advantage Proxy to act as a proxy solicitor in conjunction with the annual meeting. We have agreed to pay Advantage Proxy approximately \$3,500 for proxy solicitation services.

**What does it mean if I receive more than one proxy card?**

If you receive more than one proxy card, your shares are registered in more than one name and/or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted. Alternatively, if you vote by telephone or via the internet, you will need to vote once for each proxy card and voting instruction card you receive.

**Can I change my vote after voting my proxy?**

Yes. You can revoke your proxy at any time before the applicable vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy with a later date.

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You may send a written notice that you are revoking your proxy to our Corporate Secretary, Chris K. Visser, at 4001 204<sup>th</sup> Street SW, Lynnwood, Washington 98036.

You may attend the annual meeting and vote in person (if you hold your shares beneficially through a broker, bank or other agent you must bring a legal proxy from the record holder in order to vote at the meeting).

If your shares are held by your broker, bank or other agent, you should follow the instructions provided by them.

### **What is the quorum requirement?**

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding shares as of the close of business on the record date are represented by shareholders present at the meeting or by proxy.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other agent) or if you vote in person at the meeting. Generally, abstentions and broker non-votes (discussed below in *How are votes counted?*) will be counted towards the quorum requirement. If there is no quorum, a majority of the votes present at the meeting may adjourn the meeting to another date. **Your vote is extremely important, so please vote.**

### **How are votes counted?**

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For, Against and Abstain and broker non-votes (described below, if applicable) for Proposals 1 through 5. Abstentions and broker non-votes will not be counted as votes cast for any proposal.

If your shares are held by your broker, bank or other agent as your nominee (that is, in street name), you will need to obtain a voting instruction form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker, bank or other agent to vote your shares. If you do not give instructions to your broker, bank or other agent, they can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. Under the rules of the New York Stock Exchange, the election of directors (Proposal 1), the advisory vote on executive compensation (Proposal 2), the approval of the Zumiez 2014 Equity Incentive Plan (Proposal 3) and the approval of the Zumiez 2014 Employee Stock Purchase Plan (Proposal 4) are considered non-discretionary items while the ratification of the selection of Moss Adams LLP as our auditor (Proposal 5) is considered a discretionary item. Accordingly, if your broker holds your shares in its name, the broker is not permitted to vote your shares on Proposal 1, 2, 3 or 4 but is permitted to vote your shares on Proposal 5 even if it does not receive voting instructions from you because Proposal 5 is considered discretionary. When a broker votes a client's shares on some but not all of the proposals at the annual meeting, the missing votes are referred to as broker non-votes. Broker non-votes will be included in determining the presence of a quorum at the annual meeting but are not considered present or a vote cast for purposes of voting on the non-discretionary items. **Please vote your proxy so your vote can be counted.**

### **How many votes are needed to approve each proposal?**

Under Washington corporation law, our Articles of Incorporation and our bylaws, if a quorum exists, 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 Proposals 1 through 5, whether by proxy or in person. Abstentions and broker non-votes (discussed previously) are not considered votes cast. Each outstanding share entitled to vote with respect to the subject matter of an issue submitted to a meeting of the shareholders shall be entitled to one vote per share.

*Proposal 1.* As described in more detail below under *Election of Directors*, we have adopted majority voting procedures for the election of directors in uncontested elections. As this is an uncontested election, the director nominees will be elected if the votes cast For a nominee's election exceed the votes cast Against the director nominee. There is no cumulative voting for the election of directors.

If a director nominee does not receive the requisite votes to be elected, that director's term will end on the date on which an individual is selected by the board of directors to fill the position held by such director or ninety (90) days after the date the election results are determined, or the date the director nominee resigns, whichever occurs first.

*Proposal 2.* For the approval, on an advisory basis, of the compensation of our named executive officers as disclosed in these materials, if the number of For votes exceeds the number of Against votes, then Proposal 2 will be approved. Because your vote on the compensation of our named executive officers is advisory, it will not be binding on us, the board of directors or the compensation committee. However, the board of directors and the compensation committee will view the voting results and take them into consideration when making future decisions regarding the compensation of our named executive officers.

*Proposal 3.* For the approval of the Zumiez 2014 Equity Incentive Plan, if the number of For votes exceeds the number of Against votes, then Proposal 3 will be approved.

*Proposal 4.* For the approval of the Zumiez 2014 Employee Stock Purchase Plan, if the number of For votes exceeds the number of Against votes, then Proposal 4 will be approved.

*Proposal 5.* For the ratification of the selection of our independent registered public accounting firm for fiscal 2014, if the number of For votes exceeds the number of Against votes, then Proposal 5 will be ratified.

If you abstain from voting on any of the proposals, or if a broker or bank indicates it does not have discretionary authority to vote on any particular proposal, the shares will be counted for the purpose of determining if a quorum is present, but will not be included in the vote totals as a vote cast with respect to the proposal in question. Furthermore, any abstention or broker non-vote (a broker non-vote is explained previously in How are votes counted ) will have no effect on the proposals to be considered at the meeting since these actions do not represent votes cast by shareholders.

#### **How can I find out the results of the voting at the annual meeting?**

Preliminary voting results will be announced at the annual meeting. Final voting results will be published on Form 8-K with the Securities and Exchange Commission ( SEC ) within four business days after the annual meeting.

#### **Director Qualifications**

The board of directors believes that it is necessary for each of the Company's directors to possess many qualities and skills and the composition of our board of directors has been designed to allow for expertise in differing skill sets. The governance and nominating committee is responsible for assisting the board in matters of board organization and composition and in establishing criteria for board membership. A detailed discussion of these criteria and how they are utilized is set forth below under Membership Criteria for Board Members. Also, the procedures for nominating directors are set forth below under Director Nomination Procedures.

Information as of the date of this proxy statement about each nominee for election this year and each other current director is included below under Election of Directors. The information presented includes information each director has given us about his or her age, all positions he or she holds, his or her principal occupation and business experience for the past five years and the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years. In addition, information is also presented below regarding each nominee's and current director's specific experience, qualifications, attributes and skills that led our board to the conclusion that he or she should serve as a director. We also believe that all of our director nominees and current directors have a reputation for integrity, honesty and adherence to high ethical standards.

Information about the number of shares of common stock beneficially owned by each director appears under the heading Security Ownership of Certain Beneficial Owners and Management. There are no family relationships among any of the directors and executive officers of the Company.

### **Board Leadership**

We separate the roles of Chief Executive Officer ( CEO ) and Chairman of the Board ( Chairman ) in recognition of the differences between the two roles. Our CEO, Richard M. Brooks, is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while our Chairman, Thomas D. Campion, provides guidance to the CEO and sets the agenda for board meetings and presides over meetings of the full board of directors. Because Mr. Campion is an employee of the Company and is therefore not independent, our board has appointed the chairperson of our governance and nominating committee, Sarah G. McCoy, as the Company's lead independent director. The lead independent director has responsibility to:

call, lead and preside over meetings of the independent directors, which meet in private executive sessions at each board meeting;

call special meetings of the board of directors on an as-needed basis;

set the agenda for executive sessions of meetings of the independent directors;

facilitate discussions among the independent directors on key risks and issues and concerns outside of board meetings;

brief the Chairman and CEO on issues that arise in executive session meetings;

serve as a non-exclusive conduit to the Chairman and CEO of views, concerns and issues of the independent directors; and

collaborate with the Chairman and CEO on setting the agenda for board meetings.

### **Membership Criteria for Board Members**

The governance and nominating committee of the board is responsible for establishing criteria for board membership. This criteria includes, but is not limited to, personal and professional ethics, training, commitment to fulfill the duties of the board of directors, commitment to understanding the Company's business, commitment to engage in activities in the best interest of the Company, independence, industry knowledge and contacts, financial and accounting expertise, leadership qualities, public company board of director and committee experience and other relevant experience and qualifications. These criteria are referenced in the Company's Corporate Governance Guidelines and in Exhibit A to the governance and nominating committee's charter, both available at <http://ir.zumiez.com> under the Governance section. The board also has the ability to review and add other criteria, from time to time, that it deems relevant. Specific weights are not assigned to particular criteria and no particular criterion is necessarily applicable to all prospective nominees.

The criteria referenced above are used as guidelines to help evaluate the experience, qualifications, skills and diversity of current and potential board members. With respect to diversity, we broadly construe it to mean diversity of race, gender, age, geographic orientation and ethnicity, as well as diversity of opinions, perspectives, and professional and personal experiences. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law. The board believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the board to fulfill its responsibilities.

### **Risk Oversight**

The board takes an active role, as a whole and also at the committee level, in helping the Company evaluate and plan for the material risks it faces, including operational, financial, legal and regulatory and strategic and reputational risks. As part of its charter, the audit committee discusses with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The compensation committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The governance and nominating committee manages risks associated with corporate governance, including risks associated with the independence of the board and reviews risks associated with potential conflicts of interest affecting directors and executive officers of the Company. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board is regularly informed through committee reports about such risks. Furthermore, at least annually, the board conducts an independent session where they outline the risks that they believe exist for the Company and the broader retail industry and compares these with the risks outlined by management. Subsequent to this evaluation, management prioritizes the identified risks along with strategies to manage them or address how the Company intends to mitigate these risks. Additionally, the board exercises its risk oversight function in approving the annual budget and quarterly re-forecasts and in reviewing the Company's long-range strategic and financial plans with management. The board's role in risk oversight has not had any effect on the board's leadership structure.

### **Director Compensation**

The goal of our director compensation is to help attract, retain and reward our non-employee directors and align their interests with those of the shareholders. Our desired goal for total director compensation (cash and equity) is to be at the 50th percentile of comparable companies based on our compensation consultant's competitive survey results.

The Company pays its non-employee directors an annual fee for their services as members of the board of directors. Each non-employee director receives an annual cash retainer of \$36,000. The audit committee members receive cash compensation of \$12,000 with the chairperson receiving \$24,000 per year. The compensation committee members receive cash compensation of \$9,000 with the chairperson receiving \$18,000 per year. The governance and nominating committee member receives cash compensation of \$6,000 with the chairperson receiving \$18,000 per year. Directors appointed in an interim period receive pro-rata retainer fees based on the number of meetings they attend between annual shareholder meetings. The committee chairperson and the respective committee members are paid rates commensurate with the duties and responsibilities inherent within the position held.

Additionally, the Company issues restricted stock awards to its non-employee directors. The board believes such awards provide alignment with the interests of our shareholders. Directors appointed in an interim period receive pro-rata restricted stock awards based on the number of meetings they attend between annual shareholder meetings.

The Company reimburses all directors for reasonable expenses incurred to attend meetings of the board of directors. Non-employee directors may elect to have a portion, or all, of their annual retainer be used for the reimbursement of travel expenses in excess of those that the Company considers to be reasonable.

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The following table discloses the cash and stock awards earned by each of the Company's non-employee directors during the fiscal year ending February 1, 2014 (fiscal 2013).

Name	Fees Earned	Stock	Total (\$)
	or Paid in	Awards	
	Cash (\$)	(1) (\$)	
Matthew L. Hyde	51,000	76,805	127,805
Ernest R. Johnson	60,000	76,805	136,805
Sarah (Sally) G. McCoy	66,000	76,805	142,805
Gerald F. Ryles	66,000	76,805	142,805
Travis D. Smith	48,000	76,805	124,805
James M. Weber	51,000	76,805	127,805

(1) This column represents the aggregate grant-date fair value of restricted stock awards calculated in accordance with FASB ASC Topic 718, excluding the impact of estimated forfeitures related to service based vesting conditions. For assumptions used in determining these values, please see Note 2 (listed under Stock Compensation) in the Notes to Consolidated Financial Statements in our fiscal 2013 Form 10-K.

On May 22, 2013, the day of the annual shareholder meeting, the Company awarded 2,386 shares of restricted stock to each of the directors with a grant-date fair value of \$76,805. The stock awards for all directors will vest on May 22, 2014.

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

The Company currently has eight director positions. The directors are divided into three classes so that approximately one-third of the directors are elected each year for three-year terms. Directors are elected to hold office until their successors are elected and qualified, or until resignation or removal in the manner provided in our bylaws. Three directors are nominees for election this year and each has consented to serve a three-year term ending in 2017. The remaining directors will continue to serve the terms set out below.

The nominees for director in an uncontested election, such as this one, will be elected if the votes cast in favor of a nominee's election exceed the votes cast opposing such nominee's election. Abstentions and broker non-votes are not considered votes cast. Likewise, a share otherwise present at the meeting as to which a shareholder gives no authority or direction to vote is also not considered a vote cast.

In a contested election, the directors shall be elected by a plurality of the votes cast. A contested election means an election of directors of the Corporation in which the number of nominees for any election of directors nominated by (i) the board of directors, or (ii) any shareholder pursuant to Article 1, Section 10 of the Company's bylaws, or (iii) a combination of nominees by the board of directors and any shareholder pursuant to Article I, Section 10 of the Company's bylaws, exceed the number of directors to be elected.

A nominee for director in an uncontested election who does not receive the requisite votes for election, but who was a director at the time of the election, shall continue to serve as a director for a term that shall terminate on the date that is the earlier of: (i) ninety (90) days from the date on which the voting results of the election are certified, (ii) the date on which an individual is selected by the board of directors to fill the office held by such director, which selection shall be deemed to constitute the filling of a vacancy by the board of directors, or (iii) the date the director resigns. Except in the foregoing sentence, a director who failed to receive a majority vote for election will not participate in the filling of his or her office. If none of the directors receive a majority vote in an uncontested election, then the incumbent directors (a) will nominate a slate of directors and hold a special meeting for the purpose of electing those nominees as soon as practicable, and (b) may in the interim fill one or more offices with the same director(s) who will continue in office until their successors are elected. If, for any reason, the directors shall not have been elected at any annual meeting, they may be elected at a special meeting of shareholders called for that purpose in the manner provided by the Company's bylaws.

We invite and recommend all of our directors and the nominees for director to attend our annual meeting of shareholders.

**Nominees for Election to Terms Expiring in 2017**

*Thomas D. Champion*, 65, is one of our co-founders and has served on our board of directors since our inception in 1978. Mr. Champion has held various senior management positions during this time, including serving as our Chairman since June 2000. From November 1970 until August 1978, he held various management positions with JC Penney Company. Mr. Champion holds a B.A. in Political Science from Seattle University. Mr. Champion serves on the Board of the Alaska Wilderness League, a Washington, D.C. based environmental group, and is on the board of Conservation Northwest, a Bellingham, Washington based environmental group. He is also the trustee of the Champion Foundation, a nonprofit organization focused on ensuring that biologically important ecosystems in Northwestern North America are preserved. The Foundation also works on homelessness issues in the Pacific Northwest.

*Director Qualifications:* Mr. Champion's knowledge as a retailer and as the co-founder of the Company provides the board with invaluable insight into the Company's business and its unique culture. Mr. Champion provides generational leadership, sales, marketing, merchandising and brand building experience and expertise.



Mr. Campion's particular knowledge and experience with Zumiez and its competition helps the Company formulate short and long-term strategies that have contributed to Zumiez differentiating itself in the specialty niche of action sports retailing. As one of the Company's largest shareholders, Mr. Campion's interests are aligned with other Zumiez shareholders' interests to increase the long-term value of the Company.

Sarah (Sally) G. McCoy, 53, was appointed to our board of directors in October 2010 and is the CEO and President of CamelBak Products, a company that originated hands free-hydration and is the leader in hydration products. Ms. McCoy has been the CEO and President of CamelBak since September of 2006. Prior to joining CamelBak, Ms. McCoy co-founded Silver Steep Partners in 2004, a leading investment banking firm catering to companies in the outdoor and active lifestyle industry. Before Silver Steep, McCoy served as president of Sierra Designs and Ultimate Direction and as vice president at The North Face. Ms. McCoy is a graduate of Dartmouth College.

*Director Qualifications:* Ms. McCoy's background in sales, merchandising, sourcing, marketing and executive management of outdoor and action sports consumer brands provides strategic insight and direction for Zumiez as we plan our branded and private label growth strategies. Additionally, her experience in investment banking and valuation experience in our industry is valuable as we formulate our growth strategies.

Ernest R. Johnson, 63, was appointed to our board of directors in July 2011 and has served as the Chairman of Cutter & Buck Inc. and President and Chief Executive Officer for New Wave USA Inc. since November 2009. From February 2006 to November 2009, he served as Chief Executive Officer of Cutter & Buck. Mr. Johnson was also a Senior Vice President and Chief Financial Officer for Cutter & Buck from November 2002 to February 2006. Prior to joining Cutter & Buck, he worked 29 years in several commercial banks holding various senior accounting and financial positions. Mr. Johnson holds a BA in Business Administration Accounting from Washington State University.

*Director Qualifications:* Mr. Johnson's background as a CEO for an apparel company and as a CFO for an apparel company and commercial banks provides relevant leadership and financial expertise to the Company's board of directors. Mr. Johnson also has experience in international business and in mergers and acquisitions.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH NOMINEE PREVIOUSLY NAMED**

**Continuing Directors Whose Terms Expire in 2015**

*Richard M. Brooks*, 54, has served as our CEO since June 2000. From August 1993 through June 2000, he served as a Vice President and our Chief Financial Officer. From November 1989 until February 1992, Mr. Brooks was with Interchecks, Inc., a subsidiary of Bowater PLC, as a finance officer. Mr. Brooks was with Deloitte, Haskins & Sells, currently known as Deloitte LLP, from July 1982 to March 1989. Mr. Brooks holds a B.A. in Business from the University of Puget Sound. Mr. Brooks has served on the University of Puget Sound Board of Trustees from May 2002 to the present and he currently chairs its Board of Trustees as well as its Compensation and Executive Committees.

*Director Qualifications:* Mr. Brooks' day to day leadership as our CEO provides him with detailed knowledge of our business and operations. Mr. Brooks provides generational leadership, sales, marketing, merchandising and brand building experience and expertise. Mr. Brooks has demonstrated a record of innovation, achievement and leadership. This experience provides the board with a unique perspective into the operations and vision of Zumiez. Mr. Brooks' particular knowledge and experience with Zumiez and its competition helps the Company formulate short and long-term strategies that have helped Zumiez differentiate itself in the specialty niche of the action sports retail business. As one of the Company's largest shareholders, Mr. Brooks' interest is aligned with other Zumiez shareholders' interests to increase the long-term value of the Company.

*Matthew L. Hyde*, 51, was appointed to our board in December 2005 and is the Chief Executive Officer and President at West Marine, Inc. where he joined in June 2012. Previously he served as an Executive Vice President of Recreational Equipment Inc. (REI), where he had been since 1986, responsible for Marketing, Direct Sales, Real Estate and Retail operations. Mr. Hyde previously led REI's online division, championing its award-winning multi-channel strategy. He currently serves on the board of the YMCA of the USA, and holds a Bachelor's of Science degree from Oregon State University in Corvallis.

*Director Qualifications:* Mr. Hyde's background in a retail company, including his online retail and brand marketing experience, is of critical importance to the board. Mr. Hyde also provides critical merchandising and brand building expertise because of his long tenure in specialty retail. Mr. Hyde's successful expertise in building a retail brick and mortar, direct and multi-channel strategy provides insight and experience as the Company plans its growth in these channels of distribution.

*James M. Weber*, 54, was appointed to our board in April 2006 and is the Chairman and CEO of Brooks Sports Inc., a leading running shoe and apparel company, where he has been since 2001. Mr. Weber's experience also includes positions as Managing Director of U.S. Bancorp Piper Jaffray Seattle Investment Banking practice, Chairman and CEO of Sims Sports, President of O'Brien International, Vice President of The Coleman Company and various roles with the Pillsbury Company. Mr. Weber earned an M.B.A., with distinction, from the Tuck School at Dartmouth College and is a graduate of the University of Minnesota.

*Director Qualifications:* Mr. Weber's role as the chief executive officer of a sports related company and his international business experience, extensive brand building, marketing and chief executive officer experience provide our board with a very useful perspective as the Company plans its growth strategies.

#### **Continuing Directors Whose Terms Expire in 2016**

*Gerald F. Ryles*, 77, has served on our board of directors since August 2005. Until it was acquired in September 2003, Mr. Ryles was Chairman of the Board and a major shareholder of Microserv Technology Services, a privately held information technology services company. From January 1994 through January 2001, Mr. Ryles was also the Chief Executive Officer. He also has over 40 years of management experience in several different industries as well as management consulting experience with McKinsey & Company. He is a graduate of the University of Washington, and earned an M.B.A. from Harvard University. He also serves on the board of directors of the State of Washington's Board of Accountancy, where he was re-appointed by the Governor in July of 2012 to serve for another three year term.

*Director Qualifications:* Mr. Ryles' extensive prior business experiences as a chief executive officer and his financial expertise are critical to our board and the audit committee in particular. Mr. Ryles' consulting background and chief executive experience provides the Company with perspective regarding a number of different successful business strategies that help the Company formulate its operating and growth plans.

*Travis D. Smith*, 41, was appointed to our board of directors in August 2012 and is the CEO and President of Jo-Ann Fabric and Craft stores. Mr. Smith began his career with Jo-Ann in 2006 serving as the Executive Vice President, Merchandising and Marketing. In February 2009, Mr. Smith was named Chief Operating Officer and added the duties of President in February 2010, then Chief Executive Officer in August 2011. Prior to his employment with Jo-Ann, Mr. Smith held merchandising and marketing positions of increasing responsibility with Fred Meyer Stores, a division of the Kroger Company, ultimately serving as Senior Vice President, General Merchandise. Mr. Smith is a graduate of the University of Notre Dame with a Bachelor's Degree in Business Marketing and Communications.

*Director Qualifications:* Mr. Smith's background in retailing and in particular merchandising, marketing and leadership roles adds important and relevant experience to the Company's board of directors. Mr. Smith also brings experience in brand building, retail brick and mortar and direct to customer operations.

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## CORPORATE GOVERNANCE

### Independence of the Board of Directors and its Committees

As required under Nasdaq listing rules, a majority of the members of a listed company's board of directors must qualify as independent, as affirmatively determined by the board of directors. Our board of directors consults with our counsel to ensure that the board's determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including those set forth in applicable Nasdaq listing rules, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director or any of his or her family members and the Company, our senior management and our independent auditors, our board of directors has affirmatively determined that all of our directors are independent directors within the meaning of the applicable Nasdaq listing rules, except for our Chairman, Mr. Campion, and CEO, Mr. Brooks.

As required under applicable Nasdaq listing rules, our independent directors meet in regularly scheduled executive sessions at which only independent directors are present. All of the committees of our board of directors are comprised of directors determined by the board to be independent within the meaning of the applicable Nasdaq listing rules.

### Certain Relationships and Related Transactions

The Company committed to make charitable contributions to the Zumiez Foundation of \$0.7 million in both fiscal 2013 and the fiscal year ending February 2, 2013 (fiscal 2012). Our Chairman, Thomas D. Campion, is a trustee of the Zumiez Foundation.

#### *Policy and Procedures with Respect to Related Person Transactions*

The Company recognizes that Related Person Transactions (defined as transactions, arrangements or relationships in which the Company was, is or will be a participant and the amount involved exceeds \$10,000, and in which any Related Person (defined below) had, has or will have a direct or indirect interest) may raise questions among shareholders as to whether those transactions are consistent with the best interests of the Company and its shareholders. It is the Company's written policy to enter into or ratify Related Person Transactions only when the board of directors, acting through the audit committee of the board of directors, determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its shareholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. A summary of the Company's policies and procedures with respect to review and approval of Related Person Transactions are set forth below.

Related Persons are defined as follows:

1. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
2. any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;
3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner,

and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and

4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Directors and executive officers are required to submit to the audit committee a list of immediate family members and a description of any current or proposed Related Person Transactions on an annual basis and provide updates during the year.

In its review of any Related Person Transactions, the audit committee shall consider all of the relevant facts and circumstances available to the audit committee, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the audit committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The audit committee shall approve or ratify only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders as the audit committee determines in good faith. The audit committee shall convey the decision to the CEO, General Counsel or the Chief Financial Officer, who shall convey the decision to the appropriate persons within the Company.

#### Information Regarding the Board of Directors and its Committees

Our board has established an audit committee, compensation committee and governance and nominating committee. The board has adopted a written charter for each committee. The charters of these three committees are posted on the Company's website and can be accessed free of charge at <http://ir.zumiez.com> and are available in print to any shareholder who requests them. The composition of our board committees complies with the applicable rules of the SEC and Nasdaq. The board has determined that Ernest R. Johnson is an audit committee financial expert as defined in the rules of the SEC.

	Audit Committee	Governance & Nominating Committee	Compensation Committee
Matthew L. Hyde			
Ernest R. Johnson			
Sarah (Sally) G. McCoy			
Gerald F. Ryles			
Travis D. Smith			
James M. Weber			
Chairperson	Member	Lead Independent Director	Audit Committee Financial Expert
<i>Audit Committee</i>			

As more fully described in its charter, our audit committee has responsibility for, among other things:

the sole authority to appoint, determine the funding for and oversee the independent registered public accounting firm;

assisting our board in monitoring the integrity of our financial statements and other SEC filings;

discussing with our management and our independent registered public accounting firm significant financial reporting issues and judgments and any major issues as to the adequacy of our internal controls;

reviewing our annual and quarterly financial statements prior to their filing with the SEC and prior to the release of our results of operations;

reviewing the independence, performance and qualifications of our independent registered public accounting firm and presenting its conclusions to our board and approving, subject to permitted exceptions, any non-audit services proposed to be performed by the independent registered public accounting firm;

oversight of the performance of the Company's internal audit function; and

reviewing its charter at least annually for appropriate revisions.

The audit committee has the power to investigate any matter brought to its attention within the scope of its duties and to retain counsel for this purpose where appropriate.

#### *Governance and Nominating Committee*

As more fully described in its charter, our governance and nominating committee has the responsibility for, among other things:

recommending persons to be selected by the board as nominees for election as directors and as chief executive officer;

assessing our directors' and our board's performance;

making recommendations to the board regarding membership and the appointment of chairpersons of the board's committees;

recommending director compensation and benefits policies;

reviewing its charter at least annually for appropriate revisions; and

recommending to the board other actions related to corporate governance principles and policies.

#### *Compensation Committee*

As more fully described in its charter, our compensation committee has responsibility for, among other things:

establishing the Company's philosophy, policies and strategy relative to executive compensation, including the mix of base salary, short-term and long-term incentive and equity based compensation within the context of the stated policies and philosophy including management development and succession planning practices and strategies;

reviewing corporate goals and objectives relevant to compensation of our CEO and other senior executives including review and approval of performance measures and targets for all executive officers participating in the annual executive non-equity incentive bonus plan and certify achievement of performance goals after the annual measurement period to permit bonus payouts under the plan;