

STEIN MART INC
Form DEF 14A
April 24, 2015
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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 Rule 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):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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 - (4) Proposed maximum aggregate value of transaction:

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Stein Mart, Inc.

NOTICE AND PROXY STATEMENT

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JUNE 23, 2015

TO OUR SHAREHOLDERS:

PLEASE TAKE NOTICE that the annual meeting of shareholders of Stein Mart, Inc. (the Company) will be held on Tuesday, June 23, 2015, 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 nine (9) 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 approving executive compensation for fiscal year 2014;
3. To approve an increase in the number of shares of the Company's common stock available under, and to extend the term of, the Stein Mart, Inc. Employee Stock Purchase Plan;
4. To ratify the appointment of KPMG LLP as the Company's independent registered certified public accounting firm for the fiscal year ending January 30, 2016; and

5. 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 16, 2015, 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 23, 2015: The 2014 Annual Report on Form 10-K and proxy statement of Stein Mart, Inc. are available online at www.proxyvote.com.

For directions to the annual meeting, please contact Ms. Linda Tasseff, Director, Investor Relations, at ltasseff@steinmart.com.

By Order of the Board of Directors,

Gregory W. Kleffner
Secretary

Dated: May 4, 2015

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**Proxy Statement for the
Annual Meeting of Shareholders of
STEIN MART, INC.**

To Be Held on Tuesday, June 23, 2015

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Stein Mart, Inc.

1200 Riverplace Boulevard

Jacksonville, Florida 32207

**PROXY STATEMENT FOR ANNUAL MEETING OF
SHAREHOLDERS TO BE HELD JUNE 23, 2015**

This Proxy Statement and the enclosed form of proxy are being sent to shareholders of Stein Mart, Inc. (the Company or Stein Mart) on or about May 4, 2015 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 23, 2015 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 2015 annual meeting of shareholders. You are receiving a proxy statement because you owned shares of our common stock on the record date, April 16, 2015, 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 16, 2015, 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 45,386,321 shares of common stock outstanding and entitled to vote.

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 shareholders. Shareholders with evidence of stock ownership as of the record date may be accompanied by one guest. Photo identification will be required (i.e., 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 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 to be used 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 proxy card will be deemed to direct the individuals designated as proxies to vote your shares in accordance with the Board's recommendations. At this time, the Board and management do not intend to present any matters 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 proxies 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, by 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 are the shareholder of record (or, if your shares are held in street name you have a legal proxy as described above) 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.

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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 nine (9) nominees who 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, pursuant to a majority voting policy adopted by our Board, 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 publicly disclose its decision, the process in reaching its decision and the underlying reasons for its decision.

The advisory resolution on executive compensation, commonly referred to as a **say-on-pay** resolution, is not 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 advisory resolution on executive compensation will be approved if the votes cast **FOR** the proposal exceed the votes cast **AGAINST** the proposal.

The proposal to approve an increase in the number of shares of our common stock eligible for issuance under the Stein Mart, Inc. Employee Stock Purchase Plan by 125,000 shares and to extend the term of the Plan from December 31, 2015 to December 31, 2020 will be approved if the votes cast **FOR** the proposal exceed the votes cast **AGAINST** the proposal.

The ratification of the appointment of KPMG LLP to serve as our independent registered certified public accounting firm for the fiscal year ending January 30, 2016 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** of the nominees or for none of the nominees (**WITHHOLD ALL**) or your vote may be **FOR ALL EXCEPT** with respect to one or more of the nominees.

For the advisory resolution on executive compensation, the approval of increase in the number of shares eligible under the Stein Mart, Inc. Employee Stock Purchase Plan and extension of the term of the Plan to December 31, 2020 and the ratification of the appointment of KPMG LLP to serve as our independent registered certified public accounting firm for the fiscal year ending January 30, 2016, you may vote **FOR**, **AGAINST** or **ABSTAIN**. Abstentions are considered to be present and entitled to vote at the meeting, but will have no effect on the advisory resolution on executive compensation, the approval of the increase of shares available under, and term of, the Stein Mart, Inc. Employee Stock Purchase Plan or 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 2015 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 (4) business days following the annual meeting.

Table of Contents**SECURITY OWNERSHIP****Security Ownership of Certain Beneficial Owners**

The following table shows the name, address and beneficial ownership as of April 16, 2015 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 based on shares of common stock outstanding on such date:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	4,286,080 ⁽¹⁾	9.5%
Royce & Associates, LLC 745 Fifth Avenue New York, New York 10151	3,306,720 ⁽²⁾	7.29%
BlackRock, Inc. 40 East 52 nd Street New York, New York 10022	2,499,329 ⁽³⁾	5.6%

- (1) This information is based on a joint filing of Schedule 13G filed February 10, 2015 by T. Rowe Price Associates, Inc. (**Price Associates**), an Investment Advisor registered under Section 203 of the Investment Advisors Act of 1940 and T. Rowe Price Small-Cap Value Fund, Inc., an Investment Company registered under Section 8 of the Investment Company Act of 1940. Price Associates reported having sole power to vote an aggregate of 2,304,100 shares of common stock and sole power to dispose or direct the disposition of an aggregate of 4,286,080 shares of a common stock. 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 April 6, 2015. Royce & Associates, LLC reported having sole power to vote and sole power to dispose or direct the disposition of 3,306,720 shares of common stock.
- (3) This information is based on a Schedule 13G filed February 2, 2015 by BlackRock, Inc. (**BlackRock**), as parent holding company for BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Fund Advisors, BlackRock Institutional Trust

Company, N.A. and BlackRock Investment Management, LLC (collectively, the Subsidiaries). Black Rock reported having sole power to vote 2,429,498 shares of common stock and sole power to dispose or direct the disposition of 2,499,329 shares of common stock.

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 16, 2015 by: (i) each director; (ii) each current 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⁾	14,889,013	32.8%
Alvin R. Carpenter ⁽³⁾⁽⁴⁾	42,838	*
Irwin Cohen ⁽³⁾	40,507	*
Susan Falk ⁽³⁾	43,741	*
Linda M. Farthing ⁽³⁾	62,021	*
D. Hunt Hawkins ⁽³⁾	354,959	*
Gregory W. Kleffner ⁽³⁾	335,212	*
Mitchell W. Legler ⁽³⁾	185,195	*
Brian R. Morrow ⁽³⁾	441,127	*
Gary L. Pierce ⁽³⁾	210,874	*
Richard L. Sisisky ⁽³⁾	68,959	*
Burton M. Tansky	2,647	*
J. Wayne Weaver	2,648	*
John H. Williams, Jr. ⁽⁵⁾	111,700	*
All directors, director nominees and executive officers as a group (14 persons) ⁽²⁾⁽³⁾⁽⁴⁾⁽⁶⁾	16,791,441	36.4%

(*) Amount is less than one percent (1%) of total outstanding common stock.

- (1) All shares of common stock included in the table are subject to the sole investment and voting power of the respective directors and executive officers, except as otherwise set forth in the footnotes below.
- (2) Shares consist of 10,912,260 shares held by Stein Ventures Limited Partnership, the general partner of which is Cary Ventures, Inc., 673,191 shares held by the Jay and Deanie Stein Foundation, 40,275 shares held by Cary Ventures, Inc., a corporation wholly-owned by Mr. Stein, 484,299 shares held by Jay Stein and 2,778,988 shares owned by trusts for the benefit of Mr. Stein's spouse and daughters.

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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 that are currently exercisable or that become exercisable within sixty (60) days of April 16, 2015:

Irwin Cohen	12,208
Susan Falk	12,208
Linda M. Farthing	12,208
D. Hunt Hawkins	173,595
Gregory W. Kleffner	156,256
Brian R. Morrow	222,425
Gary L. Pierce	94,048
Richard L. Sisisky	12,208
All directors and executive officers as a group (14 persons)	695,156

Includes the following shares of restricted stock which are currently outstanding and will be delivered to each individual upon vesting:

Alvin R. Carpenter	10,250
Irwin Cohen	10,250
Susan Falk	10,250
Linda M. Farthing	10,250
D. Hunt Hawkins	31,810
Gregory W. Kleffner	27,480
Mitchell W. Legler	22,000
Brian R. Morrow	41,360
Gary L. Pierce	23,170
Richard L. Sisisky	10,250
Burton W. Tansky	2,427
J. Wayne Weaver	2,427
All directors and executive officers as a group (14 persons)	201,924

- (4) Mr. Carpenter is retiring from the Board effective as of the 2015 annual meeting.
(5) Includes 111,700 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 our review of copies of such reports furnished to us during 2014, all Section 16(a) filing requirements applicable to our directors, officers and greater than ten percent (10%) beneficial owners have been complied with on a timely basis, with the exception of Form 4 filings dated January 31, 2014 by each of Messrs. Hawkins, Kleffner, Morrow and Pierce reporting shares withheld upon

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vesting of restricted stock, a late Form 5 filing by Mr. Carpenter reporting a de minimis acquisition of shares pursuant to dividend reinvestment and a Form 4 filing dated December 11, 2014 by Mr. Williams reporting sales of shares.

Table of Contents**PROPOSAL NO. 1 -****ELECTION OF DIRECTORS**

At the meeting, nine (9) directors will be elected to serve for one (1) year and until the election and qualification of their successors. Each nominee is presently available for election and previously elected to the Board by our shareholders. There are no family relationships between any of our directors, director nominees or executive officers. While our directors are elected by a plurality vote, our majority voting policy requires that any director who receives 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 descriptions of the experiences, qualifications and skills that caused the Corporate Governance Committee and the Board to determine that these nominees should serve as our directors. These biographies contain information regarding each nominee'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 below biographies do not include information for Mr. Alvin R. Carpenter, who is retiring from the Board effective as of the 2015 annual meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE FOLLOWING NOMINEES.

Positions with the Company;

Name	Principal Occupations and Other Directorships During Past Five (5) Years; Special Experiences, Qualifications and Skills	Year First Became Director of the Company
Jay Stein** (69)	Chairman of the Board of the Company since 1989; Chief Executive Officer since June 2013, interim Chief Executive Officer from September 2011 to June 2013 and Chief Executive Officer of the Company from 1990 to September 2001. 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. (77)	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. As a past	1984

Chief Executive Officer of the Company, Mr. Williams brings extensive historical and operational knowledge to the Board based on many years of experience with the Company.

Irwin Cohen β

(74)

Director of the Company; Senior Advisor with the Peter J. Solomon Company, an investment banking firm, from June 2003 to October 2013; Global Managing Partner of the Retail and Consumer Products Practice of Deloitte & Touche LLP from 1998 to May 2003; director of Supervalu, Inc. since June 2003. 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 ¥

(64)

Director of the Company; A retail consultant since April 2012; Chief Executive Officer of fashion retailer Betsey Johnson LLC from September 2010 to April 2012; Group President, Womenswear, Hartmarx Corporation from January 2005 to July 2009, a retail consultant from May 2003 to December 2004 and President of Avenue Stores from October 2002 to April 2003. Betsey Johnson LLC filed for Chapter 11 bankruptcy protection in April 2012. 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.

2007

Table of Contents**Positions with the Company;**

Name	Principal Occupations and Other Directorships During Past Five (5) Years; Special Experiences, Qualifications and Skills	Year First Became Director of the Company
Linda M. Farthing ¥ (67)	Director of the Company; interim 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 (72)	Director of the Company; majority shareholder of the law firm Kirschner & Legler, P.A. since April 2001; sole shareholder of the law firm 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
Richard L. Sisisky nß¥× (60)	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
Burton M. Tansky n ß¥** (77)	Director of the Company; Senior Advisor with Marvin Traub Associates, a global business development and strategy consulting firm focused on working with brands, retailers, developers and related businesses; Chief Executive Officer of the Neiman Marcus Group from 2001 to 2010; President and CEO of The Neiman Marcus Stores from 1994-2001; Director of the Howard Hughes Corporation and the Donald Pliner Company. Mr. Tansky brings extensive experience in retail	2014

management to the Board.

J. Wayne Weaver ¥

(80)

Nominee as Director of the Company (previously served as Director from 2000 to 2008); Chairman of Shoe Carnival, Inc. since 1988; Chairman of the Board of Quality Education for All (QEA), a K-12 reform initiative in Jacksonville, FL since 2013; majority owner, Chairman and Chief Executive Officer of the Jacksonville Jaguars from 1993 to 2012; President and Chief Executive Officer of Nine West Group, Inc. from 1978 to 1993. Mr. Weaver brings significant financial and organizational management skills to the Board, as well as extensive retail experience.

2014

Member of the Audit Committee

n Member of the Compensation Committee

β Member of the Corporate Governance Committee

× Lead Director

¥ Independent Director in accordance with applicable NASDAQ rules

** Member of the Merchandising Committee

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Our executive officers are:

<u>Name (Age)</u>	<u>Position</u>
Jay Stein (69)	Chief Executive Officer
D. Hunt Hawkins (56)	President and Chief Operating Officer
Gregory W. Kleffner (60)	Executive Vice President and Chief Financial Officer
Brian R. Morrow (55)	President and Chief Merchandising Officer
Gary L. Pierce (58)	Executive Vice President and Director of Stores

For additional information regarding Mr. Stein, see the Directors' table on the preceding pages.

Mr. Hawkins joined us in February 1994 as Senior Vice President, Human Resources. He was promoted to Executive Vice President of Operations in September 2006, to Executive Vice President, Chief Administrative Officer in October 2007, to Executive Vice President, Chief Operating Officer in December 2011 and to President and Chief Operating Officer in April 2014.

Mr. Kleffner joined us in August 2009 as Senior Vice President and Chief Financial Officer. He was promoted to Executive Vice President in February 2010. Prior to joining us, Mr. Kleffner spent six (6) years with Kellwood Company, an apparel manufacturer. While at Kellwood Company, he served as Vice President, Controller from 2002 to 2005, Vice President Finance and Controller from 2005 to 2006, Senior Vice President Finance and Controller from 2006 to 2007 and Chief Financial Officer from 2007 to 2008.

Mr. Morrow joined us in February 2010 as Executive Vice President and Chief Merchandising Officer. He was promoted to President and Chief Merchandising Officer in April 2014. Prior to joining us, Mr. Morrow served as Senior Vice President and General Merchandising Manager with Macy's North/Marshall Field's from February 2005 to May 2008 and held the same position with Mervyn's from May 2008 to October 2008 and served as Executive Vice President and General Merchandising Manager with Macy's West from October 2008 to May 2009.

Mr. Pierce joined us in May 2010 as Senior Vice President and Director of Stores. He was promoted to Executive Vice President and Director of Stores in May 2014. Prior to joining us, Mr. Pierce served as Senior Vice President and Director of Stores for the Central and Northern divisions of Belk, Inc. from September 2001 to May 2010.

CORPORATE GOVERNANCE

We are structured with a Board of Directors as our highest governing body. The Board in turn has a Chairman who helps set the agenda with management and who chairs the meetings of the Board. Mr. Jay Stein, our Board Chairman, also serves as our Chief Executive Officer. The Board has determined that it is in the best interest of the Company to combine the roles of Chairman and Chief Executive officer for so long as both offices are held by Mr. Stein. Mr. Stein, as the Company's largest shareholder and principal architect of the Company's growth, is uniquely suited to both run the Company and seek to maximize shareholder value. The Board elects a lead director (the **Lead Director**), who serves as chairman of the Corporate Governance Committee. The Lead Director is an independent director with substantial management experience who works with the Board Chairman and management to set the agenda for Board meetings and serves as a liaison between the Board and management to facilitate communications, acts as a moderator of executive sessions made up solely of independent directors, and assures that an independent Board member is involved in setting agendas for the Board and Corporate Governance Committee. Our Lead Director is Mr. Sisisky.

Our Corporate Governance Guidelines require that a majority of our directors qualify as independent directors. The Board determines independence on the basis of the standards specified by NASDAQ, the additional standards referenced in our Corporate Governance Guidelines, and other facts the Board considers relevant. The Board has reviewed relevant relationships between the Company and each non-employee director as well as any other facts that might impair a director's independence. Based on that review, the Board has determined that all non-employee directors are independent except for Mr. Legler. Messrs. Jay Stein and John Williams are employees of the Company. In addition, Mr. Carpenter, our retiring director, previously was determined to be an independent director. In determining the independence of each director, the matters described under "Related Party Transactions" were considered.

The Board meets at least quarterly and provides supervision of the Company between meetings through a number of standing committees. The Board recognizes its responsibility for oversight of our risk management and one (1) meeting each year of the Audit Committee is heavily focused on operational risk management dealing with areas of primary concern to us such as inventory control and shrinkage, insurance coverage, financial controls, adequacy of reserves, and third party claims. The full Board periodically addresses strategic risks such as changes in the retail environment as well as setting the authority limits for management

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at various levels. The Board believes that its focus on risk management discourages inappropriate risk-taking by management and results in appropriate controls.

The Compensation Committee seeks to establish compensation plans that create a balance between rewarding performance and avoiding inappropriate risk-taking by management. Our incentive compensation plans are adjusted annually to focus management on both general performance by us and specific areas of risk management which the Board, acting through the Compensation Committee, believes will be most effective in reducing inappropriate risks. Management is encouraged to set specific criteria for lower levels of management's incentive compensation which similarly are intended to maximize opportunities and control risks at all levels of our operations. See the Compensation Discussion and Analysis section for more information on our incentive plans.

Shareholders who wish to communicate with the Board of Directors, or any particular director, may send a letter to our Secretary at the address set forth on the first page of this proxy statement. The mailing envelope should contain a clear notation on the outside that the enclosed letter is a Shareholder-Board Communication or a Shareholder-Director Communication. All such letters should identify the author as a shareholder, state the name in which the shares of such author are held, and clearly state whether the intended recipients are all members of the Board or only certain specified individual directors. The Secretary will make copies of such letters and circulate them to the appropriate director or directors.

The Board adopted Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities. The Corporate Governance Guidelines are available on our website, www.steinmart.com.

MEETINGS AND COMMITTEES OF THE BOARD

During 2014, the Board held a total of three (3) regular meetings. A fourth meeting was held immediately after the end of the Company's fiscal year. All directors attended at least seventy-five percent (75%) of all meetings of the Board and Board committees on which they served during 2014.

We do not have a formal policy requiring directors to attend annual meetings of shareholders. However, the annual meeting is generally held on the same day as a regularly scheduled Board meeting and we expect that most of our directors will attend the annual meeting of shareholders. All directors, except for Mr. Carpenter, who could not be present, attended the last annual meeting.

The Board of Directors has established four (4) standing committees: an Executive Committee, an Audit Committee, a Compensation Committee and a Corporate Governance Committee. Each standing committee operates pursuant to a charter adopted by the full Board which is available on our website, www.steinmart.com. The Committees are more fully described below. Members of the standing committees are elected annually at the regular Board meeting held in conjunction with the annual shareholders' meeting with changes in committee assignments being made during the year as the Board of Directors deems appropriate.

Executive Committee. The Executive Committee is comprised of any two (2) directors who are independent directors under NASDAQ rules and one (1) additional director who is our Chief Executive Officer. Subject to the limitations specified by the Florida Business Corporation Act, the Executive Committee is authorized by our bylaws to exercise all of the powers of the Board of Directors when the Board of Directors is not in session. The Executive Committee held three (3) meetings during 2014. These meetings were attended by Messrs. Cohen, Sisisky and Jay Stein, with Mr. Legler also in attendance at two (2) meetings.

Audit Committee. During 2014, the Audit Committee was comprised of Mr. Cohen (Chairman), Ms. Falk and Mr. Tansky, each of whom is an independent director under NASDAQ rules applicable to Audit Committee members. During 2014, the Audit Committee held twelve (12) meetings. The Audit Committee is appointed by the Board to assist the Board in monitoring (1) the integrity of our financial statements, (2) our compliance with legal and regulatory requirements and (3) the independence and performance of our internal auditors. Our Board of Directors has determined that Mr. Cohen qualifies as an audit committee financial expert as defined by the Securities and Exchange Commission.

Compensation Committee. The Compensation Committee is comprised of Messrs. Carpenter (Chairman, and a director not standing for re-election due to his retirement), Sisisky, Tansky and Weaver, each of whom is an independent director under NASDAQ rules. During 2014, the Compensation Committee held four (4) meetings. This Committee has the responsibility for approving the compensation arrangements for our senior management, including Short-Term and Long-Term Incentive Compensation. It also recommends to the Board of Directors adoption of any compensation plans in which our officers and directors are eligible to participate. The Compensation Committee also serves as the Option Committee and makes grants of stock options, restricted stock and performance shares under our 2001 Omnibus Plan. Please refer to our Compensation Discussion and Analysis beginning on page 13 for additional discussion of the role our Compensation Committee plays in setting executive compensation.

Corporate Governance Committee. The Corporate Governance Committee is comprised of Mr. Sisisky (as the Lead Director and Chairman), Mr. Cohen (as the Chairman of the Audit Committee), Mr. Carpenter (as the Chairman of the Compensation

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Committee, and a director not standing for re-election due to his retirement), and Mr. Tansky (as the Chairman of the Merchandising Committee), each of whom is an independent director under NASDAQ rules. The Committee is responsible for the search and selection of our future directors and recommends to the full Board the slate of Directors to be proposed to our shareholders at our annual meeting of shareholders. The Committee also reviews, from time to time, the roles of the other standing committees, recommends committee assignments and evaluates, on a periodic basis, the performance of the Board and each of its committees as well as the relationship between the Board and our management. During 2014, the Corporate Governance Committee held two (2) meetings. The Lead Director, among other things, assists in setting agendas for meetings of the Board, acts as a moderator of executive sessions made up solely of our independent directors and serves as a liaison to increase the flow of information between Board members and our management.

The Corporate Governance Committee will consider nominees for directors recommended by shareholders. Any shareholder wishing to make such a recommendation to the Corporate Governance Committee should submit the recommendation, in writing, with such supporting information as the shareholder believes appropriate, as well as any other information required to be disclosed about the candidate under the SEC's proxy rules, to the Committee in care of our Lead Director at our headquarters in Jacksonville, Florida. Shareholder nominations for director must be received by the Lead Director on or before January 5, 2016 in order to be considered timely for our 2016 annual meeting. Shareholders desiring to make a director nomination must comply with the procedures outlined in Section 3.18 of the Company's Bylaws.

The Committee reviews a broad range of criteria when considering all possible candidates for the Board, including experience, education, ability to read and understand financial statements, ethics, business reputation and other factors that the Committee believes relevant in determining whether a candidate would add to the Board's ability to guide us. In recommending nominees for our directors, the Committee seeks to achieve a diversity of business experience and to enhance the Board's ability to address challenges facing us and to better understand our ability to take advantage of opportunities in the overall business landscape. The Committee informally evaluates incumbent directors to determine whether they should be nominated to stand for re-election based on such factors as well as their contribution to the Board during their current terms. When a vacancy develops, the Committee will solicit input regarding potential new candidates from a variety of sources, including existing directors and senior management. If the Committee deems it appropriate, the Committee may engage a third-party search firm. The Committee will evaluate all potential candidates, including any candidates recommended by shareholders, based on their biographical information and qualifications, information available through public records and their independence, and, if a potential candidate appears to be a good choice, will arrange personal interviews of qualified candidates by one (1) or more Committee members, other Board members and senior management, as the Committee believes appropriate.

Merchandising Committee. Upon Mr. Tansky's election to the Board, the Board established an ad hoc committee made up of Mr. Tansky (Chairman) and Mr. Jay Stein to meet periodically with the Company's merchants to provide guidance as to merchandising trends and related matters. As the Merchandising Committee is ad hoc and temporary, no charter was adopted for the Committee.

COMPENSATION OF DIRECTORS

Our Compensation Committee's philosophy is to target non-employee director compensation at the mid-range of peer group pay levels. However, based on a study conducted by Mercer (US), Inc. (the Compensation Committee's compensation consulting firm), cash compensation for our Board of Directors is below peer group 50th percentile levels and total compensation (including equity grants) is well below peer group 25th percentile levels. The Board has elected to maintain its annual retainer at \$36,000 for 2015.

In addition to annual retainers, directors continue to be compensated through attendance fees and receipt of equity-based compensation. For fiscal year 2014, each non-employee director received attendance fees of \$2,000 for attending meetings of the Board and \$2,000 for attending committee meetings whether in person or by conference call. Mercer has recommended additional emphasis on equity-based compensation. Accordingly, in fiscal 2012, 2013 and 2014, each non-employee director received approximately \$40,000 in value of our shares which equaled 5,115, 2,708 and 2,647 Restricted Shares, respectively, on the grant date. Restricted Shares are issued to directors on the first Tuesday in each January following the date we release our gross sales for the critical month of December. That date was selected to afford investors an opportunity to absorb that gross sales information and for our share price to reflect the appropriate value attributed to those shares by the investment community. The directors' Restricted Shares granted in each of fiscal 2012 and 2013 vest on the third anniversary of the date of grant or vest immediately if that person's directorship is terminated because of death, disability, retirement at age 72 or above, or a change of control of the Company. The Restricted Shares granted in fiscal 2014 vest monthly over a three year period, with immediate vesting in the event of death, disability, retirement at age 72 or a change in control of the Company.

In fiscal year 2014, to compensate certain directors with additional responsibilities, (i) our Lead Director received an additional annual retainer of \$40,000, (ii) the Chairperson of our Audit Committee received an additional annual retainer of \$25,000,

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(iii) the Chairperson of the Compensation Committee received an additional annual retainer of \$15,000, and (iv) the Chairperson of the ad hoc Merchandising Committee received an additional annual retainer of \$12,000.

Each director also receives a one-time grant of 4,000 stock options upon becoming a director.

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DIRECTOR COMPENSATION FOR FISCAL YEAR ENDED JANUARY 31, 2015