

BLACKHAWK NETWORK HOLDINGS, INC  
Form DEF 14A  
April 08, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Information 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  
BLACKHAWK NETWORK HOLDINGS, INC.  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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BLACKHAWK NETWORK HOLDINGS, INC.  
6220 Stoneridge Mall Road  
Pleasanton, CA 94588

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 20, 2015

On May 20, 2015, Blackhawk Network Holdings, Inc. (Company) will hold its Annual Meeting of Stockholders at 2:00 p.m. Pacific Time. The meeting will be held at the Sheraton Pleasanton, 5990 Stoneridge Mall Road, Pleasanton, California 94588, for the following purposes:

1. To elect Mohan Gyani, Paul Hazen and Arun Sarin as Class II directors to hold office until the 2018 annual meeting of stockholders or until their successors are elected and qualified;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2015 fiscal year ending January 2, 2016;
3. To approve amendments to the Company's Amended and Restated Certificate of Incorporation to (a) effect a reclassification of each outstanding share of the Company's Class B Common Stock into one share of the Company's Common Stock and rename the Class A Common Stock as "Common Stock," which we refer to as the "conversion," and (b) eliminate provisions relating to our dual-class common stock structure and the ownership interest formerly held in the Company by Safeway Inc.;
4. To approve the amendment to our 2013 Equity Incentive Award Plan (2013 Plan) to increase the number of shares of Common Stock that may be issued under the 2013 Plan by 4,000,000 shares; and
5. To transact such other business as may properly come before the meeting or at any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only stockholders who owned our common stock at the close of business on March 26, 2015 can vote at this meeting or any adjournments or postponements thereof.

Our Board of Directors recommends that you vote "FOR" the election of the director nominees named in Proposal No. 1 of the Proxy Statement, "FOR" the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm as described in Proposal No. 2 of the Proxy Statement, "FOR" the approval of the conversion of our Class B Common Stock and related amendments to our Amended and Restated Certificate of Incorporation as described in Proposal No. 3 of the Proxy Statement and "FOR" the approval of an amendment to 2013 Plan as described in Proposal No. 4 of the Proxy Statement.

For our Annual Meeting, we have elected to use the Internet as our primary means of providing our proxy materials to stockholders. Consequently, most stockholders will not receive paper copies of our proxy materials. We will instead send to these stockholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials, including our Proxy Statement and Annual Report to Stockholders, and for voting via the Internet. The Notice of Internet Availability of Proxy Materials also provides information on how stockholders may obtain paper copies of our proxy materials free of charge, if they so choose. The electronic delivery of our proxy materials will significantly reduce our printing and mailing costs and the environmental impact of the proxy materials.

The Notice of Internet Availability of Proxy Materials will also provide the date, time and location of the Annual Meeting; the matters to be acted upon at the meeting and the recommendation of the Board of Directors with regard to each matter; a toll-free number, an e-mail address and a website where stockholders can request a paper or email copy of the Proxy Statement, our Annual Report to Stockholders and a form of proxy relating to the Annual Meeting; information on how to access the form of proxy; and information on how to attend the Annual Meeting and vote in person.

You are cordially invited to attend the Annual Meeting, but whether or not you expect to attend in person, you are urged to vote and submit your proxy by following the voting procedures described in the Notice of Internet Availability of Proxy Materials or on the proxy card.

By Order of the Board of Directors,

David E. Durant  
General Counsel and Secretary

Pleasanton, California  
Dated: April 8, 2015

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BLACKHAWK NETWORK HOLDINGS, INC.

6220 Stoneridge Mall Road

Pleasanton, CA 94588

2015 PROXY STATEMENT

FOR THE 2015 ANNUAL MEETING OF THE STOCKHOLDERS

MAY 20, 2015

The Board of Directors of Blackhawk Network Holdings, Inc. is soliciting your proxy to vote at the Annual Meeting of Stockholders to be held on May 20, 2015, at 2:00 p.m., local time, and any adjournment or postponement of that meeting (Annual Meeting). The Annual Meeting will be held at the Sheraton Pleasanton, 5990 Stoneridge Mall Road, Pleasanton, California 94588.

We have elected to use the Internet as the primary means of providing our proxy materials to stockholders.

Accordingly, on or about April 8, 2015, we are making this Proxy Statement and the accompanying proxy card, Notice of Annual Meeting of Stockholders and Annual Report to Stockholders available on the Internet and mailing a Notice of Internet Availability of Proxy Materials to stockholders of record as of March 26, 2015 (Record Date).

Brokers and other nominees who hold shares on behalf of beneficial owners will be sending their own similar notice.

All stockholders as of the Record Date will have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability of Proxy Materials or request to receive a printed set of the proxy materials.

Instructions on how to request a printed copy by mail or electronically, including an option to request paper copies on an ongoing basis, may be found in the Notice of Internet Availability of Proxy Materials and on the website referred to in the notice. We intend to mail this Proxy Statement, together with the accompanying proxy card, to those stockholders entitled to vote at the Annual Meeting who have properly requested paper copies of such materials within three business days of request.

The only voting securities of Blackhawk Network Holdings, Inc. are shares of Class A common stock, par value \$0.001 per share (Class A Common Stock), of which there were 13,266,445 shares outstanding as of the Record Date and Class B common stock, par value \$0.001 per share (Class B Common Stock), of which there were 40,605,568 shares outstanding as of the Record Date. We need the holders of a majority in voting power of the shares of Class A Common Stock and Class B Common Stock issued and outstanding and entitled to vote, present in person or represented by proxy, to hold the Annual Meeting.

In this Proxy Statement, we refer to Blackhawk Network Holdings, Inc. as the “Company,” “Blackhawk,” “we” or “us” and the Board of Directors as the “Board.” When we refer to Blackhawk’s fiscal year, we mean the 52-week or 53-week fiscal year ending on the Saturday closest to December 31. The fiscal year presented in this Proxy Statement consists of the 53-week period ended January 3, 2015.

The Company’s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (SEC), is available in the “Financials” section of our website at <http://ir.blackhawknetwork.com>. You also may obtain a copy of the Company’s Annual Report on Form 10-K, without charge, by contacting: General Counsel and Secretary, c/o Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588.

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QUESTIONS AND ANSWERS

Proxy Material and Voting Information

Who can vote at the Annual Meeting?

Only stockholders that our records show owned shares of either class of our Common Stock as of the close of business on the Record Date may vote at the Annual Meeting. As of the Record Date, we had a total of 13,266,445 shares of Class A Common Stock issued and outstanding, which were held of record by approximately 81 stockholders, and a total of 40,605,568 shares of Class B Common Stock issued and outstanding, which were held of record by approximately 9,046 stockholders.

The stock transfer books will not be closed between the Record Date and the date of the Annual Meeting. Each share of Class A Common Stock is entitled to one vote on each proposal and each share of Class B Common Stock is entitled to ten votes on each proposal. The Class A Common Stock and Class B Common Stock will vote as a single class on all matters described in this Proxy Statement for which your vote is being solicited; provided, however, that the Class B Common Stock also will vote as a single class on Proposal No. 3 concerning the conversion of outstanding shares of Class B Common Stock and related amendments to our Amended and Restated Certificate of Incorporation.

Stockholder of Record: Shares Registered in Your Name

If your shares were registered directly in your name with the transfer agent for our Common Stock, Wells Fargo Shareowner Services, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the proxy card or vote by proxy over the telephone or on the Internet as instructed below to ensure your vote is counted.

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

If your shares were held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy card from your broker or other agent.

What am I being asked to vote on?

You are being asked to vote "FOR" the following:

To elect Mohan Gyani, Paul Hazen and Arun Sarin as Class II directors to hold office until the 2018 annual meeting of stockholders or until their successors are elected and qualified;

To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2015 fiscal year ending January 2, 2016;

To approve amendments to our Amended and Restated Certificate of Incorporation to (a) effect a reclassification of each outstanding share of Class B Common Stock into one share of Common Stock and rename the Class A Common Stock as "Common Stock" (which we refer to as the "conversion"), and (b) eliminate provisions relating to the dual-class common stock structure and the ownership interest formerly held in the Company by Safeway Inc. (Safeway); and

To approve an amendment to our 2013 Equity Incentive Award Plan (2013 Plan) to increase the number of shares of Common Stock that may be issued under the 2013 Plan by 4,000,000 shares.

In addition, you are entitled to vote on any other matters that are properly brought before the Annual Meeting.

How do I vote?

You may vote by mail or follow any alternative voting procedure described on the proxy card or the Notice of Internet Availability of Proxy Materials. To use an alternative voting procedure, follow the instructions on each proxy card that you receive or on the Notice of Internet Availability of Proxy Materials.



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For the election of directors, you may either vote “FOR” each of the three nominees or you may withhold your vote for any nominee you specify. For the ratification of the selection of the Company’s independent auditors, the amendment to the Company’s Amended and Restated Certificate of Incorporation and the amendment to the 2013 Plan, you may vote “FOR” or “AGAINST” or abstain from voting.

The procedures for voting are as follows:

### Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting. Alternatively, you may vote by proxy over the Internet or, if you properly request and receive a proxy card by mail or email, by signing, dating and returning the proxy card, over the Internet or by telephone. Whether you plan to attend the Annual Meeting or not, we urge you to vote by proxy to ensure your vote is counted. Even if you have submitted a proxy before the Annual Meeting, you may still attend the Annual Meeting and vote in person. In such case, your previously submitted proxy will be disregarded.

To vote by proxy over the Internet, follow the instructions provided in the Notice of Internet Availability of Proxy Materials or on the proxy card.

To vote by telephone, if you properly requested and received a proxy card by mail or email, you may vote by proxy by calling the toll free number found on the proxy card.

To vote by mail, if you properly requested and received a proxy card by mail or email, simply complete, sign and date the proxy card and return it promptly. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

To vote in person, come to the Annual Meeting, and we will give you a ballot when you arrive.

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

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a voting instruction card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the voting instruction card to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. 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 proxy form.

Who counts the votes?

Broadridge Financial Solutions, Inc. (Broadridge) has been engaged as our independent agent to tabulate stockholder votes. If you are a stockholder of record, and you choose to vote over the Internet or by telephone, Broadridge will access and tabulate your vote electronically. If you choose to sign and mail your proxy card, your executed proxy card is returned directly to Broadridge for tabulation. As noted above, if you hold your shares through a broker, your broker (or its agent for tabulating votes of shares held in street name, as applicable) returns one proxy card to Broadridge on behalf of all its clients.

How are votes counted?

With respect to Proposal No. 1, the election of directors, the three nominees receiving the highest number of votes will be elected. With respect to Proposal Nos. 2 and 4, the affirmative vote of the holders of a majority in voting power of the shares of Class A Common Stock and Class B Common Stock that are present in person or by proxy and entitled to vote on such proposal is required for approval. With respect to Proposal No. 3, the following is required for approval: (i) the affirmative vote of the holders of at least 75% in voting power of the outstanding shares of Class A Common Stock and Class B Common Stock, voting together as a single class; and (ii) the affirmative vote of a majority in voting power of the outstanding shares of Class B Common Stock.

Brokers who hold shares in street name for the accounts of their clients may vote such shares either as directed by their clients or, in the absence of such direction, in their own discretion if permitted by the stock exchange or other organization of which they are members. If your shares are held by a broker on your behalf and you do not instruct the broker as to how to vote these shares on Proposal No. 2, the broker may exercise its discretion to vote for or against that proposal in the absence of your instruction. With respect to Proposal Nos. 1, 3 and 4, the broker may not exercise discretion to vote on these proposals. This would be a “broker non-vote” and these shares will not be counted as having

been voted on the applicable proposal. However, broker non-votes will be considered present and entitled to vote at the Annual Meeting and will be counted towards determining whether or not a quorum is present. Please instruct your bank or broker so your vote can be counted.

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If stockholders abstain from voting, these shares will be considered present and entitled to vote at the Annual Meeting and will be counted towards determining whether or not a quorum is present. Abstentions will have no effect with regard to Proposal No. 1, and with regard to Proposal Nos. 2, 3 and 4, will have the same effect as an “AGAINST” vote. How do I vote via Internet or telephone?

You may vote by proxy via the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials or on the proxy card. If you properly request and receive printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the proxy card. Please be aware that if you vote over the Internet or by telephone, you may incur costs such as telephone and Internet access charges, as applicable, for which you will be responsible. The Internet and telephone voting facilities for eligible stockholders of record will close at 11:59 p.m. Eastern Time on May 19, 2015. The giving of such a telephonic or Internet proxy will not affect your right to vote in person should you decide to attend the Annual Meeting.

The telephone and Internet voting procedures are designed to authenticate stockholders’ identities, to allow stockholders to give their voting instructions and to confirm that stockholders’ instructions have been recorded properly.

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

If we receive a signed and dated proxy card and the proxy card does not specify how your shares are to be voted, your shares will be voted “FOR” the election of each of the three nominees for director, “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm, “FOR” the conversion of our Class B Common Stock and related amendments to our Amended and Restated Certificate of Incorporation and “FOR” the approval of an amendment to the 2013 Plan. If any other matter is properly presented at the Annual Meeting, your proxy (that is, one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

The Company will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors, officers and employees may also solicit proxies in person, by telephone or by other means of communication. Directors, officers 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.

What does it mean if I receive more than one set of materials?

If you receive more than one set of materials, your shares are registered in more than one name or are registered in different accounts. In order to vote all the shares you own, you must follow the instructions for voting on each Notice of Internet Availability of Proxy Materials or the proxy card that you receive by mail or email pursuant to your request, which include instructions for voting over the Internet, by telephone or by signing, dating and returning any of such proxy cards.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual 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 over the Internet, by telephone or by mail with a later date.
- You may send a written notice that you are revoking your proxy to our General Counsel and Secretary at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588.
- You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

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

When are stockholder proposals due for next year’s Annual Meeting?

To be considered for inclusion in the proxy materials for next year’s annual meeting, your proposal must be submitted in writing by December 10, 2015 to our General Counsel and Secretary at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588. If you wish to submit a proposal that is not to be included in next year’s proxy materials pursuant to the SEC’s stockholder proposal procedures or to nominate a director, you must do so between January 21, 2016 and February 20, 2016; provided that if the date of the annual meeting is earlier than April 20, 2016 or later than July 19, 2016 your proposal to be timely must be submitted not earlier than the 120th day prior

to the annual meeting date and not later than the

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90th day prior to the annual meeting date or, if later, the 10th day following the day on which public disclosure of the annual meeting date is first made. You are also advised to review our amended and restated bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if the holders of a majority in voting power of the shares of Class A Common Stock and Class B Common Stock issued and outstanding and entitled to vote are present in person or represented by proxy at the Annual Meeting. As of the Record Date, there were 13,266,445 shares of Class A Common Stock and 40,605,568 shares of Class B Common Stock outstanding. Each share of Class A Common Stock is entitled to one (1) vote on each proposal and each share of Class B Common Stock is entitled to ten (10) votes on each proposal. As of the Record Date, an aggregate of 209,661,063 votes constituted the requisite majority in voting power for a quorum. Your shares will be counted towards the quorum only if you submit a valid proxy vote or vote at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, either the chair of the Annual Meeting or a majority in voting power of the stockholders entitled to vote at the Annual Meeting, present in person or represented by proxy, may adjourn the Annual Meeting to another time or place.

How can I find out the results of the voting at the Annual Meeting?

Voting results will be announced by the Company's filing of a Current Report on Form 8-K within four business days after the Annual Meeting. If final voting results are unavailable at that time, we will file an amended Current Report on Form 8-K within four business days following the day that final results are available.

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**PROPOSAL NO. 1: ELECTION OF CLASS II DIRECTORS**

The Board is composed of ten (10) members. In accordance with our Amended and Restated Certificate of Incorporation, the Board is divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election.

On October 6, 2014, based on the recommendation of the Nominating and Corporate Governance Committee and pursuant to the Company's Amended and Restated Certificate of Incorporation and Bylaws, the Board (a) increased the size of the Company's board of directors from nine (9) to ten (10) members and (b) elected Mr. Richard H. Bard to serve as a Class III director, effective October 6, 2014 and elected Ms. Jane J. Thompson to serve as a Class I director, effective October 6, 2014. Presently, our directors are divided among the three classes as follows:

Class II directors: Mohan Gyani, Paul Hazen and Arun Sarin, whose current terms will expire at the Annual Meeting;

Class III directors: Richard H. Bard, Steven A. Burd, Robert L. Edwards and William Y. Tauscher, whose current terms will expire at the annual meeting of stockholders to be held in 2016; and

Class I directors: Douglas J. Mackenzie, Lawrence F. Probst III and Jane J. Thompson, whose current terms will expire at the annual meeting of stockholders to be held in 2017.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Messrs. Gyani, Hazen and Sarin have been nominated to serve as Class II directors and have each elected to stand for re-election. Each director to be elected will hold office from the date of his election by the stockholders until the third subsequent annual meeting of stockholders or until his successor is elected and has been qualified, or until such director's earlier death, resignation or removal.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named above. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as the Board may propose. Each person nominated for election has agreed to serve if elected and management has no reason to believe that any nominee will be unable to serve. Directors are elected by a plurality of the votes cast at the meeting. Proxies cannot be voted for a greater number of persons than the number of nominees named.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE**

**FOR**

**THE ELECTION OF EACH NAMED NOMINEE.**

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Set forth below is information as of the Record Date regarding our Class II nominees and our other current directors who will continue in office after the Annual Meeting:

Name	Age	Director Since	Position/Office Held With the Company
Class II Directors whose terms expire at the 2015 Annual Meeting			
Mohan Gyani	63	August 2007	Director
Paul Hazen	73	August 2007	Director
Arun Sarin	60	August 2009	Director
Class III Directors whose terms expire at the 2016 Annual Meeting			
Richard H. Bard	67	October 2014	Director
Steven A. Burd	65	August 2007	Director
Robert L. Edwards	59	July 2008	Director
William Y. Tauscher	65	August 2007	Chief Executive Officer and Chairman of the Board of Directors
Class I Directors whose terms expire at the 2017 Annual Meeting			
Douglas J. Mackenzie	55	August 2007	Director
Lawrence F. Probst III	64	April 2008	Director
Jane J. Thompson	63	October 2014	Director

Set forth below is biographical information for the nominees and each person whose term of office as a director will continue after the Annual Meeting. The following includes certain information regarding our directors' individual experiences, qualifications, attributes and skills that led the Board to conclude that they should serve as directors.

Class II Directors/Nominees for Election to a Three-Year Term Expiring at the 2018 Annual Meeting of Stockholders

Mohan Gyani has served on the Board since August 2007. He has served as Vice Chairman of the board of directors of Mobileum, Inc., a provider of mobile operator solutions, since January 2006, and also served as Chairman of the board of directors and Chief Executive Officer of Mobileum from May 2005 through December 2005. Mr. Gyani served as the President and Chief Executive Officer of AT&T Wireless Mobility Services from 2000 until his retirement from that company in 2003, after which he served as a senior advisor to the Chairman and Chief Executive Officer of AT&T Wireless through December 2004. From 1995 through 1999, he served as the Executive Vice President and Chief Financial Officer of AirTouch Communications, Inc., a telecommunications device company. Mr. Gyani also previously served on the board of directors of Keynote Systems, Inc., an Internet software company, and also Safeway Inc., a retail food and drug company. He serves as a director of Ruckus Wireless, Inc., a Wi-Fi technology company, Audience, Inc., a global provider of advanced voice and audio processors for mobile products, and Union Bank, N.A., a commercial bank, as well as on the boards of directors of certain private companies. Mr. Gyani brings to the Board an in-depth knowledge of, and years of experience in, public company governance.

Paul Hazen has served on the Board since August 2007. Mr. Hazen is the former Chairman and Chief Executive Officer of Wells Fargo & Company (Wells Fargo). Mr. Hazen joined Wells Fargo in 1970. He served as Vice Chairman from 1981 to 1984, President and Chief Operating Officer from 1984 to 1995, Chairman and Chief Executive Officer from January 1995 to November 1998, and Chairman from January 1995 to May 2001. Mr. Hazen was also the President of Wells Fargo Real Estate Investment Trust, a publicly traded REIT, from 1973 to 1978. Mr. Hazen retired after he left his post as Chairman of Wells Fargo in May 2001. Mr. Hazen is currently Chairman of Accel-KKR, a private equity firm, and serves on the board of KSL Resorts, a hospitality firm. Past board positions include KKR Financial Holdings LLC (Chairman), Safeway (Lead Independent Director), Phelps Dodge, Vodafone Group Plc (Deputy Chairman and Lead Independent Director), Willis Group Holdings Ltd., Prosper Marketplace, National Retirement Partners, Xstrata, the San Francisco Symphony, and the San Francisco Museum of Modern Art. Mr. Hazen also served on the Federal Advisory Council to the Federal Reserve from 1987 to 1991, acting as President of the Council in 1991, reporting to Alan Greenspan as Chairman.

Mr. Hazen brings to the Board significant experience in business strategy as a current and past senior executive of large companies, as well as considerable directorial and board committee experience.

Arun Sarin has served on the Board since August 2009. Mr. Sarin has served on the board of directors of Safeway from August 2009 to January 2015. From April 2003 to July 2008, Mr. Sarin was the Chief Executive Officer of Vodafone Group Plc. (Vodafone), a global mobile communications company. From 1999 to 2008, Mr. Sarin was a director of Vodafone. Mr. Sarin has served on the board of directors of The Charles Schwab Corporation, a provider of brokerage, banking and



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financial advisory services, and Cisco Systems, Inc., a networking technology company, since September 2009. He previously served until 2009 as a member of the Court of Directors of the Bank of England. From 1999 to 2003, he served as a director of The Gap, Inc., a specialty retailer.

Mr. Sarin brings to the Board significant experience as a former senior executive of a large, global company, where he developed expertise in finance, marketing and operations, and considerable directorial and board committee experience.

Class III Directors Continuing in Office until the 2016 Annual Meeting of Stockholders

Richard H. Bard has served on the Board since October 2014. Mr. Bard is the Founder, Chairman and Chief Executive Officer of Bard Capital Group LLC, an operating and investment business. Mr. Bard currently serves as the Chairman of Blastrac Global, Inc., Chairman and Co-CEO of Centennial Jet Partners LLC., and Vice Chairman of CIC Bancshares, Inc. Mr. Bard also served as Chairman and Deputy Chairman of the Federal Reserve Bank of Kansas City from 2002 to 2006. He is a founding member of the Board of Visitors at Penn State's Smeal College of Business, and he is a former Chairman of the Advisory Board of the Business School at University of Colorado at Denver. He also created the Bard Center for Entrepreneurship at the Business School of the University of Colorado at Denver.

Mr. Bard brings to the Board extensive knowledge and experience as a director across a diverse set of companies and as an executive and entrepreneur.

Steven A. Burd has served on the Board since August 2007. Mr. Burd is the Founder, and Chief Executive Officer of Burd Health LLC, a company helping large self-insured employers reduce health-care costs. Mr. Burd served on the board of directors of Safeway from September 1993 to May 2013 and as Chairman of the board of directors of Safeway from May 1998 to May 2013. He served as Chief Executive Officer of Safeway from April 1993 to May 2013 and as President from October 1992 to April 2012. Mr. Burd is also a director of Kohl's Corporation, a specialty department store company, and of Physiotherapy Associates and the Prostate Cancer Foundation.

Mr. Burd brings to the Board considerable management, directorial, board committee experience and an understanding of our business.

Robert L. Edwards has served on the Board since July 2008, and previously served on our Board from January 2006 to August 2007. Mr. Edwards has been Chief Executive Officer of Safeway since May 2013, President of Safeway since April 2012 and served as Executive Vice President and Chief Financial Officer of Safeway from March 2004 to April 2012. Prior to joining Safeway, from September 2003 to March 2004, he served as Executive Vice President and Chief Financial Officer of Maxtor Corporation, a hard disk drive manufacturer. From 1998 to August 2003, Mr. Edwards held various executive positions, including Chief Financial Officer and Chief Administrative Officer at Imation Corporation, a developer, manufacturer and supplier of magnetic and optical data storage media. Mr. Edwards is also a director of KKR Financial Holdings LLC, a specialty finance company, where he serves on the audit committee.

Mr. Edwards brings to the Board both a strong understanding of our business and extensive knowledge of financial reporting.

William Y. Tauscher has served as our Chief Executive Officer since August 2010, as a