

FIVE BELOW, INC
Form DEF 14A
May 06, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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 Rule 14a-12

Five Below, Inc.

(Name of Registrant as Specified in its Charter)

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

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 - 1) Amount Previously Paid:

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Five Below, Inc.
1818 Market Street
Suite 2000
Philadelphia, PA 19103

Dear Fellow Shareholder:

It is my pleasure to invite you to attend the Annual Meeting of Shareholders of Five Below, Inc. at 9:00 a.m. Eastern Daylight Time on Thursday, June 18, 2015, at the offices of Pepper Hamilton LLP, 3000 Two Logan Square, 18th and Arch Streets, Philadelphia, Pennsylvania 19103.

The following pages contain the formal Notice of the Annual Meeting and the Proxy Statement. If you plan to attend the Annual Meeting and you are a registered shareholder, please bring a valid form of picture identification. If you are a beneficial owner of shares held in street name through a bank, broker, or other intermediary, please contact your bank, broker, or other intermediary to obtain evidence of ownership and a legal proxy, which you must bring with you to the Annual Meeting.

At this year's Annual Meeting, you will be asked to elect as directors the six nominees named in the attached Proxy Statement, ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending January 30, 2016 and vote on an amendment to the Company's articles of incorporation and a corresponding amendment to the Company's bylaws.

Your vote is important. Whether you plan to attend the Annual Meeting in person or not, we hope you will vote your shares as soon as possible. Please mark, sign, date, and return the accompanying proxy card or voting instruction form in the postage-paid envelope or instruct us by telephone or via the Internet as to how you would like your shares voted. Instructions are included on the proxy card and voting instruction form.

Sincerely,

Thomas G. Vellios
Executive Chairman

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Notice of Annual Meeting of Shareholders

To Be Held on June 18, 2015 9:00 a.m. Eastern Daylight Time

To the Shareholders of Five Below, Inc.:

Notice is hereby given that the 2015 Annual Meeting of Shareholders (the Annual Meeting) of Five Below, Inc. (the Company) will be held at the offices of Pepper Hamilton LLP, 3000 Two Logan Square, 18th and Arch Streets, Philadelphia, Pennsylvania 19103 on Thursday, June 18, 2015, at 9:00 a.m. Eastern Daylight Time. At the Annual Meeting, shareholders will be asked:

- 1) To elect (i) three Class III directors to hold office until the 2018 annual meeting of shareholders, (ii) one Class I director to hold office until the 2016 annual meeting of shareholders, and (iii) two Class II directors to hold office until the 2017 annual meeting of shareholders and until their respective successors have been duly elected and qualified;
- 2) To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for the current fiscal year ending January 30, 2016;
- 3) To vote on an amendment to the Company s articles of incorporation and a corresponding amendment to the Company s bylaws to replace the plurality voting standard in the uncontested election of directors with a majority voting standard and make conforming changes; and
- 4) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The board of directors has fixed the close of business on April 20, 2015 as the record date for the determination of the shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

Your vote is important. To be sure your vote counts and assure a quorum, please vote, sign, date and return the enclosed proxy card whether or not you plan to attend the meeting; or if you prefer, please follow the instructions on the enclosed proxy card for voting by Internet or by telephone whether or not you plan to attend the meeting in person.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON JUNE 18, 2015:

This Notice is only an overview of the Proxy Statement and proxy card or voting information form included in this mailing and available at www.proxyvote.com. These documents are first being mailed to shareholders on or about May 6, 2015. Our 2014 Annual Report, including our Form 10-K for fiscal year 2014, is not part of the proxy solicitation material.

By order of the board of directors,

Karen W. Procell
Secretary

Philadelphia, Pennsylvania

May 6, 2015

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<i>We operate on a fiscal calendar widely used by the retail industry that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to January 31st of the following year. References to fiscal year 2015 or fiscal 2015 refer to the period from February 1, 2015 to January 30, 2016, which consists of a 52-week fiscal year. References to fiscal year 2014 or fiscal 2014 refer to the period from February 2, 2014 to January 31, 2015, which consists of a 52-week fiscal year. References to fiscal year 2013 or fiscal 2013 refer to the period from February 3, 2013 to February 1, 2014, which consists of a 52-week fiscal year. References to fiscal year 2012 or fiscal 2012 refer to the period from January 29, 2012 to February 2, 2013, which consists of a 53-week fiscal year. References to 2015, 2014, 2013, and 2012 are to our fiscal years unless otherwise specified.</i>	

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This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider and you should read the entire Proxy Statement before voting. For information regarding the Company's fiscal 2014 performance, please review the Company's Annual Report to shareholders for the fiscal year ended January 31, 2015. As used herein, Five Below, the Company, we, us, our or our business refers to Five Below, Inc. (collectively with its wholly owned subsidiary), except as expressly indicated or the context otherwise requires.

ANNUAL MEETING OF SHAREHOLDERS

Time and Date	Record Date
9:00 a.m. Eastern Daylight Time June 18, 2015	April 20, 2015

Place	Number of Common Shares Eligible to Vote at the Meeting as of the Record Date
Pepper Hamilton LLP	54,476,205

3000 Two Logan Square

18th and Arch Streets

Philadelphia, PA 19103

VOTING MATTERS

Matter	Board Recommendation	Page Reference (for more detail)
Election of Directors	FOR each director nominee	53
Ratification of Appointment of KPMG LLP	FOR	54
Amendment to Articles of Incorporation and Bylaws	FOR	56
BOARD NOMINEES		

The following table provides summary information about each director nominee. At the Annual Meeting, directors will be elected by a plurality of votes cast.

Name, Age	Director Since	Principal Occupation	Committee Membership*		
			AC	CC	NCGC
<i>David M. Mussafer, 52</i>	2010	Managing Director of Advent International Corporation			
<i>David Schlessinger, 60</i>	2002	Chairman Emeritus and former Executive Chairman of the Company			
<i>Thomas G. Vellios, 60</i>	2002	Executive Chairman and former Chief Executive Officer of the Company			
<i>Joel D. Anderson, 50</i>	2015	President and Chief Executive Officer of the Company			
<i>Catherine E. Buggeln, 54</i>	2015	Retail and Brand Consultant			

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Kathleen S. Barclay, 59

2015 Senior Vice President of Human Resources of
The Kroger Co.

* AC Audit Committee
NCGC Nominating and Corporate Governance Committee

CC Compensation Committee
Chair of the Committee

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PROXY STATEMENT

FOR 2015 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 18, 2015

This Proxy Statement is being furnished together with our Annual Report for the fiscal year ended January 31, 2015 in connection with the solicitation of proxies for the Annual Meeting of Shareholders of Five Below, Inc. on June 18, 2015 (the Annual Meeting), and any postponements or adjournments of the meeting. The Annual Meeting will be held at the offices of Pepper Hamilton LLP, 3000 Two Logan Square, 18th and Arch Streets, Philadelphia, Pennsylvania 19103 at 9:00 a.m. Eastern Daylight Time. On or about May 6, 2015, we will mail to each of our shareholders (other than those who previously requested electronic delivery or to whom we are mailing a paper copy) a Notice of Internet Availability of Proxy Materials containing instructions on how to access and review the proxy materials via the internet and how to submit a proxy electronically using the internet.

FREQUENTLY ASKED QUESTIONS

When and where will the meeting take place?

The Annual Meeting will be held on Thursday, June 18, 2015, at 9:00 a.m. Eastern Daylight Time, at the offices of Pepper Hamilton LLP, 3000 Two Logan Square, 18th and Arch Streets, Philadelphia, Pennsylvania 19103.

Why did I receive only a Notice of Internet Availability of Proxy Materials?

As permitted by the Securities and Exchange Commission (the SEC), the Company is furnishing to shareholders its notice of the Annual Meeting (the Notice), this Proxy Statement and the 2014 Annual Report primarily over the internet. On or about May 6, 2015, we will mail to each of our shareholders (other than those who previously requested electronic delivery or to whom we are mailing a paper copy) a Notice of Internet Availability of Proxy Materials (the Notice of Internet Availability) containing instructions on how to access and review the proxy materials via the internet and how to submit a proxy electronically using the internet. The Notice of Internet Availability also contains instructions on how to receive, free of charge, paper copies of the proxy materials. If you received the Notice of Internet Availability, you will not receive a paper copy of the proxy materials unless you request one.

We believe the delivery options that we have chosen will allow us to provide our shareholders with the proxy materials they need, while minimizing the cost of the delivery of the materials and the environmental impact of printing and mailing printed copies.

What is the purpose of this meeting and these materials?

We are providing these proxy materials in connection with the solicitation by our board of directors of proxies to be voted at the Annual Meeting and any adjournments or postponements of the meeting.

At the Annual Meeting, you will be asked to vote on the following matters:

a proposal to elect (i) three Class III directors to hold office until the 2018 annual meeting of shareholders, (ii) one Class I director to hold office until the 2016 annual meeting of shareholders, and (iii) two Class II directors to hold office until the 2017 annual meeting of shareholders and until their respective successors have been duly elected and qualified (Proposal No. 1);

a proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the current fiscal year ending January 30, 2016 (Proposal No. 2);

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a proposal to vote on an amendment to the Company's articles of incorporation and a corresponding amendment to the Company's bylaws to replace the plurality voting standard in the uncontested election of directors with a majority voting standard and make conforming changes (Proposal No. 3); and

any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof.

What are the voting recommendations of the board of directors on these matters?

The board of directors recommends that you vote your shares as follows:

FOR each of the board's (i) three Class III nominees, (ii) one Class I nominee and (iii) two Class II nominees for the board of directors (Proposal No. 1);

FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the current fiscal year ending January 30, 2016 (Proposal No. 2); and

FOR the amendment to the Company's articles of incorporation and a corresponding amendment to the Company's bylaws to replace the plurality voting standard in the uncontested election of directors with a majority voting standard and make conforming changes (Proposal No. 3).

Are all of the Company's Class III directors standing for re-election to the board of directors at the Annual Meeting?

Yes, all of our Class III directors are standing for re-election.

Why am I being asked to vote on directors for more than one class?

The board of directors filled three vacancies since the 2014 annual meeting of shareholders resulting from two increases to the size of the board and one resignation. Mr. Anderson is currently serving as a Class II director, having been elected by the board of directors effective February 1, 2015 to fill a vacancy created by an increase to its size. In addition, Mses. Buggeln and Barclay are currently serving as Class I and II directors, respectively, having been elected on March 10, 2015 by the board of directors to fill vacancies created by an increase to the size of the board and the resignation of Steven J. Collins. Pursuant to our bylaws, any director elected by the board of directors to fill a vacancy (a Vacancy Director) may only hold office until the next annual meeting of shareholders and until his or her successor has been duly elected and qualified, subject to his or her earlier death, resignation, disqualification or removal. At the annual meeting of shareholders following the election of a Vacancy Director, the shareholders will have the opportunity to elect a director to fill the vacancy having been filled by the Vacancy Director. The board will nominate a candidate to fill the vacancy, who may be the Vacancy Director. The candidate, if elected, will serve until the annual meeting of shareholders at which the term of office of the class in which the vacancy occurred expires and until such director's successor shall have been duly elected and qualified, subject to his or her earlier death, resignation, disqualification or removal.

Who is entitled to vote at the Annual Meeting?

The record date for the Annual Meeting is April 20, 2015. You have one vote for each share of our common stock that you owned at the close of business on the record date, provided that on the record date those shares were either held directly in your name as the shareholder of record or were held for you as the beneficial owner through a bank, broker, or other intermediary. As of that date, there were 54,476,205 shares of common stock outstanding entitled to vote. There is no other class of voting securities outstanding.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

Most of our shareholders hold their shares through a bank, broker, or other intermediary (that is, in street name) rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

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Shareholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare, you are considered to be the shareholder of record with respect to those shares, and we have sent the Notice of Internet Availability directly to you. As a shareholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the Annual Meeting.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other intermediary, you are considered to be the beneficial owner of shares held in street name, and the Notice of Internet Availability has been forwarded to you by your bank, broker, or intermediary (which is considered to be the shareholder of record with respect to those shares). As a beneficial owner, you have the right to direct your bank, broker, or intermediary on how to vote and are also invited to attend the Annual Meeting. Your bank, broker, or intermediary has sent you a voting instruction card for you to use in directing the bank, broker, or intermediary regarding how to vote your shares. However, since you are not the shareholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a proxy, executed in your favor, from the holder of record of such shares.

What options are available to me to vote my shares?

Whether you hold shares directly as the shareholder of record or through a bank, broker, or other intermediary, your shares may be voted at the Annual Meeting by following any of the voting options available to you below:

You may vote via the Internet.

If you received a Notice of Internet Availability by mail, you can submit your proxy or voting instructions over the internet by following the instructions provided in the Notice of Internet Availability;

If you received a Notice of Internet Availability or proxy materials by email, you may submit your proxy or voting instructions over the internet by following the instructions included in the email; or

If you received a printed set of the proxy materials by mail, including a paper copy of the proxy card or voting instruction form, you may submit your proxy or voting instructions over the internet by following the instructions on the proxy card or voting instruction form.

You may vote via the telephone.

If you are a shareholder of record, you can submit your proxy by calling the telephone number specified on the paper copy of the proxy card you received if you received a printed set of the proxy materials. You must have the control number that appears on your proxy card available when submitting your proxy over the telephone.

Most shareholders who hold their shares in street name may submit voting instructions by calling the number specified on the paper copy of the voting instruction form provided by their bank, broker, or other intermediary. Those shareholders should check the voting instruction form for telephone voting availability.

You may vote by mail. If you received a printed set of the proxy materials, you can submit your proxy or voting instructions by completing and signing the separate proxy card or voting instruction form you received and mailing it in the accompanying prepaid and addressed envelope.

You may vote in person at the meeting. All shareholders of record may vote in person at the Annual Meeting. Written ballots will be passed out to anyone who wants to vote at the meeting. However, if you are the beneficial owner of shares held in street name through a bank, broker, or other intermediary, you may not vote your shares at the Annual Meeting unless you obtain a legal proxy from the bank, broker, or intermediary that holds your shares, giving you the right to vote the shares at the Annual Meeting.

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Even if you plan to attend the Annual Meeting, we recommend that you submit your proxy or voting instructions in advance to authorize the voting of your shares at the Annual Meeting to ensure that your vote will be counted if you later are unable to attend.

What if I don't vote for some of the items listed on my proxy card or voting instruction card?

If you properly return your proxy card but do not mark selections, your shares will be voted in accordance with the recommendations of our board of directors. If you indicate a choice with respect to any matter to be acted upon on your proxy card, your shares will be voted in accordance with your instructions.

If you are a beneficial owner and hold your shares in street name through a bank, broker, or other intermediary and do not give voting instructions to the bank, broker, or intermediary, the bank, broker, or other intermediary, as applicable, will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, brokers have the discretion to vote on routine matters, such as the ratification of the selection of accounting firms, but do not have discretion to vote on non-routine matters, including the uncontested election of directors. As a result, if you are a beneficial owner and hold your shares in street name, but do not give your bank, broker, or other intermediary instructions on how to vote your shares with respect to the election of directors, no votes will be cast on your behalf.

If you do not provide voting instructions to your broker, and your broker indicates on its proxy card that it does not have discretionary authority to vote on a particular proposal, your shares will be considered to be broker non-votes with regard to that matter. Proxy cards that reflect a broker non-vote with respect to at least one proposal to be considered at the Annual Meeting (so long as they do not apply to all proposals to be considered) will be considered to be represented for purposes of determining a quorum but generally will not be considered to be entitled to vote with respect to that proposal. Broker non-votes are not counted in the tabulation of the voting results with respect to proposals that require a plurality of the votes cast or proposals that require a majority of the votes cast.

How is a quorum determined?

The representation, in person or by proxy, of holders entitled to cast at least a majority of the votes entitled to be cast at the Annual Meeting constitutes a quorum at the Annual Meeting. Abstentions, broker votes and broker non-votes (only when accompanied by broker votes with respect to at least one matter at the meeting) are considered present and entitled to vote for purposes of establishing a quorum for the transaction of business at the Annual Meeting. If a quorum is not present by attendance at the Annual Meeting or represented by proxy, the shareholders present by attendance at the meeting or by proxy may adjourn the Annual Meeting, until a quorum is present. If a new record date is fixed for the adjourned meeting, we will provide notice of the adjourned meeting to each shareholder of record entitled to vote at the meeting.

What vote is required to approve each proposal at the Annual Meeting?

Proposal		Vote Required	Broker Discretionary Voting Allowed
Proposal No. 1	Election of Directors	Plurality of Votes Cast	No
Proposal No. 2	Ratification of Appointment of Independent Registered Public Accounting Firm	Majority of Votes Cast	Yes
Proposal No. 3	Amendment to Articles of Incorporation and Bylaws	Majority of Votes Cast	No

With respect to Proposal No. 1, you may vote FOR any or all of the nominees or WITHHOLD your vote as to any of the nominees. The six nominees receiving the most FOR votes will be elected. A properly executed proxy

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marked WITHHOLD with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Proxies may not be voted for more than six directors and shareholders may not cumulate votes in the election of directors.

With respect to Proposal Nos. 2 and 3, you may vote FOR, AGAINST or ABSTAIN.

If you abstain from voting on any of these matters, your shares will be counted as present and entitled to vote on that matter for purposes of establishing a quorum, but will not be counted for purposes of determining the number of votes cast.

Can I change my vote or revoke my proxy?

Yes. Any shareholder of record has the power to change or revoke a previously submitted proxy at any time before it is voted at the Annual Meeting by:

Submitting to our Corporate Secretary, before the voting at the Annual Meeting, a written notice of revocation bearing a later date than the proxy;

Timely delivery of a valid, later-dated proxy (only the last proxy submitted by a shareholder by Internet, telephone or mail will be counted); or

Attending the Annual Meeting and voting in person; however, attendance at the Annual Meeting will not by itself constitute a revocation of a proxy.

For shares held in street name, you may revoke any previous voting instructions by submitting new voting instructions to the bank, broker, or intermediary holding your shares by the deadline for voting specified in the voting instructions provided by your bank, broker, or intermediary. Alternatively, if your shares are held in street name and you have obtained a legal proxy from the bank, broker, or intermediary, giving you the right to vote the shares at the Annual Meeting, you may revoke any previous voting instructions by attending the Annual Meeting and voting in person.

Are there other matters to be voted on at the Annual Meeting?

We do not know of any other matters that may come before the Annual Meeting other than Proposals 1, 2 and 3 included herein. If any other matters are properly presented at the Annual Meeting, the persons named as proxies in the enclosed proxy card intend to vote or otherwise act in accordance with their judgment on the matter.

Is a list of shareholders available?

The names of shareholders of record entitled to vote at the Annual Meeting will be available for review by shareholders at the Annual Meeting.

Where can I find the voting results?

Preliminary voting results will be announced at the Annual Meeting, and final voting results will be reported in a Current Report on Form 8-K, which we will file with the SEC within four business days following the Annual Meeting.

Who is soliciting proxies, how are they being solicited, and who pays the cost?

The solicitation of proxies is being made on behalf of our board of directors and we will bear the costs of the solicitation. This solicitation is being made by mail and through the Internet, but also may be made by telephone or in person. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to shareholders and obtaining their votes.

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What do I need to do if I intend to attend the Annual Meeting?

Attendance at the Annual Meeting will be limited to shareholders as of the record date or their duly-appointed proxies. Please note that if you attend the Annual Meeting, you may be asked to present valid picture identification, such as a driver's license or passport. If you are a shareholder holding stock in brokerage accounts or by a bank or other intermediary, you may be required to show a brokerage statement or account statement reflecting your stock ownership as of the record date, but in order to vote your shares at the Annual Meeting, you must obtain a legal proxy from the bank or brokerage firm that holds your shares. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

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BOARD OF DIRECTORS

Our bylaws provide that the number of members of our board of directors shall be as fixed by our board from time to time. The number of members of our board is currently fixed at nine and is divided into three classes with staggered three-year terms.

Unless otherwise specified in the proxy, the shares voted pursuant thereto will be cast for each of Messrs. Mussafer, Schlessinger, Vellios and Anderson and Meses. Buggeln and Barclay. If, for any reason, at the time of election, any of the nominees named should decline or be unable to accept his or her nomination or election, it is intended that such proxy will be voted for a substitute nominee, who would be recommended by our board of directors. Our board of directors, however, has no reason to believe that any of the nominees will be unable to serve as a director.

The following biographical information is furnished as to each nominee for election as a director and each of the current directors.

Nominees for Election to the Board of Directors for a Three-Year Term Expiring at the 2018 Annual Meeting

David M. Mussafer. Mr. Mussafer, 52, has served as a director since 2010. Mr. Mussafer, a Managing Partner of Advent International Corporation, a global private equity firm (Advent), which he joined in 1990, currently serves as a director of lululemon athletica inc., Vantiv, Inc. and Charlotte Russe Holding Inc. and previously served as a director of Dufry AG, Party City Holdings, Inc. and a number of privately held businesses. Mr. Mussafer's experience serving as a director of public and private companies led to the conclusion that he should serve as a director of Five Below.

David Schlessinger. Mr. Schlessinger, 60, is the co-founder of Five Below and Chairman Emeritus of our board. Mr. Schlessinger previously served as our Executive Chairman from 2005 until January 31, 2015 and as our President from 2002 to 2005. Mr. Schlessinger has been a director of Five Below since our incorporation in 2002. Previously, Mr. Schlessinger founded Zany Brainy, Inc., a retail children's educational products company, in 1991 and served as Zany Brainy's Chief Executive Officer until 1996 and as its Chairman until 1998. He also founded Encore Books, a retail bookstore chain, in 1973 and served as its Chairman and Chief Executive Officer until 1986. Mr. Schlessinger previously served as a director of Destination Maternity Corporation from 2002 to 2011. Mr. Schlessinger's extensive experience in the management, operations and finance of a retail business as well as his knowledge of the Company as a founder led to the conclusion that he should serve as a director of Five Below.

Thomas G. Vellios. Mr. Vellios, 60, is the co-founder of Five Below and Executive Chairman and has served as one of our directors since our incorporation in 2002. Mr. Vellios previously served as our Chief Executive Officer from 2002 until January 31, 2015. Mr. Vellios also served as our President from 2005 until June 2014. Previously, Mr. Vellios served as President, Chief Executive Officer and a director of Zany Brainy, Inc. Prior to joining Zany Brainy, Mr. Vellios served as Senior Vice President, General Merchandise Manager at Caldor, a regional discount chain and a division of the May Company. Mr. Vellios' extensive experience in the retail industry, his experience with the management, operations and finance of a retail business, and his knowledge of the Company as a founder led to the conclusion that he should serve as a director of Five Below.

Nominees for Election to the Board of Directors for a One-Year Term Expiring at the 2016 Annual Meeting

Catherine E. Buggeln. Ms. Buggeln, 54, has served as a director since March 2015. Ms. Buggeln has been a consultant to various retailers since 2004. Since 2012, Ms. Buggeln has exclusively provided consulting services to Irving Place Capital Management, L.P., a private equity firm focused on making equity investments in middle-market companies. Ms. Buggeln formerly served as the Senior Vice President of Strategic Planning and New

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Business Development at Coach, Inc., a leading marketer of modern classic American accessories, from 2001 to 2005. Ms. Buggeln is a director of Ascena Retail Group, Inc., where she serves on the audit and compensation committees, and Vitamin Shoppes, Inc., where she serves on the nominating and governance committee. She also previously served as a director of The Timberland Company in 2011. Ms. Buggeln's extensive experience in the retail industry, in both managerial and director roles, led to the conclusion that she should serve as a director of Five Below.

Nominees for Election to the Board of Directors for a Two-Year Term Expiring at the 2017 Annual Meeting

Joel D. Anderson. Mr. Anderson, 50, has served as a director since February 2015, when he was appointed to serve as our President and Chief Executive Officer. Prior to becoming our President and Chief Executive Officer, Mr. Anderson was our President and Chief Operating Officer from July 2014 until January 31, 2015. Prior to joining Five Below, Mr. Anderson served as President and Chief Executive Officer of Walmart.com, an e-commerce website, from 2011 until 2014 and as the divisional Senior Vice President of the Northern Plains division of Wal-mart Stores, Inc., a global retailer, from 2010 to 2011. Prior to joining Wal-mart Stores, Inc., Mr. Anderson was President of the retail and direct business units for Lenox Group, Inc., a designer, distributor, wholesaler and retailer of fine quality tableware, collectible and other giftware products. Mr. Anderson's experience in the retail industry as well as his position as our President and Chief Executive Officer led to the conclusion that he should serve as a director of Five Below.

Kathleen S. Barclay. Ms. Barclay, 59, has served as a director since March 2015. Ms. Barclay has served as the Senior Vice President of Human Resources for The Kroger Co., a grocery supermarket company, since 2009. Prior to joining The Kroger Co., Ms. Barclay served in many leadership roles at General Motors Corporation, a multinational automotive corporation, from 1985 to 2010. Most recently she served as General Motors Corporation's Vice President of Global Human Resources and General Motors University from 1998 to 2009. Ms. Barclay's management experience with a large-scale retailer led to the conclusion that she should serve as a director of Five Below.

Members of the Board of Directors Continuing in Office for a Term Expiring at the 2016 Annual Meeting

Michael F. Devine, III. Mr. Devine, 56, has served as a director since March 2013. Mr. Devine is the former Executive Vice President and Chief Financial Officer of Coach, Inc. Mr. Devine served as Chief Financial Officer since December 2001 and Executive Vice President and Chief Financial Officer since August 2007 until his retirement in August 2011. Prior to joining Coach, Mr. Devine served from 2000 to 2001, as Senior Vice President and Chief Financial Officer of Mothers Work, Inc., now Destination Maternity Corporation, a designer, manufacturer and retailer of maternity apparel. Mr. Devine currently serves as a director and member of the audit committees of Deckers Outdoor Corporation and Express, Inc. Mr. Devine previously served as a director and member of the audit committee of Nutrisystem, Inc. Mr. Devine's extensive experience in the retail industry, as both an executive officer and director, led to the conclusion that he should serve as a director of Five Below.

Ronald L. Sargent. Mr. Sargent, 59, has served as a director since 2004. Mr. Sargent has served as the Chief Executive Officer of Staples, Inc., an office supply company, since 2002 and as Chairman of its board of directors since 2005. Prior to becoming Chairman and Chief Executive Officer, Mr. Sargent held a variety of executive positions at Staples, Inc. since joining the company in 1989. Mr. Sargent currently serves as a director of The Kroger Co. and previously served as a director of The Home Depot, Inc. and Mattel, Inc. Mr. Sargent's experience as an executive officer and director of Staples, Inc. as well as his extensive experience in the retail industry led to the conclusion that he should serve as a director of Five Below.

Members of the Board of Directors Continuing in Office for a Term Expiring at the 2017 Annual Meeting

Thomas M. Ryan. Mr. Ryan, 62, has served as a director since 2011. In 2011, Mr. Ryan became an operating partner of Advent as a part of its Operating Partner Program. Prior to joining our board of directors,

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Mr. Ryan served as the Chairman of the board of directors, President and Chief Executive Officer of CVS Caremark Corporation, now CVS Health, a retail pharmacy and healthcare corporation, until he retired in 2010. Mr. Ryan became the Chief Executive Officer of CVS Corporation in 1998 and he also served as the Chairman of the board of directors of CVS Corporation from 1999 to 2007. Mr. Ryan also served as the chairman of CVS Health's board of directors from 2007 to 2011. Mr. Ryan currently serves as a director of Yum! Brands, Inc. and Vantiv, Inc. and previously served as a director of Bank of America Corporation. Mr. Ryan's experience in the retail industry, as both an executive officer and director of a large retail company, led to the conclusion that he should serve as a director of Five Below.

In addition to the information presented above regarding each director's specific experiences, qualifications, attributes and skills, we believe that all of our directors have a reputation for integrity and adherence to high ethical standards. Each of our directors has demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to us and our board. Finally, we value our directors' experience on other company boards and board committees.

There are no family relationships among any of our directors or executive officers.

Board Composition

Our business and affairs are managed under the direction of our board of directors, which currently consists of nine members. Our articles of incorporation and bylaws provide that our board of directors will consist of a number of directors, not less than three nor more than eleven, to be fixed exclusively by resolution of the board of directors.

Our articles of incorporation provides for a staggered, or classified, board of directors consisting of three classes of directors, each serving staggered three-year terms, which, assuming the election of Ms. Buggeln and Barclay and Mr. Anderson at the Annual Meeting, is as follows:

the Class I directors are Ms. Buggeln and Messrs. Devine and Sargent, and their terms will expire at the annual meeting of shareholders to be held in 2016;

the Class II directors are Ms. Barclay and Messrs. Anderson and Ryan, and their terms will expire at the annual meeting of shareholders to be held in 2017; and

the Class III directors are Messrs. Mussafer, Schlessinger and Vellios, and their terms will expire at the Annual Meeting.

Upon expiration of the term of a class of directors, directors for that class will be elected for a three-year term at the annual meeting of shareholders in the year in which that term expires. Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation, retirement, disqualification or removal. Any vacancies on our board of directors will be filled only by the affirmative vote of a majority of the directors then in office. Any increase or decrease 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. The classification of our board of directors will make it more difficult for a third party to acquire control of us.

Director Independence

Our board of directors observes all applicable criteria for independence established by The NASDAQ Stock Market LLC and other governing laws and applicable regulations. No director will be deemed to be independent unless our board of directors determines that the director has no relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has determined that Messrs. Devine, Mussafer, Ryan and Sargent and Ms. Buggeln and Barclay are independent as defined under the corporate governance rules of The NASDAQ Stock Market LLC. Of these independent directors, our board has determined that: (i) Messrs. Devine, Ryan and Sargent, who comprise our audit

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committee; (ii) Ms. Barclay and Mr. Ryan, who comprise our compensation committee; and (iii) Messrs. Mussafer and Sargent and Ms. Buggeln, who comprise our nominating and corporate governance committee, each satisfy the independence standards for those committees established by the applicable rules and regulations of the SEC and The NASDAQ Stock Market LLC. Our board of directors also determined that Steven J. Collins, who resigned in March 2015 as a member of our board of directors and our compensation committee, was independent as defined under the corporate governance rules of The NASDAQ Stock Market LLC and satisfied the independence standards for the compensation committee established by the applicable rules and regulations of the SEC and The NASDAQ Stock Market LLC.

Board Leadership Structure and Board's Role in Risk Oversight

Our board of directors has no policy with respect to the separation of the offices of Chief Executive Officer and Chairman of the board of directors. It is the board of directors' view that rather than having a rigid policy, the board of directors, with the advice and assistance of the nominating and corporate governance committee, and upon consideration of all relevant factors and circumstances, will determine, as and when appropriate, whether the two offices should be separate. Currently, our leadership structure separates the offices of Chief Executive Officer and Chairman of the board of directors with Mr. Anderson serving as our Chief Executive Officer and Mr. Vellios serving as Executive Chairman of the board. We believe this is appropriate as it provides Mr. Anderson with the ability to focus on our day-to-day operations while allowing Mr. Vellios to lead our board of directors in its fundamental role of providing advice to and oversight of management. In addition, as Executive Chairman, Mr. Vellios remains involved in key matters affecting our business and in implementing our growth strategy.

Our board of directors plays an active role in overseeing management of our risks. Our board of directors regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. Our compensation committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. Our audit committee oversees management of financial risks. Our nominating and corporate governance committee is responsible for managing risks associated with the independence of the board of directors. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, our full board of directors keeps itself regularly informed regarding such risks through committee reports and otherwise.

Compensation Risk Analysis

The compensation committee is aware that compensation arrangements, if not properly structured, may encourage inappropriate risk-taking. In designing our compensation programs, the compensation committee seeks to mitigate such risk by providing a meaningful portion of total compensation in the form of equity incentives that are earned over multiple years (to encourage an appropriately long-term focus).

Moreover, while the compensation committee continues to evaluate the implementation of a formal stock ownership guideline for our management team, we note that our Named Executive Officers (as defined below) already maintain a substantial equity ownership position, through direct stock ownership and/or the ownership of option and restricted stock unit awards. We believe that this ownership position provides significant incentives to ensure that the management team's actions, and the actions of all those reporting to them, are focused on the creation of sustainable shareholder value and the avoidance of excessive risk.

In fiscal 2014, the compensation committee approved the new form of restricted stock unit agreement that provides for the repayment of vested shares or cancellation of unvested shares pursuant to certain awards if it is determined by the compensation committee that gross negligence, intentional misconduct or fraud by the grantee caused or partially caused the Company to restate all or a portion of its financial statements.

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Committees of the Board of Directors

The standing committees of our board of directors include: the audit committee, the compensation committee and the nominating and corporate governance committee. The composition and responsibilities of each standing committee is described below. Members will serve on these committees until their resignation or until otherwise determined by our board of directors. Current copies of the charters for each of these committees are available on our website, www.fivebelow.com, under the Investor Relations section.

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting process. The audit committee has the following responsibilities, among other things, as set forth in the audit committee charter:

selecting and hiring our independent registered public accounting firm and approving the audit and non-audit services to be performed by our independent registered public accounting firm;

evaluating the qualifications, performance and independence of our independent registered public accounting firm;

monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;

reviewing the adequacy and effectiveness of our internal control policies and procedures;

overseeing management of financial risks;

preparing the audit committee report required by the SEC to be included in our annual proxy statement;

discussing the scope and results of the audit with the independent registered public accounting firm and reviewing with management and the independent registered public accounting firm our interim and year-end operating results;

approving related party transactions; and

reviewing whistleblower complaints relating to accounting, internal accounting controls or auditing matters and overseeing the investigations conducted in connection with such complaints.

Our audit committee consists of Messrs. Devine, Ryan and Sargent. Mr. Devine serves as the chairperson of the audit committee. Mr. Devine was elected as chairperson of the audit committee in March 2013. All of the members of the audit committee are independent for purposes of serving on the audit committee and meet the requirements for financial literacy under the applicable rules and regulations of the SEC and The NASDAQ Stock Market LLC. Our board has determined that Mr. Devine is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication defined under the applicable rules of The NASDAQ Stock Market LLC.

Compensation Committee

Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. The compensation committee has the following responsibilities, among other things, as set forth in the compensation committee's charter:

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reviewing and approving compensation of our executive officers, including annual base salary, annual incentive bonuses, specific goals, equity compensation, employment agreements, severance and change-in-control arrangements and any other benefits, compensation or arrangements;

reviewing and recommending the terms of employment agreements with our executive officers;

reviewing succession planning for our executive officers;

reviewing and recommending compensation goals, bonus and stock-based compensation criteria for our employees;

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reviewing and recommending the appropriate structure and amount of compensation for our directors;

overseeing the management of risks relating to our executive compensation plans and arrangements;

reviewing and discussing annually with management our Compensation Discussion and Analysis required by SEC rules;

preparing the compensation committee report required by the SEC to be included in our annual proxy statement;

overseeing compliance with the SEC's and The NASDAQ Stock Market LLC's rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on compensation and approval of equity compensation plans; and

administering, reviewing and making recommendations with respect to our equity compensation plans.

Our compensation committee consists of Ms. Barclay and Mr. Ryan. Mr. Ryan serves as the chairperson of the compensation committee. Mr. Ryan was elected chairperson of the compensation committee in March 2013. All of the members of the compensation committee are determined to be independent under applicable rules and regulations of the SEC and The NASDAQ Stock Market LLC. The compensation committee has the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the compensation committee may deem appropriate in its sole discretion.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee is responsible for making recommendations regarding candidates for directorships and the size and composition of our board. Among other matters, the nominating and corporate governance committee is responsible for the following as set forth in the nominating and corporate governance committee charter:

assisting our board of directors in identifying prospective director nominees and recommending nominees for each annual meeting of shareholders to our board of directors;

reviewing developments in corporate governance practices and developing and recommending governance principles applicable to our board of directors;

managing risks associated with the independence of the board of directors;

evaluating and making recommendations as to the size and composition of the board of directors;

overseeing the evaluation of our board of directors and management; and

recommending members for each committee of our board of directors.

Our nominating and corporate governance committee consists of Ms. Buggeln and Messrs. Mussafer and Sargent. Mr. Sargent serves as the chairperson of the nominating and corporate governance committee. Mr. Sargent was elected chairperson of the nominating and corporate governance committee in March 2013. All of the members of the nominating and corporate governance committee are determined to be

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independent under applicable rules and regulations of the SEC and The NASDAQ Stock Market LLC. In 2014, the nominating and corporate governance committee engaged Spencer Stuart, an outside search firm, to help identify potential director candidates and to assist by providing background information and assessments of qualifications on potential candidates.

Meetings and Attendance

During fiscal 2014, there were five meetings of the board of directors, seven meetings of the audit committee, three meetings of the compensation committee and one meeting of the nominating and corporate governance committee. Each of our directors attended at least 75% of the aggregate meetings of the board of directors and the committees of the board of directors on which he served during fiscal 2014. In addition, the

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independent directors meet in executive session at least twice per year without the presence of management. The chairman of the nominating and corporate governance committee chairs these executive sessions of independent directors.

Our board of directors expects its members to attend the annual meetings of shareholders. All of our directors attended the 2014 annual meeting of shareholders. The Company expects that all of its directors will attend this year's Annual Meeting.

Director Compensation

In fiscal 2014, each of our non-employee directors who is not affiliated with Advent was paid the following pursuant to our Compensation Policy for Non-Employee Directors:

an annual cash retainer of \$60,000;

an additional retainer of \$25,000 for the audit committee chair and the compensation committee chair and \$15,000 for the nominating and corporate governance committee chair; and

an annual equity grant with a fair market value of \$90,000 in the form of restricted stock units and vesting on the date of the next annual meeting.

Each non-employee director has the option to receive some or all of his or her cash retainer in the form of shares of our common stock. Directors do not receive a fee for attending meetings, but they are entitled to reimbursement of travel expenses relating to their service.

In April 2015, our compensation committee and board of directors approved an amendment to our Compensation Policy for Non-Employee Directors to permit any directors affiliated with Advent to participate in the policy. In addition, our Compensation Policy for Non-Employee Directors was amended to provide that any former employee who served on the board of directors at the time of the termination of such person's employment with the Company will not be eligible to receive compensation under the policy until the first anniversary of the expiration of the term on the board of such individual during which the employment termination occurred. Other than the modifications identified above, the Compensation Policy for Non-Employee Directors for fiscal 2015 is identical to the fiscal 2014 policy. Pursuant to the amended policy, Mr. Mussafer is entitled to receive a pro-rated portion of the annual cash retainer for fiscal 2015 commencing on March 10, 2015 and an annual equity grant at the Annual Meeting.

The following table sets forth information on compensation of all our non-employee directors for fiscal 2014:

Name	Fees Earned or Paid in Cash(1) (\$)	Restricted Stock Unit Awards(2) (\$)	All Other Compensation (\$)	Total (\$)
Steven J. Collins(3)				
Andrew W. Crawford(4)				
David M. Mussafer				
Michael F. Devine III	85,000	90,000		175,000
Thomas M. Ryan	105	90,000	84,895(5)	175,000
Ronald L. Sargent	83	90,000	74,917(5)	165,000

(1) Cash fees include annual director's retainer and, where applicable, committee chair fees as well as cash payable in lieu of fractional shares.

(2) The amounts reported in this column reflect the fair value on the grant date of the restricted stock unit awards granted in fiscal 2014 computed in accordance with Financial Accounting Standards Board

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(FASB) Accounting Standards Codification (ASC) Topic 718, *Compensation Stock Compensation*. For a discussion of the assumptions and methodologies used to calculate the amounts referred to above, please see the discussion of restricted stock unit awards contained in Note 1 and Note 6 to the consolidated financial statements included as a part of the 2014 Form 10-K, filed with the SEC on March 26, 2015. The aggregate number of shares of restricted stock units outstanding at fiscal year-end for each non-employee director is as follows: 2,324 units for each of Messrs. Devine, Ryan and Sargent, which will vest on date of the Annual Meeting.

- (3) Mr. Collins resigned from our board of directors on March 10, 2015.
- (4) Mr. Crawford's term as a member of our board of directors expired at the annual meeting of shareholders in 2014.
- (5) The amounts reported reflect the fair value on the grant date of the restricted stock awards granted to Messrs. Ryan and Sargent in lieu of the cash retainers paid quarterly and computed in accordance with FASB ASC Topic 718.

In March 2014, our board of directors adopted Stock Ownership Guidelines for non-employee directors upon consulting with, and the recommendation of, Hay Group. Pursuant to the guidelines, each non-employee director is required to own shares of our common stock having an aggregate fair market value equal to or greater than three times the highest annual cash retainer payable to a non-employee director in the preceding calendar year pursuant to the Compensation Policy for Non-Employee Directors. For purposes of the guidelines, the highest annual cash retainer will include any cash retainer payable in a given calendar year the payment of which is deferred to a later calendar year and the value of shares or other property received in lieu of a cash retainer in a given calendar year. Non-employee directors at the time the Stock Ownership Guidelines were adopted will have five years from the adoption of the guidelines to attain the specified level of equity ownership. Any non-employee director elected following the adoption of the guidelines will have five years from the date of such election to attain the specified level of equity ownership. For purposes of the guidelines, a non-employee director's holdings include: shares held outright by the non-employee director; vested restricted shares and shares subject to vested but unsettled restricted stock units held by the non-employee director; and shares otherwise beneficially owned by the non-employee director. Our board of directors may waive compliance with the guidelines on a case by case basis, but it is anticipated that waivers will be rare and in the event of such a waiver, the board of directors will develop alternative ownership guidelines that reflect the intent of these guidelines and the non-employee director's personal circumstances.

Compensation Committee Interlocks and Insider Participation

During the past fiscal year, Messrs. Crawford, Collins and Ryan served as members of the compensation committee. We have indemnification agreements with each of our directors, including Messrs. Crawford, Collins and Ryan, which provide such directors with contractual rights to indemnification, expense advancement and reimbursement, to the fullest extent permitted under Pennsylvania law. See "Certain Relationships and Related Party Transactions" for more information.

None of these individuals was at any time an officer or an employee of Five Below. In addition, none of our executive officers currently serves, or in fiscal 2014 served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Communications with the Board of Directors

Shareholders may initiate in writing any communication with our board of directors or any individual director by sending the correspondence to our Corporate Secretary, c/o Five Below, Inc., 1818 Market Street, Suite 2000, Philadelphia, Pennsylvania 19103. This centralized process assists our board of directors in

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reviewing and responding to shareholder communications in an appropriate manner. Any communication should not exceed 500 words in length and must be accompanied by the following information:

a statement of the type and amount of our securities that the person holds;

any special interest of the shareholder in the subject matter of the communication (i.e. not in such person's capacity as one of our shareholders); and

the name, address, telephone number and e-mail address, if any, of the person submitting the communication.

All communications that comply with the above procedural requirements will be relayed to the appropriate member of the board of directors. We will not forward any communications:

regarding individual grievances or other interests that are personal to the party submitting the communication and could not reasonably be construed to be of concern to our security holders or other constituencies generally;

that advocate our engaging in illegal activities;

that, under community standards, contain offensive, scurrilous or abusive content; or

that have no rational relevance to our business or operations.

Director Nomination Process

Minimum Qualifications of Directors

The nominating and corporate governance committee of the board of directors is responsible for facilitating director assessments, identifying skills and expertise that candidates should possess, and screening, selecting and recommending candidates for approval of the board of directors. The nominating and corporate governance committee may solicit recommendations for nominees from other members of the board and management. Our nominating and corporate governance committee may also retain professional search firms to identify candidates. The nominating and corporate governance committee seeks to identify, as candidates for director, persons with a reputation for and record of integrity and good business judgment. The nominating and corporate governance committee considers the nature of the expertise and experience required for the performance of the duties of a director of the Company, and such matters as the candidate's relevant business and industry experience, professional background, age, current employment, community service and other board service. The nominating and corporate governance committee shall also consider the racial, ethnic and gender diversity of the board.

At a minimum, each director will be expected to:

understand the Company's business and the industry in general;

have experience in positions with a high degree of responsibility and be leaders in the organizations in which they are affiliated;

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be free from conflicts of interest that could interfere with a director's duties to the Company;

regularly attend meetings of the board and of any committees on which the director serves;

review in a timely fashion and understand materials circulated to the board regarding the Company or the industry;

participate in meetings and decision-making processes in an objective and constructive manner; and

be reasonably available, upon request, to advise the Company's officers and management.

In addition, the committee may consider the following criteria, among others the committee shall deem appropriate, in recommending candidates for election to the board of directors:

personal and professional integrity, ethics and values;

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experience in corporate management, such as serving as an officer or former officer of a publicly held company;

experience in the Company's industry;

experience as a board member of another publicly held company;

diversity of expertise and experience in substantive matters pertaining to the Company's business relative to other board members;

practical and mature business judgment;

global experience; and

level of financial literacy.

Due consideration will be given to the board's overall balance of diversity of perspectives, backgrounds and experiences.

If the committee decides, on the basis of its preliminary review of a candidate, to proceed with further consideration of a candidate, the committee will assemble information concerning the background and qualifications of the candidate. The committee may solicit the views of the Company's senior management and other members of the board of directors regarding the qualifications and suitability of candidates. A member or members of the committee will then interview the candidate. The committee may also elect to contact other sources as it deems appropriate to solicit additional information on the candidate. Based on all available information and relevant considerations, the committee will select a candidate who, in the view of the committee, is most suited for membership on the board.

Shareholder Nominations of Directors and Other Business

Our bylaws provide procedures by which a shareholder may nominate individuals for election to our board of directors at any meeting of shareholders or bring business before an annual meeting of shareholders. A shareholder desiring to nominate a director for election to our board of directors, or to bring any other proper business before an annual meeting of shareholders, should deliver a written notice to our Corporate Secretary at our principal executive offices at 1818 Market Street, Suite 2000, Philadelphia, Pennsylvania 19103, no later than the 60th day nor earlier than the 90th day prior to the first anniversary of the preceding year's annual meeting of shareholders. In the event that the date of the annual meeting of shareholders is more than 30 days before or more than 60 days after the anniversary of the preceding year's annual meeting of shareholders, notice by the shareholder must be so received not earlier than the 90th day prior to the annual meeting of shareholders and not later than the later of the 60th day prior to the annual meeting of shareholders or the 15th day following the day on which public announcement of the date of the meeting is first made by the Company. In the event that a special meeting of shareholders is called at which directors are to be elected pursuant to the notice of that meeting, a shareholder desiring to nominate a director for election to our board of directors at that meeting should deliver a notice to our Corporate Secretary at our principal executive offices at 1818 Market Street, Suite 2000, Philadelphia, Pennsylvania 19103, not later than the later of the 60th day prior to that meeting or the 15th day after the public announcement of the date of the meeting and of the nominees proposed by the board to be elected at such meeting nor earlier than the 90th day prior to that special meeting.

A shareholder's notice shall set forth:

as to each person whom the shareholder proposes to nominate for election or reelection as a director: (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest or is otherwise required pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the Exchange Act), (ii) a description of any arrangements or understandings among the shareholder and each such person and any other person with respect to such nomination, and (iii) the consent of each such person to being named in the proxy statement as a nominee and to serving as a director of the Company if so elected;

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as to any other business that the shareholder proposes to bring before an annual meeting of shareholders: (i) a brief description of the business desired to be brought before the meeting, (ii) the reasons for conducting such business at the meeting, and (iii) any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and

as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such shareholder, as they appear on the Company's books, and of such beneficial owner; (ii) the class and number of shares of the Company which are owned beneficially and of record by such shareholder and such beneficial owner; and (iii) a representation that such shareholder and beneficial owner intend to appear in person or by proxy at the meeting.

Candidates proposed by shareholders in accordance with the procedures set forth in the Company's bylaws will be considered by the committee under criteria similar to the evaluation of other candidates set forth above in *Minimum Qualifications of Directors*, except that the committee may consider, as one of the factors in its evaluation of shareholder recommended nominees, the size and duration of the interest of the recommending shareholder or shareholder group in the equity of the Company. The committee may also consider the extent to which the recommending shareholder intends to continue holding its interest in the Company.

Code of Business Conduct and Ethics

Our code of business conduct and ethics applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The code of business conduct and ethics is available on our website at www.fivebelow.com. Disclosure regarding any amendments to the code, or any waivers of its requirements for an executive officer or director, will be included in a current report on Form 8-K within four business days following the date of the amendment or waiver, unless posting such information on our website will then satisfy the rules of The NASDAQ Stock Market LLC.

Corporate Governance Guidelines

Our board of directors has adopted corporate governance guidelines that serve as a flexible framework within which our board of directors and its committees operate. These guidelines cover a number of areas including the size and composition of the board, board membership criteria and director qualifications, director responsibilities, board agenda, roles of the Chairman of the board and Chief Executive Officer, meetings of independent directors, committee responsibilities and assignments, board member access to management and independent advisors, director communications with third parties, director compensation, director orientation and continuing education, evaluation of senior management and management succession planning. A copy of our corporate governance guidelines is available on our website at www.fivebelow.com.

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AUDIT COMMITTEE REPORT

The audit committee of the board of directors assists the board of directors in performing its oversight responsibilities for our financial reporting process and audit process as more fully described in the audit committee's charter. Management has the primary responsibility for the financial statements and the reporting process. Our independent registered public accounting firm is responsible for performing an independent audit of our financial statements and internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and to issue reports thereon.

In the performance of its oversight function, the audit committee reviewed and discussed our audited financial statements and reporting process for the fiscal year ended January 31, 2015, including internal controls over financial reporting, with management and with our independent registered public accounting firm. In addition, the audit committee discussed with our independent registered public accounting firm the matters required to be discussed by the Public Company Accounting Oversight Board Auditing Standard No. 16, *Communications with Audit Committees*. The audit committee has also received and reviewed the written disclosures and the letter from our independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the accounting firm's communications with the audit committee concerning independence and has discussed with our independent registered public accounting firm that firm's independence and considered whether any non-audit services provided by the independent registered public accounting firm are compatible with maintaining its independence.

Based on the review and discussions with management and our independent registered public accounting firm described above, the audit committee recommended to the board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 filed with the SEC.

Audit Committee

Michael F. Devine, III, Chairman

Thomas M. Ryan

Ronald L. Sargent

The foregoing report of the audit committee does not constitute soliciting material and shall not be deemed filed, incorporated by reference into or a part of any other filing by the Company (including any future filings) under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates such report by reference therein.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed the Compensation Discussion and Analysis with management. Based on our review and discussion with management, the compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

Thomas M. Ryan, Chairman

Kathleen S. Barclay

The foregoing report of the compensation committee does not constitute soliciting material and shall not be deemed filed, incorporated by reference into or a part of any other filing by the Company (including any future filings) under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates such report by reference therein.

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EXECUTIVE OFFICERS

Kenneth R. Bull. Mr. Bull, 52, has served as our Chief Financial Officer and Treasurer since 2012. He joined the Company as Senior Vice President, Finance in 2005 and has also served as our Secretary. Previously, Mr. Bull was the Finance Director and Treasurer for Urban Outfitters, Inc., a specialty lifestyle merchandising retailer, from 1999 to 2003, and the Vice President, Finance and Controller for Asian American Partners d/b/a Eagle's Eye, a wholesaler and retailer of women's and children's better apparel from 1991 to 1999.

Eric M. Specter. Mr. Specter, 57, joined the Company as Chief Administrative Officer in July 2014. Prior to joining the Company, Mr. Specter served as Executive Vice President and Chief Integration Officer of Ascena Retail Group, Inc. (Ascena), a specialty clothing, shoes and accessories retailer, from 2012 to 2014. Previously, Mr. Specter served as Executive Vice President and Chief Financial Officer of Charming Shoppes, Inc., a specialty apparel retailer, from 1997 until it was acquired by Ascena in 2012.

Michael F. Romanko. Mr. Romanko, 49, joined the Company as Executive Vice President of Merchandising in January of 2015. Prior to joining the Company, Mr. Romanko served as Chief Design Officer of Patriarch Partners, LLC, a private equity firm, since 2013. Previously, Mr. Romanko was a Partner at Qbbs Global LLC, a retail strategy consulting firm, from 2009 to 2013.

Biographies for Messrs. Vellios and Anderson are included under the heading Board of Directors.

Our executive officers are appointed by our board of directors and serve until their successors have been duly appointed and qualified or their earlier resignation or removal.

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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This compensation discussion and analysis provides an overview of our executive compensation program together with a description of the material factors underlying the decisions that resulted in the compensation provided with respect to fiscal 2014 to our principal executive officer, our principal financial officer and our three other most highly compensated executive officers in 2014. These individuals are referred to collectively as the Named Executive Officers.

The following table identifies the Named Executive Officers, as well as the positions held by such individuals during fiscal 2014:

Name	Position
Thomas G. Vellios	Chief Executive Officer and Founder
Kenneth R. Bull	Chief Financial Officer, Secretary and Treasurer
Joel D. Anderson	President and Chief Operating Officer
Eric M. Specter	Chief Administrative Officer
Michael F. Romanko	Executive Vice President, Merchandising

Executive Summary

Overview

Our compensation philosophy for our Named Executive Officers is driven by the need to recruit, develop, motivate and retain top talent both in the short- and long-term and align the interests of Named Executive Officers and shareholders. We strive to accomplish this by providing a portion of overall pay in the form of performance-based compensation, primarily through our annual and long-term incentive programs. Our executive pay program provides significant emphasis on variable or at risk compensation, each of which is linked to key drivers of shareholder value creation. The compensation committee reviews the Company's executive compensation program on an ongoing basis, including our compensation philosophy and objectives.

Elements of Our Executive Compensation and Benefits Programs

We provide compensation to our Named Executive Officers through a combination of the following:

Base salary;

Annual cash incentives;

Long-term equity incentives; and

Retirement (401(k) Plan), Employee Stock Purchase Plan, health and welfare benefits, and limited perquisites.

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The portion of executive compensation devoted to each of the elements of pay is driven by our principles and objectives as well as each Named Executive Officer's role and strategic value to the organization as further described in the table below.

Element of Pay	Designed to Reward	Alignment with Principles + Objectives
Base Salary	Experience, knowledge in industry, duties and scope of responsibility.	Provides a minimum, fixed level of cash compensation to attract and retain talented executives who can continue to improve the Company's overall performance.
Annual Incentives	Success in achieving annual objectives.	Motivates executives to achieve specific performance goals and objectives.
Long-Term Incentives	Attainment of objectives over time, shareholder value creation and success in long-term growth and development.	<p>Motivates executives to achieve long-term objectives.</p> <p>Aligns the executives' interests with long-term shareholder interests in order to increase overall shareholder value.</p> <p>Potentially largest pay component which provides opportunity for significant compensation enabling Company to attract and retain talented executives.</p>

Fiscal 2014 Highlights

New Hires. Messrs. Anderson, Specter and Romanko joined the Five Below team in executive roles.

Annual Incentive Compensation. The Company's adjusted operating income (determined prior to giving effect to any bonuses potentially payable under the Incentive Bonus Plan (defined below)) was \$80.264 million, so each Named Executive Officer (other than Mr. Romanko who was not eligible for a fiscal 2014 bonus) received an incentive bonus under the Incentive Bonus Plan for fiscal 2014 equal to 30% of such Named Executive Officer's applicable target bonus opportunity. See Annual Incentive Compensation.

Long-term Equity Incentive Compensation.

The compensation committee introduced performance-based restricted stock units (PRSUs) as a component of equity awards to the Named Executive Officers to incorporate multi-year metrics into our executive compensation program and to further align the interests of our Named Executive Officers with shareholders.

Mr. Vellios received PRSUs that vest in certain percentages at the end of each of fiscal years 2015, 2016, and 2017, subject to the achievement of certain performance targets as determined by the compensation committee.

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Messrs. Anderson and Bull were each granted stock option awards that vest 50% two years after the vesting commencement date with the remaining 50% vesting in 25% increments on each of the third and fourth anniversaries of the vesting commencement date, subject to such individual s continued employment with the Company. In addition, Messrs. Anderson and Bull were each awarded PRSUs, which will vest as of the last day of the three-year performance period ending at

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the end of fiscal 2016 contingent on the Company's achievement of specified levels of cumulative adjusted operating income for fiscal years 2014, 2015 and 2016, and are subject to his continued service during such performance period.

In connection with the commencement of his employment, Mr. Anderson was also awarded (i) time-based restricted stock units, which vest in three equal installments culminating on January 1, 2016 and (ii) a combination of time-based restricted stock units and PRSUs. Mr. Anderson's time-based restricted stock unit award vests in two equal installments on December 1, 2017 and 2018 and his PRSU award vests in two equal installments on February 3, 2018 and February 2, 2019 based on the attainment of an earnings growth performance goal for the Company's 2017 and 2018 fiscal years. Mr. Anderson's equity grants are subject, in each case, to his continued employment through the applicable vesting date.

In connection with such individual's commencement of service with the Company, Messrs. Specter and Romanko were each granted stock option awards and time-based restricted stock unit awards that vest 50% two years after the vesting commencement date with the remaining 50% vesting in 25% increments on each of the third and fourth anniversaries of the vesting commencement date, subject to such individual's continued employment with the Company.

See Long-term Equity Incentive Compensation.

Post-2014 Changes

Changes to Management

Effective February 1, 2015, the following changes occurred with respect to our executive officers:

David Schlessinger resigned as the Executive Chairman of the Company and was appointed Chairman Emeritus of the board;

Thomas G. Vellios resigned as the Chief Executive Officer of the Company and was appointed our Executive Chairman; and

Joel D. Anderson, our President, was also appointed our Chief Executive Officer.

Changes to Annual Incentive Plan

On March 10, 2015, the board of directors and the compensation committee jointly approved the performance targets and the potential bonus payouts for the Named Executive Officers for fiscal 2015 under the Incentive Bonus Plan. For fiscal 2015, the compensation committee determined that in addition to adjusted operating income, the annual cash bonus opportunity for each of the Named Executive Officers would be based in part on certain net sales targets and the compensation committee set certain individual goals for Messrs. Specter and Romanko.

See Post-Fiscal 2014 Items below for more details regarding the changes to our compensation program after fiscal 2014.

Purpose and Philosophy

We follow several principles in the development and administration of the above elements of our executive compensation program. In establishing executive compensation, we believe that:

our executive compensation programs are aligned with and support the strategic direction of our business;

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we design compensation levels to reflect the level of accountability and future potential of each executive and the achievement of outstanding individual results;

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our compensation programs are designed to link pay with overall company performance and reward executives for behaviors which drive shareholder value creation;

as an executive's level of responsibility increases, the proportion of compensation at risk may increase; however, executive compensation programs should not encourage excessive or unnecessary risks; and

the design and administration of our compensation programs will reflect best practices to be financially efficient, affordable and legally compliant.

The competitiveness of our executive compensation program is not targeted at a specific market level for any individual element of compensation or for the program in its entirety. However, we generally set target compensation opportunities to be competitive with other retail companies of similar size, complexity and business model. While providing market competitive levels of compensation is a core consideration, our decision-making also incorporates our annual performance and the impact of the employee's performance on our business results. In instances where Company and individual performance significantly exceed the agreed-upon objectives, we would expect to pay above-market compensation.

Role of the Compensation Committee

As described in more detail under Board of Directors Committees of the Board of Directors Compensation Committee, the compensation committee operates under a written charter, which sets forth the roles and responsibilities of the compensation committee regarding executive compensation.

Mr. Ryan and Ms. Barclay are members of the compensation committee, both of whom are independent as defined under the corporate governance rules of The NASDAQ Stock Market LLC and satisfied the independence standards for the compensation committee established by the applicable rules and regulations of the SEC and The NASDAQ Stock Market LLC. During the past fiscal year, Mr. Crawford, whose term expired at the 2014 annual meeting of shareholders, and Mr. Collins, who resigned in March 2015 also served as members of the compensation committee. Each of Messrs. Crawford and Collins was independent as defined under the corporate governance rules of The NASDAQ Stock Market LLC and satisfied the independence standards for the compensation committee established by the applicable rules and regulations of the SEC and The NASDAQ Stock Market LLC.

Role of Executives in Establishing Compensation

Our board of directors has delegated administration of our executive compensation program to the compensation committee. Our compensation committee reviews the performance of our Chief Executive Officer and makes determinations and decisions on his compensation program, including the components, mix and targeted amounts thereof. In addition, our Chief Executive Officer provides recommendations regarding the design of our compensation programs to the compensation committee for all Named Executive Officers, excluding himself. Upon the compensation committee's approval, the execution of the elements of the executive compensation programs is the responsibility of the Chief Financial Officer and/or his delegates.

Consideration of Most Recent Shareholder Advisory Vote on Executive Compensation

At our 2013 annual meeting, we conducted our first Say-On-Pay shareholder advisory vote, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The compensation committee appreciates that approximately 92% of the shares voting approved of our executive compensation and believes, therefore, that our shareholders are supportive of our current executive compensation practices. Nevertheless, the compensation committee continues to refine our executive compensation practices in its ongoing effort to ensure that those practices support our overall corporate goals and values.

In line with the recommendation by the Company's shareholders at our 2013 annual meeting of shareholders, the board of directors decided that it will include an advisory shareholder vote on executive

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compensation in its proxy materials triennially until the next shareholder vote on the frequency of an advisory vote on executive compensation. Thus, the next Say-On-Pay shareholder advisory vote to be conducted by the Company will occur at our 2016 annual meeting of shareholders.

Compensation Consultant and Peer Group Comparison

During fiscal 2013, in anticipation of setting compensation strategies for fiscal 2014, the compensation committee engaged Hay Group, as its independent compensation consultant, to conduct a market review and to provide assistance, guidance and considerations with respect to, among other things, the following topics: (i) board of directors compensation pay levels and structure for fiscal 2014, (ii) our compensation philosophy to be utilized on a going-forward basis (as described above) and (iii) short-term and long-term incentive compensation strategy and design for fiscal 2014.

In connection with this engagement, Hay Group worked with the compensation committee and the Company's management to develop the following peer group:

Bebe Stores	Gordmans Stores
Body Central	Hibbett Sports
Buckle	lululemon athletica
Build-A-Bear Workshop	Rue21
Casual Male Retail Grp	Tilly's
Citi Trends	Tumi Holdings
Francescas Holdings	Vitamin Shoppe
Fresh Market	Zumiez

Our peer group consists of 16 similarly-situated companies within the retail industry. The compensation committee (in conjunction with Hay Group) performed a comprehensive competitive assessment of the various elements of our compensation program for both employees and directors vis-à-vis the above peer group. Additionally, Hay Group and the compensation committee conducted a thorough review of peer and broader retail industry annual incentive and long-term incentive programs and practices and developed guiding principles for our fiscal 2014 annual incentive and long-term incentive design. Specifically, the compensation committee utilized the newly created peer group and information from Hay Group in connection with the following actions: (i) revising the Compensation Policy for Non-Employee Directors effective fiscal 2014, (ii) designing Stock Ownership Guidelines for non-employee directors, (iii) revising our long-term incentive practices to add long-term PRSUs, and (iv) designing competitive market-based compensation packages for the Named Executive Officers (Mr. Anderson, Mr. Specter and Mr. Romanko) hired in fiscal 2014.

The compensation committee continued to engage the services of Hay Group as a compensation consultant during fiscal 2014 in connection with the ongoing administration and integration of the various compensation design changes initially discussed during fiscal 2013 and approved by the compensation committee in March of 2014. In addition, the compensation committee utilized the services of Hay Group in fiscal 2014 in connection with designing the PRSU award for Mr. Vellios.

The compensation committee has examined the independence of Hay Group under factors contained in the NASDAQ listing standards and determined that Hay Group is independent and concluded that its work for us does not raise any conflict of interest. The compensation committee has also considered the independence of Hay Group. Because of policies and procedures Hay Group and the compensation committee have in place, the compensation committee is confident that the advice it receives from executive compensation consultants at Hay Group is objective and not influenced by Hay Group's or its affiliates' relationships with the Company or its officers. These policies and procedures include the following:

the consultants receive no incentive or other compensation based on the fees charged to the Company for other services provided by Hay Group or any of its affiliates;

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the consultants are not responsible for selling other Hay Group or affiliate services to the Company;

Hay Group's professional standards prohibit the individual consultant from considering any other relationships Hay Group or its affiliates may have with the Company in rendering his or her advice and recommendations;

the consultants have direct access to the compensation committee without management intervention;

the compensation committee has the sole authority to retain and terminate Hay Group; and

the compensation committee evaluates the quality and objectivity of the services provided by Hay Group periodically and determines whether to continue to retain Hay Group.

Relative Size of Major Compensation Elements

In setting executive compensation, the compensation committee considers the aggregate compensation payable to a Named Executive Officer, the form of that compensation, and the mix of the elements of the Named Executive Officer's compensation. The compensation committee seeks to achieve the appropriate balance between immediate cash rewards and long-term financial incentives for the achievement of both annual and long-term financial and non-financial objectives.

The compensation committee may decide, as appropriate, to modify the mix of base salary, annual cash incentives, long-term equity incentives and retirement/perquisites to best fit a Named Executive Officer's specific circumstances. For example, the compensation committee may make the decision to award more cash and not award an equity grant. This provides more flexibility to the compensation committee to reward executive officers appropriately as they near retirement, when they may only be able to partially fulfill the vesting required for equity grants. The compensation committee may also increase the amount of equity grants to an executive officer if the total number of career equity grants does not adequately reflect the executive's current position with us or if an above-market compensation package is necessary to attract and retain critical talent. The compensation committee will generally determine to set or adjust the types of compensatory incentive either upon hire of a Named Executive Officer or prior to the commencement of a fiscal year, as appropriate. However, the compensation committee reserves the right to adjust compensatory items during the course of a fiscal year to respond to changes in our performance or as may be needed to retain key personnel. Additionally, the compensation committee may decide to make equity grants, as appropriate, throughout the fiscal year, which may increase the executive's allocation of compensation toward long-term equity incentives in any given fiscal year.

Base Salary

We provide Named Executive Officers with base salaries to compensate them for services rendered during the year. The compensation committee believes that competitive salaries must be paid in order to attract and retain high-quality executives. The compensation committee annually reviews base salary for executive officers and makes adjustments only when necessary based on the executive's and the Company's performance. The following table reflects the base salaries for each of our Named Executive Officers for fiscal years 2013 and 2014, as applicable:

Named Executive Officer	2013 Base Salary	2014 Base Salary
Thomas G. Vellios	\$ 700,000	\$ 700,000
Joel D. Anderson		\$ 700,000
Kenneth R. Bull	\$ 338,000	\$ 400,000
Eric M. Specter		\$ 475,000
Michael F. Romanko		\$ 450,000

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See Executive Compensation Summary Compensation Table for more information about the actual amounts earned by each Named Executive Officer for fiscals 2013 and 2014, as applicable.

Annual Incentive Compensation

We provide cash incentive awards to Named Executive Officers for achieving (subject to minimum or threshold achievement) and exceeding our annual financial goals, which are generally based on the attainment of certain pre-established performance criteria under the Five Below, Inc. 2012 Performance Bonus Plan, or the Incentive Bonus Plan. The Incentive Bonus Plan is administered by the compensation committee, which makes its award determinations based upon the attainment of the performance criteria previously determined and approved by the compensation committee for that fiscal year. Awards under the Incentive Bonus Plan are designed to motivate and compensate executives for the achievement of our annual business objectives.

The target bonus opportunities for each of our Named Executive Officers for fiscal 2014 were as follows:

Named Executive Officer