

TILLY'S, INC.  
Form DEF 14A  
May 01, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**Tilly's, Inc.**

(Name of Registrant as Specified In Its Charter)

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

## Edgar Filing: TILLY'S, INC. - Form DEF 14A

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10 Whatney, Irvine, CA 92618

May 1, 2013

Dear Stockholder:

You are cordially invited to attend the 2013 annual meeting of stockholders of Tilly's, Inc., to be held on June 12, 2013 at 9:30 a.m., local time, at our headquarters located at 10 Whatney, Irvine, California 92618. The attached notice of meeting and proxy statement describe the matters to be acted upon at the annual meeting. We urge you to read this information carefully.

Whether or not you plan to attend the annual meeting personally, and regardless of the number of shares of Tilly's stock you own, it is important that your shares be represented at the annual meeting. We are pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") instead of a paper copy of our proxy materials, which include the Notice of Annual Meeting, our Proxy Statement, our 2012 Annual Report and a proxy card or voting instruction form. The Notice contains instructions on how to access our proxy materials on the internet, how to cast your vote and how to request a paper copy of our proxy materials. All stockholders who do not receive the Notice will receive a paper copy of the proxy materials by mail. If you receive a paper copy of our proxy materials, you can cast your vote by completing the enclosed proxy card and returning it in the postage-prepaid envelope provided.

On behalf of the Board of Directors, I thank you for your participation.

Hezy Shaked  
*Executive Chairman of the Board and Chief Strategy Officer*

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10 Whatney, Irvine, CA 92618

**NOTICE OF ANNUAL MEETING OF TILLY S, INC. STOCKHOLDERS**

**TO BE HELD ON JUNE 12, 2013**

TO OUR STOCKHOLDERS:

The 2013 annual meeting of stockholders of Tilly s, Inc. will be held on Wednesday, June 12, 2013 at 9:30 a.m., local time, at our headquarters located at 10 Whatney, Irvine, California 92618. We will consider and act on the following items of business at the annual meeting:

1. Election of six directors for a term of office expiring at the 2014 annual meeting of stockholders and until their successors are duly elected and qualified. The nominees for election to our board of directors are Hezy Shaked, Doug Collier, Daniel Griesemer, Seth Johnson, Janet Kerr and Bernard Zeichner.
2. Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2014; and
3. Such other business as may properly come before the annual meeting.

The Proxy Statement accompanying this notice describes each of these items of business in more detail. Our board of directors recommends: a vote FOR each of the six nominees for director named in this Proxy Statement and a vote FOR the ratification of the appointment of our independent registered public accounting firm for the fiscal year ending February 1, 2014.

If you were a holder of record of Tilly s Class A common stock or Class B common stock at the close of business on April 22, 2013, you are entitled to notice of and to vote at the annual meeting.

By Order of the Board of Directors

Christopher M. Lal  
*Vice President, General Counsel and Secretary*

Irvine, California

May 1, 2013

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**TILLY S, INC.**

10 Whatney, Irvine, CA 92618

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**TILLY S, INC.**

10 Whatney, Irvine, CA 92618

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 12, 2013**

**PROXY STATEMENT**

**INFORMATION CONCERNING VOTING AND SOLICITATION**

**Solicitation of Proxies is Made by the Tilly s, Inc. Board of Directors**

The board of directors of Tilly s, Inc. ( Tilly s, the Company, we, our or us ) is soliciting proxies to be used at the annual meeting of stockholders to be held on Wednesday, June 12, 2013 at 9:30 a.m., local time, at our headquarters located at 10 Whatney, Irvine, California 92618, and at any continuation, adjournment or postponement thereof. References to our website in this Proxy Statement are not intended to function as hyperlinks and the information contained on our website is not intended to be incorporated into this Proxy Statement. As permitted by the Securities and Exchange Commission ( SEC ), Tilly s is providing most stockholders with access to our proxy materials over the internet rather than in paper form. Accordingly, on or about May 1, 2013, we will mail a Notice of Internet Availability of Proxy Materials (the Notice ) containing instructions on how to access the proxy materials over the internet to most of our stockholders. We will mail printed copies of the full set of proxy materials to the rest of our stockholders. If you receive the Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you follow the instructions contained on the Notice for requesting such materials. The Notice instructs you how to access and review all of the important information contained in our Proxy Statement and our 2012 Annual Report to Stockholders over the internet.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on June 12, 2013:**

**Our Proxy Statement and our 2012 Annual Report to Stockholders are Available at [www.tillys.com/proxy](http://www.tillys.com/proxy). This website address contains the following documents: the Notice of the Annual Meeting, our Proxy Statement and our 2012 Annual Report to Stockholders. You are encouraged to access and review all of the important information contained in the proxy materials before voting.**

**Who Can Vote, Outstanding Shares**

Record holders of our Class A common stock and holders of our Class B common stock as of the close of business on April 22, 2013, the record date for the annual meeting, may vote at the annual meeting. As of the record date, there were 10,792,859 shares of our Class A common stock outstanding, each entitled to one vote, and there were 16,919,910 shares of our Class B common stock outstanding, each entitled to ten votes. There were approximately 14 stockholders of record as of the record date.

**How You Can Vote**

Any stockholder as of the record date may vote by attending the annual meeting and voting in person.

## Edgar Filing: TILLY'S, INC. - Form DEF 14A

If you received a proxy card in the mail, you may vote by completing, signing and mailing a completed proxy card to the following address: Tilly's, Inc. c/o Continental Stock Transfer & Trust Company, 17 Battery Place, 8 Floor, New York, New York 10275-1138 using the postage-prepaid envelop provided to you.

If you received the Notice, you may follow the procedures outlined in the Notice to vote or you may request a paper proxy card to submit your vote by mail using the procedures described above.



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If you hold your shares of common stock in street name you will receive a notice from your broker, bank or other nominee that includes instructions on how to vote your shares. Your broker, bank or other nominee will allow you to deliver your voting instructions via the internet and may also permit you to submit your voting instructions by telephone. In addition, you may request paper copies of our Proxy Statement and proxy card by following the instructions on the notice provided by your broker, bank or other nominee.

**YOUR VOTE IS VERY IMPORTANT.** You should submit your proxy even if you plan to attend the annual meeting. If you properly give your proxy and submit it to us in time to vote, the individuals named as your proxy holders will vote your shares as you have directed.

All shares entitled to vote and represented by properly submitted proxies received before the polls are closed at the annual meeting, and not revoked or superseded, will be voted at the annual meeting in accordance with the instructions indicated on those proxies.

If you submit a signed proxy card or submit your proxy by telephone or internet and do not specify how you want your shares voted, the proxy holder designated by the Company will vote your shares according to the recommendation of our board, as follows:

FOR the election of all of the director nominees; and

FOR ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2014 (which we refer to as fiscal 2013 ).

In their discretion, the proxy holders named in the proxy are authorized to vote on any other matters that may properly come before the annual meeting and at any continuation, postponement or adjournment of the annual meeting. As of the date of this Proxy Statement, our board does not know of any other items of business that will be presented for consideration at the annual meeting other than those described in this Proxy Statement.

### **Voting in Person**

If you plan to attend the annual meeting and wish to vote in person, you will be given a ballot at the annual meeting. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the annual meeting, your vote in person at the annual meeting will not be effective unless you present a legal proxy, issued in your name from your broker, bank or other nominee. Even if you plan to attend the annual meeting, we encourage you to submit your proxy to vote your shares in advance of the annual meeting.

Stockholders who wish to attend the annual meeting will be required to present verification of ownership of our common stock, such as a bank or brokerage firm account statement and will be required to present a valid government-issued picture identification, such as a driver's license or passport, to gain admittance to the annual meeting.

**No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the annual meeting.**

### **How You May Revoke or Change Your Vote**

As a stockholder of record, you have the power to revoke your proxy at any time before it is voted. A proxy may be revoked by a stockholder of record by:

delivering a written notice of revocation to our Secretary at or before the annual meeting;

presenting to our Secretary, at or before the annual meeting, a later dated proxy executed by the person who executed the prior proxy; or

attending the annual meeting and voting in person.



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Attendance at the annual meeting will not, by itself, revoke a proxy. Any written notice of revocation or delivery of a subsequent proxy by a stockholder of record may be sent to Tilly's, Inc., Attn: Secretary, 10 Whatney, Irvine, California, 92618, or hand delivered to our Secretary at or before the voting at the annual meeting.

If you hold your shares through a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or other nominee. If you wish to vote in person, you must obtain a legal proxy issued to you by your broker, bank or other nominee.

### **Quorum and Required Vote**

The inspector of elections appointed for the annual meeting will tabulate votes cast by proxy or in person at the annual meeting. The inspector of elections will also determine whether or not a quorum is present. In order to constitute a quorum for the conduct of business at the annual meeting, the holders of a majority in voting power of the stock issued and outstanding and entitled to vote at the annual meeting must be present in person or represented by proxy. Shares that abstain from voting on any proposal, or that are represented by broker non-votes (as discussed below), will be treated as shares that are present and entitled to vote at the annual meeting for purposes of determining whether a quorum exists.

A broker holding shares of record for you is not entitled to vote on certain matters unless the broker receives voting instructions from you. Uninstructed shares, or broker non-votes, result when shares are held by a broker who has not received instructions from the beneficial owner on such matters and the broker has so notified us on a proxy form in accordance with industry practice or has otherwise advised us that the broker lacks voting authority.

**Item No. 1: Election of Directors.** Our Amended and Restated Bylaws provide for a plurality voting standard in the election of directors in uncontested elections, which are generally defined as elections in which the number of nominees does not exceed the number of directors to be elected at the meeting. In the election of directors, you may either vote for or withhold. Cumulative voting is not permitted. Under the plurality voting standard, the six nominees receiving the highest number of affirmative votes will be elected as directors to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified. Abstentions and broker non-votes will not count as a vote for or against a nominee's election and thus will have no effect in determining whether a director nominee has received a plurality of the votes cast.

**Item No. 2: Ratification of Independent Registered Public Accounting Firm.** The approval of Item No. 2, ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2013 requires the affirmative vote of a majority in voting power of shares present at the annual meeting, in person or by proxy, and entitled to vote on the proposal. Abstentions on Item No. 2 will have the same effect as a vote against Item No. 2. The approval of Item No. 2 is a routine proposal on which a broker or other nominee is generally empowered to vote in the absence of voting instructions from the beneficial owner, so broker non-votes are unlikely to result from this proposal.

### **Costs of Solicitation**

The total cost of this solicitation, including preparing, printing and mailing this Proxy Statement, will be borne by us. In addition to solicitation by mail, our officers and employees may solicit proxies by telephone, by facsimile or in person. We do not expect to use a proxy solicitor to assist in the solicitation of proxies. We will reimburse brokers, nominees, fiduciaries and other custodians for reasonable expenses incurred by them in sending proxy soliciting material to the beneficial owners of our common stock.

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### **Stockholder List**

A list of stockholders entitled to vote at the annual meeting will be available for examination by any stockholder for any purpose germane to the annual meeting during ordinary business hours at our corporate headquarters offices located at 10 Whatney, Irvine, California 92618 for the ten days prior to the annual meeting, and also at the annual meeting.

### **Confidentiality**

It is our policy that all proxies, ballots and voting materials that identify the particular vote of a stockholder will be kept confidential, except in the following circumstances:

to allow the inspector of elections appointed for the annual meeting to certify the results of the vote;

as necessary to meet applicable legal requirements, including the pursuit or defense of a judicial action;

where we conclude in good faith that a bona fide dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of the tabulation of such proxies, ballots or votes;

where a stockholder expressly requests disclosure or has made a written comment on a proxy card;

where contacting stockholders by us is necessary to obtain a quorum, the names of stockholders who have or have not voted (but not how they voted) may be disclosed to us by the inspector of elections appointed for the annual meeting; aggregate vote totals may be disclosed to us from time to time and publicly announced at the meeting of stockholders at which they are relevant; and

in the event of any solicitation of proxies or written consents with respect to any of our securities by a person other than us of which solicitation we have actual notice.

**Table of Contents****Item No. 1****ELECTION OF DIRECTORS**

Our board of directors currently consists of six members. The current term of office of each of our directors expires at the 2013 annual meeting of stockholders and each of the six directors is being nominated for a term expiring on the date of our 2014 annual meeting of stockholders and until their successors are duly elected and qualified. Our board appoints directors to fill vacancies on our board, as they occur, as well as vacancies resulting from newly created directorships, in each instance upon the recommendation of the Nominating and Corporate Governance Committee. A director appointed to fill a vacancy shall serve a term that expires at the next annual meeting of stockholders.

Upon the recommendation of the Nominating and Corporate Governance Committee, our board has nominated each of the following six persons to be elected to serve for a one-year term expiring at the annual meeting of stockholders in 2014. Each of the nominees for election currently serves as a director and has consented to serve for a new term if elected. Each nominated director was elected by our stockholders to his or her present term of office.

| Nominee          | Position with Us  | Audit | Compensation | Nominating & Corporate Governance |
|------------------|---|-------|--------------|-----------------------------------|
| Hezy Shaked      | Co-Founder, Executive Chairman, Chief Strategy Officer and Director |       |              |                                   |
| Daniel Griesemer | President, Chief Executive Officer and Director                     |       |              |                                   |
| Doug Collier     | Director  | M     | M            | M                                 |
| Seth Johnson     | Director  | C     |              | M                                 |
| Janet Kerr       | Director  |       | M            | C                                 |
| Bernard Zeichner | Director  | M     | C            |                                   |

C indicates Chair and M indicates Member of the respective committee.

**Board Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE SIX NAMED DIRECTOR NOMINEES.**

Although it is anticipated that each nominee will be able to serve as a director, should any nominee become unavailable to serve, the shares of our common stock represented by the proxies will be voted for such other person or persons as may be designated by our board, unless our board reduces the number of directors accordingly. As of the date of this Proxy Statement, our board is not aware of any nominee who is unable or will decline to serve as a director.

**Information About Director Nominees**

Set forth below are descriptions of the backgrounds of each nominee and their principal occupations for at least the past five years and their public-company directorships as of the record date as well as those held during the past five years. There are no family relationships between any director or executive officer.

*Hezy Shaked*, 58, co-founded the Tilly's concept in 1982 and formed our company in 1984. He currently serves as our Executive Chairman of the Board of Directors and Chief Strategy Officer. He has served as Chairman of the Board of Directors since our inception and has served as our Chief Strategy Officer since



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February 2011. From September 2008 to February 2011, Mr. Shaked served as our President and Chief Executive Officer. From September 2006 to September 2008, Mr. Shaked served as our Co-Chief Executive Officer. From our inception to September 2006, Mr. Shaked served as our President and Chief Executive Officer. As our Co-Founder and former President and Chief Executive Officer, Mr. Shaked has an in-depth knowledge and understanding of all facets of our business and has developed extensive professional relationships during his over 30 years of experience in the retail industry. Through his experience and knowledge of our operations and the industry in which we compete, Mr. Shaked is well-suited to serve as Executive Chairman of our Board of Directors.

*Daniel Griesemer*, 53, has served as our President and Chief Executive Officer since February 2011, and has served on our board of directors since April 2011. Mr. Griesemer previously served as President, Chief Executive Officer and Director at Coldwater Creek, Inc., a publicly traded national specialty retailer, from October 2007 through September 2009. Prior to that, Mr. Griesemer served as Coldwater Creek, Inc.'s President and Chief Operating Officer from March 2007 through October 2007, its Executive Vice President of Sales and Marketing from January 2005 through March 2007, its Executive Vice President of Retail from April 2004 through January 2005 and its Senior Vice President of Retail from October 2001 through April 2004. From 1989 through 2000, Mr. Griesemer held a number of progressively more responsible positions with Gap, Inc., and ultimately served as Divisional Merchandise Manager for Gap, Inc. From 1983 to 1989, Mr. Griesemer worked in a variety of positions at Macy's, Inc. Mr. Griesemer holds a Bachelor of Science degree in Business Administration from the University of Dayton. Mr. Griesemer brings to the board of directors extensive experience and demonstrated leadership capabilities, including leadership of a public company in the retail industry. Serving as a director and our President and Chief Executive Officer will allow Mr. Griesemer to act as a bridge between management and the board of directors to help ensure that both groups act with a common purpose.

*Doug Collier*, 50, has served on our board of directors since September 2011. He previously served as the Executive Vice President, Chief Financial Officer and Secretary of Volcom, Inc., a designer, marketer and distributor of premium quality young men's and young women's clothing, footwear, accessories and related products. Mr. Collier served as Volcom's Chief Financial Officer since 1994, which included leading its initial public offering in 2005, until Volcom's acquisition by PPR S.A. in June 2011. From 1991 to 1994, Mr. Collier served as the Controller at Mary Tyler Moore Studios. He was a senior analyst tax specialist at KPMG LLP from 1987 to 1990. Mr. Collier is currently a member of the Board of Directors, Chairperson of the Audit Committee and a member of the Nominating and Governance Committee of Skullcandy, Inc., a publicly traded maker of audio branded merchandise. He is a certified public accountant (inactive). With over 20 years of financial and apparel experience, including significant executive experience, Mr. Collier will provide our board of directors with operational, financial and strategic planning insights.

*Seth Johnson*, 59, has served on our board of directors since April 2011 and as Chairperson of our Audit Committee since August 2011. Prior to that, Mr. Johnson served as a member of the advisory committee to our board of directors from July 2008 through 2011. From 2007 to 2009, Mr. Johnson was an instructor in business strategy at Chapman University's Argyros School of Business and Economics. From 2005 to 2006, Mr. Johnson served as the Chief Executive Officer of Pacific Sunwear of California, Inc. From 1999 to 2004, Mr. Johnson was the Chief Operating Officer of Abercrombie & Fitch Co., a specialty retailer, and was its Chief Financial Officer from 1992 to 1998. During that time period, Mr. Johnson led Abercrombie & Fitch's initial public offering and participated in business growth from sales of \$85 million to over \$2 billion. Mr. Johnson is currently a member of the board of directors and serves as the Lead Director of True Religion Apparel, Inc., a publicly traded company. With over 30 years of apparel retail experience, including significant executive experience, Mr. Johnson will provide our board of directors with operational, financial and strategic planning insights.

*Janet E. Kerr*, 58, has served on our board of directors and as Chairperson of our Nominating and Corporate Governance Committee since August 2011. Prior to that, Ms. Kerr served as a member of the advisory committee to our board of directors from July 2008 through 2011. She is the founder and currently a professor of law and

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the Executive Director of the Geoffrey H. Palmer Center for Entrepreneurship and the Law at Pepperdine University School of Law in Malibu, California. Ms. Kerr has served as a consultant to various companies regarding Sarbanes-Oxley Act compliance and corporate governance. She has founded several technology companies and is a well-known author in the areas of securities, corporate law and corporate governance, having published several articles and a book on the subjects. Ms. Kerr was a co-founder of X-Labs, a technology company co-founded with HRL Laboratories. Ms. Kerr is currently a member of the board of directors and Chairperson of the Nominating and Corporate Governance Committee of La-Z-Boy, Inc., a publicly traded furniture retailer and manufacturer. Additionally, she is a member of the board of directors of TCW Funds and TCW Strategic Income Fund, Inc., a New York Stock Exchange listed closed-end registered investment company. From 2004 to 2010, Ms. Kerr served as a member of the board of directors and Chairperson of the Nominating and Corporate Governance Committee for CKE Restaurants, Inc., a quick service restaurant company that was previously public and listed on the NYSE. Ms. Kerr is licensed to practice law in California and New York and occupies the Laure Sudreau-Rippe Endowed Chair at Pepperdine University School of Law. With over 30 years of corporate governance experience, Ms. Kerr contributes to our board significant expertise in the regulatory, governance and legal matters of public companies.

*Bernard Zeichner*, 69, has served on our board of directors since April 2011 and as Chairperson of our Compensation Committee since August 2011. Mr. Zeichner served as Chairman of the Board of Directors of Charlotte Russe Holdings, Inc., a specialty retailer, from 1996 until May 2008, and was its President from May 1996 to June 2001 and its Chief Executive Officer from September 1996 to July 2003. Prior to joining Charlotte Russe, Mr. Zeichner was President of the retail division of Guess from 1993 to 1995. Prior to that, Mr. Zeichner was employed by Contempo Casuals, serving as President from 1982 to 1993 and as Chief Executive Officer from 1989 to 1993. From 1977 to 1982, Mr. Zeichner was Executive Vice President of Joske's of Texas, a department store chain. With over 30 years of apparel retail experience, including significant executive and board experience, Mr. Zeichner provides our board of directors with operational, financial and strategic planning insights.



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**Item No. 2**

**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our board is responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The Audit Committee has selected Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2013 and has further directed that management submit the selection of the independent registered public accounting firm for ratification by our stockholders at the annual meeting. Deloitte & Touche LLP has audited our financial statements since our fiscal year 2006 financial statements.

Although ratification by our stockholders is not a prerequisite to the Audit Committee's ability to select Deloitte & Touche LLP as our independent registered public accounting firm, the Audit Committee believes such ratification is advisable and in the best interests of our stockholders. Accordingly, stockholders are being requested to ratify, confirm and approve the selection of Deloitte & Touche LLP as our independent registered public accounting firm to conduct the annual audit of our consolidated financial statements for fiscal year 2013. If the stockholders do not ratify the selection of Deloitte & Touche LLP, the selection of our independent registered public accounting firm will be reconsidered by the Audit Committee; provided, however, the Audit Committee may select Deloitte & Touche LLP notwithstanding the failure of our stockholders to ratify its selection. If the appointment of Deloitte & Touche LLP is ratified, the Audit Committee will continue to conduct an ongoing review of Deloitte & Touche LLP's scope of engagement, pricing and work quality, among other factors, and will retain the right to replace Deloitte & Touche LLP at any time.

**Board Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2013.**

**Table of Contents****AUDIT MATTERS****Independent Registered Public Accounting Firm's Fees**

Aggregate fees billed to us for the fiscal years 2012 and 2011 by our independent registered public accounting firm, Deloitte & Touche LLP, are as follows:

| <b>Type of Fees</b> | <b>2012</b>       | <b>2011</b>         |
|---------------------|-------------------|---------------------|
| Audit Fees(1)       | \$ 565,770        | \$ 1,041,946        |
| Audit-Related Fees  | 0                 | 0                   |
| Tax Fees            | 0                 | 0                   |
| All Other Fees      | 0                 | 0                   |
| <b>Total</b>        | <b>\$ 565,770</b> | <b>\$ 1,041,946</b> |

- (1) Represents the aggregate fees billed to us by Deloitte & Touche LLP for professional services rendered for the audit of our annual consolidated financial statements and for the reviews of our consolidated financial statements included in our Form 10-Q filings for each fiscal quarter of fiscal 2012. Audit fees for fiscal 2011 included services for the audit of our annual financial statements and for our initial public offering.

**Independent Registered Public Accounting Firm's Independence and Attendance at the Annual Meeting**

The Audit Committee has considered whether the provision of the above noted services by Deloitte & Touche LLP is compatible with maintaining the independent registered public accounting firm's independence and has determined that the provision of such services by Deloitte & Touche LLP has not adversely affected the independent registered public accounting firm's independence.

Representatives of Deloitte & Touche LLP are expected to be present at the annual meeting, will have the opportunity to make a statement if they so request, and will be available to respond to appropriate questions.

**Policy on Audit Committee Pre-Approval**

As part of its required duties, the Audit Committee pre-approves audit and non-audit services performed by our independent registered public accounting firm to ensure that the provision of such services does not impair the independent registered public accounting firm's independence. Pre-approval may be given as part of the Audit Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual basis. The pre-approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be presented to the full Audit Committee at a subsequent meeting. All services provided by our independent registered public accounting firm in 2012 were pre-approved in accordance with the Audit Committee's pre-approval requirements.

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**CORPORATE GOVERNANCE**

**Composition of the Board of Directors of Tilly's, Inc.**

Our bylaws provide that our board of directors shall consist of at least one member, with the exact number of directors to be determined by resolution of our board of directors. Our board of directors currently consists of six members. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, with us, our senior management and our independent registered public accounting firm, our board of directors has determined that all but two of our directors, Messrs. Shaked and Griesemer, are independent directors under the applicable listing standards of the NYSE and the rules of the SEC. We expect that our independent directors will hold at least two executive sessions per year. Our board met six times during fiscal 2012. No director attended fewer than 75% of the aggregate of the total number of meetings held by our board and the total number of meetings held by all committees of our board on which such director served during fiscal 2012. The Company strongly encourages its directors to attend its annual meetings of stockholders.

Until the date all shares of our Class B common stock are converted to Class A common stock or otherwise cease to be outstanding, referred to as the Full Conversion Date, the members of our board of directors will be elected at annual meetings of the stockholders and hold office until the next annual meeting of the stockholders. Our Amended and Restated Certificate of Incorporation provides that on the Full Conversion Date, our board of directors will be divided into three classes to be comprised of the directors in office, with each class serving for a staggered three-year term. From the Full Conversion Date, Class I directors will serve an initial one-year term expiring at the first annual meeting of stockholders following the Full Conversion Date. Class II directors will serve an initial two-year term expiring at the second annual meeting of stockholders following the Full Conversion Date. Class III directors will serve an initial three-year term expiring at the third annual meeting of stockholders following the Full Conversion Date. Upon the expiration of the initial term of each class of directors, the directors in that class will be eligible to be elected for a new three-year term. Our directors will hold office until their successors have been elected and qualified or until their earlier death, resignation, disqualification or removal. Executive officers are appointed by and serve at the direction of our board of directors.

**Committees of the Board of Directors**

We currently have three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The charters of our standing board committees are available on our website, at [www.tillys.com](http://www.tillys.com), in the Investor Relations section. The inclusion of our website address in this Proxy Statement does not include or incorporate by reference the information on our website into this Proxy Statement.

*Audit Committee*

Our Audit Committee consists of Messrs. Johnson (Chairperson), Collier and Zeichner. Our board of directors has determined that each member of the Audit Committee meets the financial literacy and experience requirements of the applicable SEC and NYSE rules. In addition, our board of directors has determined that Messrs. Collier and Johnson both qualify as an audit committee financial expert under the rules and regulations of the SEC and each are independent under applicable rules of the NYSE. Our independent auditors and our internal finance personnel regularly meet privately with, and have unrestricted access to, our Audit Committee. The Audit Committee met twelve times during fiscal 2012.

Our Audit Committee charter requires that the Audit Committee oversee our corporate accounting and financial reporting processes. The primary duties of our Audit Committee are to, among other things:

evaluate our independent registered accounting firm's qualifications, independence and performance;

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determine the engagement and compensation of our independent registered accounting firm;

approve the retention of our independent registered accounting firm to perform any proposed, permissible non-audit services;

monitor the rotation of partners and managers of the independent registered accounting firm on our engagement team as required;

review our consolidated financial statements;

review our critical accounting policies and estimates;

meet periodically with our management and internal audit team to consider the adequacy of our internal controls and the objectivity of our financial reporting;

establish procedures for the receipt, retention and treatment of complaints regarding internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

review on an ongoing basis and approve related party transactions, as defined in SEC and NYSE rules;

prepare the reports required by the rules of the SEC to be included in our annual proxy statement; and

discuss with our management and our independent registered accounting firm the results of our annual audit and the review of our quarterly consolidated financial statements.

*Compensation Committee*

Our Compensation Committee consists of Messrs. Zeichner (Chairperson) and Collier, and Ms. Kerr. Our board of directors has determined that each of these directors qualifies as a non-employee director and an outside director for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 162(m) of the Code, respectively. The Compensation Committee met four times during fiscal 2012. The primary duties of the Compensation Committee are to, among other things:

establish overall employee compensation policies and recommend to our board of directors major compensation programs;

review and approve the compensation of our corporate officers and directors, including salary and bonus awards;

administer our various employee benefit, cash and equity incentive programs;

review and approve any officer employment agreement and severance arrangement; and

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prepare an annual report on executive compensation for inclusion in our proxy statement.

### *Nominating and Corporate Governance Committee*

Our Nominating and Corporate Governance Committee consists of Ms. Kerr (Chairperson), and Messrs. Collier and Johnson. The Nominating and Corporate Governance Committee met five times during fiscal 2012. The primary duties of the Nominating and Corporate Governance Committee are to, among other things:

establish standards for service on our board of directors and nominating guidelines and principles;

identify individuals qualified to become members of our board of directors and recommend director candidates for election to our board of directors;

consider and make recommendations to our board of directors regarding its size and composition, committee composition and structure and procedures affecting directors;

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establish policies regarding the consideration of any director candidates recommended by our stockholders, and the procedures to be followed by the stockholders in submitting such recommendations;

evaluate and review the performance of existing directors;

review executive officer and director indemnification and insurance matters;

evaluate and review the company's enterprise risk management policy and risk exposure; and

monitor our corporate governance principles and practices and make recommendations to our board of directors regarding governance matters, including our Amended and Restated Certificate of Incorporation, Bylaws and charters of our committees.

While the Nominating and Corporate Governance Committee does not have any specific, minimum qualifications for board nominees, in considering possible candidates for election as a director, the committee strives to compose a board with a collection of complementary skills and which, as a group, will possess the appropriate skills and experience to effectively oversee the Company's business. In evaluating a potential candidate for our board of directors, our Nominating and Corporate Governance Committee takes into account a number of factors, including: personal and professional integrity; ethics and values; experience in corporate management, such as current or past service as an officer of a publicly held company; and a general understanding of marketing, finance, and other elements relevant to the success of a publicly traded company; experience in the Company's industry; experience as a board member of another publicly held company; academic expertise in an area of the Company's operations; and practical and mature business judgment, including the ability to make independent analytical inquiries. Although diversity may be a consideration in the Nominating and Corporate Governance Committee's process, the committee does not have a formal policy regarding the consideration of diversity in identifying director nominees. The Nominating and Corporate Governance Committee will review the qualifications and backgrounds of directors and nominees (without regard to whether a nominee has been recommended by a stockholder), as well as the overall composition of our board of directors, and recommend the slate of directors to be nominated for election at the next annual meeting of stockholders. The Nominating and Corporate Governance Committee does not currently employ or pay a fee to any third party to identify or evaluate, or assist in identifying or evaluating, potential director nominees.

If our board of directors determines to seek additional directors for nomination, the Nominating and Corporate Governance Committee will consider as potential director nominees candidates recommended by various sources, including any member of our board of directors or senior management. The Nominating and Corporate Governance Committee may also retain a third-party search firm to identify candidates. The committee also considers recommendations for nominees that are timely submitted by stockholders if such recommendations are delivered in the manner prescribed by the advance notice provisions contained in our bylaws. In addition to satisfying the timing, ownership and other requirements specified in our bylaws, a stockholder's notice must set forth as to each person whom the stockholder proposes to recommend 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 Exchange Act and our bylaws (including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected). Properly communicated stockholder recommendations will be considered in the same manner as recommendations received from other sources.

*Other Committees*

Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

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### **Risk Oversight**

Our board of directors has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. Management is responsible for the Company's day-to-day risk management activities. The Company, through its internal auditor, has established an enterprise risk framework for identifying, aggregating, quantifying and evaluating risk across the enterprise. The review of risk management is a periodic agenda item for the Nominating and Corporate Governance Committee.

Our other board committees also consider and address risk as they perform their committee responsibilities. For example, our Compensation Committee discusses and reviews compensation arrangements for the Company's executive officers to avoid incentives that would promote excessive risk-taking that reasonably would have a material adverse effect on the Company (see Compensation Risk Management), and the Nominating and Corporate Governance Committee oversees risks associated with operations of the board and its governance structure. In addition, at each regular Audit Committee meeting the Company's General Counsel reports on significant litigation, regulatory, public policy and other legal risks that may affect the Company. Our entire board monitors risks through regular reports from each of the committee chairs and members of management, and is apprised of particular risk management matters in connection with its general oversight and approval of corporate matters. We believe the division of risk management responsibilities described above is an effective approach for evaluating and addressing the risks facing the Company and that our board leadership structure supports this approach because it allows our independent directors, through the independent board committees, to exercise effective oversight of the actions of management.

### **Communication with the Board of Directors**

Our annual meeting of stockholders provides an opportunity for stockholders to ask questions of, or otherwise communicate directly with, members of the board of directors on appropriate matters. In addition, stockholders may communicate in writing with our Executive Chairman or to our non-employee directors by sending such written communication to our Secretary at Tilly's, Inc., Attn: Secretary, 10 Whatney, Irvine, California 92618. Copies of written communications received at such address will be provided to the board of directors or the relevant director unless such communications are considered, in the reasonable judgment of our Secretary, to be inappropriate for submission to the intended recipient(s). Examples of stockholder communications that would be considered inappropriate for submission to the board of directors include, without limitation, customer complaints, solicitations, communications that do not relate directly or indirectly to our business or communications that relate to improper or irrelevant topics. The Secretary may analyze and prepare a response to the information contained in communications received and may deliver a copy of the communication to other Company staff members or agents who are responsible for analyzing or responding to complaints or requests.

### **Code of Ethics and Business Conduct**

We have adopted a code of ethics and business conduct, which applies to all of our employees, executive officers and directors. Our code of ethics and business conduct is available on our website, at [www.tillys.com](http://www.tillys.com), in the Investor Relations section. We will disclose future amendments to certain provisions of our code of ethics and business conduct, or waivers of such provisions, applicable to our directors and executive officers, at the same location on our website identified above.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of our Compensation Committee has at any time been one of our executive officers or employees or an executive officer or employee of our subsidiary. None of our executive officers has ever served as a member of the board of directors or compensation committee of any other entity that has or had one or more executive officers serving on our board of directors or our Compensation Committee.

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**Director Compensation**

Our non-employee directors receive the following annual retainers for their service on the board of directors:

|                               | <b>Annual Retainer<br/>to be Paid</b> |
|-------------------------------|---------------------------------------|
| Service on board of directors |                                       |