

INTERPUBLIC GROUP OF COMPANIES, INC.

Form 10-Q

July 28, 2011

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission file number: 1-6686

THE INTERPUBLIC GROUP OF COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-1024020

(I.R.S. Employer
Identification No.)

1114 Avenue of the Americas, New York, New York 10036

(Address of principal executive offices) (Zip Code)

(212) 704-1200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☒

Accelerated filer

☐

Non-accelerated filer

☐

Smaller reporting company

☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding as of July 15, 2011 was 478,523,337.

Table of Contents

INDEX

Page No.

PART I. FINANCIAL INFORMATION

Item 1.	<u>Financial Statements (Unaudited)</u>	
	<u>Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2011 and 2010</u>	<u>2</u>
	<u>Consolidated Balance Sheets as of June 30, 2011 and December 31, 2010</u>	<u>3</u>
	<u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2011 and 2010</u>	<u>4</u>
	<u>Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss) for the Six Months Ended June 30, 2011 and 2010</u>	<u>5</u>
	<u>Notes to Consolidated Financial Statements</u>	<u>7</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>31</u>
Item 4.	<u>Controls and Procedures</u>	<u>31</u>

PART II. OTHER INFORMATION

Item 1.	<u>Legal Proceedings</u>	<u>32</u>
Item 1A.	<u>Risk Factors</u>	<u>32</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>32</u>
Item 6.	<u>Exhibits</u>	<u>33</u>
	<u>SIGNATURES</u>	<u>34</u>
	<u>INDEX TO EXHIBITS</u>	<u>35</u>

INFORMATION REGARDING FORWARD-LOOKING DISCLOSURE

This quarterly report on Form 10-Q contains forward-looking statements. Statements in this report that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," "continue" or comparable terminology are intended to identify forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined under Item 1A, Risk Factors, in our most recent annual report on Form 10-K. Forward-looking statements speak only as of the date they are made and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following:

- potential effects of a challenging economy, for example, on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and fluctuations in economic growth rates, interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors and the additional risk factors outlined in more detail under Item 1A, Risk Factors, in our most recent annual report on Form 10-K.

Table of Contents

Part I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in Millions, Except Per Share Amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
REVENUE	\$1,740.7	\$1,611.7	\$3,215.5	\$2,948.7
OPERATING EXPENSES:				
Salaries and related expenses	1,095.7	991.0	2,175.8	1,970.3
Office and general expenses	470.8	442.9	910.0	859.7
Restructuring and other reorganization-related charges, net	0.2	0.6	1.0	0.9
Total operating expenses	1,566.7	1,434.5	3,086.8	2,830.9
OPERATING INCOME	174.0	177.2	128.7	117.8
EXPENSES AND OTHER INCOME:				
Interest expense	(33.1)	(35.0)	(65.0)	(67.6)
Interest income	9.7	6.1	18.0	12.6
Other income (expense), net	5.3	(2.1)	(0.8)	(1.6)
Total (expenses) and other income	(18.1)	(31.0)	(47.8)	(56.6)
Income before income taxes	155.9	146.2	80.9	61.2
Provision for income taxes	47.6	63.3	26.1	48.0
Income of consolidated companies	108.3	82.9	54.8	13.2
Equity in net income (loss) of unconsolidated affiliates	0.6	0.2	0.9	(0.4)
NET INCOME	108.9	83.1	55.7	12.8
Net (income) loss attributable to noncontrolling interests	(4.3)	(0.6)	3.7	5.1
NET INCOME ATTRIBUTABLE TO IPG	104.6	82.5	59.4	17.9
Dividends on preferred stock	(2.9)	(2.9)	(5.8)	(9.8)
Benefit from preferred stock repurchased	0.0	25.7	0.0	25.7
NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS	\$101.7	\$105.3	\$53.6	\$33.8
Earnings per share available to IPG common stockholders:				
Basic	\$0.21	\$0.22	\$0.11	\$0.07
Diluted	\$0.19	\$0.15	\$0.11	\$0.02
Weighted-average number of common shares outstanding:				
Basic	473.1	473.0	474.6	472.1
Diluted	546.9	544.9	515.6	531.6
Dividends declared per common share	\$0.06	\$0.00	\$0.12	\$0.00

The accompanying notes are an integral part of these unaudited financial statements.

Table of ContentsTHE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Amounts in Millions)

(Unaudited)

	June 30, 2011	December 31, 2010
ASSETS:		
Cash and cash equivalents	\$1,809.8	\$2,675.7
Marketable securities	14.2	13.7
Accounts receivable, net of allowance of \$63.4 and \$63.1	4,160.9	4,317.6
Expenditures billable to clients	1,348.7	1,217.1
Other current assets	260.1	229.4
Total current assets	7,593.7	8,453.5
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$1,206.6 and \$1,147.1	450.8	454.3
Deferred income taxes	373.0	334.2
Goodwill	3,427.1	3,368.5
Other non-current assets	457.0	460.3
TOTAL ASSETS	\$12,301.6	\$13,070.8
LIABILITIES:		
Accounts payable	\$4,064.7	\$4,474.5
Accrued liabilities	2,849.4	3,112.7
Short-term borrowings	150.0	114.8
Current portion of long-term debt	448.6	38.9
Total current liabilities	7,512.7	7,740.9
Long-term debt	1,167.8	1,583.3
Deferred compensation	451.4	486.1
Other non-current liabilities	402.1	402.4
TOTAL LIABILITIES	9,534.0	10,212.7
Redeemable noncontrolling interests (see Note 4)	272.1	291.2
STOCKHOLDERS' EQUITY:		
Preferred stock	221.5	221.5
Common stock	48.1	47.5
Additional paid-in capital	2,398.0	2,456.8
Accumulated deficit	(4.3)	(63.7)
Accumulated other comprehensive loss, net of tax	(46.6)	(119.0)
	2,616.7	2,543.1
Less: Treasury stock	(153.1)	(14.1)
Total IPG stockholders' equity	2,463.6	2,529.0
Noncontrolling interests	31.9	37.9
TOTAL STOCKHOLDERS' EQUITY	2,495.5	2,566.9
TOTAL LIABILITIES AND EQUITY	\$12,301.6	\$13,070.8

The accompanying notes are an integral part of these unaudited financial statements.

Table of ContentsTHE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

(Unaudited)

	Six months ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$55.7	\$12.8
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of fixed assets and intangible assets	73.3	74.2
Provision for uncollectible receivables	5.7	6.7
Amortization of restricted stock and other non-cash compensation	29.5	26.5
Net amortization of bond premiums and deferred financing costs	(4.0)	) (1.8)
Deferred income tax (benefit) provision	(36.1)	) 4.4
Other	13.7	18.3
Changes in assets and liabilities, net of acquisitions and dispositions, providing (using) cash:		
Accounts receivable	251.0	(144.7)
Expenditures billable to clients	(107.7)	) (161.1)
Other current assets	(30.7)	) (25.3)
Accounts payable	(415.7)	) 139.3
Accrued liabilities	(365.6)	) (124.8)
Other non-current assets and liabilities	(70.8)	) (26.7)
Net cash used in operating activities	(601.7)	) (202.2)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(53.1)	) (28.3)
Proceeds from sales of businesses and investments, net of cash sold	7.0	30.9
Acquisitions, including deferred payments, net of cash acquired	(38.6)	) (9.0)
Other investing activities	0.2	(2.9)
Net cash used in investing activities	(84.5)	) (9.3)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of common stock	(139.0)	) 0.0
Common stock dividends	(56.8)	) 0.0
Exercise of stock options	11.7	0.0
Repurchase of preferred stock	0.0	(265.9)
Purchase of long-term debt	0.0	(21.4)
Net increase in short term bank borrowings	24.7	3.6
Acquisition related payments	(47.6)	) 0.0
Distributions to noncontrolling interests	(10.7)	) (12.1)
Preferred stock dividends	(5.8)	) (13.8)
Other financing activities	2.8	(6.3)
Net cash used in financing activities	(220.7)	) (315.9)
Effect of foreign exchange rate changes on cash and cash equivalents	41.0	(37.9)
Net decrease in cash and cash equivalents	(865.9)	) (565.3)
Cash and cash equivalents at beginning of period	2,675.7	2,495.2
Cash and cash equivalents at end of period	\$1,809.8	\$1,929.9

The accompanying notes are an integral part of these unaudited financial statements.

Table of Contents

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

(Amounts in Millions)

(Unaudited)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss, Net of Tax	Treasury Stock	Total IPG Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance at December 31, 2010	\$ 221.5	489.5	\$ 47.5	\$ 2,456.8	\$ (63.7)	\$ (119.0)	\$ (14.1)	\$ 2,529.0	\$ 37.9	\$ 2,566.9
Net income (loss)					59.4			59.4	(3.7)	55.7
Foreign currency translation adjustments, net of tax						65.6		65.6	0.4	66.0
Changes in market value of securities available-for-sale, net of tax						0.6		0.6		0.6
Recognition of previously unrealized loss on securities available-for-sale, net of tax						0.2		0.2		0.2
Unrecognized losses, transition obligation and prior service cost, net of tax						6.0		6.0		6.0
Total comprehensive income (loss)								\$ 131.8	\$ (3.3)	\$ 128.5
Reclassifications related to redeemable noncontrolling interests									10.2	10.2
Noncontrolling interest transactions				(0.3)				(0.3)	(3.1)	(3.4)
Distributions to noncontrolling interests									(10.7)	(10.7)
Change in redemption value of redeemable noncontrolling interests				(10.3)				(10.3)		(10.3)

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Repurchase of common stock						(139.0)	(139.0)		(139.0)	
Common stock dividends			(56.8)				(56.8)		(56.8)	
Preferred stock dividends			(5.8)				(5.8)		(5.8)	
Stock-based compensation			27.2				27.2		27.2	
Exercise of stock options	1.2	0.1	11.7				11.8		11.8	
Restricted stock, net of forfeitures	0.6	0.5	(27.2)				(26.7)		(26.7)	
Other	0.1	0.0	2.7				2.7	0.9	3.6	
Balance at June 30, 2011	\$ 221.5	491.4	\$ 48.1	\$ 2,398.0	\$ (4.3)	\$ (46.6)	\$ (153.1)	\$ 2,463.6	\$ 31.9	\$ 2,495.5

The accompanying notes are an integral part of these unaudited financial statements.

Table of Contents

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS) –
(CONTINUED)

(Amounts in Millions)

(Unaudited)

	Preferred Stock	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss, Net of Tax	Treasury Stock	Total IPG Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance at December 31, 2009	\$525.0	486.5	\$47.1	\$2,441.0	\$ (324.8)	\$ (176.6)	\$ (14.0)	\$2,497.7	\$ 38.6	\$2,536.3
Net income (loss)					17.9			17.9	(5.1)	12.8
Foreign currency translation adjustments, net of tax						(67.8)		(67.8)	(0.1)	(67.9)
Changes in market value of securities available-for-sale, net of tax						0.1		0.1		0.1
Unrecognized losses, transition obligation and prior service cost, net of tax						3.5		3.5		3.5
Total comprehensive loss								\$ (46.3)	\$ (5.2)	\$ (51.5)
Reclassifications related to redeemable noncontrolling interests									16.9	16.9
Noncontrolling interest transactions				(18.8)				(18.8)	(0.1)	(18.9)
Distributions to noncontrolling interests									(12.1)	(12.1)
Change in redemption value of redeemable noncontrolling interests				(4.7)				(4.7)		(4.7)
Repurchase of preferred stock	(303.5)			35.9				(267.6)		(267.6)
Preferred stock dividends				(9.8)				(9.8)		(9.8)
				28.8				28.8		28.8

Stock-based
compensation

Restricted stock, net of forfeitures	2.2	0.3	(11.1	)			(10.8	)	(10.8)
Other	0.2	0.0	1.3			(0.1	)	1.2		1.2
Balance at June 30, 2010	\$ 221.5	488.9	\$ 47.4	\$ 2,462.6	\$ (306.9)	\$ (240.8)	\$ (14.1)	\$ 2,169.7	\$ 38.1	\$ 2,207.8

The accompanying notes are an integral part of these unaudited financial statements.

Table of Contents

Notes to Consolidated Financial Statements

(Amounts in Millions, Except Per Share Amounts)

(Unaudited)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements have been prepared by The Interpublic Group of Companies, Inc. and subsidiaries (the “Company,” “IPG,” “we,” “us” or “our”) in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for reporting interim financial information on Form 10-Q. Accordingly, they do not include certain information and disclosures required for complete financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make judgments, assumptions and estimates that affect the amounts reported and disclosed. Actual results could differ from these estimates and assumptions. The consolidated results for interim periods are not necessarily indicative of results for the full year and should be read in conjunction with our 2010 Annual Report on Form 10-K.

In the opinion of management, these unaudited Consolidated Financial Statements include all adjustments of a normal and recurring nature necessary for a fair statement of the information for each period contained therein. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. During the first quarter of 2011, we changed the classification of taxes assessed by governmental authorities that are directly imposed on our revenue-producing transactions from a gross to a net basis in a country. This change, which was applied retrospectively and does not change previously reported operating income or net income, decreased revenue and office and general expense by \$6.1 for the three months ended June 30, 2010, and by \$10.4 for the six months ended June 30, 2010. A comparable amount is included as a reduction to revenue and office and general expense for the three and six months ended June 30, 2011. We believe this presentation better aligns the Company’s internal financial and operational management reporting as well as increases consistency in our external reporting across the countries in which we operate.

Note 2: Debt and Credit Arrangements

Long-Term Debt

A summary of the carrying amounts and fair values of our long-term debt is listed below.

			June 30, 2011		December 31, 2010	
	Effective Interest Rate		Book Value	Fair Value ²	Book Value	Fair Value ²
7.25% Senior Unsecured Notes due 2011	7.25 %	¹	\$36.3	\$36.3	\$36.3	\$37.0
6.25% Senior Unsecured Notes due 2014 (less unamortized discount of \$0.3)	6.29 %	¹	355.0	385.9	353.3	378.0
10.00% Senior Unsecured Notes due 2017 (less unamortized discount of \$10.0)	10.38 %		590.0	703.5	589.4	705.0
4.75% Convertible Senior Notes due 2023 (plus unamortized	3.50 %		203.8	249.1	205.0	235.0

premium of \$3.8)

4.25% Convertible

Senior Notes due

2023 (plus 0.58 % 410.2 452.5 417.4 444.4

unamortized

premium of \$10.2)

Other notes

payable and 21.1 20.8

capitalized leases

Total long-term 1,616.4 1,622.2

debt

Less: current 448.6 38.9

portion ³Long-term debt,
excluding current 175,066

portion

			220,275	779	37,931	800,706		
Wholesale and Dist.	2013T	243,779		163,353		237,871	521	27,379
Ops	2013	317,030		154,133		156,961	891	29,225
Theodore Adornato	2015	369,308		186,593		322,899	2,058	39,236
EVP Retail Operations	2014	366,731		175,066		249,678	1,742	41,612
	2013T	249,481		287,231		242,278	1,166	29,370
	2013	324,553		154,133		159,290	1,991	31,331
Kathleen M. Mahoney ⁽⁶⁾	2015	376,923	552,500	186,593		210,937		14,494
EVP Chief Legal Officer								1,341,447

(1) These amounts represent the grant date fair value of restricted stock determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (ASC 718), and do not represent cash payments to or amounts realized by the named executive officers. The Company did not grant option awards in any of the fiscal years presented. For details regarding the assumptions used in the valuation of share-based awards, see Note 13, *Stock-Based Compensation*, to the audited financial statements of SpartanNash contained in the Company's Report on Form 10-K for the period ended January 2, 2016.

Table of Contents

- (2) The amount reported in this column consists of the annual cash incentive award earned and, for all named executive officers except for Ms. Mahoney, the portion of the long-term cash incentive award that was earned in fiscal 2015 for the Company's achievement of specified levels of earnings per share, net sales, and merger synergies for performance during fiscal 2014 and fiscal 2015. These earned amounts are subject to an additional vesting period ending May 1, 2016. The long-term portion of the awards were granted prior to the Merger, and therefore Ms. Mahoney did not have an opportunity to earn a long-term cash incentive award for fiscal 2015. These awards were made under the Company's Executive Cash Incentive Plan of 2010. The following table provides details regarding the non-equity incentive compensation earned by each named executive officer in fiscal 2015:

	Name	Merger Synergies				Total
		Adj. EPS Portion of Long-Term Incentive Award Earned	Net Sales Portion of Long-Term Incentive Award Earned	Portion of Long-Term Incentive Award Earned		
		(\$)	(\$)	(\$)	(\$)	(\$)
	Mr. Eidson	945,850	200,954	81,308	430,769	1,658,881
	Mr. Staples	456,768	59,542	24,091	127,636	668,037
	Mr. Jones	271,929	39,810	16,108	85,338	413,185
	Mr. Adornato	181,643	39,810	16,108	85,338	322,899
	Ms. Mahoney	210,937				210,937

- (3) The amounts reported in this column consist of the change in the actuarial present value of the named executive officer's accumulated benefit under the SpartanNash Cash Balance Pension Plan and Supplemental Executive Retirement Plan, computed as of the pension plan measurement date used for financial statement reporting purposes for the reported years. For more information, see the Pension Benefits section of this proxy statement and Note 10, *Associate Retirement Plans*, to the audited financial statements of SpartanNash contained in the Company's Annual Report on Form 10-K for the period ended January 2, 2016. Earnings on non-qualified deferred compensation are reported below on the Non-Qualified Deferred Compensation table.
- (4) All Other Compensation includes the value of Company matching contributions to each executive's qualified and non-qualified retirement plans, dividends on unvested restricted stock awards, and Company paid life insurance premiums (a benefit that is generally available to the Company's salaried associates). The following table provides details regarding all other compensation paid to named executive officers for fiscal 2015:

Name	Qualified Savings Plan		Nonqualified Savings Plan		Total
	Match and Profit Sharing	Match and Profit Sharing	Dividends on Unvested Restricted Stock	Insurance Premiums	
	(\$)	(\$)	(\$)	(\$)	(\$)
Mr. Eidson	7,960	74,332	66,259	510	149,061
Mr. Staples	8,008	37,123	19,864	510	65,505
Mr. Jones	6,898	14,978	21,428	510	43,814
Mr. Adornato	7,958	19,087	11,681	510	39,236
Ms. Mahoney	7,056		6,928	510	14,494

- (5) None of the Company's named executive officers received perquisites or personal benefits having an aggregate value of \$10,000 or greater.

⁽⁶⁾ On November 19, 2015, the second anniversary of the Merger, Ms. Mahoney earned the retention bonus shown in the column under the heading Bonus.

Table of Contents**GRANTS OF PLAN-BASED AWARDS**

The following table provides information concerning each grant of an award made to the named executive officers in fiscal 2015.

Name	Grant Date	Estimated Possible or Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards (\$) ⁽²⁾
		Threshold (\$)	Target (\$)	Maximum (\$)		
Dennis Eidson	2/25/15	99,000	990,000	1,980,000		
	2/25/15	408,000	1,200,000	2,400,000		
	2/25/15				44,612	1,184,449
David Staples	2/25/15	48,000	480,000	960,000		
	2/25/15	132,600	390,000	780,000		
	2/25/15				14,500	384,975
Derek Jones	2/25/15	30,100	301,000	602,000		
	2/25/15	76,330	224,500	449,000		
	2/25/15				25,078	665,821
Theodore Adornato	2/25/15	20,405	204,050	408,100		
	2/25/15	64,260	189,000	378,000		
	2/25/15				7,028	186,593
Kathleen Mahoney	2/25/15	22,825	228,250	456,500		
	2/25/15	64,260	189,000	378,000		
	2/25/15				7,028	186,593

⁽¹⁾ The amounts reported in these rows represent the possible threshold, target, and maximum awards that could have been earned by each named executive officer for the annual cash incentive award (first line) and long term incentive award opportunities (second line) under the Executive Plan. The actual amount earned by each named executive officer for fiscal 2015 is reported in the Summary Compensation Table. For details regarding how these amounts are determined, see the Compensation Discussion and Analysis section of this proxy statement.

⁽²⁾ Amount reported is the aggregate grant date fair value determined in accordance with ASC 718, and does not represent cash payments to or amounts realized by the named executive officers. For valuation assumptions, see Note 13, *Stock-Based Compensation*, to the audited financial statements of SpartanNash contained in the Company's Report on Form 10-K for the period ended January 2, 2016.

Discussion of Summary Compensation and Plan-Based Awards Tables

The Company paid the compensation set forth in the Summary Compensation Table and the grants of Plan Based Awards table pursuant to the philosophy, procedures, and practices set forth above in the Compensation Discussion and Analysis section of this proxy statement. A summary of certain material terms of our compensation plans and arrangements is set forth below.

Salary; Employment Agreements. Each named executive officer is paid a salary pursuant to an employment agreement with the Company. For information regarding determination of base salaries, see the Compensation Discussion and Analysis section of this proxy statement.

The Company has entered into an Executive Employment Agreement with each of its executive officers. None of the agreements has a specified term of years. Under the terms of each Agreement, the Company will employ the executive as an officer of the Company for an indefinite period of time until termination of employment. Each executive officer receives a base salary that will be reviewed

Table of Contents

annually and is eligible to participate in any of the Company's bonus programs designated by the Compensation Committee. Each executive officer's employment terminates automatically in the event of death, and the Company may terminate the executive's employment for disability if he or she is no longer able to perform the essential functions of the position, or for cause. Please see the Potential Payments Upon Termination or Change-in-Control section of this proxy statement for detailed information regarding payments to executive officers upon termination of employment for any reason.

Non-Equity Incentive Plan Awards. As discussed in detail beginning on page 36, for fiscal 2015, each named executive officer was granted the opportunity to earn cash incentive compensation on an annual basis, and a long-term incentive award covering three fiscal years. The awards were granted under the Company's shareholder-approved Executive Cash Incentive Plan of 2015.

The Executive Plan is a non-equity incentive compensation plan that is designed to motivate executive officers and other participants who are in a position to make substantial contributions toward the achievement of goals established under the plan. The plan's objectives include:

motivating participants to achieve SpartanNash's annual financial and business objectives;

providing a competitive incentive compensation opportunity; and

creating linkage between participant contribution and SpartanNash's business and financial objectives.

The Executive Plan permits incentive compensation paid under the plan to be deductible under the Internal Revenue Code. Under the terms of the Executive Plan, the Compensation Committee may use only objective measures of financial performance specified in the Plan itself (or approved by the Company's shareholders at a later date), and it must specify the relationship between the level of the cash incentive award and the performance measure. Payment of cash incentive awards under the Executive Plan is entirely contingent on the achievement of specified objective measures of performance.

Restricted Stock. All shares of restricted stock were awarded to the named executive officers pursuant to the Stock Incentive Plan of 2005. Awards under SpartanNash's equity compensation plans are designed to:

align executive and shareholder interests;

reward executives and other key associates for building shareholder value; and

encourage long-term investment in SpartanNash.

Prior to making any equity awards, the Compensation Committee considers share usage under all of the Company's equity compensation plans, dilution of shareholders, and each executive's current ownership of the Company's stock.

Equity incentive awards have several key advantages over cash compensation, including promoting executive retention through the use of vesting periods and aligning executive and shareholder interests by giving executives an ownership stake in the Company.

The shares of restricted stock granted to the named executive officers in February 2015 vest in four equal yearly increments on March 1, 2016, 2017, 2018, and 2019. If the employment of an executive

Table of Contents

officer is terminated for any reason other than death, disability, or retirement, then all unvested shares of restricted stock are forfeited unless the Compensation Committee exercises its discretion to waive any remaining restrictions. If an executive officer dies or becomes disabled, then all outstanding shares of restricted stock will vest automatically. In the event of retirement, the outstanding shares will continue to vest, provided that the executive continues to comply with the noncompetition covenants applicable to the award. If a change in control (as defined in the Incentive Plan) occurs, then all unvested shares of restricted stock will automatically vest. For information regarding accelerated vesting of restricted stock upon termination or a change-in-control of the Company, please see the section entitled *Potential Payments Upon Termination or Change-in-Control*.

Dividends. Executives receive any dividends paid on vested and unvested restricted shares at the rate dividends are paid on common stock.

Holding Period. The shares of restricted stock awarded to the named executive officers are subject to forfeiture if not held until the restrictions applicable to the shares have elapsed. While the shares of restricted stock once vested are not subject to an express holding period, each named executive officer must comply with the stock ownership guidelines discussed on page 43. Until the specified level of ownership is achieved, executives are required to hold at least 50% of all restricted stock granted to them.

Stock Bonus Plan. SpartanNash's named executive officers and certain other key associates may elect to receive all or a portion of any annual cash incentive award they may receive in the form of SpartanNash common stock pursuant to the Company's 2001 Stock Bonus Plan. Under the Plan, participants may elect to receive up to 100% of their annual cash incentive award in the form of SpartanNash stock. Associates who make such an election receive SpartanNash common stock having a value equal to the portion of the annual cash incentive award designated by the associate, plus an additional grant of shares having a value of up to 30% of the portion of the participant's annual cash incentive award that he or she elected to receive in stock. All shares issued under the Stock Bonus Plan are subject to a holding period of at least twelve months. The Compensation Committee has determined that for incentive award opportunities granted in 2016, participants will receive additional shares having a value of 20% of the elected cash bonus amount, and the minimum holding period will be 24 months.

Pension Benefits and Non-Qualified Deferred Compensation. For information on pension benefits and non-qualified deferred compensation, please see the tables and accompanying narrative below.

All Other Compensation. The amounts reported under *All Other Compensation* include dividends paid on unvested restricted stock awards (which are paid at the same rate as dividends paid on the Company's common stock), matching payments for contributions to the Company's qualified and non-qualified retirement plans.

All Other Compensation also includes the dollar value of premiums paid by the Company for group term life insurance for the named executive officers. The Company pays group term life insurance premiums for all of its associates.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table provides information concerning unexercised options and restricted stock awards that have not vested for each named executive officer outstanding as of January 2, 2016:

Name	Option Awards				Stock Awards Market	
	Number of	Number of			Number of	Value of
	Securities	Securities			Shares or	Shares or
	Underlying	Underlying			Units of	Units of
	Unexercised	Unexercised	Option		Stock That	Stock That
	Options	Options	Exercise	Option	Have Not	Have Not
	(#)	(#)	Price	Expiration	Vested ⁽³⁾	Vested
	Exercisable ⁽¹⁾	Unexercisable ⁽³⁾	(\$)	Date	(#)	(\$) ⁽²⁾
Dennis Eidson	37,400		13.87	5/15/19	112,137	2,426,645
	11,200		23.04	10/15/18		
	34,300		22.69	5/16/18		
	1,020		22.50	10/17/17		
	10,600		28.28	5/18/17		
David Staples	13,800		13.87	5/15/19	33,673	728,684
	21,000		22.69	5/16/18		
	7,500		28.28	5/18/17		
Derek Jones					37,602	813,707
Theodore Adornato	13,300		22.69	5/16/18	19,552	423,105
	4,900		28.28	5/18/17		
Kathleen Mahoney					12,830	277,641

⁽¹⁾ All exercisable options are fully vested.

⁽²⁾ The market value reflected in this column is based on a closing market price of \$21.64 on December 31, 2015 (the last trading day of fiscal 2015) as reported by the Nasdaq Global Select Market.

⁽³⁾ The following table sets forth the vesting dates for unvested restricted stock awards to each named executive officer as of January 2, 2016. All option awards are fully vested.

VESTING SCHEDULE FOR SHARES OF RESTRICTED STOCK

(#)

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	Dennis	David	Derek	Theodore	Kathleen
Vesting Date	Eidson	Staples	Jones	Adornato	Mahoney
2/1/16	11,052	3,039	1,934	1,934	1,934
3/1/16	11,153	3,625	2,087	1,757	1,757
5/1/16	11,367	3,240	2,166	2,166	
5/1/16	11,501	3,408	2,278	2,278	
2/1/17	11,052	3,039	1,934	1,934	1,934
3/1/17	11,153	3,625	2,087	1,757	1,757
5/1/17	11,501	3,408	2,278	2,278	
2/1/18	11,052	3,039	1,934	1,934	1,934
3/1/18	11,153	3,625	2,087	1,757	1,757
3/1/19	11,153	3,625	2,087	1,757	1,757
3/1/20			16,730		

Table of Contents

OPTION EXERCISES AND STOCK VESTED

The following table provides information concerning each exercise of stock options and each vesting of restricted stock during the last completed fiscal year for each of the named executive officers on an aggregated basis.

Name	Option Awards		Stock Awards	
	Number of		Number of	
	Shares	Value	Shares	Value
	Acquired	Realized	Acquired	Realized
	on Exercise	on Exercise	on Vesting	on Vesting
	(#)	(\$) ⁽¹⁾	(#)	(\$) ⁽²⁾
Dennis Eidson	12,000	183,240	53,311	1,587,122
David Staples	9,000	137,430	15,490	462,024
Derek Jones	27,000	219,785	10,252	306,181
Theodore Adornato	16,800	235,600	10,252	306,181
Kathleen Mahoney			1,934	49,820

⁽¹⁾ The dollar values reported in this column are calculated by multiplying the number of shares acquired on exercise by the spread between the closing price of SpartanNash common stock on the date of the exercise and the exercise price of the option.

⁽²⁾ The dollar values reported in this column are calculated using the closing price of the stock on the date of vesting, or if the vesting date is not a day on which Nasdaq is open for trading, then the closing price on the most recent preceding trading day.

PENSION BENEFITS

Messrs. Eidson, Staples, Jones, and Adornato participate in the Spartan Stores Cash Balance Pension Plan, a qualified pension plan. The Cash Balance Pension Plan was frozen in 2011 and additional service credits are no longer added to each Associate's account. The participants in the Cash Balance Pension Plan will continue to accrue interest credits at the end of each month until the cash balance is paid out. The interest rate used for this purpose is the average of the 10-year Treasury interest rate over the 12 months ending in November of the prior calendar year, or 2.05%, whichever is greater.

Upon termination of employment, a participant will be entitled to his or her vested accrued benefit.

Table of Contents

The table below summarizes the pension benefits for the named executive officers that participate in the Cash Balance Pension Plan and the Supplemental Executive Retirement Plan (SERP).

Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)⁽¹⁾⁽²⁾⁽³⁾
Dennis Eidson	SpartanNash Cash Balance Pension Plan	12.75	52,187
	Supplemental Executive Retirement Plan	12.75	107,984
David Staples	SpartanNash Cash Balance Pension Plan	15.75	97,142
	Supplemental Executive Retirement Plan	15.75	105,127
Derek Jones	SpartanNash Cash Balance Pension Plan	8.00	21,156
	Supplemental Executive Retirement Plan	8.00	15,159
Theodore Adornato	SpartanNash Cash Balance Pension Plan	11.00	42,986
	Supplemental Executive Retirement Plan	11.00	38,230

⁽¹⁾ Represents the actuarial present value of the named executive officer's accumulated benefit under the plan, computed as of the same pension plan measurement date used for financial statement reporting purposes (January 2, 2016). For more information, see Note 10, *Associate Retirement Plans*, to the audited financial statements of SpartanNash contained in the Company's Report on Form 10-K for the period ended January 2, 2016.

⁽²⁾ None of our named executive officers received a distribution from any pension plan during fiscal 2015.

⁽³⁾ The Cash Balance Pension Plan was frozen effective January 1, 2011. Even though participants may continue to accrue years of credited service, the additional years do not increase the value of the accumulated benefit, but increased service years affect the distribution payment options at termination. These changes are also effective for the Supplemental Executive Retirement Plan, which mirrors the Cash Balance Pension Plan (as discussed below), except that distribution options under the Supplemental Executive Retirement Plan are different.

Qualified Defined Contribution Retirement Plan

The Company maintains the Savings Plus Plan, a qualified 401(k) defined contribution retirement plan that is generally open to all of the Company's non-union associates. Our named executive officers are eligible to participate in the Savings Plus Plan, subject to wage and contribution limits imposed by the Internal Revenue Code.

The Savings Plus Plan allows for 50% matching contributions by the Company up to 6% of salary. Matching contributions are subject to a vesting schedule for associates with less than five years of service. The Savings Plus Plan also includes a discretionary profit-sharing contribution for eligible participants. The profit-sharing contribution is targeted at 1.5% of eligible compensation annually, subject to fiscal year end results. The contribution for fiscal 2014 was 1.6%, which was contributed to participants' accounts in March 2015.

Table of Contents

NON-QUALIFIED DEFERRED COMPENSATION

SpartanNash maintains two nonqualified deferred compensation plans: the SERP, which provides nonqualified deferred compensation benefits to SpartanNash's officers, and the Supplemental Executive Savings Plan (SESP), which is a nonqualified deferred compensation plan for SpartanNash's officers and director-level associates.

The purpose of the SERP is to provide officers with the benefits that they are otherwise denied under the Cash Balance Pension Plan due to the annual dollar limit on compensation and other limitations of the Internal Revenue Code, which are referred to collectively as the statutory limits. Accordingly, each officer's benefit under the SERP is equal to the officer's benefit that would have accrued under the Pension Plan but for the operation of the statutory limits, minus the accrued benefit actually payable to the officer under the Pension Plan calculated in accordance with the statutory limits. The suspension of basic credits under the Cash Balance Pension Plan (as described above) has a corresponding impact on the SERP (*i.e.*, SERP participants will no longer accrue basic credits under the SERP, but may accrue interest credits).

Benefits under the SERP are paid from SpartanNash's general assets. There is no separate trust that has been established to fund benefits.

The purpose of the SESP is to provide officers with the benefits that they are otherwise denied under the Company's qualified savings plan, the Savings Plus Plan, due to statutory limits. Participants in the SESP may defer up to 50% of base salary and up to 100% of any bonuses under the plan. This opportunity is in addition to a participant's savings opportunity under the Savings Plus Plan (subject to statutory limits). Participants in the SESP are entitled to a Company-matching contribution that mirrors the 50% matching contribution by the Company up to 6% of salary under the Savings Plus Plan, except the statutory limits do not apply. SESP participants are entitled to a profit sharing contribution that mirrors the Company's discretionary profit-sharing contribution in the Savings Plus Plan, as described above under caption "Qualified defined contribution retirement plan," but only to the extent that statutory limits prevent such participants from receiving the match under the Savings Plus Plan.

The SESP provides participants with various investment alternatives, consisting primarily of mutual funds. The investments are only hypothetical investments, also referred to as phantom investments. The investment results for a participant are determined as if the contributions had actually been invested in the selected investment fund during the relevant time period.

Table of Contents

The following table provides certain information regarding participation of the named executive officers in our non-qualified deferred compensation plans.

NON-QUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions In Last FY⁽¹⁾	Registrant Contributions In Last FY	Aggregate Earnings In Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance At Last FYE⁽²⁾
	(\$)	(\$)	(\$)	(\$)	(\$)
Dennis Eidson	83,126	74,332	8,180		1,061,012
David Staples	73,850	37,123	(6,756)		768,209
Derek Jones	34,108	14,978	2,167		198,647
Theodore Adornato	20,638	19,087	1,257		372,537
Kathleen Mahoney					

⁽¹⁾ All of the amounts in this column are also reported as either Salary or Non-Equity Incentive Plan Awards in the Summary Compensation Table of this proxy statement.

⁽²⁾ The aggregate balance at last fiscal year-end shown in this column includes Company contributions in prior years which were reported as All Other Compensation on the Summary Compensation Table for the applicable year. Company contributions in prior years that have previously been reported for each named executive officer are as follows: \$214,995 for Mr. Eidson, and \$106,736 for Mr. Staples.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL*All Named Executive Officers*

The following discussion applies to the Company's named executive officers. SpartanNash has entered into an employment agreement and severance agreement with each of its named executive officers. The employment agreements and severance agreements are summarized below.

Executive Employment Agreements

Each of SpartanNash's executive officers has an employment agreement with SpartanNash providing that if the officer's employment is terminated by SpartanNash other than due to death, disability or cause (as defined in the employment agreement), or if the employment is terminated by the officer for good reason (as defined in the employment agreement), the officer will receive the payments and benefits described and quantified in the table on page 56.

Each named executive officer's employment agreement requires that the officer meet certain conditions to be eligible for severance pay, including execution of a release of certain employment-related claims and compliance with the post-employment confidentiality and non-competition provisions of the employment agreement.

Executives will not receive severance payments or benefits under the Executive Employment Agreements if they receive any payments or benefits under the Executive Severance Agreements, which are described below.

Table of Contents

Executive Severance Agreements

Each of SpartanNash's named executive officers has an executive severance agreement with SpartanNash. Under these agreements, if the officer's employment with SpartanNash terminates for reasons other than a nonqualifying termination (as described below) during the two-year period following a change in control (as described below) of SpartanNash, then the officer will receive the payments and benefits described and quantified in the table on page 58. For the Company's named executive officers other than Ms. Mahoney, the executive is required to accept up to a 10% reduction of severance benefits to avoid imposition of any excise tax imputed under the Internal Revenue Code. Ms. Mahoney's agreement contains a "best net" provision, providing that severance benefits will be reduced to avoid any excise taxes, or paid in full subject to Ms. Mahoney paying the applicable excise taxes, whichever results in the higher payment to the executive on an after-tax basis. In no event will the Company pay or reimburse any excise taxes relating to Ms. Mahoney's agreement.

SpartanNash will not provide benefits under the executive severance agreements in the event of a nonqualifying termination. A nonqualifying termination is defined in the agreements as any of the following: termination by SpartanNash for cause, termination by the officer (with notice to the Company) for any reason other than for good reason (as defined in the executive severance agreement), retirement of the officer, and death or disability of the officer.

The term "change in control" is defined in the executive severance agreements generally as (1) the acquisition by any person or group of 20% or more of the outstanding common stock or voting power of SpartanNash, (2) the majority of the Board being comprised of persons other than the current members of the Board or their successors whose nominations were approved by at least two-thirds of the Board, or (3) the effective time of certain mergers, reorganizations, plans of dissolution or sales of substantially all of SpartanNash's assets.

The Company believes that the Executive Employment Agreements and Executive Severance Agreements help retain our executives and keep them focused on implementing our strategic plan during a time of increased competition, consolidation, and uncertainty in our industry. The agreements benefit the Company by enabling executives to remain focused on the business of the Company in uncertain times without the distraction of potential job loss.

The executive severance agreements are even more important in the context of a change in control as we believe they will motivate and encourage each executive to be receptive to potential strategic transactions that are in the best interest of shareholders, even if the executive faces potential job loss, which would otherwise result in losing the opportunity to vest in equity awards, which comprise a significant portion of each executive's compensation. We believe this benefits the Company and the potential acquirer because it enables the Company to retain and motivate the executive during the time preceding a potential change in control.

Table of Contents

The following table summarizes the potential payments and benefits payable to each named executive officer upon termination for the reasons set forth below, assuming that the triggering event took place on January 2, 2016 (and that no change in control took place before the triggering event):

**POTENTIAL PAYMENTS UPON TERMINATION NOT IN CONNECTION
WITH A CHANGE IN CONTROL**

	Dennis Eidson	David Staples	Derek Jones	Theodore Adornato	Kathleen Mahoney
Termination Other than for Retirement, Death, Disability or Cause⁽¹⁾⁽²⁾					
Lump-Sum Salary Payment ⁽³⁾	\$ 900,000	\$ 600,000	\$ 430,000	\$ 371,000	\$ 415,000
Health Coverage Reimbursement (COBRA) ⁽⁴⁾	\$ 13,351	\$ 19,048	\$ 19,048	\$ 6,239	\$ 6,164
Outplacement Assistance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
TOTAL	\$ 923,351	\$ 629,048	\$ 459,048	\$ 387,239	\$ 431,164
Retirement⁽⁵⁾⁽⁶⁾⁽⁷⁾					
Restricted Stock Vesting ⁽⁸⁾	\$ 2,426,645	\$ 728,684	\$ 813,707	\$ 423,105	\$ 277,641
Annual Cash Incentive Award ⁽⁹⁾	\$ 945,850	\$ 456,768	\$ 271,929	\$ 181,643	\$ 210,937
Long-Term Cash Incentive Award ⁽¹⁰⁾⁽¹¹⁾	\$ 1,984,470	\$ 579,048	\$ 372,870	\$ 365,460	\$ 172,031
TOTAL	\$ 5,356,965	\$ 1,764,500	\$ 1,458,506	\$ 970,208	\$ 660,609
Death or Disability					
Restricted Stock Vesting ⁽⁸⁾	\$ 2,426,645	\$ 728,684	\$ 813,707	\$ 423,105	\$ 277,641
Annual Cash Incentive Award ⁽⁹⁾	\$ 945,850	\$ 456,768	\$ 271,929	\$ 181,643	\$ 210,937
Long-Term Cash Incentive Award ⁽¹⁰⁾⁽¹¹⁾	\$ 2,131,448	\$ 626,816	\$ 400,367	\$ 388,609	\$ 195,180
TOTAL	\$ 5,503,943	\$ 1,812,268	\$ 1,486,003	\$ 993,357	\$ 683,758

(1) Under the Employment Agreements with each named executive officer, the Company will provide severance payments and benefits only if the named executive officer is terminated by the Company at will (*i.e.*, not for death, disability, or cause as defined in the agreements), or if the executive terminates the employment for good reason, as defined in the Employment Agreements.

(2) Any named executive officer who is terminated for cause (as defined in the Employment Agreements) will receive only salary and benefits accrued as of the date of termination.

(3) The Employment Agreement with each named executive officer requires lump-sum payment of an amount equal to the executive's salary for a period of fifty-two weeks following the week in which the employment terminates.

(4) The amounts would be paid as reimbursement by the Company to the executive for the COBRA continuation coverage premium necessary to continue the named executive officer's then-current health, dental, and prescription drug coverage (for the executive and any dependents) for a period of 52 weeks following termination.

(5) Under the terms of the Executive Plan and the Company's equity incentive plans, an associate is eligible for retirement after attaining age 65, or age 55 if the associate has 10 years of service. Mr. Eidson, Ms. Mahoney, and Mr. Adornato are eligible for retirement status. None of the other named executive officers are eligible for retirement, and would therefore not receive the payments set forth under the caption Retirement. For those officers, the amounts set forth under Retirement are provided solely for the purpose of illustrating the payments that would be made if the named executive officers were eligible for retirement as of January 2, 2016.

Table of Contents

- (6) The named executive officers will receive benefits under the SERP and Cash Balance Pension Plan as described in the Pension Benefits and Non-Qualified Deferred Compensation sections of this proxy statement.
- (7) Under the terms of each stock option grant to our named executive officers, a participant that retires as an associate of the Company may exercise any options granted under the Plan according to their terms during the remaining term of the options. If a participant dies or becomes disabled, then any options that are not exercisable at the time of the death or disability are forfeited. As of the date of this proxy statement, all outstanding options are fully vested and exercisable.
- (8) Under the terms of the Company's stock incentive plans, if a Plan participant becomes disabled or dies, then the participant will receive a pro-rata portion of any unvested restricted stock, but the plans also permit the Compensation Committee, in its sole discretion, to waive any restrictions remaining on any remaining shares of restricted stock before or after the death, retirement, or disability of the participant. Pursuant to its discretionary authority, the Compensation Committee has included in the terms and conditions of each grant of restricted stock to the named executive officers a provision for the automatic vesting of restricted stock upon the death or disability of the named executive officer.
- (9) Under the terms of each named executive officer's annual cash incentive award, in the event of retirement, death, or disability before the completion of the performance period, the named executive officer will earn a pro-rata portion of the award based on the number of weeks of employment during the performance period. Each named executive officer's annual cash incentive award was earned as of the end of Fiscal 2015 (the date of the assumed triggering event) and is included in the Non-Equity Incentive Compensation reported in the Summary Compensation Table.
- (10) Under the terms set forth in the letter agreement governing each named executive officer's long-term cash incentive award under the Executive Plan, if a named executive officer retires during the performance period, then the payout, if any, will be the amount the officer would have earned had he remained employed with the Company for the full performance and vesting period based on actual performance results, paid on a pro-rated basis according to the length of employment during the performance period. If an officer retires after the performance period but before the vesting date, the earned portion of the award, if any, will be paid in full. The amounts reported in the table are based on projected performance for fiscal 2016 and 2017.
- (11) Under the terms set forth in the letter agreement governing each named executive officer's long-term cash incentive award under the Executive Plan, if a named executive officer dies or becomes disabled with 12 months or more remaining in the performance period, the target bonus will be paid on a pro-rata basis based on the length of employment during the performance period. If an officer dies or becomes disabled with less than 12 months remaining in the performance period, the payout, if any, will be paid based on actual performance results on a pro-rata basis based on the length of employment during the performance period. If an officer dies or becomes disabled after the performance period, any earned portion of the award will be paid. The amounts reported in the table are based on projected performance for Fiscal 2016 and 2017.

Table of Contents

The following table summarizes the potential payments and benefits payable to each of SpartanNash's named executive officers upon termination after a change of control of the Company, assuming that the change in control and termination took place on January 2, 2016.

**POTENTIAL PAYMENTS UPON TERMINATION IN CONNECTION
WITH A CHANGE IN CONTROL**

	Dennis Eidson	David Staples	Derek Jones	Theodore Adornato	Kathleen Mahoney
Lump Sum Payment ⁽¹⁾	\$ 3,780,000	\$ 2,160,000	\$ 1,462,000	\$ 1,150,100	\$ 1,286,500
Long-Term Cash Incentive Award ⁽²⁾	\$ 2,310,149	\$ 675,958	\$ 431,640	\$ 419,882	\$ 226,452
Acceleration of Options ⁽³⁾					
Acceleration of Restricted Stock ⁽³⁾	\$ 2,426,645	\$ 728,684	\$ 813,707	\$ 423,105	\$ 277,641
Cash Balance Pension Plan Benefit and SERP Benefit ⁽⁴⁾	\$ 6,765	\$ 8,543	\$ 1,534	\$ 3,430	N/A
Continued Benefits ⁽⁵⁾	\$ 59,332	\$ 84,652	\$ 84,652	\$ 28,539	\$ 28,197
Outplacement Services ⁽⁶⁾	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Adjustment to Avoid Tax Gross-Up ⁽⁷⁾					
Excise Tax Gross-Up ⁽⁷⁾⁽⁸⁾					N/A
TOTAL	\$ 8,607,891	\$ 3,682,837	\$ 2,818,533	\$ 2,050,056	\$ 1,843,790

(1) Under the Executive Severance Agreements, each officer is entitled to receive a lump sum payment equal to the sum of: (a) the executive's unpaid base salary through the date of termination, (b) any unpaid annual incentive awards that have been earned and become payable, (c) a pro-rata portion of the executive's target bonus under the Incentive Plan for the year of termination, and (d) an amount equal to twice the sum of: (i) the higher of the executive's annual base salary rate as of the date of termination and base salary on the date before the change in control; and (ii) the higher of the executive's current year target bonus under the Incentive Plan (with such calculations to be made as though the target level has been achieved) and the current-year forecasted bonus under the Incentive Plan as of the Date of Termination. If the Board of Directors has not established a target bonus under the Incentive Plan for the current year at the time of the change in control, then the previous year's target bonus will be used to determine the amounts described above in clauses (c) and (d)(ii).

(2) Under the terms set forth in the letter agreement governing each named executive officer's long-term cash incentive award, upon a change in control of the Company during the performance period, each officer will earn a long-term cash incentive award equal to the greater of the target amount or the projected earned amount of the award based on the Company's performance as of the date of the change in control, to be paid on a pro-rata basis for the length of employment during the performance period prior to the change in control. If a change in control follows the performance period, any earned but unvested portion of the award will be payable in full upon the earliest to occur of the termination of the officer's employment for any reason, the applicable vesting date, or the date that is the 15th day of the third month following the change in control. The amounts reported in the table reflect projected performance for Fiscal 2016 and 2017.

(3) Upon a change in control, each officer's unvested stock options will vest and unvested shares of restricted stock will vest. Because all options held by the named executive officers were fully vested as of January 2, 2016, no options would be accelerated.

(4) For each named executive officer other than Ms. Mahoney, the Executive Severance Agreement calls for a lump sum payment equal to: (a) the difference between the officer's SpartanNash Cash Balance Pension Plan account balance on the date of termination and the amount he or she would have been entitled to receive under the SpartanNash Cash Balance Pension Plan, assuming the officer was fully vested under the Plan and had continued employment and years of service coverage for 24 additional months; and (b) the difference between the named executive officer's SERP account balance as of the date of employment termination and the account balance if the executive remained employed for 24 additional months. Ms. Mahoney does not participate in the Cash Balance Pension Plan or the SERP.

Table of Contents

- (5) Under the Executive Severance Agreements, each named executive officer will receive reimbursement for the following benefits (a) for 24 months, all health, dental and prescription drug benefits for the officer and his or her family; (b) for 12 months, tax and financial planning benefits; and (c) for 24 months, Company funded life insurance coverage. The reimbursement amount also includes an amount necessary to eliminate the income tax cost to the named executive officer resulting from any conversion of such benefits from non-taxable employee benefits to taxable reimbursements.
- (6) Under the Executive Severance Agreement, each named executive officer is entitled to outplacement assistance in an amount not to exceed \$25,000.
- (7) Upon a change in control, associates may be subject to certain excise taxes under Section 280G of the Internal Revenue Code. For the named executive officers other than Ms. Mahoney, the Executive Severance Agreements require the Company to reimburse the executive for those excise taxes as well as any income and excise taxes payable by the executive as a result of any reimbursements for the 280G excise taxes (the "Excise Tax Gross-Up"), except that such executives will be required to accept up a reduction of up to 10% of severance benefits to avoid imposition of any excise tax imputed pursuant to IRC Sections 280G and 4999. Ms. Mahoney's agreement contains a "best net" provision, providing that severance benefits will be reduced to avoid any excise taxes, or paid in full subject to the executive paying the applicable excise taxes, whichever results in the higher payment to the executive on an after-tax basis. As shown in the table, if any of the named executive officers had been terminated upon a change in control on January 2, 2016, then no excise taxes would have been payable, and no reduction in benefits would have been required to avoid any excise taxes.
- (8) The calculations used to determine potential excise tax liability under Section 280G are based on an excise tax rate of 20%, a 40.78% effective federal income tax rate, a 2.35% Medicare tax rate and applicable state income tax rates.

Table of Contents

The Compensation Committee coordinates with the Nominating and Corporate Governance Committee to evaluate whether the Company's non-employee directors are fairly compensated for their services to the Company. Employee directors do not receive compensation for service as a director. In making director compensation decisions, the Compensation Committee is guided by three basic principles:

compensation should fairly pay directors for services expected of a director of a company of similar size and scope to the Company;

compensation should align directors' interests with the long-term interests of shareholders; and

the structure of the compensation should be transparent and easy for shareholders to understand.

The Compensation Committee conducts periodic reviews of non-employee director compensation with these guiding principles in mind. The Committee also reviews compensation survey data for retail companies and companies of comparable size by revenue to help the Company compensate its directors fairly and competitively.

The Company does not pay meeting fees. The Board has established the following director compensation components and amounts:

All non-employee Directors (other than the Chairman): \$60,000 cash retainer and \$90,000 equity award;

Chairman of the Board: \$150,000 cash retainer;

Lead Independent Director: additional \$15,000 cash retainer;

Audit Committee Chair: \$15,000 cash retainer;

Audit Committee Members: \$12,500 cash retainer;

Compensation Committee Chair: \$15,000 cash retainer;

Compensation Committee Members \$10,000 cash retainer;

Nominating & Governance Committee Chair: \$10,000 cash retainer; and

Nominating & Governance Committee Members: \$7,500 cash retainer.

Effective for fiscal 2016, the director annual equity award amount has been increased to \$105,000 and the annual equity award paid to the nonexecutive Chairman of the Board was increased to \$115,000.

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The Company has established stock ownership guidelines for non-employee directors to help align the interests of directors with those of our shareholders. Under these guidelines, each director is expected to acquire and continue to hold shares of the Company's common stock having an aggregate market value that equals or exceeds five times the rate of the regular annual retainer then in effect for non-employee directors who are not chairs. Each director is expected to achieve the target ownership level within five years of becoming a director.

Table of Contents

The following table provides information concerning the compensation of non-executive directors for SpartanNash's last completed fiscal year.

DIRECTOR COMPENSATION

Name	Fees Earned Or Paid in Cash (\$)	Stock Awards ⁽¹⁾⁽²⁾ (\$)	Total ⁽³⁾ (\$)
M. Shân Atkins	80,000	88,889	168,889
Mickey P. Foret	95,000	88,889	183,889
Dr. Frank M. Gambino	72,500	88,889	161,389
Douglas A. Hacker	87,500	88,889	176,389
Yvonne R. Jackson	92,500	88,889	181,389
Elizabeth A. Nickels	72,500	88,889	161,389
Timothy J. O'Donovan	92,500	88,889	181,389
Hawthorne L. Proctor	72,500	88,889	161,389
Craig C. Sturken	150,000	88,889	238,889
William R. Voss	77,500	88,889	166,389

⁽¹⁾ These amounts represent the portion of the grant date fair value of restricted stock determined in accordance with ASC 718. For details regarding the assumptions used in the valuation of share-based awards, see Note 13, Stock-Based Compensation, to the audited financial statements of SpartanNash contained in the Company's Report on Form 10-K for the period ended January 2, 2016.

⁽²⁾ On February 25, 2015 each non-executive director was issued 3,348 shares of restricted stock pursuant to the Stock Incentive Plan of 2005, which vested on March 1, 2016. Each award had a grant date fair value of \$26.55 per share (for an aggregate value of \$88,889).

⁽³⁾ The following table presents the number of outstanding shares of restricted stock and outstanding stock options held by each current non-executive director as of January 2, 2016. All of the options reported below for Mr. Sturken were awarded to him in connection with his service as an executive officer of the Company.

Name	Shares of Restricted Stock Outstanding	Shares Underlying Options (Exercisable)	Shares Underlying Options (Non-Exercisable)
M. Shân Atkins	3,348	9,462	
Mickey P. Foret	3,348		
Dr. Frank M. Gambino	3,348	4,786	
Douglas A. Hacker	3,348		
Yvonne R. Jackson	3,348		
Elizabeth A. Nickels	3,348	9,462	
Timothy J. O'Donovan	3,348	9,462	
Hawthorne L. Proctor	3,348		
Craig C. Sturken	3,348	29,000	
William R. Voss	3,348		

Table of Contents

Mr. Hacker, Ms. Jackson, Mr. O'Donovan and Mr. Voss served as members of the Compensation Committee during fiscal 2015. None of the above members of the Compensation Committee was an officer or associate of SpartanNash or formerly an officer of SpartanNash. None of SpartanNash's executive officers served as a member of a compensation committee (or Board committee performing a similar function) for another entity, or served as a director of another entity with an executive officer that serves on the SpartanNash Board of Directors.

Table of Contents

Compensation Committee Report. The Compensation Committee has reviewed and discussed with management the information provided under the heading Compensation Discussion and Analysis. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in SpartanNash's annual report on Form 10-K and proxy statement.

Respectfully submitted,

Yvonne R. Jackson, Chair

Douglas A. Hacker

Timothy J. O'Donovan

William R. Voss

Table of Contents

SpartanNash recognizes that transactions with related persons can present potential or actual conflicts of interest. Accordingly, the Company has adopted written policies and procedures intended to ensure that potential conflicts of interests are identified, reviewed, approved, and disclosed as necessary. The Company has regular communications with related persons and relevant associates regarding these policies.

It is the responsibility of SpartanNash's management to conduct an appropriate review of all transactions with related persons (as defined by Nasdaq and SEC rules) for potential conflicts of interest situations on an ongoing basis. Pursuant to Nasdaq Listing Rule 5630 and the Audit Committee Charter, the Audit Committee must evaluate and approve every proposed transaction with a related person. For any proposed transaction in which a director has an interest, SpartanNash's general policy is that the director may proceed with the transaction only if the material facts of the transaction and the director's interest in the transaction have been disclosed to the Audit Committee of the Board, the Audit Committee determines that the transaction is fair to SpartanNash, and the transaction is approved by the Audit Committee. There are no established criteria for evaluating such transactions, and the Audit Committee may consider any information or factors as it deems appropriate in making this determination. However, the Audit Committee may not determine that the proposed transaction is fair to the Company unless it determines that the transaction will be made on terms no less favorable than those offered generally to entities that are not affiliated with any director.

Directors and executive officers are required to complete an annual written questionnaire that solicits information regarding any direct or indirect interest that they or members of their family may have in any transaction or series of transactions involving the Company and having a value of \$120,000 or more. Directors and executive officers are required to promptly update the Company of any change in the information provided by them in the questionnaire.

SpartanNash has adopted a written conflict of interest policy that requires all associates to report actual and potential conflicts of interest to the Company's internal auditor.

There were no related person transactions requiring disclosure under SEC rules during fiscal 2015 or the current fiscal year to the date of this proxy statement.

Table of Contents

Section 16(a) of the Securities Exchange Act of 1934 requires SpartanNash's directors and officers and persons who beneficially own more than 10% of the outstanding shares of SpartanNash common stock to file reports of ownership and changes in ownership of shares of common stock with the SEC. Directors, officers and greater than 10% beneficial owners are required by SEC regulations to furnish SpartanNash with copies of all Section 16(a) reports they file with the SEC. SpartanNash and its legal counsel file Forms 4 and other reports under Section 16(a) on behalf of directors and executive officers to report transactions with the Company under our compensation and benefit plans. Based solely on our review of the copies of such reports received by us, and written representations from certain reporting persons that no reports on Form 5 were required for those persons for fiscal 2015, we believe that there have been no failures to timely file required reports by our directors and officers, except that on March 18, 2015 a Form 4 reporting a sale of shares by Major General (Ret.) Proctor was filed four business days late.

Table of Contents

Shareholder proposals intended to be presented at the 2017 annual meeting of shareholders, whether or not intended to be included in the proxy statement and form of proxy relating to that meeting, must be received by the Company at its principal executive offices not later than December 20, 2016. Shareholder proposals intended for consideration for inclusion in our proxy statement and form of proxy relating to that meeting should be made in accordance with SEC Rule 14a-8.

All shareholder proposals must comply with the notice provisions set forth in SpartanNash's bylaws which require that a written notice of a proposal to be considered at the Company's 2017 Annual Meeting must be delivered to the Secretary of the Company at the principal executive offices of the Company not later than December 20, 2016, if the meeting is held within 30 days of the calendar date of the 2016 Annual Meeting. In the event that the date of the 2017 meeting changes by more than 30 days from the calendar date of the 2016 Annual Meeting, written notice of a proposal must be delivered not more than seven days after the earlier of the date of the notice of the meeting. To be effective, such a notice must comply fully with the bylaws. You should address all shareholder proposals to the attention of our Secretary, 850 76th Street, S.W., P.O. Box 8700, Grand Rapids, Michigan 49518-8700.

Shareholder Nominations of Director Candidates

Under our restated articles of incorporation, a shareholder of record may nominate a person for election as a director at a meeting of shareholders at which directors will be elected if, and only if, the shareholder has delivered timely notice to the Secretary of SpartanNash setting forth:

the name, age, business address and residence address of each proposed nominee;

the principal occupation or employment of each nominee;

the number of shares of SpartanNash stock that each nominee beneficially owns;

a statement that each nominee is willing to be nominated; and

any other information concerning each nominee that would be required under the rules of the Securities and Exchange Commission (SEC) in a proxy statement soliciting proxies for the election of those nominees.

The Nominating and Corporate Governance Committee will consider every nominee proposed by a shareholder that is received in a timely manner in accordance with these procedures and report each such nomination, along with the Nominating and Corporate Governance Committee's recommendations, to the full Board of Directors.

To be timely, a shareholder's notice must be delivered to or mailed and received at SpartanNash's principal executive offices at least 120 days before the date of notice of the meeting in the case of an annual meeting of shareholders, or not more than seven days following the date of notice of the meeting in the case of a special meeting of shareholders. Any nomination that does not comply with these procedures will be void.

The Nominating and Corporate Governance Committee may also, in its discretion, consider shareholders' informal recommendations of possible nominees. Shareholders may send such informal recommendations to the Committee by directing them to SpartanNash in care of the Secretary, 850 76th Street, S.W., P.O. Box 8700, Grand Rapids, Michigan 49518.

Table of Contents

We will initially solicit proxies by mail and by making our proxy materials available on the Internet. In addition, directors, officers and associates of SpartanNash and its subsidiaries may solicit proxies by telephone or facsimile or in person without additional compensation. Proxies may be solicited by nominees and other fiduciaries who may mail materials to or otherwise communicate with the beneficial owners of shares held by them. We will bear all costs of the preparation and solicitation of proxies, including the charges and expenses of brokerage firms, banks, trustees or other nominees for forwarding proxy material to beneficial owners. We have engaged Georgeson Inc. at an estimated cost of \$7,500, plus expenses and disbursements, to assist in solicitation of proxies.

By Order of the Board of Directors

Kathleen M. Mahoney

Executive Vice President Chief Legal Officer and Secretary

Grand Rapids, Michigan

April 19, 2016

Table of Contents

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. x

Electronic Voting Instructions

You can vote by Internet or telephone!

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m. Eastern time on June 2, 2016.

Vote by Internet

Go to **www.envisionreports.com/SPTN**

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

A Proposals The Board recommends a vote **FOR** all nominees and **FOR** Proposals 2 and 3.

1. Election of Directors:	For	Withhold		For	Withhold		For	Withhold	+
01 - M. Shân Atkins	02 - Dennis Eidson	..	..	03 - Mickey P. Foret	..	..
04 - Frank M. Gambino	05 - Douglas A. Hacker	..	..	06 - Yvonne R. Jackson	..	..
07 - Elizabeth A. Nickels	08 - Timothy J. O Donovan	..	..	09 - Hawthorne L. Proctor	..	..
10 - William R. Voss							

2. Say on Pay - Advisory approval of the Company's executive compensation.	For	Against	Abstain	3. Proposal to ratify the appointment of Deloitte & Touche LLP as independent auditors for the current fiscal year.	For	Against	Abstain

B Non-Voting Items

Change of Address	Please print your new address below.	Comments	Please print your comments below.	Meeting Attendance
				Mark the box to the right if you plan to attend the Annual Meeting.

C Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy)	Please print date	Signature 1	Please keep signature	Signature 2	Please keep signature
below.		within the box.		within the box.	
/ /					

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Table of Contents

2016 Annual Meeting Admission Ticket

2016 Annual Shareholders Meeting of

SpartanNash Company

Thursday, June 2, 2016, 9:00 a.m. Eastern Time

JW Marriott Hotel Grand Rapids

235 Louis St. NW, Grand Rapids, Michigan 49503

Admission Ticket Information

SpartanNash Company will be holding its Annual Meeting of Shareholders on June 2, 2016. The Company's proxy statement provides information regarding the matters that are expected to be voted on at the meeting. Your vote is important to us. Even if you plan to attend the meeting, please read the enclosed materials and vote through the Internet, by telephone or by mailing the Proxy Card below.

If you plan to attend the Annual Meeting of Shareholders, you will need to present this ticket or your notice of availability of proxy materials and photo identification to gain entrance to the meeting.

PLEASE NOTE THAT GIFT BAGS, PRODUCT SAMPLES AND REFRESHMENTS ARE NO LONGER OFFERED AT THE MEETING. THERE WILL NOT BE A BUSINESS PRESENTATION AT THE MEETING.

Upon arrival, please present this admission ticket or your notice of availability of proxy materials and photo identification at the registration desk. You should send in your proxy or vote electronically even if you plan to attend the meeting.

Telephone and Internet Voting.

On the reverse side of this card are instructions on how to vote through the Internet or by telephone. Please consider voting through one of these methods. Your vote is recorded as if you mailed in your Proxy. We believe voting through the Internet or by telephone is convenient, and it also saves money.

Thank you in advance for your participation in our 2016 Annual Meeting.

SpartanNash Company

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

Proxy SpartanNash Company

Notice of 2016 Annual Meeting of Shareholders

JW Marriott Hotel Grand Rapids

235 Louis St. NW

Grand Rapids, Michigan 49503

Proxy Solicited by Board of Directors for Annual Meeting June 2, 2016

Dennis Eidson and David M. Staples, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Shareholders of SpartanNash Company to be held on June 2, 2016 or at any postponement or adjournment thereof.

If this Proxy is properly executed, the shares represented by this Proxy will be voted as directed by the shareholder. If no such directions are indicated, the Proxies will have authority to vote FOR the election of all nominees named on this proxy as directors, and FOR the approval of the proposals identified in this Proxy.

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

(Items to be voted appear on reverse side.)

This card also serves as voting direction to Fidelity Management Trust Company (Fidelity), as trustee of the SpartanNash Company Savings Plus Plan and the SpartanNash Company Savings Plus Plan for Union Associates. Shares held in these plans will be voted by Fidelity as directed by the plan participants. Unless otherwise required by law, shares for which Fidelity has not received voting instructions by three business days prior to the meeting date will not be voted.