



How does the Annual Incentive Plan (AIP) work?

- Each associate receives an annual target incentive expressed as a percentage of their base salary (e.g. 10%).
- Directors and below are eligible for quarterly incentive payouts based on Belk’s performance to EBITDA goal, plus an end-of-year “true up” component based on overall annual company performance. Additionally, there is an opportunity for an annual incentive payout based on one’s performance to individual goals.
- Officers are eligible for annual incentive payout based on Belk’s performance to EBITDA goal, as well as performance to their individual goals.

How is each component of the plan weighted?

Level	EBITDA/Individual Weighting	Payout Frequency
○ Officers	<ul style="list-style-type: none"> ○ 70% EBITDA performance to goal ○ 30% Individual performance to goals 	<ul style="list-style-type: none"> ○ EBITDA: Annually ○ Individual performance: Annually
○ Director and Below	<ul style="list-style-type: none"> ○ 50% EBITDA performance to goal ○ 50% Individual performance to goals 	<ul style="list-style-type: none"> ○ EBITDA: Quarterly with annual “true up” ○ Individual performance: Annually

How does EBITDA Performance impact the incentive payout?

Below are general guidelines for how the EBITDA performance to goal component corresponds to the AIP incentive target payout:

EBITDA Attainment	AIP Payout to Target*
○ Below LY Performance	○ No Funding
○ LY Performance	○ 50% of Target
○ Plan Performance	○ 100% of Target
○ Above Plan Performance	○ Up to 200% of Target

**The above table provides general guidelines for payouts to target but are not guarantees and determination of payouts is at the discretion of the Belk board. Performance between these levels will be paid based on a determination by the board but as EBITDA performance exceeds goal, payouts can be expected to increase as well with the highest earning potential at 200% of target.*

How does Individual Performance impact the incentive payout?

- The annual performance payouts will be awarded based on the associate’s performance to their individual goals and overall year-end review rating.
- The better your performance, the higher the incentive opportunity becomes
- Top performing associates will have the opportunity to be paid out above their incentive target.



Example

Example Associate Payout Calculation: AIP (Directors and Below)

- Base salary: \$80,000
- Associate Incentive Target: \$8,000 (10% AIP Target)
 - Annual EBITDA: \$4,000 total target (\$1,000 target per quarter)
 - Annual Individual Performance-Based: \$4,000 total target

EBITDA Incentive Opportunity

Incentive Period	EBITDA Performance	Incentive Payout
Quarter 1 Incentive Payout	100% EBITDA attainment	\$1,000
Quarter 2 Incentive Payout	85% EBITDA attainment	\$0
Quarter 3 Incentive Payout	105% EBITDA attainment (capped at Target)	\$1,000
Quarter 4 Incentive Payout	97% EBITDA attainment (75% of Target)	\$750
Total Quarterly Payouts		\$2,750
Annual Incentive Earned	100% EBITDA attainment	\$4,000
Annual True-Up Payout	Annual Incentive – Total Quarterly Payouts =	\$1,250
Total EBITDA Incentive Payouts	Total Quarterly Payouts + Annual True-Up =	\$4,000

Quarterly incentives earned based on EBITDA performance of each quarter

Annual incentive earned based on EBITDA performance for the full year

Annual true-up is the difference between the annual incentive and the total of all quarterly incentives

Individual Performance-Based Incentive Opportunity *

Review Rating	Exceeds	Achieves	Needs Improvement
Total EBITDA Incentives	\$4,000	\$4,000	\$4,000
Individual Performance Based Payout	\$4,800 (120% of target)	\$4,000 (100% of target)	\$0 (not eligible)
Total Annual Payout	\$8,800	\$8,000	\$4,000

Individual performance incentive based on performance to their goals
Better performance = Higher incentive

Total AIP earned for the year
EBITDA Incentive + Individual Incentive

*Payments of the individual performance based annual component is at the discretion of the Belk Board.
The example above assumes payout at 100% of target. Payout % for Exceeds may vary – example only.