

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.
- Store Management participants are eligible for quarterly incentive payouts based on their individual store’s performance to goal, plus an end-of-year “true up” component based on their store’s annual performance.
- Officers are eligible for annual incentive payout based on Belk’s performance to EBITDA goal, as well as performance to their individual goals (or Regional store performance).

How is each component of the plan weighted?

Level	EBITDA/Individual Weighting	Payout Frequency
○ Home Office & Field Officers	○ 70% EBITDA performance to goal ○ 30% Individual performance to goals	○ EBITDA: Annually ○ Individual performance: Annually
○ Area GVP’s & Regional RVP’s	○ 50% EBITDA performance to goal ○ 50% Regional performance to goals	○ EBITDA: Annually ○ Regional performance: Annually
○ Home Office & Field Director and Below	○ 50% EBITDA performance to goal ○ 50% Individual performance to goals	○ EBITDA: Quarterly with annual “true up” ○ Individual performance: Annually
○ Store Management	○ 100% Store Scorecard Metrics	○ Quarterly with annual “true up”

How does Performance impact the incentive payout?

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

Attainment to Goal	AIP Payout to Target*
○ Below 75% Attainment	○ No Payout
○ 75% Attainment	○ 50% of Target
○ 100% Attainment	○ 100% of Target
○ 125% Attainment	○ 200% of Target

\* Please refer to *Bonus Payout Scales* for actual payouts based on attainment

*\*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.*

For those with an Individual Performance component, how does that impact your incentive payout?

Corporate associates with the individual performance-based measure, the payout level for this component corresponds to the same attainment scale as Company EBITDA performance. Your annual review rating could also impact your payout opportunity:

- Exceeds or Achieves<sup>#</sup> – up to 100% of your Individual Performance target award with the opportunity to earn above target based on Company EBITDA performance
- Needs Improvement – not eligible for individual performance payout

<sup>#</sup> Any bonus payout is contingent upon approval by the Belk Board

### Example

Example for **Home Office or Field 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 Example

Incentive Period	EBITDA Performance	Incentive Payout
Quarter 1 Incentive Payout	100% EBITDA attainment	\$1,000
Quarter 2 Incentive Payout	70% EBITDA attainment (Below Threshold)	\$0
Quarter 3 Incentive Payout	110% EBITDA attainment (Cap at Target)	\$1,000
Quarter 4 Incentive Payout	90% EBITDA attainment (80% of Target)	\$800
<b>Total Quarterly Payouts</b>		<b>\$2,800</b>
Annual Incentive Earned	105% EBITDA attainment (120% of target)	\$4,800
Annual True-Up Payout	Annual Incentive – Total Quarterly Payouts =	\$2,000
<b>Total EBITDA Incentive Payouts</b>	<b>Total Quarterly Payouts + Annual True-Up =</b>	<b>\$4,800</b>

Quarterly incentives earned based on Company EBITDA performance

Annual incentive earned based on Company EBITDA performance for the full year

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

#### Individual Performance-Based Incentive Opportunity \*

Individual Performance	Exceeds	Achieves	Needs Improvement
Total EBITDA Incentives	\$4,800	\$4,800	\$4,800
Individual Performance Based Payout	\$4,800 (120% of target)	\$4,800 (120% of target)	\$0 (not eligible)
<b>Total Annual Payout</b>	<b>\$9,600</b>	<b>\$9,600</b>	<b>\$4,800</b>

\*Payment of the Individual Performance-based annual component is at the discretion of the Belk Board. The above is only an example based on the scenario of 105% annual attainment and does not signify any payout guarantee.

Example

Example for **Store Manager** Payout Calculation: AIP (Store Managers and Asst Store Managers)

- Base salary: \$80,000
- Associate Incentive Target: \$16,000 (20% AIP Target)
  - Quarterly Target: \$4,000 per quarter

**Bonus Incentive Opportunity Example**

Incentive Period	Scorecard Performance	Incentive Payout
Quarter 1 Incentive Payout	100 Points Bonus Score	\$4,000
Quarter 2 Incentive Payout	70 Points Bonus Score (Below Threshold)	\$0
Quarter 3 Incentive Payout	110 Points Bonus Score (Cap at Target)	\$4,000
Quarter 4 Incentive Payout	90 Points Bonus Score (80% of Target)	\$3,200
<b>Total Quarterly Payouts</b>		<b>\$11,200</b>
Annual Incentive Earned	105 Points Bonus Score	\$19,200
Annual True-Up Payout	Annual Incentive – Total Quarterly Payouts =	<b>\$8,000</b>
<b>Total Bonus Incentive Payouts</b>	<b>Total Quarterly Payouts + Annual True-Up =</b>	<b>\$19,200</b>

Quarterly incentives earned based on your store's performance

Annual incentive earned based on your store's performance for the full year

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

\* Above is an example only. Your actual Salary and Bonus targets will vary.