SPARTAN STORES INC
Form PRE 14A
March 24, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x 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

SPARTAN STORES, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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¨ Fee paid previously with preliminary materials.

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date filed:

SPARTAN STORES, INC.

d/b/a SPARTANNASH COMPANY

850 76th Street, S.W.

P.O. Box 8700

Grand Rapids, Michigan 49518-8700

(616) 878-2000

April 14, 2014

Dear Shareholder:

We cordially invite you to attend the 2014 Annual Meeting of Shareholders of Spartan Stores, Inc., d/b/a SpartanNash Company, to be held on Wednesday, May 28, 2014, at the Courtyard by Marriott Hotel, 11 Monroe Avenue NW, Grand Rapids, Michigan 49503, beginning at 9:00 a.m., Eastern Daylight Time.

The following pages contain the formal notice of meeting and proxy statement describing the matters to be acted upon at the Annual Meeting. We encourage you to read the proxy statement carefully. Securities and Exchange Commission rules allow us to furnish our proxy statement and annual report to our shareholders on the Internet. We are pleased to take advantage of these rules and believe that they enable us to provide our shareholders with the information that they need, while lowering the cost of delivery and reducing the environmental impact of the documents related to our Annual Meeting.

The meeting will consist primarily of the matters to be considered and voted upon by the shareholders. Management will present a brief report on results for the fiscal transition period ended December 28, 2013 and shareholders will have an opportunity to ask questions. Please note that there will be no gift bags, product samples or refreshments.

The annual meeting will continue to be webcast live. Anyone may access the webcast by visiting the Investor Relations section of our website, www.spartannash.com, and following the links to the live webcast. It is important that your shares be represented at the annual meeting, regardless of how many shares you own. **Please vote your shares using any of the means described in our proxy statement.** Regardless of whether or not you plan to attend the Annual Meeting, voting your shares prior to the meeting will not affect your right to vote in person if you attend.

Please note that attendance will be limited to shareholders of the Company and the holders of shareholder proxies. If you are a shareholder of record, you must bring the admission ticket attached to your proxy card or your notice of availability of proxy materials to be admitted to the meeting. Street name shareholders must present a copy of a brokerage statement reflecting stock ownership as of March 31, 2014. For all attendees, admission to the meeting will require presentation of a valid driver s license or other federal or state issued photo identification. Thank you.

Sincerely,

Dennis Eidson

President and Chief Executive Officer

Your vote is important. Even if you plan to attend the meeting,

PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY OR

VOTE BY TELEPHONE OR INTERNET.

SPARTAN STORES, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To our shareholders:

The 2014 Annual Meeting of Shareholders of Spartan Stores, Inc., d/b/a SpartanNash Company, will be held at the Courtyard by Marriott Hotel, 11 Monroe Avenue NW, Grand Rapids, Michigan 49503, on Wednesday, May 28, 2014, at 9:00 a.m., Eastern Daylight Time. At the meeting, we will consider and vote on:

1. The election of eleven directors from among the nominees identified in this proxy statement;
2. Approval of an amendment to the Company s Articles of Incorporation to change the name of the Company from Spartan Stores, Inc. to SpartanNash Company ;
3. Advisory approval of the Company s executive compensation (the say-on-pay vote);
4. Ratification of the selection of Deloitte & Touche LLP as our independent auditors for the current fiscal year (the fiscal year ending January 3, 2015); and
5. Any other business that may properly come before the meeting.

You are receiving this notice and can vote at the meeting and any adjournment of the meeting if you were a shareholder of record on March 31, 2014.

If you plan to attend the meeting: Please note that attendance will be limited to shareholders of the Company, the holders of shareholder proxies and invited guests. Admission to the meeting will require presentation of a valid driver s license or other federal- or state-issued photo identification. If you are a shareholder of record, you must bring the admission ticket attached to your proxy card or your notice of availability of proxy materials to be admitted to the meeting. Street name shareholders must bring a copy of a brokerage statement reflecting stock ownership as of March 31, 2014 to be admitted to the meeting.

The meeting will consist primarily of the matters to be considered and voted upon by the shareholders. Management will present a brief report on results for the fiscal transition period ended December 28, 2013 and shareholders will have an opportunity to ask questions. Please note that there will be no gift bags, product samples or refreshments.

Important Notice Regarding the Availability of Proxy Materials: SpartanNash s Proxy Statement and annual report to Shareholders for the fiscal year ended December 28, 2013 are available for viewing via the Internet at www.edocumentview.com/SPTN.

In addition, you may obtain electronic copies of all of our filings with the U.S. Securities and Exchange Commission in the Investor Relations section of our website, www.spartannash.com, by clicking the SEC Filings link.

BY ORDER OF THE BOARD OF DIRECTORS

Kathleen M. Mahoney

Executive Vice President General Counsel and Secretary

April 14, 2014

Your vote is important. Even if you plan to attend the meeting, PLEASE VOTE PROMPTLY BY TELEPHONE OR INTERNET, OR BY SIGNING, DATING AND RETURNING A PROXY CARD. See the information in the Questions and Answers section of our proxy statement regarding how to vote by telephone or internet, obtain a printed proxy card, revoke a proxy, and vote in person.

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SPARTAN STORES, INC.

d/b/a SPARTANNASH COMPANY

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 28, 2014

PROXY STATEMENT

Dated April 14, 2013

Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider. You should carefully read the entire proxy statement and the Company s Form 10-K before voting.

Annual Meeting of Shareholders

Date and Time	May 28, 2014; 9:00 a.m. Eastern Daylight Time
Place	Courtyard by Marriot Hotel 11 Monroe Avenue NW Grand Rapids, Michigan 49503
Record Date	March 31, 2014
Voting	Shareholders as of the close of business on the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.
Admission	The 2014 Annual Meeting Admission Ticket, notice of availability of proxy materials or brokerage statement and valid driver s license or other federal or state issued photo identification is required to enter the SpartanNash annual meeting.

Meeting Agenda

Election of eleven directors

Approval of an amendment to the Company s Articles of Incorporation to change the name of the Company from Spartan Stores, Inc. to SpartanNash Company

Advisory approval of the Company s executive compensation

Ratification of the selection of Deloitte & Touche LLP as our independent auditors for the fiscal year ending January 3, 2015

Transact any other business that may properly come before the meeting

Voting Matters and Vote Recommendations

Management Proposals	Board Vote Recommendation	Page References (for more detail)
Election of Directors	FOR each Director Nominee	14
Amendment to Articles of Incorporation	FOR	15
Advisory Vote on Executive Compensation	FOR	15
Ratification of Auditors	FOR	16

Fiscal Year End Change

As previously announced in November 2013, the Company has changed its fiscal year end from the last Saturday in March to the Saturday closest to December 31. This proxy statement reports information for the 39-week fiscal transition period ended December 28, 2013, which we refer to as FYE 12/28/13 throughout this proxy statement. Following FYE 12/28/13, we will report on twelve-month fiscal years. The fiscal years ended March 31, 2012, and March 30, 2013 (referred to as FYE 3/31/12 and FYE 3/30/13, respectively) reflect the twelve-months preceding the end date of each year.

Board Nominees

In connection with the completion of the merger (sometimes referred to as the Merger) of Spartan Stores and Nash-Finch Company (Nash Finch) on November 19, 2013, we appointed the following director nominees to the Board: Mickey Foret, Douglas Hacker, Hawthorne Proctor, and William Voss, each a director of Nash Finch prior to the Merger. Also in connection with the Merger, Wendy Beck resigned from the Board of Directors to reduce the number of continuing Spartan Stores directors to seven, which was the number required under the merger agreement between Spartan Stores and Nash Finch. On July 19, 2013, Frederick Morganthall, II resigned as a director due to the proposed merger of The Kroger Co. with Harris Teeter Supermarkets, Inc., for which Mr. Morganthall serves as President and Chief Operating Officer.

The following table provides summary information about each director who is nominated for election to serve a term of one year.* Each director nominee is a current director and, during FYE 12/28/13, attended at least 75% of the meetings of the Board and each committee on which he or she sat.

					Committee Memberships		
Name	**Age**	**Director Since**	**Occupation**	**Independent**	**AC**	**CC**	**NCGC**
M. Shân Atkins	57	2003	Managing Director of Chetrum Capital LLC	ü	F		M
Dennis Eidson	60	2007	President and Chief Executive Officer of SpartanNash				
Mickey P. Foret	68	2013	Retired Executive Vice President and Chief Financial Officer of Northwest Airlines, Inc. and Retired Chairman and Chief Executive Officer of Northwest Airlines Cargo, Inc.	ü	C,F		M
Frank M. Gambino	60	2003	Professor of Marketing and the Director of the Food & Consumer Packaged Goods Marketing Program in the Haworth College of Business at Western Michigan University	ü	M		
Douglas A. Hacker	58	2013	Independent Business Executive	ü		M	C
Yvonne R. Jackson	64	2010	President, Principal and Co-Founder of BeecherJackson	ü		C	M
Elizabeth A. Nickels	51	2000	Executive Director, Herman Miller Foundation	ü	F		
Timothy J. O Donovan	69	2003	Retired Chairman of the Board and Chief Executive Officer of Wolverine World Wide, Inc.	ü		M	M
Hawthorne L. Proctor	66	2013	Managing Partner of Proctor & Boone Consulting LLC and Senior Logistic Consultant of Intelligent Decisions, Inc.	ü	M		
Craig C. Sturken	70	2003	Retired Chief Executive Officer of SpartanNash	ü			
William R. Voss	60	2013	Managing Director of Lake Pacific Partners, LLC	ü		M	M

Proxy Summary

AC	Audit Committee	C	Chair
CC	Compensation Committee	M	Member
NCGC	Nominating and Corporate Governance Committee	F	Financial Expert/Member

* Frederick J. Morganthall and Wendy A. Beck each served as a director for part of FYE 12/28/13 prior to resigning from the Board. Each of Ms. Beck and Mr. Morganthall were independent directors under Nasdaq Marketplace Rules.

Corporate Governance Highlights

The Board believes that effective corporate governance should reinforce a culture of corporate integrity, foster the Company s pursuit of profitable growth and ensure quality and continuity of corporate leadership. In light of this belief, the Board has adopted the following corporate governance standards:

Declassified the Board of Directors; the transition to the annual election of all Directors was completed as of the 2013 Annual Meeting.
Established the requirement that the Board consist of at least two-thirds independent directors.
Established the policy that any director who receives a greater number of votes withheld than votes for in an uncontested election at an annual meeting of shareholders is required to promptly offer his or her resignation from the Board for the Nominating and Corporate Governance Committee to consider.
Separated the roles of Chief Executive Officer and Chairman of the Board. However, because the Chairman of the Board is a former Chief Executive Officer, the Board has appointed a lead independent director.
Adopted a policy prohibiting our officers and directors from entering into transactions that hedge the value of our common stock and from pledging shares of our common stock (including holding shares in a margin account).

Director Independence

Ten of our eleven directors are independent under Nasdaq Marketplace Rules.
Each of our Board s standing committees is 100% independent, and therefore our independent directors are engaged in all aspects of our Board s work.
The Board has appointed a Lead Independent Director. The Lead Independent Director acts as the principal liaison between the independent directors and the Chairman of the Board and performs the responsibilities described in detail on page 19 of this proxy statement.
There are regular executive sessions of non-employee directors, and any independent director may call an executive session and raise matters for discussion at these executive sessions.
Annually, our Nominating and Corporate Governance Committee evaluates our Board.
Our Board and each committee may engage independent advisors at their sole discretion.

Board Diversity

Our Board considers a range of types of diversity with respect to our Board, including race and gender, and our Board reflects diverse viewpoints, backgrounds, skills, experiences and expertise.

Auditors

We are asking our shareholders to ratify the selection of Deloitte & Touche LLP as our independent auditors for the fiscal year ending January 3, 2015 (FYE 1/3/15).

Executive Compensation Advisory Vote

In 2013, the Company s shareholders voted by 96% to approve the compensation paid to our named executive officers. In 2011, the Company s shareholders voted to hold advisory votes on executive compensation on an annual basis. The next shareholder advisory vote on the frequency of shareholder say-on-pay votes is expected to occur in 2017.

Accordingly, this year we are also asking our shareholders to approve on an advisory basis our named executive officer compensation for FYE 12/28/13. This proposal, commonly known as a say-on-pay proposal, gives our shareholders the opportunity to express their views on our executive compensation. The Board recommends a FOR vote because it believes that our compensation policies and practices are effective in achieving the Company s goal of attracting, motivating, rewarding and retaining the senior management talent required to achieve our corporate objectives and increase shareholder value through long-term profitable growth.

Executive Compensation Highlights

Our Compensation Committee continued our pay-for-performance philosophy in FYE 12/28/13.

Our equity-based awards require continuing service and have forfeiture provisions.

All of our cash incentive awards are performance-based and our long-term cash incentive awards are subject to an additional service requirement.

Our executives must hold at least 50% of all shares acquired through the Company s stock incentive plans and other forms of stock based compensation until they are in compliance with our stock ownership guidelines.

Our Compensation Committee considers whether our compensation programs will encourage excessive or unnecessary risk-taking.

The Board of Directors has adopted a policy prohibiting the hedging and pledging of the Company s securities by directors and executive officers.

Business Context

Our transition FYE 12/28/13 ranked among the most exciting times in our Company s history as we completed a transformative merger with Nash-Finch Company, bringing together two highly complementary organizations to form a leader in food distribution.

With the completion of the Merger in November 2013, we begin operating under the name SpartanNash Company, which represents the combination of our two companies capabilities and our shared passion for integrity, teamwork and dedication to the customers we serve. By combining our resources, expertise and talent, we have strengthened our business and positioned the Company to better compete in the evolving grocery industry. The combination of Spartan Stores strong retail and grocery distribution operations in Michigan, Indiana, and Ohio and Nash Finch s industry-leading position in grocery distribution to military commissaries and exchanges and it s comprehensive wholesale grocery network throughout the U.S. has resulted in a $7.5 billion revenue company with [21] wholesale distribution centers covering [37] states, [172] supermarkets and is the leading distributor to military commissaries exchanges in the U.S.

FYE 12/28/13 also saw significant challenges. The fiscal transition period was affected by integration and transaction closing related costs of approximately $21 million. Challenging economic conditions continued to have an effect on the communities we service. However, we believe we successfully navigated the difficult consumer environment, launched a strong effort to integrate Spartan Stores and Nash Finch, made steady and meaningful progress on our strategic initiatives, and delivered another consistently solid financial performance.

For the 39-week FYE 12/28/13, consolidated net sales increased 28.9% to $2.6 billion, including $563.2 million in sales generated as a result of the Merger with Nash Finch, compared to $2.0 billion for the comparable 40-week period in the prior year. Excluding the impact of the extra week in the prior year and contributions from Nash Finch, consolidated net sales would have increased approximately 3.3%.

Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (adjusted EBITDA[1]) increased 26.9% to $97.3 million compared to $75.9 million in the comparable period in the prior year, when including the extra week in the prior year. Excluding the impact of the extra week in the prior year and the impact of the Merger, Adjusted EBITDA would have increased

[1] Adjusted EBITDA is a non-GAAP operating financial measure that the Company defines as net earnings from continuing operations plus depreciation and amortization, and other non-cash items including imputed interest, deferred (stock) compensation, the LIFO provision, as well as adjustments for items that do not reflect the ongoing operating activities of the Company and costs associated with the closing of operational locations, interest expense and the provision for income taxes to the extent deducted in the computation of Net Earnings. Adjusted earnings from continuing operations is a non-GAAP operating financial measure that we define as earnings from continuing operations plus or minus adjustments for items that do not reflect the ongoing operating activities of the Company and costs associated with the closing of operational locations. This information is discussed in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of the Company s FYE 12/28/13 transition report on Form 10-K, which includes a reconciliation of Adjusted EBITDA to net earnings on a GAAP basis, a reconciliation of earnings from continuing operations to adjusted earnings from continuing operations and a discussion of why the Company believes these non-GAAP financial measures are useful to investors. A copy of our transition report on Form 10-K for the period ended December 28, 2013 is being provided with our proxy statement to our shareholders.

approximately 7.4 percent in the transition period. Net earnings (the most directly comparable GAAP financial measure) for FYE 12/28/13 were $741,000, compared to $19.7 million for the comparable 40-week period in the prior year.

FYE 12/28/13 adjusted earnings from continuing operations[1] were $29.8 million, or $1.23 per diluted share, excluding ne