
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

**FORM 10-K/A
Amendment No. 1**

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

For the fiscal year ended January 28, 2017

OR

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

For the transition period from _____ to _____

Commission File Nos. 1-8899, 333-148108 and 333-175171

Claire's Stores, Inc.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

59-0940416
(I.R.S. Employer
Identification No.)

2400 West Central Road, Hoffman Estates, Illinois
(Address of principal executive offices)

60192
(Zip Code)

Registrant's telephone number, including area code: (847) 765-1100

Securities registered pursuant to Section 12(b) or 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 Explanatory Note: While Claire's Stores, Inc. is not subject to the filing requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, it filed all reports pursuant thereto during the preceding twelve months.

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant is zero. The registrant is a privately held corporation.

As of May 1, 2017, 100 shares of the Registrant's common stock, \$.001 par value were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

Explanatory Notes

Claire's Stores Inc., which we refer to as "Claire's Stores," the "Company," "we," "our" or similar terms, and typically these references include our subsidiaries, is filing this Amendment No. 1 (the "Amendment") to its Annual Report on Form 10-K for the fiscal year ended January 28, 2017, filed with the Securities and Exchange Commission (the "SEC") on April 14, 2017, for purposes of including the information in Part III of the Form 10-K, as permitted under General Instruction G(3) to Form 10-K. In connection with the filing of this Amendment and pursuant to the rules of the SEC, we are including with this Amendment certain currently dated certifications of the Chief Executive Officer and Chief Financial Officer.

We have not updated or amended the disclosures contained in the original Form 10-K to reflect events that have occurred since the filing of the original Form 10-K, or modified or updated those disclosures in any way other than as described in Part III of the Form 10-K. Accordingly, this Amendment should be read in conjunction with any other filings made with the SEC subsequent to the filing of the Form 10-K on April 14, 2017.

In May 2007, the Company was acquired by investment funds and certain co-investment vehicles managed by Apollo Management VI, L.P., an affiliate of Apollo Global Management, LLC (together with its subsidiaries "Apollo Management"), through a merger (the "Merger") and Claire's Stores, Inc. became a wholly-owned subsidiary of Claire's Inc. We refer to Claire's Inc. as "Parent" or "Claire's."

In this Amendment, we refer to our fiscal year ended January 28, 2017 as Fiscal 2016 or FY 2016, our fiscal year ended January 30, 2016 as Fiscal 2015 or FY 2015, and our fiscal year ended January 31, 2015 as Fiscal 2014 or FY 2014.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Our current executive officers and directors, and their ages and positions, are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ron Marshall	63	Chief Executive Officer and Director
Scott Huckins	50	Executive Vice President and Chief Financial Officer
Lance A. Milken	41	Non-Executive Chairman of our Board of Directors
Michael R. D'Appolonia	68	Director
Robert J. DiNicola	69	Director
Rohit Manocha	58	Director
Antoine G. Munfakh	34	Director
Sally Pofcher	49	Director

Ron Marshall was appointed as Chief Executive Officer in May 2016. Mr. Marshall became a member of the Company's Board of Directors in December 2007. Mr. Marshall has served as President and Chief Executive Officer of The Great Atlantic & Pacific Tea Company, a supermarket store chain, from February 2010 through July 2010. From January 2009 until January 2010, Mr. Marshall was President and Chief Executive Officer, and director of Borders Group Inc., a national bookseller. In February 2011, Border's Group filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code, which was converted to a liquidation in December 2011. From 1998 to 2006, Mr. Marshall served as Chief Executive Officer of Nash Finch Company, a U.S. wholesale food distributor, and was a member of its board of directors. Prior to joining Nash Finch, Mr. Marshall served as Chief Financial Officer of Pathmark Stores, Inc., a supermarket store chain, Dart Group Corporation, owner of retail discount stores, Barnes & Noble Bookstores, Inc., NBI's The Office Place, an office supplies retailer, and Jack Eckerd Corporation, a drug store chain. Mr. Marshall

has also been a principal of Wildridge Capital Management, an investment and advisory brokerage firm, since 2006. Mr. Marshall is a certified public accountant. In light of Mr. Marshall's position as Chief Executive Officer, the board believes it is appropriate that he serve as a director.

Scott Huckins was appointed as Executive Vice President and Chief Financial Officer in October 2016. Mr. Huckins served as Vice President and Corporate Treasurer of Sears Holdings Corporation from June 2012 through September 2016. From February 2010 to May 2012, Mr. Huckins was Vice President and Treasurer of RSC Holdings, Inc. Mr. Huckins served as Principal of Pioneer Advisors from September 2008 to January 2010. From February 2001 to September 2008, Mr. Huckins served in various roles at Koch Industries, Inc. and affiliated companies, including serving as President and Chief Executive Officer of Koch Financial Products, LLC, Chief Financial Officer of Koch's Capital Markets Division, Corporate Treasurer of Koch, and Chief Financial Officer of a wholly-owned Koch Portfolio Company. Prior to Koch, Mr. Huckins served as Vice President of Capital Markets and Director of Strategic Planning at FINOVA Capital Corporation from June 1994 to January 2001 where he focused on asset securitizations. Mr. Huckins has a B.S. in Finance from Arizona State University and a MBA from Northwestern University's J.L. Kellogg Graduate School of Management.

Lance A. Milken became a member of the Company's Board of Directors in May 2007. Mr. Milken became Chairman of the Company's Board of Directors and Chairman of the Audit and Compensation Committee in June 2016. Mr. Milken is a senior partner of Apollo, having joined in 1998. Mr. Milken serves as a director of CEC Entertainment, Inc., and has previously served as a director of CKE Restaurants, Inc. ("CKE") from July 2010 until December 2013. Mr. Milken is also a member of the Milken Institute and Brentwood School board of trustees. In light of our ownership structure and Mr. Milken's position with Apollo Management and his extensive financial and business experience, including his experience in leveraged finance, the board believes it is appropriate for Mr. Milken to serve as a director of the Company.

Michael R. D'Appolonia became a member of the Company's Board of Directors in June 2016. From 2013 until his retirement in 2016, Mr. D'Appolonia served as a Principal at DeNovo Perspectives, LLC, a professional services firm providing advisory and executive management services to clients in a broad range of industries. Mr. D'Appolonia previously served as the President and Chief Executive Officer of Kinetic Systems, Inc., a global provider of process and mechanical solutions to the electronics, solar and biopharmaceutical industries from 2006 until September 2010. From 2002 through 2006, Mr. D'Appolonia was President of Nightingale & Associates, LLC, a global management consulting firm. He has provided financial advisory and executive officer services to a number of companies, including Murray's Discount Auto Stores, Inc., McCulloch Corporation, Halston Borghese, Inc., and Simmons Upholstered Furniture, Inc. Mr. D'Appolonia's recent public company board of director experience includes Exide Technologies (2004-2015), Westmoreland Coal Company (2008 - 2013) and The Washington Group (2001-2007). In addition to his experience with public companies, Mr. D'Appolonia previously served as a member of the board of directors of private companies including Kinetic Systems, Inc., Moll Industries, Inc., SHC, Inc., and Mobile Technologies Inc. In light of our ownership structure and Mr. D'Appolonia's knowledge of the competitive opportunities facing the Company gained through his executive leadership and management experience, the board believes it is appropriate for Mr. D'Appolonia to serve as a director of the Company.

Robert J. DiNicola became a Member of the Company's Board of Directors following the consummation of the Merger. Mr. DiNicola is currently the Chief Executive Officer of DCG, a retail consulting firm located in Seattle, Washington. From July 2010 until December 2013 Mr. DiNicola served as a Director of CKE. From February 2006 until May 2008, Mr. DiNicola served as Chairman and Chief Executive Officer of Linens 'n Things ("LNT"). Mr. DiNicola served as Chairman of the Board of LNT from May 2008 until February 2010. In May 2008, LNT and its parent Company filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code, which was subsequently converted to a Chapter 7 liquidation in February 2010. Mr. DiNicola served as Executive Chairman of General Nutrition Centers ("GNC") from November 2004 until March 2007. He also served as interim Chief Executive Officer and Chairman of the Board of GNC from November 2004 until June 2005. Mr. DiNicola directed a highly successful turnaround

at Zale Corporation where he held the position of Chief Executive Officer from April 1994 until July 2002. At Zale, he also served as Chairman of the Board from April 1994 until July 2004. Prior to serving over 20 years in the Specialty Store arena, Mr. DiNicola also spent over 20 years in the department store retail sector culminating in his serving as the Chairman and Chief Executive Officer of the Bon Marché, a Seattle based Division of Federated Department Stores. Beginning his retail career in 1972 at Macy's Department Stores, Mr. DiNicola held numerous positions in merchandising, marketing and stores in various divisions across the country. He is also credited with developing numerous private label programs such as INC & Aeropostale while at Macy's corporate buying headquarters in New York. In light of our ownership structure and Mr. DiNicola's knowledge of the retail industry and the competitive opportunities facing the Company gained through his executive leadership and management experience, the Board believes it is appropriate for Mr. DiNicola to serve as a director of the Company.

Rohit Manocha became a member of the Company's Board of Directors in May 2007 following the consummation of the Merger. Mr. Manocha is also a member of the Company's Audit and Compensation Committees. Mr. Manocha is a co-founding Partner of TriArtisan Capital Partners, LLC ("TriArtisan"). Mr. Manocha is also co-President of Morgan Joseph TriArtisan Group Inc., the parent of TriArtisan and Morgan Joseph TriArtisan LLC, a registered broker-dealer. TriArtisan is a New York based merchant banking firm, founded in 2002, that invests, on behalf of its investors, in private equity transactions. Prior to joining TriArtisan, Mr. Manocha was a senior banker at Thomas Weisel Partners, ING Barings and Lehman Brothers, each, investment banking and financial services firms. During Fiscal 2016, the TriArtisan professionals responsible for the investment in the Company, including Mr. Manocha, became employed by Cowen Group Inc. ("Cowen") and are continuing to do business as TriArtisan Capital Advisors, LLC, an affiliate of Cowen. In light of our ownership structure and Mr. Manocha's position with TriArtisan and his extensive financial and business experience, the board believes it is appropriate for Mr. Manocha to serve as a director of the Company.

Antoine Munfakh is a Partner at Apollo having joined in 2008. Prior to that time, Mr. Munfakh served as an Associate at Court Square Capital Partners, where he focused on investments in the Business & Industrial Services sectors. Prior thereto, he was a member of the Financial Sponsor Investment Banking group at JP Morgan. Mr. Munfakh serves on the board of directors of Apollo Education, Maxim Crane Works, CH2M Hill Companies, McGraw-Hill Education, and Claire's Stores. Mr. Munfakh graduated summa cum laude and Phi Beta Kappa from Duke University with a B.S. in Economics. In light of our ownership structure and Mr. Munfakh's position with Apollo Management and his extensive financial and business experience, including his experience in leveraged finance, the board believes it is appropriate for Mr. Munfakh to serve as a director of the Company.

Sally Pofcher became a member of the Company's Board of Directors in February 2016. Ms. Pofcher has been an Operating Partner at L Catterton, a consumer-focused private equity firm, since April 2017, and has served as a director of Pet Retail Brands since November 2015. From September 2015 to February 2017, Ms. Pofcher was the Chairman of the Board of Paper Source, a curated stationery, gift and crafting retailer. From May 2007 until September 2015, Ms. Pofcher served as Chief Executive Officer of Paper Source. Prior to Paper Source, Ms. Pofcher served as Senior Vice President, Strategy, Business Development and Consumer Insights at Gap Inc. from May 2003 until October 2005, and was a partner at McKinsey & Company from August 1994 until May 2003, where she worked with major branded companies and retailers on growth strategies, format renewal and operational processes. Ms. Pofcher has a Bachelor's degree from Georgetown University and an M.B.A. from Northwestern University / Kellogg Graduate School of Management. In light of our ownership structure and Ms. Pofcher's knowledge of the retail industry and the competitive challenges and opportunities facing the Company gained through her executive leadership and management experience in the retail industry, the board believes it is appropriate for Ms. Pofcher to serve as a director of the Company.

Board Composition

The Company's Board of Directors is composed of seven directors. Each director serves for annual terms and until his or her successor is elected and qualified. Apollo Management indirectly controls a majority of the common stock of our Parent and, as such, Apollo Management has the ability to elect all of the members of our Board of Directors. Apollo Management has agreed to elect to our Board of Directors the designee of an affiliate of TriArtisan. TriArtisan has invested in one of Apollo Management's co-investment vehicles that was used to consummate the Merger. Rohit Manocha is the current designee of TriArtisan. We are a privately held company. Accordingly, we have no nominating committee nor do we have written procedures by which security holders may recommend nominees to our Board of Directors. In addition, we do not currently have a policy with respect to the consideration of diversity in identifying director nominees.

Board Committees

The Board of Directors has the authority to appoint committees to perform certain management and administration functions. The Board of Directors has currently appointed an Audit Committee and a Compensation Committee. The members of the Audit Committee are Lance Milken (Chairman), Antoine G. Munfakh, and Rohit Manocha. The Audit Committee is responsible for reviewing and monitoring our accounting controls and internal audit functions and recommending to the Board of Directors the engagement of our outside auditors. The Board of Directors has determined that Mr. Milken is an "audit committee financial expert" within the meaning of SEC regulations. The members of the Compensation Committee are Lance Milken (Chairman), Antoine G. Munfakh, and Rohit Manocha. The Compensation Committee is responsible for establishing and administering our executive compensation program, which includes reviewing and approving the annual salaries, stock option grants, and other compensation of our executive officers and, upon recommendation and consultation with other members of our senior management team, for employees other than our named executive officers. The Compensation Committee, or the full Board of Directors, also provides assistance and recommendations with respect to our general compensation policies and practices and assists with the administration of our compensation plans. The Audit and Compensation Committees are not required to, and do not, meet the independence requirements of Nasdaq or the New York Stock Exchange. See "Certain Relationships and Related Transactions, and Director Independence."

Board Leadership Structure and Risk Oversight

Our board's leadership structure currently separates the positions of Chief Executive Officer and Chairman of the Board of Directors. We believe this leadership structure is appropriate due, in part, to the demanding nature of these positions and because Apollo Management controls our stock and our Board. The Board has not designated a lead independent director.

The Board of Directors exercises its role in the oversight of risk as a whole and through the Audit Committee. The Audit Committee oversees the management of the Company's enterprise risk management program, and reviews with our director of compliance and other members of our senior management team the critical risks facing the Company, their relative magnitude and management's actions to mitigate these risks.

Code of Ethics

The Board of Directors has adopted a Code of Ethics that applies to all employees, officers and directors, including the Company's executive officers and senior financial officers. A waiver from any provision of the code of ethics by our executive officers may only be granted by the Audit Committee. Our Code of Ethics and Code of Business Conduct and Ethics are posted on our website at www.clairestores.com.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis describes, among other things, Fiscal 2016 executive compensation for each of the individuals whose compensation is set out below in the Summary Compensation Table (referred to as our “named executive officers”). The Compensation Committee of the Board of Directors is responsible for determining our executive compensation programs, including making compensation decisions during Fiscal 2016. The Compensation Committee is comprised of Lance Milken, Chairman, Rohit Manocha and Antoine G. Munfakh.

For Fiscal 2016, our named executive officers were Ron Marshall, our current Chief Executive Officer, and Scott Huckins, our current Executive Vice President and Chief Financial Officer. For Fiscal 2016, our named executive officers also included Dr. Beatrice Lafon, our former Chief Executive Officer who resigned in May 2016, and Mr. J. Per Brodin, our former Executive Vice President and Chief Financial Officer, who resigned in September 2016.

Our Board of Directors, upon consultation with our Compensation Committee and independent compensation consultants, and a review of comparable peer group companies, negotiated employment agreements and other arrangements with our named executive officers. In May 2016, our Board of Directors approved an employment agreement with Mr. Marshall upon his appointment as Chief Executive Officer. In October 2016, our Board of Directors approved an employment agreement with Mr. Huckins upon his appointment as Executive Vice President and Chief Financial Officer. Dr. Lafon, who resigned as Chief Executive Officer in May 2016, was party to an employment agreement approved by the Board of Directors and entered into in April 2014 in connection with her employment as Chief Executive Officer. Mr. Brodin, who resigned as Executive Vice President and Chief Financial Officer in September 2016, was party to an employment agreement approved by the Board of Directors and entered into in February 2008 in connection with his former position as Senior Vice President and Chief Financial Officer, and in June 2013 the Board of Directors approved an amendment to Mr. Brodin’s employment agreement in connection with his employment as Executive Vice President and Chief Financial Officer.

During Fiscal 2016, the basic elements of compensation for our named executive officers remained essentially unchanged from Fiscal 2015 and prior years.

Compensation Philosophy and Objectives

Our Compensation Committee has developed an executive compensation program designed to reward the achievement of specific annual and long-term goals by the Company, and which is designed to align the executives’ interests with those of our stockholders by rewarding performance above established goals, with the ultimate objective of improving stockholder value. Our Compensation Committee evaluates both performance and compensation to ensure that the Company maintains its ability to attract, retain and motivate qualified executives in key positions and that executive compensation remains competitive relative to the compensation paid by similar sized companies. Our Compensation Committee believes that the executive compensation packages provided by the Company to the named executive officers should include both cash and stock-based compensation that reward performance as measured against established goals.

In negotiating the employment agreements and arrangements with our named executive officers, our Board of Directors and Compensation Committee, as the case may be, placed significant emphasis on aligning the management interests with those of our principal stockholder, Apollo Management. Our named executive officers received equity awards that included time vesting options.

Components of Executive Compensation

The principal components of compensation in Fiscal 2016 for our named executive officers were base salary, annual performance bonus, stock option awards, management equity investments, and other benefits and perquisites.

Base Salary. The Company provides our named executive officers with base salary to compensate them for services rendered during the fiscal year. Base salaries for the named executive officers are determined by the Compensation Committee for each executive based on his or her position and scope of responsibility. The initial base salaries for our named executive officers were established in their initial employment agreements or other written arrangements.

For Fiscal 2016, base salaries for our named executive officers were as follows:

Name	Salary (\$)
Ron Marshall	\$900,000
Scott Huckins	\$500,000
Beatrice Lafon	\$900,000
J. Per Brodin	\$566,100

Mr. Marshall was appointed as Chief Executive Officer in May 2016 and Mr. Huckins was appointed as Executive Vice President and Chief Financial Officer in October 2016, and their base salaries for FY 2016 were the amounts specified in their respective employment agreements. Dr. Lafon resigned from the Company in May 2016, and Mr. Brodin resigned from the Company in September 2016.

Annual Performance Bonus. Our named executive officers are eligible to receive annual cash performance bonuses in addition to their base salary. These bonuses are intended to motivate and reward achievement of annual financial objectives and to provide a competitive total compensation package to our executives.

Our Compensation Committee sets threshold, target and maximum numeric performance goals for each specified performance metric at or near the beginning of each annual performance period, with input from senior management. Pursuant to Mr. Marshall's employment agreement, he received an option for 200,000 shares of common stock of Claire's Inc. in lieu of participation in the annual performance bonus program. Under the terms of her employment agreement, Dr. Lafon was eligible for a payout under the Fiscal 2016 annual performance bonus program notwithstanding her departure from the Company in May 2016. Mr. Brodin was not eligible for any payout in the Fiscal 2016 annual performance bonus program due to the timing of his resignation.

Performance goals are based on projected internal plan targets available to the Compensation Committee at the time the goals are set, and may be weighted based on the executive's responsibility from a global, North American and/or European perspective. In Fiscal 2016, the cash bonus potential for each of Dr. Lafon and Mr. Huckins was based on EBITDA and was subject to the Company achieving EBITDA of at least \$245 million.

Potential payouts of performance bonuses for Fiscal 2016 were based on the following numeric performance goals established by our Compensation Committee near the beginning of Fiscal 2016. The Compensation Committee believed, at the time the goals were set, that these performance targets goals would be difficult to achieve, but could be achieved with significant effort on the part of its executives and that payment of the maximum amounts would occur only upon the achievement of results in excess of internal and general market expectations and our long-term strategic objectives.

Fiscal 2016 Targeted Performance Goals

<u>Bonus Level</u>	<u>EBITDA (\$ in millions⁽¹⁾)</u>
Threshold	\$ 245.0
Target	\$ 258.2
Maximum	\$ 271.5

- (1) EBITDA represents income from continuing operations before provision (benefit) for income tax, interest income and expense and depreciation and amortization, gain (loss) on early debt extinguishments, asset impairments, management fees, severance and transaction costs and certain non-cash and other expenses.

The following table indicates the threshold (minimum), target and maximum annual potential bonuses that our named executive officers were eligible to receive for Fiscal 2016, expressed as a dollar amount and as a percentage of the named executive officer's Fiscal 2016 annual base salary, assuming that the numeric performance goals established by our Compensation Committee for each of the performance metrics applicable to the named executive officer at the threshold, target or maximum levels were achieved. As reflected in the last column of the table, based on performance, no bonuses were paid to any named executive officer for Fiscal 2016. Pursuant to Mr. Huckins' employment agreement, he received a one-time sign on bonus of \$50,000 and a minimum bonus of \$100,000 since he was employed by the Company on January 28, 2017.

Fiscal Year 2016 Bonus Table

<u>Name</u>	<u>Potential Threshold</u>	<u>Potential Target</u>	<u>Potential Maximum</u>	<u>Actual</u>
Beatrice Lafon Chief Executive Officer ⁽¹⁾	\$450,000 (50%)	\$ 900,000 (100%)	\$1,350,000 (150%)	\$ 0
Scott Huckins Executive Vice President and Chief Financial Officer	—	\$300,000(60%)	—	\$ 0

- (1) Dr. Lafon resigned as Chief Executive Officer in May 2016. Under the terms of her employment agreement, she remained entitled to a pro-rated bonus for Fiscal 2016 based on the original terms for the length of time she was employed in Fiscal 2016.

The annual cash performance bonus structure for Fiscal 2017 is comparable to that of Fiscal 2016, and will be based solely on EBITDA.

Stock Option Awards. Our named executive officers are eligible to receive stock options pursuant to Parent's amended and restated incentive plan, adopted in 2007 and amended in 2011 (the "Incentive Plan"). The Incentive Plan provides employees or directors of, or consultants who were previously employed by, Parent or its affiliates who are in a position to contribute to the long-term success of these entities with shares of Parent common stock or stock options to aid in attracting, retaining and motivating individuals of outstanding ability. The Incentive Plan provides for the grant of shares of common stock, incentive stock options, and non-qualified stock options. The Incentive Plan is administered by our Compensation Committee, which has the authority to determine who should be awarded options or shares, the number of shares to be granted or to be subject to an option, the exercise price or purchase price of such awards, and other applicable terms and conditions. The aggregate number of shares currently reserved for issuance under the Incentive Plan is 8,200,000.

Stock option grants under the Incentive Plan for our named executive officers currently include "Time Options."

Time Options become vested and exercisable in four equal installments based on the anniversary of the date of grant or the anniversary of a designated date, subject to acceleration in the event of a change in control (as defined in the option grant letter). Performance Options provide for the following performance conditions: (a) vest in equal installments on the first two anniversaries after the first to occur of: (i) the date of an initial public offering ("IPO") at a price of at least \$25 per share, (ii) any date following an IPO when the average stock price over the preceding 30 consecutive trading days exceeds \$25, or (iii) any date before an IPO where more than 25% of the outstanding shares of the Parent are sold for cash or marketable consideration having a value of at least \$25 per share; or (b) vest immediately if, on or after the occurrence of an event described in (i), (ii) or (iii), but prior to the second anniversary thereof, there occurs a change of control of Parent. See "Management Equity Investments" below for an explanation of Management Investment Options.

Stock options generally expire seven years after the date of grant (however, see below regarding the extension of certain outstanding stock options approved by the Board of Directors in March 2014). Unless the term of a vested option would otherwise terminate earlier, all vested options generally terminate on the 91st day following an individual's termination for any reason (other than death or disability, in which case such option will terminate on the 181st day following termination).

Common stock issued under the Incentive Plan is subject to various restrictions. During the one-year period following the grantee's termination of employment (or the date of exercise, if later), Parent or its principal stockholders may repurchase any or all of the shares purchased pursuant to an option. Such shares may be purchased for fair market value; however, the purchase price may be less depending upon the circumstances surrounding the grantee's termination of employment. In addition, if Parent's principal stockholders sell a majority of Parent, they may require a grantee to participate in the sale, or a grantee may require such principal stockholders to allow it to participate in the sale, in either case under the same terms and conditions as applicable to the principal stockholders. Shares acquired pursuant to an award generally may not otherwise be transferred until an initial public offering, and certain investors have voting proxy on all shares of common stock issued pursuant to the Incentive Plan.

In the event any recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, repurchase, exchange or issuance of shares or other securities, any stock dividend or other special and nonrecurring dividend or distribution (whether in the form of cash, securities or other property), liquidation, dissolution, or other similar transactions or events, affects the shares, our Board of Directors or Compensation Committee of our Board of Directors will make appropriate equitable adjustments in order to prevent dilution or enlargement of a grantee's rights under the Incentive Plan. Such adjustments may be applicable to the number and kind of shares available for grant of awards; the number and kind of shares which may be delivered with respect to outstanding awards; and the exercise price. In addition, in recognition of any unusual or nonrecurring events, our Board of Directors or Compensation Committee of our Board of Directors may adjust any terms and conditions applicable to outstanding awards, which may include cancellation of outstanding options in exchange for the in-the-money value, if any, of the vested portion.

The Board of Directors or Compensation Committee of our Board of Directors may amend or terminate the Incentive Plan or any award issued thereunder; however, in general, no such amendment or termination may adversely affect the rights of a grantee.

For Fiscal 2016, stock option grants to our named executive officers were as set out in the table below.

<u>Name</u>	<u>Grant Date</u>	<u>Options (#)</u>	<u>Exercise Price (\$/Sh)</u>
Ron Marshall			
Time Options	5/15/16	800,000	1.25
Scott Huckins			
Time Options	10/5/16	150,000	1.25

In March 2014, our Board of Directors approved amendments (the “Amendments”) to certain fully vested Time Options and Management Investment Options outstanding under the Incentive Plan to extend the exercise period of such fully vested stock options for a period of an additional five years. The options affected by the Amendments were: 895,250 options granted during the Company’s fiscal year 2007 (“2007 Options”); 220,250 options granted during the Company’s fiscal year 2008 (“2008 Options”); and 84,750 options granted during the Company’s fiscal year 2009 (“2009 Options” and collectively with the 2007 Options and the 2008 Options, the “Expiring Options”). All Expiring Options entitled the holder to purchase one share of Parent’s common stock at an exercise price of \$10.00 per share. All Expiring Options were fully vested. As a result of the Amendments, the 2007 Options will expire on the anniversary of the applicable grant date in fiscal 2019, the 2008 Options will expire on the anniversary of the applicable grant date in fiscal 2020, and the 2009 Options will expire on the anniversary of the applicable grant date in fiscal 2021. Except for the extension of the scheduled expiration dates, the terms of the Expiring Options were unchanged by the Amendments. The Expiring Options were held by approximately 75 employees and directors. Certain of our directors also held Expiring Options. See “Compensation of Directors” below.

Management Equity Investments. Our Board of Directors awards certain management employees the opportunity to purchase or acquire Parent common stock at a price of \$10.00 per share, the estimated fair market value of the Company’s common stock after the closing of the Merger. For investments made by management employees, the management employee is granted an option (a “Management Investment Option”) to purchase an additional share of Parent common stock at an exercise price of \$10.00 per share. The shares of Parent common stock acquired by the current named executive officers are subject to restrictions on transfer, repurchase rights and other limitations.

Benefits Programs. The current named executive officers participate in a variety of retirement, health and welfare, and paid time-off benefits designed to enable us to attract and retain our workforce in a competitive marketplace. Health and welfare and paid time-off benefits helped ensure that we have a productive and focused workforce through reliable and competitive health and other benefits.

Retirement Plans. The Company maintains the Claire’s Stores, Inc. 401(k) Savings and Retirement Plan (the “401(k) Plan”) to enable eligible employees to save for retirement through tax-advantaged elective employee contributions, and provide employees the opportunity to directly manage their retirement plan assets through a variety of investment options. The 401(k) Plan allowed eligible employees to elect to contribute from 1% to 50% of their eligible compensation to an investment trust on a pre-tax basis, up to the maximum dollar amounts permitted by law. Eligible compensation generally means all wages, salaries and fees for services. We do not provide matching contributions. The 401(k) Plan was designed to provide for distributions in a lump sum or installments after termination of service. However, loans and in-service distributions under certain circumstances such as a hardship, attainment of age 59 1/2 or a disability, are permitted.

Perquisites. While we believe that perquisites should not be a major part of executive compensation, we recognize the need to provide our current named executive officers with certain perquisites that are reasonable and consistent with our overall compensation program. Accordingly, certain of our current named executive officers receive customary expense reimbursements and relocation benefits.

Severance Pay and Benefits upon Termination of Employment under Certain Circumstances. Our Compensation Committee believes the severance pay and benefits payable to the current named executive officers aid in the attraction and retention of these executives as a competitive practice and is balanced by the inclusion of restrictive covenants (such as non-compete provisions) to protect the value of the Company and Parent following a termination of an executive's employment. In addition, the Company believes the provision of these contractual benefits will keep the executives focused on the operation and management of the business. See "Employment Arrangements with our Executive Officers" for a description of the severance arrangements of our named executive officers.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with respect to Fiscal 2016 compensation required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, recommended to the Company's Board that the Compensation Discussion and Analysis be included in this Amendment.

Lance Milken—Chairman
Rohit Manocha
Antoine G. Munfakh

Compensation Committee Interlocks and Insider Participation

Messrs. Copses, Milken, Manocha and Munfakh were the only members of the Compensation Committee during Fiscal 2016. Peter Copses resigned as Chairman of the Board and Chairman of the Audit and Compensation Committees, effective June 30, 2016. Mr. Munfakh was appointed a director by the Company's Board of Directors and member of the Company's Audit and Compensation Committees on June 30, 2016. Mr. Milken was appointed Chairman of the Board and Chairman of the Audit and Compensation Committees on June 30, 2016. No member of the Compensation Committee is now, or was during Fiscal 2016 or any time prior thereto, an officer or employee of the Company. None of our executive officers currently serves or ever has served as a member of the board of directors, the compensation committee, or any similar body, of any entity one of whose executive officers serves or served on our Board or our Compensation Committee.

Summary Compensation Table

The following table sets forth information concerning compensation awarded to, earned by or paid to our named executive officers in Fiscal 2016, 2015, and 2014 for services rendered to us during that time.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)(2)	Total (\$)
Ron Marshall(3) Chief Executive Officer	2016	664,615	0	0	236,962	0	62,228	963,805
Scott Huckins(4) Executive Vice President and Chief Financial Officer	2016	159,615	50,000	0	57,251	0	0	266,866
Beatrice Lafon(5) Former Chief Executive Officer and Former President of Claire's Europe	2016	238,846	0	0	0	0	671,997	910,843
	2015	932,206	0	0	83,616	0	243,451	1,259,273
	2014	906,654	0	0	55,778	0	657,533	1,619,965
Per Brodin(6) Former Executive Vice President and Chief Financial Officer	2016	332,786	0	0	0	0	6,800	339,586
	2015	555,000	0	0	9,913	0	10,200	575,113
	2014	549,064	0	0	2,667	0	10,200	561,931

- (1) This column reflects the amounts to be recognized for financial statement reporting purposes for the portion of the fair value of option awards to purchase Parent common stock in accordance with ASC Topic 718, *Compensation - Stock Compensation (formerly, Statement of Financial Accounting Standards No. 123 (Revised), Share-Based Payment)*. For a description of the assumptions used in calculating the fair value of option awards under ASC Topic 718, *Compensation-Stock Compensation*, see Note 9-Stock Options and Stock-Based Compensation of the Notes to our Consolidated Financial Statements included in our Fiscal 2016 Form 10-K. The amounts in this column reflect the accounting expense to the Company in connection with such option awards and do not reflect the amount of compensation actually received by the named executive officer during the respective fiscal year.
- (2) For Fiscal 2016, "All Other Compensation" includes perquisites, as detailed in the table below:

Name	Relocation	Severance	Automobile	Tax Gross-up Payments
Ron Marshall	\$ 62,228	\$ 0	\$ 0*	\$ 0
Beatrice Lafon	\$ 0	\$661,153	\$ 8,412*	\$ 2,432
J. Per Brodin	\$ 0	\$ 0	\$ 6,800*	\$ 0

* Automobile allowance

- (3) Mr. Marshall was appointed as Chief Executive Officer in May 2016.
- (4) Mr. Huckins was appointed as Executive Vice President and Chief Financial Officer in October 2016.
- (5) Dr. Lafon resigned as Chief Executive Officer in May 2016. Information included in the table prior to such date reflects her compensation as the former Chief Executive Officer and former President of Claire's Europe. See "Employment Arrangements with our Executive Officers" below. For the period of time that Dr. Lafon was compensated in British pounds, the amounts set forth in the table have been converted to U.S. dollars at applicable average exchange rates.
- (6) Mr. Brodin resigned as Executive Vice President and Chief Financial Officer in September 2016.

Employment Arrangements with our Executive Officers

Ron Marshall

General. In May 2016, upon the appointment of Mr. Marshall as Chief Executive Officer, we entered into a new employment agreement containing the following terms: a base salary of \$900,000; in lieu of participation in the Company's annual bonus incentive plan, an option for 200,000 shares of the common stock of Parent at \$1.25 per share, that were immediately vested upon grant; and an option for 600,000 shares of common stock of Parent at \$1.25 per share that will vest at the rate of 25% per year subject to continued employment. In addition, Mr. Marshall is entitled to expense reimbursement and other customary employee benefits. Mr. Marshall has also agreed not to engage in competitive and similar activities or solicit customers or clients until the later of one year following his termination of employment or the end of the period during which he is entitled to severance pay, and his agreement provides for customary protection of confidential information and intellectual property.

Severance Compensation. Pursuant to Mr. Marshall's employment agreement, he is entitled to specified severance compensation in the event of a termination of employment by the Company without cause or a termination by Mr. Marshall for good reason. In any such case, subject to execution of a release of claims and compliance with the restrictive covenant agreement, Mr. Marshall is entitled to continued payments of base salary for a 12-month period following such date of termination. Mr. Marshall is also entitled to reimbursement for premiums for continued health benefits for the length of the severance period. Upon such a termination, Mr. Marshall will generally be entitled to exercise vested options for a 90 day period, unless they would have otherwise expired earlier.

Upon termination, other than for cause, stock options that are not exercisable as of the date of termination will expire, and options which are exercisable as of such date will generally remain exercisable for a 90 day period, unless they would otherwise expire earlier.

Scott Huckins

General. In September 2016, in connection with the appointment of Mr. Huckins as Executive Vice President and Chief Financial Officer, we entered into a new employment agreement containing the following terms: a base salary of \$500,000; a one-time sign on bonus of \$50,000, a bonus opportunity of 60% of base salary for achievement of target level of performance; an annual bonus of 100,000 if still employed on January 28, 2017; an option for 150,000 options of the common stock of Parent, which will vest at a rate of 25% per year subject to continued employment; and eligibility to receive option grants as determined by the Company's compensation committee after a two-year waiting period. In addition, Mr. Huckins is entitled to expense reimbursement and other customary employee benefits. Mr. Huckins has also agreed not to engage in competitive and similar activities or solicit customers or clients until the later of one year following his termination of employment or the end of the period during which he is entitled to severance pay, and his agreement provides for customary protection of confidential information and intellectual property.

Severance Compensation. Pursuant to Mr. Huckins' employment agreement, he is entitled to specified severance compensation in the event of a termination of employment by the Company without cause or a termination by Mr. Huckins for good reason. In any such case, subject to execution of a release of claims and compliance with the restrictive covenant agreement, Mr. Huckins is entitled to continued payments of base salary for a 12-month period following such date of termination. Mr. Huckins is entitled to an annual performance bonus, pro-rated for the period of employment during the year, based on actual performance of Company for the year of termination. Mr. Huckins is also entitled to reimbursement for premiums for continued health benefits for the length of the severance period. Upon such a termination, Mr. Huckins will generally be entitled to exercise vested options for a 90 day period, unless they would have otherwise expired earlier.

Upon termination, other than for cause, stock options that are not exercisable as of the date of termination will expire, and options which are exercisable as of such date will generally remain exercisable for a 90 day period, unless they would otherwise expire earlier.

Beatrice Lafon

General. In April 2014, upon the promotion of Dr. Lafon from President of Claire's Europe to Chief Executive Officer, we entered into an employment agreement with her containing the following terms: a base salary of \$900,000; a bonus opportunity of 100% of base salary for achievement of target level of performance, with the opportunity to earn more or less than that for achievement above or below target; a Time Option to purchase 225,000 shares of common stock of Parent at an exercise price of \$10.00 per share, a Performance Option to purchase 350,000 shares of common stock of Parent at an exercise price of \$10.00 per share. Dr. Lafon was also provided an offer to purchase 30,000 shares of common stock of Parent at an exercise price of \$10.00 per share, and in return for such investment, would receive a Management Investment Option to purchase an equal number of shares of common stock of Parent at an exercise price of \$10.00. In addition, Dr. Lafon was entitled to expense reimbursement and other customary employee benefits, as well as relocation and temporary housing expenses. Dr. Lafon also agreed not to engage in competitive and similar activities or solicit customers or clients until the later of one year following her termination of employment or the end of the period during which she is entitled to severance pay, and her agreement provides for customary protection of confidential information and intellectual property. The agreement set forth a three-year term (terminating April 2, 2017).

Severance Compensation. Dr. Lafon resigned in May 2016 prior to the end of the term of her employment. In connection with her resignation, Dr. Lafon is entitled to benefits provided under her employment agreement in the case of a termination without cause. In connection with her resignation, Dr. Lafon executed a release of claims in accordance with the terms of her employment agreement, and accordingly, she is entitled to (i) continued payments of her base salary for an 18-month period through November 2017, (ii) reimbursement for premiums of continued health benefits during such severance period, and (iii) an annual bonus prorated for the period through May 2016, based on actual performance of the Company for our fiscal year ended January 28, 2017. In addition, the Company will reimburse Dr. Lafon for the actual cost (but no more than \$50,000) of her relocation to the United Kingdom (or elsewhere in the European Union) and for the costs of certain tax advisory services. Her stock options that were not exercisable as of the date of termination expired, and options which were exercisable as of such date remained exercisable for a 90 day period, and are now expired.

J. Per Brodin

General. Effective June 28, 2013, we entered into an employment agreement with our Executive Vice President and Chief Financial Officer, J. Per Brodin, containing the following terms: a base salary of \$555,000; a bonus opportunity of 100% of base salary for achievement of target level of performance, with the opportunity to earn more or less than that for achievement above or below target; and eligibility to receive option grants as determined by the Company's compensation committee. Mr. Brodin was entitled to expense reimbursement and other customary employee benefits. Mr. Brodin agreed not to engage in competitive and similar activities or solicit customers or clients ("restricted activities") until the later of one year following his termination of employment or the end of the period during which he is entitled to severance pay, and his agreement provides for customary protection of confidential information and intellectual property. The agreement set forth a one-year term (initially terminating on June 30, 2014) and automatic renewal for successive one-year periods unless either Mr. Brodin or the Company provides notice of non-renewal.

Mr. Brodin resigned in September 2016. As a result of Mr. Brodin's voluntary resignation, he was not entitled to any further compensation or severance under his employment agreement. His stock options that were not exercisable as of the date of termination expired, and options which were exercisable as of such date remained exercisable for a 90 day period, and are now expired. He is prohibited from engaging in restricted activities until September 2017.

Grants of Plan-Based Awards in Fiscal 2016

Option grants to our named executive officers in Fiscal 2016 are set forth below:

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(1)
Ron Marshall				
Time Options	5/15/16	800,000	1.25	236,962
Scott Huckins				
Time Options	10/5/16	150,000	1.25	57,251

- (1) This column reflects the grant date fair value of equity awards in accordance with ASC Topic 718, *Compensation — Stock Compensation*. For a description of the assumptions used in calculating the fair value of option awards under ASC Topic 718, *Compensation — Stock Compensation*, see Note - 9 Stock Options and Stock-Based Compensation of the Notes to our Consolidated Financial Statements included in our Fiscal 2016 Form 10-K.

Outstanding Equity Awards at End of Fiscal 2016

The following table provides information about the number of outstanding equity awards held by our named executive officers at January 28, 2017.

Name	Option Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date
Ron Marshall				
Time Options	200,000		1.25	5/15/2023
Time Options(1)		600,000	1.25	5/15/2023
Scott Huckins				
Time Options(1)		150,000	1.25	10/5/2023

- (1) Time Option becomes vested and exercisable in four equal annual installments, subject to acceleration in the event of a change in control.

Option Exercises and Stock Vested in Fiscal 2016

None of our named executive officers exercised any options during Fiscal 2016. Mr. Marshall was granted an option for 200,000 shares of stock under the Claire's Inc. Amended and Restated Stock Incentive Plan. This option immediately vested upon grant.

Nonqualified Deferred Compensation

The Company does not maintain any defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax qualified.

Potential Payments Upon Termination or Change-In-Control

The information set forth in the table below describes the compensation that would become payable under our existing compensation programs and policies, including the relevant provisions of the terms of employment between the Company and each of our named executive officers, upon a change in control, or if each named executive officer's employment had terminated, in each case, effective as of January 28, 2017, the last day of Fiscal 2016. The information set forth below for Dr. Lafon represents severance she is entitled to under her employment agreement. See "Employment Arrangements with our Executive Officers- Beatrice Lafon" for a description of the severance arrangements applicable to her upon her resignation in May 2016. Because the disclosures in the table for Mr. Marshall and Mr. Huckins assume the occurrence of a termination or change in control as of a particular date and under a particular set of circumstances and therefore make a number of important assumptions, the actual amounts to be paid to such named executive officer upon a termination or change in control may vary significantly from the amounts included herein. Factors that could affect these amounts including the timing during the year of any such event, the continued availability of benefit policies at similar prices and the type of termination event that occurs (as set forth in the first column in the table below).

Name	Salary (S)	Bonus(S)(1)	Accelerated Vesting of Stock Options (2) (S)	Other Benefits (S)
Ron Marshall				
Retirement, Resignation or Voluntary Termination(3)	—	—	—	—
Termination by the Company for Cause(4)	—	—	—	—
Termination by the Executive for Good Reason(5)	900,000	—	—	24,000
Termination by the Company Without Cause(6)	900,000	—	—	24,000
Change in Control(7)	900,000	—	—	24,000
Scott Huckins				
Retirement, Resignation or Voluntary Termination(3)	—	—	—	—
Termination by the Company for Cause(4)	—	—	—	—
Termination by the Executive for Good Reason(5)	500,000	—	—	24,000
Termination by the Company Without Cause(6)	500,000	—	—	24,000
Change in Control(7)	500,000	—	—	24,000
Beatrice Lafon(8)				
Termination by the Company Without Cause(8)	1,350,000	—	—	36,000
J. Per Brodin(9)				
Retirement, Resignation or Voluntary Termination(9)	—	—	—	—

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- (1) Under the terms of the Company's annual performance bonus program, Mr. Huckins was entitled to receive the bonus if he completed the fiscal year as an employee, except in the case of a termination for cause. No performance bonus was paid to Mr. Huckins for Fiscal 2016, so no bonus is reflected in this table.
 - (2) Claire's Inc. is a privately held entity and there is no market for its common stock. For purposes of this table, the Company has assumed that the value of common stock underlying stock options did not exceed the option exercise price as of January 28, 2017.
 - (3) Pursuant to employment agreements with each of Mr. Marshall and Mr. Huckins, upon retirement, resignation or voluntary termination, such officers would be entitled to receive all amounts of earned but unpaid base salary and benefits accrued and vested through the date of such termination. Pursuant to the terms of the stock options held by the named executive officers, stock options that are not exercisable as of the date of termination will expire, and options which are exercisable as of such date will generally remain exercisable for a 90-day period, unless they would otherwise expire earlier.
 - (4) The Company may terminate the employment agreements with Mr. Marshall and Mr. Huckins for cause upon written notice with a reasonable opportunity to respond. Upon termination for cause, such officers would be entitled to receive all amounts of earned but unpaid base salary and benefits accrued and vested through the date of such termination. Pursuant to such officer's employment agreement, "cause" includes the occurrence of any one or more of the following events: (i) an act of fraud, embezzlement, theft or any other material violation of law that occurs during or in the course such officer's employment with the Company; (ii) intentional damage to the Company's assets; (iii) intentional disclosure of the Company's confidential information contrary to the Company's policies; (iv) material breach of such officer's obligations under his or her employment agreement; (v) intentional engagement of any activity which would constitute a breach of such officer's duty of loyalty; (vi) material breach of any material policy of the Company or its subsidiaries that has been communicated to such officer in writing; (vii) the willful and continued failure to substantially perform his or her duties for the Company; or (viii) willful conduct by such officer that is demonstrably and materially injurious to the Company. Pursuant to the terms of the stock options for the named executive officers, all stock options expire upon a termination for cause.
 - (5) Pursuant to the terms of the employment agreements with Mr. Marshall and Mr. Huckins, such officers may terminate their employment for good reason upon 30 days' prior written notice to the Company. Pursuant to the employment agreements of Messrs. Marshall and Huckins, such officers would be entitled to continued payments of their base salary for a 12-month period following such date of termination, and reimbursement for premiums for continued health benefits for the length of the severance period. The employment agreements define "good reason" as, if without such officer's prior written consent: (i) the Company fails to comply with any material obligation imposed by his or her employment agreement; (ii) the Company effects a reduction in such officer's base salary, unless all senior executives of the Company receive a substantially similar reduction in base salary; or (iii) the Company requires such officer to be based (excluding regular travel responsibilities) at any office or location more than 75 miles outside of Hoffman Estates, Illinois. Pursuant to the terms of the stock options held by the named executive officers, stock options that are not exercisable as of the date of termination will expire, and options which are exercisable as of such date will generally remain exercisable for a 90-day period, unless they would otherwise expire earlier.
 - (6) The Company may terminate the employment of Mr. Marshall or Mr. Huckins without cause without any notice. Upon termination of employment without cause, Messrs. Marshall and Huckins would be entitled to receive a severance payment equal to 12 months of base salary, and reimbursement for premiums for continued health benefits for the length of the severance period. Pursuant to the terms of the stock options held by the named executive officers, stock options that are not exercisable as of the date of termination will expire, and options which are exercisable as of such date will generally remain exercisable for a 90-day period, unless they would otherwise expire earlier.
 - (7) Pursuant to the terms of the stock options held by the named executive officers, time options would vest and become fully vested and exercisable immediately prior to a change in control. Any termination of a named executive officer following a change in control would result in payments as set out in the table with respect to termination for cause, without cause or for good reason, as applicable.

- (8) Dr. Lafon resigned as Chief Executive Officer in May 2016. Amounts reflect severance payments made and expected to be made to Dr. Lafon under the terms of her employment agreement.
- (9) As a result of Mr. Brodin's voluntary resignation in September 2016, he was not entitled to any further compensation or severance under his employment agreement.

Compensation of Directors

Non-employee directors receive an annual retainer of \$50,000, plus \$2,000 for each board meeting and committee meeting they attend (\$1,000 if participating in any board meeting telephonically) and are reimbursed for out-of-pocket expenses incurred in connection with their duties as directors. Fees paid to Peter Copses, Lance Milken and Antoine Munfakh for their services as directors are paid to Apollo Management, and fees paid to Rohit Manocha for his services as a director are paid to Cowen.

The total compensation of our non-employee directors earned for Fiscal 2016 is shown in the following table.

Name	Fees Earned or Paid in Cash(1) (\$)
Peter P. Copses (2)	34,000
Lance A. Milken(2)	83,000
Ron Marshall (3)	44,946
Rohit Manocha (4)	85,000
Robert J. DiNicola	75,900
George G. Golleher(5)	—
Sally Pofcher(6)	57,665
Michael R. D'Appolonia(7)	52,430
Antoine Munfakh(8)	43,000

- (1) Includes annual retainer fees and committee fees.
- (2) Fees paid to Apollo Management. Mr. Copses resigned as Chairman of the Board, and as Chairman on the Audit and Compensation Committees, effective June 2016. Concurrently, Mr. Milken was appointed as Chairman of the Board and as Chairman of the Audit and Compensation Committees.
- (3) Mr. Marshall was appointed as Chief Executive Officer on May 5, 2016. Mr. Marshall will continue to serve as a member of the Board of Directors.
- (4) Fees paid to Cowen. During Fiscal 2016, the TriArtisan professionals responsible for the investment in the Company, including Mr. Manocha, became employed by Cowen and are continuing to do business as TriArtisan Capital Advisors, LLC, an affiliate of Cowen.
- (5) Mr. Golleher served as a director during Fiscal 2016, and resigned from the Board on February 18, 2016.
- (6) Ms. Pofcher was appointed as director in February 2016.
- (7) Mr. D'Appolonia was appointed as a director in June 2016.
- (8) Fees paid to Apollo Management. Mr. Munfakh was appointed as a director in June 2016.

The Amendments to the Expiring Options described under "Stock Option Awards" included options held by our directors or their affiliates. Apollo Management holds 40,000 of the 2007 Options, TriArtisan holds 20,000 of the 2007 Options, Robert DiNicola holds 70,000 of the 2007 Options, and Ron Marshall holds 20,000 of 2007 Options.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The Company's Parent, Claire's Inc., owns all of the Company's issued and outstanding capital stock.

The table below sets forth certain information regarding the beneficial ownership of the common stock of Claire's Inc. with respect to each entity or person that is a beneficial owner of more than 5% of its outstanding common stock and beneficial ownership of its common stock by each director and named executive officer and all directors and current executive officers as a group, at April 29, 2017:

<u>Name of Beneficial Owner</u> ⁽¹⁾	<u>Number of</u>	<u>Percentage</u> ⁽²⁾
Apollo Funds ⁽³⁾	59,507,500 ⁽³⁾	97.7
Antione G. Munfakh ⁽⁴⁾	—	—
Lance A. Milken ⁽⁴⁾	—	—
Robert J. DiNicola ⁽⁵⁾	120,000 ⁽⁶⁾	*
Sally Pofcher ⁽⁵⁾	20,000 ⁽⁷⁾	*
Rohit Manocha ⁽⁵⁾	20,000 ⁽⁸⁾	*
Ron Marshall ⁽⁵⁾	220,000 ⁽⁹⁾	*
Michael R. D'Appolonia ⁽⁵⁾	20,000 ⁽⁷⁾	*
Beatrice Lafon ⁽⁵⁾	10,000 ⁽¹⁰⁾	*
J. Per Brodin ⁽⁵⁾	25,000 ⁽¹¹⁾	*
All current executive officers and directors as a group (9 persons)	435,000	*

* Less than 1% of the outstanding shares.

- (1) The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power, which includes the power to vote or direct the voting of such security, or power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not deemed outstanding for purposes of computing the percentage of any other person.
- (2) These percentages are calculated on the basis of 60,894,500 outstanding shares of Claire's Inc.'s common stock.
- (3) Represents all equity interests of Claire's Inc. held of record by Apollo Investment Fund VI, L.P. ("AIF VI"), and Apollo Claire's Investors A LLC, Apollo Claire's Investors B LLC and Apollo Claire's Investors C LLC (collectively, the "Apollo Claire's LLCs," and together with AIF VI, the "Apollo Funds"). Also includes fully vested options to purchase 40,000 shares of Claire's Inc.'s common stock held by Apollo Management, L.P. ("Apollo Management"). Apollo Management VI, L.P. ("Management VI") is the manager of AIF VI and each of the Apollo Claire's LLCs. AIF VI Management, LLC ("AIF VI LLC") is the general partner of Management VI. Apollo Management is the sole member and manager of AIF VI LLC. Apollo Management GP, LLC ("Management GP") is the general partner of Apollo Management. Apollo Management Holdings, L.P. ("AMH") is the sole member and manager of Management GP. Apollo Management Holdings GP, LLC ("AMH GP") is the general partner of AMH. Apollo Claire's Investors A LLC serves as a fiduciary for Apollo Overseas Partners (Germany) VI, L.P. ("Germany VI") with respect to Germany VI's investment in Claire's Inc. Apollo Advisors VI, L.P. ("Advisors VI") is the managing general partner of Germany VI. Apollo Capital Management VI, LLC ("ACM VI") is the general partner of Advisors VI, and Apollo Principal Holdings I, L.P. ("Principal I") is the sole member and manager of ACM VI. Apollo Principal Holdings I GP, LLC ("Principal I GP") is the general partner of Principal I. Leon Black, Joshua Harris and Marc Rowan are the managers of Principal I GP and the managers, as well as executive officers, of AMH GP, and as such may be deemed to have

- voting and dispositive control with respect to the shares of Claire's Inc.'s common stock held of record by the Apollo Funds and the options held by Apollo Management. Each of the Apollo Funds disclaims beneficial ownership of all equity interests of Claire's Inc. held of record by the other Apollo Funds or by Apollo Management, and Apollo Management disclaims beneficial ownership of all equity interests of Claire's Inc. held of record by the Apollo Funds, in each case except to the extent of any pecuniary interest therein. Management VI, AIF VI LLC, Management GP, AMH, AMH GP, Germany VI, Advisors VI, ACM VI, Principal I and Principal I GP (collectively, the "Apollo Entities") each disclaims beneficial ownership of all equity interests of Claire's Inc. held of record or beneficially owned by any of the Apollo Funds, Apollo Management, or the other Apollo Entities, except to the extent of any pecuniary interest therein. The address for AIF VI, each of the Apollo Claire's LLCs, Advisors VI, ACM VI, Principal I, and Principal I GP is One Manhattanville Road, Suite 201, Purchase, New York 10577. The address for Germany VI is c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Street, George Town, Grand Cayman KY1-9005, Cayman Islands. The address for Management VI, AIF VI LLC, Apollo Management, Management GP, AHM and AMH GP, and each of Messrs. Black, Harris and Rowan, is 9 West 57th St., New York, New York 10019.
- (4) Each of Messrs. Milken and Munfakh, who are each associated with Apollo Management, disclaim beneficial ownership of any equity interests of Claire's Inc. that are held of record or may be deemed beneficially owned by any of the Apollo Funds, Apollo Management or the Apollo Entities. The address for Messrs. Milken and Munfakh is c/o Apollo Management, L.P., 9 West 57th Street New York, New York 10019.
 - (5) The address for each of Messrs. DiNicola, Pofcher, Manocha, Marshall, D'Appolonia, Brodin and Dr. Lafon is c/o Claire's Inc., 2400 W. Central Road, Hoffman Estates, IL 60192.
 - (6) Includes (i) 50,000 owned shares and (ii) fully-vested options to purchase 70,000 shares of common stock.
 - (7) Includes fully-vested time options to purchase 20,000 shares.
 - (8) Includes a fully-vested time options to purchase 20,000 shares of common stock held by TriArtisan, an entity affiliated with Mr. Manocha.
 - (9) Includes (i) 20,000 owned shares and (ii) fully-vested time options to purchase 200,000 shares.
 - (10) Includes 10,000 owned shares.
 - (11) Includes 25,000 owned shares.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Management Fee

Upon consummation of the Merger, the Company entered into a management services agreement with Apollo Management and TriArtisan Capital Partners, LLC, a member of one of the co-investment vehicles managed by Apollo Management ("TriArtisan"). Under this management services agreement, Apollo Management and TriArtisan agreed to provide to the Company certain investment banking, management, consulting, and financial planning services on an ongoing basis for a fee of \$3.0 million per year plus reimbursement of out-of-pocket expenses. Under this management services agreement, Apollo Management and TriArtisan also agreed to provide to the Company certain financial advisory and investment banking services from time to time in connection with major financial transactions that may be undertaken by it or its subsidiaries in exchange for fees customary for such services after taking into account expertise and relationships within the business and financial community of Apollo Management and TriArtisan. Under this management services agreement, the Company also agreed to provide customary indemnification. During Fiscal 2016, the TriArtisan professionals responsible for the investment in the Company become employed by Cowen Group Inc. ("Cowen") and are continuing to do business as TriArtisan Capital Advisors LLC ("TriArtisan"), an affiliate of Cowen. In connection with that transaction TriArtisan assigned its rights and obligations to the management services agreement to an affiliate of Cowen. Therefore, the Company paid Apollo Management, TriArtisan, and the Cowen affiliate \$3.4 million in Fiscal 2016.

Stockholders Agreement

Parent and Apollo Management have entered into a stockholders agreement that sets forth applicable provisions relating to the management and ownership of Parent and its subsidiaries, including the right of TriArtisan (a member of Apollo Management's co-investment vehicles) to appoint one of the members of Claire's Board of Directors and the right of Apollo Management to appoint the remaining members of Claire's Board of Directors. In addition, the stockholders agreement contains customary information rights, drag along rights, tag along rights, preemptive rights, registration rights and restrictions on the transfer of Claire's common stock.

September 2016 Exchange

On September 20, 2016, the Company, CLSIP LLC, a newly formed subsidiary designated as unrestricted under the Company's debt agreements ("CLSIP") and Claire's (Gibraltar) Holdings Limited, the holding company of the Company's European operations ("Claire's Gibraltar" and together with the Company and CLSIP, the "Offerors") completed an offer to exchange (the "Exchange Offer") any and all of the Company's issued and outstanding (i) 8.875% Senior Secured Second Lien Notes due 2019 (the "Second Lien Notes"), (ii) 7.750% Senior Notes due 2020 (the "Unsecured Notes") and (iii) 10.500% Senior Subordinated Notes due 2017 (the "Subordinated Notes"), except for Subordinated Notes held by Claire's Inc., the parent of the Company ("Parent"), for (i) up to \$40.0 million of Senior Secured Term Loans maturing 2021 of the Company ("Claire's Stores Term Loans"), (ii) up to \$130.0 million of Senior Secured Term Loans maturing 2021 of CLSIP ("CLSIP Term Loans") and (iii) up to \$60.0 million of Senior Term Loans maturing 2021 of Claire's Gibraltar ("Claire's Gibraltar Term Loans" and together with the Claire's Stores Term Loans and the CLSIP Term Loans, the "Term Loans").

On September 20, 2016, the Offerors accepted from non-affiliate holders approximately \$227.7 million aggregate principal amount of Second Lien Notes, approximately \$103.3 million aggregate principal amount of Unsecured Notes and approximately \$0.7 million aggregate principal amount of Subordinated Notes validly tendered and not withdrawn in the Exchange Offer in exchange for approximately \$20.4 million aggregate principal amount of Claire's Stores Term Loans, approximately \$66.3 million aggregate principal amount of CLSIP Term Loans and approximately \$30.6 million aggregate principal amount of Claire's Gibraltar Term Loans and entered into the respective term loan agreements providing for each of the Term Loans.

Parent owned approximately \$58.7 million aggregate principal amount of the Subordinated Notes and certain funds managed by affiliates of Apollo Global Management, LLC (the "Apollo Funds" and, together with Parent, the "Affiliated Holders") owned approximately \$183.6 million aggregate principal amount of the Company's 10.500% PIK Senior Subordinated Notes due 2017 (the "PIK Subordinated Notes"), in each case immediately prior to the completion of the Exchange Offer. No Affiliated Holder participated in the Exchange Offer. However, because the Exchange Offer was not fully subscribed, following the allocation of the maximum consideration offered in the Exchange Offer, on September 20, 2016, the Affiliated Holders effected a similar exchange of Subordinated Notes, in the case of Parent, and PIK Subordinated Notes, in the case of the Apollo Funds, for Term Loans on the same economic terms offered in the Exchange Offer for the Unsecured Notes that were tendered prior to the Exchange Offer's "Early Tender Time", including additional consideration paid to holders of Unsecured Notes as a result of the undersubscription (the "Affiliated Holder Exchange"). On September 20, 2016, the Offerors accepted from the Affiliated Holders approximately \$58.7 million aggregate principal amount of Subordinated Notes and \$183.6 million aggregate principal amount of PIK Subordinated Notes pursuant to the Affiliated Holder Exchange in exchange for approximately \$10.5 million aggregate principal amount of Claire's Stores Term Loans, approximately \$34.2 million aggregate principal amount of CLSIP Term Loans and approximately \$15.8 million aggregate principal amount of Claire's Gibraltar Term Loans. The interest payable on the Term Loans held by the Affiliated Holders or their affiliates will be pay-in-kind.

May 2016 Exchange

On May 4, 2016, the Company entered into two Exchange Agreements with the Apollo Funds pursuant to which the Company exchanged \$174.4 million aggregate principal amount of the Subordinated Notes held by the Apollo Funds, for \$174.4 million aggregate principal amount of its newly-issued PIK Subordinated Notes. The Subordinated Notes had been acquired by the Apollo Funds in open market transactions. The Company caused all \$174.4 million aggregate principal amount of the acquired Subordinated Notes to be cancelled. The terms of the PIK Subordinated Notes were substantially the same as those of the Subordinated Notes except that interest, which accrued at 10.50% per annum from December 1, 2015, was pay-in-kind ("PIK"). All outstanding PIK Subordinated Notes were subsequently acquired by the Company and cancelled pursuant to the Affiliated Holder Exchange described above.

Policies and Procedures for Review of Related Party Transactions

Pursuant to its written charter, our audit committee must review and approve all material related-party transactions, which include any related party transactions that we would be required to disclose pursuant to Item 404 of Regulation S-K promulgated by the SEC. In determining whether to approve a related party transaction, our audit committee will consider a number of factors, including whether the related party transaction is on terms and conditions no less favorable to us than may reasonably be expected in arm's-length transactions with unrelated parties.

Director Independence

We are not a listed issuer whose securities are listed on a national securities exchange or in an inter-dealer quotation system which has requirements that a majority of the Board of Directors be independent. However, if we were a listed issuer whose securities were traded on the New York Stock Exchange and subject to such requirements, we would be entitled to rely on the controlled company exception contained in the NYSE Listing Manual, Section 303A.00 for the exception from the independence requirements related to the majority of our Board of Directors and for the independence requirements related to our Compensation Committee, but not with respect to the Audit Committee. Pursuant to NYSE Listing Manual, Section 303A.00, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is exempt from the requirements that its Board of Directors consist of a majority of independent directors and that the compensation committee (and, if applicable, the nominating committee) of such company be comprised solely of independent directors. At May 1, 2017, Apollo Management VI, L.P. beneficially owned 97.7% of the voting power of the Company which would qualify the Company as a controlled company eligible for exemption under the rule.

Director Consulting Fees

Sally Pofcher joined our Board of Directors on February 18, 2016. Prior to joining the Board, Ms. Pofcher provided advisory services with respect to the Company's business strategies and was paid consulting fees for such services at a rate of \$5,000 per day, which amount in the opinion of management approximates an arm's-length rate for these services. In connection with Ms. Pofcher's appointment to the Board, the parties agreed that the consulting arrangement with the Company would continue at the request of Company.

Item 14. Principal Accountant Fees and Services**Relationship With Our Independent Registered Public Accounting Firm**

On August 2, 2016, the Audit Committee of the Board of Directors approved the appointment of Grant Thornton LLP as the Company's new independent registered public accounting firm for the fiscal year ending January 28, 2017, and dismissed KPMG LLP as the Company's independent registered public accounting firm. The change was the result of a competitive bidding process involving several accounting firms.

The firm of Grant Thornton LLP will be our independent registered public accounting firm for the current fiscal year unless the audit committee or Board of Directors deems it advisable to make a substitution. Our Board of Directors and the audit committee, in their discretion, may change the appointment at any time during the year if they determine that such change would be in our best interest and the best interest of the Company.

Fees Paid To Our Independent Registered Public Accounting Firm

We were billed or expect to be billed an aggregate of \$1,674,972 by Grant Thornton for Fiscal 2016 as follows:

Audit Fees

For professional services rendered for the annual audit of our Consolidated Financial Statements, review of our quarterly financial statements and services that are normally provided in connection with statutory and regulatory filings, \$1,674,972 for Fiscal 2016.

Audit-Related Fees

For audit-related services, \$0 for Fiscal 2016.

Tax Fees

For tax services, \$0 for Fiscal 2016.

All Other Fees

For software licenses, \$0 for Fiscal 2016.

Pre-Approval Policies and Procedures

We pre-approve a schedule of audit and non-audit services expected to be performed by Grant Thornton LLP in a given fiscal year. In addition, the Audit Committee delegates authority to its Chairman to pre-approve additional audit and non-audit services by Grant Thornton (other than services that have been generally pre-approved by the Audit Committee) since the previous meeting at which pre-approval decisions were reported. The Chairman reports any such pre-approval decisions to the Audit Committee at its next scheduled meeting. All of the services described above under "Audit Fees", "Audit-Related Fees," "Tax Fees" and "All Other Fees" for Fiscal 2016.

We were billed or expect to be billed an aggregate of \$169,400 and \$2,301,553 by KPMG LLP for Fiscal 2016 and Fiscal 2015, respectively, as follows:

Audit Fees

For professional services rendered for the annual audit of our Consolidated Financial Statements, review of our quarterly financial statements and services that are normally provided in connection with statutory and regulatory filings, \$169,400 and \$2,299,003 for Fiscal 2016 and Fiscal 2015, respectively.

Audit-Related Fees

For audit-related services, \$0 for each of Fiscal 2016 and Fiscal 2015.

Tax Fees

For tax services, \$0 for each of Fiscal 2016 and Fiscal 2015.

All Other Fees

For software licenses, \$0 and \$2,550 for Fiscal 2016 and Fiscal 2015, respectively.

Pre-Approval Policies and Procedures

We pre-approved the schedule of audit and non-audit services expected to be performed by KPMG LLP in Fiscal 2016 and 2015. In addition, the Audit Committee delegated authority to its Chairman to pre-approve additional audit and non-audit services performed by KPMG LLP (other than services that have been generally pre-approved by the Audit Committee) since the previous meeting at which pre-approval decisions were reported. The Chairman reported any such pre-approval decisions to the Audit Committee at its next scheduled meeting. All of the services described above under "Audit Fees", "Audit-Related Fees," "Tax Fees" and "All Other Fees" for Fiscal 2016 and Fiscal 2015 were pre-approved by the Audit Committee.

PART IV.

Item 15. Exhibits, Financial Statement Schedules

3. Exhibits

The Exhibits filed with this Amendment are as follows:

- 31.1 Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) (14)
- 31.2 Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) (14)

SIGNATURES

Pursuant to the requirements of Section 13 of 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLAIRE'S STORES, INC.

May 23, 2017

By: /s/ Ron Marshall
Ron Marshall, Chief Executive Officer (principal executive officer)

May 23, 2017

By: /s/ Scott Huckins
Scott Huckins, Executive Vice President and Chief Financial Officer
(principal financial officer)

CERTIFICATE PURSUANT TO
RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ron Marshall, certify that:

1. I have reviewed this annual report on Form 10-K/A of Claire's Stores, Inc.; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

May 23, 2017

/s/ Ron Marshall
Ron Marshall
Chief Executive Officer

CERTIFICATE PURSUANT TO
RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Huckins, certify that:

1. I have reviewed this annual report on Form 10-K/A of Claire's Stores, Inc.; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

May 23, 2017

/s/ Scott Huckins

Scott Huckins
Chief Financial Officer