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WILLIAMS-SONOMA, INC.

2015 ANNUAL REPORT

ANNUAL MEETING OF STOCKHOLDERS

LETTERS TO STOCKHOLDERS

2015 ANNUAL REPORT

WILLIAMS-SONOMA, INC.

POTTERY BARN   POTTERY BARN KIDS   PBTEEN   WILLIAMS-SONOMA   WILLIAMS-SONOMA HOME   WEST ELM   MARK AND GRAHAM   REJUVENATION

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Dear Stockholders,

In December 2015, we mourned the passing of Chuck Williams, our company's founder and Director Emeritus, and a friend and mentor to many members of our company, our Board of Directors, and our community. I speak for all of the Williams-Sonoma, Inc. community in recognizing with the deepest thanks Mr. Williams' many accomplishments and contributions to the company. Mr. Williams had impeccable taste, unique insight for selecting the right products at the right time, and the highest standard of customer service – a legacy that will live on in the way that our company does business every day.

From a business standpoint, I am pleased to report that our company reported record revenue and earnings per share for fiscal 2015, despite a challenging end to the year. Net revenues grew to $4.976 billion with diluted earnings per share of $3.37, and our highly-profitable e-commerce business generated 51% of total net revenues. We believe the strength of the company's outstanding portfolio of brands – Pottery Barn, Williams-Sonoma, West Elm, Pottery Barn Kids, PBteen, Rejuvenation, and Mark and Graham – is a key component of the results and our future opportunities.

Our Board continues to be focused on creating long-term value for our stockholders. Looking forward, our company's strategic growth plans include brand initiatives and global expansion. We will improve our competitive position across product, service and value for our customers, while we expand our brands into new products and market segments. We are also developing cross-brand initiatives to more fully engage with our customers and to leverage innovative marketing channels. We are investing in our high-growth, newer brands, particularly West Elm. Finally, we are continuing to rapidly expand our global reach through existing and new franchise relationships and other opportunities.

As always, we are grateful to our stockholders for your ongoing confidence in our company. On your behalf, I would like to thank my fellow Board members for their continued support and guidance. I also thank our customers, vendors and other business partners for their support. I particularly wish to express our deep appreciation to our President and Chief Executive Officer, Laura Alber, her executive team, and all of our associates for continuing to deliver results and drive our long-term strategic growth initiatives. Without them, none of this would have been possible.

We look forward to continued success in 2016 and beyond.

Adrian D.P. Bellamy
Chairman of the Board of Directors

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Dear Stockholders,

For fiscal 2015, we reported record revenue and earnings per share as a result of the strength of our portfolio of outstanding brands and our balanced, multi-channel model. We delivered this top and bottom line performance despite a challenging holiday season.

We are passionate about our business and excited about the opportunities we see to increase stockholder value. We believe our balanced multi-channel business model, combined with our portfolio of well-known brands and a superior customer experience, is more relevant than ever in an evolving consumer landscape. Our tenured and talented team has deep experience in multi-channel retailing. We see many opportunities to grow our existing brands and to add new ones to our portfolio to deliver sustainable growth.

Looking forward, we are focused on four key strategies to drive growth in our business.

First, we will re-assert our product leadership. Going back to the first days of Chuck Williams' store in Sonoma, we have been a leader and innovator in building differentiated and market-leading product assortments. Our goal is to ensure our products serve a distinct purpose by being differentiated from our competitors through our price-quality relationship, design aesthetic, and functionality. In addition, we are focusing our efforts on developing and buying fewer, more differentiated products that better leverage our best-in-class, vertically integrated sourcing network across all of our brands.

Second, we are revolutionizing our approach to inventory. We have a significant opportunity to improve customer service and reduce costs by advancing our inventory management practices. Among other things, we have begun implementation of a new inventory optimization system that advances our demand forecasting and gives our teams more sophisticated tools to replenish our regionalized distribution network and stores. In addition, we are further regionalizing our supply chain. We know that being closer to our customers is the key to faster and lower cost delivery. Collectively, these efforts will increase the efficiency of our supply chain and materially improve our service levels.

Third, we are transforming our marketing. We are strengthening our marketing around the value propositions of each of our brands and what makes our products and services unique in the marketplace. We know that our products are differentiated from our competitors' in safety, material, construction, design and social consciousness, and that we offer best-in-class services. We will be more aggressive about marketing our key differentiators, and why customers should buy from us. We will better leverage our content to emphasize these messages across all of our marketing channels. Finally, we are continuously advancing our marketing strategy and identifying ways to efficiently drive revenue increases throughout our portfolio of brands.

Fourth, we are changing our approach to real estate and the retail experience. Our stores are one of our most powerful marketing tools and one of our most important competitive advantages. However, as retail traffic has declined and customer shopping patterns have shifted, we know that our stores need to be in relevant locations and provide our customers with a great shopping experience. To continue to lead in retail, we are changing our approach. We are making technology investments to improve our cross-channel experience. Our new strategic sales platform will lead to a more inspiring and effortless customer experience. We are also defining the "store of the future" for each of our brands. Across our brand portfolio, we have developed and tested innovative store concepts from architecture, to design, to experience. Our retail store future includes an exciting and convenient in-store experience, a more strategic view of real estate, and a sustainable and profitable model.

In addition to these strategic initiatives, we have identified targeted strategies and opportunities in each of our brands.

In Pottery Barn, as we look to 2016 and beyond, we are committed to accelerating our growth. We will continue to introduce relevant and authoritative product assortments with a focus on innovation, function and value. We are also increasing our percentage of environmentally responsible products. To support these product strategies, we are more clearly communicating our category dominance and our points of differentiation, including our aesthetic, our quality and value, our initiatives related to responsibly sourced materials, and our exceptional services.

Pottery Barn Kids stands for timeless design and superior quality – at a compelling value. In 2016, we are evolving our brand to connect with a broader customer base and expanding our product collections to address the ages and stages of childhood. We are committed to products that are good for kids and good for the planet, and are expanding our offering of organic cotton bedding and Greenguard certified furniture.

In PBteen, we are making significant changes in the brand. From a product standpoint, we have been developing differentiated and innovative products to refresh our core assortments. We are expanding our offering across the distinct teen life stages to address the differing needs of the tween, teen and college customer. We are also continuing to introduce new collaborations and partnerships to drive engagement, aesthetic diversification, and new customer acquisition. In marketing, we are evolving our approach to emphasize and reflect our brand values of social consciousness, acceptance and empowerment.

In the Williams-Sonoma brand, we see additional opportunities to capture mindshare and market share, and we will execute strategies to engage every demographic from millennial to baby boomer with exciting product supported by elevated marketing and improvements in our retail strategy. Great product is the foundation of our strategy in Williams-Sonoma. In 2016, we plan to grow our Williams-Sonoma branded product, which allows us to deliver superior quality at higher margins than the industry standard and gives us more control over the promotional environment. In addition, we will expand Williams-Sonoma Home. We will selectively add Home product to Williams-Sonoma stores, broaden the breadth of our assortments, invest in marketing, grow our trade business and look at other ways to extend our reach.

West Elm delivered another outstanding year and is strategically positioned to continue its growth well into the future. Working from our core strategies of choice, community, and consciousness, we strive to exceed our customers' expectations, from sourcing locally made products in their own communities to delivering innovative product with great craftsmanship and value. We will maintain our brand momentum through more targeted product and content, adding new stores, and exploring new business opportunities that bolster our brand equity.

We are also seeing strong results from our emerging brands, Rejuvenation and Mark and Graham. In each of these brands, we are growing profitably with a disciplined investment approach. In Rejuvenation, we believe growth will accelerate, driven by the success and expansion of the northwest modern lifestyle assortment, further category expansion, and our broadening demographic base of customers. In Mark and Graham, we are seeing order and traffic growth, which is driving revenue growth. In 2016, we will continue to introduce new categories and build brand awareness through efficient catalog prospecting and digital marketing.

Across our brands, the significant growth and improving profitability of our global businesses gives us further confidence in the meaningful opportunity that international expansion represents. Our focus is on growth, operational excellence, and infrastructure. Currently, our presence outside of the United States spans 10 countries and includes 97 stores. Over the next 10 years, we expect that we will have a presence in more than 35 countries. We have strong partners in the Middle East, Mexico, the United Kingdom and the Philippines, and we are actively engaging with new partners.

In addition to our accomplishments and challenges in 2015, the Williams-Sonoma family lost a dear friend, an inspiring mentor, and our favorite cook with the passing of Chuck Williams. Chuck leaves behind a tremendous legacy. He was a caring and generous man, who was unfailingly dedicated to our company and to his personal values, which included treating everyone he encountered with kindness and respect. He will live on forever in our kitchens, and in our hearts.

In closing, 2015 was a year that revealed new opportunities to deliver value to our customers and to you, our stockholders. I want to sincerely thank all of our associates, customers, vendors and partners around the world. Your passion and continued commitment to our company give me great confidence in what we will accomplish together in the future.

Laura J. Alber
President, Chief Executive Officer and Director

These letters contain forward-looking statements. Please see the section titled "Forward-Looking Statements" on page 1 of our Annual Report on Form 10-K for the fiscal year ended January 31, 2016, which is part of this Annual Report to Stockholders, for important cautionary language regarding these statements.

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FORM 10-K

2015 ANNUAL REPORT

WILLIAMS-SONOMA, INC.

POTTERY BARN   POTTERY BARN KIDS   PBTEEN   WILLIAMS-SONOMA   WILLIAMS-SONOMA HOME   WEST ELM   MARK AND GRAHAM   REJUVENATION

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One):

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

For the fiscal year ended January 31, 2016.

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 number 001-14077

WILLIAMS-SONOMA, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-2203880**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3250 Van Ness Avenue, San Francisco, CA	**94109**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (415) 421-7900

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $.01 par value	New York Stock Exchange, Inc.
(Title of class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 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 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 ☐

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 or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

As of August 2, 2015, the approximate aggregate market value of the registrant's common stock held by non-affiliates was $7,577,638,000. It is assumed for purposes of this computation that an affiliate includes all persons as of August 2, 2015 listed as executive officers and directors with the Securities and Exchange Commission. This aggregate market value includes all shares held in the Williams-Sonoma, Inc. Stock Fund within the registrant's 401(k) Plan.

As of March 27, 2016, 89,158,790 shares of the registrant's common stock were outstanding.

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DOCUMENTS INCORPORATED BY REFERENCE

Portions of our definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, also referred to in this Annual Report on Form 10-K as our Proxy Statement, which will be filed with the Securities and Exchange Commission, or SEC, have been incorporated in Part III hereof.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the letters to stockholders contained in this Annual Report contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or prove incorrect, could cause our business and operating results to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements related to: projections of earnings, revenues, growth and other financial items; the strength of our business and our brands; our strategic growth initiatives; our beliefs about our competitive position, relative performance and our ability to leverage our competitive advantages; the plans, strategies, initiatives and objectives of management for future operations; our brands, products and related initiatives, including our ability to introduce new brands, new products and product lines and bring in new customers; our belief that our e-commerce websites and direct-mail catalogs act as a cost-efficient means of testing market acceptance of new products and new brands; the complementary nature of our e-commerce and retail channels; our marketing efforts; our global business and expansion efforts, including franchise, other third party arrangements and company-owned operations; our ability to attract new customers; the seasonal variations in demand; our ability to recruit, retain and motivate skilled personnel; our belief in the reasonableness of the steps taken to protect the security and confidentiality of the information we collect; our belief in the adequacy of our facilities and the availability of suitable additional or substitute space; our belief in the ultimate resolution of current legal proceedings; the payment of dividends; our stock repurchase program; our key initiatives in product leadership, inventory, marketing and real estate; our strategies and opportunities to profitably grow our business; our plans to strengthen our competitive position; our plans to develop cross brand initiatives; our leadership position across our brands and in our supply chain; our capital allocation strategy in fiscal 2016; our planned use of cash in fiscal 2016; our compliance with financial covenants; our belief that our cash on hand and available credit facilities will provide adequate liquidity for our business operations over the next 12 months; our belief that our accumulated undistributed earnings of our foreign subsidiaries are sufficient to support our anticipated future cash needs of our foreign operations; our intentions regarding the utilization of such undistributed earnings; our belief regarding the effects of potential losses under our indemnification obligations; the impact of inflation; the effects of changes in our inventory reserves; the impact of new accounting pronouncements; and statements of belief and statements of assumptions underlying any of the foregoing. You can identify these and other forward-looking statements by the use of words such as "will," "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "potential," "continue," or the negative of such terms, or other comparable terminology.

The risks, uncertainties and assumptions referred to above that could cause our results to differ materially from the results expressed or implied by such forward-looking statements include, but are not limited to, those discussed under the heading "Risk Factors" in Item 1A hereto and the risks, uncertainties and assumptions discussed from time to time in our other public filings and public announcements. All forward-looking statements included in this document are based on information available to us as of the date hereof, and we assume no obligation to update these forward-looking statements.

WILLIAMS-SONOMA, INC.
ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED JANUARY 31, 2016

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PART I

ITEM 1. BUSINESS

OVERVIEW

Williams-Sonoma, Inc., incorporated in 1973, is a multi-channel specialty retailer of high quality products for the home.

In 1956, our founder, Chuck Williams, turned a passion for cooking and eating with friends into a small business with a big idea. He opened a store in Sonoma, California, to sell the French cookware that intrigued him while visiting Europe but that could not be found in America. Chuck's business, which set a standard for customer service, took off and helped fuel a revolution in American cooking and entertaining that continues today.

In the decades that followed, the quality of our products, our ability to identify new opportunities in the market and our people-first approach to business have facilitated our expansion beyond the kitchen into nearly every area of the home. Additionally, by embracing new technologies and customer-engagement strategies as they emerge, we are able to continually refine our best-in-class approach to multi-channel retailing.

Today, Williams-Sonoma, Inc. is one of the United States' largest e-commerce retailers with some of the best known and most beloved brands in home furnishings. We currently operate retail stores in the United States, Canada, Puerto Rico, Australia and the United Kingdom, and franchise our brands to third parties in a number of countries in the Middle East, the Philippines and Mexico. Our products are also available to customers through our catalogs and online worldwide.

Williams-Sonoma
From the beginning, our namesake brand, Williams-Sonoma, has been bringing people together around food. A leading specialty retailer of high-quality products for the kitchen and home, the brand seeks to provide world-class service and an engaging customer experience. Williams-Sonoma products include everything for cooking, dining and entertaining, including: cookware, tools, electrics, cutlery, tabletop and bar, outdoor, furniture and a vast library of cookbooks. The brand also includes Williams-Sonoma Home, a premium concept that offers classic home furnishings and decorative accessories, extending the Williams-Sonoma lifestyle beyond the kitchen into every room of the home.

Pottery Barn
Established in 1949 and acquired by Williams-Sonoma, Inc. in 1986, Pottery Barn is a premier multi-channel home furnishings retailer. The brand was founded on the idea that home furnishings should be exceptional in comfort, quality, style and value. Pottery Barn stores, website, and catalogs are specially designed to make shopping an enjoyable experience, with inspirational lifestyle displays dedicated to every space in the home. Pottery Barn products include furniture, bedding, bathroom accessories, rugs, curtains, lighting, tabletop, outdoor and decorative accessories.

Pottery Barn Kids
Launched in 1999, Pottery Barn Kids serves as an inspirational destination for creating childhood memories by decorating nurseries, bedrooms and play spaces. Pottery Barn Kids offers exclusive, innovative and high-quality products designed specifically for creating magical spaces where children can play, laugh, learn and grow.

West Elm
West Elm helps customers express their personal style at home. Headquartered in Brooklyn, New York, the brand opened its first store in 2003 in Brooklyn, the neighborhood it still proudly calls home. Mixing clean lines, natural materials and handcrafted collections from the U.S. and around the world, West Elm creates unique, affordable designs for modern living. From its commitment to Fair Trade Certified, local and handcrafted products to its community-driven in-store events and collaborations, to its role as part of an active community on social media, everything West Elm does is designed to make an impact.

PBteen
Launched in 2003, PBteen is the first home concept to focus exclusively on the teen market. The brand offers a complete line of furniture, bedding, lighting, decorative accents and more for teen bedrooms, dorm rooms, study spaces and lounges. PBteen's innovative products are specifically designed to help teens create a comfortable and stylish room that reflects their own individual aesthetic.

Rejuvenation
Rejuvenation, founded in 1977 with a passion for old buildings, vintage lighting and house parts and great design, was acquired by Williams-Sonoma, Inc. in 2011. With manufacturing facilities in Portland, Oregon, Rejuvenation offers a wide assortment of high-quality lighting, hardware, furniture and home décor inspired by history, designed for today and made to last for years to come.

Mark and Graham
Launched in late 2012, Mark and Graham is designed to be a premier destination for personalized gift buying. With over 100 monograms and font types to choose from, a Mark and Graham purchase is uniquely personal. The brand's product lines include women's and men's accessories, small leather goods, jewelry, key item apparel, paper, entertaining and bar, home décor and seasonal items.

E-COMMERCE OPERATIONS

As of January 31, 2016, the e-commerce channel had the following merchandising strategies: Williams-Sonoma, Pottery Barn, Pottery Barn Kids, West Elm, PBteen, Williams-Sonoma Home, Rejuvenation and Mark and Graham, which sell our products through our e-commerce websites and direct-mail catalogs. We offer shipping from many of our brands to countries worldwide, while our catalogs reach customers across the U.S. and Australia. The e-commerce channel complements the retail channel by building brand awareness and acting as an effective advertising vehicle. In addition, we believe that our e-commerce websites and our direct-mail catalogs act as a cost-efficient means of testing market acceptance of new products and new brands. Leveraging these insights and our multi-channel positioning, our marketing efforts, including the use of online advertising and the circulation of catalogs, are targeted toward driving sales to all of our channels, including retail. Consistent with our published privacy policies, we send our catalogs to addresses from our proprietary customer list, as well as to addresses from lists of other mail order direct marketers, magazines and companies with which we establish a business relationship. In accordance with prevailing industry practice and our privacy policies, we may also rent our list to select mailers. Our customer mailings are continually updated to include new prospects and to eliminate non-responders.

Detailed financial information about the e-commerce channel is found in Note L to our Consolidated Financial Statements.

RETAIL STORES

As of January 31, 2016, the retail channel had the following merchandising strategies: Williams-Sonoma, Pottery Barn, Pottery Barn Kids, West Elm and Rejuvenation, operating 618 stores comprising 571 stores in 43 states, Washington, D.C., and Puerto Rico, 27 stores in Canada, 19 stores in Australia and 1 store in the United Kingdom. We also have multi-year franchise agreements with third parties that currently operate 48 franchised stores and/or e-commerce websites in a number of countries in the Middle East, the Philippines and Mexico. The retail business complements the e-commerce business by building brand awareness and attracting new customers to our brands. Our retail stores serve as billboards for our brands, which we believe inspires our customers to shop online and through our catalogs.

Detailed financial information about the retail channel is found in Note L to our Consolidated Financial Statements.

SUPPLIERS

We purchase most of our merchandise from numerous foreign and domestic manufacturers and importers, the largest of which accounted for approximately 2% of our purchases during fiscal 2015. Approximately 67% of our merchandise purchases in fiscal 2015 were sourced from foreign vendors in 48 countries, predominantly in Asia and Europe. Approximately 99% of these purchases were negotiated and paid for in U.S. dollars. In addition, we manufacture merchandise, primarily upholstered furniture and lighting, at our facilities located in North Carolina, California and Oregon.

COMPETITION AND SEASONALITY

The specialty retail business is highly competitive. Our specialty retail stores, e-commerce websites and direct-mail catalogs compete with other retailers, including large department stores, discount retailers, other specialty retailers offering home-centered assortments, other e-commerce websites and other direct-mail catalogs. The substantial sales growth in the direct-to-customer industry within the last decade, particularly in e-commerce, has encouraged the entry of many new competitors and an increase in competition from established companies. In addition, we face increased competition from discount retailers who, in the past, may not have competed with us or to this degree. We compete on the basis of our brand authority, the quality of our merchandise, service to our customers, our proprietary customer list, our e-commerce websites and our marketing capabilities, as well as the location and appearance of our stores. We believe that we compare favorably with many of our current competitors with respect to some or all of these factors.

Our business is subject to substantial seasonal variations in demand. Historically, a significant portion of our net revenues and net earnings have been realized during the period from October through January, and levels of net revenues and net earnings have typically been lower during the period from February through September. We believe this is the general pattern associated with the retail industry. In preparation for and during our holiday selling season, we hire a substantial number of additional temporary employees, primarily in our retail stores, customer care centers and distribution centers, and incur significant fixed catalog production and mailing costs.

EMPLOYEES

As of January 31, 2016, we had approximately 28,100 employees, of whom approximately 11,600 were full-time. In preparation for and during our fiscal 2015 holiday selling season, we hired approximately 8,900 temporary employees primarily in our retail stores, customer care centers and distribution centers.

TRADEMARKS, COPYRIGHTS, PATENTS AND DOMAIN NAMES

We own and/or have applied to register 80 separate trademarks and service marks. We own and/or have applied to register our key brand names as trademarks in the U.S. and 92 additional jurisdictions. Exclusive rights to the trademarks and service marks are held by Williams-Sonoma, Inc. and are used by our subsidiaries and franchisees under a license. These marks include our core brand names as well as brand names for selected products and services. The core brand names in particular, including “Williams-Sonoma,” “Pottery Barn,” “pottery barn kids,” “PBteen,” “west elm,” “Williams-Sonoma Home,” “Rejuvenation” and “Mark and Graham” are of material importance to us. Trademarks are generally valid as long as they are in use and/or their registrations are properly maintained, and they have not been found to have become generic. Trademark registrations can generally be renewed indefinitely so long as the marks are in use. We also own numerous copyrights and trade dress rights for our products, product packaging, catalogs, books, house publications, website designs and store designs, among other things, which are used by our subsidiaries and franchisees under a license. We hold patents on certain product functions and product designs. Patents are generally valid for 14 to 20 years as long as their registrations are properly maintained. In addition, we have registered and maintain numerous Internet domain names, including “williams-sonoma.com,” “potterybarn.com,” “potterybarnkids.com,” “pbteen.com,” “westelm.com,” “wshome.com,” “williams-sonomainc.com,” “rejuvenation.com” and “markandgraham.com.” Collectively, the trademarks, copyrights, trade dress rights and domain names that we hold are of material importance to us.

AVAILABLE INFORMATION

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended. The public may read and copy these materials at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549-0213. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding Williams-Sonoma, Inc. and other companies that file materials electronically with the SEC. Our annual reports, Forms 10-K, Forms 10-Q, Forms 8-K and proxy and information statements are also available, free of charge, on our website at www.williams-sonomainc.com.

ITEM 1A. RISK FACTORS

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider such risks and uncertainties, together with the other information contained in this report and in our other public filings. If any of such risks and uncertainties actually occurs, our business, financial condition or operating results could differ materially from the plans, projections and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report and in our other public filings. In addition, if any of the following risks and uncertainties, or if any other risks and uncertainties, actually occurs, our business, financial condition or operating results could be harmed substantially, which could cause the market price of our stock to decline, perhaps significantly.

Declines in general economic conditions, and the resulting impact on consumer confidence and consumer spending, could adversely impact our results of operations.

Our financial performance is subject to declines in general economic conditions and the impact of such economic conditions on levels of consumer confidence and consumer spending. Consumer confidence and consumer spending may deteriorate significantly, and could remain depressed for an extended period of time. Consumer purchases of discretionary items, including our merchandise, generally decline during periods when disposable income is limited, unemployment rates increase or there is economic uncertainty. An uncertain economic environment could also cause our vendors to go out of business or our banks to discontinue lending to us or our vendors, or it could cause us to undergo restructurings, any of which would adversely impact our business and operating results.

We are unable to control many of the factors affecting consumer spending, and declines in consumer spending on home furnishings and kitchen products in general could reduce demand for our products.

Our business depends on consumer demand for our products and, consequently, is sensitive to a number of factors that influence consumer spending, including general economic conditions, consumer disposable income, fuel prices, recession and fears of recession, unemployment, war and fears of war, inclement weather, availability of consumer credit, consumer debt levels, conditions in the housing market, interest rates, sales tax rates and rate increases, inflation, consumer confidence in future economic conditions and political conditions, and consumer perceptions of personal well-being and security. In particular, past economic downturns have led to decreased discretionary spending, which adversely impacted our business. In addition, periods of decreased home purchases typically lead to decreased consumer spending on home products. These factors have affected, and may in the future affect, our various brands and channels differently. Adverse changes in factors affecting discretionary consumer spending have reduced and may in the future reduce consumer demand for our products, thus reducing our sales and harming our business and operating results.

If we are unable to identify and analyze factors affecting our business, anticipate changing consumer preferences and buying trends, and manage our inventory commensurate with customer demand, our sales levels and operating results may decline.

Our success depends, in large part, upon our ability to identify and analyze factors affecting our business and to anticipate and respond in a timely manner to changing merchandise trends and customer demands in order to maintain and attract customers. For example, in the specialty home products business, style and color trends are constantly evolving. Consumer preferences cannot be predicted with certainty and may change between selling seasons. Changes in customer preferences and buying trends may also affect our brands differently. We must be able to stay current with preferences and trends in our brands and address the customer tastes for each of our target customer demographics. We must also be able to identify and adjust the customer offerings in our brands to cater to customer demands. For example, a change in customer preferences for children's room furnishings may not correlate to a similar change in buying trends for other home furnishings. If we misjudge either the market for our merchandise or our customers' purchasing habits, our sales may decline significantly or may be delayed while we work to fill backorders. We may be required to mark down certain products to sell any excess inventory or to sell such inventory through our outlet stores or other liquidation channels at prices which are significantly lower than our retail prices, any of which would negatively impact our business and operating results.

In addition, we must manage our inventory effectively and commensurate with customer demand. Much of our inventory is sourced from vendors located outside of the United States. Thus, we usually must order merchandise, and enter into contracts for the purchase and manufacture of such merchandise, up to twelve months and generally multiple seasons in advance of the applicable selling season and frequently before trends are known. The extended lead times for many of our purchases may make it difficult for us to respond rapidly to new or changing trends. Our vendors also may not have the capacity to handle our demands or may go out of business in times of economic crisis. In addition, the seasonal nature of the specialty home products business requires us to carry a significant amount of inventory prior to peak selling season. As a result, we are vulnerable to demand and pricing shifts and to misjudgments in the selection and timing of merchandise purchases. If we do not accurately predict our customers' preferences and acceptance levels of our products, our inventory levels will not be appropriate, and our business and operating results may be negatively impacted.

We may be exposed to cybersecurity risks and costs associated with credit card fraud and identity theft that could cause us to incur unexpected expenses and loss of revenue.

A significant portion of our customer orders are placed through our e-commerce websites or through our customer care centers. In addition, a significant portion of sales made through our retail channel require the collection of certain customer data, such as credit card information. In order for our sales channels to function successfully, we and other parties involved in processing customer transactions must be able to transmit confidential information, including credit card information and other personal information on our customers, securely over public and private networks. Third parties may have or develop the technology or knowledge to breach, disable, disrupt or interfere with our systems or processes or those of our vendors. Although we take the security of our systems and the privacy of our customers' confidential information seriously, and we believe we take reasonable steps to protect the security and confidentiality of the information we collect, we cannot guarantee that our security measures will effectively prevent others from obtaining unauthorized access to our information and our customers' information. The techniques used to obtain unauthorized access to systems change frequently and are not often recognized until after they have been launched. Any person who circumvents our security measures could destroy or steal valuable information or disrupt our operations. Any security breach could cause consumers to lose confidence in the security of our information systems, including our e-commerce websites or stores, and choose not to purchase from us. Any security breach could also expose us to risks of data loss, litigation, regulatory investigations and other significant liabilities. Such a breach could also seriously disrupt, slow or hinder our operations and harm our reputation and customer relationships, any of which could harm our business.

In addition, states and the federal government are increasingly enacting laws and regulations to protect consumers against identity theft. As our business expands globally, we are subject to data privacy and other similar laws in various foreign jurisdictions, such as the European Union. If we are the target of a cybersecurity attack resulting in unauthorized disclosure of our customer data, we may be required to undertake costly notification procedures. In addition, compliance with these laws will likely increase the costs of doing business. If we fail to implement appropriate safeguards, to detect and provide prompt notice of unauthorized access as required by some of these laws, or otherwise comply with these laws, we could be subject to potential fines, claims for damages and other remedies, which could be significantly in excess of our insurance coverage and could harm our business.

If we are unable to effectively manage our e-commerce business and digital marketing efforts, our reputation and operating results may be harmed.

Our e-commerce channel has been our fastest growing business over the last several years and represents more than half of our sales and profits. The success of our e-commerce business depends, in part, on third parties and factors over which we have limited control. We must continually respond to changing consumer preferences and buying trends relating to e-commerce usage. Our success in e-commerce has been strengthened in part by our ability to leverage the information we have on our customers to infer customer interests and affinities such that we can personalize the experience they have with us. We also utilize interest-based advertising to target internet users whose behavior indicates they might be interested in our products. Current or future legislation may reduce or restrict our ability to use these certain techniques, which could reduce the effectiveness of our marketing efforts.

We are also vulnerable to certain additional risks and uncertainties associated with our e-commerce websites and digital marketing efforts, including: changes in required technology interfaces; website downtime and other technical failures; internet connectivity issues; costs and technical issues as we upgrade our website software; computer viruses; vendor reliability; changes in applicable federal and state regulations; security breaches; and consumer privacy concerns. In addition, we must keep up to date with competitive technology trends, including the use of new or improved technology, evolving creative user interfaces and other e-commerce marketing trends such as paid search, re-targeting, and the proliferation of mobile usage, among others, which may increase our costs and which may not succeed in increasing sales or attracting customers. Our failure to successfully respond to these risks and uncertainties might adversely affect the sales or margin in our e-commerce business, as well as damage our reputation and brands.

Our dependence on foreign vendors and our increased global operations subject us to a variety of risks and uncertainties that could impact our operations and financial results.

Approximately 67% of our merchandise purchases in fiscal 2015 were sourced from foreign venders in 48 countries, predominantly in Asia and Europe. Our dependence on foreign vendors means that we may be affected by changes in the value of the U.S. dollar relative to other foreign currencies. For example, any upward valuation in the Chinese yuan, the euro, or any other foreign currency against the U.S. dollar may result in higher costs to us for those goods. Although approximately 99% of our foreign purchases of merchandise are negotiated and paid for in U.S. dollars, declines in foreign currencies and currency exchange rates might negatively affect the profitability and business prospects of one or more of our foreign vendors. This, in turn, might cause such foreign vendors to demand higher prices for merchandise in their effort to offset any lost profits associated with any currency devaluation, delay merchandise shipments to us, or discontinue selling to us, any of which could ultimately reduce our sales or increase our costs. In addition, the rising cost of labor in the countries in which our foreign vendors operate has resulted in increases in our costs of doing business. Any further increases in the cost of living in such countries may result in additional increases in our costs or in our foreign vendors going out of business.

We, and our foreign vendors, are also subject to other risks and uncertainties associated with changing economic and political conditions outside of the United States. These risks and uncertainties include import duties and quotas, compliance with anti-dumping regulations, work stoppages, economic uncertainties and adverse economic conditions (including inflation and recession), foreign government regulations, employment and labor matters, wars and fears of war, political unrest, natural disasters, public health issues, regulations to address climate change and other trade restrictions. We cannot predict whether any of the countries from which our raw materials or products are sourced, or in which our products are currently manufactured or may be manufactured in the future, will be subject to trade restrictions imposed by the U.S. or foreign governments or the likelihood, type or effect of any such restrictions. Any event causing a disruption or delay of imports from foreign vendors, including labor disputes resulting in work disruption (such as the disruptions at the west coast ports in early 2015), the imposition of additional import restrictions, restrictions on the transfer of funds and/or increased tariffs or quotas, or both, could increase the cost, reduce the supply of merchandise available to us, or result in excess inventory if merchandise is received after the planned or appropriate selling season, all of which could adversely affect our business, financial condition and operating results. Furthermore, some or all of our foreign vendors' operations may be adversely affected by political and financial instability resulting in the disruption of trade from exporting countries, restrictions on the transfer of funds and/or other trade disruptions. In addition, an economic downturn, or failure of foreign markets, may result in financial instabilities for our foreign vendors, which may cause our foreign vendors to decrease production, discontinue selling to us, or cease operations altogether. Our global operations in Asia, Australia and Europe could also be affected by changing economic and political conditions in foreign countries, either of which could have a negative effect on our business, financial condition and operating results.

Although we continue to be focused on improving our global compliance program, there remains a risk that one or more of our foreign vendors will not adhere to our global compliance standards, such as fair labor standards and the prohibition on child labor. Non-governmental organizations might attempt to create an unfavorable impression of our sourcing practices or the practices of some of our foreign vendors that could harm our image. If either of these events occurs, we could lose customer goodwill and favorable brand recognition, which could negatively affect our business and operating results.

We depend on foreign vendors and third party agents for timely and effective sourcing of our merchandise, and we may not be able to acquire products in sufficient quantities and at acceptable prices to meet our needs, which would impact our operations and financial results.

Our performance depends, in part, on our ability to purchase our merchandise in sufficient quantities at competitive prices. We purchase our merchandise from numerous foreign and domestic manufacturers and importers. We have no contractual assurances of continued supply, pricing or access to new products, and any vendor could change the terms upon which it sells to us, discontinue selling to us, or go out of business at any time. We may not be able to acquire desired merchandise in sufficient quantities on terms acceptable to us. Better than expected sales demand may also lead to customer backorders and lower in-stock positions of our merchandise, which could negatively affect our business and operating results. In addition, our vendors may have difficulty adjusting to our changing demands and growing business.

Any inability to acquire suitable merchandise on acceptable terms or the loss of one or more of our foreign vendors or third party agents could have a negative effect on our business and operating results because we would be missing products that we felt were important to our assortment, unless and until alternative supply arrangements are secured. We may not be able to develop relationships with new third party agents or vendors, and products from alternative sources, if any, may be of a lesser quality and/or more expensive than those we currently purchase.

In addition, we are subject to certain risks that could limit our vendors' ability to provide us with quality merchandise on a timely basis and at prices that are commercially acceptable, including risks related to the availability of raw materials, labor disputes, work disruptions or stoppages, union organizing activities, vendor financial liquidity, inclement weather, natural disasters, public health issues, general economic and political conditions and regulations to address climate change.

If our vendors fail to adhere to our quality control standards, we may delay a product launch or recall a product, which could damage our reputation and negatively affect our operations and financial results.

Our vendors might not adhere to our quality control standards, and we might not identify the deficiency before merchandise ships to our stores or customers. Our vendors' failure to manufacture or import quality merchandise in a timely and effective manner could damage our reputation and brands, and could lead to an increase in customer complaints and litigation against us and an increase in our routine insurance and litigation costs. Further, any merchandise that we receive, even if it meets our quality standards, could become subject to a recall, which could damage our reputation and brands, and harm our business. Additionally, changes to the legislative or regulatory framework regarding product safety or quality may subject companies like ours to more product recalls and result in higher recall-related expenses. Any recalls or other safety issues could harm our brands' images and negatively affect our business and operating results.

Our efforts to expand globally may not be successful and could negatively impact the value of our brands.

We are currently growing our business and increasing our global presence by opening new stores outside of the United States, expanding our franchise operations, and offering shipping globally through third party vendors. In fiscal 2013 we opened our first company-owned retail stores and launched e-commerce sites outside of North America as part of our overall global expansion strategy. While our global expansion to date has been a small part of our business, we plan to continue to increase the number of stores we open both directly and through our franchise arrangements. We have limited experience with global sales, understanding consumer preferences and anticipating buying trends in different countries, and marketing to customers overseas. Moreover, global awareness of our brands and our products may not be high. Consequently, we may not be able to successfully compete with established brands in these markets and our global sales may not result in the revenues we anticipate. Also, our products may not be accepted, either due to foreign legal requirements or due to different consumer tastes and trends. If our global growth initiatives are not successful, or if we or any of our third party vendors fail to comply with any applicable regulations or laws, the value of our brands may be harmed and our future opportunities for global growth may be negatively affected. Further, the administration of our global expansion may divert management attention and require more resources than we expect. In addition, we are exposed to foreign currency exchange rate risk with respect to our operations denominated in currencies other than the U.S. dollar. Our retail stores in Canada, Australia and the United Kingdom, and our operations throughout Asia and Europe expose us to market risk associated with foreign currency exchange rate fluctuations. Although we use instruments to hedge certain foreign currency risks, such hedges may not succeed in offsetting all of the impact of foreign currency rate volatility and generally only delay such impact on our business and financial results. Further, because we do not hedge against all of our foreign currency exposure our business will continue to be susceptible to foreign currency fluctuations. Our ultimate realized loss or gain with respect to currency fluctuations will generally depend on the size and type of the transactions that we enter into, the currency exchange rates associated with these exposures, changes in those rates and whether we have entered into foreign currency hedge contracts to offset these exposures. All of these factors could materially impact our results of operations, financial position and cash flows.

We have franchise agreements with unaffiliated franchisees to operate stores and/or e-commerce websites in the Middle East, the Philippines, and Mexico. Under these agreements, our franchisees operate stores and/or e-commerce websites that sell goods purchased from us under our brand names. We continue to expand our franchise operations with our existing franchisees as well as seek out and identify new select franchise partnerships for select countries. The effect of these franchise arrangements on our business and results of operations is uncertain and will depend upon various factors, including the demand for our products in new global markets. In addition, certain aspects of our franchise arrangements are not directly within our control, such as the ability of each franchisee to meet its projections regarding store openings and sales. Moreover, while the agreements we have entered into may provide us with certain termination rights, to the extent that our franchisees do not operate their stores in a manner consistent with our requirements regarding our brand identities and customer experience standards, the value of our brands could be impaired. In addition, in connection with these franchise arrangements, we have and will continue to implement certain new processes that may subject us to additional regulations and laws, such as U.S. export regulations. Failure to comply with any applicable regulations or laws could have an adverse effect on our results of operations.

We have limited experience operating on a global basis and our failure to effectively manage the risks and challenges inherent in a global business could adversely affect our business, operating results and financial condition and growth prospects.

We operate several retail businesses, subsidiaries and branch offices throughout Asia, Australia and Europe, which includes managing overseas employees, and may expand these overseas operations in the future. We have limited experience operating overseas subsidiaries and managing non-U.S. employees and, as a result, may encounter cultural challenges with local practices and customs that may result in harm to our reputation and the value of our brands. Our global presence exposes us to the laws and regulations of these jurisdictions, including those related to marketing, privacy, data protection, employment, and product safety and testing. We may be unable to keep current with government requirements as they change from time to time. Our failure to comply with such laws and regulations may harm our reputation, adversely affect our future opportunities for growth and expansion in these countries, and harm our business and operating results.

Moreover, our global operations subject us to a variety of risks and challenges, including:

- increased management, infrastructure and legal compliance costs, including the cost of real estate and labor in those markets;
- increased financial accounting and reporting requirements and complexities;
- increased operational complexities, including managing our inventory globally;
- the diversion of management attention away from our core business;
- general economic conditions, changes in diplomatic and trade relationships and political and social instability in each country or region;
- economic uncertainty around the world;
- compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations;
- compliance with U.S. laws and regulations for foreign operations;
- dependence on certain third parties, including vendors and other service providers, with whom we do not have extensive experience;
- fluctuations in foreign currency exchange rates and the related effect on our financial results, and the use of foreign exchange hedging programs to mitigate such risks;
- growing cash balances in foreign jurisdictions which may be subject to repatriation restrictions;
- reduced or varied protection for intellectual property rights in some countries and practical difficulties of enforcing such rights abroad; and
- compliance with the laws of foreign taxing jurisdictions and the overlapping of different tax regimes.

Any of these risks could adversely affect our global operations, reduce our revenues or increase our operating costs, which in turn could adversely affect our business, operating results, financial condition and growth prospects. Some of our vendors and our franchisees also have global operations and are subject to the risks described above. Even if we are able to successfully manage the risks of our global operations, our business may be adversely affected if our vendors and franchisees are not able to successfully manage these risks.

In addition, as we continue to expand our global operations, we are subject to certain U.S. laws, including the Foreign Corrupt Practices Act, in addition to the laws of the foreign countries in which we operate. We must ensure that our employees and third party agents comply with these laws. If any of our overseas operations, or our employees or third party agents, violates such laws, we could become subject to sanctions or other penalties that could negatively affect our reputation, business and operating results.

A number of factors that affect our ability to successfully open new stores or close existing stores are beyond our control, and these factors may harm our ability to expand or contract our retail operations and harm our ability to increase our sales and profits.

Approximately 50% of our net revenues are generated by our retail stores. Our ability to open additional stores or close existing stores successfully will depend upon a number of factors, including:

- general economic conditions;
- our identification of, and the availability of, suitable store locations;
- our success in negotiating new leases and amending or terminating existing leases on acceptable terms;
- the success of other retail stores in and around our retail locations;
- our ability to secure required governmental permits and approvals;
- our hiring and training of skilled store operating personnel, especially management;
- the availability of financing on acceptable terms, if at all; and
- the financial stability of our landlords and potential landlords.

Many of these factors are beyond our control. For example, for the purpose of identifying suitable store locations, we rely, in part, on demographic surveys regarding the location of consumers in our target market segments. While we believe that the surveys and other relevant information are helpful indicators of suitable store locations, we recognize that these information sources cannot predict future consumer preferences and buying trends with complete accuracy. In addition, changes in demographics, in consumer shopping patterns, such as a reduction in mall traffic, in the types of merchandise that we sell and in the pricing of our products, may reduce the number of suitable store locations or cause formerly suitable locations to become less desirable. Further, time frames for lease negotiations and store development vary from location to location and can be subject to unforeseen delays or unexpected cancellations. We may not be able to open new stores or, if opened, operate those stores profitably. Construction and other delays in store openings could have a negative impact on our business and operating results. Additionally, we may not be able to renegotiate the terms of our current leases or close our underperforming stores on terms favorable to us, any of which could negatively impact our operating results.

Our sales may be negatively impacted by increasing competition from companies with brands or products similar to ours.

The specialty e-commerce and retail businesses are highly competitive. We compete with other retailers that market lines of merchandise similar to ours. We compete with national, regional and local businesses that utilize a similar retail store strategy, as well as traditional furniture stores, department stores and specialty stores. The substantial sales growth in the e-commerce industry within the last decade has encouraged the entry of many new competitors, new business models, and an increase in competition from established companies, many of whom are willing to spend significant funds and/or reduce pricing in order to gain market share. In addition, the decline in the global economic environment has led to increased competition from discount retailers selling similar products at reduced prices. The competitive challenges facing us include:

- anticipating and quickly responding to changing consumer demands or preferences better than our competitors;
- maintaining favorable brand recognition and achieving customer perception of value;
- effectively marketing and competitively pricing our products to consumers in several diverse market segments;
- effectively managing and controlling our costs;
- effectively managing increasingly competitive promotional activity;
- effectively attracting new customers;
- developing new innovative shopping experiences, like mobile and tablet applications that effectively engage today's digital customers;
- developing innovative, high-quality products in colors and styles that appeal to consumers of varying age groups, tastes and regions, and in ways that favorably distinguish us from our competitors; and
- effectively managing our supply chain and distribution strategies in order to provide our products to our consumers on a timely basis and minimize returns, replacements and damaged products.

In light of the many competitive challenges facing us, we may not be able to compete successfully. Increased competition could reduce our sales and harm our operating results and business.

Our business and operating results may be harmed if we are unable to timely and effectively deliver merchandise to our stores and customers.

If we are unable to effectively manage our inventory levels and responsiveness of our supply chain, including predicting the appropriate levels and type of inventory to stock within each of our distribution centers, our business and operating results may be harmed. We continue to insource furniture delivery hubs in certain geographies and continue with the regionalization of our retail and e-commerce fulfillment capabilities. We are subject to risks that may disrupt our supply chain operations or regionalization efforts, such as increasing labor costs, union organizing activity, and our ability to effectively locate real estate for our distribution centers or other supply chain operations.

Further, we cannot control all of the various factors that might affect our e-commerce fulfillment rates and timely and effective merchandise delivery to our stores. We rely upon third party carriers for our merchandise shipments and reliable data regarding the timing of those shipments, including shipments to our customers and to and from our stores. In addition, we are heavily dependent upon two carriers for the delivery of our merchandise to our customers. As a result of our dependence on all of these third party providers, we are subject to risks, including labor disputes (such as the disruptions at the west coast ports in early 2015), union organizing activity, inclement weather, natural disasters, the closure of such carriers' offices or a reduction in operational hours due to an economic slowdown, possible acts of terrorism affecting such carriers' ability to provide delivery services to meet our shipping needs, disruptions or increased fuel costs, and costs associated with any regulations to address climate change. Failure to deliver merchandise in a timely and effective manner could damage our reputation and brands. In addition, fuel costs have been volatile and airline and other transportation companies continue to struggle to operate profitably, which could lead to increased fulfillment expenses. Any rise in fulfillment expenses could negatively affect our business and operating results.

Our failure to successfully manage our order-taking and fulfillment operations could have a negative impact on our business and operating results.

Our e-commerce business depends, in part, on our ability to maintain efficient and uninterrupted order-taking and fulfillment operations in our distribution centers, our customer care centers and on our e-commerce websites. Disruptions or slowdowns in these areas could result from disruptions in telephone or network services, power outages, inadequate system capacity, system hardware or software issues, computer viruses, security breaches, human error, changes in programming, union organizing activity, insufficient or inadequate labor to fulfill the orders, disruptions in our third party labor contracts, inefficiencies due to inventory levels and limited distribution center space, natural disasters or adverse weather conditions. Industries that are particularly seasonal, such as the home furnishings business, face a higher risk of harm from operational disruptions during peak sales seasons. These problems could result in a reduction in sales as well as increased selling, general and administrative expenses.

In addition, we face the risk that we cannot hire enough qualified employees to support our e-commerce operations, or that there will be a disruption in the workforce we hire from our third party providers, especially during our peak season. The need to operate with fewer employees could negatively impact our customer service levels and our operations.

Our facilities and systems, as well as those of our vendors, are vulnerable to natural disasters and other unexpected events, any of which could result in an interruption in our business and harm our operating results.

Our retail stores, corporate offices, distribution centers, infrastructure and e-commerce operations, as well as the operations of our vendors from which we receive goods and services, are vulnerable to damage from earthquakes, tornadoes, hurricanes, fires, floods or other volatile weather, power losses, telecommunications failures, hardware and software failures, computer viruses and similar events. If any of these events result in damage to our facilities or systems, or those of our vendors, we may experience interruptions in our business until the damage is repaired, resulting in the potential loss of customers and revenues. In addition, we may incur costs in repairing any damage beyond our applicable insurance coverage.

Our failure to successfully manage the costs and performance of our catalog mailings might have a negative impact on our business.

Catalog mailings are an important component of our business. Postal rate increases, such as the increases that went into effect in the U.S. in 2013 and 2014, affect the cost of our catalog mailings. We rely on discounts from the basic postal rate structure, which could be changed or discontinued at any time. Further, the U.S. Postal Service may raise rates in the future, which could negatively impact our business. The cost of paper, printing and catalog distribution also impacts our catalog business. We recently consolidated all of our catalog printing work with one printer. Our dependence on one vendor subjects us to various risks if the vendor fails to perform under our agreement. Paper costs have also fluctuated significantly in the past and may continue to fluctuate in the future. Also, consolidation within the paper industry has reduced the number of potential suppliers capable of meeting our paper requirements, and further consolidation could limit our ability in the future to obtain favorable terms including price, custom paper quality, paper quantity and service. Future increases in postal rates, paper costs or printing costs could have a negative impact on our operating results to the extent that we are unable to offset such increases by raising prices, implementing more efficient printing, mailing, delivery and order fulfillment systems, or through the use of alternative direct-mail formats. In addition, if the performance of our catalogs declines, if we misjudge the correlation between our catalog circulation and net sales, or if our catalog strategy overall does not continue to be successful, our results of operations could be negatively impacted.

We have historically experienced fluctuations in our customers' response to our catalogs. Customer response to our catalogs is substantially dependent on merchandise assortment, merchandise availability and creative presentation, as well as the selection of customers to whom the catalogs are mailed, changes in mailing strategies, the size of our mailings, timing of delivery of our mailings, as well as the general retail sales environment and current domestic and global economic conditions. In addition, environmental organizations and other consumer advocacy groups may attempt to create an unfavorable impression of our paper use in catalogs and our distribution of catalogs generally, which may have a negative effect on our sales and our reputation. In addition, we depend upon external vendors to print and mail our catalogs. The failure to effectively produce or distribute our catalogs could affect the timing of catalog delivery. The timing of catalog delivery has been and can be affected by postal service delays and may be impacted in the future by changes in the services provided by the post office. Any delays in the timing of catalog delivery could cause customers to forego or defer purchases, negatively impacting our business and operating results.

Declines in our comparable brand revenues may harm our operating results and cause a decline in the market price of our common stock.

Various factors affect comparable brand revenues, including the number, size and location of stores we open, close, remodel or expand in any period, the overall economic and general retail sales environment, consumer preferences and buying trends, changes in sales mix among distribution channels, our ability to efficiently source and distribute products, changes in our merchandise mix, competition (including competitive promotional activity and discount retailers), current local and global economic conditions, the timing of our releases of new merchandise and promotional events, the success of marketing programs, the cannibalization of existing store sales by our new stores, changes in catalog circulation and in our e-commerce business and fluctuations in foreign exchange rates. Among other things, weather conditions have affected, and may continue to affect, comparable brand revenues by limiting our ability to deliver our products to our stores, altering consumer behavior, or requiring us to close certain stores temporarily and thus reducing store traffic. Even if stores are not closed, many customers may decide to avoid going to stores in bad weather. These factors have caused and may continue to cause our comparable brand revenue results to differ materially from prior periods and from earnings guidance we have provided. For example, the overall economic and general retail sales environment, as well as local and global economic conditions, has caused a significant decline in our comparable brand revenue results in the past.

Our comparable brand revenues have fluctuated significantly in the past on an annual, quarterly and monthly basis, and we expect that comparable brand revenues will continue to fluctuate in the future. In addition, past comparable brand revenues are not necessarily an indication of future results and comparable brand revenues may decrease in the future. Our ability to improve our comparable brand revenue results depends, in large part, on maintaining and improving our forecasting of customer demand and buying trends, selecting effective marketing techniques, effectively driving traffic to our stores, e-commerce websites and direct-mail catalogs through marketing and various promotional events, providing an appropriate mix of merchandise for our broad and diverse customer base and using effective pricing strategies. Any failure to meet the comparable brand revenue expectations of investors and securities analysts in one or more future periods could significantly reduce the market price of our common stock.

Our failure to successfully anticipate merchandise returns might have a negative impact on our business.

We record a reserve for merchandise returns based on historical return trends together with current product sales performance in each reporting period. If actual returns are greater than those projected and reserved for by management, additional sales returns might be recorded in the future. In addition, to the extent that returned merchandise is damaged, we often do not receive full retail value from the resale or liquidation of the merchandise. Further, the introduction of new merchandise, changes in merchandise mix, changes in consumer confidence, or other competitive and general economic conditions may cause actual returns to differ from merchandise return reserves. Any significant increase in merchandise returns that exceeds our reserves could harm our business and operating results.

If we are unable to successfully manage the complexities associated with a multi-channel and multi-brand business, we may suffer declines in our existing business and our ability to attract new business.

With the expansion of our e-commerce business, the development of new brands, acquired brands, and brand extensions, our overall business has become substantially more complex. The changes in our business have forced us to develop new expertise and face new challenges, risks and uncertainties. For example, we face the risk that our e-commerce business, including our catalog circulation, might cannibalize a significant portion of our retail sales. While we recognize that our e-commerce sales cannot be entirely incremental to sales through our retail channel, we seek to attract as many new customers as possible to our e-commerce websites. We continually analyze the business results of our channels and the relationships among the channels in an effort to find opportunities to build incremental sales.

If we are unable to introduce new brands and brand extensions successfully, or to reposition or close existing brands, our business and operating results may be negatively impacted.

We have in the past and may in the future introduce new brands and brand extensions, reposition brands, close existing brands, or acquire new brands, especially as we continue to expand globally. Our newest brands and brand extensions — Williams-Sonoma Home, PBteen and Mark and Graham, and any other new brands, as well as our acquired brand, Rejuvenation, or our expansion into new lines of business, including commercial furniture, may not grow as we project and plan for. The work involved with integrating new brands into our existing systems and operations could be time consuming, require significant amounts of management time and result in the diversion of substantial operational resources. Further, if we devote time and resources to new brands, acquired brands, brand extensions, brand repositioning, or new lines of business and those businesses are not as successful as we planned, then we risk damaging our overall business results or incurring impairment charges to write off any existing goodwill associated with previously acquired brands. Alternatively, if our new brands, acquired brands, brand extensions, repositioned brands or new lines of business prove to be very successful, we risk hurting our other existing brands through the potential migration of existing brand customers to the new businesses. In addition, we may not be able to introduce new brands and brand extensions, integrate newly acquired brands, reposition existing brands, develop new lines of business or expand our brands globally, in a manner that improves our overall business and operating results and may therefore be forced to close the brands or new lines of business, which may damage our reputation and negatively impact our operating results.

Fluctuations in our tax obligations and effective tax rate may result in volatility of our operating results.

We are subject to income taxes in many U.S. and certain foreign jurisdictions. Our provision for income taxes is subject to volatility and could be adversely impacted by a number of factors that require significant judgment and estimation. Although we believe our estimates are reasonable, actual results may materially differ from our estimates and adversely affect our financial condition or operating results. We record tax expense based on our estimates of future payments, which include reserves for estimates of probable settlements of foreign and domestic tax examinations. At any one time, many tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as taxable events occur and exposures are evaluated.

In addition, our effective tax rate in a given financial statement period may be materially impacted by changes in the mix and level of earnings or losses in countries with differing statutory tax rates or by changes to existing laws or regulations.

Our inability to obtain commercial insurance at acceptable rates or our failure to adequately reserve for self-insured exposures might increase our expenses and have a negative impact on our business.

We believe that commercial insurance coverage is prudent in certain areas of our business for risk management. Insurance costs may increase substantially in the future and may be affected by natural catastrophes, fear of terrorism, financial irregularities, cybersecurity breaches and other fraud at publicly-traded companies, intervention by the government and a decrease in the number of insurance carriers. In addition, the carriers with which we hold our policies may go out of business or be otherwise unable to fulfill their contractual obligations, or may disagree with our interpretation of the coverage or the amounts owed. In addition, for certain types or levels of risk, such as risks associated with natural disasters or terrorist attacks, we may determine that we cannot obtain commercial insurance at acceptable rates, if at all. Therefore, we may choose to forego or limit our purchase of relevant commercial insurance, choosing instead to self-insure one or more types or levels of risks. We are primarily self-insured for workers' compensation, employment practices liability, employee health benefits, and product and general liability claims, among others. If we suffer a substantial loss that is not covered by commercial insurance or our self-insurance reserves, the loss and related expenses could harm our business and operating results. In addition, exposures exist for which no insurance may be available and for which we have not reserved.

Our inability or failure to protect our intellectual property would have a negative impact on our brands, reputation and operating results.

We may not be able to adequately protect our intellectual property in the U.S. or in foreign jurisdictions, particularly as we continue to expand globally. Our trademarks, service marks, copyrights, trade dress rights, trade secrets, domain names and other intellectual property are valuable assets that are critical to our success. The unauthorized reproduction, theft or other misappropriation of our intellectual property could diminish the value of our brands or reputation and cause a decline in our sales. Protection of our intellectual property and maintenance of distinct branding are particularly important as they distinguish our products and services from our competitors. In addition, the costs of defending our intellectual property may adversely affect our operating results.

We may be subject to legal proceedings that could be time consuming, result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources.

We are involved in lawsuits, claims and proceedings incident to the ordinary course of our business. Litigation is inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources. There has been a rise in the number of lawsuits against companies like us that gather information in order to market to consumers online or through the mail and, along with other retailers, we have been named in lawsuits for gathering zip code information from our customers. We believe that we have meritorious defenses against these actions, and we will continue to vigorously defend against them. There have also been a growing number of consumer protection, e-commerce-related patent infringement lawsuits and employment-related lawsuits in recent years. From time to time, we have been subject to these types of lawsuits. The cost of defending against all these types of claims against us or the ultimate resolution of such claims, whether by settlement or adverse court decision, may harm our business and operating results. In addition, the increasingly regulated business environment may result in a greater number of enforcement actions and private litigation. This could subject us to increased exposure to stockholder lawsuits.

Our operating results may be harmed by unsuccessful management of our employment, occupancy and other operating costs, and the operation and growth of our business may be harmed if we are unable to attract qualified personnel.

To be successful, we need to manage our operating costs and continue to look for opportunities to reduce costs. We recognize that we may need to increase the number of our employees, especially during holiday selling seasons, and incur other expenses to support new brands and brand extensions and the growth of our existing brands, including the opening of new stores. Alternatively, if we are unable to make substantial adjustments to our cost structure during times of uncertainty, such as an economic downturn, we may incur unnecessary expenses or we may have inadequate resources to properly run our business, and our business and operating results may be negatively impacted. From time to time, we may also experience union organizing activity in currently non-union facilities, including in our stores and distribution centers. Union organizing activity may result in work slowdowns or stoppages and higher labor costs. In addition, there appears to be a growing number of wage-and-hour lawsuits and other employment-related lawsuits against retail companies, especially in California. State, federal and global laws and regulations regarding employment change frequently and the ultimate cost of compliance cannot be precisely estimated. Further, there have been and may continue to be increases in minimum wage and health care requirements. Any changes in regulations, the imposition of additional regulations, or the enactment of any new or more stringent legislation that impacts employment and labor, trade, or health care, could have an adverse impact on our financial condition and results of operations.

We contract with various agencies to provide us with qualified personnel for our workforce. Any negative publicity regarding these agencies, such as in connection with immigration issues or employment practices, could damage our reputation, disrupt our ability to obtain needed labor or result in financial harm to our business, including the potential loss of business-related financial incentives in the jurisdictions where we operate. Although we strive to secure long-term contracts on favorable terms with our service providers and other vendors, we may not be able to avoid unexpected operating cost increases in the future, such as those associated with minimum wage increases or enhanced health care requirements. Further, we incur substantial costs to warehouse and distribute our inventory. In fiscal 2015, we continued to insource furniture delivery hubs in certain geographies and continued with the regionalization of our retail and e-commerce fulfillment capabilities. Significant increases in our inventory levels may result in increased warehousing and distribution costs, such as costs related to additional distribution centers, which we may not be able to lease on acceptable terms, if at all. Such increases in inventory levels may also lead to increases in costs associated with inventory that is lost, damaged or aged. Higher than expected costs, particularly if coupled with lower than expected sales, would negatively impact our business and operating results. In addition, in times of economic uncertainty, these long-term contracts may make it difficult to quickly reduce our fixed operating costs, which could negatively impact our business and operating results.

We are undertaking certain systems changes that might disrupt our business operations.

Our success depends, in part, on our ability to source, sell and distribute merchandise efficiently through appropriate systems and procedures. We are in the process of substantially modifying our information technology systems, which involves updating or replacing legacy systems with successor systems over the course of several years. There are inherent risks associated with replacing our core systems, including supply chain and merchandising systems disruptions, that could affect our ability to get the correct products into the appropriate stores and delivered to customers. We may not successfully launch these new systems, or the launch of such systems may result in disruptions to our business operations. In addition, changes to any of our software implementation strategies could result in the impairment of software-related assets. We are also subject to the risks associated with the ability of our vendors to provide information technology solutions to meet our needs. Any disruptions could negatively impact our business and operating results.

We outsource certain aspects of our business to third party vendors and are in the process of insourcing certain business functions from third party vendors, both of which subject us to risks, including disruptions in our business and increased costs.

We outsource certain aspects of our business to third party vendors that subject us to risks of disruptions in our business as well as increased costs. For example, we utilize outside vendors for such things as payroll processing, email and other digital marketing and various distribution center services. In some cases, we rely on a single vendor for such services. Accordingly, we are subject to the risks associated with their ability to successfully provide the necessary services to meet our needs. If our vendors are unable to adequately protect our data and information is lost, our ability to deliver our services is interrupted, our vendors' fees are higher than expected, or our vendors make mistakes in the execution of operations support, then our business and operating results may be negatively impacted.

In addition, we are in the process of insourcing certain aspects of our business, including the management of certain furniture manufacturing and delivery, and in fiscal 2015 completed the insourcing of the management of our global vendors, each of which were previously outsourced to third party providers. We may also need to continue to insource other aspects of our business in the future in order to control our costs and to stay competitive. This may cause disruptions in our business and result in increased cost to us. In addition, if we are unable to perform these functions better than, or at least as well as, our third party providers, our business may be harmed.

If our operating and financial performance in any given period does not meet the guidance that we have provided to the public or the expectations of our investors and analysts, our stock price may decline.

We provide public guidance on our expected operating and financial results for future periods. Although we believe that this guidance provides investors and analysts with a better understanding of management's expectations for the future and is useful to our stockholders and potential stockholders, such guidance is comprised of forward-looking statements subject to the risks and uncertainties described in this report and in our other public filings and public statements. Our actual results may not always be in line with or exceed the guidance we have provided or the expectations of our investors and analysts, especially in times of economic uncertainty. In the past, when we have reduced our previously provided guidance, the market price of our common stock has declined. If, in the future, our operating or financial results for a particular period do not meet our guidance or the expectations of our investors and analysts or if we reduce our guidance for future periods, the market price of our common stock may decline.

A variety of factors, including seasonality and the economic environment, may cause our quarterly operating results to fluctuate, leading to volatility in our stock price.

Our quarterly results have fluctuated in the past and may fluctuate in the future, depending upon a variety of factors, including changes in economic conditions, shifts in the timing of holiday selling seasons, including Valentine's Day, Easter, Halloween, Thanksgiving and Christmas, as well as timing shifts due to 53-week fiscal years, which occur approximately every five years. Historically, a significant portion of our net revenues and net earnings have typically been realized during the period from October through January each year, our peak selling season. In anticipation of increased holiday sales activity, we incur certain significant incremental expenses prior to and during peak selling seasons, including fixed catalog production and mailing costs and the costs associated with hiring a substantial number of temporary employees to supplement our existing workforce.

We may require funding from external sources, which may cost more than we expect, or not be available at the levels we require and, as a consequence, our expenses and operating results could be negatively affected.

We regularly review and evaluate our liquidity and capital needs. Although we have a growing balance of cash that is held offshore, we currently believe that our available cash, cash equivalents and cash flow from operations will be sufficient to finance our operations and expected capital requirements for at least the next 12 months. However, we might experience periods during which we encounter additional cash needs and we might need additional external funding to support our operations. Although we were able to amend and increase our line of credit facility during fiscal 2014 on acceptable terms, in the event we require additional liquidity from our lenders, such funds may not be available to us or may not be available to us on acceptable terms. For example, in the event we were to breach any of our financial covenants, our banks would not be required to provide us with additional funding, or they may require us to renegotiate our existing credit facility on less favorable terms. In addition, we may not be able to renew our letters of credit that we use to help pay our suppliers on terms that are acceptable to us, or at all, as the availability of letter of credit facilities may become limited. Further, the providers of such credit may reallocate the available credit to other borrowers. If we are unable to access credit at the levels we require, or the cost of credit is greater than expected, it could adversely affect our operating results.

Disruptions in the financial markets may adversely affect our liquidity and capital resources and our business.

Global financial markets can experience extreme volatility, disruption and credit contraction, which adversely affect global economic conditions. Turmoil in the financial and credit markets or other changes in economic conditions could adversely affect sources of liquidity available to us or our costs of capital. We have access to capital through our revolving line of credit facility. Each financial institution, which is part of the syndicate for our revolving line of credit facility, is responsible for providing a portion of the loans to be made under the facility. If any lender, or group of lenders, with a significant portion of the commitments in our revolving line of credit facility fails to satisfy its obligations to extend credit under the facility and we are unable to find a replacement for such lender or group of lenders on a timely basis, if at all, our liquidity and our business may be materially adversely affected.

If we are unable to pay quarterly dividends or repurchase our stock at intended levels, our reputation and stock price may be harmed.

We currently have $61,850,000 remaining for future repurchases under our $750,000,000 stock repurchase program. In addition, in March 2016, we announced that our Board of Directors had authorized a new stock repurchase program to purchase up to $500,000,000 of our common stock that we intend to execute over the next three years, as well as an increase in our quarterly cash dividend from $0.35 to $0.37 per common share for an annual cash dividend of $1.48 per share. The stock repurchase programs and dividend may require the use of a significant portion of our cash earnings. As a result, we may not retain a sufficient amount of cash to fund our operations or finance future growth opportunities, new product development initiatives and unanticipated capital expenditures, which could adversely affect our financial performance. Further, our Board of Directors may, at its discretion, decrease the intended level of dividends or entirely discontinue the payment of dividends at any time. The stock repurchase programs do not have an expiration date and may be limited at any time. Our ability to pay dividends and repurchase stock will depend on our ability to generate sufficient cash flows from operations in the future. This ability may be subject to certain economic, financial, competitive and other factors that are beyond our control. Any failure to pay dividends or repurchase stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us, and may negatively impact our stock price.

If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired and our investors' views of us could be harmed.

We have evaluated and tested our internal controls in order to allow management to report on, and our registered independent public accounting firm to attest to, the effectiveness of our internal controls, as required by Section 404 of the Sarbanes-Oxley Act of 2002. If we are not able to continue to meet the requirements of Section 404 in a timely manner, or with adequate compliance, we would be required to disclose material weaknesses if they develop or are uncovered and we may be subject to sanctions or investigation by regulatory authorities, such as the Securities and Exchange Commission or the New York Stock Exchange. In addition, our internal controls may not prevent or detect all errors and fraud on a timely basis, if at all. A control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable assurance that the objectives of the control system will be met. If any of the above were to occur, our business and the perception of us in the financial markets could be negatively impacted.

Changes to accounting rules or regulations may adversely affect our operating results.

Changes to existing accounting rules or regulations may impact our future operating results. A change in accounting rules or regulations may even affect our reporting of transactions completed before the change is effective. The introduction of new accounting rules or regulations and varying interpretations of existing accounting rules or regulations have occurred and may occur in the future. Future changes to accounting rules or regulations, or the questioning of current accounting practices, may adversely affect our operating results.

Changes to estimates related to our cash flow projections may cause us to incur impairment charges related to our retail store locations and other property and equipment, including information technology systems, as well as goodwill.

We make estimates and projections in connection with impairment analyses for our retail store locations and other property and equipment, including information technology systems, as well as goodwill. These analyses require us to make a number of estimates and projections of future results. If these estimates or projections change or prove incorrect, we may be, and have been, required to record impairment charges on certain store locations and other property and equipment, including information technology systems. These impairment charges have been significant in the past and may be significant in the future and, as a result of these charges, our operating results have been and may, in the future, be adversely affected.

If we fail to attract and retain key personnel, our business and operating results may be harmed.

Our future success depends to a significant degree on the skills, experience and efforts of key personnel in our senior management, whose vision for our company, knowledge of our business and expertise would be difficult to replace. If any one of our key employees leaves, is seriously injured or unable to work, or fails to perform and we are unable to find a qualified replacement, we may be unable to execute our business strategy. In addition, our main offices are located in the San Francisco Bay Area, where competition for personnel with retail and technology skills can be intense. We may not be successful in recruiting, retaining and motivating skilled personnel domestically or globally who have the requisite experience to achieve our global business goals, and failure to do so may harm our business. Further, in the event we need to hire additional personnel, we may experience difficulties in attracting and successfully hiring such individuals due to competition for highly skilled personnel, as well as the significantly higher cost of living expenses in our market.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease store locations, distribution and manufacturing facilities, corporate facilities and customer care centers for our U.S. and foreign operations for original terms ranging generally from 3 to 22 years. Certain leases contain renewal options for periods of up to 20 years.

For our store locations, our gross leased store space, as of January 31, 2016, totaled approximately 6,163,000 square feet for 618 stores compared to approximately 5,965,000 square feet for 601 stores as of February 1, 2015.

Leased Properties
The following table summarizes the location and size of our leased facilities occupied as of January 31, 2016:

Location	Occupied Square Footage (Approximate)
Distribution and Manufacturing Facilities	
Mississippi	2,105,000
New Jersey	2,103,000
California	1,432,000
Texas	1,138,000
Tennessee	603,000
North Carolina	412,000
Oregon	91,000
Other	535,000
Corporate Facilities	
California	240,000
New York	134,000
Oregon	41,000
Customer Care Centers	
Nevada	36,000
Oklahoma	36,000
Other	24,000

In January 2016, we entered into a 10 year agreement to lease 1,075,000 square feet of distribution facility space in Braselton, Georgia, which we will begin occupying in fiscal 2016. This square footage is not included in the table above.

In addition to the above contracts, we enter into other agreements for offsite storage needs for our distribution facilities and our retail store locations. As of January 31, 2016, the total leased space relating to these properties was not material to us and is not included in the occupied square footage reported above.

Owned Properties
As of January 31, 2016 we owned 471,000 square feet of space primarily in California for our corporate headquarters and certain data center operations.

We believe that all of our facilities are adequate for our current needs and that suitable additional or substitute space will be available in the future to replace our existing facilities, or to accommodate the expansion of our operations, if necessary.

ITEM 3. LEGAL PROCEEDINGS

We are involved in lawsuits, claims and proceedings incident to the ordinary course of our business. These disputes, which are not currently material, are increasing in number as our business expands and our company grows larger. We review the need for any loss contingency reserves and establish reserves when, in the opinion of management, it is probable that a matter would result in liability, and the amount can be reasonably estimated. In view of the inherent difficulty of predicting the outcome of these matters, it may not be possible to determine whether any loss is probable or to reasonably estimate the amount of the loss until the case is close to resolution, in which case no reserve is established until that time. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources. The results of these lawsuits, claims and proceedings cannot be predicted with certainty. However, we believe that the ultimate resolution of these current matters will not have a material adverse effect on our consolidated financial statements taken as a whole.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our common stock is traded on the New York Stock Exchange, or the NYSE, under the symbol WSM. The following table sets forth the high and low selling prices of our common stock on the NYSE for the periods indicated:

Fiscal 2015	High	Low
4th Quarter	\$75.90	\$47.33
3rd Quarter	\$89.38	\$71.03
2nd Quarter	\$85.37	\$74.75
1st Quarter	\$84.75	\$73.14
Fiscal 2014	**High**	**Low**
4th Quarter	\$80.99	\$64.17
3rd Quarter	\$75.69	\$62.35
2nd Quarter	\$73.45	\$60.47
1st Quarter	\$68.05	\$52.46

The closing price of our common stock on the NYSE on March 27, 2016 was \$54.22.

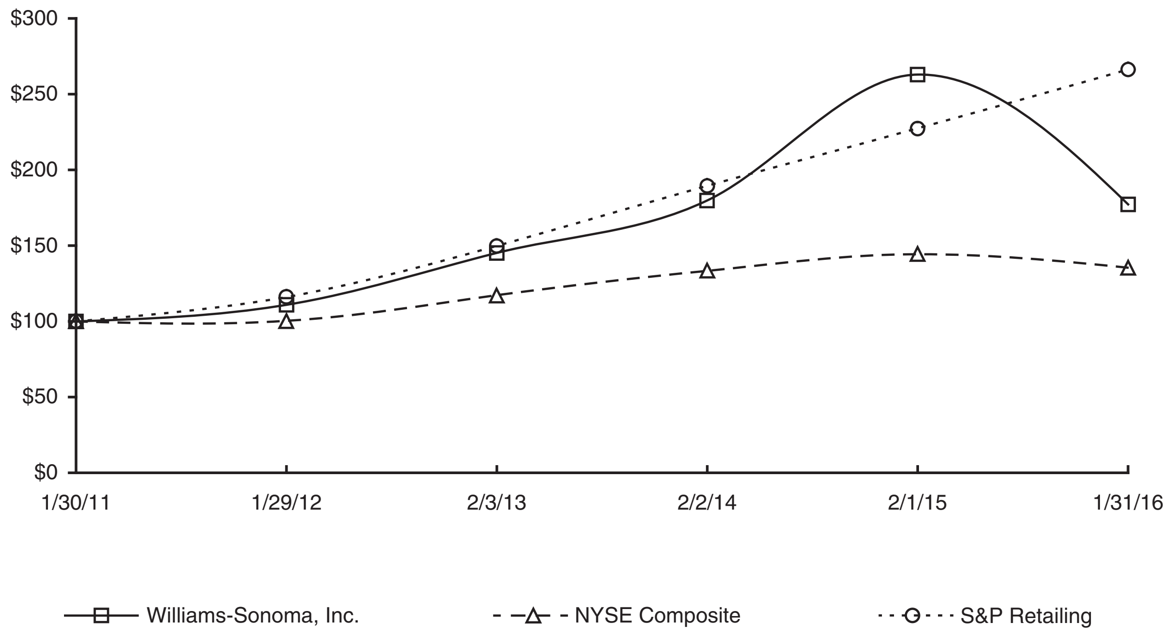
STOCKHOLDERS

The number of stockholders of record of our common stock as of March 27, 2016 was 370. This number excludes stockholders whose stock is held in nominee or street name by brokers.

PERFORMANCE GRAPH

This graph compares the cumulative total stockholder return for our common stock with those of the NYSE Composite Index and the S&P Retailing Index, our peer group index. The cumulative total return listed below assumed an initial investment of $100 and reinvestment of dividends. The graph shows historical stock price performance, including reinvestment of dividends, and is not necessarily indicative of future performance.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN*
Among Williams-Sonoma, Inc., the NYSE Composite Index,
and the S&P Retailing Index



	1/30/11	1/29/12	2/3/13	2/2/14	2/1/15	1/31/16
Williams-Sonoma, Inc.	100.00	110.71	145.07	179.74	262.99	177.19
NYSE Composite Index	100.00	100.07	117.03	133.36	144.38	135.28
S&P Retailing Index	100.00	116.11	149.64	189.33	227.25	266.25

*** Notes:**

A. The lines represent monthly index levels derived from compounded daily returns that include all dividends.
B. The indices are re-weighted daily, using the market capitalization on the previous trading day.
C. If the monthly interval, based on the fiscal year-end, is not a trading day, the preceding trading day is used.

DIVIDENDS

In fiscal 2015, fiscal 2014 and fiscal 2013, total cash dividends declared were approximately $130,290,000, or $1.40 per common share, $125,378,000, or $1.32 per common share, and $121,688,000, or $1.24 per common share, respectively. In March 2016, we announced that our Board of Directors had authorized a 6% increase in our quarterly cash dividend, from $0.35 to $0.37 per common share, subject to capital availability. Our quarterly cash dividend may be limited or terminated at any time.

STOCK REPURCHASE PROGRAMS

During fiscal 2015, we repurchased 2,950,438 shares of our common stock at an average cost of $76.26 per share and a total cost of $224,995,000. During fiscal 2014, we repurchased 3,331,557 shares of our common stock at an average cost of $67.35 per share and a total cost of $224,377,000. During fiscal 2013, we repurchased 4,344,962 shares of our common stock at an average cost of $55.07 per share and a total cost of $239,274,000. In addition, in March 2016, we announced that our Board of Directors had authorized a new stock repurchase program to purchase up to $500,000,000 of our common stock that we intend to execute over the next three years.

The following table summarizes our repurchases of shares of our common stock during the fourth quarter of fiscal 2015 under our $750,000,000 stock repurchase program:

Fiscal period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Program
November 2, 2015 – November 29, 2015	178,815	$ 66.73	178,815	$ 78,416,000
November 30, 2015 – December 27, 2015	142,852	$ 61.46	142,852	$ 69,637,000
December 28, 2015 – January 31, 2016	142,941	$ 54.47	142,941	$ 61,850,000
Total	464,608	$ 61.34	464,608	$ 61,850,000

Stock repurchases under the programs may be made through open market and privately negotiated transactions at times and in such amounts as management deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, capital availability and other market conditions. These stock repurchase programs do not have an expiration date and may be limited or terminated at any time without prior notice.

ITEM 6. SELECTED FINANCIAL DATA

Five-Year Selected Financial Data

In thousands, except percentages, per share amounts and retail stores data	Fiscal 2015 (52 Weeks)	Fiscal 2014 (52 Weeks)	Fiscal 2013 (52 Weeks)	Fiscal 2012 (53 Weeks)	Fiscal 2011 (52 Weeks)
Results of Operations					
Net revenues	$4,976,090	$4,698,719	$4,387,889	$4,042,870	$3,720,895
Net revenue growth	5.9%	7.1%	8.5%	8.7%	6.2%
Comparable brand revenue growth[1]	3.7%	7.1%	8.8%	6.1%	7.3%
Gross profit	$1,844,214	$1,800,504	$1,704,216	$1,592,476	$1,459,856
Gross margin	37.1%	38.3%	38.8%	39.4%	39.2%
Operating income	$ 488,634	$ 502,265	$ 452,098	$ 409,163	$ 381,732
Operating margin[2]	9.8%	10.7%	10.3%	10.1%	10.3%
Net earnings	$ 310,068	$ 308,854	$ 278,902	$ 256,730	$ 236,931
Basic earnings per share	$ 3.42	$ 3.30	$ 2.89	$ 2.59	$ 2.27
Diluted earnings per share	$ 3.37	$ 3.24	$ 2.82	$ 2.54	$ 2.22
Weighted average basic shares outstanding during the period	90,787	93,634	96,669	99,266	104,352
Weighted average diluted shares outstanding during the period	92,102	95,200	98,765	101,051	106,582
Financial Position					
Working capital[3]	$ 339,673	$ 515,975	$ 558,007	$ 659,645	$ 704,567
Total assets	$2,417,427	$2,330,277	$2,336,734	$2,187,679	$2,060,838
Return on assets	13.1%	13.2%	12.3%	12.0%	11.3%
Net cash provided by operating activities	$ 544,026	$ 461,697	$ 453,769	$ 364,127	$ 291,334
Capital expenditures	$ 202,935	$ 204,800	$ 193,953	$ 205,404	$ 130,353
Long-term debt and other long-term obligations	$ 49,713	$ 62,698	$ 61,780	$ 50,216	$ 52,015
Stockholders' equity	$1,198,226	$1,224,706	$1,256,002	$1,309,138	$1,255,262
Stockholders' equity per share (book value)	$ 13.38	$ 13.33	$ 13.35	$ 13.39	$ 12.50
Return on equity	25.6%	24.9%	21.7%	20.0%	18.8%
Annual dividends declared per share	$ 1.40	$ 1.32	$ 1.24	$ 0.88	$ 0.73
E-commerce Net Revenues					
E-commerce net revenue growth	6.4%	12.1%	13.1%	14.5%	12.4%
E-commerce net revenues as a percent of net revenues	50.7%	50.5%	48.2%	46.2%	43.9%
Retail Net Revenues					
Retail net revenue growth	5.4%	2.4%	4.6%	4.1%	1.8%
Retail net revenues as a percent of net revenues	49.3%	49.5%	51.8%	53.8%	56.1%
Number of stores at year-end	618	601	585	581	576
Store selling square footage at year-end	3,827,000	3,684,000	3,590,000	3,548,000	3,535,000
Store leased square footage at year-end	6,163,000	5,965,000	5,838,000	5,778,000	5,743,000

[1] *Comparable brand revenue is calculated on a 52-week to 52-week basis, with the exception of fiscal 2012 which was calculated on a 53-week to 53-week basis. See definition of comparable brand revenue within "Management's Discussion and Analysis of Financial Condition and Results of Operations."*

[2] *Operating margin is defined as operating income as a percent of net revenues.*

[3] *Working capital for fiscal 2015 may not be comparable to the prior years presented because of our adoption of ASU 2015-17, Balance Sheet Classification of Deferred Taxes, which we adopted prospectively in fiscal 2015. See Notes A and D to our Consolidated Financial Statements for additional information.*

The information set forth above is not necessarily indicative of future operations and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and notes thereto in this Annual Report on Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition, results of operations, and liquidity and capital resources for the 52 weeks ended January 31, 2016 ("fiscal 2015"), the 52 weeks ended February 1, 2015 ("fiscal 2014"), and the 52 weeks ended February 2, 2014 ("fiscal 2013") should be read in conjunction with our Consolidated Financial Statements and notes thereto. All explanations of changes in operational results are discussed in order of magnitude.

OVERVIEW

In fiscal 2015, our net revenues increased 5.9% to $4,976,090,000 compared to $4,698,719,000 in fiscal 2014, with comparable brand revenue growth of 3.7%. This increase in net revenues was driven by a 6.4% increase in our e-commerce net revenues and a 5.4% increase in our retail net revenues, and included 26.8% growth in our international revenues. E-commerce net revenues generated 51% of our total company net revenues in fiscal 2015 compared to 50% of our net revenues in fiscal 2014.

In Pottery Barn, our largest brand, comparable brand revenues increased 1.9% in fiscal 2015 compared to fiscal 2014. This growth was primarily driven by our furniture, upholstery and textile collections, partially offset by softer sales trends in our gifting categories. In the Williams-Sonoma brand, comparable brand revenues increased 1.1% in fiscal 2015 compared to fiscal 2014. Growth in cookware, cutlery, tabletop and our Williams-Sonoma Home business drove these results. In West Elm, comparable brand revenues increased 14.8% in fiscal 2015 on top of 18.2% in fiscal 2014. Growth continued to be broad-based across categories. In Pottery Barn Kids, comparable brand revenues increased 2.2% in fiscal 2015 compared to fiscal 2014, primarily driven by our furniture, back-to-school and bedding categories. In PBteen, comparable brand revenues decreased 2.7% in fiscal 2015 compared to fiscal 2014. Strength in furniture, decorative accessories, and back-to-school categories were more than offset by weakness in our textiles and gifting collections. And in our emerging brands, Rejuvenation and Mark and Graham, net revenues increased 37.5%.

Additionally, in fiscal 2015, diluted earnings per share increased to $3.37, versus $3.24 in fiscal 2014 (which included a $0.04 benefit from our share of the VISA/MasterCard antitrust litigation settlement), and we returned $352,631,000 to our stockholders through stock repurchases and dividends.

As we look forward, in all of our brands we have targeted strategies and opportunities that we believe will allow us to profitably grow the business. We plan to improve our competitive positioning across product, service and value for our customers, and plan to expand our brands into new products and market segments through the expansion of proprietary products. We also plan to develop cross-brand initiatives to more fully engage with our customers and to leverage innovative marketing channels. We plan to invest in our high growth, newer brands, particularly West Elm, and expand our global reach through existing and new franchise relationships. In addition, we have identified four key strategies within our business to help us drive improvements across the company: re-asserting our product leadership, revolutionizing our approach to inventory, transforming our marketing, and changing our approach to real estate and the retail experience. We believe that collectively these strategies will extend our leadership position across our brands and in our supply chain.

Results of Operations

NET REVENUES

Net revenues consist of e-commerce net revenues and retail net revenues. E-commerce net revenues include sales of merchandise to customers through our e-commerce websites and our catalogs, as well as shipping fees. Retail net revenues include sales of merchandise to customers at our retail stores and to our franchisees, as well as shipping fees on any products shipped to our customers' homes. Shipping fees consist of revenue received from customers for delivery of merchandise to their homes. Revenues are presented net of sales returns and other discounts.

In thousands	Fiscal 2015	% Total	Fiscal 2014	% Total	Fiscal 2013	% Total
E-commerce net revenues	$2,522,580	50.7%	$2,370,694	50.5%	$2,115,022	48.2%
Retail net revenues	2,453,510	49.3%	2,328,025	49.5%	2,272,867	51.8%
Net revenues	$4,976,090	100.0%	$4,698,719	100.0%	$4,387,889	100.0%

Net revenues in fiscal 2015 increased by $277,371,000, or 5.9%, compared to fiscal 2014, with comparable brand revenue growth of 3.7%. This increase in net revenues was driven by a 6.4% increase in our e-commerce net revenues and a 5.4% increase in our retail net revenues. By brand, this increase was primarily driven by West Elm and Pottery Barn, with particular strength in furniture. Total fiscal 2015 net revenue growth also included an increase in our international revenues of 26.8%, primarily related to our franchise operations, and a 3.3% increase in retail leased square footage primarily due to 17 net new stores.

Net revenues in fiscal 2014 increased by $310,830,000, or 7.1%, compared to fiscal 2013, with comparable brand revenue growth of 7.1%. This increase was driven by a 12.1% increase in our e-commerce net revenues and a 2.4% increase in our retail net revenues. By brand, this increase was primarily driven by the West Elm and Pottery Barn brands. Total fiscal 2014 net revenue growth also included an increase in our international revenues of 9.4%, and a 2.2% increase in retail leased square footage primarily due to 16 net new stores.

The following table summarizes our net revenues by brand for fiscal 2015, fiscal 2014 and fiscal 2013.

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
Pottery Barn	$2,074,051	$2,022,331	$1,910,978
Williams-Sonoma	993,609	994,651	978,002
West Elm	821,136	669,074	531,305
Pottery Barn Kids	640,073	624,594	597,628
PBteen	253,602	260,617	246,449
Other[1]	193,619	127,452	123,527
Total	$4,976,090	$4,698,719	$4,387,889

[1] *Primarily consists of net revenues from our international franchise operations, Rejuvenation, and Mark and Graham.*

Comparable Brand Revenue

Comparable brand revenue includes retail comparable store sales and e-commerce sales, as well as shipping fees, sales returns and other discounts associated with current period sales. Outlet comparable store net revenues are included in their respective brands. Comparable brand revenue excludes sales from certain operations until such time that we believe those sales are meaningful to evaluating the performance of the brand. Sales related to our international franchise operations have also been excluded as they are not operated by us.

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Comparable stores are defined as permanent stores where gross square footage did not change by more than 20% in the previous 12 months and which have been open for at least 12 consecutive months without closure for seven or more consecutive days.

Comparable brand revenue growth (decline)	Fiscal 2015	Fiscal 2014	Fiscal 2013
Pottery Barn	1.9%	5.8%	10.4%
Williams-Sonoma	1.1%	3.8%	1.5%
West Elm	14.8%	18.2%	17.4%
Pottery Barn Kids	2.2%	5.9%	7.8%
PBteen	(2.7%)	5.7%	14.1%
Total	3.7%	7.1%	8.8%

E-COMMERCE NET REVENUES

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
E-commerce net revenues	$2,522,580	$2,370,694	$2,115,022
E-commerce net revenue growth	6.4%	12.1%	13.1%

E-commerce net revenues in fiscal 2015 increased by $151,886,000, or 6.4%, compared to fiscal 2014, led by West Elm, Williams-Sonoma and Pottery Barn Kids.

E-commerce net revenues in fiscal 2014 increased by $255,672,000, or 12.1%, compared to fiscal 2013, with increases across all brands, led by West Elm, Pottery Barn and Williams-Sonoma.

RETAIL NET REVENUES AND OTHER DATA

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
Retail net revenues	$2,453,510	$2,328,025	$2,272,867
Retail net revenue growth	5.4%	2.4%	4.6%
Store count – beginning of year	601	585	581
Store openings	34	35	30
Store closings	(17)	(19)	(26)
Store count – end of year	618	601	585
Store selling square footage at year-end	3,827,000	3,684,000	3,590,000
Store leased square footage (“LSF”) at year-end	6,163,000	5,965,000	5,838,000

	Fiscal 2015		Fiscal 2014		Fiscal 2013	
	Store Count	Avg. LSF Per Store	Store Count	Avg. LSF Per Store	Store Count	Avg. LSF Per Store
Williams-Sonoma	239	6,600	243	6,600	248	6,600
Pottery Barn	197	13,800	199	13,700	194	13,800
Pottery Barn Kids	89	7,500	85	7,600	81	7,900
West Elm	87	13,200	69	13,700	58	14,100
Rejuvenation	6	9,000	5	10,000	4	13,200
Total	618	10,000	601	9,900	585	10,000

Retail net revenues in fiscal 2015 increased by $125,485,000, or 5.4%, compared to fiscal 2014, primarily driven by West Elm. Retail net revenue growth for fiscal 2015 also included growth in our international revenues primarily related to our franchise operations, and a 3.3% increase in retail leased square footage primarily due to 17 net new stores.

Retail net revenues in fiscal 2014 increased by $55,158,000, or 2.4%, compared to fiscal 2013, led by West Elm and Pottery Barn, partially offset by a decrease in Williams-Sonoma due to store closures at the end of fiscal 2013.

COST OF GOODS SOLD

In thousands	Fiscal 2015	% Net Revenues	Fiscal 2014	% Net Revenues	Fiscal 2013	% Net Revenues
Cost of goods sold[1]	$3,131,876	62.9%	$2,898,215	61.7%	$2,683,673	61.2%

[1] *Includes occupancy expenses of $631,817,000, $603,357,000 and $561,586,000 in fiscal 2015, fiscal 2014 and fiscal 2013, respectively.*

Cost of goods sold includes cost of goods, occupancy expenses and shipping costs. Cost of goods consists of cost of merchandise, inbound freight expenses, freight-to-store expenses and other inventory related costs such as shrinkage, damages and replacements. Occupancy expenses consist of rent, depreciation and other occupancy costs, including common area maintenance, property taxes and utilities. Shipping costs consist of third party delivery services and shipping materials.

Our classification of expenses in cost of goods sold may not be comparable to other public companies, as we do not include non-occupancy related costs associated with our distribution network in cost of goods sold. These costs, which include distribution network employment, third party warehouse management and other distribution related administrative expenses, are recorded in selling, general and administrative expenses.

Within our reportable segments, the e-commerce channel does not incur freight-to-store or store occupancy expenses, and typically operates with lower markdowns and inventory shrinkage than the retail channel. However, the e-commerce channel incurs higher customer shipping, damage and replacement costs than the retail channel.

Fiscal 2015 vs. Fiscal 2014

Cost of goods sold increased by $233,661,000, or 8.1%, in fiscal 2015 compared to fiscal 2014. Cost of goods sold as a percentage of net revenues increased to 62.9% in fiscal 2015 from 61.7% in fiscal 2014. This increase was driven by increased shipping and fulfillment-related costs and higher franchise revenues, which have a lower gross margin.

In the e-commerce channel, cost of goods sold as a percentage of net revenues increased in fiscal 2015 compared to fiscal 2014 primarily driven by increased shipping and fulfillment-related costs, and an increase in occupancy expenses.

In the retail channel, cost of goods sold as a percentage of net revenues increased for fiscal 2015 compared to fiscal 2014 driven by higher franchise revenues and increased fulfillment-related costs, partially offset by the leverage of occupancy expenses.

Fiscal 2014 vs. Fiscal 2013

Cost of goods sold increased by $214,542,000, or 8.0%, in fiscal 2014 compared to fiscal 2013. Cost of goods sold as a percentage of net revenues increased to 61.7% in fiscal 2014 from 61.2% in fiscal 2013. This increase was primarily driven by lower selling margins.

In the e-commerce channel, cost of goods sold as a percentage of net revenues increased in fiscal 2014 compared to fiscal 2013 primarily driven by lower selling margins and an increase in occupancy expenses.

In the retail channel, cost of goods sold as a percentage of net revenues remained relatively flat in fiscal 2014 compared to fiscal 2013 due to an increase in occupancy expenses offset by higher selling margins.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In thousands	Fiscal 2015	% Net Revenues	Fiscal 2014	% Net Revenues	Fiscal 2013	% Net Revenues
Selling, general and administrative expenses	$1,355,580	27.2%	$1,298,239	27.6%	$1,252,118	28.5%

Selling, general and administrative expenses consist of non-occupancy related costs associated with our retail stores, distribution warehouses, customer care centers, supply chain operations (buying, receiving and inspection) and corporate administrative functions. These costs include employment, advertising, third party credit card processing and other general expenses.

We experience differing employment and advertising costs as a percentage of net revenues within the retail and e-commerce channels due to their distinct distribution and marketing strategies. Employment costs represent a greater percentage of net revenues within the retail channel as compared to the e-commerce channel. However, advertising expenses are higher within the e-commerce channel than in the retail channel.

Fiscal 2015 vs. Fiscal 2014
Selling, general and administrative expenses for fiscal 2015 increased by $57,341,000, or 4.4%, compared to fiscal 2014. Selling, general and administrative expenses as a percentage of net revenues decreased to 27.2% in fiscal 2015 from 27.6% in fiscal 2014. This decrease as a percentage of net revenues was primarily driven by the leverage of advertising expenses and employment costs, partially offset by litigation settlement income of $7,414,000 recorded in fiscal 2014 that did not recur in fiscal 2015.

In the e-commerce channel, selling, general and administrative expenses as a percentage of net revenues was relatively flat for fiscal 2015 compared to fiscal 2014 primarily due to advertising leverage, offset by an increase in employment costs associated with incremental labor costs in our supply chain.

In the retail channel, selling, general and administrative expenses as a percentage of net revenues decreased for fiscal 2015 compared to fiscal 2014 primarily driven by the leverage of employment costs due to higher franchise revenues.

Fiscal 2014 vs. Fiscal 2013
Selling, general and administrative expenses for fiscal 2014 increased by $46,121,000, or 3.7%, compared to fiscal 2013. Selling, general and administrative expenses as a percentage of net revenues decreased to 27.6% in fiscal 2014 from 28.5% in fiscal 2013. This decrease as a percentage of net revenues was primarily driven by greater advertising efficiency, lower general expenses, including litigation settlement income recorded of $7,414,000, and the leverage of employment costs.

In the e-commerce channel, selling, general and administrative expenses as a percentage of net revenues decreased in fiscal 2014 compared to fiscal 2013 primarily driven by greater advertising efficiency.

In the retail channel, selling, general and administrative expenses as a percentage of net revenues increased in fiscal 2014 compared to fiscal 2013 primarily driven by employment cost deleverage, partially offset by lower general expenses.

INCOME TAXES

Our effective income tax rate was 36.5% for fiscal 2015, 38.5% for fiscal 2014, and 38.4% for fiscal 2013. The decrease in the effective income tax rate in fiscal 2015 reflects fluctuations in the level and mix of earnings, as well as the favorable resolution of certain income tax matters.

LIQUIDITY AND CAPITAL RESOURCES

As of January 31, 2016, we held $193,647,000 in cash and cash equivalents, the majority of which is held in demand deposit accounts and money market funds, and of which $62,332,000 was held by our foreign subsidiaries. As is consistent within our industry, our cash balances are seasonal in nature, with the fourth quarter historically representing a significantly higher level of cash than other periods.

Throughout the fiscal year, we utilize our cash balances to build our inventory levels in preparation for our fourth quarter holiday sales. In fiscal 2016, we plan to use our cash resources to fund our inventory and inventory related purchases, advertising and marketing initiatives, property and equipment purchases, stock repurchases and dividend payments. In addition to our cash balances on hand, we have a $500,000,000 unsecured revolving line of credit ("credit facility") that may be used to borrow revolving loans or to request the issuance of letters of credit. We may, upon notice to the administrative agent, request existing or new lenders to increase the credit facility by up to $250,000,000, at such lenders' option, to provide for a total of $750,000,000 of unsecured revolving credit. During fiscal 2015, we had borrowings of $200,000,000 under the credit facility, all of which were repaid in the fourth quarter of fiscal 2015. During fiscal 2014, we had borrowings of $90,000,000 under the credit facility, all of which were repaid in the fourth quarter of fiscal 2014.

During fiscal 2014, we redeemed restricted cash deposits of $14,289,000 previously held under collateralized trust agreements. These deposits, which secured potential liabilities associated with our workers' compensation and other insurance programs, were replaced with standby letters of credit. As of January 31, 2016, a total of $13,367,000 in issued but undrawn standby letters of credit was outstanding under the credit facility. Additionally, we had three unsecured letter of credit reimbursement facilities, which were amended during the year, for a total of $70,000,000, of which an aggregate of $6,088,000 was outstanding as of January 31, 2016. These letter of credit facilities represent only a future commitment to fund inventory purchases to which we had not taken legal title. We are currently in compliance with all of our financial covenants under the credit facility and, based on our current projections, we expect to remain in compliance throughout fiscal 2016. We believe our cash on hand, in addition to our available credit facilities, will provide adequate liquidity for our business operations over the next 12 months.

Cash Flows from Operating Activities

For fiscal 2015, net cash provided by operating activities was $544,026,000 compared to $461,697,000 in fiscal 2014. For fiscal 2015, net cash provided by operating activities was primarily attributable to net earnings adjusted for non-cash items and an increase in accounts payable, customer deposits and income taxes payable, partially offset by an increase in merchandise inventories. This represents an increase in net cash provided by operating activities compared to fiscal 2014 primarily due to an increase in accounts payable and income taxes payable due to the timing of payments, partially offset by an increase in merchandise inventories.

For fiscal 2014, net cash provided by operating activities was $461,697,000 compared to $453,769,000 in fiscal 2013. For fiscal 2014, net cash provided by operating activities was primarily attributable to net earnings adjusted for non-cash items and an increase in customer deposits, partially offset by an increase in merchandise inventories. This represents an increase in net cash provided compared to fiscal 2013 primarily due to a decrease in inventory purchases and an increase in net earnings adjusted for non-cash items, partially offset by the timing of payments associated with accounts payable and accrued liabilities.

Cash Flows from Investing Activities

For fiscal 2015, net cash used in investing activities was $202,166,000 compared to $188,600,000 for fiscal 2014, and was primarily attributable to purchases of property and equipment. Net cash used in investing activities compared to fiscal 2014 increased primarily due to restricted cash receipts received in fiscal 2014 that did not recur in fiscal 2015.

For fiscal 2014, net cash used in investing activities was $188,600,000 compared to $190,624,000 for fiscal 2013, and was primarily attributable to purchases of property and equipment. Net cash used compared to fiscal 2013 decreased primarily due to restricted cash receipts, partially offset by an increase in purchases of property and equipment.

Cash Flows from Financing Activities

For fiscal 2015, net cash used in financing activities was $369,383,000 compared to $379,020,000 in fiscal 2014. For fiscal 2015, net cash used in financing activities was primarily attributable to the repurchase of common stock of $224,995,000 and the payment of dividends of $127,636,000. Net cash used in financing activities compared to fiscal 2014 decreased primarily due to a decrease in tax withholding payments related to stock-based awards.

For fiscal 2014, net cash used in financing activities was $379,020,000 compared to $355,376,000 in fiscal 2013. For fiscal 2014, net cash used in financing activities was primarily attributable to the repurchase of common stock of $224,377,000 and the payment of dividends of $125,758,000. Net cash used compared to fiscal 2013 increased primarily due to an increase in tax withholding payments related to stock-based awards.

Dividends

See section titled Dividends within Part II, Item 5 of this Annual Report on Form 10-K for further information.

Stock Repurchase Programs

See section titled Stock Repurchase Programs within Part II, Item 5 of this Annual Report on Form 10-K for further information.

Contractual Obligations

The following table provides summary information concerning our future contractual obligations as of January 31, 2016:

	Payments Due by Period[1]				
In thousands	Fiscal 2016	Fiscal 2017 to Fiscal 2019	Fiscal 2020 to Fiscal 2021	Thereafter	Total
Operating leases[2]	$ 257,805	$ 657,472	$ 305,376	$ 513,255	$ 1,733,908
Purchase obligations[3]	765,417	9,388	654	318	775,777
Total	$ 1,023,222	$ 666,860	$ 306,030	$ 513,573	$ 2,509,685

[1] *This table excludes $15.9 million of liabilities for unrecognized tax benefits associated with uncertain tax positions as we are not able to reasonably estimate when and if cash payments for these liabilities will occur. This amount, however, has been recorded as a liability in our accompanying Consolidated Balance Sheet as of January 31, 2016.*

[2] *Projected payments include only those amounts that are fixed and determinable as of the reporting date. See Note E to our Consolidated Financial Statements for discussion of our operating leases.*

[3] *Represents estimated commitments at year-end to purchase inventory and other goods and services in the normal course of business to meet operational requirements.*

Other Contractual Obligations

We have other liabilities reflected in our Consolidated Balance Sheet. The payment obligations associated with these liabilities are not reflected in the table above due to the absence of scheduled maturities. The timing of these payments cannot be determined, except for amounts estimated to be payable in fiscal 2016, which are included in our current liabilities as of January 31, 2016.

We are party to a variety of contractual agreements under which we may be obligated to indemnify the other party for certain matters. These contracts primarily relate to commercial matters, operating leases, trademarks, intellectual property, and financial matters. Under these contracts, we may provide certain routine indemnification relating to representations and warranties or personal injury matters. The terms of these indemnifications range in duration and may not be explicitly defined. Historically, we have not made significant payments for these indemnifications. We believe that if we were to incur a loss in any of these matters, the loss would not have a material effect on our financial condition or results of operations.

Commercial Commitments

The following table provides summary information concerning our outstanding commercial commitments as of January 31, 2016:

	Amount of Outstanding Commitment Expiration By Period[1]				
In thousands	Fiscal 2016	Fiscal 2017 to Fiscal 2019	Fiscal 2020 to Fiscal 2021	Thereafter	Total
Standby letters of credit	$ 13,367	—	—	—	$ 13,367
Letter of credit facilities	6,088	—	—	—	6,088
Credit facility	—	—	—	—	—
Total	$ 19,455	—	—	—	$ 19,455

[1] *See Note C to our Consolidated Financial Statements for discussion of our borrowing arrangements.*

IMPACT OF INFLATION

The impact of inflation (or deflation) on our results of operations for the past three fiscal years has not been significant. However, we cannot be certain of the effect inflation (or deflation) may have on our results of operations in the future.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. These estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ from these estimates.

We believe the following critical accounting policies used in the preparation of our Consolidated Financial Statements include the significant estimates and assumptions that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. See Note A to our Consolidated Financial Statements for a detailed description of each policy.

Merchandise Inventories

Merchandise inventories, net of an allowance for excess quantities and obsolescence, are stated at the lower of cost (weighted average method) or market. To determine if the value of our inventory should be reduced below cost, we consider current and anticipated demand, customer preferences and age of the merchandise. The significant estimates used in inventory valuation are obsolescence (including excess and slow-moving inventory and lower of cost or market reserves) and estimates of inventory shrinkage. We reserve for obsolescence based on historical trends, aging reports, specific identification and our estimates of future sales and selling prices.

Reserves for shrinkage are estimated and recorded throughout the year, as a percentage of net sales based on historical shrinkage results, expectations of future shrinkage and current inventory levels. Actual shrinkage is recorded at year-end based on the results of our physical inventory counts and can vary from our estimates due to such factors as changes in operations, the mix of our inventory (which ranges from large furniture to small tabletop items) and execution against loss prevention initiatives in our stores, distribution centers, off-site storage locations, and with our third party warehouse and transportation providers. Accordingly, there is no shrinkage reserve at year-end.

Our obsolescence and shrinkage reserve calculations contain estimates that require management to make assumptions and to apply judgment regarding a number of factors, including market conditions, the selling environment, historical results and current inventory trends. If actual obsolescence or shrinkage estimates change from our original estimate, we will adjust our reserves accordingly throughout the year. We have made no material changes to our assumptions included in the calculations of the obsolescence and shrinkage reserves throughout the year. In addition, we do not believe a 10% change in our inventory reserves would have a material effect on net earnings. As of January 31, 2016 and February 1, 2015, our inventory obsolescence reserves were $9,782,000 and $10,244,000, respectively.

Advertising and Prepaid Catalog Expenses

Advertising expenses consist of media and production costs related to catalog mailings, e-commerce advertising and other direct marketing activities. All advertising costs are expensed as incurred, or upon the release of the initial advertisement, with the exception of prepaid catalog expenses. Prepaid catalog expenses consist primarily of third party incremental direct costs, including creative design, paper, printing, postage and mailing costs for all of our direct response catalogs. Such costs are capitalized as prepaid catalog expenses and are amortized over their expected period of future benefit. Each catalog is generally fully amortized over a six to nine month period, with the majority of the amortization occurring within the first four to five months. Prepaid catalog expenses are evaluated for realizability on a monthly basis by comparing the carrying amount associated with each catalog to the estimated future profitability (net revenues less merchandise cost of goods sold, selling expenses and catalog-related costs) of that catalog. If the estimated future profitability of the catalog is below its carrying amount, the catalog is impaired accordingly.

Total advertising expenses (including catalog advertising, e-commerce advertising and all other advertising costs) were approximately $333,276,000, $330,070,000 and $325,708,000 in fiscal 2015, fiscal 2014 and fiscal 2013, respectively.

Property and Equipment
Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

We review the carrying value of all long-lived assets for impairment, primarily at a store level, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Our impairment analyses determine whether projected cash flows from operations are sufficient to recover the carrying value of these assets. Impairment may result when the carrying value of the asset exceeds the estimated undiscounted future cash flows over its remaining useful life. For store impairment, our estimate of undiscounted future cash flows over the store lease term is based upon our experience, the historical operations of the stores and estimates of future store profitability and economic conditions. The future estimates of store profitability and economic conditions require estimating such factors as sales growth, gross margin, employment costs, lease escalations, inflation and the overall economics of the retail industry, and are therefore subject to variability and difficult to predict. Actual future results may differ from those estimates. If a long-lived asset is found to be impaired, the amount recognized for impairment is equal to the difference between the asset's net carrying value and its fair value. Long-lived assets are measured at fair value on a nonrecurring basis using Level 3 inputs as defined in the fair value hierarchy. The fair value is based on the present value of estimated future cash flows using a discount rate that approximates our weighted average cost of capital.

During fiscal 2015, fiscal 2014 and fiscal 2013, we recorded expense of approximately $2,100,000, $241,000 and $561,000, respectively, associated with asset impairment charges related to our retail stores, all of which is recorded within selling, general and administrative expenses.

Goodwill
Goodwill is not amortized, but rather is subject to impairment testing annually (on the first day of the fourth quarter), or between annual tests whenever events or changes in circumstances indicate that the fair value of a reporting unit may be below its carrying amount. The first step of the impairment test requires determining the fair value of the reporting unit. We use the income approach, whereby we calculate the fair value based on the present value of estimated future cash flows using a discount rate that approximates our weighted average cost of capital. The process of evaluating the potential impairment of goodwill is subjective and requires significant estimates and assumptions about the future such as sales growth, gross margins, employment rates, capital expenditures, inflation and future economic and market conditions. Actual future results may differ from those estimates. If the carrying value of the reporting unit's assets and liabilities, including goodwill, is in excess of its fair value, goodwill may be impaired, and we must perform a second step of comparing the implied fair value of the goodwill to its carrying value to determine the impairment charge, if any. At January 31, 2016 and February 1, 2015, we had goodwill of $18,703,000 and $18,740,000, respectively, included in other assets, primarily related to our fiscal 2011 acquisition of Rejuvenation Inc. We evaluated our goodwill for impairment and determined that the fair value of each reporting unit substantially exceeds its carrying value. Accordingly, we did not recognize any goodwill impairment in fiscal 2015, fiscal 2014 or fiscal 2013.

Self-Insured Liabilities
We are primarily self-insured for workers' compensation, employee health benefits and product and general liability claims. We record self-insurance liabilities based on claims filed, including the development of those claims, and an estimate of claims incurred but not yet reported. Factors affecting these estimates include future

inflation rates, changes in severity, benefit level changes, medical costs and claim settlement patterns. Should a different amount of claims occur compared to what was estimated, or costs of the claims increase or decrease beyond what was anticipated, reserves may need to be adjusted accordingly. We determine our workers' compensation liability and product and general liability claims reserves based on an actuarial analysis of historical claims data. Self-insurance reserves for employee health benefits, workers' compensation and product and general liability claims were $25,290,000 and $24,901,000 as of January 31, 2016 and February 1, 2015, respectively.

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in our Consolidated Financial Statements. We record reserves for our estimates of probable settlements of foreign and domestic tax examinations. At any one time, many tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. Additionally, our effective tax rate in a given financial statement period may be materially impacted by changes in the mix and level of our earnings in various taxing jurisdictions.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, which include significant deterioration of the U.S. and foreign markets, changes in U.S. interest rates, foreign currency exchange rate fluctuations, and the effects of economic uncertainty which may affect the prices we pay our vendors in the foreign countries in which we do business. We do not engage in financial transactions for trading or speculative purposes.

Interest Rate Risk

Our revolving line of credit has a variable interest rate which, when drawn upon, subjects us to risks associated with changes in that interest rate. During fiscal 2015, we had borrowings of $200,000,000 under the credit facility, all of which were repaid in the fourth quarter of fiscal 2015. A hypothetical increase or decrease of one percentage point on our existing variable rate debt instrument would not materially affect our results of operations or cash flows.

In addition, we have fixed and variable income investments consisting of short-term investments classified as cash and cash equivalents, which are also affected by changes in market interest rates. As of January 31, 2016, our investments, made primarily in demand deposit accounts and money market funds, are stated at cost and approximate their fair values.

Foreign Currency Risks

We purchase a significant amount of inventory from vendors outside of the U.S. in transactions that are denominated in U.S. dollars. Approximately 1% of our international purchase transactions are in currencies other than the U.S. dollar, primarily the euro. Any foreign currency impact related to these international purchase transactions was not significant to us during fiscal 2015 or fiscal 2014. Since we pay for the majority of our international purchases in U.S. dollars, however, a decline in the U.S. dollar relative to other foreign currencies would subject us to risks associated with increased purchasing costs from our vendors in their effort to offset any lost profits associated with any currency devaluation. We cannot predict with certainty the effect these increased costs may have on our financial statements or results of operations.

In addition, our retail and/or e-commerce businesses in Canada, Australia and the United Kingdom, and our operations throughout Asia and Europe, expose us to market risk associated with foreign currency exchange rate fluctuations. Substantially all of our purchases and sales are denominated in U.S. dollars, which limits our exposure to this risk. However, some of our foreign operations have a functional currency other than the U.S. dollar. While the impact of foreign currency exchange rate fluctuations was not material to us in fiscal 2015, we have continued to see volatility in the exchange rates in the countries in which we do business. As we continue to expand globally, the foreign currency exchange risk related to our foreign operations may increase. To mitigate this risk, we hedge a portion of our foreign currency exposure with foreign currency forward contracts in accordance with our risk management policies (see Note M to our Consolidated Financial Statements).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Williams-Sonoma, Inc.
Consolidated Statements of Earnings

In thousands, except per share amounts	Fiscal 2015	Fiscal 2014	Fiscal 2013
E-commerce net revenues	$ 2,522,580	$ 2,370,694	$ 2,115,022
Retail net revenues	2,453,510	2,328,025	2,272,867
Net revenues	4,976,090	4,698,719	4,387,889
Cost of goods sold	3,131,876	2,898,215	2,683,673
Gross profit	1,844,214	1,800,504	1,704,216
Selling, general and administrative expenses	1,355,580	1,298,239	1,252,118
Operating income	488,634	502,265	452,098
Interest (income) expense, net	627	62	(584)
Earnings before income taxes	488,007	502,203	452,682
Income taxes	177,939	193,349	173,780
Net earnings	$ 310,068	$ 308,854	$ 278,902
Basic earnings per share	$ 3.42	$3.30	$ 2.89
Diluted earnings per share	$ 3.37	$3.24	$ 2.82
Shares used in calculation of earnings per share:			
Basic	90,787	93,634	96,669
Diluted	92,102	95,200	98,765

See Notes to Consolidated Financial Statements.

Williams-Sonoma, Inc.
Consolidated Statements of Comprehensive Income

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
Net earnings	$ 310,068	$ 308,854	$ 278,902
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(7,958)	(9,305)	(7,850)
Change in fair value of derivative financial instruments	1,074	806	870
Reclassification adjustment for realized gains on derivative financial instruments	(1,184)	(573)	(129)
Comprehensive income	$ 302,000	$ 299,782	$ 271,793

See Notes to Consolidated Financial Statements.

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Williams-Sonoma, Inc.
Consolidated Balance Sheets

In thousands, except per share amounts	Jan. 31, 2016	Feb. 1, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 193,647	$ 222,927
Accounts receivable, net	79,304	67,465
Merchandise inventories, net	978,138	887,701
Prepaid catalog expenses	28,919	33,942
Prepaid expenses	44,654	36,265
Deferred income taxes, net	—	130,618
Other assets	11,438	13,005
Total current assets	1,336,100	1,391,923
Property and equipment, net	886,813	883,012
Non-current deferred income taxes, net	141,784	4,265
Other assets, net	52,730	51,077
Total assets	$ 2,417,427	$ 2,330,277
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 447,412	$ 397,037
Accrued salaries, benefits and other	127,122	136,012
Customer deposits	296,827	261,679
Income taxes payable	67,052	32,488
Current portion of long-term debt	—	1,968
Other liabilities	58,014	46,764
Total current liabilities	996,427	875,948
Deferred rent and lease incentives	173,061	166,925
Other long-term obligations	49,713	62,698
Total liabilities	1,219,201	1,105,571
Commitments and contingencies – See Note J		
Stockholders' equity		
Preferred stock: $.01 par value; 7,500 shares authorized; none issued	—	—
Common stock: $.01 par value; 253,125 shares authorized; 89,563 and 91,891 shares issued and outstanding at January 31, 2016 and February 1, 2015, respectively	896	919
Additional paid-in capital	541,307	527,261
Retained earnings	668,545	701,214
Accumulated other comprehensive loss	(10,616)	(2,548)
Treasury stock – at cost: 29 and 35 shares as of January 31, 2016 and February 1, 2015, respectively	(1,906)	(2,140)
Total stockholders' equity	1,198,226	1,224,706
Total liabilities and stockholders' equity	$ 2,417,427	$ 2,330,277

See Notes to Consolidated Financial Statements.

Williams-Sonoma, Inc.
Consolidated Statements of Stockholders' Equity

In thousands	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance at February 3, 2013	97,734	$ 977	$ 503,616	$ 790,912	$ 13,633	$ —	$ 1,309,138
Net earnings	—	—	—	278,902	—	—	278,902
Foreign currency translation adjustments	—	—	—	—	(7,850)	—	(7,850)
Change in fair value of derivative financial instruments	—	—	—	—	870	—	870
Reclassification adjustment for realized gains on derivative financial instruments	—	—	—	—	(129)	—	(129)
Exercise of stock-based awards and related tax effect	201	2	15,339	—	—	—	15,341
Conversion/release of stock-based awards[1]	459	5	(18,101)	—	—	—	(18,096)
Repurchases of common stock	(4,345)	(43)	(17,047)	(219,083)	—	(3,101)	(239,274)
Stock-based compensation expense	—	—	38,788	—	—	—	38,788
Dividends declared	—	—	—	(121,688)	—	—	(121,688)
Balance at February 2, 2014	94,049	941	522,595	729,043	6,524	(3,101)	1,256,002
Net earnings	—	—	—	308,854	—	—	308,854
Foreign currency translation adjustments	—	—	—	—	(9,305)	—	(9,305)
Change in fair value of derivative financial instruments	—	—	—	—	806	—	806
Reclassification adjustment for realized gains on derivative financial instruments	—	—	—	—	(573)	—	(573)
Exercise of stock-based awards and related tax effect	116	1	31,021	—	—	—	31,022
Conversion/release of stock-based awards[1]	1,058	10	(56,053)	—	—	—	(56,043)
Repurchases of common stock	(3,332)	(33)	(13,776)	(210,568)	—	—	(224,377)
Reissuance of treasury stock under share-based compensation plans[1]	—	—	(1,158)	(737)	—	961	(934)
Stock-based compensation expense	—	—	44,632	—	—	—	44,632
Dividends declared	—	—	—	(125,378)	—	—	(125,378)
Balance at February 1, 2015	91,891	919	527,261	701,214	(2,548)	(2,140)	1,224,706
Net earnings	—	—	—	310,068	—	—	310,068
Foreign currency translation adjustments	—	—	—	—	(7,958)	—	(7,958)
Change in fair value of derivative financial instruments	—	—	—	—	1,074	—	1,074
Reclassification adjustment for realized gains on derivative financial instruments	—	—	—	—	(1,184)	—	(1,184)
Exercise of stock-based awards and related tax effect	68	1	17,238	—	—	—	17,239
Conversion/release of stock-based awards[1]	554	6	(31,411)	—	—	—	(31,405)
Repurchases of common stock	(2,950)	(30)	(12,646)	(212,319)	—	—	(224,995)
Reissuance of treasury stock under share-based compensation plans[1]	—	—	(492)	(128)	—	234	(386)
Stock-based compensation expense	—	—	41,357	—	—	—	41,357
Dividends declared	—	—	—	(130,290)	—	—	(130,290)
Balance at January 31, 2016	89,563	$ 896	$ 541,307	$ 668,545	$ (10,616)	$(1,906)	$ 1,198,226

[1] *Amounts are shown net of shares withheld for employee taxes.*

See Notes to Consolidated Financial Statements.

Williams-Sonoma, Inc.
Consolidated Statements of Cash Flows

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
Cash flows from operating activities:			
Net earnings	$ 310,068	$ 308,854	$ 278,902
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:			
Depreciation and amortization	167,760	162,273	149,795
Loss on disposal/impairment of assets	4,339	2,410	2,764
Amortization of deferred lease incentives	(24,721)	(24,419)	(25,382)
Deferred income taxes	(7,436)	(248)	(28,344)
Tax benefit related to stock-based awards	14,592	26,952	8,817
Excess tax benefit related to stock-based awards	(14,494)	(26,560)	(8,743)
Stock-based compensation expense	41,357	44,632	38,788
Other	149	595	—
Changes in:			
Accounts receivable	(12,849)	(9,366)	786
Merchandise inventories	(92,647)	(76,964)	(174,664)
Prepaid catalog expenses	5,022	(386)	3,675
Prepaid expenses and other assets	(9,245)	(61)	(13,649)
Accounts payable	60,507	4,455	135,095
Accrued salaries, benefits and other current and long-term liabilities	(135)	8,867	43,635
Customer deposits	35,877	34,400	21,578
Deferred rent and lease incentives	31,334	23,297	13,238
Income taxes payable	34,548	(17,034)	7,478
Net cash provided by operating activities	544,026	461,697	453,769
Cash flows from investing activities:			
Purchases of property and equipment	(202,935)	(204,800)	(193,953)
Restricted cash receipts	—	14,289	1,766
Proceeds from insurance reimbursements	683	1,644	1,518
Other	86	267	45
Net cash used in investing activities	(202,166)	(188,600)	(190,624)
Cash flows from financing activities:			
Repurchase of common stock	(224,995)	(224,377)	(239,274)
Payment of dividends	(127,636)	(125,758)	(111,581)
Borrowings under revolving line of credit	200,000	90,000	—
Repayments of borrowings under revolving line of credit	(200,000)	(90,000)	—
Tax withholdings related to stock-based awards	(31,790)	(56,977)	(18,096)
Excess tax benefit related to stock-based awards	14,494	26,560	8,743
Net proceeds related to stock-based awards	2,647	4,077	6,614
Repayments of long-term obligations	(1,968)	(1,785)	(1,724)
Other	(135)	(760)	(58)
Net cash used in financing activities	(369,383)	(379,020)	(355,376)
Effect of exchange rates on cash and cash equivalents	(1,757)	(1,271)	(2,203)
Net decrease in cash and cash equivalents	(29,280)	(107,194)	(94,434)
Cash and cash equivalents at beginning of year	222,927	330,121	424,555
Cash and cash equivalents at end of year	$ 193,647	$ 222,927	$ 330,121
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ 1,989	$ 1,269	$ 1,270
Cash paid during the year for income taxes, net of refunds	$ 134,478	$ 172,305	$ 186,968
Non-cash investing activities:			
Purchases of property and equipment not yet paid for at end of period	$ 2,715	$ 4,808	$ 9,034

See Notes to Consolidated Financial Statements.

Note A: Summary of Significant Accounting Policies

We are a specialty retailer of high-quality products for the home. These products, representing distinct merchandise strategies – Williams-Sonoma, Pottery Barn, Pottery Barn Kids, West Elm, PBteen, Williams-Sonoma Home, Rejuvenation, and Mark and Graham – are marketed through e-commerce websites, direct mail catalogs and 618 stores. We have retail and/or e-commerce businesses in the U.S., Canada, Australia and the United Kingdom, and ship our products to customers worldwide. Our catalogs reach customers throughout the U.S. and Australia. In addition, we have unaffiliated franchisees that operate stores and/or e-commerce websites in the Middle East, the Philippines and Mexico.

Intercompany transactions and accounts have been eliminated.

Fiscal Year
Our fiscal year ends on the Sunday closest to January 31, based on a 52 or 53-week year. Fiscal 2015, a 52-week year, ended on January 31, 2016; Fiscal 2014, a 52-week year, ended on February 1, 2015; and fiscal 2013, a 52-week year, ended on February 2, 2014.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. These estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ from these estimates.

Cash Equivalents
Cash equivalents include highly liquid investments with an original maturity of three months or less. As of January 31, 2016, we were invested primarily in demand deposit accounts and money market funds. Book cash overdrafts issued, but not yet presented to the bank for payment, are reclassified to accounts payable.

Restricted Cash
Restricted cash represents deposits held in trusts to secure our liabilities associated with our workers' compensation and other insurance programs. During fiscal 2014, we redeemed restricted cash deposits of $14,289,000 previously held under collateralized trust agreements. We held no restricted cash during fiscal 2015.

Accounts Receivable and Allowance for Doubtful Accounts
Accounts receivable are stated at their carrying values, net of an allowance for doubtful accounts. Accounts receivable consist primarily of credit card, franchisee and landlord receivables for which collectability is reasonably assured. Receivables are evaluated for collectability on a regular basis and an allowance for doubtful accounts is recorded, if necessary. Our allowance for doubtful accounts was not material to our financial statements as of January 31, 2016 and February 1, 2015.

Merchandise Inventories
Merchandise inventories, net of an allowance for excess quantities and obsolescence, are stated at the lower of cost (weighted average method) or market. To determine if the value of our inventory should be reduced below cost, we consider current and anticipated demand, customer preferences and age of the merchandise. The significant estimates used in inventory valuation are obsolescence (including excess and slow-moving inventory and lower of cost or market reserves) and estimates of inventory shrinkage. We reserve for obsolescence based on historical trends, aging reports, specific identification and our estimates of future sales and selling prices.

Reserves for shrinkage are estimated and recorded throughout the year, as a percentage of net sales based on historical shrinkage results, expectations of future shrinkage and current inventory levels. Actual shrinkage is recorded at year-end based on the results of our physical inventory counts and can vary from our estimates due to such factors as changes in operations, the mix of our inventory (which ranges from large furniture to small tabletop items) and execution against loss prevention initiatives in our stores, distribution centers, off-site storage locations, and with our third party warehouse and transportation providers. Accordingly, there is no shrinkage reserve at year-end.

Our obsolescence and shrinkage reserve calculations contain estimates that require management to make assumptions and to apply judgment regarding a number of factors, including market conditions, the selling environment, historical results and current inventory trends. If actual obsolescence or shrinkage estimates change from our original estimate, we will adjust our reserves accordingly throughout the year. We have made no material changes to our assumptions included in the calculations of the obsolescence and shrinkage reserves throughout the year. As of January 31, 2016 and February 1, 2015, our inventory obsolescence reserves were $9,782,000 and $10,244,000, respectively.

Advertising and Prepaid Catalog Expenses
Advertising expenses consist of media and production costs related to catalog mailings, e-commerce advertising and other direct marketing activities. All advertising costs are expensed as incurred, or upon the release of the initial advertisement, with the exception of prepaid catalog expenses. Prepaid catalog expenses consist primarily of third party incremental direct costs, including creative design, paper, printing, postage and mailing costs for all of our direct response catalogs. Such costs are capitalized as prepaid catalog expenses and are amortized over their expected period of future benefit. Each catalog is generally fully amortized over a six to nine month period, with the majority of the amortization occurring within the first four to five months. Prepaid catalog expenses are evaluated for realizability on a monthly basis by comparing the carrying amount associated with each catalog to the estimated future profitability (net revenues less merchandise cost of goods sold, selling expenses and catalog-related costs) of that catalog. If the estimated future profitability of the catalog is below its carrying amount, the catalog is impaired accordingly.

Total advertising expenses (including catalog advertising, e-commerce advertising and all other advertising costs) were approximately $333,276,000, $330,070,000 and $325,708,000 in fiscal 2015, fiscal 2014 and fiscal 2013, respectively.

Property and Equipment
Property and equipment is stated at cost. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Leasehold improvements	Shorter of estimated useful life or lease term (generally 3 – 22 years)
Fixtures and equipment	2 – 20 years
Buildings and building improvements	10 – 40 years
Capitalized software	2 – 10 years

We review the carrying value of all long-lived assets for impairment, primarily at a store level, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Our impairment analyses determine whether projected cash flows from operations are sufficient to recover the carrying value of these assets. Impairment may result when the carrying value of the asset exceeds the estimated undiscounted future cash flows over its remaining useful life. For store impairment, our estimate of undiscounted future cash flows over the store lease term is based upon our experience, historical operations of the stores and estimates of future store profitability and economic conditions. The future estimates of store profitability and economic conditions require estimating such factors as sales growth, gross margin, employment rates, lease escalations, inflation and the overall economics of the retail industry, and are therefore subject to variability and difficult to predict. Actual future results may differ from those estimates. If a long-lived asset is found to be impaired, the amount recognized for impairment is equal to the difference between the asset's net carrying value and its fair value. Long-lived assets are measured at fair value on a nonrecurring basis using Level 3 inputs as defined in the fair value hierarchy. The fair value is based on the present value of estimated future cash flows using a discount rate that approximates our weighted average cost of capital.

During fiscal 2015, fiscal 2014 and fiscal 2013, we recorded expense of approximately $2,100,000, $241,000 and $561,000, respectively, associated with asset impairment charges related to our retail stores, all of which is recorded within selling, general and administrative expenses.

For any store or facility closure where a lease obligation still exists, we record the estimated future liability associated with the rental obligation on the cease use date.

Goodwill
Goodwill is not amortized, but rather is subject to impairment testing annually (on the first day of the fourth quarter), or between annual tests whenever events or changes in circumstances indicate that the fair value of a reporting unit may be below its carrying amount. The first step of the impairment test requires determining the fair value of the reporting unit. We use the income approach, whereby we calculate the fair value based on the present value of estimated future cash flows using a discount rate that approximates our weighted average cost of capital. The process of evaluating the potential impairment of goodwill is subjective and requires significant estimates and assumptions about the future, such as sales growth, gross margins, employment rates, capital expenditures, inflation and future economic and market conditions. Actual future results may differ from those estimates. If the carrying value of the reporting unit's assets and liabilities, including goodwill, is in excess of its fair value, goodwill may be impaired, and we must perform a second step of comparing the implied fair value of the goodwill to its carrying value to determine the impairment charge, if any. At January 31, 2016 and February 1, 2015, we had goodwill of $18,703,000 and $18,740,000, respectively, included in other assets, primarily related to our fiscal 2011 acquisition of Rejuvenation Inc. We did not recognize any goodwill impairment in fiscal 2015, fiscal 2014 or fiscal 2013.

Self-Insured Liabilities
We are primarily self-insured for workers' compensation, employee health benefits and product and general liability claims. We record self-insurance liabilities based on claims filed, including the development of those claims, and an estimate of claims incurred but not yet reported. Factors affecting these estimates include future inflation rates, changes in severity, benefit level changes, medical costs and claim settlement patterns. Should a different amount of claims occur compared to what was estimated, or costs of the claims increase or decrease beyond what was anticipated, reserves may need to be adjusted accordingly. We determine our workers' compensation liability and product and general liability claims reserves based on an actuarial analysis of historical claims data. Self-insurance reserves for employee health benefits, workers' compensation and product and general liability claims were $25,290,000 and $24,901,000 as of January 31, 2016 and February 1, 2015, respectively.

Customer Deposits
Customer deposits are primarily comprised of unredeemed gift cards and merchandise credits and deferred revenue related to undelivered merchandise. We maintain a liability for unredeemed gift cards and merchandise credits until the earlier of redemption, escheatment or four years as we have concluded that the likelihood of our gift cards being redeemed beyond four years from the date of issuance is remote. Income from unredeemed gift cards and merchandise credits, which is recorded in other income within selling, general and administrative expense, is not material to our consolidated financial statements. Our gift cards and merchandise credits have no expiration dates.

Deferred Rent and Lease Incentives
For leases that contain fixed escalations of the minimum annual lease payment during the original term of the lease, we recognize rental expense on a straight-line basis over the lease term, including the construction period, and record the difference between rent expense and the amount currently payable as deferred rent. Deferred lease incentives include construction allowances received from landlords, which are amortized on a straight-line basis over the lease term, including the construction period.

Fair Value of Financial Instruments
The carrying values of cash and cash equivalents, accounts receivable, accounts payable and debt approximate their estimated fair values. We use derivative instruments to hedge against foreign currency exchange rate fluctuations. The assets or liabilities associated with our derivative financial instruments are recorded at fair value in either other current assets or other current liabilities. The fair value of our foreign currency derivative instruments is measured using the income approach whereby we use observable market data at the measurement date and standard valuation techniques to convert future amounts to a single present value amount. These observable inputs include spot rates, forward rates, interest rates and credit derivative market rates (refer to Notes M and N for additional information).

Revenue Recognition
We recognize revenues and the related cost of goods sold (including shipping costs) at the time the products are delivered to our customers. Revenue is recognized for retail sales (excluding home-delivered merchandise) at the point of sale in the store and, for home-delivered merchandise and e-commerce sales, when the merchandise is delivered to the customer. Discounts provided to customers are accounted for as a reduction of sales. We record a reserve for estimated product returns in each reporting period. Shipping and handling fees charged to the customer are recognized as revenue at the time the products are delivered to the customer. Revenues are presented net of any taxes collected from customers and remitted to governmental authorities.

Sales Returns Reserve
Our customers may return purchased items for an exchange or refund. We record a reserve for estimated product returns, net of cost of goods sold, based on historical return trends together with current product sales performance. A summary of activity in our sales returns reserve is as follows:

In thousands	Fiscal 2015[1]	Fiscal 2014[1]	Fiscal 2013[1]
Balance at beginning of year	$ 14,782	$ 15,954	$ 14,397
Provision for sales returns	321,421	311,911	293,929
Actual sales returns	(317,090)	(313,083)	(292,372)
Balance at end of year	$ 19,113	$ 14,782	$ 15,954

[1] *Amounts are shown net of cost of goods sold.*

Vendor Allowances
We receive allowances or credits from certain vendors for volume rebates. We treat such volume rebates as an offset to the cost of the product or services provided at the time the expense is recorded. These allowances and credits received are recorded in both cost of goods sold and in selling, general and administrative expenses.

Cost of Goods Sold
Cost of goods sold includes cost of goods, occupancy expenses and shipping costs. Cost of goods consists of cost of merchandise, inbound freight expenses, freight-to-store expenses and other inventory related costs such as shrinkage, damages and replacements. Occupancy expenses consist of rent, depreciation and other occupancy costs, including common area maintenance, property taxes and utilities. Shipping costs consist of third party delivery services and shipping materials.

Selling, General and Administrative Expenses
Selling, general and administrative expenses consist of non-occupancy related costs associated with our retail stores, distribution warehouses, customer care centers, supply chain operations (buying, receiving and inspection) and corporate administrative functions. These costs include employment, advertising, third party credit card processing and other general expenses.

Stock-Based Compensation
We account for stock-based compensation arrangements by measuring and recognizing compensation expense in our Consolidated Financial Statements for all stock-based awards using a fair value based method. Restricted

stock units are valued using the closing price of our stock on the date prior to the date of grant. The fair value of each stock-based award is amortized over the requisite service period.

Foreign Currency Translation
Some of our foreign operations have a functional currency other than the U.S. dollar. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect at the balance sheet date, while revenues and expenses are translated at the average exchange rates during the period. The resulting translation adjustments are recorded as other comprehensive income within stockholders' equity. Gains and losses are included in selling, general and administrative expenses (except for those discussed in Note M).

Earnings Per Share
Basic earnings per share is computed as net earnings divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed as net earnings divided by the weighted average number of common shares outstanding for the period plus common stock equivalents. Common stock equivalents consist of shares subject to stock-based awards with exercise prices less than or equal to the average market price of our common stock for the period, to the extent their inclusion would be dilutive.

Income Taxes
Income taxes are accounted for using the asset and liability method. Under this method, deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in our Consolidated Financial Statements. We record reserves for our estimates of the additional income tax liability that is more likely than not to result from the ultimate resolution of foreign and domestic tax examinations. At any one time, many tax years are subject to examination by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. We review and update the estimates used in the accrual for uncertain tax positions as more definitive information becomes available from taxing authorities, upon completion of tax examination, upon expiration of statutes of limitation, or upon occurrence of other events.

In order to compute income tax on an interim basis, we estimate what our effective tax rate will be for the full fiscal year and adjust these estimates throughout the year as necessary. Adjustments to our income tax provision due to changes in our estimated effective tax rate are recorded in the interim period in which the change occurs. The tax expense (or benefit) related to items other than ordinary income is individually computed and recognized when the items occur. Our effective tax rate in a given financial statement period may be materially impacted by changes in the mix and level of our earnings in various taxing jurisdictions.

New Accounting Pronouncements
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, to clarify the principles of recognizing revenue and create common revenue recognition guidance between U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. In addition, in March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations*. The amendments are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations. These ASUs are effective retrospectively for fiscal years and interim periods within those years beginning after December 15, 2017. We are currently assessing the potential impact of these ASUs on our Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, which requires entities to present both deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. This ASU is effective for fiscal years and interim periods within those years beginning after

December 15, 2016; however, early adoption is permitted. We early adopted this ASU prospectively and have presented both deferred tax assets and deferred tax liabilities as noncurrent in our Consolidated Balance Sheet as of January 31, 2016. Prior balance sheets have not been retrospectively adjusted. For the significant components of our deferred tax accounts, see Note D.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which revises an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. This ASU is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017. We are currently assessing the potential impact of this ASU on our Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than short-term leases). This ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2018. We are currently assessing the potential impact of this ASU on our Consolidated Financial Statements.

Note B: Property and Equipment

Property and equipment consists of the following:

In thousands	Jan. 31, 2016	Feb. 1, 2015
Leasehold improvements	$ 861,852	$ 852,372
Fixtures and equipment	714,911	691,001
Capitalized software	455,954	431,259
Land and buildings	172,782	192,841
Corporate systems projects in progress [1]	115,296	91,885
Construction in progress [2]	20,325	10,119
Total	2,341,120	2,269,477
Accumulated depreciation	(1,454,307)	(1,386,465)
Property and equipment, net	$ 886,813	$ 883,012

[1] *Corporate systems projects in progress as of January 31, 2016 and February 1, 2015 include approximately $77.6 million and $56.8 million, respectively, for the portion of our new inventory and order management system currently under development and not ready for its intended use.*

[2] *Construction in progress primarily consists of leasehold improvements and furniture and fixtures related to new, expanded or remodeled retail stores where construction had not been completed as of year-end.*

Note C: Borrowing Arrangements

Long-term debt consists of the following:

In thousands	Jan. 31, 2016	Feb. 1, 2015
Memphis-based distribution facility obligation (see Note F)	$ —	$ 1,968

Credit Facility

We have a $500,000,000 unsecured revolving line of credit ("credit facility") that may be used to borrow revolving loans or request the issuance of letters of credit. We may, upon notice to the administrative agent, request existing or new lenders to increase the credit facility by up to $250,000,000, at such lenders' option, to provide for a total of $750,000,000 of unsecured revolving credit. As of January 31, 2016, we were in compliance with our financial covenants under the credit facility and based on current projections, we expect to remain in compliance throughout fiscal 2016. The credit facility matures on November 19, 2019, at which time all outstanding borrowings must be repaid and all outstanding letters of credit must be cash collateralized.

We may elect interest rates calculated at (i) Bank of America's prime rate (or, if greater, the average rate on overnight federal funds plus one-half of one percent, or a rate based on LIBOR plus one percent) plus a margin based on our leverage ratio or (ii) LIBOR plus a margin based on our leverage ratio. During fiscal 2015, we had borrowings of $200,000,000 under the credit facility (at a weighted average interest rate of 1.11%), all of which were repaid in the fourth quarter of fiscal 2015, and no amounts were outstanding as of January 31, 2016. During fiscal 2014, we had borrowings of $90,000,000 under the credit facility (at a weighted average interest rate of 1.05%), all of which were repaid in the fourth quarter of fiscal 2014, and no amounts were outstanding as of February 1, 2015. Additionally, as of January 31, 2016, $13,367,000 in issued but undrawn standby letters of credit was outstanding under the credit facility. The standby letters of credit were issued to secure the liabilities associated with workers' compensation and other insurance programs.

Letter of Credit Facilities
We have three unsecured letter of credit reimbursement facilities for a total of $70,000,000, each of which matures on August 27, 2016. The letter of credit facilities contain covenants that are consistent with our unsecured revolving line of credit. Interest on unreimbursed amounts under the letter of credit facilities accrues at the lender's prime rate (or, if greater, the average rate on overnight federal funds plus one-half of one percent) plus 2.0%. As of January 31, 2016, an aggregate of $6,088,000 was outstanding under the letter of credit facilities, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. The latest expiration possible for any future letters of credit issued under the facilities is January 24, 2017.

Note D: Income Taxes

The components of earnings before income taxes, by tax jurisdiction, are as follows:

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
United States	$ 462,701	$ 482,739	$ 448,764
Foreign	25,306	19,464	3,918
Total earnings before income taxes	$ 488,007	$ 502,203	$ 452,682

The provision for income taxes consists of the following:

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
Current			
Federal	$ 156,812	$ 157,227	$ 173,686
State	22,969	31,959	25,748
Foreign	5,594	4,411	2,690
Total current	185,375	193,597	202,124
Deferred			
Federal	(6,093)	2,719	(26,324)
State	1,258	(2,547)	(1,277)
Foreign	(2,601)	(420)	(743)
Total deferred	(7,436)	(248)	(28,344)
Total provision	$ 177,939	$ 193,349	$ 173,780

We have historically elected not to provide for U.S. income taxes with respect to the undistributed earnings of our foreign subsidiaries as we intended to utilize those earnings in our foreign operations for an indefinite period of time. As of January 31, 2016, the accumulated undistributed earnings of all foreign subsidiaries were approximately $66,500,000 and are sufficient to support our anticipated future cash needs for our foreign operations. We currently intend to utilize those undistributed earnings for an indefinite period of time and will only repatriate such earnings when it is tax effective to do so. If we did not consider these earnings to be indefinitely reinvested, the deferred tax liability would have been in the range of $8,000,000 to $12,000,000 at January 31, 2016.

A reconciliation of income taxes at the federal statutory corporate rate to the effective rate is as follows:

	Fiscal 2015	Fiscal 2014	Fiscal 2013
Federal income taxes at the statutory rate	35.0%	35.0%	35.0%
State income tax rate	3.2%	4.0%	3.7%
Other	(1.7%)	(0.5%)	(0.3%)
Effective tax rate	36.5%	38.5%	38.4%

Significant components of our deferred tax accounts are as follows:

Deferred tax assets (liabilities), in thousands	Jan. 31, 2016	Feb. 1, 2015
Customer deposits	$ 64,742	$ 60,989
Merchandise inventories	31,752	30,328
Stock-based compensation	21,365	19,857
Deferred rent	19,952	18,925
Accrued liabilities	17,028	28,866
Compensation	15,776	15,968
State taxes	6,723	7,061
Executive deferral plan	6,003	5,437
Deferred lease incentives	(36,475)	(37,098)
Prepaid catalog expenses	(10,883)	(12,753)
Depreciation	(4,527)	(9,888)
Other	11,451	8,759
Valuation allowance	(1,123)	(1,568)
Total deferred tax assets, net	$ 141,784	$ 134,883

As of January 31, 2016, we adopted ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. We have adopted this ASU prospectively and have presented both deferred tax assets and deferred tax liabilities as noncurrent in our Consolidated Balance Sheet as of January 31, 2016. Prior balance sheets have not been retrospectively adjusted (see Note A).

The following table summarizes the activity related to our gross unrecognized tax benefits:

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
Balance at beginning of year	$ 14,359	$ 10,765	$ 8,990
Increases related to current year's tax positions	2,765	3,093	3,351
Increases related to prior years' tax positions	101	2,007	328
Decreases related to prior years' tax positions	(341)	(138)	(42)
Settlements	(2,912)	(1,144)	(170)
Lapses in statute of limitations	(682)	(224)	(1,692)
Balance at end of year	$ 13,290	$ 14,359	$ 10,765

As of January 31, 2016, we had $13,290,000 of gross unrecognized tax benefits, of which $8,948,000 would, if recognized, affect the effective tax rate.

We accrue interest and penalties related to unrecognized tax benefits in the provision for income taxes. As of January 31, 2016 and February 1, 2015, our accruals for the payment of interest and penalties totaled $2,649,000 and $2,412,000, respectively, primarily related to the payment of interest.

Due to the potential resolution of state issues, it is reasonably possible that the balance of our gross unrecognized tax benefits could decrease within the next twelve months by a range of $0 to $2,100,000.

We file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Internal Revenue Service (IRS) has concluded examination of our U.S. federal income tax returns for years prior to fiscal 2011 without any significant adjustments. Substantially all material state, local and foreign income tax examinations have been concluded through fiscal 2004.

Note E: Accounting for Leases

Operating Leases
We lease store locations, distribution centers, customer care centers, corporate facilities and certain equipment for original terms ranging generally from 3 to 22 years. Certain leases contain renewal options for periods up to 20 years. The rental payments for our store leases are typically structured as either: minimum rent; rent based on a percentage of store sales; minimum rent plus additional rent based on a percentage of store sales; or rent based on a percentage of store sales if a specified store sales threshold or contractual obligation of the landlord has not been met. Contingent rental payments, including rental payments that are based on a percentage of sales, cannot be predicted with certainty at the onset of the lease term. Accordingly, such contingent rental payments are recorded as incurred each period and are excluded from our calculation of deferred rent liability.

Total rent expense for all operating leases was as follows:

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
Rent expense	$ 224,564	$ 215,221	$ 201,727
Contingent rent expense	33,985	32,699	34,608
Rent expense before deferred lease incentive income	258,549	247,920	236,335
Deferred lease incentive income	(24,679)	(24,420)	(25,385)
Less: sublease rental income	(608)	(560)	(536)
Total rent expense[1]	$ 233,262	$ 222,940	$ 210,414

[1] *Excludes all other occupancy-related costs including depreciation, common area maintenance, property taxes and utilities.*

The aggregate future minimum annual cash rental payments under non-cancelable operating leases in effect at January 31, 2016 were as follows:

In thousands	Lease Commitments[1]
Fiscal 2016	$ 257,805
Fiscal 2017	242,036
Fiscal 2018	218,381
Fiscal 2019	197,055
Fiscal 2020	168,046
Thereafter	650,585
Total	$ 1,733,908

[1] *Projected cash payments include only those amounts that are fixed and determinable as of the reporting date and are not necessarily representative of future expected rent expense. We currently pay rent for certain store locations based on a percentage of store sales. As future store sales cannot be predicted with certainty, projected payments for these locations are based on minimum rent, which is generally higher than rent based on a percentage of store sales. We incur other lease obligation expenses, such as common area maintenance and other executory costs, which are not fixed in nature and are thus not included in the future projected cash payments reflected above. In addition, projected cash payments do not include any benefit from deferred lease incentive income, which is reflected within "Total rent expense" above.*

Note F: Memphis-Based Distribution Facilities

Our Memphis-based distribution facility includes an operating lease entered into in August 1990 for a distribution facility in Memphis, Tennessee. The lessor is a general partnership comprised of the estate of W. Howard Lester, our former Chairman of the Board and Chief Executive Officer, and the estate of James A. McMahan, a former Director Emeritus and significant stockholder, and two unrelated parties. The partnership does not have operations separate from the leasing of this distribution facility and does not have lease agreements with any unrelated third parties. The terms of the lease automatically renewed until the bonds that financed the construction of the facility were fully repaid during the second quarter of fiscal 2015. Simultaneously, we entered into an agreement with the partnership to lease the facility through July 2017. We made annual rental payments of approximately $3,050,000, $2,432,000 and $2,448,000 including applicable taxes, insurance and maintenance expenses in fiscal 2015, fiscal 2014 and fiscal 2013, respectively.

Prior to August 2, 2015, the partnership described above qualified as a variable interest entity and was consolidated by us due to its related party relationship and our obligation to renew the lease until the bonds were fully repaid. Accordingly, as of August 2, 2015, this facility was no longer being consolidated by us.

Note G: Earnings Per Share

The following is a reconciliation of net earnings and the number of shares used in the basic and diluted earnings per share computations:

In thousands, except per share amounts	Net Earnings	Weighted Average Shares	Earnings Per Share
Fiscal 2015			
Basic	$ 310,068	90,787	$ 3.42
Effect of dilutive stock-based awards		1,315	
Diluted	$ 310,068	92,102	$ 3.37
Fiscal 2014			
Basic	$ 308,854	93,634	$ 3.30
Effect of dilutive stock-based awards		1,566	
Diluted	$ 308,854	95,200	$ 3.24
Fiscal 2013			
Basic	$ 278,902	96,669	$ 2.89
Effect of dilutive stock-based awards		2,096	
Diluted	$ 278,902	98,765	$ 2.82

Stock-based awards of 12,000 and 21,000 were excluded from the computation of diluted earnings per share in fiscal 2015 and fiscal 2014, respectively, as their inclusion would be anti-dilutive. There were no stock-based awards excluded from the computation of diluted earnings per share in fiscal 2013.

Note H: Stock-Based Compensation

Equity Award Programs

Our Amended and Restated 2001 Long-Term Incentive Plan (the “Plan”) provides for grants of incentive stock options, nonqualified stock options, stock-settled stock appreciation rights (collectively, “option awards”), restricted stock awards, restricted stock units (including those that are performance-based), deferred stock awards (collectively, “stock awards”) and dividend equivalents up to an aggregate of 32,310,000 shares. As of January 31, 2016, there were approximately 9,439,000 shares available for future grant. Awards may be granted under the Plan to officers, employees and non-employee members of the board of directors of the company (the “Board”) or any parent or subsidiary. Shares issued as a result of award exercises or releases are primarily funded with the issuance of new shares.

Option Awards

Annual grants of option awards are limited to 1,000,000 shares on a per person basis and have a maximum term of seven years. The exercise price of these option awards is not less than 100% of the closing price of our stock on the day prior to the grant date. Option awards granted to employees generally vest evenly over a period of four years for service-based awards. Certain option awards contain vesting acceleration clauses resulting from events including, but not limited to, retirement, merger or a similar corporate event.

Stock Awards

Annual grants of stock awards are limited to 1,000,000 shares on a per person basis. Stock awards granted to employees generally vest evenly over a period of four years for service-based awards. Certain performance-based awards, which have variable payout conditions based on predetermined financial targets, vest three years from the date of grant. Certain stock awards and other agreements contain vesting acceleration clauses resulting from events including, but not limited to, retirement, merger or a similar corporate event. Stock awards granted to non-employee Board members generally vest in one year. Non-employee Board members automatically receive stock awards on the date of their initial election to the Board and annually thereafter on the date of the annual meeting of stockholders (so long as they continue to serve as a non-employee Board member).

Stock-Based Compensation Expense

During fiscal 2015, fiscal 2014 and fiscal 2013, we recognized total stock-based compensation expense, as a component of selling, general and administrative expenses, of $41,357,000, $44,632,000 and $38,788,000, respectively. As of January 31, 2016, there was $52,481,000 of unrecognized stock-based compensation expense (net of estimated forfeitures), which we expect to recognize on a straight-line basis over a weighted average remaining service period of approximately two years. At each reporting period, all compensation expense attributable to vested awards has been fully recognized.

Stock Options

The following table summarizes our stock option activity during fiscal 2015:

	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term Remaining (Years)	Intrinsic Value[1]
Balance at February 1, 2015 (100% vested)	107,000	$ 39.05		
Granted	—	—		
Exercised	(68,500)	$ 38.64		
Cancelled	—	—		
Balance at January 31, 2016 (100% vested)	38,500	$ 39.80	0.31	$457,000

[1] Intrinsic value for outstanding and vested options is based on the excess of the market value of our common stock on the last business day of the fiscal year (or $51.66) over the exercise price.

No stock options were granted in fiscal 2015, fiscal 2014 or fiscal 2013. The total intrinsic value of stock options exercised was $2,722,000 for fiscal 2015, $3,564,000 for fiscal 2014 and $3,834,000 for fiscal 2013. Intrinsic value for options exercised is based on the excess of the market value over the exercise price on the date of exercise.

Stock-Settled Stock Appreciation Rights

A stock-settled stock appreciation right is an award that allows the recipient to receive common stock equal to the appreciation in the fair market value of our common stock between the grant date and the conversion date for the number of shares converted.

The following table summarizes our stock-settled stock appreciation right activity during fiscal 2015:

	Shares	Weighted Average Conversion Price[1]	Weighted Average Contractual Term Remaining (Years)	Intrinsic Value[2]
Balance at February 1, 2015	1,159,948	$ 29.36		
Granted	—	—		
Converted into common stock	(521,913)	31.26		
Cancelled	(3,426)	35.10		
Balance at January 31, 2016 (100% vested)	634,609	$ 27.76	2.23	$15,165,000

[1] Conversion price is equal to the market value on the date of grant.

[2] Intrinsic value for outstanding and vested rights is based on the excess of the market value of our common stock on the last business day of the fiscal year (or $51.66) over the conversion price.

No stock-settled stock appreciation rights were granted in fiscal 2015, fiscal 2014 or fiscal 2013. The total intrinsic value of awards converted to common stock was $24,465,000 for fiscal 2015, $26,837,000 for fiscal 2014 and $18,046,000 for fiscal 2013. Intrinsic value for conversions is based on the excess of the market value on the date of conversion over the conversion price.

Restricted Stock Units

The following table summarizes our restricted stock unit activity during fiscal 2015:

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Contractual Term Remaining (Years)	Intrinsic Value[1]
Balance at February 1, 2015	2,313,477	$ 52.47		
Granted	821,072	76.19		
Released	(656,452)	51.34		
Cancelled	(189,139)	57.45		
Balance at January 31, 2016	2,288,958	$ 60.89	2.50	$118,248,000
Vested plus expected to vest at January 31, 2016	1,436,810	$ 61.20	2.35	$ 74,226,000

[1] *Intrinsic value for outstanding and unvested restricted stock units is based on the market value of our common stock on the last business day of the fiscal year (or $51.66).*

The following table summarizes additional information about restricted stock units:

	Fiscal 2015	Fiscal 2014	Fiscal 2013
Weighted average grant date fair value per share of awards granted	$ 76.19	$ 63.18	$ 53.59
Intrinsic value of awards released[1]	$50,773,000	$101,189,000	$24,568,000

[1] *Intrinsic value for releases is based on the market value on the date of release.*

Tax Effect

We present tax benefits resulting from the settlement of stock-based awards as operating cash flows in our Consolidated Statements of Cash Flows. Tax deductions in excess of the cumulative compensation cost recognized for stock-based awards settled are presented as a financing cash inflow and an operating cash outflow. During fiscal 2015, fiscal 2014 and fiscal 2013, net proceeds related to stock-based awards was $2,647,000, $4,077,000 and $6,614,000, respectively, and the current tax benefit related to stock-based awards totaled $30,352,000, $52,798,000 and $17,940,000, respectively.

Note I: Williams-Sonoma, Inc. 401(k) Plan and Other Employee Benefits

We have a defined contribution retirement plan, the Williams-Sonoma, Inc. 401(k) Plan (the “401(k) Plan”), which is intended to be qualified under Internal Revenue Code sections 401(a), 401(k), 401(m) and 4975(e)(7). The 401(k) Plan permits eligible employees to make salary deferral contributions up to 75% of their eligible compensation each pay period (7% for highly-compensated employees). Employees designate the funds in which their contributions are invested. Each participant may choose to have his or her salary deferral contributions and earnings thereon invested in one or more investment funds, including our company stock fund.

Our matching contribution is equal to 50% of each participant’s salary deferral contribution, taking into account only those contributions that do not exceed 6% of the participant’s eligible pay for the pay period. Each participant’s matching contribution is earned on a semi-annual basis with respect to eligible salary deferrals for those employees that are employed with the company on June 30th or December 31st of the year in which the deferrals are made. Each associate must complete one year of service prior to receiving company matching contributions. For the first five years of the participant’s employment, all matching contributions vest at the rate of 20% per year of service, measuring service from the participant’s hire date. Thereafter, all matching contributions vest immediately. Our contributions to the plan were $6,915,000, $6,038,000 and $5,538,000 in fiscal 2015, fiscal 2014 and fiscal 2013, respectively.

The 401(k) Plan consists of two parts: a profit sharing plan portion and a stock bonus plan/employee stock ownership plan (the "ESOP"). The ESOP portion is the portion that is invested in the Williams-Sonoma, Inc. Stock Fund. The profit sharing and ESOP components of the 401(k) Plan are considered a single plan under Internal Revenue Code section 414(l).

We also have a nonqualified executive deferred compensation plan that provides supplemental retirement income benefits for a select group of management. This plan permits eligible employees to make salary and bonus deferrals that are 100% vested. We have an unsecured obligation to pay in the future the value of the deferred compensation adjusted to reflect the performance, whether positive or negative, of selected investment measurement options chosen by each participant during the deferral period. As of January 31, 2016 and February 1, 2015, $15,929,000 and $14,446,000, respectively, is included in other long-term obligations related to these deferred compensation liabilities. Additionally, we have purchased life insurance policies on certain participants to potentially offset these unsecured obligations. The cash surrender value of these policies was $17,112,000 and $17,422,000 as of January 31, 2016 and February 1, 2015, respectively, and is included in other assets, net.

Form 10-K

Note J: Commitments and Contingencies

We are involved in lawsuits, claims and proceedings incident to the ordinary course of our business. These disputes, which are not currently material, are increasing in number as our business expands and our company grows larger. We review the need for any loss contingency reserves and establish reserves when, in the opinion of management, it is probable that a matter would result in liability, and the amount of loss, if any, can be reasonably estimated. In view of the inherent difficulty of predicting the outcome of these matters, it may not be possible to determine whether any loss is probable or to reasonably estimate the amount of the loss until the case is close to resolution, in which case no reserve is established until that time. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources. The results of these lawsuits, claims and proceedings cannot be predicted with certainty. However, we believe that the ultimate resolution of these current matters will not have a material adverse effect on our consolidated financial statements taken as a whole.

Note K: Stock Repurchase Program and Dividends

During fiscal 2015, we repurchased 2,950,438 shares of our common stock at an average cost of $76.26 per share and a total cost of approximately $224,995,000 under our $750,000,000 stock repurchase program. In addition, in March 2016, we announced that our Board of Directors had authorized a new stock repurchase program to purchase up to $500,000,000 of our common stock that we intend to execute over the next three years. As of January 31, 2016, we held treasury stock of $1,906,000 which represents the cost of shares available for issuance in certain foreign jurisdictions as a result of future stock-based award settlements.

During fiscal 2014, we repurchased 3,331,557 shares of our common stock at an average cost of $67.35 per share and a total cost of approximately $224,377,000. During fiscal 2013, we repurchased 4,344,962 shares of our common stock at an average cost of $55.07 per share and a total cost of approximately $239,274,000.

Stock repurchases under these programs may be made through open market and privately negotiated transactions at times and in such amounts as management deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, capital availability and other market conditions. The stock repurchase programs do not have an expiration date and may be limited or terminated at any time without prior notice.

Total cash dividends declared in fiscal 2015, fiscal 2014 and fiscal 2013, were approximately $130,290,000, or $1.40 per common share, $125,378,000, or $1.32 per common share and $121,688,000, or $1.24 per common share, respectively. In March 2016, we announced that our Board of Directors had authorized a 6% increase in our quarterly cash dividend, from $0.35 to $0.37 per common share, subject to capital availability. Our quarterly cash dividend may be limited or terminated at any time.

Note L: Segment Reporting

We have two reportable segments, e-commerce and retail. The e-commerce segment has the following merchandising strategies: Williams-Sonoma, Pottery Barn, Pottery Barn Kids, West Elm, PBteen, Williams-Sonoma Home, Rejuvenation and Mark and Graham, which sell our products through our e-commerce websites and direct-mail catalogs. Our e-commerce merchandising strategies are operating segments, which have been aggregated into one reportable segment, e-commerce. The retail segment has the following merchandising strategies: Williams-Sonoma, Pottery Barn, Pottery Barn Kids, West Elm and Rejuvenation, which sell our products through our retail stores. Our retail merchandising strategies are operating segments, which have been aggregated into one reportable segment, retail. Management's expectation is that the overall economic characteristics of each of our operating segments will be similar over time based on management's judgment that the operating segments have had similar historical economic characteristics and are expected to have similar long-term financial performance in the future.

These reportable segments are strategic business units that offer similar products for the home. They are managed separately because the business units utilize two distinct distribution and marketing strategies. Based on management's best estimate, our operating segments include allocations of certain expenses, including advertising and employment costs, to the extent they have been determined to benefit both channels. These operating segments are aggregated at the channel level for reporting purposes due to the fact that our brands are interdependent for economies of scale and we do not maintain fully allocated income statements at the brand level. As a result, material financial decisions related to the brands are made at the channel level. Furthermore, it is not practicable for us to report revenue by product group.

We use operating income to evaluate segment profitability. Operating income is defined as earnings (loss) before net interest income (expense) and income taxes. Unallocated costs before interest and income taxes include corporate employee-related costs, occupancy expenses (including depreciation expense), administrative costs and third party service costs, primarily in our corporate administrative and systems departments. Unallocated assets include corporate cash and cash equivalents, deferred income taxes, the net book value of corporate facilities and related information systems, and other corporate long-lived assets.

Income tax information by reportable segment has not been included as income taxes are calculated at a company-wide level and are not allocated to each reportable segment.

Segment Information

In thousands	E-commerce	Retail	Unallocated	Total
Fiscal 2015				
Net revenues[1]	$ 2,522,580	$ 2,453,510	$ —	$ 4,976,090
Depreciation and amortization expense	32,056	83,027	52,677	167,760
Operating income	562,081	239,288	(312,735)	488,634
Assets[2]	625,951	1,049,892	741,584	2,417,427
Capital expenditures	22,293	102,717	77,925	202,935
Fiscal 2014				
Net revenues[1]	$ 2,370,694	$ 2,328,025	$ —	$ 4,698,719
Depreciation and amortization expense	32,116	80,154	50,003	162,273
Operating income	560,396	248,535	(306,666)	502,265
Assets[2]	600,503	1,028,293	701,481	2,330,277
Capital expenditures	41,633	97,247	65,920	204,800
Fiscal 2013				
Net revenues[1]	$ 2,115,022	$ 2,272,867	$ —	$ 4,387,889
Depreciation and amortization expense	25,588	78,423	45,784	149,795
Operating income	502,143	248,894	(298,939)	452,098
Assets[2]	517,086	975,994	843,654	2,336,734
Capital expenditures	38,195	89,331	66,427	193,953

[1] *Includes net revenues related to our international operations (including our operations in Canada, Australia, the United Kingdom and our franchise businesses) of approximately $298.9 million, $235.8 million and $215.5 million in fiscal 2015, fiscal 2014 and fiscal 2013, respectively.*

[2] *Includes long-term assets related to our international operations of approximately $61.7 million, $58.3 million and $61.4 million in fiscal 2015, fiscal 2014 and fiscal 2013, respectively.*

Note M: Derivative Financial Instruments

We have retail and/or e-commerce businesses in Canada, Australia and the United Kingdom, and operations throughout Asia and Europe, which expose us to market risk associated with foreign currency exchange rate fluctuations. Substantially all of our purchases and sales are denominated in U.S. dollars, which limits our exposure to this risk. To mitigate this risk, we hedge a portion of our foreign currency exposure with foreign currency forward contracts in accordance with our risk management policies. We do not enter into such contracts for speculative purposes.

The assets or liabilities associated with the derivative instruments are measured at fair value and recorded in either other current assets or other current liabilities. As discussed below, the accounting for gains and losses resulting from changes in fair value depends on whether the derivative instrument is designated as a hedge and qualifies for hedge accounting in accordance with the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*.

Cash Flow Hedges

We enter into foreign currency forward contracts designated as cash flow hedges (to sell Canadian dollars and purchase U.S. dollars) for forecasted inventory purchases in U.S. dollars by our foreign subsidiaries. These hedges generally have terms of up to 12 months. All hedging relationships are formally documented, and the forward contracts are designed to mitigate foreign currency exchange risk on hedged transactions. We record the effective portion of changes in the fair value of our cash flow hedges in other comprehensive income ("OCI") until the earlier of when the hedged forecasted inventory purchase occurs or the respective contract reaches maturity. Subsequently, as the inventory is sold to the customer, we reclassify amounts previously recorded in OCI to cost of goods sold. Changes in the fair value of the forward contract related to interest charges (or forward points) are excluded from the assessment and measurement of hedge effectiveness and are recorded immediately in other income (expense), net. Based on the rates in effect as of January 31, 2016, we expect to reclassify a net gain of approximately $1,171,000 from OCI to cost of goods sold over the next 12 months.

We also enter into non-designated foreign currency forward contracts (to sell Australian dollars and purchase U.S. dollars) to reduce the exchange risk associated with our assets and liabilities denominated in a foreign currency. Any foreign exchange gains (losses) related to these contracts are recognized in other income (expense), net.

As of January 31, 2016, and February 1, 2015, we had foreign currency forward contracts outstanding (in U.S. dollars) with notional values as follows:

In thousands	Jan. 31, 2016	Feb. 1, 2015
Contracts designated as cash flow hedges	$ 24,500	$ 15,900
Contracts not designated as cash flow hedges	$ 40,000	$ 21,000

Hedge effectiveness is evaluated prospectively at inception, on an ongoing basis, as well as retrospectively using regression analysis. Any measureable ineffectiveness of the hedge is recorded in other income (expense), net. No gain or loss was recognized for cash flow hedges due to hedge ineffectiveness and all hedges were deemed effective for assessment purposes for fiscal 2015, fiscal 2014 and fiscal 2013.

The effect of derivative instruments in our Consolidated Financial Statements, pre tax, was as follows:

In thousands	Fiscal 2015	Fiscal 2014	Fiscal 2013
Net gain recognized in OCI	$ 1,454	$ 1,153	$ 870
Net gain reclassified from OCI into cost of goods sold	$ 1,605	$ 573	$ 129
Net foreign exchange gain (loss) recognized in other income (expense):			
Instruments designated as cash flow hedges[1]	$ (66)	$ (155)	$ (109)
Instruments not designated or de-designated[2]	$ 2,838	$ (1,795)	$ 906

[1] *Changes in fair value of the forward contract related to interest charges (or forward points).*

[2] *Changes in fair value for instruments not designated as cash flow hedges as well as de-designated instruments.*

The fair values of our derivative financial instruments are presented below. All fair values were measured using Level 2 inputs as defined by the fair value hierarchy described in Note N.

In thousands	Balance sheet location	Jan. 31, 2016	Feb. 1, 2015
Derivatives designated as hedging instruments:			
Cash flow hedge foreign currency forward contracts	Other current assets	$ 866	$ 1,015
Cash flow hedge foreign currency forward contracts	Other current liabilities	(115)	(9)
Total, net		$ 751	$ 1,006
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Other current assets	$ —	$ 427
Foreign currency forward contracts	Other current liabilities	(471)	—
Total, net		$ (471)	$ 427

We record all derivative assets and liabilities on a gross basis. They do not meet the balance sheet netting criteria as discussed in ASC 210, *Balance Sheet*, because we do not have master netting agreements established with our derivative counterparties that would allow for net settlement.

Note N: Fair Value Measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

We determine the fair value of financial and non-financial assets and liabilities using the fair value hierarchy established by ASC 820, *Fair Value Measurement*, which defines three levels of inputs that may be used to measure fair value, as follows:

- Level 1: inputs which include quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs which include observable inputs other than Level 1 inputs, such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability; and
- Level 3: inputs which include unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the underlying asset or liability.

The fair values of our cash and cash equivalents are based on Level 1 inputs, which include quoted prices in active markets for identical assets.

Foreign Currency Derivatives and Hedging Instruments
We use the income approach to value our derivatives using observable Level 2 market data at the measurement date and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated but not compelled to transact. Level 2 inputs are limited to quoted prices that are observable for the assets and liabilities, which include interest rates and credit risk ratings. We use mid-market pricing as a practical expedient for fair value measurements. Key inputs for currency derivatives are the spot rates, forward rates, interest rates and credit derivative market rates.

The counterparties associated with our foreign currency forward contracts are large credit-worthy financial institutions, and the derivatives transacted with these entities are relatively short in duration, therefore, we do not consider counterparty concentration and non-performance to be material risks at this time. Both we and our counterparties are expected to perform under the contractual terms of the instruments. None of the derivative contracts entered into are subject to credit risk-related contingent features or collateral requirements.

Property and Equipment
We review the carrying value of all long-lived assets for impairment, primarily at a store level, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We measure these assets at fair value on a nonrecurring basis using Level 3 inputs as defined in the fair value hierarchy. The fair value is based on the present value of estimated future cash flows using a discount rate that approximates our weighted average cost of capital.

There were no transfers between Level 1, 2 or 3 categories during fiscal 2015 and fiscal 2014.

Note O. Accumulated Other Comprehensive Income

Changes in accumulated other comprehensive income (loss) by component, net of tax, are as follows:

In thousands	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
Balance at February 3, 2013	$ 13,633	$ —	$ 13,633
Foreign currency translation adjustments	(7,850)	—	(7,850)
Change in fair value of derivative financial instruments	—	870	870
Reclassification adjustment for realized gains on derivative financial instruments[1]	—	(129)	(129)
Other comprehensive income (loss)	(7,850)	741	(7,109)
Balance at February 2, 2014	5,783	741	6,524
Foreign currency translation adjustments	(9,305)	—	(9,305)
Change in fair value of derivative financial instruments	—	806	806
Reclassification adjustment for realized gains on derivative financial instruments[1]	—	(573)	(573)
Other comprehensive income (loss)	(9,305)	233	(9,072)
Balance at February 1, 2015	(3,522)	974	(2,548)
Foreign currency translation adjustments	(7,958)	—	(7,958)
Change in fair value of derivative financial instruments	—	1,074	1,074
Reclassification adjustment for realized gains on derivative financial instruments[1]	—	(1,184)	(1,184)
Other comprehensive income (loss)	(7,958)	(110)	(8,068)
Balance at January 31, 2016	$ (11,480)	$ 864	$ (10,616)

[1] *Refer to Note M for additional disclosures about reclassifications out of accumulated other comprehensive income and their corresponding effects on the respective line items in the Consolidated Statements of Earnings.*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Williams-Sonoma, Inc.:

We have audited the accompanying consolidated balance sheets of Williams-Sonoma, Inc. and subsidiaries (the "Company") as of January 31, 2016 and February 1, 2015, and the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 31, 2016. We also have audited the Company's internal control over financial reporting as of January 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control Over Financial Reporting." Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Williams-Sonoma, Inc. and subsidiaries as of January 31, 2016 and February 1, 2015, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note A to the consolidated financial statements, the Company changed its method of accounting for deferred income taxes in 2015 due to the adoption of ASU 2015-17, *"Balance Sheet Classifications of Deferred Taxes."*

/s/ DELOITTE & TOUCHE LLP

San Francisco, California
March 31, 2016

Quarterly Financial Information
(Unaudited)

In thousands, except per share amounts

Fiscal 2015	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net revenues	$1,030,676	$1,127,028	$1,232,082	$1,586,304	$4,976,090
Gross profit	378,841	406,625	451,188	607,560	1,844,214
Operating income	71,928	83,343	110,683	222,680	488,634
Net earnings	44,790	53,668	70,482	141,128	310,068
Basic earnings per share[1]	$ 0.49	$ 0.59	$ 0.78	$ 1.57	$ 3.42
Diluted earnings per share[1]	$ 0.48	$ 0.58	$ 0.77	$ 1.55	$ 3.37
Fiscal 2014	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Full Year**
Net revenues	$ 974,330	$1,039,102	$1,143,162	$1,542,125	$4,698,719
Gross profit	368,408	382,098	431,407	618,591	1,800,504
Operating income	74,326	85,336	104,720	237,883	502,265
Net earnings	46,162	50,747	64,908	147,037	308,854
Basic earnings per share[1]	$ 0.49	$ 0.54	$ 0.70	$ 1.60	$ 3.30
Diluted earnings per share[1]	$ 0.48	$ 0.53	$ 0.68	$ 1.57	$ 3.24

[1] *Due to differences between quarterly and full year weighted average share count calculations, and the effect of quarterly rounding to the nearest cent per share, full year earnings per share may not equal the sum of the quarters.*

Form 10-K

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of January 31, 2016, an evaluation was performed by management, with the participation of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for timely discussions regarding required disclosures, and that such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over the company's financial reporting. These internal controls are designed to provide reasonable assurance that the reported information is fairly presented, that disclosures are adequate and that the judgments inherent in the preparation of financial statements are reasonable. There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Further, because of changes in conditions, the effectiveness of any internal control may vary over time.

Our management assessed the effectiveness of the company's internal control over financial reporting as of January 31, 2016. In making this assessment, we used the criteria set forth by the Committee of Sponsoring

Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013).* Based on our assessment using those criteria, our management concluded that, as of January 31, 2016, our internal control over financial reporting is effective.

Our independent registered public accounting firm audited the Consolidated Financial Statements included in this Annual Report on Form 10-K and the Company's internal control over financial reporting. Their audit report appears on pages 59 through 60 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On October 28, 2015, the Compensation Committee of the Board of Directors approved the amendment and restatement of the 2012 EVP Level Management Retention Plan (the "EVP Retention Plan"), effective November 16, 2015 (the "Effective Date"). The amended and restated EVP Retention Plan extends the term of the plan through November 15, 2018 and provides for substantially the same severance benefits as the prior EVP Retention Plan. The EVP Retention Plan applies to executives at the Executive Vice President level and above, other than to the Company's President and Chief Executive Officer, who is covered under an individual agreement. The Compensation Committee may, in its discretion, allow an employee below the level of Executive Vice President to participate.

The amended and restated EVP Retention Plan provides for "double trigger" severance benefits. If within 18 months following a Change of Control, the participant's employment with the Company is terminated involuntarily by the Company without Cause, or voluntarily by the participant for Good Reason, as such terms are defined in the EVP Retention Plan, a participant would be entitled to receive the following:

- 200% of the participant's annual base salary as in effect immediately prior to the Change of Control, or the participant's termination, whichever is greater, to be paid over 24 months;
- 200% of the participant's average annual bonus received in the last 36 months, to be paid over 24 months;
- 100% vesting of the participant's outstanding equity awards with service-based vesting, or performance-based vesting with a fixed or zero payout, and a pro-rata portion of the participant's outstanding equity awards with variable performance-based vesting will immediately become fully vested at the target performance level; and
- in lieu of continued employment benefits (other than as required by law), payments of $3,000 per month for 12 months.

The participant's receipt of the severance benefits discussed above is contingent on the participant signing, and not revoking, a release of claims against the Company and the participant's continued compliance with certain post-termination obligations in favor of the Company.

In the event that the severance payments and other benefits payable to the participant under the EVP Retention Plan would be subject to IRS Code Section 280G "parachute payment" excise taxes, then the participant's severance payments and other benefits will be either (i) delivered in full or (ii) delivered to a lesser extent such that no portion of the benefits are subject to the excise tax, whichever is greater on an after-tax basis.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this Item is incorporated by reference herein to information under the headings "Election of Directors," "Information Concerning Executive Officers," "Audit and Finance Committee Report," "Corporate Governance — Corporate Governance Guidelines and Code of Business Conduct and Ethics," "Corporate Governance — Audit and Finance Committee" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is incorporated by reference herein to information under the headings "Corporate Governance — Compensation Committee," "Corporate Governance — Director Compensation," and "Executive Compensation" in our Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item is incorporated by reference herein to information under the headings "Security Ownership of Principal Stockholders and Management" and "Equity Compensation Plan Information" in our Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item is incorporated by reference herein to information under the heading "Certain Relationships and Related Transactions" in our Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this Item is incorporated by reference herein to information under the headings "Committee Reports — Audit and Finance Committee Report" and "Proposal 4 — Ratification of Selection of Independent Registered Public Accounting Firm — Deloitte Fees and Services" in our Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

The following Consolidated Financial Statements of Williams-Sonoma, Inc. and subsidiaries and the related notes are filed as part of this report pursuant to Item 8:

Consolidated Statements of Earnings for the fiscal years ended January 31, 2016, February 1, 2015 and February 2, 2014

Consolidated Statements of Comprehensive Income for the fiscal years ended January 31, 2016, February 1, 2015 and February 2, 2014

Consolidated Balance Sheets as of January 31, 2016 and February 1, 2015

Consolidated Statements of Stockholders' Equity for the fiscal years ended January 31, 2016, February 1, 2015 and February 2, 2014

Consolidated Statements of Cash Flows for the fiscal years ended January 31, 2016, February 1, 2015 and February 2, 2014

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Quarterly Financial Information

(a)(2) Financial Statement Schedules: Schedules have been omitted because they are not required, are not applicable, or because the required information, where material, is included in the financial statements, notes, or supplementary financial information.

(a)(3) Exhibits: See Exhibit Index on pages 66 through 70.

(b) Exhibits: See Exhibit Index on pages 66 through 70.

(c) Financial Statement Schedules: Schedules have been omitted because they are not required or are not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 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.

WILLIAMS-SONOMA, INC.

Date: March 31, 2016

By /s/ LAURA J. ALBER
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 31, 2016	/s/ ADRIAN D.P. BELLAMY Adrian D.P. Bellamy Chairman of the Board of Directors
Date: March 31, 2016	/s/ LAURA J. ALBER Laura J. Alber Chief Executive Officer (principal executive officer)
Date: March 31, 2016	/s/ JULIE P. WHALEN Julie P. Whalen Chief Financial Officer (principal financial officer and principal accounting officer)
Date: March 31, 2016	/s/ ROSE MARIE BRAVO Rose Marie Bravo Director
Date: March 31, 2016	/s/ PATRICK J. CONNOLLY Patrick J. Connolly Director
Date: March 31, 2016	/s/ ADRIAN T. DILLON Adrian T. Dillon Director
Date: March 31, 2016	/s/ ANTHONY A. GREENER Anthony A. Greener Director
Date: March 31, 2016	/s/ TED W. HALL Ted W. Hall Director
Date: March 31, 2016	/s/ SABRINA SIMMONS Sabrina Simmons Director
Date: March 31, 2016	/s/ JERRY D. STRITZKE Jerry D. Stritzke Director
Date: March 31, 2016	/s/ LORRAINE TWOHILL Lorraine Twohill Director

EXHIBIT INDEX TO ANNUAL REPORT ON FORM 10-K
FOR THE
FISCAL YEAR ENDED JANUARY 31, 2016

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
CERTIFICATE OF INCORPORATION AND BYLAWS	
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the Commission on May 25, 2011, File No. 001-14077)
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the Commission on February 2, 2016, File No. 001-14077)
INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES	
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the Commission on May 25, 2011, File No. 001-14077)
FINANCING AGREEMENTS	
10.1	Sixth Amended and Restated Credit Agreement, dated November 19, 2014, between the Company and Bank of America, N.A., as administrative agent, letter of credit issuer and swingline lender, Wells Fargo Bank, National Association, as syndication agent, JPMorgan Chase Bank, N.A., MUFG Union Bank, NA and U.S. Bank, National Association, as co-documentation agents, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2015 as filed with the Commission on April 2, 2015, File No. 001-14077)
10.2	Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and Bank of America, N.A., dated as of August 30, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended November 3, 2013 as filed with the Commission on December 12, 2013, File No. 001-14077)
10.3	First Amendment to Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and Bank of America, N.A., dated as of August 29, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended November 2, 2014 as filed with the Commission on December 5, 2014, File No. 001-14077)
10.4	Second Amendment to Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and Bank of America, N.A., dated as of August 28, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended November 1, 2015 as filed with the Commission on December 11, 2015, File No. 001-14077)
10.5	Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and Wells Fargo Bank, N.A., dated as of August 30, 2013 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended November 3, 2013 as filed with the Commission on December 12, 2013, File No. 001-14077)

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.6	First Amendment to Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and Wells Fargo Bank, N.A., dated as of August 29, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended November 2, 2014 as filed with the Commission on December 5, 2014, File No. 001-14077)
10.7	Second Amendment to Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and Wells Fargo Bank, N.A., dated as of August 28, 2015 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended November 1, 2015 as filed with the Commission on December 11, 2015, File No. 001-14077)
10.8	Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and U.S. Bank National Association, dated as of August 30, 2013 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 3, 2013 as filed with the Commission on December 12, 2013, File No. 001-14077)
10.9	First Amendment to Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and U.S. Bank National Association, dated as of August 29, 2014 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 2, 2014 as filed with the Commission on December 5, 2014, File No. 001-14077)
10.10	Second Amendment to Reimbursement Agreement between the Company, Williams-Sonoma Singapore Pte. Ltd. and U.S. Bank National Association, dated as of August 28, 2015 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended November 1, 2015 as filed with the Commission on December 11, 2015, File No. 001-14077)
STOCK PLANS	
10.11+	Williams-Sonoma, Inc. 2000 Nonqualified Stock Option Plan (incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-8 as filed with the Commission on October 27, 2000, File No. 333-48750)
10.12+	Williams-Sonoma, Inc. 2001 Long-Term Incentive Plan, as amended (incorporated by reference to Exhibit D to the Company's definitive proxy statement on Schedule A as filed on April 7, 2011, File No. 001-14077)
10.13+	Forms of Notice of Grant and Stock Option Agreement under the Company's 2000 Nonqualified Stock Option Plan and 2001 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended October 31, 2004 as filed with the Commission on December 10, 2004, File No. 001-14077)
10.14+	Form of Williams-Sonoma, Inc. 2001 Long-Term Incentive Plan Stock-Settled Stock Appreciation Right Award Agreement for Director Grants (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2008 as filed with the Commission on April 3, 2008, File No. 001-14077)
10.15+	Form of Williams-Sonoma, Inc. 2001 Long-Term Incentive Plan Stock-Settled Stock Appreciation Right Award Agreement for Employee Grants (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on March 22, 2010, File No. 001-14077)

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.16+	Williams-Sonoma, Inc. 2001 Long-Term Incentive Plan Stock-Settled Stock Appreciation Right Award Agreement for CEO Grant (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2009 as filed with the Commission on April 2, 2009, File No. 001-14077)
10.17+	Form of Williams-Sonoma, Inc. 2001 Long-Term Incentive Plan Restricted Stock Unit Award Agreement for Grants to Non-Employee Directors (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended May 4, 2014 as filed with the Commission on June 12, 2014, File No. 001-14077)
10.18+	Form of Williams-Sonoma, Inc. 2001 Long-Term Incentive Plan Restricted Stock Unit Award Agreement for Grants to Employees (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended May 4, 2014 as filed with the Commission on June 12, 2014, File No. 001-14077)
10.19+	Form of Williams-Sonoma, Inc. 2001 Long Term Incentive Plan Performance Stock Unit Award Agreement for Grants to Employees (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2014 as filed with the Commission on April 3, 2014, File No. 001-14077)
OTHER INCENTIVE PLANS	
10.20+	Williams-Sonoma, Inc. 2001 Incentive Bonus Plan, as amended (incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A as filed with the Commission on April 6, 2012, File No. 001-14077)
10.21+	Williams-Sonoma, Inc. Pre-2005 Executive Deferral Plan (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2009 as filed with the Commission on April 2, 2009, File No. 001-14077)
10.22+	Williams-Sonoma, Inc. Amended and Restated Executive Deferred Compensation Plan (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2015 as filed with the Commission on April 2, 2015, File No. 001-14077)
10.23+*	Williams-Sonoma, Inc. 401(k) Plan, as amended and restated effective January 1, 2016
PROPERTIES	
10.24	Memorandum of Understanding between the Company and the State of Mississippi, Mississippi Business Finance Corporation, Desoto County, Mississippi, the City of Olive Branch, Mississippi and Hewson Properties, Inc., dated August 24, 1998 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended August 2, 1998 as filed with the Commission on September 14, 1998, File No. 001-14077)
10.25	Olive Branch Distribution Facility Lease, dated December 1, 1998, between the Company as lessee and WSDC, LLC (the successor-in-interest to Hewson/Desoto Phase I, L.L.C.) as lessor (incorporated by reference to Exhibit 10.3D to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1999 as filed with the Commission on April 30, 1999, File No. 001-14077)

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.26	First Amendment, dated September 1, 1999, to the Olive Branch Distribution Facility Lease between the Company as lessee and WSDC, LLC (the successor-in-interest to Hewson/Desoto Phase I, L.L.C.) as lessor, dated December 1, 1998 (incorporated by reference to Exhibit 10.3B to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2000 as filed with the Commission on May 1, 2000, File No. 001-14077)
10.27	Lease for an additional Company distribution facility located in Olive Branch, Mississippi between Williams-Sonoma Retail Services, Inc. as lessee and SPI WS II, LLC (the successor-in-interest to Hewson/Desoto Partners, L.L.C.) as lessor, dated November 15, 1999 (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2000 as filed with the Commission on May 1, 2000, File No. 001-14077)
EMPLOYMENT AGREEMENTS	
10.28+	Amended and Restated Employment Agreement with Laura Alber, dated September 6, 2012 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended October 28, 2012 as filed with the Commission December 7, 2012, File No. 001-14077)
10.29+	Amended and Restated Management Retention Agreement with Laura Alber, dated September 6, 2012 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended October 28, 2012 as filed with the Commission December 7, 2012, File No. 001-14077)
10.30+*	Amended and Restated 2012 EVP Level Management Retention Plan
OTHER AGREEMENTS	
10.31+	Form of Williams-Sonoma, Inc. Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2011 as filed with the Commission on September 9, 2011, File No. 001-14077)
OTHER EXHIBITS	
21.1*	Subsidiaries
23.1*	Consent of Independent Registered Public Accounting Firm
CERTIFICATIONS	
31.1*	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
31.2*	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
32.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
XBRL	
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

\+ Indicates a management contract or compensatory plan or arrangement.

NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

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PROXY STATEMENT

2015 ANNUAL REPORT

WILLIAMS-SONOMA, INC.

POTTERY BARN   POTTERY BARN KIDS   PBTEEN   WILLIAMS-SONOMA   WILLIAMS-SONOMA HOME   WEST ELM   MARK AND GRAHAM   REJUVENATION

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WILLIAMS-SONOMA, INC.

3250 Van Ness Avenue
San Francisco, California 94109
www.williams-sonomainc.com

NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

MEETING DATE:	June 2, 2016
TIME:	9:00 a.m. Pacific Time
PLACE:	Williams-Sonoma, Inc. 3250 Van Ness Avenue San Francisco, California 94109
ITEMS OF BUSINESS:	1) The election of our Board of Directors; 2) The amendment and restatement of the Williams-Sonoma, Inc. 2001 Incentive Bonus Plan to extend its term until the 2021 annual meeting of stockholders and to approve the material terms of the plan to satisfy the stockholder approval requirement under Section 162(m) of the Internal Revenue Code; 3) An advisory vote to approve executive compensation; 4) The ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 29, 2017; and 5) Such other business as may properly come before the meeting or any adjournment or postponement of the meeting.
RECORD DATE:	You may vote if you were a stockholder of record as of the close of business on April 4, 2016.
MEETING ADMISSION:	You are entitled to attend the Annual Meeting only if you were a stockholder of record as of the close of business on April 4, 2016. **Photo identification and proof of ownership on the record date is required for admittance.** Proof of ownership can be a brokerage or account statement indicating ownership on April 4, 2016, the Notice of Internet Availability of Proxy Materials, a proxy card, or a legal proxy or voting instruction card provided by your broker, bank or nominee.

By Order of the Board of Directors

David King
Secretary
April 15, 2016

YOUR VOTE IS IMPORTANT

Instructions for submitting your proxy are provided in the Notice of Internet Availability of Proxy Materials, the Proxy Statement and your proxy card. It is important that your shares be represented and voted at the Annual Meeting. Please submit your proxy through the Internet, by telephone, or by completing the enclosed proxy card and returning it in the enclosed envelope. You may revoke your proxy at any time prior to its exercise at the Annual Meeting.

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WILLIAMS-SONOMA, INC.

3250 Van Ness Avenue
San Francisco, California 94109
www.williams-sonomainc.com

PROXY STATEMENT FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

Our Board of Directors is soliciting your proxy to vote your shares at our 2016 Annual Meeting of Stockholders, to be held on Thursday, June 2, 2016 at 9:00 a.m. Pacific Time, and for any adjournment or postponement of the meeting. Our Annual Meeting will be held at our corporate headquarters located at 3250 Van Ness Avenue, San Francisco, California 94109.

Our Annual Report to Stockholders for the fiscal year ended January 31, 2016, or fiscal 2015, including our financial statements for fiscal 2015, is also included with this Proxy Statement and posted on our website at ir.williams-sonomainc.com/financial-reports-page. The Annual Report, Notice of Internet Availability of Proxy Materials, and the Proxy Statement were first made available to stockholders and posted on our website on or about April 15, 2016.

What is the purpose of the Annual Meeting?

Stockholders will be asked to vote on the following matters:

1) The election of our Board of Directors;
2) The amendment and restatement of the Williams-Sonoma, Inc. 2001 Incentive Bonus Plan to extend its term until the 2021 annual meeting of stockholders and to approve the material terms of the plan to satisfy the stockholder approval requirement under Section 162(m) of the Internal Revenue Code;
3) An advisory vote to approve executive compensation;
4) The ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 29, 2017; and
5) Such other business as may properly come before the meeting or any adjournment or postponement of the meeting, including stockholder proposals. At this time, we do not know of any other matters to be brought before the Annual Meeting.

What is the Notice of Internet Availability of Proxy Materials?

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission, or the SEC, instead of mailing a printed copy of our proxy materials to all stockholders entitled to vote at the Annual Meeting, we are furnishing the proxy materials to certain of our stockholders over the Internet. If you received a Notice of Internet Availability of Proxy Materials, or the Notice, by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice will instruct you as to how you may access and review the proxy materials and submit your vote on the Internet or by telephone. If you received a Notice by mail and would like to receive a printed copy of the proxy materials, please follow the instructions for requesting such materials included in the Notice.

On the date of mailing of the Notice, all stockholders will have the ability to access all of our proxy materials on a website referred to in the Notice. These proxy materials will be available free of charge.

Can I receive future proxy materials by e-mail?

Yes. You may choose to receive future proxy materials by e-mail by following the instructions provided on the website referred to in the Notice. Choosing to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you and will reduce the impact of our Annual Meeting on the environment.

If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Who may vote?

Only stockholders of record at the close of business on April 4, 2016, the record date, are entitled to receive notice of and to vote at the Annual Meeting. Each holder of our common stock will be entitled to one vote for each share of our common stock owned as of the record date. As of the record date, there were 89,249,719 shares of our common stock outstanding and entitled to vote, and there were 370 stockholders of record, which number does not include beneficial owners of shares held in the name of a bank or brokerage firm. We do not have any outstanding shares of preferred stock.

How do I vote?

You may vote in person at the Annual Meeting, electronically by submitting your proxy through the Internet, by telephone or by returning a hard copy of the proxy card before the Annual Meeting. Proxies properly executed, returned to us on a timely basis and not revoked will be voted in accordance with the instructions contained in the proxy. If any matter not described in this Proxy Statement is properly presented for action at the meeting, the persons named in the enclosed proxy will have discretionary authority to vote according to their best judgment.

How do I vote electronically or by telephone?

You may vote by submitting your proxy through the Internet or by telephone. The Internet and telephone voting procedures are designed to authenticate your identity as a Williams-Sonoma, Inc. stockholder, to allow you to vote your shares and to confirm that your instructions have been properly recorded. Specific instructions to be followed for voting on the Internet or by telephone are provided below in this Proxy Statement, in the Notice and on the proxy card.

Shares Registered Directly in the Name of the Stockholder

If your shares are registered directly in your name in our stock records maintained by our transfer agent, Wells Fargo Shareowner Services, then you may vote your shares:

- on the Internet at www.proxypush.com/wsm; or
- by calling Wells Fargo Shareowner Services from within the United States at 866-883-3382.

Proxies for shares registered directly in your name that are submitted on the Internet or by telephone must be received before noon Pacific Time on Wednesday, June 1, 2016.

Shares Registered in the Name of a Brokerage Firm or Bank

If your shares are held in an account at a brokerage firm or bank, you should follow the voting instructions on the Notice or the proxy card provided by your brokerage firm or bank.

Can I vote my shares by filling out and returning the Notice?

No. The Notice identifies the items to be voted on at the Annual Meeting, but you cannot vote by marking the Notice and returning it. The Notice provides instructions on how to vote on the Internet or by telephone and how to request paper copies of the proxy materials.

What if I return my proxy card directly to the company, but do not provide voting instructions?

If a signed proxy card is returned to us without any indication of how your shares should be voted, votes will be cast "FOR" the election of the directors named in this Proxy Statement, "FOR" the amendment and restatement of our 2001 Incentive Bonus Plan, "FOR" the approval, on an advisory basis, of the compensation of our Named Executive Officers, and "FOR" the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 29, 2017.

May I attend the Annual Meeting?

Only stockholders of record at the close of business on April 4, 2016, the record date, are entitled to attend the Annual Meeting. Stockholders planning to attend the Annual Meeting must present photo identification and proof of ownership on the record date in order to be admitted. Proof of ownership can be a brokerage or account statement indicating ownership on April 4, 2016, the Notice of Internet Availability of Proxy Materials, a proxy card, or a legal proxy or voting instruction card provided by your broker, bank or nominee. We reserve the right to deny admittance to anyone who cannot adequately show proof of share ownership as of the record date.

What are the directions to attend the Annual Meeting?

The following are directions to attend the Annual Meeting from various locations around the San Francisco Bay Area:

From the South Bay

Take US-101 Northbound toward San Francisco
Take the US-101 exit on the left
Keep left at the fork to continue on US-101 North
Take exit 434A to merge onto Mission Street/US-101
Turn left at US-101/South Van Ness Avenue
Continue North on Van Ness Avenue
Destination will be on the right

From the East Bay

Take I-80 Westbound across the Bay Bridge toward San Francisco
Take exit 1B to merge onto US-101 North
Take exit 434A to merge onto Mission Street/US-101
Turn left at US-101/South Van Ness Avenue
Continue North on Van Ness Avenue
Destination will be on the right

From the North Bay

Take US-101 Southbound across the Golden Gate Bridge toward San Francisco
Exit onto Richardson Avenue/US-101 toward Lombard Street
Continue to follow US-101
Turn left at US-101/Van Ness Avenue
Continue North on Van Ness Avenue
Destination will be on the right

How many shares must be present to transact business at the Annual Meeting?

Stockholders holding a majority of our outstanding shares as of the record date must be present in person or by proxy at the Annual Meeting so that we may transact business. This is known as a quorum. Shares that are voted in person, on the Internet, by telephone or by signed proxy card, and abstentions and broker non-votes, will be included in the calculation of the number of shares considered to be present for purposes of determining whether there is a quorum at the Annual Meeting.

What is a broker non-vote?

The term broker non-vote refers to shares that are held of record by a broker for the benefit of the broker's clients but that are not voted at the Annual Meeting by the broker on certain non-routine matters set forth in New York Stock Exchange, or NYSE, Rule 402.08(B) because the broker did not receive instructions from the broker's clients on how to vote the shares and, therefore, was prohibited from voting the shares.

How many votes are needed to elect directors?

Pursuant to a majority voting bylaw adopted by our Board of Directors and further described in our Amended and Restated Bylaws, the election of each of the ten director nominees requires the affirmative vote of a majority of the votes cast at the Annual Meeting with respect to each nominee. The number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee for the nominee to be elected as a director to serve until the next annual meeting or until his or her successor has been duly elected and qualified. Your proxy will be voted in accordance with your instructions. If no instructions are given, the proxy holders will vote "FOR" each of the director nominees. If you hold your shares through a brokerage, bank or other nominee, or in "street name," it is important to cast your vote if you want it to count in the election of directors. If you hold your shares in street name and you do not instruct your bank or broker how to vote your shares in the election of directors, no votes will be cast on your behalf. Broker non-votes and abstentions will have no effect on the outcome of the election.

Pursuant to the resignation policy adopted by our Board of Directors and further described in our Corporate Governance Guidelines, any nominee for director who is not elected shall promptly tender his or her resignation to our Board of Directors following certification of the stockholder vote. The Nominations and Corporate Governance Committee will consider the resignation offer and recommend to our Board of Directors the action to be taken with respect to the offered resignation. In determining its recommendation, the Nominations and Corporate Governance Committee shall consider all factors it deems relevant. Our Board of Directors will act on the Nominations and Corporate Governance Committee's recommendation within 90 days following certification of the stockholder vote and will publicly disclose its decision with respect to the director's resignation offer (and the reasons for rejecting the resignation offer, if applicable).

Any director who tenders his or her resignation pursuant to the resignation policy shall not participate in the Nominations and Corporate Governance Committee's recommendation or Board of Directors action regarding whether to accept the resignation offer. If each member of the Nominations and Corporate Governance Committee is required to tender his or her resignation pursuant to the resignation policy in the same election, then the independent directors of our Board of Directors who are not required to tender a resignation pursuant to the resignation policy shall consider the resignation offers and make a recommendation to our Board of Directors.

To the extent that one or more directors' resignations are accepted by our Board of Directors, our Board of Directors in its discretion may determine either to fill such vacancy or vacancies or to reduce the size of the Board within the authorized range.

How many votes are needed to approve Proposals 2, 3 and 4?

Proposals 2, 3 and 4 require the affirmative vote of holders of a majority of voting power entitled to vote thereon, present in person or represented by proxy, at the Annual Meeting. Proxy cards marked "abstain" will have the effect of a "NO" vote and broker non-votes will have no effect on the outcome of the vote.

The outcome of Proposal 3, the advisory vote on the approval of the compensation of our Named Executive Officers, will not be binding on us or the Board. However, the Board and the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Are there any stockholder proposals this year?

No stockholder proposals are included in this Proxy Statement, and we have not received notice of any stockholder proposals to be raised at this year's Annual Meeting.

What if I want to change my vote(s)?

You may revoke your proxy prior to the close of voting at the Annual Meeting by any of the following methods:

- sending written notice of revocation to our Secretary;
- sending a signed proxy card bearing a later date;
- voting by telephone or on the Internet at a later date; or
- attending the Annual Meeting, revoking your proxy and voting in person.

What is householding?

Householding is a cost-cutting procedure used by us and approved by the SEC to limit duplicate copies of our proxy materials being printed and delivered to stockholders sharing a household. Under the householding procedure, we send only one Notice or Annual Report and Proxy Statement to stockholders of record who share the same address and last name, unless one of those stockholders notifies us that the stockholder would like a separate Notice or Annual Report and Proxy Statement. A separate proxy card is included in the materials for each stockholder of record. A stockholder may notify us that the stockholder would like a separate Notice or Annual Report and Proxy Statement by phone at 415-421-7900 or by mail at the following mailing address: Williams-Sonoma, Inc., Attention: Annual Report Administrator, 3250 Van Ness Avenue, San Francisco, California 94109. If we receive such notification that the stockholder wishes to receive a separate Notice or Annual Report and Proxy Statement, we will promptly deliver such Notice or Annual Report and Proxy Statement. If you wish to update your participation in householding, you may contact your broker or our mailing agent, Broadridge Investor Communications Solutions, at 800-542-1061.

What if I received more than one proxy card?

If you received more than one proxy card, it means that you have multiple accounts with brokers and/or our transfer agent. You must complete each proxy card in order to ensure that all shares beneficially held by you are represented at the meeting. If you are interested in consolidating your accounts, you may contact your broker or our transfer agent, Wells Fargo Shareowner Services, at 800-468-9716.

Who pays the expenses incurred in connection with the solicitation of proxies?

We pay all of the expenses incurred in preparing, assembling and mailing the Notice or this Proxy Statement and the materials enclosed. We have retained Skinner & Company to assist in the solicitation of proxies at an estimated cost to us of $5,000. Some of our officers or employees may solicit proxies personally or by telephone or other means. None of those officers or employees will receive special compensation for such services.

CORPORATE GOVERNANCE

Director Independence

Our Board of Directors has determined that Adrian D.P. Bellamy, Rose Marie Bravo, Adrian T. Dillon, Anthony A. Greener, Ted W. Hall, Sabrina Simmons, Jerry D. Stritzke and Lorraine Twohill meet the independence requirements of our "Policy Regarding Director Independence Determinations", which is part of our Corporate Governance Guidelines. Accordingly, the Board has determined that none of these director nominees has a material relationship with us and that each of these nominees is independent within the meaning of the NYSE and SEC director independence standards, as currently in effect. Further, each member of our Board committees satisfies the independence requirements of the NYSE and SEC, and any heightened independence standards applicable to each committee on which they serve. The Board's independence determination was based on information provided by our director nominees and discussions among our officers and directors.

Board Leadership Structure

We currently separate the positions of Chief Executive Officer and Chairman of the Board. Adrian D.P. Bellamy, an independent director, has served as our Chairman of the Board since May 2010. Our Corporate Governance Guidelines provide that in the event that the Chairman of the Board is not an independent director, the Board shall elect a Lead Independent Director. As Mr. Bellamy is an independent director, we have not appointed a separate Lead Independent Director.

Separating the positions of Chief Executive Officer and Chairman of the Board maximizes the Board's independence and aligns our leadership structure with current trends in corporate governance best practices. Our Chief Executive Officer is responsible for day-to-day leadership and for setting the strategic direction of the company, while the Chairman of the Board provides independent oversight and advice to our management team, and presides over Board meetings.

Risk Oversight

Board Oversight of Risk

The Board actively manages the company's risk oversight process and receives regular reports from management on areas of material risk to the company, including operational, financial, legal and regulatory risks. Our Board committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. The Audit and Finance Committee assists the Board with its oversight of the company's major financial risk exposures. Additionally, in accordance with NYSE requirements, the Audit and Finance Committee reviews with management the company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management policies. The Compensation Committee assists the Board with its oversight of risks arising from our compensation policies and programs and assesses on an annual basis potential material risk to the company from its compensation policies and programs, including incentive and commission plans at all levels. The Nominations and Corporate Governance Committee assists the Board with its oversight of risks associated with Board organization, Board independence, succession planning, and corporate governance. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

Evaluation of Risks Relating to Compensation Programs

Our Compensation Committee is responsible for monitoring our compensation policies and programs relative to all our employees, including non-executive officers, for potential risks that are reasonably likely to have a material adverse effect on our company. In performing its duties, the Compensation Committee regularly reviews and discusses potential risks that could arise from our employee compensation plans and programs with our management and the Compensation Committee's independent compensation consultant. The Compensation

Committee is responsible for reporting to the Board any material risks associated with our compensation plans and programs, including recommended actions to mitigate such risks.

For fiscal 2015, the Compensation Committee retained an independent consultant, Frederic W. Cook & Co., or Cook & Co., to identify and assess the risks inherent in the company's compensation programs and policies. Accordingly, Cook & Co. evaluated the company's executive and non-executive compensation programs for such risk and the mechanisms in our programs designed to mitigate these risks. Among other things, Cook & Co. reviewed our pay philosophy, forms of incentives, performance metrics, balance of cash and equity compensation, balance of long-term and short-term incentive periods, compensation governance practices, and equity grant administration practices. Based on the assessment, Cook & Co. concluded that our compensation programs and policies do not create risks that are reasonably likely to have a material adverse effect on our company.

Board Meetings and Executive Sessions

During fiscal 2015, our Board held a total of seven meetings. Each director who was a member of our Board during fiscal 2015 attended at least 75% of the aggregate of (i) the total number of meetings of the Board held during the period for which such director served as a director and (ii) the total number of meetings held by all committees of the Board on which such director served during the periods that such director served.

It is the Board's policy to have a separate meeting time for independent directors, typically during the regularly scheduled Board meetings. During fiscal 2015, executive sessions were led by our Chairman of the Board, Mr. Bellamy.

Attendance of Directors at Annual Meeting of Stockholders

It is our policy that directors who are nominated for election at our Annual Meeting should attend the Annual Meeting. All directors who were nominated for election at our 2015 Annual Meeting attended the meeting.

Board Committees

Our Board has three standing committees: the Audit and Finance Committee, the Compensation Committee and the Nominations and Corporate Governance Committee. Each committee operates under a written charter adopted by the Board. The committee charters are each available on the company's website at ir.williams-sonomainc.com/governance and are also available in print to any stockholder upon request.

The following table sets forth the members of each committee as of April 4, 2016, the functions of each committee, and the number of meetings held during fiscal 2015.

Committee and Members	Functions of Committee	Number of Meetings in Fiscal 2015
Audit and Finance: Adrian T. Dillon, Chair Ted W. Hall Sabrina Simmons	• Assists our Board in its oversight of the integrity of our financial statements; the qualifications, independence, retention and compensation of our independent registered public accounting firm; the performance of our internal audit function; and our compliance with legal and regulatory requirements; • Prepares the report that the SEC rules require to be included in our annual proxy statement; • Reviews the financial impact of selected strategic initiatives, and reviews and recommends for Board approval selected financing, dividend and stock repurchase policies and plans; and • Assists the Board with its oversight of our major financial risk exposures, and reviews with management such exposures and the steps management has taken to monitor and control such exposures.	12
Compensation: Adrian D.P. Bellamy, Chair Rose Marie Bravo Anthony A. Greener Lorraine Twohill	• Reviews and determines our executive officers' compensation; • Reviews and determines our general compensation goals and guidelines for our employees; • Administers certain of our compensation plans and provides assistance and recommendations with respect to other compensation plans; • Reviews the compensation discussion and analysis report that the SEC rules require to be included in our annual proxy statement; • Assists the Board with its oversight of risk arising from our compensation policies and programs, and assesses on an annual basis potential material risk from our compensation policies and programs; and • Appoints, sets the compensation of, and determines independence of any compensation consultant or other advisor retained.	5
Nominations and Corporate Governance: Lorraine Twohill, Chair Adrian D.P. Bellamy Anthony A. Greener	• Reviews and recommends corporate governance policies; • Identifies and makes recommendations for nominees for director and considers criteria for selecting director candidates; • Considers stockholders' director nominations and proposals; • Reviews and determines our compensation policy for our non-employee directors; • Considers resignation offers of director nominees and recommends to the Board the action to be taken with respect to each such offered resignation; and • Oversees the evaluation of our Board and our senior management team.	4

Audit and Finance Committee

The Board has determined that each member of the Audit and Finance Committee is independent under the NYSE rules, as currently in effect, and Rule 10A-3 of the Securities Exchange Act of 1934, as amended. The Board has determined that Mr. Dillon, who serves as Chair of the Audit and Finance Committee, and Ms. Simmons are each a "financial expert" under the SEC rules. The Board has also determined that each Audit and Finance Committee member is "financially literate," as described in the NYSE rules.

Compensation Committee

The Board has determined that each member of the Compensation Committee is independent under the NYSE rules, as currently in effect, is an outside director as such term is defined with respect to Section 162(m) of the Internal Revenue Code and is a non-employee director under Section 16(b) of the Securities Exchange Act of 1934. None of the Compensation Committee members have ever served as an officer of the Company.

Compensation Committee Interlocks and Insider Participation

Mr. Bellamy, Ms. Bravo, Mr. Greener and Ms. Twohill served as members of the Compensation Committee during fiscal 2015. During fiscal 2015, none of our executive officers served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

Nominations and Corporate Governance Committee

The Board has determined that each member of the Nominations and Corporate Governance Committee is independent under the NYSE rules currently in effect. Each member of the Nominations and Corporate Governance Committee is a non-employee director.

During fiscal 2015, in furtherance of the Nominations and Corporate Governance Committee's functions, the Committee took the following actions, among other things:

- Evaluated the composition of the Board, and considered desired skill sets, qualities and experience for potential future Board members, as well as potential candidates;
- Evaluated the composition of the committees of the Board;
- Considered and recommended to the Board the submission to stockholders of the director nominees described in the company's 2015 Proxy Statement; and
- Managed the annual Board self-assessment process.

Director Nominations

The Nomination and Corporate Governance Committee's criteria and process for evaluating and identifying the candidates that it selects, or recommends to the Board for selection, as director nominees are as follows:

- The Nominations and Corporate Governance Committee periodically reviews the current composition and size of the Board;
- The Nominations and Corporate Governance Committee manages the annual self-assessment of the Board as a whole and considers the performance and qualifications of individual members of the Board when recommending individuals for election or re-election to the Board;
- The Nominations and Corporate Governance Committee reviews the qualifications of any candidates who have been properly recommended by stockholders, as well as those candidates who have been identified by management, individual members of the Board or, if it deems appropriate, a search firm. Such review may, in the Nominations and Corporate Governance Committee's discretion, include a review solely of

information provided to it or also may include discussions with persons familiar with the candidate, an interview with the candidate or other actions that the Nominations and Corporate Governance Committee deems appropriate;

- In evaluating the qualifications of candidates for the Board, the Nominations and Corporate Governance Committee considers many factors, including issues of character, judgment, independence, financial expertise, industry experience, range of experience, and other commitments. The Nominations and Corporate Governance Committee values diversity, but does not assign any particular weight or priority to any particular factor. The Nominations and Corporate Governance Committee considers each individual candidate in the context of the current perceived needs of the Board as a whole. While the Nominations and Corporate Governance Committee has not established specific minimum qualifications for director candidates, it believes that candidates and nominees must be suitable for a Board that is composed of directors (i) a majority of whom are independent; (ii) who are of high integrity; (iii) who have qualifications that will increase the overall effectiveness of the Board; and (iv) who meet the requirements of all applicable rules, such as financial literacy or financial expertise with respect to Audit and Finance Committee members;
- In evaluating and identifying candidates, the Nominations and Corporate Governance Committee has the sole authority to retain and terminate any third party search firm that is used to identify director candidates and the sole authority to approve the fees and retention terms of any search firm;
- After such review and consideration, the Nominations and Corporate Governance Committee recommends to the Board the slate of director nominees; and
- The Nominations and Corporate Governance Committee endeavors to notify, or cause to be notified, all director candidates of the decision as to whether to nominate individuals for election to the Board.

There are no differences in the manner in which the Nominations and Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder, management or a search firm.

Stockholder Recommendations

The Nominations and Corporate Governance Committee will consider recommendations from stockholders regarding possible director candidates for election at next year's Annual Meeting. Pursuant to our Stockholder Recommendations Policy, the Nominations and Corporate Governance Committee considers recommendations for candidates to the Board from stockholders holding no fewer than 500 shares of the company's common stock continuously for at least six months prior to the date of the submission of the recommendation.

A stockholder that desires to recommend a candidate for election to the Board shall direct the recommendation in writing to Williams-Sonoma, Inc., Attention: Corporate Secretary, 3250 Van Ness Avenue, San Francisco, California 94109. The recommendation must include: (i) the candidate's name, home and business contact information; (ii) detailed biographical data and qualifications of the candidate; (iii) information regarding any relationships between the candidate and the company within the last three years; (iv) evidence of the recommending person's ownership of company common stock; (v) a statement from the recommending stockholder in support of the candidate; and (vi) a written indication by the candidate of his or her willingness to serve if elected. A stockholder that desires to recommend a person directly for election to the Board at the company's Annual Meeting must also meet the deadlines and other requirements set forth in Rule 14a-8 of the Securities Exchange Act of 1934 and the company's Restated Bylaws, each of which are described in the "Stockholder Proposals" section of this Proxy Statement.

Each director nominated in this Proxy Statement was recommended for election to the Board by the Nominations and Corporate Governance Committee. The Board did not receive any director nominee recommendation from any stockholder in connection with this Proxy Statement.

Director Compensation

For fiscal 2015, non-employee directors received cash compensation and equity grants for their service on our Board and the Board committees of which they are a member, as set forth in the table below. During fiscal 2015, the equity grants were made in the form of restricted stock units. These restricted stock units vest on the earlier of one year from the date of grant or the day before the next regularly scheduled annual meeting. The number of restricted stock units granted was determined by dividing the total monetary value of each award, equal to the equity grant as identified in the following table, by the closing price of our common stock on the trading day prior to the grant date, rounding down to the nearest whole share. Directors also received dividend equivalent payments with respect to outstanding restricted stock unit awards.

	Value of Annual Compensation
Annual Cash Compensation for Board Service(1)	$ 66,000
Annual Equity Grant for Board Service(2)(3)	$154,000
Annual Cash Compensation to Chairman of the Board(1)	$200,000
Annual Equity Grant to Chairman of the Board(2)	$200,000
Annual Cash Compensation to Chair of the Audit and Finance Committee(1)	$ 25,500
Annual Equity Grant to Chair of the Audit and Finance Committee(2)	$ 25,500
Annual Cash Compensation to Chair of the Compensation Committee(1)	$ 12,500
Annual Equity Grant to Chair of the Compensation Committee(2)	$ 12,500
Annual Cash Compensation to Chair of the Nominations and Corporate Governance Committee(1)	$ 8,250
Annual Equity Grant to Chair of the Nominations and Corporate Governance Committee(2)	$ 8,250

(1) The annual cash compensation is paid in quarterly installments so long as the non-employee director continues to serve on the Board at the time of such payments.

(2) The annual equity grant is awarded on the date of the Annual Meeting.

(3) Directors who are appointed to the Board after the Company's last Annual Meeting receive an equity grant on the appointment date on a prorated basis based on the number of days that the director is scheduled to serve between the appointment date to the Board and the date one year from the prior year's Annual Meeting.

In addition to the compensation described above, non-employee directors received cash attendance compensation in the amount of $2,000 for each committee meeting they attended for committees of which they are a member. Directors also received reimbursement for travel expenses related to attending our Board, committee or business meetings. Non-employee directors and their spouses receive discounts on our merchandise.

Non-Employee Director Summary Compensation Table

The following table shows the compensation provided to our non-employee directors during fiscal 2015.

	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)	Total ($)
Adrian D.P. Bellamy	$298,500	$366,481(2)	$23,250(3)	$688,231
Rose Marie Bravo	$ 78,000	$153,971(4)	$10,923(5)	$242,894
Adrian T. Dillon	$113,500	$179,488(6)	$ 6,346(7)	$299,334
Anthony A. Greener	$ 86,000	$153,971(4)	$ 2,392(8)	$242,363
Ted W. Hall	$ 88,000	$153,971(4)	$ 3,512(9)	$245,483
Michael R. Lynch	$ 33,866	$ —	$ 1,620(10)	$ 35,486
Sabrina Simmons	$ 86,000	$153,971(4)	$ 3,623(11)	$243,594
Lorraine Twohill	$ 85,598	$162,187(12)	$ 7,472(13)	$255,257

(1) Based on the fair market value of the award granted in fiscal 2015, which is calculated by multiplying the closing price of our common stock on the trading day prior to the grant date by the number of restricted units granted. The number of restricted stock units granted is determined by dividing the total monetary value of each annual equity grant as identified in the preceding table, by the closing price of our common stock on the trading day prior to the grant date, rounding down to the nearest whole share.

(2) Represents the fair market value associated with a restricted stock unit award of 4,639 shares of common stock made on May 29, 2015, with a fair value as of the grant date of $79.00 per share for an aggregate grant date fair value of $366,481.

(3) Includes (i) taxable value of discount on merchandise of $16,344 and (ii) dividend equivalent payments made with respect to outstanding stock unit awards of $6,906.

(4) Represents the fair market value associated with a restricted stock unit award of 1,949 shares of common stock made on May 29, 2015, with a fair value as of the grant date of $79.00 per share for an aggregate grant date fair value of $153,971.

(5) Includes (i) taxable value of discount on merchandise of $5,685 and (ii) dividend equivalent payments made with respect to outstanding stock unit awards of $5,238.

(6) Represents the fair market value associated with a restricted stock unit award of 2,272 shares of common stock made on May 29, 2015, with a fair value as of the grant date of $79.00 per share for an aggregate grant date fair value of $179,488.

(7) Includes (i) taxable value of discount on merchandise of $2,964 and (ii) dividend equivalent payments made with respect to outstanding stock unit awards of $3,382.

(8) Includes (i) taxable value of discount on merchandise of $361 and (ii) dividend equivalent payments made with respect to outstanding stock unit awards of $2,031.

(9) Includes (i) taxable value of discount on merchandise of $610 and (ii) dividend equivalent payments made with respect to outstanding stock unit awards of $2,902.

(10) Includes dividend equivalent payments made with respect to outstanding stock unit awards of $1,620.

(11) Includes (i) taxable value of discount on merchandise of $2,034 and (ii) dividend equivalent payments made with respect to outstanding stock unit awards of $1,589.

(12) Represents the fair market value associated with a restricted stock unit award of 2,053 shares of common stock made on May 29, 2015, with a fair value as of the grant date of $79.00 per share for an aggregate grant date fair value of $162,187.

(13) Includes (i) taxable value of discount on merchandise of $4,497 and (ii) dividend equivalent payments made with respect to outstanding stock unit awards of $2,975.

Patrick J. Connolly, one of our directors and our Executive Vice President, Chief Strategy and Business Development Officer, is not included in the table above as he is an executive officer, other than a named executive officer, who does not receive any additional compensation for his services as a director.

Director Stock Ownership Policy

The Board has approved a stock ownership policy. Each non-employee director must hold at least $400,000 worth of shares of company stock by the fifth anniversary of such director's initial election to the Board. If a director holds at least $400,000 worth of shares of company stock during the required time period, but the value of such director's shares decreases below $400,000 due to a drop in the company's stock price, the director shall be deemed to have complied with this policy so long as the director does not sell shares of company stock. If a director has not complied with this policy during the required time period, then the director may not sell any shares until such director holds at least $400,000 worth of shares of company stock. All of our directors meet the ownership requirements or have been on the board for less than five years.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Our Corporate Governance Guidelines and our Code of Business Conduct and Ethics, both of which apply to all of our employees, including our Chief Executive Officer, Chief Financial Officer and Controller, are available on our website at ir.williams-sonomainc.com/governance. Copies of our Corporate Governance Guidelines and our Code of Business Conduct and Ethics are also available upon written request and without charge to any stockholder by writing to: Williams-Sonoma, Inc., Attention: Corporate Secretary, 3250 Van Ness Avenue, San Francisco, California 94109. To date, there have been no waivers that apply to our Chief Executive Officer, Chief Financial Officer, Controller or persons performing similar functions under our Code of Business Conduct and Ethics. We intend to disclose any amendment to, or waivers of, the provisions of our Code of Business Conduct and Ethics that affect our Chief Executive Officer, Chief Financial Officer, Controller or persons performing similar functions by posting such information on our website at ir.williams-sonomainc.com/governance.

Communicating with Members of the Board

Stockholders and all other interested parties may send written communications to the Board or to any of our directors individually, including non-management directors and the Chairman of the Board, at the following address: Williams-Sonoma, Inc., Attention: Corporate Secretary, 3250 Van Ness Avenue, San Francisco, California 94109. All communications will be compiled by our Corporate Secretary and submitted to the Board or an individual director, as appropriate, on a periodic basis.

PROPOSAL 1

ELECTION OF DIRECTORS

Upon the recommendation of our Nominations and Corporate Governance Committee, our Board has nominated for reelection the persons set forth in the tables below. Our Board has no reason to believe that any of the nominees will be unwilling or unable to serve as a director. However, should a nominee become unwilling or unable to serve prior to the Annual Meeting, our Nominations and Corporate Governance Committee would recommend another person or persons to be nominated by our Board to stand for election, and your proxies would be voted for the person or persons selected by the committee and nominated by our Board.

There are no family or special relationships between any director nominee or executive officer and any other director nominee or executive officer. There are no arrangements or understandings between any director nominee or executive officer and any other person pursuant to which he or she has been or will be selected as our director and/or executive officer.

Information Regarding the Director Nominees

The following table sets forth information, as of April 4, 2016, with respect to each director nominee. We have also included information about each nominee's specific experience, qualifications, attributes and skills that led the Board to conclude that he or she should serve as a director of the company, in light of our business and structure, at the time we file this Proxy Statement. Each director nominee furnished the biographical information set forth in the table.

Executive Officers:

Nominee	Director Since	Position with the Company and Business Experience, including Directorships Held During Past Five Years	Specific Experience, Qualifications, Attributes and Skills
Laura J. Alber . . . . Age 47	2010	• Chief Executive Officer since 2010 • President since 2006 • President, Pottery Barn Brands, 2002 – 2006 • Executive Vice President, Pottery Barn, 2000 – 2002 • Senior Vice President, Pottery Barn Catalog and Pottery Barn Kids Retail, 1999 – 2000 • Director, RealD Inc. (3D technologies), 2013 – 2015	• Extensive retail industry, merchandising and operational experience, including 21 years of experience with the company • Implemented successful growth strategies, including Pottery Barn Kids, Pottery Barn Bed + Bath and PBteen, as well as the company's global expansion
Patrick J. Connolly . . . . Age 69	1983	• Executive Vice President, Chief Strategy and Business Development Officer, since 2014 • Executive Vice President, Chief Marketing Officer, 2000 – 2014 • Executive Vice President, General Manager, Catalog, 1995 – 2000 • Director, CafePress.com (customized and personalized products) since 2007	• Extensive marketing experience, including 37 years of experience with the company • Directed the company's direct-to-customer strategy, including the growth of its catalog business and the development and expansion of its e-commerce channel

Independent Directors:

Nominee	Director Since	Position with the Company and Business Experience, including Directorships Held During Past Five Years	Specific Experience, Qualifications, Attributes and Skills
Adrian D.P. Bellamy . . . . . Age 74	1997	• Chairman of the Board • Chair of the Compensation Committee and member of the Nominations and Corporate Governance Committee • Chairman and Director, Reckitt Benckiser plc (household, personal, health and food products) since 2003 • Chairman, Total Wine and More (liquor retailer) since 2011 • Chairman and Director, Action Holding B.V. (non-food discount retailer) since 2013 • Director, The Gap, Inc. (clothing), 1995 – 2014 • Chairman and Director, The Body Shop International plc (personal care products), 2002 – 2008	• Extensive experience as both an executive and director in the retail industry, including 12 years as Chairman and Chief Executive Officer of DFS Group Ltd. • Broad perspective of the retail industry from current and past positions on the Boards of other retailers including The Gap, The Body Shop and Gucci
Rose Marie Bravo CBE . . Age 65	2011	• Member of the Compensation Committee • Vice Chairman, Burberry Group plc (apparel and accessories), 2006 – 2007 • Chief Executive Officer, Burberry Group plc, 1997 – 2006 • President, Saks Fifth Avenue (specialty department store), 1992 – 1997 • Chairman and Chief Executive Officer of I. Magnin, a former division of R.H. Macy & Co. (specialty department store), 1987 – 1992 • Director, Tiffany & Co. (jewelry) since 1997 • Director, The Estée Lauder Companies Inc. (beauty products) since 2003	• Extensive knowledge of the retail industry, with over 30 years of experience as an executive and over 18 years of experience as a public company director • Strong understanding of global brand management, merchandising, marketing and product development

Proxy

Nominee	Director Since	Position with the Company and Business Experience, including Directorships Held During Past Five Years	Specific Experience, Qualifications, Attributes and Skills
Adrian T. Dillon . . . . Age 62	2005	• Chair of the Audit and Finance Committee • Chief Financial and Administrative Officer, Skype Limited (video and voice communications software), 2010 – 2011 • Executive Vice President, Finance and Administration, and Chief Financial Officer, Agilent Technologies, Inc. (technology testing and analysis solutions), 2001 – 2010 • Chairman, WNS (Holdings) Limited (outsourcing services) since 2014, Vice Chairman 2013 – 2014, Director since 2012 • Director, Wonga, Inc. (digital finance), 2013 – 2015 • Director, NDS Group Ltd. (pay television software), 2011 – 2012 • Director, Verigy Ltd. (semiconductors), 2006 – 2007	• Extensive financial and accounting expertise as chief financial officer of two large public companies • Deep understanding of accounting principles and financial reporting rules and regulations, including how internal controls are effectively managed within organizations
Anthony A. Greener . . . . . Age 75	2007	• Member of the Compensation Committee and the Nominations and Corporate Governance Committee • Chairman, The Minton Trust (charity) since 2006 • Director, WNS (Holdings) Limited (outsourcing services) since 2007 • Chairman, The St. Giles Trust (charity) since 2008 • Trustee, United Learning (education) since 2013 • Director, The United Church Schools Trust (education), 2005 – 2013 • Chairman, Qualifications and Curriculum Authority (education), 2002 – 2008 • Deputy Chairman, British Telecommunications plc (telecommunications), 2000 – 2006 • Chairman, Diageo plc (spirits, beer and wine), 1997 – 2000 • Chairman and Chief Executive Officer, Guinness plc (beer and spirits), 1992 – 1997	• Extensive experience as both an executive and director of companies with global brands • Strong leadership skills with a variety of diverse businesses and organizations, including specialty retailers

Nominee	Director Since	Position with the Company and Business Experience, including Directorships Held During Past Five Years	Specific Experience, Qualifications, Attributes and Skills
Ted W. Hall . . . . Age 67	2007	• Member of the Audit and Finance Committee • CEO & President, Long Meadow Ranch & Affiliates (food and wine) since 1994 • Managing Director, Mayacamas Associates (consulting) since 2000 • Director, Basic American Inc. (specialty foods) since 2010 • Director, Dolby Laboratories, Inc. (entertainment products), 2007 – 2013 • Director, Peet's Coffee & Tea, Inc. (coffee, tea and related products), 2008 – 2012 • Chairman, Tambourine, Inc. (specialty music production and distribution), 1998 – 2007 • Non-Executive Chairman of the Board, Robert Mondavi Corporation (wine), 2003 – 2005 • Various leadership roles, McKinsey & Company (consulting), 1972 – 2000 • Member of Shareholder Committee (McKinsey's board of directors), McKinsey & Company, 1988 – 2000	• Extensive operating and consulting experience, as well as experience as a director at companies in the retail, food, consumer product and technology industries • Strong insight into the specialty food industry through his leadership of Long Meadow Ranch
Sabrina Simmons . . . . Age 52	2015	• Member of the Audit and Finance Committee • Executive Vice President, Chief Financial Officer, The Gap, Inc. (clothing), since 2008 • Executive Vice President, Corporate Finance, 2007 – 2008, Senior Vice President, Corporate Finance and Treasurer, 2003 – 2007, Vice President and Treasurer, 2001 – 2003, The Gap, Inc.	• Extensive financial and accounting expertise as chief financial officer of a large public company • Extensive experience as an executive in the retail industry, including 15 years at The Gap, Inc.

Nominee	Director Since	Position with the Company and Business Experience, including Directorships Held During Past Five Years	Specific Experience, Qualifications, Attributes and Skills
Jerry D. Stritzke . . . . Age 55	2016	• President, Chief Executive Officer and Director, Recreational Equipment, Inc. (specialty outdoor gear), since September 2013 • President and Chief Operations Officer, Coach, Inc. (accessories), 2008 – September 2013 • Chief Operations Officer and Co-Leader, Victoria's Secret, 2006 – 2007, Chief Executive Officer, Mast Industries, 2001 – 2006, Senior Vice President Operations, 1999 – 2001, Limited Brands, Inc. (clothing) • Director, Lululemon Athletica, Inc. (yoga apparel), 2012 – 2013	• Extensive experience in specialty retail and operations, including over 17 years as a retail executive • Strong insight into global and multi-channel brands
Lorraine Twohill . . . . Age 45	2012	• Chair of the Nominations and Corporate Governance Committee and member of the Compensation Committee • Head of Global Marketing, Google Inc. (Internet search, advertising) since 2009 • Head of Marketing Europe, Middle East and Africa, Google Inc. 2003 – 2009 • Director, Telegraph Media Group (newspapers) since 2009	• Extensive marketing knowledge, with over 20 years of experience, and strong experience in digital and social media • Strong insight into brand management and global issues

Required Vote for This Proposal

The election of each director nominee requires the affirmative vote of a majority of the votes cast at the Annual Meeting with respect to each nominee. The number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee for the nominee to be elected as a director to serve until the next annual meeting or until his or her successor has been duly elected and qualified.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF ALL OF THE DIRECTOR NOMINEES LISTED ABOVE.

PROPOSAL 2

AMENDMENT AND RESTATEMENT OF OUR 2001 INCENTIVE BONUS PLAN

This is a proposal asking stockholders to approve the extension of the term of the amended and restated Williams-Sonoma, Inc. 2001 Incentive Bonus Plan from January 25, 2017 to the date of our annual meeting of stockholders in 2021, and to approve the material terms of the plan for purposes of satisfying the stockholder approval requirement under Section 162(m) of the Internal Revenue Code. The plan is currently due to expire on January 25, 2017. If approved, the amended and restated 2001 Incentive Bonus Plan will be effective upon stockholder approval.

The amended and restated 2001 Incentive Bonus Plan is intended to achieve the company's goals and receive a federal income tax deduction for certain compensation paid under the plan. If stockholders do not approve the amended and restated 2001 Incentive Bonus Plan and the material terms of the plan, bonuses for fiscal 2016 and thereafter will not be paid under the plan. Stockholders last approved the 2001 Incentive Bonus Plan in 2012. The amended and restated plan is attached to this Proxy Statement as Exhibit A.

Changes Being Made to the Current Plan

Below is a summary of the changes being made to the 2001 Incentive Bonus Plan, which is qualified in its entirety by the terms of the amended and restated plan attached to this Proxy Statement as Exhibit A:

- Extension of the plan term until the date of our annual meeting of stockholders in 2021;
- Revisions to the performance goals and adjustments thereto under which bonuses may be paid under the plan;
- Revising the circumstances under which the committee can waive the employment and performance goal requirements under the plan;
- Revising the plan's eligibility provisions to provide for the ability to make awards to other key employees of the Company; and
- Updates to reflect best practices, and certain clarifying changes.

Board Approval of the Amended and Restated Plan

On March 24, 2016, our Board approved the amended and restated 2001 Incentive Bonus Plan, subject to approval from our stockholders at the Annual Meeting. Our named executive officers have an interest in this proposal because they are eligible to receive plan awards.

Summary of the Amended and Restated Plan

The following is a summary of the principal features of the amended and restated 2001 Incentive Bonus Plan and its operation. This summary is qualified in its entirety by the amended and restated 2001 Incentive Bonus Plan attached as Exhibit A.

Purpose of the Plan

The amended and restated 2001 Incentive Bonus Plan is intended to motivate and reward participants by making a significant portion of their cash compensation directly dependent upon achieving the company's objectives. The amended and restated 2001 Incentive Bonus Plan accomplishes this by providing additional compensation to the company's executive officers and other key employees as an incentive to attain the company's goals. The amended and restated 2001 Incentive Bonus Plan also functions as a retention tool, helping to ensure the continued availability of the services of the executive officers and other key employees to the company.

The amended and restated 2001 Incentive Bonus Plan also is designed with the intention that compensation paid under the plan qualify as "performance-based" compensation under Section 162(m). Under Section 162(m), the company may not receive a federal income tax deduction for compensation paid to our Chief Executive Officer or any of the next three most highly compensated executive officers (other than the Chief Financial Officer) to the extent that it exceeds $1,000,000 in any one fiscal year. However, the company may deduct compensation in excess of $1,000,000 if it qualifies as performance-based compensation under Section 162(m). Payments under the amended and restated 2001 Incentive Bonus Plan are intended to qualify as performance-based compensation, thereby permitting the company to receive a federal income tax deduction for the payment of incentive compensation. However, because of the fact-based nature of the performance-based compensation exception under Section 162(m) and the limited availability of binding guidance thereunder, we cannot guarantee that awards made under the Bonus Plan that are intended to qualify as performance-based compensation under Section 162(m) will in fact so qualify. For awards granted under the 2001 Incentive Bonus Plan to qualify as "performance-based" compensation under Section 162(m), among other things, our stockholders must approve the proposed amendments and the material terms of the plan at the 2016 Annual Meeting. A favorable vote for this proposal is necessary for us to continue to deduct certain executive compensation in excess of $1,000,000 and provide us with potentially significant future tax benefits and associated cash flows.

Plan Administration

The 2001 Incentive Bonus Plan is administered by a committee (the "committee") of the company's Board, consisting of two or more directors. The members of the committee must qualify as "outside directors" under Section 162(m) for purposes of qualifying compensation under the plan as performance-based compensation. Currently, the committee administering the plan is the Compensation Committee of the Board, of which all members are "outside directors."

Powers of the Committee

The committee has full power to administer the plan, including adopting, amending or revoking rules or procedures as it deems proper for the administration of the plan. Subject to the terms of the plan, the committee has sole discretion to interpret the plan, make all determinations for the administration of the plan, grant bonus awards under the plan, including determining the terms and conditions of each award, such as the target amount and the performance goals, and at any time reduce any award to be paid out under the plan.

Eligibility to Receive Awards

Executive officers, employees who are deemed "covered employees" for purposes of Section 162(m) and other key employees are eligible to participate in the amended and restated 2001 Incentive Bonus Plan. For purposes of Section 162(m), covered employees include our Chief Executive Officer and the company's next three most highly compensated executive officers (other than the Chief Financial Officer). Except as otherwise determined by the committee, a participant whose employment or service relationship with the company terminates before the end of any award period generally is not entitled to participate in the plan or receive any awards under the plan in the then current or a later fiscal year, unless he or she again becomes eligible to participate in the plan.

Establishment of Target Awards

For each award period, the committee may establish a performance award target based upon the achievement of a specified goal for each plan participant. Award periods consist of one or more fiscal years of the company, or one or more quarters of the company, as the committee determines, and the award periods may be different for different awards. The committee must establish performance goals for an award no later than the earlier of 90 days after the first day of the award period or the date on which 25% of the award period has elapsed. The maximum award under the plan for each award period may not exceed ten million dollars for any participant.

Payout Amounts

For each award period, the covered employee is entitled to receive an award equal to the specific amount determined using the formulas that have been established for that award. The committee has the discretion to decrease the amount of any award payable under the plan (for any reason, including, without limitation, individual performance) but cannot increase the amount once the plan has been determined.

Performance Goals

Performance goals are goals that require the achievement of a quantifiable metric over an established period of time. This allows the committee to make performance goals applicable to a participant with respect to an award. At the committee's discretion, one or more of the following performance goals may apply to an award: (i) revenue (on an absolute basis or adjusted for currency effects); (ii) cash flow (including, without limitation, operating cash flow, free cash flow or net cash flow); (iii) cash position; (iv) earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings or earnings before interest, taxes, depreciation and amortization); (v) earnings per share; (vi) gross margin; (vii) net income; (viii) operating expenses or operating expenses as a percentage of revenue; (ix) operating income or net operating income; (x) return on assets or net assets; (xi) return on equity; (xii) return on sales; (xiii) total stockholder return; (xiv) stock price; (xv) growth in stockholder value relative to the moving average of the S&P 500 Index, or another index; (xvi) return on capital; (xvii) return on investment; (xviii) economic value added; (xix) operating margin; (xx) market share; (xxi) overhead or other expense reduction; (xxii) credit rating; (xxiii) objective customer indicators; (xxiv) objective improvements in productivity; (xxv) attainment of objective operating goals; (xxvi) objective employee metrics; (xxvii) return ratios; (xxviii) profit; (xxix) objective qualitative milestones; or (xxx) other objective financial or other metrics relating to the progress of the company or to a subsidiary, division or department thereof.

These performance goals may apply to company performance as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment. The goals may be measured either on an absolute basis, a per-share basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, in each case as specified by the committee. Performance goals may be different from participant to participant, within or between award periods and from award to award.

Financial performance measures may be determined in accordance with United States Generally Accepted Accounting Principles ("GAAP"), in accordance with accounting standards established by the International Accounting Standards Board ("IASB Standards") or may be adjusted by our committee when established, in a manner that complies with the performance-based compensation exception under Section 162(m), to exclude or include any objective and nondiscretionary items from the results determined under GAAP or under IASB Standards.

Payment of Awards Under the Plan

Before awards are paid under the plan, the committee must certify that the performance goal for the award has been satisfied. Awards under the plan are paid in cash, reasonably promptly following the conclusion of the award period and the committee's certification that the applicable performance goals have been satisfied. In no event are the awards paid later than the fifteenth day of the third month after the conclusion of the fiscal year of the company in which the award period ends.

Effect of Termination of Employment; Waiver of Performance Goals

Except as otherwise determined by the committee, a participant in the plan is generally required to be employed through the last day of an award period in order to receive an award. A participant may not receive an award unless the applicable performance goal(s) are satisfied, unless determined by the committee that the award would be paid if the participant dies, becomes disabled, or in the event there is a change in control of the company (or upon certain terminations of employment following a change in control). If the award is paid in such an event without satisfaction of the applicable performance goal(s), it will not constitute performance-based compensation for purposes of Section 162(m).

Amendment or Termination of the Plan

The Board generally may amend, suspend or terminate the plan at any time and for any reason. Amendments will be contingent on stockholder approval in the event that the amendment raises the maximum award limit under the plan or if required by applicable law or to continue to allow awards to qualify as performance-based compensation under Section 162(m). By its terms, if approved, the amended and restated 2001 Incentive Bonus Plan will be effective upon approval and remain in effect until our annual meeting of stockholders in 2021, unless it is re-approved by the company's stockholders at or before this time or is earlier terminated by the Board.

Specific Awards to be Granted Under the Plan

Awards under the amended and restated 2001 Incentive Bonus Plan to executive officers and other key employees are at the discretion of the committee and payout is determined based on actual future performance, so these awards and payouts cannot now be determined with certainty. The table below shows the bonuses paid to our named executive officers and select key employees for fiscal 2015. Since our executive officers are eligible to receive awards under the 2001 Incentive Bonus Plan, our executive officers have an interest in this proposal. No outside directors are eligible to participate in the plan.

Name and Position	Fiscal 2015 Cash Award
Named Executive Officers	
Laura J. Alber, Director, President and Chief Executive Officer	$2,600,000
Julie P. Whalen, Executive Vice President, Chief Financial Officer	$ 650,000
Sandra N. Stangl, President, Pottery Barn Brands	$1,000,000
Janet M. Hayes, President, Williams-Sonoma Brand	$ 800,000
James W. Brett, Jr., President, West Elm Brand	$1,800,000
All current executive officers as a group (seven persons)	$7,500,000
All current non-employee directors as a group (eight persons)	$ —
All employees, including all current officers who are not executive officers or directors, as a group	$2,325,000
TOTAL	$9,825,000

Recommendation that the 2001 Incentive Bonus Plan be Amended and Restated and its Material Terms Approved

We believe that the amended and restated plan is essential to our continued success. Our employees are our most valuable assets, and cash bonuses provided under the plan will substantially assist us in continuing to attract and retain key employees. Such awards also are crucial to our ability to motivate employees to achieve our goals.

Required Vote for this Proposal

To approve this proposal, a majority of voting power entitled to vote thereon, present in person or represented by proxy, at the Annual Meeting must vote "FOR" this proposal.

Effective Date of the Amended and Restated Plan

The amended and restated plan would be effective upon its approval by our stockholders and remain in effect until our annual meeting of stockholders in 2021, unless it is re-approved by the company's stockholders at or before this time or is earlier terminated by the Board.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE 2001 INCENTIVE BONUS PLAN.

PROPOSAL 3

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

This is a proposal asking stockholders to approve, on an advisory basis, the compensation of our Named Executive Officers as disclosed in this Proxy Statement in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the “Dodd-Frank Act,” and the applicable SEC rules. This proposal is commonly known as a “Say on Pay” proposal, and gives our stockholders the opportunity to express their views on the compensation of our Named Executive Officers.

Compensation Program and Philosophy

As described in detail under the heading “Executive Compensation,” our executive officer compensation program is constructed to attract, retain and motivate highly qualified personnel in support of our primary objective of creating long-term value for stockholders, while maintaining direct links between executive pay, individual performance, the company’s financial performance and stockholder returns. A significant portion of individual compensation is directly dependent on the company’s achievement of financial goals, which we believe aligns executive interests with stockholder interests and encourages long-term stockholder returns.

Fiscal 2015 Compensation Summary

To align our executive compensation packages with our executive compensation philosophy, the following compensation actions were approved by the Compensation Committee for fiscal 2015:

- *Adjustments to Base Salary*: Certain executive officers received base salary increases in light of demonstrated strong performance. The base salary of our Chief Executive Officer was increased for the first time since fiscal 2012 in light of continued strong performance and increased complexity of the business.
- *Performance-Based Cash Bonus:* Performance-based cash bonuses were paid for fiscal 2015 performance based on the company’s earnings per share goal, the achievement of positive net cash from operating activities, business unit performance and the individual performance of our Named Executive Officers.
- *Performance-Based and Time-Based Equity:* In fiscal 2015, our Named Executive Officers were granted performance stock units (PSUs) with variable payout based on a three-year performance metric and restricted stock units (RSUs) with both performance and service vesting. The PSUs granted in fiscal 2015 vest 100% after three years based upon achievement of pre-established earnings goals. The RSUs granted in fiscal 2015 vest 25% per year over a four-year period beginning on the grant date, subject to the achievement of positive net cash from operating activities in fiscal 2015, which has been achieved.

In addition to the above summary, stockholders are encouraged to read the “Executive Compensation” section of this Proxy Statement for details about our executive compensation programs, including information about the fiscal 2015 compensation of our Named Executive Officers.

We are asking our stockholders to indicate their support for our Named Executive Officer compensation as described in this Proxy Statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our Named Executive Officers and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we ask our stockholders to vote “FOR” the following resolution at the 2016 Annual Meeting:

> “RESOLVED, that the company’s stockholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the company’s Proxy Statement for the 2016 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Executive Compensation, the tabular disclosure regarding such compensation and the accompanying narrative disclosure.”

Required Vote for this Proposal

To approve this proposal, a majority of voting power entitled to vote thereon, present in person or represented by proxy, at the Annual Meeting must vote “FOR” this proposal.

This Say on Pay vote is advisory, and therefore not binding on the company, the Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the Named Executive Officer compensation as disclosed in this Proxy Statement, we will consider our stockholders’ concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Under the rules of the NYSE, brokers are prohibited from giving proxies to vote on executive compensation matters unless the beneficial owner of such shares has given voting instructions on the matter. This means that if your broker is the record holder of your shares, you must give voting instructions to your broker with respect to Proposal 3 if you want your broker to vote your shares on the matter.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.

PROPOSAL 4

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

This is a proposal asking stockholders to ratify the selection of Deloitte & Touche LLP, or Deloitte, as our independent registered public accounting firm for the fiscal year ending January 29, 2017. The Audit and Finance Committee selected Deloitte as our independent registered public accounting firm for the fiscal year ending January 29, 2017, subject to ratification by our stockholders. Although stockholder ratification of our independent registered public accounting firm is not required by law, as a matter of corporate governance, we are requesting that our stockholders ratify such selection.

A Deloitte representative will be present at the Annual Meeting, and will have the opportunity to make a statement and to respond to appropriate questions.

Deloitte Fees and Services

Deloitte has audited our financial statements for the last 36 years. Based in part upon information provided by Deloitte, the Audit and Finance Committee determined that Deloitte is independent under applicable independence standards. The Audit and Finance Committee has reviewed and discussed the fees billed by Deloitte for services in fiscal 2015, as detailed below, and determined that the provision of non-audit services was compatible with Deloitte's independence.

Deloitte provided the company with the following services:

Audit Fees

Deloitte billed approximately $2,021,000 for fiscal 2015 and $1,784,000 for fiscal 2014 for professional services to (i) audit our consolidated financial statements and perform an assessment of the effectiveness of our internal control over financial reporting included in our Annual Report on Form 10-K, (ii) review our condensed consolidated financial statements included in our quarterly reports on Form 10-Q, (iii) audit our 401(k) plan, and (iv) audit our statutory reports for our global entities.

Tax Fees

Deloitte billed a total of approximately $110,000 for fiscal 2015 and $141,000 for fiscal 2014 for tax services. Tax services included approximately: (i) $96,000 for fiscal 2015 and $95,000 for fiscal 2014 for tax compliance services, which included consultation for the preparation of our federal, state and local tax returns; and (ii) $14,000 for fiscal 2015 and $46,000 for fiscal 2014 for tax consulting services.

All Other Fees

Deloitte billed a total of approximately $30,000 for fiscal 2015 and $27,000 for fiscal 2014 for all other fees. All other fees consisted of sustainability consulting fees and license fees related to the use of Deloitte's online accounting research tool.

During fiscal 2015 and 2014, Deloitte did not perform any prohibited non-audit services or audit-related services for us.

Pre-Approval Policy

All services performed by Deloitte, whether audit or non-audit services, must be pre-approved by the Audit and Finance Committee or a designated member of the Audit and Finance Committee, whose decisions must be reported to the Audit and Finance Committee at its next meeting. Pre-approval cannot be obtained more than one year before performance begins and can be for general classes of permitted services such as annual audit services or tax consulting services. All fees paid to Deloitte for fiscal 2015 and fiscal 2014 were pre-approved by the Audit and Finance Committee.

Required Vote for this Proposal

To approve this proposal, a majority of voting power entitled to vote thereon, present in person or represented by proxy, at the Annual Meeting must vote "FOR" this proposal.

If stockholders vote against this proposal, the Audit and Finance Committee will consider interviewing other independent registered public accounting firms. There can be no assurance, however, that it will choose to appoint another independent registered public accounting firm if this proposal is not approved.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JANUARY 29, 2017.

AUDIT AND FINANCE COMMITTEE REPORT

The Audit and Finance Committee oversees the company's financial reporting process on behalf of the Board. In meeting these responsibilities, as described under the heading "Corporate Governance—Board Committees", we perform the following functions:

- Monitor the integrity of the company's financial reports, earnings and guidance press releases, and other company financial information;
- Appoint and/or replace the independent registered public accounting firm, pre-approve all audit and non-audit services of the independent registered public accounting firm, and assess its qualifications and independence;
- Review the performance of the company's internal audit function, the company's auditing, accounting and financial reporting procedures, and the company's independent registered public accounting firm;
- Monitor the company's compliance with legal and regulatory requirements;
- Monitor the company's system of internal controls and internal control over financial reporting;
- Retain independent legal, accounting or other advisors when necessary and appropriate;
- Review the financial impact on the company of selected strategic initiatives and selected financing plans, and develop and recommend policies related to dividend and stock repurchase programs; and
- Review with management the company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management policies.

In performing these functions, we took the following actions, among other things, related to fiscal 2015:

- Reviewed and discussed the company's audited consolidated financial statements for fiscal 2015 and unaudited quarterly condensed consolidated financial statements for fiscal 2015 with management and Deloitte;
- Reviewed, discussed with management and approved the company's periodic filings on Forms 10-K and 10-Q;
- Reviewed, discussed with management and approved all company earnings and guidance press releases;
- Reviewed and discussed the company's internal control over financial reporting with management and Deloitte;
- Reviewed and discussed with the company's internal audit department the company's internal audit plans, the significant internal audit reports issued to management and management's responses;
- Reviewed and discussed with management and the company's internal audit department the company's major financial risk exposures, including with regard to legal and regulatory matters, and the company's risk assessment and risk management policies;
- Met with Deloitte, with and without management present, to discuss the overall quality of the internal and external audit process and the financial reporting process;
- Reviewed and discussed with management, the company's internal audit department and Deloitte the sufficiency of the company's information technology systems, including how such systems support effective internal controls; and
- Discussed with Deloitte its independence from the company based on the following: (i) our confirmation that no member of Deloitte's current or former audit team is or has been employed by the company in a financial reporting oversight role; (ii) our review of audit and non-audit fees; and (iii) the written communications from Deloitte as required by Public Company Accounting Oversight Board, or PCAOB, requirements.

During fiscal 2015, we discussed the following other matters, among other things, with Deloitte:

- Deloitte's responsibilities in connection with the audit of the company's financial statements and matters relating to Deloitte's independence;
- Deloitte's annual letter describing its internal quality control procedures;
- The company's internal control over financial reporting;
- Any significant issues arising during the audit and any other matters relating to the conduct of the audit of the company's financial statements; and
- Matters required to be discussed pursuant to relevant PCAOB and SEC requirements, including the quality of the company's accounting principles, the soundness of significant judgments and the clarity of disclosures in the company's financial statements.

*The Audit and Finance Committee hereby reports as follows:**

(1) The Audit and Finance Committee has reviewed and discussed the company's audited financial statements with management and Deloitte;

(2) The Audit and Finance Committee has discussed with Deloitte the matters required by PCAOB Auditing Standard No. 16, *Communications with Audit Committees*;

(3) The Audit and Finance Committee has received the written disclosures and the letter from Deloitte required by the applicable requirements of the PCAOB regarding Deloitte's communications with the Audit and Finance Committee concerning independence and has discussed with Deloitte its independence; and

Based on the review and discussions referred to in items (1) through (3) above, the Audit and Finance Committee recommended to the Board that the audited financial statements be included in the company's Annual Report on Form 10-K for fiscal 2015 for filing with the SEC.

AUDIT AND FINANCE COMMITTEE OF THE BOARD OF DIRECTORS

Adrian T. Dillon, Chair
Ted W. Hall
Sabrina Simmons

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* This report shall not be deemed to be (i) "soliciting material," (ii) "filed" with the SEC, (iii) subject to Regulations 14A or 14C of the Securities Exchange Act of 1934, as amended, or (iv) subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent we specifically incorporate them by reference into such filing.

INFORMATION CONCERNING EXECUTIVE OFFICERS

The following table provides certain information about our executive officers as of April 4, 2016. Our executive officers are appointed by and serve at the pleasure of our Board, subject to rights, if any, under employment contracts.

Name	Position with the Company and Business Experience
Laura J. Alber . . . . Age 47	*
Julie P. Whalen . . . . Age 45	• Executive Vice President, Chief Financial Officer since 2012 • Treasurer, 2011 – 2014 • Senior Vice President, Controller, 2006 – 2012 • Vice President, Controller, 2003 – 2006
James W. Brett, Jr. . . . . Age 46	• President, West Elm Brand since 2010 • Chief Merchandising Manager, Urban Outfitters, Inc., 2007 – 2010 • Merchandise Manager, Anthropology, Urban Outfitters, Inc., 2003 – 2007
Patrick J. Connolly . . . . Age 69	*
Janet M. Hayes . . . . Age 48	• President, Williams-Sonoma Brand since 2013 • President, Pottery Barn Kids and PBteen Brands, 2010 – 2013 • Executive Vice President, Pottery Barn Kids and PBteen Brands, 2008 – 2010 • Senior Vice President and General Merchandising Manager, Pottery Barn, 2007 – 2008
David R. King . . . . Age 47	• Senior Vice President, General Counsel and Secretary since 2011 • Vice President, Deputy General Counsel, 2010 – 2011 • Vice President, Associate General Counsel, 2006 – 2010 • Director, Associate General Counsel, 2004 – 2006
Sandra N. Stangl . . . . . . Age 48	• President, Pottery Barn Brands (Pottery Barn, Pottery Barn Kids and PBteen) since 2013 • President, Pottery Barn Brand, 2008 – 2013 • Executive Vice President, Pottery Barn Kids and PBteen Brands, 2006 – 2008 • Senior Vice President, General Merchandising Manager, 2003 – 2006 • Senior Vice President, Product Development, 2002 – 2003

* Biographical information can be found in the table under the section titled "Information Regarding the Director Nominees" beginning on page 14 of this Proxy Statement.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes our compensation program, the compensation decisions we made under our program, and the reasoning underlying those decisions. This discussion and analysis focuses on the compensation of our "Named Executive Officers," who in fiscal 2015 were:

Laura J. Alber	Director, President and Chief Executive Officer
Julie P. Whalen	Executive Vice President, Chief Financial Officer
Sandra N. Stangl	President, Pottery Barn Brands
Janet M. Hayes	President, Williams-Sonoma Brand
James W. Brett, Jr.	President, West Elm Brand

Compensation Discussion and Analysis – Executive Summary

Our compensation decisions begin with the objective of paying for performance. Our stockholders cast a substantial vote in favor of our fiscal 2014 executive compensation at our 2015 Annual Meeting of Stockholders. Our fiscal 2015 financial performance was above fiscal 2014 levels (including another year of record net revenues in fiscal 2015). For fiscal 2015, the Compensation Committee took the following steps in support of the Company's executive pay for performance philosophy.

- We continued to grant performance stock units (PSUs) as part of our equity program, with variable payout based on a cumulative three-year earnings goal and subject to 100% cliff vesting at the end of the three-year performance period.
- The weighting of PSUs granted to our Named Executive Officers (other than the Chief Executive Officer) increased from 20% of long-term incentives in fiscal 2014 to 30% in fiscal 2015, further aligning executive pay with stockholder interests. The weighting of PSUs for the Chief Executive Officer was adjusted from 70% of long-term incentives in fiscal 2014 to 50% in fiscal 2015 to align with competitive practices among our peer group.
- 90% of the total target compensation of our Chief Executive Officer was based on company performance.
- We set the fiscal 2015 earnings per share target under our annual bonus plan significantly higher than our actual earnings per share for fiscal 2014 and did not increase target cash bonus percentages for our Named Executive Officers.

In addition to actual results, we consider how our performance results were achieved. Our company values guide the way we think and approach our business, and we measure executive performance with respect to these values as we make compensation decisions. This assessment is reflected in the compensation recommendations that our Chief Executive Officer makes to the Compensation Committee with respect to the other Named Executive Officers and the Compensation Committee's decisions with respect to the compensation of our Chief Executive Officer.

Our Values

Everything we do revolves around our mission to enhance our customers' lives at home. We are committed to quality and service, and delivering an inspiring retail experience. Our core values include:

People First

We believe that our company has no limit and is driven by our associates and their imagination. We are committed to an environment that attracts, motivates and recognizes high performance.

Customers

We are here to please our customers – without them, nothing else matters.

Quality

We take pride in everything we do. From our people to our products, and in our relationships with business partners and our community, quality is our signature.

Stockholders

We are committed to providing a superior return to our stockholders. It's everyone's job.

Integrity

We do business with the highest level of integrity. Every day, in everything we do.

Corporate Responsibility

We will build sustainability into every corner of our enterprise so that our continued financial success will enhance the lives of our many stakeholders, the communities where we have a business presence and the natural environment upon which we rely.

Fiscal 2015 Performance Highlights

Fiscal 2015 was a year of solid performance for our company, and we experienced growth in both net revenues and earnings per share despite a challenging environment. We experienced balanced growth across both channels, driven by our highly profitable e-commerce business, which grew to 51% of our total revenue. Fiscal 2015 financial achievements included:

- Net revenues increased 5.9% to $4.976 billion.
- Diluted earnings per share reached $3.37.
- E-commerce net revenues grew 6.4% and generated 51% of our total net revenues in fiscal 2015, compared to 50% in fiscal 2014. Retail net revenues grew 5.4%.
- International operations grew more than 25%.
- We returned $353 million to our stockholders through stock repurchases and dividends.

At the same time, we made progress against our long-term strategic growth initiatives. Highlights of our fiscal 2015 achievements include:

- **Strengthening our brands** – Comparable brand revenue growth across our business in fiscal 2015 was 3.7%, following 7.1% growth in fiscal 2014. West Elm net revenues increased 22.7%. Our innovative, exclusive products and our high-service multi-channel model, along with brand-specific initiatives, led to this performance.
- **Laying the foundation for global expansion and new business development** – Our international operations saw net revenue growth of more than 25% and improving profitably. Our franchise partners currently operate 28 stores in the Middle East, 6 stores in the Philippines and 14 stores and e-commerce

websites in Mexico, and in fiscal 2016 we expect our franchise partner in Mexico to open 15 additional new stores. During the year, we also signed a new franchise agreement, and we expect stores to open in South America in fiscal 2017. Additionally, we now have 19 company-owned stores in Australia and 1 store in the United Kingdom. We also saw strong results from our newest businesses – Rejuvenation and Mark and Graham – which together grew net revenues 38% in fiscal 2015.

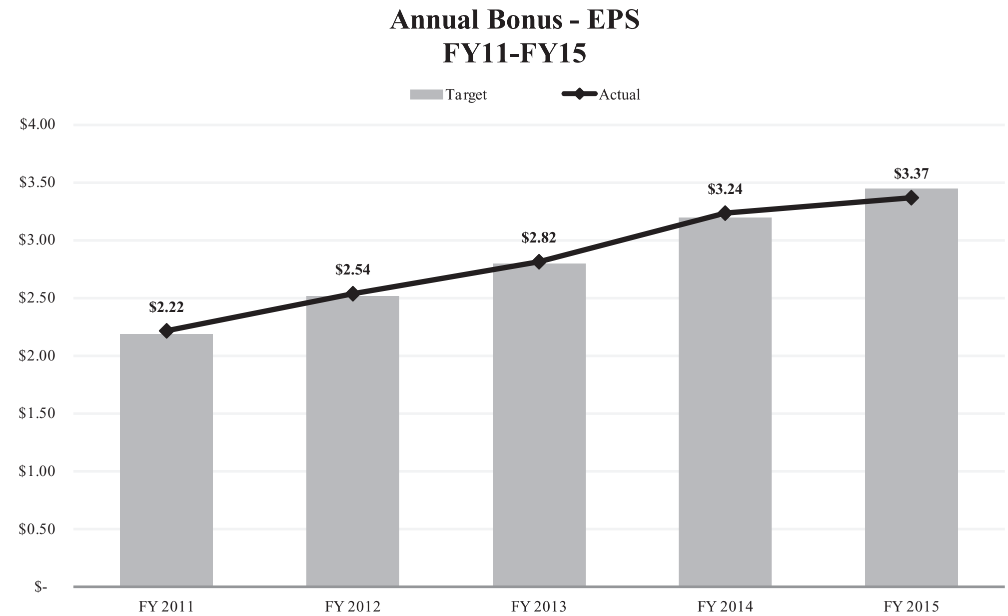
- **Investing in e-commerce, as well as technology and infrastructure** – We continued to enhance our technologies to improve customer service and advance the flexibility and capacity of our e-commerce platform. In fiscal 2015, e-commerce represented 51% of our net revenues.

We have driven consistent profitable growth through innovation, operational excellence and our customer-centered approach, along with financial discipline. We believe that our long-term outlook is strong and that there is a significant opportunity to expand our reach domestically and globally.

Our Compensation Program Aligns and Advances Executive and Stockholder Interests

Our compensation program is constructed to attract, motivate and retain exceptional executives in support of our primary objective to create long-term value for stockholders. Fundamentally, we believe that earnings per share, or EPS, is the measure most closely aligned with long-term stockholder value and, as such, each executive's bonus payout is dependent on the company's achievement of an annual EPS goal.

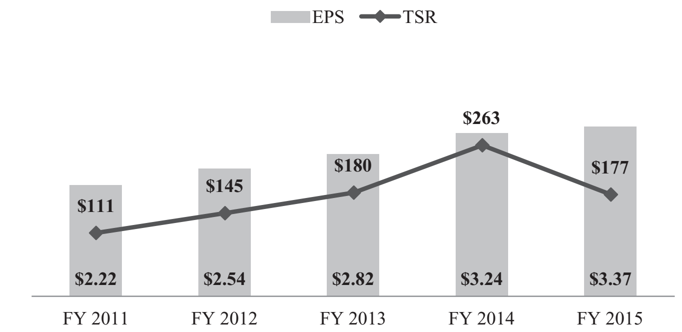
The chart below illustrates the year over year increases of our target EPS goal under our 2001 Incentive Bonus Plan, as well as our actual EPS. Our performance goal is consistently set higher than the previous year's actual EPS performance.



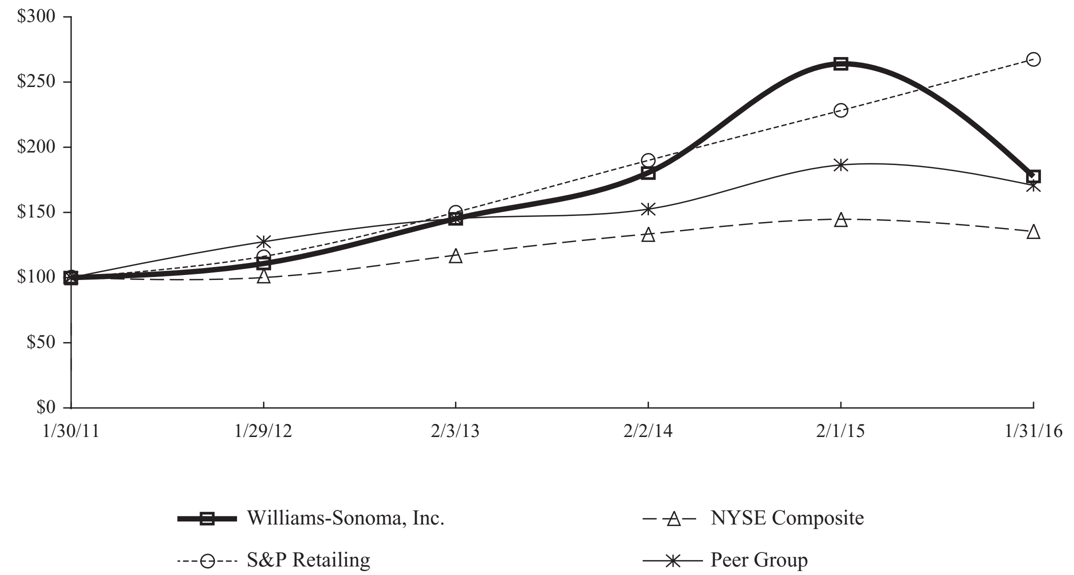
Similarly, our equity compensation and stock ownership guidelines are structured to encourage our executives to deliver long-term sustained growth in our stock price. We believe this dual approach aligns executive and stockholder interests. When we exceed targeted performance levels and/or our stock price appreciates, our executives' compensation opportunity is substantially increased. When we do not achieve targeted performance levels, our executives' actual compensation is reduced.

The charts below summarize our EPS growth and total stockholder return (TSR) over the past five years, and compare our five-year cumulative TSR to our proxy peer group companies and certain market indices. These returns assume an initial investment of $100 on January 31, 2011 (the first day of fiscal 2011) and reinvestment of dividends. Company performance against our peers and retail industry is reviewed and considered when making compensation decisions, such that our compensation program is effective in incenting and linking performance with appropriate rewards.

Williams-Sonoma, Inc.
EPS and TSR
FY11-FY15



COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among Williams-Sonoma, Inc., the NYSE Composite Index, S&P Retailing, and Peer Group



Stockholders Supported Our Compensation Program in 2015

Our stockholders express their views on our compensation program and compensation decisions annually by casting votes in favor of or against our annual Say on Pay proposal. At the 2015 Annual Meeting of Stockholders, over 91% of the votes cast were in favor of our Say on Pay proposal. The Compensation Committee considered this advisory vote in determining whether our stockholders continue to support our compensation policies and our compensation decisions, and concluded that it demonstrates continued support.

Overview of 2015 Compensation Decisions

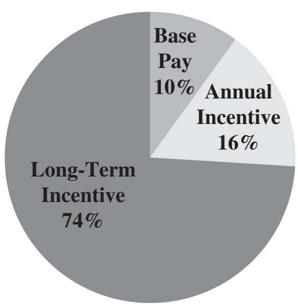
In fiscal 2015, we continued to advance our business and strategic objectives. Our compensation decisions for fiscal 2015 were intended to reward the achievements of fiscal 2015, drive strong performance in fiscal 2016, provide incentives for long-term growth, and retain our key executives. These decisions included:

- *Base Salaries.* Certain executives received base salary increases to position them more appropriately in light of demonstrated strong performance and increased business complexity. The base salary of our Chief Executive Officer was also increased for the first time since 2012.
- *Annual Bonuses.* Our Named Executive Officers earned bonus payouts ranging from 86% of target to 180% of target based on both company and individual performance for fiscal 2015. Target cash bonus percentages for fiscal 2015 remained unchanged from fiscal 2014.
- *Long-Term Incentives.* We granted two forms of equity awards in fiscal 2015, restricted stock units (RSUs) and performance stock units (PSUs). PSUs were granted in fiscal 2015 with a variable payout based on achievement of a cumulative three-year earnings goal. The PSUs granted in fiscal 2015 vest fully and are paid out after three years, if at all, based on company performance. The RSUs granted in fiscal 2015 included a one-year performance-based vesting requirement and a time-based vesting schedule of 25% per year over a four-year period.

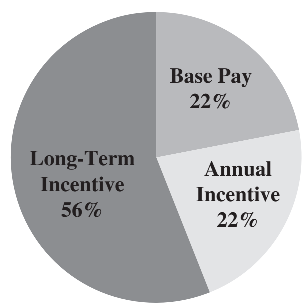
We believe our fiscal 2015 long-term incentive structure provides an appropriate mix of retention for our top executive talent and at-risk incentive to drive long-term performance.

The charts below illustrate the proportion of each element of our Named Executive Officers' and our Chief Executive Officer's fiscal 2015 compensation as reported in the Summary Compensation Table on page 46.

Fiscal 2015 CEO
Target Total Direct Compensation



Fiscal 2015 Other NEO
Target Total Direct Compensation
(Excluding CEO)



Overview of Chief Executive Officer Compensation

Since becoming Chief Executive Officer in 2010, Ms. Alber's leadership of the company has driven year-over-year gains in revenue, profitability, and EPS. The compensation of our Chief Executive Officer is designed to pay for performance; 90% of Ms. Alber's total compensation opportunity for fiscal 2015 was comprised of variable incentive-based compensation, which aligns with and advances stockholders' interests. Listed below are the main elements of pay and a summary of the Compensation Committee's decisions related to the compensation of our Chief Executive Officer for fiscal 2015.

- *Base Salary.* Base salary was increased for the first time since fiscal 2012 in light of continued strong performance and increased complexity of the business.
- *Annual Bonus.* Annual bonus for fiscal 2015 was paid at 124% of target, based on an assessment of company and individual performance and represented a 20% decrease from the annual bonus Ms. Alber received in fiscal 2014 .

- *Long-Term Incentives.* We granted long-term incentive awards of 65,350 RSUs with a one-year performance-based vesting requirement and a time-based vesting schedule of 25% per year over a four-year period. Additionally, we granted 65,350 PSUs at target payout subject to a cumulative three-year earnings goal and a three-year cliff vesting schedule.

Compensation Governance

We maintain compensation practices that are aligned with prevalent and sustainable corporate governance principles intended to encourage actions that are in the long-term interests of stockholders and the company, and discourage actions such as excessive risk-taking and other actions contrary to the long-term interests of stockholders. Below, we highlight key elements of our compensation governance.

Compensation Practices We Follow

- *We pay for performance.* With the exception of base salary and benefits, our compensation elements are incentive-based or tied to company stock performance. Variable pay constitutes over 75% of total target compensation for our Named Executive Officers other than our Chief Executive Officer, whose variable pay for fiscal 2015 was 90% of total target compensation.
- *We structure each element of compensation with a specific purpose.* Our process for making compensation decisions involves a strategic review of the role and the level of each element of compensation, as well as the balance of short-term and long-term compensation opportunities.
- *We set meaningful stock ownership guidelines.* Our expectations for stock ownership align executives' interests with those of our stockholders. The ownership guideline for our Chief Executive Officer is five times base salary. The guideline for the Named Executive Officers (other than the Chief Executive Officer) and certain other executives is two times base salary. All of our Named Executive Officers meet or exceed the stock ownership guidelines or comply with the stock retention requirements for vested restricted stock units that are designed to bring the executive up to the guideline ownership level.
- *We review our equity plan share usage regularly.* On an annual basis, the Compensation Committee reviews and evaluates our share dilution, burn rate and overhang levels with respect to equity compensation plans and their impact on stockholder dilution. The Compensation Committee is also provided this information at each committee meeting.
- *We provide limited perquisites.* Our Named Executive Officers are not provided with any special perquisites or benefits that are not otherwise offered broadly to associates of the company, with the exception of $12,000 in financial consulting services offered to a limited number of executives. These benefits are for financial counseling to address the complexity of the executives' financial circumstances.
- *We adopted double-trigger, not single-trigger, change in control benefits.* Our Management Retention Plan provides for accelerated vesting of equity awards and salary and bonus payouts after a change in control, but only if an executive is involuntarily terminated without cause or separates for good reason.
- *We consider the views of stockholders on an annual basis.* We provide stockholders with an annual Say on Pay advisory vote, and the Compensation Committee reviews and takes into account the results of this vote.
- *We engage an independent compensation consulting firm.* The Compensation Committee's independent consultant does not provide any other advisory or consulting services to the company.

Compensation Practices We Do Not Follow

- We do not provide excise tax gross-ups or gross-ups of any kind.
- We do not allow hedging, pledging or short sales of company stock.
- We do not pay dividends on unvested performance-based RSUs and PSUs.

- We do not grant stock options or stock appreciation rights with exercise prices below 100% of fair market value.
- We do not reprice underwater stock options or stock appreciation rights without stockholder approval.
- We do not permit personal use of our corporate aircraft.

Roles in Determining Executive Compensation

The Compensation Committee makes compensation decisions related to the compensation of the Named Executive Officers with the input and recommendations of the Chief Executive Officer (other than with respect to her own compensation). Management provides the Compensation Committee with analyses and recommendations developed internally with the Chief Executive Officer. The Compensation Committee reviews these materials with its compensation consultant and considers the consultant's advice as part of its decision-making process, including the consultant's advice regarding the selection of appropriate peers for inclusion in the company's proxy peer group. With respect to the Chief Executive Officer's base salary, the Compensation Committee makes a recommendation to the independent members of the Board of Directors, and all independent Directors determine any base salary adjustments for the Chief Executive Officer.

Role of Compensation Committee

Each year, the Compensation Committee determines appropriate business targets for the fiscal year and evaluates executives' performance against those targets. As the Compensation Committee structures the executive compensation program, it considers accounting and tax implications of each compensation element, as well as stockholder dilution in the case of equity awards. The Compensation Committee updates the Board of Directors regarding compensation decisions for executives and for the Chief Executive Officer, with the exception of adjustments to her base salary, which are determined by the independent members of the Board, as described above. The Compensation Committee's role is further detailed in the Compensation Committee Charter, which is available on the company's website at ir.williams-sonomainc.com/governance.

In making compensation decisions, the Compensation Committee reviews each executive's past and current compensation and analyzes each of the following:

- Each Named Executive Officer's achievement of established financial and operating objectives for that executive's area of responsibility;
- The total compensation opportunity for each Named Executive Officer relative to the total compensation opportunity disclosed by companies in the proxy peer group for the officer's corresponding position, for each compensation element;
- Internal positioning among the Named Executive Officers; and
- Whether the vesting schedule and value of outstanding long-term incentive awards are sufficient to provide an appropriate balance of short and long-term incentives, drive sustained performance and provide potential for appropriate reward.

Role of Our Chief Executive Officer and Management

The Chief Executive Officer is present at Compensation Committee meetings (except when her own compensation is being deliberated and established) and makes recommendations regarding the compensation program in general and each executive's compensation specifically. Her recommendations are made in the context of peer group and other relevant data, and are based on a quantitative analysis and comparison of each executive's performance against fiscal year business and strategic objectives and her qualitative evaluation of each executive's contributions to the company's long-term objectives. Further, she provides input on each executive's respective responsibilities and retention risk, as well as their equity position and potential for wealth accumulation. Other members of management are also present at Compensation Committee meetings to provide background information regarding the company's business and strategic objectives.

Role of Independent Compensation Committee Consultant

Frederic W. Cook & Co., or Cook & Co., is the independent executive compensation consultant for the Compensation Committee. Cook & Co. provides services only as directed by the Compensation Committee and has no other relationship with the company. The Compensation Committee has reviewed its relationship with Cook & Co. and has identified no conflicts of interest.

In fiscal 2015, Cook & Co. provided the Compensation Committee with publicly disclosed proxy data related to Named Executive Officer compensation. The Compensation Committee occasionally requests that Cook & Co. attend its meetings and receives from Cook & Co., on an annual basis, an in-depth update on general and retail industry compensation trends and developments.

In addition, in fiscal 2015, the Compensation Committee asked Cook & Co. to evaluate the risk inherent in our executive and non-executive compensation programs. Their report concluded that, among other things:

- The company's executive compensation program is designed to encourage behaviors aligned with the long-term interests of stockholders;
- There is appropriate balance in short-term versus long-term pay, cash versus equity, recognition of corporate versus business unit performance, financial versus non-financial goals, and use of formulas and discretion; and
- Policies are in place to mitigate compensation risk, such as stock ownership guidelines, insider trading prohibitions and disclosure requirements, and independent Compensation Committee oversight.

After considering this evaluation, the Compensation Committee concluded that our compensation programs do not encourage executives to take on business and operating risks that are reasonably likely to have a material adverse effect on the company.

Role of Market Data

The Compensation Committee, the Chief Executive Officer and management believe that knowledge of general market practices and the specific compensation practices of our proxy peer group, listed below, is important in assessing the design and competitiveness of our compensation package. When market data is reviewed, it is considered as a reference point, rather than a fixed policy, for compensation positioning and decision-making. We do not set compensation to meet specific benchmarks or percentiles. For fiscal 2015, our executives' target total direct compensation is at or above the 75^{th} percentile. When target total direct compensation was set at the beginning of fiscal 2015, the Compensation Committee confirmed the resulting competitive positioning was appropriate for our executives given our strong operating performance and sustained revenue and earnings growth in recent years. In addition, the Compensation Committee determined that setting total direct compensation at this level is appropriate given the executives' continued strong performance and valuable experience operating in our complex multi-channel business model.

Our Proxy Peer Group

The Compensation Committee uses a peer group composed of public companies in the retail industry to review competitive compensation data for the company's executives. The Compensation Committee evaluates this proxy peer group on an annual basis to ensure that the companies selected remain appropriate. The proxy peer group for fiscal 2015 was selected by the Compensation Committee based on the guiding criteria described below, with advice from Cook & Co. Certain proxy peer companies may not meet all selection criteria, but are included because they are direct competitors of our business, direct competitors for our executive talent, have a comparable business model, or for other reasons. The proxy peer group guiding criteria for fiscal 2015 was as follows:

1. Company Classification in the Global Industry Classification Standard in one of the following:
    - Home Furnishing Retail;

- Apparel Retail; or
- Department Stores;

2. Revenues between $1.5 billion and $14 billion;
3. Market capitalization greater than $250 million and less than $40 billion;
4. Current peer listed by a proxy advisory firm;
5. Among the top 100 e-retailers or an operator of multiple brands; and
6. Positive total stockholder return over the last one and three year periods (i.e. sustained performance).

Our Fiscal 2015 Proxy Peer Group

For fiscal 2015, our proxy peer group consisted of the following 15 public companies:

Abercrombie & Fitch Co.	lululemon athletica inc.
American Eagle Outfitters, Inc.	Nordstrom, Inc.
Ann Inc.	Pier 1 Imports, Inc.
Bed Bath & Beyond Inc.	Restoration Hardware Holdings, Inc.
Coach, Inc.	Ross Stores, Inc.
Foot Locker, Inc.	Tiffany & Co.
The Gap, Inc.	Urban Outfitters, Inc.
L Brands, Inc.	

The following table provided by Cook & Co., based on publicly available information as of April 4, 2016, provides a financial overview of the proxy peer group companies in order to compare their revenues, net income, and market capitalization as a group relative to the company.

	Annual Net Revenue (in millions)	**Annual Net Income (in millions)**	**Market Capitalization (in millions) (as of 2/1/2016)**
75th Percentile	$12,063	$781	$9,828
Average	$ 7,048	$495	$8,836
Median	$ 4,148	$433	$8,325
25th Percentile	$ 3,464	$220	$2,731
Williams-Sonoma, Inc.	$ 4,976	$310	$4,641

Changes to Our Proxy Peer Group for Fiscal 2016

For fiscal 2016, the Compensation Committee reviewed the proxy peer group guiding criteria against our current revenues and market capitalization. In addition, the Compensation Committee considered compensation peer companies used by proxy advisory firms, other major e-retailers, and other major retailers with sustained positive total stockholder return. Upon completion of its review, the Compensation Committee made the following changes to the proxy peer group for fiscal 2016.

The Compensation Committee added three companies to the peer group: Ralph Lauren Corporation, Levi's Strauss & Co, and V.F. Corporation as these companies meet our guiding criteria. Additionally, V.F. Corporation was added as a successful multi-brand operator and Levi's Strauss & Co was added due to its geographic proximity to our headquarters and direct competition for talent.

Ann Inc. was removed from the proxy peer group for fiscal 2016 following its purchase by Ascena Retail Group. Pier 1 Imports, Inc. and Abercrombie & Fitch & Co. were removed from the proxy peer group for fiscal 2016 as the Committee determined these companies did not meet our performance criteria.

For fiscal 2016, our proxy peer group consists of the following 15 public companies:

American Eagle Outfitters, Inc.	Nordstrom, Inc.
Bed Bath & Beyond Inc.	Ralph Lauren, Corporation
Coach, Inc.	Restoration Hardware Holdings, Inc.
Foot Locker, Inc.	Ross Stores, Inc.
The Gap, Inc.	Tiffany & Co.
L Brands, Inc.	Urban Outfitters, Inc.
Levi Strauss & Co.	V.F. Corporation
lululemon athletica inc.	

Components of Our Compensation Program, 2015 Decisions and the Decision-Making Process

Our compensation program for our Named Executive Officers is made up of the four components listed below, which are designed to create long-term value for stockholders and to attract, motivate and retain outstanding executives.

Compensation Component	*Purpose*
Base Salary	• Provides a minimum level of fixed compensation to induce executives to join and remain with the company.
Annual Cash Bonus	• Motivates and rewards achievement toward our annual business and strategic objectives with cash that varies based on results.
Long-Term Incentives (e.g. equity compensation awards)	• Encourage our executive team to work toward the company's long-term growth, provide variable payout opportunities that reward the creation of sustained and long-term earnings growth and stockholder value, and offer meaningful incentives to remain with the company.
Benefits	• Enhance our compensation program with significant and market-competitive health, welfare, financial and retirement benefits.

Base Salary

In March 2015, the Compensation Committee reviewed and set the fiscal 2015 base salaries of our Named Executive Officers based on overall company performance and performance relative to our proxy peer companies, an analysis of each executive's position relative to executives in our proxy peer group, other market data, each executive's experience (as well as past, current and anticipated contributions to the company's success), and the Chief Executive Officer's recommendations (other than with respect to her own base salary). Following review, the base salaries were increased for Ms. Alber, Ms. Hayes, Ms. Whalen and Mr. Brett.

In executive session at a meeting in March 2015, without the Chief Executive Officer present, the Compensation Committee reviewed Ms. Alber's base salary. The Compensation Committee concluded that Ms. Alber's base salary would be increased for the first time since fiscal 2012, in light of her continued strong performance.

The following table shows the fiscal 2014 and fiscal 2015 base salaries for the Named Executive Officers.

Named Executive Officer	Fiscal 2014 Base Salary	Fiscal 2015 Base Salary
Laura J. Alber	$1,300,000	$1,400,000
Julie P. Whalen	$ 700,000	$ 750,000
Sandra N. Stangl	$1,100,000	$1,100,000
Janet M. Hayes	$ 900,000	$ 925,000
James W. Brett, Jr.	$ 900,000	$1,000,000

Proxy

Annual Cash Bonus

Cash bonuses are awarded to our Named Executive Officers under the 2001 Incentive Bonus Plan, or the Bonus Plan, and paid only when threshold company and business objectives are met or exceeded.

At the beginning of each fiscal year, the Compensation Committee reviews and establishes individual bonus targets for each Named Executive Officer and threshold, target and maximum EPS goals under the Bonus Plan which determine the funding pool from which executive bonuses are paid.

In addition, the Compensation Committee sets a primary performance goal that must be achieved, which establishes the maximum bonus payable under the Bonus Plan to each Named Executive Officer subject to the Compensation Committee's discretion to reduce such amount. For fiscal 2015, this goal was positive net cash flow provided by operating activities as provided on the company's consolidated statements of cash flows. This primary goal was met in fiscal 2015, and the Compensation Committee used negative discretion to determine the actual payout to each Named Executive Officer based on achievement of the EPS goal and each individual's performance, as described below.

Fiscal 2015 Bonus Targets

At a meeting held in March 2015, the Compensation Committee reviewed the bonus targets under the Bonus Plan for each Named Executive Officer. The Compensation Committee considered the recommendations of the Chief Executive Officer, which were informed by the following factors:

- Each executive's respective responsibilities;
- The bonus targets set by our proxy peers;
- The relationship of the bonus target to other compensation elements; and
- Whether the established bonus targets are effective in motivating our executives to deliver strong performance.

The target bonuses as a percentage of base salary under the Bonus Plan remained unchanged for fiscal 2015.

In executive session at a meeting in March 2015, without the Chief Executive Officer present, the Compensation Committee reviewed Ms. Alber's bonus target and concluded that her bonus target would remain unchanged for fiscal 2015 as her target total cash compensation is properly positioned.

The target bonuses as a percentage of base salary under the Bonus Plan for fiscal 2014 and fiscal 2015 are listed below for each Named Executive Officer.

Named Executive Officer	Fiscal 2014 Target Bonus (as a Percentage of Base Salary)	Fiscal 2015 Target Bonus (as a Percentage of Base Salary)
Laura J. Alber	150%	150%
Julie P. Whalen	100%	100%
Sandra N. Stangl	100%	100%
Janet M. Hayes	100%	100%
James W. Brett, Jr.	100%	100%

Our Bonus Performance Goal – EPS

The pool from which executive bonuses are paid depends on our achievement of EPS goals established by the Compensation Committee. For fiscal 2015, the Compensation Committee set a diluted EPS target of $3.45 (excluding extraordinary non-recurring charges or unusual items and the effect of changes in accounting principles). The target performance goal required significant improvement over fiscal 2014 results. The threshold goal also required an overall increase in annual EPS over fiscal 2014 results for any bonuses to be paid under the Bonus Plan in fiscal 2015. For fiscal 2015, we achieved performance below target but above threshold resulting in lower bonus payouts for each of our Named Executive Officers compared to prior fiscal years, except for Mr. Brett whose business unit performance was exceptional.

Individual Bonus Objectives

If the company meets the minimum threshold EPS goal under the Bonus Plan, individual performance is assessed in order to determine the payout of bonuses. The Compensation Committee believes that the achievement of individual objectives is critical to the overall success of the company and, as such, bonuses are paid, in part, to reflect individual achievement. For example, if an executive fails to fully meet some or all individual objectives, the executive's bonus may be significantly reduced or even eliminated. Conversely, if the objectives are overachieved, awards may be subject to less or no reduction from the maximum amount payable to the executive based on our achievement of the primary positive net cash flow goal described above.

The Compensation Committee decides the bonus amount, if any, for the Chief Executive Officer in an executive session in which the Chief Executive Officer is not present. In March 2016, the Compensation Committee reviewed the fiscal 2015 performance of each Named Executive Officer and considered the recommendations of the Chief Executive Officer for Named Executive Officers other than herself. For fiscal 2015, the Compensation Committee approved the bonus payments in the table below under the Bonus Plan for each Named Executive Officer, which were informed by the following factors:

- Achievement of established financial and operating objectives; and
- A qualitative assessment of each executive's leadership accomplishments in the fiscal year (noting that accomplishments that increase stockholder return or that significantly impact future stockholder return are significant factors in the assessment of individual performance).

Named Executive Officer	**Fiscal 2015 Bonus Amount***	**Fiscal 2015 Actual Bonus (as a Percentage of Target)**
Laura J. Alber	$2,600,000	124%
Julie P. Whalen	$ 650,000	87%
Sandra N. Stangl	$1,000,000	91%
Janet M. Hayes	$ 800,000	86%
James W. Brett, Jr.	$1,800,000	180%

* Reflects the Compensation Committee's exercise of discretion to reduce the maximum amount payable to the executive under the Bonus Plan for fiscal 2015 from $10,000,000 to the amount shown.

Long-Term Incentives

The third component of the company's compensation program is long-term equity compensation. The Compensation Committee believes that equity compensation awards encourage our executives to work toward the company's long-term business and strategic objectives and to maximize long-term stockholder returns. In addition, the Compensation Committee believes that equity awards incentivize executives to remain with the company.

In fiscal 2015, equity was granted to our Named Executive Officers in the form of PSUs and RSUs. PSUs were granted with a cumulative three-year earnings target based on earnings per share growth and a cliff vesting schedule of 100% at the end of a three-year performance period. PSUs earned are variable based on actual earnings performance relative to target with no PSUs earned for below threshold performance, 50% of target earned for threshold performance, 100% of target earned for target performance, and 200% of target earned for maximum performance and above. RSUs were granted with a performance-based vesting requirement and a time-based vesting schedule of 25% per year over four years. The Compensation Committee believes that granting equity in the form of RSUs and PSUs drives strong performance, aligns each executive's interests with those of stockholders, and provides an important and powerful retention tool. In determining the long-term incentive awards for fiscal 2015, the Compensation Committee considered relevant market data, the strong performance of the executive team, and the unvested value of equity awards remaining in fiscal 2015. The target number of PSUs granted to our Chief Executive Officer represented 50% of the total number of equity awards granted to her in fiscal 2015, which is in line with market practice among our peer group. For our other Named Executive Officers, the PSUs represented 30% of the total number of equity awards granted to each of them, which is an increase from 20% in fiscal 2014. The greater proportion of PSUs to RSUs for these Named Executive Officers is intended to further strengthen the link between pay and long-term performance.

The Compensation Committee established the three-year earnings growth goals for the PSUs by reference to our three-year earnings growth plan, which was presented to and reviewed by our Board of Directors. We believe that the goals were set at challenging levels and are aligned with the long-term interests of our stockholders.

The performance criterion for the fiscal 2015 performance-based RSUs required that the company achieve positive net cash flow provided by operating activities in fiscal 2015 as provided on the company's consolidated statements of cash flows. The performance criterion for fiscal 2015 was achieved.

In addition to the PSU and performance-based RSU awards, in 2015, Mr. Brett received an additional performance-based RSU award equal to $1,000,000 with a time-based vesting schedule of 25% per year over four years. The Compensation Committee determined that this award was important to reward and retain Mr. Brett who has driven the strong performance and comparable brand revenue growth of the West Elm brand since his appointment as President, West Elm.

In determining the type and number of equity awards granted to each Named Executive Officer, the Compensation Committee considered the recommendations of the Chief Executive Officer, which were based on:

- The executive's performance and contribution to the profitability of the company;
- The type and number of awards previously granted to each executive;
- The executive's outstanding equity awards;
- The vesting schedule of the executive's outstanding equity awards;
- The relative value of awards offered by peer companies to executives in comparable positions;
- The appropriate mix between long-term incentive awards and other types of compensation, such as base salary and bonus; and
- Additional factors, including increased responsibilities, succession planning and retention strategy.

The Compensation Committee believes that each factor influences the type and number of shares appropriate for each individual and that no one factor is determinative.

In determining the long-term incentive grant for the Chief Executive Officer, the Compensation Committee took into account a number of factors, including the company's performance and the assessment by the Compensation Committee of the Chief Executive Officer's performance.

Equity grants approved by the Compensation Committee in April 2015 were as follows:

Named Executive Officer	Number of Restricted Stock Units	Number of Performance Stock Units (at Target)
Laura J. Alber	65,350	65,350
Julie P. Whalen	16,468	7,057
Sandra N. Stangl	33,851	14,507
Janet M. Hayes	23,787	10,194
James W. Brett, Jr.	35,942	9,802

Benefits Provided to Named Executive Officers

All of the benefits offered to our Named Executive Officers are offered broadly to our full-time associates, except that a limited number of company executives are provided with reimbursement of financial consulting services up to $12,000 annually. The Compensation Committee believes that providing this assistance is prudent given the complexity of these executives' compensation and financial arrangements. The value of the benefits offered to each of the Named Executive Officers is detailed in the Other Annual Compensation from Summary Compensation Table on page 47. As noted previously, the company does not provide any income tax gross-ups to Named Executive Officers on any benefits.

Additional Information

Executive Stock Ownership Guidelines

The Compensation Committee has established stock ownership guidelines for our Named Executive Officers. Executive stock ownership supports the company's primary objective of creating long-term value for stockholders by aligning the executives' interests directly with those of the company's stockholders. Each executive is expected to maintain this minimum ownership while employed with us. The current guidelines for stock ownership are:

Chief Executive Officer and President:	Five times Base Salary
Other Named Executive Officers:	Two times Base Salary

The following equity holdings count toward the stock ownership guidelines: shares directly owned by the executive or his or her immediate family members; shares held in trust or any similar entity benefiting the executive or the executive's immediate family; and shares owned through the Williams-Sonoma, Inc. 401(k) Plan. Unexercised stock appreciation rights, unexercised stock options, and unvested restricted stock units or other full-value awards do not count towards the stock ownership guidelines listed above.

Executives covered under the ownership guidelines are required to retain at least 50% of the net after-tax shares received as a result of the release of restricted stock units until the applicable ownership guideline has been achieved. All of our Named Executive Officers meet or exceed the revised stock ownership guidelines or comply with the stock retention requirements for vested restricted stock units that are designed to bring the executive up to the applicable ownership level.

Double-Trigger Change of Control Provisions

Each of our Named Executive Officers is entitled to double-trigger change of control benefits under our 2012 EVP Level Management Retention Plan, other than our Chief Executive Officer, who is entitled to such benefits under an individual arrangement. None of our Named Executive Officers are provided with any type of golden parachute excise tax gross-up. We believe that our change of control arrangements are competitive compensation practices and meet the company's objectives of:

- Enhancing our ability to retain these key executives as such arrangements are an important component of competitive compensation programs;

- Ensuring that our executives remain objective and fully dedicated to the company's business and strategic objectives at a critical time; and
- Facilitating a smooth transition should a change in control occur.

The Compensation Committee has considered the total potential cost of the change of control arrangements provided to our Named Executive Officers and has determined that such cost is reasonable and reflects the importance of the objectives described above.

Severance Protection for the Chief Executive Officer

As described in the section titled "Employment Contracts and Termination of Employment and Change-of-Control Arrangements" beginning on page 52, we have entered into severance arrangements with Ms. Alber providing for certain severance benefits in the event of a termination of her employment. The Compensation Committee implemented these arrangements to ensure that she remains focused on the company's business and strategic objectives rather than potential personal economic exposure under these particular circumstances. The Compensation Committee has considered the total potential cost of her severance benefits and determined them to be reasonable.

RSU and PSU Vesting Provisions Upon Retirement

Grants of RSUs, including the performance-based RSUs granted to our Named Executive Officers, include an acceleration feature that provides for full vesting upon retirement, which is defined as leaving the company at age 70 or later, with a minimum of 15 years of service. Grants of PSUs granted to our Named Executive Officers vest on a pro-rata basis subject to achievement of the applicable performance goals in the event of such a retirement. Currently, none of our Named Executive Officers are retirement eligible.

Clawback Policy Following Financial Restatement

We do not have a formal policy regarding recovery of past payments or awards in the event of a financial restatement, but in such event, the Compensation Committee will review all performance-based compensation and consider initiating recovery of any favorably impacted performance-based compensation in appropriate circumstances. Additional remedial actions could include an executive's termination of employment. Further, we intend to implement any recovery policies required by applicable law, including anticipated SEC rulemaking under the Dodd-Frank Act.

Internal Revenue Code Section 162(m)

Internal Revenue Code Section 162(m) disallows the deduction of compensation paid to certain executives in excess of $1,000,000 unless it is "qualified performance-based compensation." The Compensation Committee reviews the potential impact of Section 162(m) as it constructs the compensation program and in relation to the level of each element of compensation, but reserves the right to pay non-deductible compensation where appropriate to achieve our business objectives. Bonuses awarded to our executives in fiscal 2015 under our Bonus Plan, as well as the equity awards granted to our executives, are intended to qualify as performance-based compensation. However, because of the fact-based nature of the qualified performance-based compensation exception and the limited availability of binding guidance thereunder, we cannot guarantee that any compensation intended to qualify as deductible performance-based compensation so qualifies.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion with management, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the company's Annual Report on Form 10-K for fiscal 2015.

COMPENSATION COMMITTEE OF THE
BOARD OF DIRECTORS

Adrian D.P. Bellamy, Chair
Rose Marie Bravo
Anthony A. Greener
Lorraine Twohill

Summary Compensation Table for Fiscal 2015, Fiscal 2014 and Fiscal 2013

This table sets forth the annual and long-term compensation earned by our Named Executive Officers.

Name and Principal Position	Fiscal Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(4)	Total ($)
Laura J. Alber	2015	$1,373,077	—	$9,999,857	—	$2,600,000	$ 22,391	$13,995,325
Director, President	2014	$1,409,619	—	$9,999,937	—	$3,250,000	$ 19,660	$14,679,216
and Chief Executive Officer	2013	$1,350,000	—	$6,999,976	—	$3,500,000	$ 72,826	$11,922,802
Julie P. Whalen	2015	$ 736,538	—	$1,799,898	—	$ 650,000	$ 33,748	$ 3,220,184
Executive Vice	2014	$ 742,458	—	$1,799,951	—	$ 800,000	$ 68,095	$ 3,410,504
President, Chief Financial Officer	2013	$ 611,538	—	$1,349,969	—	$ 850,000	$ 18,216	$ 2,829,723
Sandra N. Stangl	2015	$1,100,000	—	$3,699,871	—	$1,000,000	$ 27,972	$ 5,827,843
President, Pottery Barn	2014	$1,160,945	—	$3,699,952	—	$1,600,000	$115,202	$ 6,576,099
Brands	2013	$ 992,308	—	$2,499,972	—	$1,800,000	$ 45,424	$ 5,337,704
Janet M. Hayes	2015	$ 918,269	—	$2,599,886	—	$ 800,000	$ 58,141	$ 4,376,296
President, Williams-Sonoma	2014	$ 933,737	—	$2,499,984	—	$1,300,000	$228,589	$ 4,962,310
Brand	2013	$ 769,615	—	$1,799,959	—	$1,000,000	$ 30,163	$ 3,599,737
James W. Brett, Jr.(5) President, West Elm Brand	2015	$ 973,077	—	$3,499,873	—	$1,800,000	$ 89,488	$ 6,362,438

(1) Variances in the salary column versus annual base salary are a result of the timing of paychecks issued in a given fiscal year and, for fiscal 2015, cash paid in lieu of unused vacation.

(2) Based on the fair market value of awards granted in fiscal 2015, fiscal 2014, and fiscal 2013, which is calculated by multiplying the closing price of our stock on the trading day prior to the grant date by the number of units granted. The number of restricted stock units and performance stock unit awards granted is determined by dividing the total monetary value of each award by the closing price of our common stock on the trading day prior to the grant date, rounding down to the nearest whole share.

(3) For fiscal 2015 and 2014, the amounts in the stock awards column include the fair market value of performance stock unit awards assuming probable achievement of the performance goal at target levels resulting in the following fair market values for the performance stock unit awards: Ms. Alber – $4,999,929 (fiscal 2015) and $6,999,956 (fiscal 2014); Ms. Whalen – $539,931 (fiscal 2015) and $359,965 (fiscal 2014); Ms. Stangl – $1,109,931 (fiscal 2015) and $739,953 (fiscal 2014); Ms. Hayes – $779,943 (fiscal 2015) and $499,997 (fiscal 2014); and Mr. Brett – $749,951 (fiscal 2015). Assuming maximum achievement of the performance goal, these values would be: Ms. Alber – $9,999,858 (fiscal 2015) and $13,999,912 (fiscal 2014); Ms. Whalen – $1,079,862 (fiscal 2015) and $719,930 (fiscal 2014); Ms. Stangl – $2,219,862 (fiscal 2015) and $1,479,906 (fiscal 2014); Ms. Hayes – $1,559,886 (fiscal 2015) and $999,994 (fiscal 2014); and Mr. Brett – $1,499,902 (fiscal 2015).

(4) Details are provided in the "Other Annual Compensation from Summary Compensation Table" on page 47.

(5) Mr. Brett became a Named Executive Officer in fiscal 2015.

Other Annual Compensation from Summary Compensation Table

This table sets forth the compensation and benefits included under "All Other Compensation" in the Summary Compensation Table above.

	Fiscal Year	Life Insurance Premiums(1)	Matching Contribution to the 401(k) Plan(2)	Car Allowance	Executive Financial Services	Dividend Equivalent Payments(3)	Total
Laura J. Alber	2015	$3,510	$6,481	$6,000	$6,400	—	$ 22,391
	2014	$3,510	$7,500	$6,000	$2,650	—	$ 19,660
	2013	$3,883	$9,000	$6,000	—	$ 53,943	$ 72,826
Julie P. Whalen	2015	$2,301	$7,096	$6,000	$12,000	$ 6,351	$ 33,748
	2014	$1,519	$7,942	$6,000	$12,000	$ 40,634	$ 68,095
	2013	$1,401	$8,365	$6,000	—	$ 2,450	$ 18,216
Sandra N. Stangl	2015	$3,510	$6,462	$6,000	$12,000	—	$ 27,972
	2014	$3,510	$7,942	$6,000	$12,000	$ 85,750	$115,202
	2013	$3,578	$9,135	$6,000	$12,000	$ 14,711	$ 45,424
Janet M. Hayes	2015	$3,215	$6,808	$6,000	$9,092	$ 33,026	$ 58,141
	2014	$2,938	$8,065	$6,000	$2,908	$208,678	$228,589
	2013	$2,774	$8,638	$6,000	—	$ 12,751	$ 30,163
James W. Brett, Jr.	2015	$3,398	$5,952	—	$12,000	$ 68,138	$ 89,488

(1) Premiums paid by us for term life insurance in excess of $50,000 for each fiscal year.

(2) Represents company matching contributions under our 401(k) plan. Similar to our other full-time employees, Named Executive Officers were eligible to participate in our 401(k) plan and received matching contributions from the company of up to $7,950 during calendar 2015. Matching amounts above this maximum are due to differences between calendar and fiscal year contributions.

(3) The fiscal 2015 and fiscal 2014 amounts only include (i) dividend equivalent payments which were not previously factored into the grant date fair value reported for an equity award or (ii) dividend equivalent payments for an equity award not disclosed in the executive compensation tables of a prior proxy statement. Excludes the following fiscal 2015 and fiscal 2014 dividend equivalent payments, which were previously factored into the grant date fair value for such disclosed equity award: Ms. Alber – $251,064 (fiscal 2015) and $1,181,901 (fiscal 2014); Ms. Whalen – $26,017 (fiscal 2015) and $59,956 (fiscal 2014); Ms. Stangl – $87,833 (fiscal 2015) and $66,205 (fiscal 2014); Ms. Hayes – $35,111 (fiscal 2015) and $13,252 (fiscal 2014).

Grants of Plan-Based Awards

This table sets forth certain information regarding all grants of plan-based awards made to the Named Executive Officers during fiscal 2015.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards				
	Grant Date	Compensation Committee Approval Date	Threshold ($)	Target ($)(1)(2)	Maximum ($)(2)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards ($)
Laura J. Alber	—	—	—	$2,100,000	$10,000,000	—	—	—	—	—
	4/20/2015	3/25/2015	—	—	—	—	—	—	65,350(3)	$4,999,929
	4/20/2015	3/25/2015(4)	—	—	—	32,675	65,350	130,700	—	$4,999,929(5)
Julie P. Whalen	—	—	—	$ 750,000	$10,000,000	—	—	—	—	—
	4/20/2015	3/25/2015	—	—	—	—	—	—	16,468(3)	$1,259,967
	4/20/2015	3/25/2015(4)	—	—	—	3,528	7,057	14,114	—	$ 539,931(5)
Sandra N. Stangl	—	—	—	$1,100,000	$10,000,000	—	—	—	—	—
	4/20/2015	3/25/2015	—	—	—	—	—	—	33,851(3)	$2,589,940
	4/20/2015	3/25/2015(4)	—	—	—	7,253	14,507	29,014	—	$1,109,931(5)
Janet M. Hayes	—	—	—	$ 925,000	$10,000,000	—	—	—	—	—
	4/20/2015	3/25/2015	—	—	—	—	—	—	23,787(3)	$1,819,943
	4/20/2015	3/25/2015(4)	—	—	—	5,097	10,194	20,388	—	$ 779,943(5)
James W. Brett, Jr. . . .	—	—	—	$1,000,000	$10,000,000	—	—	—	—	—
	4/20/2015	3/25/2015	—	—	—	—	—	—	13,070(3)	$ 999,986
	4/20/2015	3/25/2015	—	—	—	—	—	—	22,872(3)	$1,749,937
	4/20/2015	3/25/2015(4)	—	—	—	4,901	9,802	19,604	—	$ 749,951(5)

(1) Target potential payment for each eligible executive pursuant to our established incentive targets.

(2) To ensure deductibility under our stockholder-approved 2001 Incentive Bonus Plan (intended to qualify as performance-based compensation under Internal Revenue Code Section 162(m)), the Compensation Committee specified a primary performance goal. For fiscal 2015, the Compensation Committee established the primary performance goal for the 2001 Incentive Bonus Plan as positive net cash provided by operating activities as provided on the company's consolidated statements of cash flows. The Compensation Committee also set a secondary performance goal to guide its use of discretion in determining whether to reduce bonus amounts from the maximum available under the 2001 Incentive Bonus Plan; the Compensation Committee typically expects to pay bonuses at target levels if the secondary performance goal is fully met. For fiscal 2015, the Compensation Committee set the secondary performance goal as an earnings per share target of $3.45 (excluding extraordinary non-recurring charges, and including any amounts payable to covered employees under the 2001 Incentive Bonus Plan). As further described in the Compensation Discussion and Analysis beginning on page 30, in the first quarter of fiscal 2016, the Compensation Committee determined that the 2001 Incentive Bonus Plan's primary and secondary performance goals were achieved, but the Compensation Committee elected to apply its discretion in determining to reduce the actual amount to be paid to the Named Executive Officers under the 2001 Incentive Bonus Plan below the maximum potential payment.

(3) Grants of restricted stock units.

(4) Grants of performance stock units.

(5) Target potential payout of the performance stock units for each eligible executive pursuant to our established performance criterion.

Outstanding Equity Awards at Fiscal Year-End

The following tables set forth information regarding equity awards held by our Named Executive Officers on January 31, 2016.

	Option Awards(1)				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Laura J. Alber	—	—	—	—	—
Julie P. Whalen	8,465	—	—	$40.87	4/5/2018
Sandra N. Stangl	—	—	—	—	—
Janet M. Hayes	22,004	—	—	$40.87	4/5/2018
James W. Brett, Jr.	—	—	—	—	—

(1) Includes grants of options and stock-settled stock appreciation rights.

	Stock Awards			
	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested ($)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested ($)
Laura J. Alber	65,350(2)	$3,375,981	—	—
	—	—	65,350(3)	$3,375,981
	35,960(4)	$1,857,694	—	—
	—	—	111,874(5)	$5,779,411
	65,654(6)	$3,391,686	—	—
	80,173(7)	$4,141,737	—	—
Julie P. Whalen	16,468(2)	$ 850,737		
	—	—	7,057(3)	$364,565
	17,261(4)	$ 891,703	—	—
	—	—	5,753(5)	$297,200
	12,662(6)	$ 654,119	—	—
	21,375(8)	$1,104,233	—	—
	5,010(7)	$ 258,817	—	—
Sandra N. Stangl	33,851(2)	$1,748,743	—	—
	—	—	14,507(3)	$749,432
	35,481(4)	$1,832,948	—	—
	—	—	11,826(5)	$610,931
	23,448(6)	$1,211,324	—	—
	22,548(7)	$1,164,830	—	—
Janet M. Hayes	23,787(2)	$1,228,836	—	—
	—	—	10,194(3)	$526,622
	23,973(4)	$1,238,445	—	—
	—	—	7,991(5)	$412,815
	16,882(6)	$ 872,124	—	—
	17,538(7)	$ 906,013	—	—
James W. Brett, Jr. . . .	13,070(2)	$ 675,196	—	—
	22,872(2)	$1,181,568	—	—
	—	—	9,802(3)	$506,371
	23,973(4)	$1,238,445	—	—
	—	—	7,991(5)	$412,815
	16,882(6)	$ 872,124	—	—
	20,043(7)	$1,035,421	—	—

(1) Based on a stock price of $51.66, the closing price of our common stock on January 29, 2016, the last business day of fiscal 2015.

(2) Represents restricted stock units granted on April 20, 2015. The restricted stock units vest as follows: (i) 25% of the units vest on April 20, 2016; (ii) 25% of the units vest on April 20, 2017; (iii) 25% of the units vest on April 20, 2018; and (iv) 25% of the units vest on April 20, 2019, each subject to continued service and a performance criterion of positive net cash flow provided by operating activities (excluding any non-recurring charges) for fiscal 2015 as provided on the company's consolidated statements of cash flows, which has been met. In addition, upon vesting, the executive receives a cash payment equal to dividends declared between the grant date and the vesting date.

(3) Represents performance stock units granted on April 20, 2015. The performance stock units vest on April 20, 2018, subject to continued service and achievement of performance criterion. The shares above reflect a target payout of 100%. This award has a potential payout of 200% if the maximum performance criterion is achieved and 50% if the threshold performance criterion is achieved.

(4) Represents restricted stock units granted on April 22, 2014. The restricted stock units vest as follows: (i) 25% of the units vested on April 22, 2015; (ii) 25% of the units vest on April 22, 2016; (iii) 25% of the units vest on April 22, 2017; and (iv) 25% of the units vest on April 22, 2018, each subject to continued service and a performance criterion of positive net cash flow provided by operating activities (excluding any non-recurring charges) for fiscal 2014 as provided on the company's consolidated statements of cash flows, which has been met. In addition, upon vesting, the executive receives a cash payment equal to dividends declared between the grant date and the vesting date.

(5) Represents performance stock units granted on April 22, 2014. The performance stock units vest on April 22, 2017, subject to continued service and achievement of performance criterion. The shares above reflect a target payout of 100%. This award has a potential payout of 200% if the maximum performance criterion is achieved and 50% if the threshold performance criterion is achieved.

(6) Represents restricted stock units granted on April 26, 2013. The restricted stock units vest as follows: (i) 25% of the units vested on April 26, 2014; (ii) 25% of the units vested on April 26, 2015; (iii) 25% of the units vest on April 26, 2016; and (iv) 25% of the units vest on April 26, 2017, each subject to continued service and a performance criterion of positive net cash flow provided by operating activities (excluding any non-recurring charges) for fiscal 2013 as provided on the company's consolidated statements of cash flows, which has been met. In addition, upon vesting, the executive receives a cash payment equal to dividends declared between the grant date and the vesting date.

(7) Represents restricted stock units granted on April 16, 2012. The restricted stock units vest as follows: (i) 50% of the units vested on April 16, 2014; and (ii) 50% of the units vest on April 16, 2016, each subject to continued service and a performance criterion of positive net cash flow provided by operating activities (excluding any non-recurring charges) for fiscal 2012 as provided on the company's consolidated statements of cash flows, which has been met. In addition, upon vesting, the executive receives a cash payment equal to dividends declared between the grant date and the vesting date.

(8) Represents restricted stock units granted on July 30, 2012. The restricted stock units vest as follows: (i) 50% of the units vested on July 30, 2014; and (ii) 50% of the units vest on July 30, 2016, each subject to continued service and a performance criterion of positive net cash flow provided by operating activities (excluding any non-recurring charges) in the last two fiscal quarters of fiscal 2012 as provided on the company's consolidated statements of cash flows, which has been met. In addition, upon vesting, the executive receives a cash payment equal to dividends declared between the grant date and the vesting date.

Option Exercises and Stock Vested

The following table sets forth information regarding exercises and vesting of equity awards held by our Named Executive Officers during fiscal 2015.

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(2)
Laura J. Alber	136,185	$5,187,287	78,318	$6,111,863
Julie P. Whalen	—	—	13,607	$1,049,649
Sandra N. Stangl	50,780	$1,934,210	32,688	$2,536,696
Janet M. Hayes	—	—	24,352	$1,892,938
James W. Brett, Jr.	11,002	$ 424,237	24,352	$1,892,938

(1) The value realized upon exercise is calculated as the difference between the closing price of our stock on the day prior to the exercise date and the applicable exercise price of the option awards multiplied by the number of shares exercised.

(2) The value realized upon vesting is calculated as the closing price of our stock on the day prior to the vesting date multiplied by the number of units vested.

Pension Benefits

None of our Named Executive Officers received any pension benefits during fiscal 2015.

Nonqualified Deferred Compensation

None of our Named Executive Officers contributed to or received earnings from a company nonqualified deferred compensation plan during fiscal 2015.

Employment Contracts and Termination of Employment and Change-of-Control Arrangements

We entered into an amended and restated management retention agreement with Ms. Alber on September 6, 2012. The management retention agreement restates substantially all of the material terms of the prior agreement, with the exception of extending the term of the agreement through September 7, 2033. All other terms are substantially the same as the EVP Retention Plan, as defined below.

Effective November 16, 2015, we amended the 2012 EVP Level Management Retention Plan (Amended and Restated Effective November 16, 2015), or the EVP Retention Plan. The EVP Retention Plan restates substantially all of the material terms of the prior 2012 EVP Level Management Retention Plan. Each of Ms. Whalen, Mr. Brett, Ms. Hayes and Ms. Stangl are subject to the EVP Retention Plan. The EVP Retention Plan provides that the executives automatically become participants in the plan upon the effective date of the EVP Retention Plan. The EVP Retention Plan will remain in effect through November 15, 2018, unless earlier terminated by the company in accordance with the plan.

If within 18 months following a change of control, an executive's employment is terminated by us without "cause," or by the executive for "good reason," then (i) 100% of such executive's outstanding equity awards, including full value awards, with performance-based vesting where the payout is a set number or zero depending on whether the performance metric is obtained, will immediately become fully vested, except that if a full value award has performance-based vesting and the performance period has not been completed and the number of shares that can be earned is variable based on the performance level, a pro-rata portion of such executive's outstanding equity awards will immediately become fully vested at the target performance level, and (ii) in lieu of continued employment benefits (other than as required by law), such executive will be entitled to receive payments of $3,000 per month for 12 months.

In addition, if, within 18 months following a change of control, the executive's employment is terminated by us without "cause," or by the executive for "good reason," such executive will be entitled to receive (i) severance equal to 200% of such executive's base salary as in effect immediately prior to the change of control or such executive's termination, whichever is greater, with such severance to be paid over 24 months, and (ii) 200% of the average annual bonus received by such executive in the last 36 months prior to the termination, with such severance to be paid over 24 months.

Each executive's receipt of the severance benefits discussed above is contingent on such executive signing and not revoking a release of claims against us, such executive's continued compliance with our Code of Business Conduct and Ethics (including its provisions relating to confidential information and non-solicitation), such executive not accepting employment with one of our competitors, and such executive's continued non-disparagement of us. In the event that the severance payments and other benefits payable to an executive under a retention agreement constitute a "parachute payment" under Section 280G of the U.S. tax code and would be subject to the applicable excise tax, then the executive's severance payments and other benefits will be either (i) delivered in full or (ii) delivered to a lesser extent such that no portion of the benefits are subject to the excise tax, whichever results in the receipt by such executive on an after-tax basis of the greatest amount of benefits.

For purposes of the EVP Retention Plan, "cause" means: (i) an act of dishonesty made by the executive in connection with his or her responsibilities as an employee; (ii) the executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude; (iii) the executive's gross misconduct; (iv) the executive's unauthorized use or disclosure of any proprietary information or trade secrets of the company or any other party to whom the executive owes an obligation of nondisclosure as a result of the executive's relationship with the company; (v) the executive's willful breach of any obligations under any written agreement or covenant with the company or breach of the company's Code of Business Conduct and Ethics; or (vi) the executive's continued failure to perform his or her employment duties after he or she has received a written demand of performance which specifically sets forth the factual basis for the belief that the executive has not substantially performed his or her duties and has failed to cure such non-performance within 30 days after receiving such notice.

For purposes of the EVP Retention Plan, "change of control" means the occurrence of any of the following events: (i) a change in the ownership of the company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any one Person, who is considered to own more than 50% of the total voting power of the stock of the company will not be considered a change of control; or (ii) a change in the effective control of the company which occurs on the date that a majority of members of the Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors prior to the date of the appointment or election; provided, however, that for purposes of this subsection (ii), if any Person is considered to effectively control the company, the acquisition of additional control of the company by the same Person will not be considered a change of control; or (iii) a change in the ownership of a substantial portion of the company's assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the company's assets: (A) a transfer to an entity that is controlled by the company's stockholders immediately after the transfer, or (B) a transfer of assets by the company to: (1) a stockholder of the company (immediately before the asset transfer) in exchange for or with respect to the company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the company, (3) a Person that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person. For purposes of this subsection (iii), gross fair market value means the value of the assets of the company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the company. Notwithstanding the foregoing, a transaction shall not be deemed a change of control unless the transaction qualifies as a change in the ownership of the company, change in the effective control of the company or a change in the ownership of a substantial portion of the company's assets, each within the meaning of Section 409A.

For purposes of the EVP Retention Plan, "good reason" means, without the executive's consent, (i) a material reduction in his or her annual base salary (except pursuant to a reduction generally applicable to senior executives of the company), (ii) a material diminution of his or her authority, duties or responsibilities, (iii) the executive ceasing to report directly to a specified individual or the Board of the company or the entity holding all or substantially all of the company's assets following a change of control, or (iv) relocation of the executive to a location more than 50 miles from the company's San Francisco, California main office location. In addition, upon any such voluntary termination for good reason, the executive must provide written notice to the company of the existence of one or more of the above conditions within 90 days of its initial existence, and the company must be provided with at least 30 days from the receipt of the notice to remedy the condition.

Acceleration of PSUs

PSUs were granted to our Named Executive Officers in each of fiscal 2015 and fiscal 2014. The PSUs vest on a pro-rata basis subject to achievement of the applicable performance goals in the event of a Named Executive Officer's death, "disability," or "retirement." The PSUs also provide that upon a "change in control," the performance goals shall be deemed satisfied at target and, for purposes of any severance vesting provisions, the PSUs will generally be treated in the same manner as a time-based restricted stock unit award covering the number of shares based on such deemed target performance.

For purposes of the PSUs, "disability" means the occurrence of any of the following events: (i) the executive being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last for a continuous period of not less than 12 months; (ii) the executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the company's accident and health plan covering the company's employees; or (iii) the executive has been determined to be totally disabled by the Social Security Administration.

For purposes of the PSUs, "retirement" means the executive's termination of employment for a reason other than "cause," "disability," or death subsequent to the executive having attained age 70 and having been employed by the company for at least 15 years. Currently, none of the Named Executive Officers satisfy the requirements for "retirement."

For purposes of the PSUs, "cause" means: (i) embezzlement, theft or misappropriation by the executive of any property of any of the company; (ii) the executive's breach of any fiduciary duty to the company; (iii) the executive's failure or refusal to comply with laws or regulations applicable to the company and their businesses or the policies of the company governing the conduct of its employees or directors; (iv) the executive's gross incompetence in the performance of your job duties; (v) the executive's commission of a felony or of any crime involving moral turpitude, fraud or misrepresentation; (vi) the executive's failure to perform duties consistent with a commercially reasonable standard of care; (vii) the executive's failure or refusal to perform job duties or to perform specific directives of the executive's supervisor or designee, or the senior officers or the Board; or (viii) any gross negligence or willful misconduct by the executive resulting in loss to the company or, or damage to the reputation of the company.

For purposes of the PSUs, "change in control" generally has the same meaning of "change in control" under the EVP Retention Plan or in the Named Executive Officer's employment agreement, as applicable.

Laura J. Alber

We entered into an amended and restated employment agreement with Laura J. Alber, effective as of September 6, 2012, which amended and restated the prior agreement entered into with Ms. Alber, effective May 26, 2010. The employment agreement restates substantially all of the material terms of the prior agreement, with the exception of extending the term of the agreement through September 7, 2033 and referencing Ms. Alber's then current base salary of $1,300,000. If we terminate Ms. Alber's employment without "cause," if she terminates her employment with us for "good reason," or if her employment is terminated due to her death or "disability," she will be entitled to receive (i) severance equal to 24 months of her base salary to be paid over 24 months, (ii) a lump sum payment equal to 200% of the average annual bonus received by her in the last 36 months prior to the termination, (iii) in lieu of continued employment benefits (other than as required by law), payments of $3,000 per month for 18 months, and (iv) accelerated vesting of her then-outstanding equity awards that vest solely based upon Ms. Alber's continued service by up to an additional 18 months' of vesting credit, and if the awards were subject to cliff-vesting of more than one year, the cliff-vesting provision will be lifted and vesting credit given as if the award had been subject to monthly vesting, and equity awards subject to performance-based vesting will remain outstanding through the date upon which the achievement of the applicable performance milestones are certified with such awards paid out, subject to the attainment of the applicable performance milestones, to the same extent and at the same time as if Ms. Alber had remained employed through the 18-month anniversary of her termination date. Ms. Alber's receipt of the severance benefits discussed above is contingent on her signing and not revoking a release of claims against us, her continued compliance with our Code of Business Conduct and Ethics (including its provisions relating to confidential information and non-solicitation), her not accepting employment with one of our competitors, and her continued non-disparagement of us.

For purposes of the employment agreement with Ms. Alber, "cause" is defined as (i) an act of dishonesty made by her in connection with her responsibilities as an employee, (ii) Ms. Alber's conviction of or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude, (iii) Ms. Alber's gross misconduct, (iv) Ms. Alber's unauthorized use or disclosure of any proprietary information or trade secrets of the company or any other party to whom she owes an obligation of nondisclosure as a result of her relationship with the company, (v) Ms. Alber's willful breach of any obligations under any written agreement or covenant with the company or breach of the company's Code of Business Conduct and Ethics, or (vi) Ms. Alber's continued failure to perform her employment duties after she has received a written demand of performance from the Board which specifically sets forth the factual basis for the Board's belief that she has not substantially performed her duties and has failed to cure such non-performance to the company's satisfaction within 30 days after receiving such notice.

For purposes of the employment agreement with Ms. Alber, "disability" means Ms. Alber (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering company employees.

For purposes of the employment agreement with Ms. Alber, "good reason" is defined as, without Ms. Alber's consent, (i) a reduction in her base salary (except pursuant to a reduction generally applicable to senior executives of the company), (ii) a material diminution of her authority or responsibilities, (iii) a reduction of Ms. Alber's title, (iv) Ms. Alber ceasing to report directly to the Board of Directors, or (v) the Board of Directors failing to re-nominate Ms. Alber for Board membership when her Board term expires while she is employed by the company. In addition, upon any such voluntary termination for good reason, Ms. Alber must provide written notice to the company of the existence of one or more of the above conditions within 90 days of its initial existence and the company must be provided with at least 30 days to remedy the condition.

The following table describes the payments and/or benefits which would have been owed by us to Ms. Alber as of January 31, 2016 if her employment had been terminated in various situations.

Compensation and Benefits	For Good Reason	Involuntary Without Cause	Change-of-Control	Death/Disability
Base Salary(1)	$ 2,800,000	$ 2,800,000	$ 2,800,000	$ 2,800,000(2)
Bonus Payment(3)	$ 6,366,667	$ 6,366,667	$ 6,366,667	$ 6,366,667(2)
Equity Awards(4)(5)	$20,382,040(6)	$20,382,040(6)	$21,922,489(7)	$20,382,040(6)
Health Care Benefits(8)	$ 54,000	$ 54,000	$ 36,000	$ 54,000

(1) Represents 200%, or 24 months, of Ms. Alber's base salary as of January 31, 2016.

(2) Will be reduced by the amount of any payments Ms. Alber receives through company-paid insurance policies.

(3) Represents 200% of the average annual bonus received by Ms. Alber in the 36-month period prior to January 31, 2016.

(4) Value is based on a stock price of $51.66, the closing price of our common stock on January 29, 2016, the last business day of fiscal 2015.

(5) For illustrative purposes only, performance stock units are estimated at target.

(6) Represents the sum of (i) $12,070,669 for acceleration of vesting of 233,656 restricted stock units and (ii) $8,311,371 for acceleration of vesting of 160,886 performance stock units.

(7) Represents the sum of (i) $12,767,097 for acceleration of vesting of 247,137 restricted stock units and (ii) $9,155,392 for acceleration of vesting of 177,224 performance stock units.

(8) Based on a monthly payment of $3,000 to be paid by the company for 18 months or 12 months, as applicable, in lieu of continued employment benefits.

All Other Named Executive Officers

Except as described above in connection with a termination following a change of control of the company, the other Named Executive Officers are generally not entitled to severance benefits in connection with their termination for good reason or involuntary termination. The following table describes the payments and/or benefits which would have been owed by us to the Named Executive Officers as of January 31, 2016 under the EVP Retention Plan (and individual agreements) if within 18 months following a change of control of the company, the executive's employment was terminated by us without cause, or by the executive for good reason.

Potential Double-Trigger Change in Control Benefits

Name	Base Salary(1)	Bonus Payment(2)	Equity Awards(3)	Health Care Benefits(4)
Julie P. Whalen	$1,500,000	$1,600,000	$4,421,373(5)	$36,000
Sandra N. Stangl	$2,200,000	$3,333,333	$7,318,207(6)	$36,000
Janet M. Hayes	$1,850,000	$2,000,000	$5,184,856(7)	$36,000
James W. Brett, Jr.	$2,000,000	$3,100,000	$5,921,941(8)	$36,000

(1) Represents 200% of each Named Executive Officer's base salary as of January 31, 2016.

(2) Represents 200% of the average annual bonus received by each Named Executive Officer in the 36-month period prior to January 31, 2016.

(3) Value is based on a stock price of $51.66, the closing price of our common stock on January 29, 2016, the last business day of fiscal 2015.

(4) Based on a monthly payment of $3,000 to be paid by the company for 12 months in lieu of continued employment benefits.

(5) Represents the sum of (i) $3,759,608 for acceleration of vesting of 72,776 restricted stock units and (ii) $661,765 for acceleration of vesting of 12,810 performance stock units.

(6) Represents the sum of (i) $5,957,844 for acceleration of vesting of 115,328 restricted stock units and (ii) $1,360,363 for acceleration of vesting of 26,333 performance stock units.

(7) Represents the sum of (i) $4,245,419 for acceleration of vesting of 82,180 restricted stock units and (ii) $939,437 for acceleration of vesting of 18,185 performance stock units.

(8) Represents the sum of (i) $5,002,755 for acceleration of vesting of 96,840 restricted stock units and (ii) $919,186 for acceleration of vesting of 17,793 performance stock units.

Other Acceleration Provisions Under Equity Award Agreements and 2001 LTIP

Pursuant to our equity award agreements, our Named Executive Officers are eligible for pro-rata accelerated vesting of their equity awards in the event of death, disability or retirement, subject to the achievement of performance goals in the case of performance stock units. In addition, our 2001 Long-Term Incentive Plan provides that, in the event of a merger or sale of all or substantially all of the assets of the company, a liquidation or dissolution of the company or a corporate reorganization of the company, equity awards held by all plan participants (including our Named Executive Officers) will vest in full immediately prior to such transaction to the extent they are terminated at the time of such transaction without provision to the holder of an equivalent substitute award. The following table describes the benefits which would have been paid to our Named Executive Officers under these provisions had they been fully triggered on January 31, 2016. None of our Named Executive Officers were eligible to retire on January 31, 2016.

Name	Death/Disability (1)(2)	Award Termination (1)(2)
Laura J. Alber	$13,310,974(3)(4)	$21,922,489(9)
Julie P. Whalen	$ 2,893,425(5)	$ 4,421,373(10)
Sandra N. Stangl	$ 4,448,443(6)	$ 7,318,207(11)
Janet M. Hayes	$ 3,183,754(7)	$ 5,184,856(12)
James W. Brett, Jr.	$ 3,545,219(8)	$ 5,921,941(13)

(1) Value is based on a stock price of $51.66, the closing price of our common stock on January 29, 2016, the last business day of fiscal 2015.

(2) For illustrative purposes only, performance stock units are estimated at target.

(3) Under her employment agreement, Ms. Alber may be entitled to greater acceleration in the event of her death or disability, as described above in the table on page 55.

(4) Represents the sum of (i) $9,095,725 for acceleration of vesting of 176,069 restricted stock units and (ii) $4,215,249 for acceleration of vesting of 81,596 performance stock units.

(5) Represents the sum of (i) $2,628,977 for acceleration of vesting of 50,890 restricted stock units and (ii) $264,448 for acceleration of vesting of 5,119 performance stock units.

(6) Represents the sum of (i) $3,904,773 for acceleration of vesting of 75,586 restricted stock units and (ii) $543,670 for acceleration of vesting of 10,524 performance stock units.

(7) Represents the sum of (i) $2,811,337 for acceleration of vesting of 54,420 restricted stock units and (ii) $372,417 for acceleration of vesting of 7,209 performance stock units.

(8) Represents the sum of (i) $3,177,865 for acceleration of vesting of 61,515 restricted stock units and (ii) $367,354 for acceleration of vesting of 7,111 performance stock units.

(9) Represents the sum of (i) $12,767,097 for acceleration of vesting of 247,137 restricted stock units and (ii) $9,155,392 for acceleration of vesting of 177,224 performance stock units.

(10) Represents the sum of (i) $3,759,608 for acceleration of vesting of 72,776 restricted stock units and (ii) $661,765 for acceleration of vesting of 12,810 performance stock units.

(11) Represents the sum of (i) $5,957,844 for acceleration of vesting of 115,328 restricted stock units and (ii) $1,360,363 for acceleration of vesting of 26,333 performance stock units.

(12) Represents the sum of (i) $4,245,419 for acceleration of vesting of 82,180 restricted stock units and (ii) $939,437 for acceleration of vesting of 18,185 performance stock units.

(13) Represents the sum of (i) $5,002,755 for acceleration of vesting of 96,840 restricted stock units and (ii) $919,186 for acceleration of vesting of 17,793 performance stock units.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have policies in our Code of Business Conduct and Ethics that provide that associates must not engage in any transaction when an associate may face a real or perceived conflict of interest with the company. Our Code of Business Conduct and Ethics is distributed to all employees on an annual basis and made available throughout the year in our internal document database. It is also available on our website and in print to any stockholder who requests it. In addition, we have in place policies and procedures with respect to related person transactions that provide that our executive officers, directors, director nominees and principal stockholders, as well as their immediate family members and affiliates, are not permitted to enter into a related party transaction with us unless (i) the transaction is approved or ratified by our Audit and Finance Committee or the disinterested members of our Board or (ii) the transaction involves the service of one of our executive officers or directors or any related compensation, is reportable under Item 402 of Regulation S-K and is approved by our Compensation Committee.

For the purposes of our related party transaction policy, "related party transaction" means any transaction in which the amount involved exceeds $120,000 in any calendar year and in which any of our executive officers, directors, director nominees and principal stockholders, as well as their immediate family members and affiliates, had, has or will have a direct or indirect material interest, other than transactions available to all of our employees.

It is our policy to approve related party transactions only when it has been determined that such transaction is in, or is not inconsistent with, our best interests and those of our stockholders, including situations where we may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party.

Memphis-Based Distribution Facility

Our Memphis-based distribution facility includes an operating lease entered into in August 1990 for a distribution facility in Memphis, Tennessee. The lessor is a general partnership comprised of the estate of W. Howard Lester, our former Chairman of the Board and Chief Executive Officer, and the estate of James A. McMahan, a former Director Emeritus and significant stockholder, and two unrelated parties. The partnership does not have operations separate from the leasing of this distribution facility and does not have lease agreements with any unrelated third parties. The terms of the lease automatically renewed until the bonds that financed the construction of the facility were fully repaid during the second quarter of 2015. Simultaneously, we entered into an agreement with the partnership to lease the facility through July 2017. We made annual rental payments of approximately $3,050,000, $2,432,000 and $2,448,000 including applicable taxes, insurance and maintenance expenses in fiscal 2015, fiscal 2014 and fiscal 2013, respectively.

Indemnification Agreements

We have indemnification agreements with our directors and executive officers. These agreements, among other things, require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including coverage of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than 10% of our common stock to file reports regarding their ownership and changes in ownership of our stock with the SEC. Based upon (i) copies of Section 16(a) reports that we received from such persons for their fiscal 2015 transactions and (ii) information provided to us by them, we believe that all reporting requirements under Section 16(a) were met in a timely manner by the persons who were executive officers, members of the Board of Directors or greater than 10% stockholders during such fiscal year.

SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

This table sets forth information regarding the ownership of our common stock as of April 4, 2016 by:

- each person known to us to own more than 5% of our outstanding common stock;
- each director nominee;
- the Named Executive Officers; and
- all current executive officers and directors as a group.

Unless otherwise noted, the persons listed below have sole voting and investment power. In addition, unless otherwise noted, the address of each stockholder noted in the following table is c/o Williams-Sonoma, Inc., 3250 Van Ness Avenue, San Francisco, California 94109. Information regarding our non-management 5% stockholders is derived from the most recently available 13G filings.

		Amount and Nature of Beneficial Ownership			
Name and Address of Beneficial Owner	**Position with Company**	**Common Stock**	**Awards Exercisable or Vesting within 60 Days(1)**	**Total**	**Percent of Class(2)**
Survivor's Trust created under the McMahan Family Trust dtd 1/25/84 . . . . 11100 Santa Monica Blvd., Suite 1700 Los Angeles, CA 90025	—	6,114,466(3)	—	6,114,466(3)	6.9%
BlackRock Inc. . . . . 55 East 52nd Street New York, NY 10055	—	6,042,650(4)	—	6,042,650(4)	6.8%
The Vanguard Group, Inc. . . . . 100 Vanguard Blvd. Malvern, PA 19355	—	5,622,463(5)	—	5,622,463(5)	6.3%
Select Equity Group, L.P. . . . . 380 Lafayette Street, 6th Floor New York, NY 10003	—	5,607,505(6)	—	5,607,505(6)	6.3%
Capital Research Global Investors. . . . . 333 South Hope Street Los Angeles, CA 90071	—	5,026,000(7)	—	5,026,000(7)	5.6%
Patrick J. Connolly	Director and Executive Vice President, Chief Strategy and Business Development Officer	733,355(8)	178,473	911,828	1.0%
Laura J. Alber	Director, Chief Executive Officer and President	335,748(9)	141,324	477,072	*
Julie P. Whalen	Executive Vice President, Chief Financial Officer	25,732(10)	29,677	55,409	*

Name and Address of Beneficial Owner	Position with Company	Amount and Nature of Beneficial Ownership Common Stock	Awards Exercisable or Vesting within 60 Days(1)	Total	Percent of Class(2)
James W. Brett, Jr.	President, West Elm Brand	23,236(11)	45,460	68,696	*
Janet M. Hayes	President, Williams-Sonoma Brand	26,373	61,920	88,293	*
Sandra N. Stangl	President, Pottery Barn Brands	45,501(12)	54,561	100,062	*
Adrian D.P. Bellamy	Director	39,182	4,639	43,821	*
Rose Marie Bravo	Director	7,506	3,642	11,148	*
Adrian T. Dillon	Director	73,009(13)	2,272	75,281	*
Anthony A. Greener	Director	30,856	8,699	39,555	*
Ted W. Hall	Director	14,468(14)	8,699	23,167	*
Sabrina Simmons	Director	641	1,949	2,590	*
Jerry D. Stritzke	Director	—	507	507	*
Lorraine Twohill	Director	9,211	2,053	11,264	*
All current executive officers and directors as a group (15 persons)	—	1,374,589(15)	593,531	1,968,120	2.2%

* Less than 1%.

(1) Reflects stock options that are or will become exercisable, stock-settled stock appreciation rights that are or will become settleable and restricted stock units vesting within 60 days of April 4, 2016 (prior to withholding of any such shares to satisfy applicable statutory withholding requirements).

(2) Assumes exercise, settlement or vesting of awards included in footnote (1) into shares of our common stock with respect to the named individual. Based on 89,249,719 shares outstanding as of April 4, 2016.

(3) The information above is based on information taken from the Schedule 13G of Survivor's Trust created under the McMahan Family Trust dtd 1/25/84 (formerly known as McMahan Family Trust dtd 12/7/06) filed with the Securities and Exchange Commission on February 12, 2016.

(4) The information above is based on information taken from the Schedule 13G of BlackRock Inc. filed with the Securities and Exchange Commission on January 27, 2016.

(5) The information above is based on information taken from the Schedule 13G of The Vanguard Group, Inc. filed with the Securities and Exchange Commission on February 11, 2016.

(6) The information above is based on information taken from the Schedule 13G of Select Equity Group, L.P. filed with the Securities and Exchange Commission on February 16, 2016.

(7) The information above and in this footnote is based on information taken from the Schedule 13G filed by Capital Research Global Investors, a division of Capital Research and Management Company, with the Securities and Exchange Commission on February 16, 2016.

(8) Includes 40,247 shares held by Mr. Connolly in the Williams-Sonoma, Inc. Stock Fund under our 401(k) plan, based on a statement dated April 4, 2016. The number of shares listed in the table also includes 225,000 shares that are owned by Fanshell Investors LLC. Mr. Connolly is a managing member of Fanshell Investors LLC, and has shared voting and dispositive power over the shares.

(9) Includes 13,597 shares held by Ms. Alber in the Williams-Sonoma, Inc. Stock Fund under our 401(k) plan, based on a statement dated April 4, 2016.

(10) Includes 956 shares held by Ms. Whalen in the Williams-Sonoma, Inc. Stock Fund under our 401(k) plan, based on a statement dated April 4, 2016.

(11) Includes 1,985 shares held by Mr. Brett in the Williams-Sonoma, Inc. Stock Fund under our 401(k) plan, based on a statement dated April 4, 2016.

(12) Includes 6,183 shares held by Ms. Stangl in the Williams-Sonoma, Inc. Stock Fund under our 401(k) plan, based on a statement dated April 4, 2016.

(13) Includes 73,009 shares that are owned by the Dillon Family Trust, of which Mr. Dillon is the trustee.

(14) Includes 14,468 shares that are owned by the Hall 2006 Trust, of which Mr. Hall is the trustee.

(15) Includes 63,160 shares held by the executive officers in the Williams-Sonoma, Inc. Stock Fund under our 401(k) plan, based on statements dated April 4, 2016.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information regarding securities authorized for issuance under our equity compensation plans as of January 31, 2016.

Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders(1)(2)	2,962,067	$28.45	9,439,133
Equity compensation plans not approved by security holders	—	—	—

(1) This reflects our 2001 Long-Term Incentive Plan and includes stock options and stock appreciation rights, as well as 1,964,628 outstanding restricted stock units.

(2) The weighted average exercise price calculation does not take into account any restricted stock units as they have no purchase price.

Incentive Award Committee

Pursuant to its charter and the 2001 Long-Term Incentive Plan, the Compensation Committee may delegate the authority to make non-executive officer grants to two or more directors, one or more officers of the Company, or otherwise in any manner permitted under applicable law. The Compensation Committee does not delegate any of its authority with respect to executive officers and non-employee directors of the company. However, the Compensation Committee appointed an Incentive Award Committee consisting of Laura J. Alber and Patrick J. Connolly for fiscal 2015 (and of Laura J. Alber and Julie P. Whalen for fiscal 2016). The Compensation Committee also delegated to Adrian D.P. Bellamy, the Chair of the Compensation Committee, and Laura J. Alber the authority to grant equity to certain non-executive employees within a stated budget in connection with the company’s annual equity grants.

The Compensation Committee has delegated to the Incentive Award Committee the authority to grant equity awards under the company’s 2001 Long-Term Incentive Plan to non-executive officer employees with a corporate rank at or below Senior Vice President. The Chief Executive Officer believes it is important to provide our associates with long-term incentive vehicles that are directly linked to stockholder return. Granting equity-based incentives aligns the interests of our associates with those of our stockholders and reinforces the company’s pay-for-performance strategy. This delegation is reviewed by the Compensation Committee annually and includes limitations on the number of shares subject to the grants, both on an individual basis and in the aggregate. Reports of awards made by the Incentive Award Committee are included in the materials presented at the Compensation Committee’s regularly scheduled meetings.

STOCKHOLDER PROPOSALS

Stockholder proposals must comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934 and be received by our Secretary at our principal executive offices no later than December 16, 2016 in order to be included in our Proxy Statement for the 2017 Annual Meeting.

In order to submit a proposal to be raised at the 2017 Annual Meeting that will not be included in our Proxy Statement for the 2017 Annual Meeting, stockholder proposals must comply with our Restated Bylaws. Under our Restated Bylaws a stockholder must give advance notice to our Secretary of any business, including nominations of directors for our Board, that the stockholder wishes to raise at our Annual Meeting. To be timely under our Restated Bylaws, the notice must be received by our Secretary not less than 90 days or more than 120 days prior to June 2, 2017, the anniversary of our 2016 Annual Meeting. Therefore, stockholder proposals must be received by our Secretary at our principal executive offices between February 2, 2017 and March 4, 2017 in order to be raised at our 2017 Annual Meeting.

Under Rule 14a-8 of the Securities Exchange Act of 1934, as amended, if the date of the 2017 Annual Meeting changes by more than 30 days from the anniversary of this year's Annual Meeting, to be included in our Proxy Statement, stockholder proposals must be received by us within a reasonable time before our solicitation is made.

Under our Restated Bylaws, if the date of the 2017 Annual Meeting changes by more than 30 days from the anniversary of this year's Annual Meeting, stockholder proposals to be brought before the 2017 Annual Meeting must be delivered not later than the 90th day prior to the 2017 Annual Meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by us.

With respect to a stockholder's nomination of a candidate for our Board, the stockholder notice to the Secretary must contain certain information as set forth in our Restated Bylaws and described under the section "Corporate Governance—Board Committees—Nominations and Corporate Governance Committee" about both the nominee and the stockholder making the nomination. With respect to any other business that the stockholder proposes, the stockholder notice must contain a brief description of such business and the reasons for conducting such business at the meeting, as well as certain other information as set forth in our Restated Bylaws.

If we receive notice of a matter to come before the 2017 Annual Meeting that is not in accordance with the deadlines described above, we will use our discretion in determining whether or not to bring such matter before the Annual Meeting. If such matter is brought before the Annual Meeting, then our proxy card for such meeting will confer upon our proxy holders discretionary authority to vote on such matter.

Stockholder proposals should be sent to: Williams-Sonoma, Inc., Attention: Corporate Secretary, 3250 Van Ness Avenue, San Francisco, California 94109.

AVAILABILITY OF PROXY STATEMENT AND ANNUAL REPORT ON FORM 10-K

Pursuant to SEC rules, we have elected to provide access to our proxy materials by notifying you of the availability of our proxy materials on the Internet. Copies of this Proxy Statement and our Annual Report on Form 10-K, including the financial statements for fiscal 2014 as filed with the SEC, are available at our website at ir.williams-sonomainc.com/financial-reports-page and upon written request and without charge to any stockholder by writing to: Williams-Sonoma, Inc., Attention: Annual Report Administrator, 3250 Van Ness Avenue, San Francisco, California 94109.

San Francisco, California
April 15, 2016

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EXHIBIT A

WILLIAMS-SONOMA, INC.

2001 BONUS INCENTIVE PLAN

1. Adoption, Name and Effective Date. The Williams-Sonoma, Inc. (the "Company") 2001 Incentive Bonus Plan (this "Plan") was originally effective as of January 24, 2001, and first applied for the Company's fiscal year ending February 3, 2002. This amendment and restatement of this Plan first becomes effective upon, and subject to obtaining, stockholder approval at the 2016 annual meeting of stockholders.

2. Purpose. The purpose of this Plan is to provide additional compensation as an incentive to executive officers and key employees to attain certain specified performance objectives of the Company and to help ensure the continued availability of their full-time or part-time services to the Company and its subsidiaries and affiliated corporations. This Plan is also intended to qualify as a "performance-based" plan as described in Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (including regulations promulgated thereunder from time to time, the "Code"), and thereby help secure the full deductibility for federal income tax purposes of Plan bonus compensation paid to persons who are "covered employees" of the Company or its subsidiaries or affiliated corporations under Code Section 162(m)(3).

3. Administrative Committee. This Plan will be administered by a committee (the "Committee") of the Company's Board of Directors (the "Board"), consisting entirely of two or more persons who are "outside directors" within the meaning of Section 162(m) of the Code. The Committee is hereby vested with full powers of administration, subject only to the provisions set forth herein.

The Committee shall hold its meetings at such times and places as it may determine, shall keep minutes of its meetings and may adopt, amend or revoke such rules and procedures as it deems proper for the administration of this Plan.

The Committee shall have the full and final discretion and authority, subject to the provisions of this Plan, to grant awards pursuant to this Plan, to construe and interpret this Plan and to make all other determinations and take all other actions, which it deems necessary or appropriate for the proper administration of this Plan. All such interpretations, actions and determinations shall be conclusively binding for all purposes and upon all persons.

4. Eligibility. For each Company fiscal year, the participants eligible to share in the benefits of this Plan are persons (collectively, "executives" or "participants") who are "executive officers" of the Company, as such term is defined in Rule 3b-7 under the Securities Exchange Act of 1934, as amended (or any successor rule or regulation), or who are "covered employees" of the Company or its subsidiary or affiliated corporations under Section 162(m)(3) of the Code (collectively, the "Covered Employees"), or who are otherwise key employees, in each case, that have been selected to participate in the Plan for such fiscal year by the Committee. Except as provided in Section 6.4, a participant whose employment or service relationship with the Company is terminated for any reason prior to the end of any award period will not be entitled to participate in this Plan or receive any benefits with respect to the then current or any later fiscal year, unless he or she again becomes eligible to participate in this Plan under the first sentence of this Section 4.

5. Determination of Awards; Award Limits.

5.1 Performance Goals for Determination of Awards. The Committee in its discretion may establish, for each participant in this Plan and for each performance award period, a performance award opportunity based upon the achievement of any one or more of the following objective performance criteria, applied to either the Company as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis, a per-share basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with United States Generally Accepted Accounting Principles ("GAAP"), in accordance with accounting standards established by the International Accounting Standards Board ("IASB Standards") or which may be adjusted when established, in a manner that complies with the performance-based compensation exception under Code 162(m), to exclude or include any objective and nondiscretionary items from the results determined under GAAP or under IASB Standards: (i) revenue (on an absolute basis or adjusted for currency effects); (ii) cash flow (including, without limitation, operating cash flow, free cash flow or net cash flow); (iii) cash position; (iv) earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings or earnings before interest, taxes, depreciation and amortization); (v) earnings per share; (vi) gross margin; (vii) net income; (viii) operating expenses or operating expenses as a percentage of revenue; (ix) operating income or net operating income; (x) return on assets or net assets; (xi) return on equity; (xii) return on sales; (xiii) total stockholder return; (xiv) stock price; (xv) growth in stockholder value relative to the moving average of the S&P 500 Index, or another index; (xvi) return on capital; (xvii) return on investment; (xviii) economic value added; (xix) operating margin; (xx) market share; (xxi) overhead or other expense reduction; (xxii) credit rating; (xxiii) objective customer indicators; (xxiv) objective improvements in productivity; (xxv) attainment of objective operating goals; (xxvi) objective employee metrics; (xxvii) return ratios; (xxviii) profit; (xxix) objective qualitative milestones; or (xxx) other objective financial or other metrics relating to the progress of the Company or to a Subsidiary, division or department thereof. The performance goals may differ from participant to participant, within or between award periods and from award to award.

5.2 Award Limits. The maximum award under this Plan for each award period to any participant shall not exceed $10,000,000. Each performance goal established under this Plan shall be established by the Committee not later than the earlier of the date which is 90 days after the first day of the performance award period, or the date on which 25% of the award period has elapsed.

5.3 Determination of Amount of Individual Awards. For each award period, each participant who is or may be a Covered Employee for such award period shall receive an award equal to the specific amount (subject to decrease as provided in this Section 5.3) determined under the performance goals established pursuant to Section 5.1; provided, however, that the Committee may waive (or provide for the waiver of) the applicable performance goal(s) in the event of a change in ownership or control or in the event of a participant's death or disability in accordance with Treasury Regulation Section 1.162-27(e)(2)(v). The Committee shall not have the discretion to increase, but shall have the discretion to decrease (for any reason, including, without limitation, individual performance), any award determined in accordance with this Plan. The reduction in any participant's award for any award period as a result of the Committee's exercise of such discretion shall not increase the amount of an award to any other participant (through reallocation of unutilized awards or otherwise) with respect to such award period.

6. Award Periods; Payment of Awards.

6.1 Award Periods. All awards shall be made on the basis of an award period, which shall consist of one or more fiscal years of the Company, or one or more quarters thereof. The award period may be different for different awards.

6.2 Committee Certifications. As a condition precedent to the payment of any award, the Committee shall certify, following the end of the award period, that the objective performance goal for the award has been satisfied. The Committee shall make such determination by means of a written resolution or certification of the Committee that is maintained in the minute book of the Company.

6.3 Payment of Awards. Awards under this Plan will be paid in cash, reasonably promptly following the conclusion of the award period and the certification of the Committee as set forth in Section 6.2, but in no event later than the fifteenth (15th) day of the third month immediately following the conclusion of the fiscal year of the Company in which or with which the award period ends. All awards under this Plan will be subject to withholding for applicable employment and income taxes.

6.4 Termination of Employment. Except as otherwise determined by the Committee, an award that would otherwise be payable to a participant who is not employed by the Company on the last day of an award period will not be paid (or will not be granted, as the case may be). It is the intent of this Plan to comply with the short-term deferral exemption under Section 409A so that none of the awards payable hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Agreement, "Section 409A" means Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and any final Treasury Regulations and other Internal Revenue Service guidance thereunder, as each may be amended from time to time.

7. Nonassignment. The interest of any participant in this Plan is not assignable either by voluntary or involuntary assignment or operation of law (except that, in the event of death, earned and unpaid amounts shall be payable to the legal successor of a participant).

8. Indemnification. No employee, member of the Committee or director of the Company will have any liability for any decision or action if made or done in good faith, nor for any error or miscalculation unless such error or miscalculation is the result of his or her fraud or deliberate disregard of any provisions of this Plan. The Company will indemnify each director, member of the Committee and any employee acting in good faith pursuant to the Plan against any loss or expense arising therefrom.

9. Amendment, Suspension or Termination. The Board may from time to time amend, suspend or terminate, in whole or in part, any or all the provisions of this Plan; provided, however, that no such action shall adversely affect the right of any participant with respect to any award of which he or she may have become entitled to payment hereunder prior to the effective date of such amendment, suspension or termination. In particular, but without limitation, the Board shall have the authority to amend or modify this Plan from time to time in order to reflect amendments to or regulations promulgated under Section 162(m) of the Code. Notwithstanding the foregoing, in the event that any amendment or other modification of or to this Plan raises the limits set forth in Section 5.2 or requires stockholder approval in order to continue the compliance of this Plan as a "performance-based" plan under Section 162(m) of the Code, such amendment or modification shall be contingent on the receipt of stockholder approval.

10. Limitations; Participation in Other Plans. This Plan is not to be construed as constituting a contract of employment or for services. Nothing contained herein will affect or impair the Company's right to terminate the employment or other contract for services of a participant hereunder, with or without cause or notice, or entitle a participant to receive any particular level of compensation. The Company's obligation hereunder to make awards merely constitutes the unsecured promise of the Company to make such awards from its general assets, and no participant hereunder will have any interest in, or a lien or prior claim upon, any property of the Company. Nothing herein nor the participation by any participant shall limit the ability of such participant to participate in any other compensatory plan or arrangement of the Company, or to receive a bonus from the Company other than under this Plan.

11. Governing Law. The terms of this Plan will be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflict of laws.

12. Term. This Plan shall continue in place until the 2021 annual meeting of stockholders, unless earlier terminated by the Board as provided in Section 9 or re-approved by the Company's stockholders at or before such meeting. No awards shall be paid under this Plan unless and until the material terms (within the meaning of Section 162(m)(4)(C) of the Code) of this Plan are disclosed to the Company's stockholders and are approved by the stockholders in accordance with applicable law.

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DIRECTORS/ EXECUTIVE OFFICERS

ADRIAN D. P. BELLAMY
Chairman of the Board of Directors

LAURA J. ALBER
Director, President and Chief Executive Officer

ROSE MARIE BRAVO CBE
Director

PATRICK J. CONNOLLY
Director, Executive Vice President,
Chief Strategy and Business Development Officer

ADRIAN T. DILLON
Director

ANTHONY A. GREENER
Director

TED W. HALL
Director

SABRINA SIMMONS
Director

JERRY D. STRITZKE
Director

LORRAINE TWOHILL
Director

JAMES W. BRETT, JR.
President, West Elm Brand

JANET M. HAYES
President, Williams-Sonoma Brand

DAVID R. KING
Senior Vice President, General Counsel
and Secretary

SANDRA N. STANGL
President, Pottery Barn Brands

JULIE P. WHALEN
Executive Vice President, Chief Financial Officer

CORPORATE INFORMATION

CORPORATE HEADQUARTERS
Williams-Sonoma, Inc.
3250 Van Ness Avenue
San Francisco, California 94109

STOCK EXCHANGE LISTING
New York Stock Exchange
Symbol: WSM

CORPORATE WEBSITE
williams-sonomainc.com

STOCKHOLDER/INVESTOR INFORMATION
ir.williams-sonomainc.com

ANNUAL MEETING
Thursday, June 2, 2016
starting at 9:00 a.m. at:
Williams-Sonoma, Inc.
3250 Van Ness Avenue
San Francisco, California 94109

TRANSFER AGENT
Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, Minnesota 55164
800-468-9716 – shareowneronline.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Deloitte & Touche LLP
555 Mission Street
San Francisco, California 94105

TRADEMARKS
Pottery Barn, Pottery Barn Kids, PBteen,
Williams-Sonoma, Williams-Sonoma Home,
West Elm, Mark and Graham, Rejuvenation

WSM

WILLIAMS-SONOMA, INC.

2015 ANNUAL REPORT

ANNUAL MEETING OF STOCKHOLDERS

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