
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): June 5, 2013

VERA BRADLEY, INC.

(Exact name of registrant as specified in its charter)

Indiana

(State or Other Jurisdiction of Incorporation)

001-34918

(Commission File Number)

27-2935063

(IRS Employer Identification No.)

**2208 Production Road,
Fort Wayne, Indiana**

(Address of Principal Executive Offices)

46808

(Zip Code)

(877) 708-8372

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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The information in Items 2.02 and 9.01 of this Form 8-K is being furnished and shall not be deemed “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Item 2.02 Results of Operations and Financial Condition

On June 5, 2013, Vera Bradley, Inc. issued an earnings press release for the quarterly period ended May 4, 2013. The press release, including attachments, is furnished as Exhibit 99.1 to this report.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 31, 2013, Michael C. Ray, Chief Executive Officer of Vera Bradley, informed the Company’s Board of Directors that he plans to retire from the Company. The Board has formed a search committee and retained Spencer Stuart to assist in the search for Mr. Ray’s successor. Mr. Ray will remain CEO through the transition period and intends to continue to serve as a director.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press Release dated June 5, 2013
- 99.2 Press Release dated June 5, 2013

SIGNATURE

Pursuant to the requirements 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.

Vera Bradley, Inc.
(Registrant)

Date: June 5, 2013

/s/ Kevin J. Sierks

Kevin J. Sierks
Vice President – Controller, Chief
Accounting Officer and
Interim Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated June 5, 2013
99.2	Press release dated June 5, 2013



Vera Bradley Announces Fiscal 2014 First Quarter Financial Results

- **Net revenues increased 5% to \$123.0 million.**
- **Direct net revenues increased 24%, including an increase of 0.9% in comparable-store sales; Indirect net revenues decreased 15%.**
- **Diluted EPS were \$0.23 compared to \$0.31 in the first quarter of fiscal 2013.**

FORT WAYNE, Ind., June 5, 2013 — Vera Bradley, Inc. (Nasdaq: VRA) today announced its financial results for the fiscal 2014 first quarter ended May 4, 2013. The Company reported net revenues of \$123.0 million for the first quarter, compared to \$117.2 million in the first quarter of fiscal 2013, an increase of \$5.8 million, or 5.0%. Diluted earnings per share for the quarter were \$0.23, a decrease of 26% over diluted earnings per share in the first quarter of fiscal 2013.

Mike Ray, Chief Executive Officer commented, “We delivered on our expectations for the first quarter. Net revenue slightly exceeded our guidance, with comparable store sales growth of 0.9%, and indirect performance in line with expectations, while gross margin was slightly ahead. We also continue to be pleased with our new store performance as well as the growth in our e-commerce channel. Looking forward, in light of our outlook, we have narrowed our focus to ensure that we can execute our strategies as quickly as possible, both to address our challenges and to achieve our longer-term vision for the brand.”

In the Direct segment, revenues increased 24% to \$73.7 million, as a result of growth across all of our channels. In our stores, net revenues grew 34% during the quarter, due to the opening of 19 full-price and four outlet stores since the first quarter of fiscal 2013. Comparable store sales increased 0.9%. E-commerce revenue grew 23% primarily due to continued growth in website traffic. Indirect revenues decreased 15% to \$49.3 million, primarily due to cautious ordering from our specialty retailers in this challenging retail environment.

Gross profit for the first quarter increased 4.8% to \$68.5 million, resulting in a gross profit margin of 55.6%, in line with the first quarter of fiscal 2013.

Total SG&A expense was \$55.2 million for the first quarter, compared to \$47.2 million in the prior year. SG&A as a percentage of net revenues was 44.9%, unfavorable by 460 basis points compared to the prior year, primarily due to lower revenues in the Indirect segment and full-price stores and annualization of employee-related expenses.

Operating income decreased 27% to \$15.2 million, or 12.3% of net revenues, in the first quarter, compared to operating income of \$20.8 million, or 17.8% of net revenues in the first quarter of fiscal 2013.

The effective tax rate was 38.9% for the quarter, in line with the prior year.

Net income for the quarter was \$9.2 million, or \$0.23 per diluted share, compared to \$12.6 million, or \$0.31 per diluted share, in the first quarter of fiscal 2013.

Cash flow from operations during the first quarter totaled \$14.9 million, compared to \$30.7 million for the first quarter of fiscal 2013, with the decrease primarily a result of increased inventory. Cash flow for the quarter was used to pay down the Company's debt facility to \$5.0 million at quarter end.

Outlook

For the second quarter of fiscal 2014, the Company expects net revenues to be in a range of \$123 million to \$126 million, compared to \$123 million in the second quarter of fiscal 2013. Gross margin for the second quarter is expected to expand by approximately 200 basis points.

Diluted earnings per share are expected to be in a range of \$0.31 to \$0.33. The earnings per share estimate assumes an effective tax rate of 38.5% and fully diluted weighted average shares outstanding of 40.6 million.

For fiscal 2014, the Company now expects net revenues to be in a range of \$570 million to \$575 million. Gross margin is expected to decline up to 20 basis points for the full year.

Diluted earnings per share for the full year are now expected to be in a range of \$1.74 to \$1.78. This guidance includes an effective tax rate of 38.5% and fully diluted weighted average shares outstanding of 40.7 million. Capital spending for the full year remains at approximately \$20 million.

Other Company Developments

Vera Bradley also announced today in a separate press release that Michael Ray has informed the Board of Directors that he plans to retire as CEO. The Board is conducting a search for his successor, and Mr. Ray will continue to serve as CEO until a successor is in place.

Call Information

A conference call to discuss fiscal 2014 first quarter results is scheduled for today, June 5, 2013, at 4:30 p.m. Eastern Time. A broadcast of the call will be available via Vera Bradley's Investor Relations section of its website, www.verabradley.com. In addition, a replay of the call will be available shortly after the conclusion of the call and remain available through June 19, 2013. To access the recording, listeners should dial (877) 870-5176, and enter the access code, 9551028.

About Vera Bradley, Inc.

Vera Bradley is a leading designer of women's handbags and accessories, luggage and travel items, eyewear, stationery and gifts. Founded in 1982 by friends Barbara Bradley Baekgaard and Patricia R. Miller, the brand's iconic designs and versatile styles offer women of all ages a colorful way to accessorize every look. Vera Bradley offers a unique, multi-channel sales model as well as a focus on service and a high level of engagement with fans. Fiscal 2013 net revenues increased by 17% to \$541 million. The company's commitment to breast cancer research continues to increase its reach through the Vera Bradley Foundation for Breast Cancer. For more information about Vera Bradley (Nasdaq: VRA), visit www.verabradley.com/mediaroom.

Website Information

We routinely post important information for investors on our website www.verabradley.com in the "Investor Relations" section. We intend to use this website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investor Relations section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this document.

Vera Bradley Safe Harbor Statement

Certain statements in this release are “forward-looking statements” made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements reflect the Company’s current expectations or beliefs concerning future events and are subject to various risks and uncertainties that may cause actual results to differ materially from those that we expected, including: possible adverse changes in general economic conditions and their impact on consumer confidence and spending; possible inability to predict and respond in a timely manner to changes in consumer demand; possible loss of key management or design associates or inability to attract and retain the talent required for our business; possible inability to maintain and enhance our brand; possible inability to successfully implement our growth strategies or manage our growing business; possible inability to successfully open new stores as planned; and possible inability to sustain levels of comparable-store sales. For a discussion of these and other risks and uncertainties that could cause actual results to differ materially from those contained in our forward-looking statements, please refer to “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended February 2, 2013. We undertake no obligation to publicly update or revise any forward-looking statement. Financial schedules are attached to this release.

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Vera Bradley, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	May 4, 2013	February 2, 2013	April 28, 2012
Assets			
Current assets:			
Cash and cash equivalents	\$ 8,229	\$ 9,603	\$ 6,022
Accounts receivable, net	26,758	34,811	36,109
Inventories	138,949	131,562	98,231
Prepaid expenses and other current assets	9,211	11,016	8,447
Deferred income taxes	11,860	11,348	8,203
Total current assets	<u>195,007</u>	<u>198,340</u>	<u>157,012</u>
Property, plant, and equipment, net	79,652	77,211	61,535
Other assets	1,630	1,768	766
Total assets	<u>\$276,289</u>	<u>\$ 277,319</u>	<u>\$219,313</u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	\$ 17,768	\$ 14,853	\$ 31,195
Accrued employment costs	9,571	14,162	8,047
Other accrued liabilities	18,335	16,532	16,613
Income taxes payable	5,761	7,094	7,374
Current portion of long-term debt	42	58	90
Total current liabilities	<u>51,477</u>	<u>52,699</u>	<u>63,319</u>
Long-term debt	5,030	15,037	7,322
Deferred income taxes	6,102	6,078	4,243
Other long-term liabilities	10,134	9,250	7,619
Total liabilities	<u>72,743</u>	<u>83,064</u>	<u>82,503</u>
Shareholders' equity:			
Additional paid-in capital	76,032	75,675	73,950
Retained earnings	128,379	119,190	62,946
Accumulated other comprehensive (loss) income	(865)	(610)	(86)
Total shareholders' equity	<u>203,546</u>	<u>194,255</u>	<u>136,810</u>
Total liabilities and shareholders' equity	<u>\$276,289</u>	<u>\$ 277,319</u>	<u>\$219,313</u>

Vera Bradley, Inc.
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)
(unaudited)

	Thirteen Weeks Ended	
	May 4, 2013	April 28, 2012
Net revenues	\$ 123,033	\$ 117,201
Cost of sales	54,567	51,899
Gross profit	68,466	65,302
Selling, general, and administrative expenses	55,227	47,191
Other income	1,951	2,699
Operating income	15,190	20,810
Interest expense, net	141	191
Income before income taxes	15,049	20,619
Income tax expense	5,860	7,993
Net income	<u>\$ 9,189</u>	<u>\$ 12,626</u>
Basic weighted-average shares outstanding	40,580	40,515
Diluted weighted-average shares outstanding	40,624	40,547
Basic earnings per share	\$ 0.23	\$ 0.31
Diluted earnings per share	\$ 0.23	\$ 0.31

Vera Bradley, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Thirteen Weeks Ended	
	May 4, 2013	April 28, 2012
Cash flows from operating activities		
Net income	\$ 9,189	\$ 12,626
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation of property, plant, and equipment	3,323	2,268
Provision for doubtful accounts	(213)	195
Loss on disposal of property, plant, and equipment	2	21
Stock-based compensation	806	625
Deferred income taxes	(548)	(155)
Changes in assets and liabilities:		
Accounts receivable	8,266	1,793
Inventories	(7,567)	8,587
Prepaid expenses and other assets	1,943	(8)
Accounts payable	2,915	3,919
Income taxes payable	(1,333)	5,669
Accrued and other liabilities	(1,904)	(4,857)
Net cash provided by operating activities	<u>14,879</u>	<u>30,683</u>
Cash flows from investing activities		
Purchases of property, plant, and equipment	(5,811)	(11,512)
Net cash used in investing activities	<u>(5,811)</u>	<u>(11,512)</u>
Cash flows from financing activities		
Payments on financial-institution debt	(35,000)	(32,750)
Borrowings on financial-institution debt	25,000	15,000
Payments on vendor-financed debt	(23)	(22)
Tax withholdings for equity compensation	(389)	(265)
Net cash used in financing activities	<u>(10,412)</u>	<u>(18,037)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(30)</u>	<u>(34)</u>
Net increase (decrease) in cash and cash equivalents	(1,374)	1,100
Cash and cash equivalents, beginning of period	9,603	4,922
Cash and cash equivalents, end of period	<u>\$ 8,229</u>	<u>\$ 6,022</u>



Michael C. Ray to Retire from Vera Bradley

Board Search for CEO Successor Underway

Ray to Remain CEO through Search and Transition

FORT WAYNE, Ind., June 5, 2013 (GLOBE NEWSWIRE) — Vera Bradley, Inc. (Nasdaq: VRA) today announced that Michael C. Ray, Chief Executive Officer of Vera Bradley, has informed the Company's Board of Directors that he plans to retire from the Company. The Board has formed a search committee and retained Spencer Stuart to assist in the search for Ray's successor. Ray will remain CEO through the transition period and intends to continue to serve as a director.

"On behalf of the Board, I would like to thank Mike for his exceptional leadership and countless contributions to Vera Bradley over the past 15 years," said John Kyees, Vera Bradley's Lead Independent Director. "Under his stewardship, the Company has grown into an authentic lifestyle brand and powerful multi-channel business; expanded its retail footprint; become a public company; and experienced remarkable growth, with annual revenues nearly doubling to \$541 million during Mike's tenure as CEO. The Board is grateful to Mike for his tireless work on behalf of the Company and is confident Vera Bradley will continue to build on this strong track record of success."

Co-founder and director Barbara Bradley Baekgaard said, "Mike has played an integral role in Vera Bradley's distinctive culture and in the Company's evolution, growth and success. We will miss Mike, but respect his decision to pursue other interests. Today we have a powerful brand, a diverse portfolio of highly sought-after products, and an exceptionally loyal, multi-generational customer base. I look forward to working with a new leader to further elevate our brand."

Ray said, "My time here has been exciting and incredibly fulfilling, and I am grateful to our founders Barbara Baekgaard and Patricia Miller for allowing me to be part of the Vera Bradley story. I will certainly miss working alongside my extraordinarily talented colleagues and I am extremely proud of what we have accomplished as a team. While it is difficult to think of leaving this very special organization, I believe it is the right time for the Company to pursue a new leader who has the extensive retail and brand management experience that Vera Bradley needs to advance into its next phase of growth and success. I will remain fully engaged during the search and on-boarding processes to ensure a smooth transition."

Kyees added, "The Board is working expeditiously to identify a successor with proven strategic and leadership skills and a strong track record of driving growth and building brands within the specialty retail space. We are pleased that we will continue to benefit from Mike's leadership and insight throughout this process."

Michael C. Ray Bio

Ray has served as Chief Executive Officer of Vera Bradley since October 2007, overseeing all day-to-day operations of the Company, and he has served as a director on the Company's Board since June 2010. Prior to his promotion to CEO, Ray held the position of Executive Vice President of Sales and Marketing from 2004 to 2007. He served as the Company's National Sales Director from 1999 to 2004 after joining Vera Bradley in 1998 as Director of Finance.

Over the course of his tenure at Vera Bradley, Ray spearheaded the Company's efforts to become a multi-channel business with broad demographic appeal; develop sourcing, distribution and warehousing infrastructure to support the growth of the Company; expand its retail footprint including entering the Japanese market; become a successful public company through an initial public offering in 2010; and achieve remarkable growth, with revenues increasing from approximately \$18 million in 1998 to \$541 million in fiscal 2013, and employees increasing from approximately 40 to 2,400.

After earning an accounting degree from Ball State University, Ray began his career at Coopers & Lybrand. Ray also serves as a board member of the Riley Children's Foundation in Indianapolis.

About Vera Bradley, Inc.

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