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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**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 3, 2015**

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**VERA BRADLEY, INC.**  
(Exact name of registrant as specified in its charter)

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**Indiana**  
(State or Other Jurisdiction  
of Incorporation)

**001-34918**  
(Commission  
File Number)

**27-2935063**  
(IRS Employer  
Identification No.)

**12420 Stonebridge Road,  
Roanoke, Indiana**  
(Address of Principal Executive Offices)

**46783**  
(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)

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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 3, 2015, Vera Bradley, Inc. issued an earnings press release for the quarterly period ended May 2, 2015. The press release, including attachments, is furnished as Exhibit 99.1 to this report.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

99.1 Press Release dated June 3, 2015

**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 3, 2015

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/s/ Kevin J. Sierks

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Kevin J. Sierks  
Executive Vice President – Chief Financial Officer

## EXHIBIT INDEX

| Exhibit No. | Description                      |
|-------------|----------------------------------|
| 99.1        | Press release dated June 3, 2015 |



## VERA BRADLEY ANNOUNCES FISCAL FIRST QUARTER 2016 RESULTS

*Net revenues from continuing operations totaled \$101.1 million*

*Net income from continuing operations (excluding charges) totaled \$0.1 million, or \$0.00 per diluted share*

*Company ends quarter with strong cash position of \$96.6 million and year-over-year inventories down 19.6%*

**FORT WAYNE, Ind., June 3, 2015** - Vera Bradley, Inc. (Nasdaq: VRA) (“Vera Bradley” or the “Company”) today announced its financial results for the fiscal first quarter ended May 2, 2015.

### **Summary of Financial Performance**

Net revenues from continuing operations totaled \$101.1 million for the current year first quarter ended May 2, 2015, compared to \$112.2 million in the prior year first quarter ended May 3, 2014.

For the current year first quarter, the Company posted a net loss from continuing operations of \$4.1 million, or \$0.10 per diluted share. Those results included net after-tax charges of \$4.2 million comprised of:

- \$2.1 million related to the planned closing of its Indiana manufacturing facility, primarily related to severance and lease termination charges;
- \$1.5 million related to other severance and restructuring charges; and
- \$0.6 million related to an income tax adjustment for an increase in income tax reserves for uncertain federal and state tax positions related to research and development tax credits.

Excluding these charges, the Company’s net income from continuing operations totaled \$0.1 million, or \$0.00 per diluted share. In the prior year first quarter ended May 3, 2014, net income from continuing operations totaled \$6.9 million, or \$0.17 per diluted share.

### **Comments on the Quarter and Looking Ahead**

Robert Wallstrom, Chief Executive Officer, noted, “Excluding the previously outlined charges, we achieved first quarter diluted EPS at the low end of our guidance. Reduced promotional activity led to better-than-planned gross margin rate performance while revenues fell below our expectations.”

Wallstrom continued, “The progress we continue to make on our key initiatives is not yet reflected in our current financial results. We are not attracting enough new customers to the brand, and traffic and sales are still very challenging.

“However, the management team remains fully committed to our long-term strategic plan. Key elements of the plan are specifically designed to drive traffic and bring new customers to Vera Bradley. We will continue to innovate and modernize our products, increase exposure to our brand and offerings by prudently growing our distribution points, and drive brand and product awareness through our elevated marketing efforts.”

Wallstrom concluded, “Growing Vera Bradley to a \$1 billion company generating a high-teen operating margin remains our ultimate goal. However, until we begin to see recovery in the business, we cannot predict the timing of or provide additional updates on achieving those long-term financial targets.”

## **Discontinued Operations**

In June 2014, the Company entered into a five-year agreement with Mitsubishi Corporation Fashion Company and Look Inc. to import and distribute Vera Bradley products in Japan. As a result of moving to this wholesale business model, the Company exited its direct business in Japan during the third quarter of fiscal 2015 and is accounting for it as a discontinued operation.

## **First Quarter Details**

Income statement numbers referenced below reflect the Company's continuing operations and exclude the previously outlined charges related to its manufacturing facility closing, other severance and restructuring costs, and the income tax adjustment.

Current year first quarter net revenues of \$101.1 million fell below the Company's guidance of \$103 million to \$109 million. Prior year first quarter revenues totaled \$112.2 million.

Current year first quarter Direct segment revenues totaled \$70.4 million, a 2.4% decrease from \$72.2 million in the prior year first quarter. Comparable sales (including e-commerce) decreased 16.9% for the quarter (reflecting a 22.3% decline in comparable store sales and a 9.7% decrease in e-commerce sales), which was partially offset by new store growth (the Company opened 14 full-line and 18 factory outlet stores during the past 12 months). First quarter comparable sales were negatively impacted by year-over-year declines in store and e-commerce traffic as well as lower levels of on-line promotional activity.

Indirect segment revenues decreased 23.3% to \$30.7 million from \$40.0 million in the prior year first quarter, primarily due to lower re-orders from the Company's specialty retail accounts and the timing of the Company's summer product launch (which shifted approximately \$3.7 million of revenues into the second quarter). In addition, there has been a modest reduction in the total number of specialty retail accounts.

Excluding the aforementioned charges, gross profit for the quarter totaled \$55.1 million, or 54.5% of net revenues, compared to \$59.8 million, or 53.3% of net revenues, in the prior year first quarter. The year-over-year gross margin rate improvement primarily related to increased sales of higher-margin made-for-outlet product in the Company's factory outlet stores, leverage of overhead costs due to fall 2014 cost reductions at the Company's domestic manufacturing facility, lower levels of liquidation sales, and reduced promotional activity. The gross margin rate exceeded guidance of 53.0% to 53.5% primarily due to reduced promotional activity relative to plan.

Excluding the aforementioned charges, SG&A expense totaled \$55.1 million, or 54.5% of net revenues, in the current year first quarter, compared to \$50.0 million, or 44.6% of net revenues, in the prior year first quarter. As expected, SG&A dollars increased over the prior year primarily due to strategic investments including incremental marketing, new store expenses, and e-commerce investments. The SG&A expense rate was at the high end of the Company's guidance of 51.9% to 54.5% due to lower than expected sales.

Excluding the aforementioned charges, operating income totaled \$0.9 million, or 0.9% of net revenues, in the current year first quarter, compared to \$11.3 million, or 10.1% of net revenues, in the prior year first quarter. By segment, Direct operating income was \$11.5 million, or 16.3% of sales (which excluded \$3.5 million of the aforementioned charges), compared to \$13.8 million, or 19.1% of sales, in the prior year, and Indirect operating income was \$11.1 million, or 36.0% of sales (which excluded \$1.1 million of the aforementioned charges), compared to \$15.4 million, or 38.6% of sales, in the prior year.

Cash and cash equivalents as of May 2, 2015 totaled \$96.6 million compared to \$81.5 million at the end of last year's first quarter. The Company had no debt outstanding at quarter end. Quarter-end inventory was \$101.8 million, at the low end of guidance of \$100 million to \$110 million and compared to \$126.6 million at the end of last year's first quarter. Net capital spending for the quarter totaled \$7.5 million.

During the first quarter, the Company repurchased approximately \$7.2 million shares of its common stock under its \$40 million share repurchase plan (equating to approximately 425,000 shares at an average price of \$16.90). This brings the total repurchases under the plan to approximately \$20.1 million (equating to approximately 1,046,000 shares at an average price of \$19.25).

## **Second Quarter and Fiscal Year 2016 Outlook**

For the second quarter of fiscal 2016, the Company expects:

- Net revenues of \$116 million to \$120 million compared to prior year second quarter revenues of \$119.0 million.
- A gross margin rate of 54.5% to 55.0% compared to 53.3% in the prior year second quarter.
- SG&A as a percent of sales of 48.3% to 49.3% compared to 42.6% in the prior year second quarter. The increase is primarily related to incremental spending in marketing, e-commerce, and incentive compensation.
- Diluted earnings per share from continuing operations of \$0.10 to \$0.13, based on diluted weighted-average shares outstanding of 39.8 million and an effective tax rate of 38.8%. Diluted earnings per share from continuing operations totaled \$0.19 in the prior year second quarter.
- Inventory of \$108 million to \$112 million at the end of the second quarter, compared to \$112.0 million at the end of last year's second quarter.

For fiscal 2016, the Company has updated its guidance as follows (which excludes the aforementioned first quarter charges):

- Net revenues of \$480 million to \$495 million compared to \$509.0 million last year.
- A gross margin rate of 55.7% to 56.2% compared to 52.9% last year. The planned improvement reflects the leveraging of overhead costs related to an expected increase in units manufactured; reductions in sourcing and product costs, primarily related to made-for-outlet product and including the closure of the Company's domestic manufacturing facility; a greater sales penetration of higher margin made-for-outlet product; and reduced promotional activity.
- SG&A as a percent of sales of 46.8% to 47.4% compared to 41.0% last year. The planned increase is primarily related to incremental spending in marketing, e-commerce, and incentive compensation, on a lower sales base.
- Diluted earnings per share from continuing operations of \$0.64 to \$0.74, based on diluted weighted-average shares outstanding of 39.8 million and an effective tax rate of 39.5%. Diluted earnings per share from continuing operations totaled \$1.00 last year.
- Net capital spending of approximately \$31.0 million.

## **Call Information**

A conference call to discuss fiscal first quarter 2016 results is scheduled for today, Wednesday, June 3, 2015, at 9:30 a.m. Eastern Time. A broadcast of the call will be available via Vera Bradley's Investor Relations section of its website, [www.verabradley.com](http://www.verabradley.com). Alternatively, interested parties may dial into the call at (888) 503-8171, and enter the access code 2816661. A replay of the call will be available shortly after the conclusion of the call and remain available through June 17, 2015. To access the recording, listeners should dial (877) 870-5176, and enter the access code 2816661.

## **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 customer engagement. The Company sells its products through two reportable segments: Direct and Indirect. The Direct business consists of sales of Vera Bradley products through the Company's full-line and factory outlet stores in the United States, [verabradley.com](http://www.verabradley.com), eBay and its annual outlet sale in Fort Wayne, Indiana. The Indirect business consists of sales of Vera Bradley products to approximately 2,700 specialty retail locations, substantially all of which are located in the United States, as well as select department stores, national accounts, third party e-commerce sites, its wholesale business in Japan and third-party inventory liquidation.

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](http://www.verabradley.com/mediaroom).

## **Website Information**

We routinely post important information for investors on our website [www.verabradley.com](http://www.verabradley.com) in the "Investor Relations" section. We intend to use this webpage 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 webpage 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; adverse changes in the cost of raw materials and labor used to manufacture our products; and possible adverse effects resulting from a significant disruption in our single distribution facility. 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 January 31, 2015. We undertake no obligation to publicly update or revise any forward-looking statement. Financial schedules are attached to this release.

#### **CONTACTS:**

##### **Investors:**

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(260) 207-5116

##### **Media:**

877-708-VERA (8372)



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

(unaudited)

|   | May 2,<br>2015 | January 31,<br>2015 | May 3,<br>2014 |
|---|----------------|---------------------|----------------|
| <b>Assets</b>                               |                |                     |                |
| Current assets:                             |                |                     |                |
| Cash and cash equivalents                   | \$ 96,579      | \$ 112,292          | \$ 81,524      |
| Accounts receivable, net                    | 26,241         | 31,374              | 21,042         |
| Inventories                                 | 101,794        | 98,403              | 126,562        |
| Income taxes receivable                     | 5,731          | 3,208               | —              |
| Prepaid expenses and other current assets   | 9,377          | 9,100               | 9,417          |
| Deferred income taxes                       | 13,397         | 13,320              | 13,981         |
| Total current assets                        | 253,119        | 267,697             | 252,526        |
| Property, plant, and equipment, net         | 112,526        | 109,003             | 88,433         |
| Other assets                                | 627            | 584                 | 879            |
| Total assets                                | \$ 366,272     | \$ 377,284          | \$ 341,838     |
| <b>Liabilities and Shareholders' Equity</b> |                |                     |                |
| Current liabilities:                        |                |                     |                |
| Accounts payable                            | \$ 31,478      | \$ 32,906           | \$ 23,686      |
| Accrued employment costs                    | 11,768         | 14,595              | 10,871         |
| Other accrued liabilities                   | 15,815         | 15,548              | 17,475         |
| Income taxes payable                        | —              | —                   | 3,397          |
| Total current liabilities                   | 59,061         | 63,049              | 55,429         |
| Deferred income taxes                       | 5,722          | 5,297               | 4,267          |
| Other long-term liabilities                 | 27,397         | 24,467              | 20,020         |
| Total liabilities                           | 92,180         | 92,813              | 79,716         |
| Shareholders' equity:                       |                |                     |                |
| Additional paid-in-capital                  | 81,918         | 80,992              | 78,551         |
| Retained earnings                           | 212,315        | 216,451             | 184,569        |
| Accumulated other comprehensive loss        | (5)            | (15)                | (998)          |
| Treasury stock                              | (20,136)       | (12,957)            | —              |
| Total shareholders' equity                  | 274,092        | 284,471             | 262,122        |
| Total liabilities and shareholders' equity  | \$ 366,272     | \$ 377,284          | \$ 341,838     |

**Vera Bradley, Inc.**  
**Consolidated Statements of Income**  
**(in thousands, except per share data)**

(unaudited)

|  | Thirteen Weeks Ended |                |
|--|----------------------|----------------|
|  | May 2,<br>2015       | May 3,<br>2014 |
| Net revenues   | \$ 101,104           | \$ 112,197     |
| Cost of sales  | 49,410               | 52,442         |
| Gross profit   | 51,694               | 59,755         |
| Selling, general, and administrative expenses                | 57,612               | 50,045         |
| Other income   | 947                  | 1,577          |
| Operating (loss) income                                      | (4,971)              | 11,287         |
| Interest expense, net  | 77                   | 80             |
| (Loss) income from continuing operations before income taxes | (5,048)              | 11,207         |
| Income tax (benefit) expense                                 | (912)                | 4,330          |
| (Loss) income from continuing operations                     | (4,136)              | 6,877          |
| Loss from discontinued operations, net of taxes              | —                    | (310)          |
| Net (loss) income  | \$ (4,136)           | \$ 6,567       |
| Basic weighted-average shares outstanding                    | 39,884               | 40,639         |
| Diluted weighted-average shares outstanding                  | 39,966               | 40,725         |
| Net (loss) income per share - basic                          |                      |                |
| Continuing operations  | \$ (0.10)            | \$ 0.17        |
| Discontinued operations                                      | —                    | (0.01)         |
| Net income   | \$ (0.10)            | \$ 0.16        |
| Net (loss) income per share - diluted                        |                      |                |
| Continuing operations  | \$ (0.10)            | \$ 0.17        |
| Discontinued operations                                      | —                    | (0.01)         |
| Net income   | \$ (0.10)            | \$ 0.16        |

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

(unaudited)

|  | Thirteen Weeks Ended |                |
|--|----------------------|----------------|
|  | May 2,<br>2015       | May 3,<br>2014 |
| <b>Cash flows from operating activities</b>  |                      |                |
| Net (loss) income  | \$ (4,136)           | \$ 6,567       |
| Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities: |                      |                |
| Depreciation of property, plant, and equipment   | 5,174                | 3,563          |
| Provision for doubtful accounts  | (381)                | (115)          |
| Loss on disposal of property, plant, and equipment   | 52                   | —              |
| Stock-based compensation   | 1,404                | 980            |
| Deferred income taxes  | 348                  | (1,263)        |
| Changes in assets and liabilities:   |                      |                |
| Accounts receivable  | 5,514                | 9,276          |
| Inventories  | (3,391)              | 10,373         |
| Prepaid expenses and other assets  | (320)                | 741            |
| Accounts payable   | (2,905)              | (7,075)        |
| Income taxes payable   | (2,523)              | 1,772          |
| Accrued and other liabilities  | 394                  | 2,138          |
| Net cash (used in) provided by operating activities  | (770)                | 26,957         |
| <b>Cash flows from investing activities</b>  |                      |                |
| Purchases of property, plant, and equipment  | (7,530)              | (4,040)        |
| Net cash used in investing activities  | (7,530)              | (4,040)        |
| <b>Cash flows from financing activities</b>  |                      |                |
| Payments on financial-institution debt   | —                    | —              |
| Borrowings on financial-institution debt   | —                    | —              |
| Tax withholdings for equity compensation   | (478)                | (582)          |
| Repurchase of common stock   | (6,921)              | —              |
| Other financing activities, net  | (24)                 | (24)           |
| Net cash used in financing activities  | (7,423)              | (606)          |
| Effect of exchange rate changes on cash and cash equivalents                                       | 10                   | (2)            |
| Net (decrease) increase in cash and cash equivalents   | \$ (15,713)          | \$ 22,309      |
| Cash and cash equivalents, beginning of period   | 112,292              | 59,215         |
| Cash and cash equivalents, end of period   | \$ 96,579            | \$ 81,524      |
| <b>Supplemental disclosure of cash flow information</b>  |                      |                |
| Non-cash operating, investing, and financing activities  |                      |                |
| Repurchase of common stock incurred but not yet paid   | \$ 258               | \$ —           |
| Property, plant, and equipment expenditures incurred but not yet paid                              | \$ 1,219             | \$ 3,016       |

**Vera Bradley, Inc.**  
**GAAP to Non-GAAP Reconciliation First Quarter Fiscal 2016**  
**(in thousands, except per share amounts)**

(unaudited)

|  | Thirteen Weeks Ended |                                      |                               |
|--|----------------------|--------------------------------------|-------------------------------|
|  | As Reported          | Restructuring Items &<br>Other Items | Non-GAAP (Excluding<br>Items) |
| Gross profit (loss)  | \$ 51,694            | \$ (3,434) <sup>1</sup>              | \$ 55,128                     |
| Selling, general, and administrative expenses                  | 57,612               | 2,483 <sup>2</sup>                   | 55,129                        |
| Operating (loss) income  | (4,971)              | (5,917)                              | 946                           |
| (Loss) income from continuing operations before income taxes   | (5,048)              | (5,917)                              | 869                           |
| Income tax (benefit) expense                                   | (912)                | (1,698) <sup>3</sup>                 | 786                           |
| (Loss) income from continuing operations                       | (4,136)              | (4,219)                              | 83                            |
| Diluted net (loss) income per share from continuing operations | \$ (0.10)            | \$ (0.11)                            | \$ 0.00                       |
| Direct segment operating income (loss)                         | \$ 8,027             | \$ (3,470) <sup>4</sup>              | \$ 11,497                     |
| Indirect segment operating income (loss)                       | \$ 9,904             | \$ (1,146) <sup>5</sup>              | \$ 11,050                     |
| Unallocated corporate expenses                                 | \$ (22,902)          | \$ (1,301) <sup>6</sup>              | \$ (21,601)                   |

<sup>1</sup>Items include one-time exit costs related to the Company's manufacturing facility closure, including employee severance, a lease termination payment and fixed asset acceleration charges

<sup>2</sup>Includes \$1,301 for a severance charge related to the termination of the Company's Chief Marketing Officer and \$1,182 related to a lease termination

<sup>3</sup>Includes \$575 related to an additional income tax reserve and a benefit of \$2,273 related to the tax impact of the charges mentioned above

<sup>4</sup>Includes an allocation of \$2,288 related to the one-time exit costs for the Company's manufacturing facility closure and \$1,182 related to a lease termination

<sup>5</sup>Related to an allocation of \$1,146 for the one-time exit costs for the Company's manufacturing facility closure

<sup>6</sup>Related to a severance charge for the termination of the Company's Chief Marketing Officer