VINCE HOLDING CORP.
Form S-3/A
March 16, 2016
Table of Contents

As filed with the Securities and Exchange Commission on March 16, 2016

No. 333-209523

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

VINCE HOLDING CORP.

(Exact name of registrant as specified in its charter)

Delaware	**75-3264870**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

500 5th Avenue-20th Floor

New York, New York 10110

(212) 515-2600

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

David Stefko

Chief Financial Officer

500 5th Avenue-20th Floor

New York, New York 10110

(212) 515-2600

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Gerald T. Nowak, P.C.

Bradley Reed

Kirkland & Ellis LLP

300 North LaSalle

Chicago, Illinois 60654

(312) 862-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ¨

If this Form is filed to registered additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ¨

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

The registrant hereby amends this Registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

Subject to Completion, March 16, 2016

VINCE HOLDING CORP.

Up to 11,818,181 Shares of Common Stock

Issuable Upon Exercise of Rights to Subscribe for Such Shares at $5.50 per Share

We are distributing at no charge to the holders of our common stock on March 23, 2016, which we refer to as the record date, non-transferable rights to purchase up to an aggregate of 11,818,181 new shares of our common stock. We will distribute to you, a rights holder, one non-transferable right for every share of our common stock that you own on the record date. Each right entitles the holder to purchase 0.3191 shares of our common stock, which we refer to as the subscription right, at the subscription price of $5.50 per whole share of common stock, which we refer to as the subscription price. Rights holders who fully exercise their subscription rights will be entitled to subscribe for additional shares of our common stock that remain unsubscribed as a result of any unexercised subscription rights, which we refer to as the over-subscription right. The over-subscription right allows a rights holder to subscribe for an additional amount equal to up to 20% of the shares of our common stock for which such holder was otherwise entitled to subscribe pursuant to the subscription right (calculated prior to the exercise of any subscription rights). We refer to the subscription rights and over-subscription rights collectively as rights. Rights may only be exercised in aggregate for whole numbers of shares of our common stock; no fractional shares of our common stock will be issued in this offering.

The rights will expire at 5:00 p.m., New York City time, on April 14, 2016, which date we refer to as the expiration date, unless extended as described herein. We may extend the period for exercising the rights, subject to the terms of the Investment Agreement described below. You may not rescind your subscriptions after receipt of your payment for the subscription price except as described in this prospectus. Rights that are not exercised prior to the expiration date will expire and have no value. There is no minimum number of shares of our common stock that we must sell in order to complete this offering.

Our shares of common stock are traded on the New York Stock Exchange, or NYSE, under the symbol VNCE. The closing price of our shares of common stock on March 15, 2016 was $7.33 per share. The rights are non-transferable and will not be listed for trading on the NYSE or any other securities exchange or automated quotation system.

We have entered into an investment agreement, or the Investment Agreement, with Sun Cardinal, LLC, or Sun Cardinal, and SCSF Cardinal, LLC, or SCSF Cardinal, under which we have agreed to issue and sell to Sun Cardinal and SCSF Cardinal, and Sun Cardinal and SCSF Cardinal have agreed to purchase from us, at a price per share equal to the subscription price, an aggregate number of shares of our common stock equal to (x) $65.0 million minus (y) the aggregate proceeds of this offering, which we refer to as the Backstop Commitment, subject to the terms and conditions of the Investment Agreement. As of the record date for this offering, Sun Cardinal and SCSF Cardinal, together with their affiliates, beneficially owned approximately 55.3% of our common stock, and four of our eight directors are affiliated with Sun Cardinal, SCSF Cardinal or their affiliates. As holders of our common stock on the record date, Sun Cardinal, SCSF Cardinal and their affiliates will have the right to exercise their subscription rights and their over-subscription rights in this offering, although they are not required to do so. The purchase of shares of our common stock by Sun Cardinal and SCSF Cardinal pursuant to the Backstop Commitment would be effected in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, or the Securities Act, and would not be registered pursuant to the registration statement of which this prospectus forms a part.

This offering is being made directly by us. We are not using an underwriter or selling agent. We have engaged Broadridge Corporate Issuer Solutions, Inc., or Broadridge, to serve as our subscription and information agent for this offering. Broadridge will hold in escrow the funds we receive from subscribers until we complete or cancel this offering.

An investment in our common stock involves risks. See Risk Factors beginning on page 7 of this prospectus. We and our board of directors are not making any recommendation regarding your exercise of the rights. As a result of the terms of this offering, stockholders who do not fully exercise their rights will own, upon completion of this offering, a smaller proportional interest in us than otherwise would be the case had they fully exercised their rights. See Risk Factors Risks Related to Our Structure and This Offering Your interest in us may be diluted as a result of this offering in this prospectus for more information.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

If you have any questions or need further information about this offering, please call Broadridge, our information agent for this offering, at +1 (855) 793-5068 (toll-free).

It is anticipated that delivery of the common stock purchased in this offering will be made on or about May 10, 2016.

The date of this prospectus is , 2016

Table of Contents

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus or any free writing prospectus we may authorize to be delivered to you. We have not, and have not authorized anyone else, to provide you with different or additional information. We are not making an offer of securities in any state or other jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus regardless of its time of delivery, and you should not consider any information in this prospectus or in the documents incorporated herein by reference to be investment, legal or tax advice. We encourage you to consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding an investment in our securities.

As used in this prospectus, Vince, Company, we, our and us refer to Vince Holding Corp. and its wholly-owned subsidiaries, including Vince Intermediate Holding, LLC and Vince, LLC.

Table of Contents

PROSPECTUS SUMMARY

The following summary provides an overview of certain information about Vince and this offering and may not contain all the information that is important to you. This summary is qualified in its entirety by, and should be read together with, the information contained in other parts of this prospectus and the documents we incorporate by reference. You should read this entire prospectus and the documents that we incorporate by reference carefully before making a decision about whether to invest in our securities. References to fiscal 2015 mean the fiscal year ended January 30, 2016, fiscal 2014 mean the fiscal year ended January 31, 2015 and fiscal 2013 mean the fiscal year ended February 1, 2014.

Overview

Vince is a leading contemporary fashion brand best known for modern effortless style and everyday luxury essentials. Founded in 2002, the brand now offers a wide range of women s and men s apparel, women s and men s footwear, and handbags. Vince products are sold in prestige distribution worldwide, including approximately 2,500 distribution points across 38 countries. While we have recently experienced a slowdown in net sales, we believe that we can generate long-term growth by expanding our product offering, expanding our selling into international markets and growing our own branded retail and e-commerce direct-to-consumer business.

We have a small number of wholesale partners who account for a significant portion of our net sales. Net sales to the full-price, off-price and e-commerce operations of our three largest wholesale partners were 58% of our total revenue for the nine months ended October 31, 2015, 49% of our total revenue for fiscal 2014 and 46% of our total revenue for fiscal 2013. These partners include Nordstrom, Saks Fifth Avenue and Neiman Marcus, each accounting for more than 10% of our total revenue for the nine months ended October 31, 2015, fiscal 2014 and fiscal 2013. We design our products in the U.S. and source the vast majority of our products from contract manufacturers outside the U.S., primarily in Asia and South America.

We serve our customers through a variety of channels that reinforce the Vince brand image. Our diversified channel strategy allows us to introduce our products to customers through multiple distribution points that are reported in two segments: wholesale and direct-to-consumer. Our wholesale segment is comprised of sales to premier department stores and specialty stores in the U.S. and in select international markets, with U.S. wholesale representing 58%, 67% and 71% of our sales for the nine months ended October 31, 2015, fiscal 2014 and fiscal 2013, respectively, and the total wholesale segment representing 69%, 76% and 79% of our sales for the nine months ended October 31, 2015, fiscal 2014 and fiscal 2013, respectively. We believe that our historical success in the U.S. wholesale channel and our strong relationships with premier wholesale partners provide opportunities for future growth. These growth initiatives include creating enhanced product assortments and brand extensions through both in-house development activities and licensing arrangements, as well as continuing the build-out of branded shop-in-shops in select wholesale partner locations. We also believe international wholesale, which represented 10% of net sales for the nine months ended October 31, 2015, 9% of net sales for fiscal 2014 and 8% of net sales for fiscal 2013, presents a significant growth opportunity as we strengthen our presence in existing geographies and introduce Vince in new markets globally. Our wholesale segment also includes our licensing business related to our licensing arrangements for our women s and men s footwear line.

Our direct-to-consumer segment includes our retail and outlet stores and our e-commerce business. In 2008, we initiated a direct-to-consumer strategy with the opening of our first retail store. As of October 31, 2015, our products were sold at 2,539 doors through our wholesale partners in the U.S. and international markets and we operated 46 retail stores, including 34 full-price stores and 12 outlet stores, throughout the United States. We opened nine new retail stores during the first three quarters of fiscal 2015. Based on a combination of third-party analyses and internal projections, we believe that the U.S. market can currently support at least 100 free-standing Vince store locations. The direct-to-consumer segment also includes our e-commerce website, www.vince.com,

1

Table of Contents

which was launched in 2008 and re-launched with enhancements to the website during fiscal 2014. The direct-to-consumer segment accounted for 31% of net sales of the nine months ended October 31, 2015, 24% of net sales for fiscal 2014 and 21% of net sales for fiscal 2013. We expect sales from this channel to continue to grow as we drive productivity in existing stores, open new stores and continue to make improvements in our e-commerce business.

See Item 1 Business in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (filed with the SEC on March 27, 2015), as amended or supplemented by the Company s Quarterly Reports on Form 10-Q for fiscal year 2015, for more information regarding our business. Effective February 1, 2015 the Company early adopted Accounting Standard Update 2015-03, Simplifying the Presentation of Debt Issuance Costs , which requires deferred financing fees to be presented as a direct reduction of the carrying value of long-term debt, rather than an asset. Accordingly, the condensed consolidated balance sheet as of May 2, 2015, August 1, 2015, October 31, 2015 and January 31, 2015, contained in the Company s Quarterly Reports on Form 10-Q for fiscal 2015 as filed with the SEC, have been conformed to the new presentation. The Company has not restated its consolidated financial statements as of January 31, 2015 and February 1, 2014 (as filed with the SEC on Form 10-K on March 27, 2015 and April 4, 2014, respectively) to reflect this adoption.

The Rights Offering and Backstop Commitment

The Offer

We are distributing at no charge to the holders of our common stock on March 23, 2016, which we refer to as the record date, non-transferable rights to purchase up to an aggregate of 11,818,181 new shares of our common stock. We will distribute to each holder, who we refer to as a rights holder or you, one non-transferable right for every share of our common stock that you own on the record date (1 for 1). Each right entitles the rights holder to purchase 0.3191 shares of our common stock, which we refer to as the subscription right, at the subscription price of $5.50 per whole share of our common stock, which we refer to as the subscription price.

Over-Subscription Right

Rights holders who fully exercise their subscription rights will be entitled to subscribe for additional shares of our common stock that remain unsubscribed as a result of any unexercised subscription rights, which we refer to as the over-subscription right. The over-subscription right allows a rights holder to subscribe for an additional amount equal to up to 20% of the shares of our common stock for which such subscriber was otherwise entitled to subscribe pursuant to the subscription right (calculated prior to the exercise of subscription rights). If sufficient remaining shares of our common stock are available, all over-subscription requests will be honored in full, subject to the 20% cap. Shares of our common stock that may be acquired pursuant to the over-subscription right are subject to certain limitations and pro rata allocations. See The Rights Offering Over-Subscription Right.

Exercise of Rights

We refer to the subscription rights and over-subscription rights collectively as rights.

Rights may be exercised at any time during the subscription period, which commences on March 29, 2016, and ends at 5:00 p.m., New York City time, on April 14, 2016, the expiration date, unless extended by us. The rights are non-transferable.

Rights may only be exercised in aggregate for whole numbers of shares of our common stock; no fractional shares of our common stock will be issued in this offering. All exercises of rights and over-subscription rights are irrevocable.

Termination

The Audit Committee of our board of directors, with the assistance of the Company s capital markets advisor, may continue to explore and evaluate other potential transactions, other than this offering and the Backstop Commitment (as defined below), that would provide us with liquidity in an amount equal to, or in excess of, that expected as a result of this offering and the Backstop Commitment, including, without limitation, a rights offering with respect to our securities that is backstopped by a party other than Sun Cardinal and SCSF Cardinal. Unless approved by our entire board of directors (and not a committee thereof), this offering may only be terminated with the consent of Sun Cardinal and SCSF Cardinal or after the termination of the Investment Agreement in accordance with its terms. The Investment Agreement may be terminated by us if we have entered into a definitive agreement to effect a Superior Transaction. In general, a Superior Transaction is defined in the Investment Agreement as (1) a debt or equity financing transaction (other than this offering and the Backstop Commitment) or (2) a transaction involving the sale of 50% or more of our total voting power or of all or substantially all of our consolidated assets, that, in either case, our Board (or a committee thereof consisting only of disinterested directors) determines in good faith is in the best interests of our stockholders, including, in the case of a debt or equity financing transaction, a determination that such transaction would provide us with liquidity in an amount in excess of that expected to result from this offering and the Backstop Commitment or result in more favorable economic terms for us than this offering and the Backstop Commitment.

In the event of such a termination, we will owe Sun Cardinal and SCSF Cardinal a termination fee equal to an aggregate of $1.69 million (less the amount of the commitment fee previously paid under the Investment Agreement). See The Investment Agreement Termination. If this offering is terminated, all rights will expire without value and we will promptly arrange for the refund, without interest or penalty, of all funds received from rights holders. All monies received by the subscription agent in connection with this offering will be held by the subscription agent, on our behalf, in a segregated interest-bearing account at a negotiated rate. All such interest shall be payable to us even if we determine to terminate this offering and return your subscription payment.

Non-Transferability of Rights

The rights are evidenced by a subscription certificate and are non-transferable. The rights will not be listed for trading on the NYSE. The shares of our common stock issued in this offering will be listed on the NYSE.

Backstop Commitment; Investment Agreement

On December 9, 2015, we received a Rights Offering Commitment Letter, or the Commitment Letter, from Sun Capital V, L.P., or Sun Capital V, an affiliate of Sun Capital Partners, Inc. or Sun Capital Partners, that, in the event we consummated a rights offering, provided us with an amount equal to $65.0 million of cash proceeds reduced by the aggregate proceeds received from any completed rights offering, or the Contribution Obligation. Pursuant to the Commitment Letter, we were required, simultaneously with the funding of the Contribution Obligation by Sun Capital V, or one or more of its affiliates, to issue to Sun Capital V or one or more of its affiliates the applicable number of shares of our common stock at a price calculated in accordance with the terms of the Commitment Letter. In the event a rights offering did not commence on or before March 8, 2016, the Commitment Letter required that we pay Sun Capital V a commitment fee equal to $950,000 as of the earlier of the completion of such offering or the funding of the Contribution Obligation. Sun Capital V subsequently extended the commencement deadline to March 29, 2016.

On March 15, 2016, we entered into an Investment Agreement, or the Investment Agreement, with Sun Cardinal and SCSF Cardinal, which are also affiliates of Sun Capital Partners, pursuant to which we agreed to issue and sell to Sun Cardinal and SCSF Cardinal, and Sun Cardinal and SCSF Cardinal agreed to purchase from us, an aggregate number of shares of our common stock equal to (x) $65.0 million, minus (y) the aggregate proceeds of this offering, at a price per share equal to the subscription price, subject to the terms and conditions of the Investment Agreement. As holders of our common stock on the record date, Sun Cardinal, SCSF Cardinal and their affiliates will have the right to exercise their subscription rights and their over-subscription rights in this offering, although they are not required to do so. We refer to the transaction contemplated by the Investment Agreement as the Backstop Commitment. The closing of the transactions contemplated by the Investment Agreement is subject to satisfaction or waiver of customary conditions, including compliance with covenants and the accuracy of representations and warranties provided in the Investment Agreement, consummation of this offering, the receipt of all required regulatory approvals, including under the Hart-Scott-Rodino Act, and no material adverse effect with respect to our financial condition, business, properties, assets, liabilities or results of operations. The $950,000 commitment fee contemplated by the Commitment Letter will be payable to Sun Cardinal and SCSF Cardinal in the event a rights offering does not commence on or before March 29, 2016, with payment due upon the earliest of the completion of this offering, the funding under the Investment Agreement or the termination of the Investment Agreement. The Investment Agreement supersedes the Commitment Letter. For additional information on the Investment Agreement, see The Investment Agreement.

The purchase of shares by Sun Cardinal and SCSF Cardinal pursuant to the Investment Agreement would be effected in a transaction exempt from the registration requirements of the Securities Act, and would not be registered pursuant to the registration statement of which this prospectus forms a part. Sun Cardinal and SCSF Cardinal will be entitled to certain registration rights with respect to shares of our common stock they acquire under the Backstop Commitment, pursuant to the Registration Agreement, dated as of February 20, 2008, among us, Sun Cardinal, SCSF Cardinal and the other investors party thereto. See The Investment Agreement Registration Rights.

Use of Proceeds

We intend to use a portion of the net proceeds received from the exercise of the rights and the Backstop Commitment to (1) repay the amount owed by us under the Tax Receivable Agreement with Sun Cardinal, for itself and as a representative of the other stockholders party thereto, or the Tax Receivable Agreement, for the tax benefit with respect to the 2014 taxable year, equal to approximately $21.8 million plus accrued interest, and (2) repay all outstanding indebtedness under our revolving credit facility. As of October 31, 2015, $32.9 million of indebtedness was outstanding under our revolving credit facility and, as of the expiration date of this offering, we estimate that approximately $25.0 million of indebtedness will be outstanding. We intend to use the remaining net proceeds for general corporate purposes, which may include future amounts owed by us under the Tax Receivable Agreement. The Tax Receivable Agreement payment is owed to certain stockholders of the Company prior to our initial public offering, or the Pre-IPO Stockholders, including Sun Cardinal and other affiliates of Sun Capital Partners. As of the record date, Sun Capital Partners and its affiliates beneficially owned approximately 55.3% of our common stock, and four of our eight directors are affiliated with Sun Capital Partners and its affiliates. See Use of Proceeds.

Subscription and Information Agent

Broadridge Corporate Issuer Solutions, Inc., or Broadridge, will act as the subscription and information agent in connection with this offering. You may contact Broadridge, which we refer to as the subscription or information agent, with questions toll-free at +1 (855) 793-5068.

How to Obtain Subscription Information

Contact your broker-dealer, trust company, or other nominee where your rights are held, or

Contact the information agent toll-free at +1 (855) 793-5068.

Table of Contents

How to Subscribe

Deliver a completed subscription certificate and the required payment to the subscription agent by the expiration date, or

If your shares are held in an account with your broker-dealer, trust company, bank or other nominee, which qualifies as an Eligible Guarantor Institution under Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, have your Eligible Guarantor Institution deliver a notice of guaranteed delivery to the subscription agent by the expiration date.

Important Dates to Remember

Set forth below are certain important dates for this offering, which are generally subject to extension:

Record Date	March 23, 2016
Commencement Date	March 29, 2016
Expiration Date(1)	April 14, 2016
Deadline for Delivery of Subscription Certificates and Payment for Shares(2)	April 14, 2016
Deadline for Delivery of Notice of Guaranteed Delivery(2)	April 14, 2016
Deadline for Delivery of Subscription Certificates and Payment for Shares pursuant to Notice of Guaranteed Delivery	April 19, 2016
Anticipated delivery of common stock purchased in this offering	May 10, 2016

(1) Unless extended by us, which extension requires the consent of Sun Cardinal and SCSF Cardinal if it results in this offering remaining open for more than 20 days.

(2) Participating rights holders must, by the expiration date of this offering (unless this offering is extended), either (i) deliver a subscription certificate and payment for shares or (ii) cause to be delivered on their behalf a notice of guaranteed delivery.

Ownership Restrictions

We will require each rights holder exercising its rights to represent to us in the subscription certificate that, together with any of its affiliates or associates, it will not beneficially own more than 14.99% of our outstanding shares of common stock (calculated immediately upon closing of this offering after giving effect to the Backstop Commitment) as a result of the exercise of rights. With respect to any stockholder (other than Sun Cardinal, SCSF Cardinal and their affiliates) who already beneficially owns in excess of 14.99% of our outstanding shares of common stock, we will require such holder to represent to us in the subscription certificate that they will not, via the exercise of their rights, increase their proportionate interest in our common stock.

Any rights holder found to be in violation of either such representation will have granted to us in the subscription certificate, with respect to any such excess shares, (1) an irrevocable proxy and (2) a right for a limited period of time to repurchase such excess shares at the lesser of the subscription price and market price, each as set forth in more detail in the subscription certificate.

Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the information discussed in Risk Factors. Some of these risks include the following:

- intense competition in the apparel and fashion industry could reduce our sales and profitability;

- our business depends on a strong brand image, and if we are not able to maintain or enhance our brand, particularly in new markets where we have limited brand recognition, we may be unable to sell sufficient quantities of our merchandise, which would harm our business and cause our results of operations to suffer;

if we lose additional key personnel or are unable to assimilate and retain our permanent CEO, CFO and other key personnel, we may not be able to successfully operate or grow our business;

our ability to continue to have the liquidity necessary to service our debt, meet contractual payment obligations, including under the Tax Receivable Agreement, and fund our operations depends on many factors, including our ability to complete this offering and receive funds pursuant to the Backstop Commitment, generate sufficient cash flow from operations, maintain adequate availability under our revolving credit facility or obtain other financing;

this offering may cause the price of our common stock to decline and it may not recover for a substantial period of time or at all;

the subscription price determined for this offering and the backstop subscription price under the Investment Agreement may not be indicative of the fair value of our common stock; and

your interest in us may be diluted as a result of this offering.

Corporate Information

Our corporate headquarters are located at 500 5th Avenue, 20th Floor, New York, New York, 10110, and our telephone number is (212) 515-2600. Our corporate website address is *www.vince.com*. The information contained in, or accessible through, our corporate website does not constitute part of this prospectus.

Table of Contents

RISK FACTORS

Exercising your rights and investing in our common stock involves risks. You should consider carefully the following information about these risks, together with the other information incorporated by reference into this prospectus, before investing in our shares of common stock. These risks could have a material adverse effect on our business, financial condition, liquidity and results of operations and the market price of our common stock.

Risks Related to Our Business

Intense competition in the apparel and fashion industry could reduce our sales and profitability.

As a fashion company, we face intense competition from other domestic and foreign apparel, footwear and accessories manufacturers and retailers. Competition may result in pricing pressures, reduced profit margins, lost market share or failure to grow our market share, any of which could substantially harm our business and results of operations. Competition is based on many factors including, without limitation, the following:

- establishing and maintaining favorable brand recognition;
- developing products that appeal to consumers;
- pricing products appropriately;
- determining and maintaining product quality;
- obtaining access to sufficient floor space in retail locations;
- providing appropriate services and support to retailers;
- maintaining and growing market share;
- hiring and retaining key employees; and
- protecting intellectual property.

Competition in the apparel and fashion industry is intense and is dominated by a number of very large brands, many of which have longer operating histories, larger customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. These capabilities of our competitors may allow them to better withstand downturns in the economy or apparel and fashion industry. Any increased competition, or our failure to adequately address any of these competitive factors, could result in reduced sales, which could adversely affect our business, financial condition and operating results.

Competition, along with such other factors as consolidation within the retail industry and changes in consumer spending patterns, could also result in significant pricing pressure and cause the sales environment to be more promotional, as it has been in recent years. If promotional pressure remains intense, either through actions of our competitors or through customer expectations, this may cause us to reduce our sales prices to our wholesale partners and retail consumers, which could cause our gross margins to decline if we are unable to appropriately manage inventory levels and/or otherwise offset price reductions with comparable reductions in our operating costs. If our sales prices decline and we fail to sufficiently reduce our product costs or operating expenses, our profitability may decline, which could have a material adverse effect on our business, financial condition and operating results.

General economic conditions in the U.S. and other parts of the world, including a continued weakening of the economy and restricted credit markets, can affect consumer confidence and consumer spending patterns.

The apparel industry has historically been subject to cyclical variations, recessions in the general economy or uncertainties regarding future economic prospects that affect consumer spending habits which could negatively impact our business overall, the carrying value of our tangible and intangible assets and specifically sales, gross margins and profitability. The success of our operations depends on consumer spending. Consumer spending is impacted by a number of factors, including actual and perceived economic conditions affecting disposable consumer income (such as unemployment, wages, energy costs and consumer debt levels), business conditions, interest rates and availability of credit and tax rates in the general economy and in the international, regional and local markets in which our products are sold.

Recent global economic conditions have included significant recessionary pressures and declines in employment levels, disposable income and actual and/or perceived wealth and further declines in consumer confidence and economic growth. The recent depressed economic environment was characterized by a decline in consumer discretionary spending and has disproportionately affected retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary or luxury purchases, including fashion apparel and accessories such as ours. During such recessionary periods, we may have to increase the number of promotional sales or otherwise dispose of inventory which we have previously paid to manufacture. While we have seen occasional signs of stabilization in the North American markets in recent years, the recent recession may have resulted in a shift in consumer spending habits that makes it unlikely that spending will return to prior levels for the foreseeable future as the promotional environment has continued and may continue going forward. Such factors as well as another shift towards recessionary conditions could adversely impact our sales volumes and overall profitability in the future.

Further, recent concerns that European countries could default on their national debt have caused instability in the European economy, which is one of the areas that we are currently targeting for international expansion. Continued economic and political volatility and declines in the value of the Euro or other foreign currencies could negatively impact the global economy as a whole and have a material adverse effect on the profitability and liquidity of our international operations, as well as hinder our ability to grow through expansion in the international markets. In addition, domestic and international political situations also affect consumer confidence. The threat, outbreak or escalation of terrorism, military conflicts or other hostilities around the world could lead to decreases in consumer spending.

Our ability to continue to have the liquidity necessary to service our debt, meet contractual payment obligations, including under the Tax Receivable Agreement, and fund our operations depends on many factors, including our ability to generate sufficient cash flow from operations, maintain adequate availability under our Revolving Credit Facility (as defined below) or obtain other financing.

Our ability to timely service our indebtedness, meet contractual payment obligations and to fund our operations will depend on our ability to generate sufficient cash, either through cash flows from operations, borrowing availability under our up to $80.0 million Revolving Credit Facility with Bank of America, N.A., or the Revolving Credit Facility, or other financing. Our recent financial results have been, and our future financial results are expected to be, subject to substantial fluctuations impacted by business conditions and macroeconomic factors.

The Company had expected to make a required payment under the Tax Receivable Agreement in the fourth quarter of 2015. As a result of lower than expected cash from operations due to weaker than projected performance, and the level of projected availability under the Revolving Credit Facility, we concluded that we would not be able to fund the payment when due. Accordingly, on September 1, 2015, we entered into an amendment to the Tax Receivable Agreement with Sun Cardinal, an affiliate of Sun Capital Partners, for itself and as a representative of the other stockholders parties thereto. Pursuant to this amendment, Sun Cardinal agreed to postpone payment of the tax benefit with respect to the 2014 taxable year, currently estimated at $21.8 million plus accrued interest, to September 15, 2016. The amendment to the Tax Receivable Agreement also waived the application of a default interest rate at LIBOR plus 500 basis points per annum on the postponed payment. The interest rate on the postponed payment will remain at LIBOR plus 200 basis points per annum. See   We are required to pay to the Pre-IPO Stockholders 85% of certain tax benefits, and could be required to make substantial cash payments in which our stockholders will not participate.

Additionally, on December 9, 2015, the Company received the Commitment Letter from Sun Capital V that, in the event we consummated a rights offering, provided us with an amount equal to $65.0 million of cash proceeds reduced by the aggregate proceeds received from any completed rights offering. The Company would be required to use the proceeds from any completed rights offering to satisfy its current obligation under the Tax Receivable Agreement, estimated at $21.8 million plus accrued interest and payable on September 15, 2016. Subsequently, on March 15, 2016, we entered into the Investment Agreement with Sun Cardinal and SCSF Cardinal. See The Investment Agreement.

While we believe based upon our actions to date, including the proceeds committed to us under the Commitment Letter, that we will have sufficient liquidity for the next twelve months, there can be no assurances that we will be able to timely commence a rights offering, generate sufficient cash flow from operations to meet our liquidity needs, that we will have the necessary availability under the Revolving Credit Facility, or be able to obtain other financing when liquidity needs arise. In the event that we are unable to timely service our debt service, meet other contractual payment obligations or fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness before maturity, seek waivers of or amendments to our contractual obligations for payment, reduce or delay scheduled expansions and capital expenditures or sell material assets or operations. Payment defaults under our debt agreements or other contracts could result in a default under the Revolving Credit Facility or our senior secured term loan facility, under which $45.0 million was outstanding as of October 31, 2015, with J.P. Morgan Chase Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or the Term Loan Facility, which could result in all amounts outstanding under those credit facilities becoming immediately due and payable. Additionally, the lenders under those credit facilities would not be obligated to lend us additional funds.

Kellwood Company, or Kellwood, provides us with certain key services for our business, which we are in the process of transitioning to our own systems and processes. If Kellwood fails to perform its obligations to us during the period of transition or if we cannot successfully transition these services to our own systems, our business, financial condition, results of operations and cash flows could be materially harmed.

Prior to our initial public offering, or IPO, and certain restructuring transactions completed in connection with our IPO, or the Restructuring Transactions, that closed on November 27, 2013, we operated as a business unit of Kellwood, and we historically relied on the financial resources and the administrative and operational support systems of Kellwood to run our business. Some of the Kellwood systems we continue to use following our IPO and Restructuring Transactions include ERP, POS and human resource management systems as well as distribution applications. We are in the process of transitioning to our own systems and processes from those of Kellwood. We have recently commenced the development and implementation of our own ERP, POS and supporting systems and network infrastructure, engaged with a new e-commerce platform provider and completed the migration of the human resource recruitment system. The new systems we implement may not operate as successfully as the systems we historically used as such systems are highly customized or proprietary. Moreover, we may be unable to obtain necessary goods, technology and services to continue replacing the Kellwood systems in a timely manner to meet business needs or at prices and on terms as favorable as those available to us prior to the separation, which could increase our costs and reduce our profitability. If we fail to successfully transition the systems, our business and results of operations may be materially and adversely affected.

We entered into a Shared Services Agreement in connection with our IPO and Restructuring Transactions on November 27, 2013. The Shared Services Agreement governs the provisions by which Kellwood provides certain support services to us, including distribution, information technology and back office support. Kellwood will provide these services until we elect to terminate the provision thereof in accordance with the terms of such agreement or, for services which require a term as a matter of law or which are based on a third-party agreement with a set term, the related termination date specified in the schedule thereto. Upon the termination of certain services, Kellwood may no longer be in a position to provide certain other related services. Assuming we proceed with our request to terminate the original services, such related services shall also be terminated in connection with such termination. The Shared Services Agreement will terminate automatically upon the termination of all services provided thereunder, unless earlier terminated by either party in connection with the other party s material breach upon 30 days prior notice to such defaulting party. After termination of the agreement, Kellwood will have no obligation to provide any services to us. See Shared Services Agreement under Note 15 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended January 31, 2015 for a description of these services. The services provided under the Shared Services Agreement (as may be amended from time to time) may not be sufficient to meet our needs and we may not be able to replace these services at favorable costs and on favorable terms, if at all. In addition, Kellwood has experienced financial difficulty in the past. For example, in 2009, Kellwood s independent auditors raised substantial doubt regarding Kellwood s ability to continue as a going concern. If Kellwood encounters any issues during the transitional period which impact its ability to provide services pursuant to the Shared Services Agreement, our business could be materially harmed. Any failure or significant downtime in our own financial or administrative systems or in Kellwood s financial or administrative systems during the transitional period and any difficulty in separating our assets from Kellwood s assets and integrating newly acquired assets into our business could result in unexpected costs, impact our results or prevent us from paying our suppliers and employees and performing other administrative services on a timely basis and materially harm our business, financial condition, results of operations and cash flows.

We are in the process of migrating our U.S. distribution system from Kellwood to a new third party provider. Problems with our distribution system, including any disruption caused by the migration, could materially harm our ability to meet customer expectations, manage inventory, complete sale transactions and achieve targeted operating efficiencies.

In the U.S., we historically relied on a distribution facility operated by Kellwood in City of Industry, California as part of the Shared Services Agreement. In November 2015, we entered into a service agreement with a new third-party distribution provider in California and commenced the migration of the distribution facility from Kellwood. Our ability to meet the needs of our wholesale partners and our own direct-to-consumer business depends on the proper operation of this distribution facility. The migration of these services from Kellwood requires us to implement new system integrations and requires Kellwood to assist with the migration. Although we have implemented a migration schedule and Kellwood has agreed to assist us through the process, there can be no assurance that the transition from Kellwood to the third party, including the completion of such transition within our expected timeline, will be successful, and problems encountered in such transition, including significant chargebacks from our wholesale partners and delays in shipments of merchandise to our customers, could have a material adverse effect on our business, financial condition, liquidity and results of operations. We also have a warehouse in Belgium operated by a third-party logistics provider to support our wholesale orders for customers located primarily in Europe.

Because substantially all of our products are distributed from one location, our operations could also be interrupted by labor difficulties, or by floods, fires, earthquakes or other natural disasters near such facility. For example, a majority of our ocean shipments go through the ports in Los Angeles, which were recently subject to significant processing delays due to labor issues involving the port workers. We maintain business interruption insurance. These policies, however, may not adequately protect us from the adverse effects that could result from significant disruptions to our distribution system, including those that may arise from the migration. If we encounter problems with any of our distribution system, our ability to meet customer expectations, manage inventory, complete sales and achieve targeted operating efficiencies could be harmed. Any of the foregoing factors could have a material adverse effect on our business, financial condition and operating results.

Any disputes that arise between us and Kellwood with respect to our past and ongoing relationships could harm our business operations.

Disputes may arise between Kellwood and us in a number of areas relating to our past and ongoing relationships, including:

intellectual property and technology matters;

labor, tax, employee benefit, indemnification and other matters arising from our separation from Kellwood;

- employee retention and recruiting;
- business combinations involving us;
- the nature, quality and pricing of transitional services Kellwood has agreed to provide us; and
- business opportunities that may be attractive to both Kellwood and us.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party. As of the record date, Sun Capital Partners and its affiliates, who also control Kellwood, owned approximately 55.3% of our common stock. Additionally, Sun Cardinal, an affiliate of Sun Capital Partners, has the right to designate a majority of our directors.

Our business depends on a strong brand image, and if we are not able to maintain or enhance our brand, particularly in new markets where we have limited brand recognition, we may be unable to sell sufficient quantities of our merchandise, which would harm our business and cause our results of operations to suffer.

We believe that maintaining and enhancing the Vince brand is critical to maintaining and expanding our customer base. Maintaining and enhancing our brand may require us to make substantial investments in areas such as visual merchandising (including working with our wholesale partners to transform select Vince displays into branded shop-in-shops), marketing and advertising, employee training and store operations. A primary component of our strategy involves expanding into other geographic markets and working with existing wholesale partners, particularly within the U.S. We anticipate that, as our business expands into new markets and further penetrates existing markets, and as the markets in which we operate become increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Certain of our competitors in the fashion industry have faced adverse publicity surrounding the quality, attributes and performance of their products. Our brand may similarly be adversely affected if our public image or reputation is tarnished by failing to maintain high standards for merchandise quality and integrity. Any negative publicity about these types of concerns may reduce demand for our merchandise. Maintaining and enhancing our brand will depend largely on our ability to be a leader in the contemporary fashion industry and to continue to provide high quality products. If we are unable to maintain or enhance our brand image, our results of operations may suffer and our business may be harmed.

A substantial portion of our revenue is derived from a small number of large wholesale partners, and the loss of any of these wholesale partners could substantially reduce our total revenue.

We have a small number of wholesale partners who account for a significant portion of our net sales. Net sales to the full-price, off-price and e-commerce operations of our three largest wholesale partners were 58% of our total revenue for the nine months ended October 31, 2015, 49% of our total revenue for fiscal 2014 and 46% of our total revenue for fiscal 2013. These partners include Nordstrom, Saks Fifth Avenue and Neiman Marcus, each accounting for more than 10% of our total revenue for the nine months ended October 31, 2015 and for fiscal 2014. We do not have written agreements with any of our wholesale partners, and purchases generally occur on an order-by-order basis. A decision by any of our major wholesale partners, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to significantly decrease the amount of merchandise purchased from us or our licensing partners, or to change their manner of doing business with us or our licensing partners, could substantially reduce our revenue and have a material adverse effect on our profitability. Furthermore, due to the concentration of our wholesale partner base, our results of operations could be adversely affected if any of these wholesale partners fails to satisfy its payment obligations to us when due. During the past several years, the retail industry has experienced a great deal of ownership change, and we expect such change will continue. In addition, store closings by our wholesale partners decrease the number of stores carrying our products, while the remaining stores may purchase a smaller amount of our products and may reduce the retail floor space designated for our brand. In the future, retailers may further consolidate, undergo restructurings or reorganizations, realign their affiliations or reposition their stores target markets. Any of these types of actions could decrease the number of stores that carry our products or increase the ownership

Table of Contents

concentration within the retail industry. These changes could decrease our opportunities in the market, increase our reliance on a diminishing number of large wholesale partners and decrease our negotiating strength with our wholesale partners. These factors could have a material adverse effect on our business, financial condition and operating results.

We may not be able to successfully expand our wholesale partnership base or grow our presence with existing wholesale partners.

As part of our growth strategy, we intend to increase productivity and penetration with existing wholesale partners and form relationships with new, international wholesale partners. These initiatives may include the expansion of floor space with existing partners or new partners through the growth of offerings in new or under-developed product categories, such as handbags and men s apparel, as well as the establishment of additional shop-in-shops within select department stores. The location of Vince displays or shop-in-shops within department stores is controlled in large part by our wholesale partners. Although the investments made by us and our wholesale partners in the development and installation of Vince displays and shop-in-shops decreases the risk that our wholesale partners will require us to move to a less desirable area of their store or reduce the space allocated to such displays and shops, they are not contractually prohibited from doing so or required to grant additional or more desirable space to us. While expanding our floor base as well as the number of shop-in-shops is part of our growth strategy, there can be no assurances we will be able to align our wholesale partners with this strategy and continue to receive floor space from our wholesale partners to open or expand shop-in-shops.

Our ability to attract customers to our stores depends heavily on successfully locating our stores in suitable locations and any impairment of a store location, including any decrease in customer traffic, could cause our sales to be less than expected.

Our approach to identifying locations for our retail stores typically favors street and mall locations near luxury and contemporary retailers that we believe are consistent with our key customers demographics and shopping preferences. Sales at these stores are derived, in part, from the volume of foot traffic in these locations. Changes in areas around our existing retail locations that result in reductions in customer foot traffic or otherwise render the locations unsuitable could cause our sales to be less than expected and the related leases are generally non-cancelable. Store locations may become unsuitable due to, and our sales volume and customer traffic generally may be harmed by, among other things:

- economic downturns in a particular area;
- competition from nearby retailers selling similar apparel or accessories;
- changing consumer demographics in a particular market;
- changing preferences of consumers in a particular market;
- the closing or decline in popularity of other businesses located near our stores; and

- store impairments due to acts of God or terrorism.

Our ability to successfully open and operate new retail stores depends on many factors, including, among others, our ability to:

- identify new markets where our products and brand image will be accepted or the performance of our retail stores will be successful;
- obtain desired locations, including store size and adjacencies, in targeted malls or streets;
- negotiate acceptable lease terms, including desired rent and tenant improvement allowances, to secure suitable store locations;
- achieve brand awareness, affinity and purchase intent in the new markets;

- hire, train and retain store associates and field management;
- assimilate new store associates and field management into our corporate culture;
- source and supply sufficient inventory levels; and
- successfully integrate new retail stores into our existing operations and information technology systems, which following our IPO, in November 2013 have been provided by Kellwood Holdings, LLC, or Kellwood and its consolidated subsidiaries, under the terms of the Shared Services Agreement (as more fully described in Kellwood provides us with certain key services for our business, some of which we are in the process of transitioning to our own systems. If Kellwood fails to perform its obligations to us during the period of transition or if we cannot successfully transition these services to our own systems, our business, financial condition, results of operations and cash flows could be materially harmed).

As of October 31, 2015, we had 46 retail stores, including 34 full-price stores and 12 outlet stores throughout the United States. We plan to increase our store base over the next three to five years. Our new stores, however, may not be immediately profitable and we may incur losses until these stores become profitable. Unavailability of desired store locations, delays in the acquisition or opening of new stores, delays or costs resulting from a decrease in commercial development due to capital restraints, difficulties in staffing and operating new store locations or a lack of customer acceptance of stores in new market areas may negatively impact our new store growth and the costs or the profitability associated with new stores. There can be no assurance that we will open the planned number of stores. Any failure to successfully open and operate new stores may adversely affect our business, financial condition and operating results.

As we expand our store base, we may be unable to achieve comparable store sales growth or grow average sales per square foot, which could cause our share price to decline.

As we expand our store base, we may not be able to achieve comparable store sales growth or grow our historic average sales per square foot as we move into new markets. If our future comparable store sales or average sales per square foot decline or fail to meet market expectations, the price of our common stock could decline. In addition, the aggregate results of operations through our wholesale partners and at our retail locations have fluctuated in the past and can be expected to continue to fluctuate in the future. A variety of factors affect both comparable store sales and average sales per square foot, including, among others, consumer spending patterns, fashion trends, competition, current economic conditions, pricing, inflation, the timing of the release of new merchandise and promotional events, changes in our product assortment, changing the timing or frequency of our merchandise deliveries, the success of marketing programs and weather conditions. If we misjudge the market for our products, we may incur excess inventory for some of our products and miss opportunities for other products. See If we are unable to accurately forecast customer demand for our products, our manufacturers may not be able to deliver products to meet our requirements, and this could result in delays in the shipment of products to our stores and to wholesale partners. These factors may cause our comparable store sales results and average sales per square foot in the future to be materially lower than recent periods or our expectations, which could harm our results of operations and result in a decline in the price of our common stock.

System security risk issues as well as other major system failures could disrupt our internal operations or information technology services, and any such disruption could negatively impact our net sales, increase our expenses and harm our reputation.

Experienced computer programmers and hackers, and even internal users, may be able to penetrate our network security and misappropriate our confidential information or that of third parties, including our customers, create system disruptions or cause shutdowns. In addition, employee error, malfeasance or other errors in the storage, use or transmission of any such information could result in a disclosure to third parties outside of our network. As a result, we could incur significant expenses addressing problems created by any such inadvertent disclosure or any security breaches of our network. This risk is heightened because we collect and store customer information and use certain customer information for our marketing purposes. In addition, we rely on third parties for the operation of our website, *www.vince.com*, and for the various social media tools and websites we use as part of our marketing strategy.

Consumers are increasingly concerned over the security of personal information transmitted over the internet, consumer identity theft and user privacy, and any compromise of customer information could subject us to customer or government litigation and harm our reputation, which could adversely affect our business and growth. Moreover, we could incur significant expenses or disruptions of our operations in connection with system failures or breaches. In addition, sophisticated hardware and operating system software and applications that we procure form third parties may contain defects in design or manufacture, including bugs and other problems that could unexpectedly interfere with the operation of our systems. The costs to us to eliminate or alleviate security problems, viruses and bugs, or any problems associated with the outsourced services could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that may impede our sales, distribution or other critical functions. In addition to taking the necessary precautions ourselves, we require that third-party service providers implement reasonable security measures to protect our customers identity and privacy. We do not, however, control these third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future. We could also incur significant costs in complying with the multitude of state, federal and foreign laws regarding the use and unauthorized disclosure of personal information, to the extent they are applicable. In the case of a disaster affecting our information technology systems, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support our operations and other breakdowns in normal communication and operating procedures that could materially and adversely affect our financial condition and results of operations.

We have grown rapidly in recent years and we have limited operating experience as a team at our current scale of operations. If we are unable to manage our operations at our current size or are unable to manage any future growth effectively, our business results and financial performance may suffer.

We have expanded our operations rapidly since our inception in 2002, and we have limited operating experience at our current size. We have made and are making investments to support our near and longer-term growth. If our operations continue to grow over the longer term, of which there can be no assurance, we will be required to expand our sales and marketing, product development and distribution functions, to upgrade our management information systems and other processes, and to obtain more space for our expanding administrative support and other headquarters personnel. Our further growth could strain our existing resources, and we could experience operating difficulties, including obtaining sufficient raw materials at acceptable prices, securing manufacturing capacity to produce our products and experiencing delays in production and shipments as well as insufficient distribution capacity. These difficulties would likely lead to a decrease in net revenue, income from operations and the price of our common stock.

Our limited operating experience and brand recognition in international markets may delay our expansion strategy and cause our business and growth to suffer.

We face risks with respect to our strategy to expand internationally, including our efforts to further expand our business in Canada, select European countries, Asia and the Middle East through arrangements with international partners. Our current operations are based largely in the U.S., with international sales representing approximately 9% of net sales for fiscal 2014. Therefore we have a limited number of customers and experience in operating outside of the U.S. We also do not have extensive experience with regulatory environments and market practices outside of the U.S. and cannot guarantee, notwithstanding our international partners familiarity with such environments and market practices, that we will be able to penetrate or successfully operate in any market outside of the U.S. Many of these markets have different operational characteristics, including employment and labor regulations, transportation, logistics, real estate (including lease terms) and local reporting

Table of Contents

or legal requirements. See Changes in laws, including employment laws and laws related to our merchandise, as well as foreign laws, could make conducting our business more expensive or otherwise change the way we do business.

Furthermore, consumer demand and behavior, as well as style preferences, size and fit, and purchasing trends, may differ in these markets and, as a result, sales of our product may not be successful, or the margins on those sales may not be in line with those that we currently anticipate. In addition, in many of these markets there is significant competition to attract and retain experienced and talented employees. Failure to develop new markets outside of the U.S. or disappointing sales growth outside of the U.S. may harm our business and results of operations.

Our plans to improve and expand our product offerings may not be successful, and the implementation of these plans may divert our operational, managerial and administrative resources, which could harm our competitive position and reduce our net revenue and profitability.

In addition to our store expansion strategy, we plan to grow our business by increasing our core product offerings, which includes expanding our men s collection and women s bottoms, dresses and outerwear assortment and introducing new categories. We also plan to develop and introduce select new product categories and may pursue select additional licensing opportunities such as eyewear, home and fashion accessories.

The principal risks to our ability to successfully carry out our plans to improve and expand our product offerings are that:

- if our expected product offerings fail to maintain and enhance our brand identity, our image may be diminished or diluted and our sales may decrease;
- if we fail to find and enter into relationships with external partners with the necessary specialized expertise or execution capabilities, we may be unable to offer our planned product extensions or to realize the additional revenue we have targeted for those extensions; and
- the use of licensing partners may limit our ability to conduct comprehensive final quality checks on merchandise before it is shipped to our stores or to our wholesale partners.

In addition, our ability to successfully carry out our plans to improve and expand our product offerings may be affected by economic and competitive conditions, changes in consumer spending patterns and changes in consumer preferences and style trends. These plans could be abandoned, could cost more than anticipated and could divert resources from other areas of our business, any of which could impact our competitive position and reduce our net revenue and profitability.

Our current and future licensing arrangements may not be successful and may make us susceptible to the actions of third parties over whom we have limited control.