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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 3, 2015 (September 1, 2015)

Vince Holding Corp.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

500 5th Avenue – 20th Floor
New York, New York 10110
(Address of Principal Executive Offices)

001-36212
(Commission File Number)

75-3264870
(IRS Employer
Identification No.)

10110
(Zip Code)

Registrant's Telephone Number, Including Area Code: (212) 515-2600

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions 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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Item 1.01 **Entry into a Material Definitive Agreement.**

On September 1, 2015, Vince Holding Corp. (the “Company”) entered into an amendment (the “Amendment”) to the Tax Receivable Agreement with Sun Cardinal, LLC, an affiliate of Sun Capital Partners, Inc. (affiliates of which own approximately 55.7% of the outstanding shares of the Company’s common stock), for itself and as a representative of the other stockholders party thereto, pursuant to which Sun Cardinal agreed to postpone payment of the tax benefit with respect to the 2014 taxable year estimated at approximately \$22.8 million plus accrued interest, which would have otherwise been payable during the fourth quarter of fiscal 2015, to September 15, 2016. The Amendment 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.

Further details are contained in, and this description is qualified in its entirety by, the Amendment, which will be included as an exhibit to the Company’s quarterly report on Form 10-Q for the fiscal quarter ending October 31, 2015.

Item 2.02 **Results of Operations and Financial Conditions**

On September 3, 2015, Vince Holding Corp. (the “Company”) issued a press release reporting financial results of the Company for the second quarter and the first half ended August 1, 2015. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information contained in this Item 2.02 and Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 2.03 **Creation of a Direct Financial Obligation or an Obligation under an Off-balance Sheet Arrangement of a Registrant.**

The disclosure required by this item is included in Item 1.01 and is incorporated herein by reference.

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

On September 1, 2015, the board of directors of the Company (the "Board") approved the appointment of Mark E. Brody to serve as the Interim Chief Executive Officer of the Company. Jill Granoff departed from the position on the same day. Mr. Brody served as the Interim Chief Financial Officer and Treasurer of the Company since July 6, 2015 and currently serves on the Board. Detailed biographical information for Mr. Brody is described in the Company's Definitive Proxy Statement filed with the Securities and Exchange Commission on April 20, 2015.

In connection with the appointment of Mr. Brody as the Interim Chief Executive Officer, the Company and Mr. Brody agreed to the terms set forth in a new employment offer letter. The letter provides for "at will" employment with a monthly salary of approximately \$63,000 and the reimbursement of reasonable cost of transportation and temporary housing on a tax grossed-up basis. Mr. Brody continues to serve on the Board. While serving as the Interim Chief Executive Officer, Mr. Brody will not receive any compensation for his services as a director other than reimbursement for all reasonable out-of-pocket expenses incurred in connection with his services as a member of the Board.

On September 1, 2015, the Board approved the appointment of David Stefko to serve as the Interim Chief Financial Officer and Treasurer of the Company. Mr. Brody, who formerly held this position became the Interim Chief Executive Officer as described above. In connection with the appointment of Mr. Stefko as the Interim Chief Financial Officer and Treasurer, the Company and Mr. Stefko agreed to the terms set forth in a new employment offer letter. The letter provides for "at will" employment with a monthly salary of approximately \$43,000 and the reimbursement of reasonable cost of transportation and temporary housing on a tax grossed-up basis.

Mr. Stefko, age 58, has over 28 years of senior finance and executive management experience. Prior to this appointment, Mr. Stefko held the position of Group CFO at Sun Capital Partners since 2011. Previously, he served as Senior Vice President, Chief Financial Officer and Chief Administrative Officer of Things Remembered, a national multichannel specialty retailer since 2003.

Prior to their appointment, both Mr. Brody and Mr. Stefko were employees of Sun Capital Partners, Inc. ("Sun Capital"). Affiliates of Sun Capital own approximately 55.7% of the outstanding shares of the Company's common stock. Mr. Brody and Mr. Stefko are currently on leave of absence from their positions at Sun Capital. While each of Mr. Brody and Stefko are on a leave of absence from Sun Capital, they continue to be covered by Sun Capital's health and welfare benefit plans and are eligible to receive a bonus under Sun Capital's annual bonus plan related to their work at Sun Capital. In addition, Messrs. Brody and Stefko are partners in one or more investment partnerships that are affiliated with Sun Capital that beneficially own shares of common stock of the Company.

Mr. Brody and the members of the Board affiliated with Sun Capital did not participate in the vote to approve each of Mr. Brody's and Mr. Stefko's appointment and compensation arrangement.

There is no family relationship between either of Mr. Brody or Mr. Stefko and any director, executive officer or nominees thereof of the Company.

Item 8.01 Other Events.

On September 3, 2015, the Company announced in a press release that the Board approved a one-time stock option exchange program to permit the Company to cancel certain stock options held by its employees and certain executive officers in exchange for new, or replacement, options on a one-for-one basis.

None of the former executive officers and senior members of the Company who have departed in the recent months, including Jill Granoff, our former Chief Executive Officer, Lisa Klinger, our former Chief Financial Officer, Karin Gregersen, our former President and Chief Creative Officer, our former general counsel and our former senior vice president of retail operations, is eligible to participate in the option exchange. Our Interim Chief Executive Officer and Interim Chief Financial Officer and Treasurer are also not eligible to participate in the option exchange.

The portion of the press release relating to the option exchange is excerpted and filed herewith as Exhibit 99.2 and incorporated herein by reference.

The option exchange has not yet commenced, and there can be no assurance that it will commence. At the time the option exchange begins, if at all, the Company will provide option holders who are eligible to participate in the option exchange with written materials explaining the precise terms and timing of the program. Persons who are eligible to participate in the option exchange should read these written materials carefully when they become available because they will contain important information about the program. The Company will also file these written materials with the Securities and Exchange Commission as part of a Tender Offer Statement on Schedule TO upon commencement of the option exchange. The Company's shareholders and eligible option holders will be able to obtain these written materials and other documents filed by the Company with the Securities and Exchange Commission free of charge at www.sec.gov or on the Company's website at investors.vince.com.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description of Exhibit |
|-------------|---|
| 99.1 | Press release of the Company dated September 3, 2015 |
| 99.2 | Excerpt of press release of the Company dated September 3, 2015 relating to the one-time stock option exchange program. |

SIGNATURES

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.

VINCE HOLDING CORP.

Date: September 3, 2015

By: /s/ Mark E. Brody
Mark E. Brody
Interim Chief Executive Officer

EXHIBIT INDEX

| Exhibit No. | Description of Exhibit |
|-------------|--|
| 99.1 | Press release of the Company dated September 3, 2015 |
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VINCE.

FOR IMMEDIATE RELEASE

Vince Holding Corp. Reports Second Quarter and First Half Fiscal 2015 Results

Revises guidance for fiscal 2015

*Names Mark Brody Interim CEO; David Stefko Interim CFO and Treasurer
Announces Option Exchange and Employee Stock Purchase Plan Amendment*

NEW YORK, New York – September 3, 2015 – Vince Holding Corp. (NYSE: VNCE), a leading contemporary fashion brand (“Vince” or the “Company”), today reported unaudited results for the second quarter of fiscal 2015.

In this press release, the Company is presenting its financial results in conformity with U.S. generally accepted accounting principles (“GAAP”) as well as on an “adjusted” basis. Adjusted results presented in this press release are non-GAAP financial measures. See “Non-GAAP Financial Measures” below for more information about the Company’s use of non-GAAP financial measures and Exhibits 3 through 6 to this press release for a reconciliation of actual GAAP results to such adjusted results.

For the second quarter ended August 1, 2015:

- Net sales decreased 10.4% to \$80.0 million from \$89.3 million in the second quarter of fiscal 2014. The wholesale segment decreased 21.6% to \$58.3 million and the direct-to-consumer segment increased 44.7% to \$21.7 million over the second quarter of fiscal 2014. Comparable store sales increased 13.4%, including e-commerce sales.
- Gross profit was \$20.8 million, or 26.0% of net sales, which includes a \$14.4 million charge associated with the write-down of excess inventory and aged product to expected net realizable value. Excluding the inventory write-down, gross profit was \$35.2 million, or 44.0% of net sales. This compares to gross profit of \$44.0 million, or 49.3% of net sales in the second quarter of fiscal 2014.
- Selling, general, and administrative expenses were \$27.3 million or 34.2% of sales. This included \$2.9 million of net management transition costs related to executive severance and related costs. Excluding these costs, selling, general and administrative costs were \$24.5 million or 30.6% of net sales in the quarter. In the second quarter of fiscal 2014, selling, general and administrative costs were \$24.1 million or 27.0% of sales, which included costs related to the Company’s July 2014 secondary offering. Excluding the Secondary Offering costs, selling, general and administrative expenses were \$23.5 million, or 26.3% as a percent of sales in the second quarter of fiscal 2014.
- Operating loss was \$(6.5) million, compared to operating income of \$19.9 million for the second quarter of fiscal 2014. Excluding the inventory write-down and net management transition costs, operating income for the second quarter of fiscal 2015 was \$10.8 million. Excluding the Secondary Offering costs, operating income for the second quarter of fiscal 2014 was \$20.5 million.
- Net loss was \$(5.0) million, or \$(0.14) per diluted share, compared to net income of \$10.5 million, or \$0.27 per diluted share, for the second quarter of fiscal 2014. Excluding the inventory write-down and net management transition costs, net income for the second quarter of fiscal 2015 was \$5.2 million, or \$0.14 per diluted share. Excluding the Secondary Offering costs, net income for the second quarter of fiscal 2014 was \$10.8 million, or \$0.28 per diluted share.

- During the second quarter of 2015, the Company opened one new store , ending the quarter with 42 company-operated stores.

Mark Brody, Interim Chief Executive Officer of Vince, commented, “Our second quarter financial performance reflects further weakness in sales trends in our wholesale channel with lower than expected sell-through and customer reorders, which in turn led to a significant increase in inventory levels. As a result, we elected to write down current year product to estimated net realizable value. In addition, our off-price customers reported high levels of inventory. In order for us to move forward with our strategy to reduce sales to off-price retailers and to enhance our brand positioning, we made the decision to dispose of the vast majority of prior year product.

“Based on our recent performance and outlook for continued weakness in the wholesale channel, particularly in the off-price business, and a recent softening in the direct-to-consumer channel, we are reducing our guidance for Fiscal 2015. While our recent performance was disappointing, we are taking corrective actions to protect and enhance the strength of the Vince brand. Looking ahead, we are focused foremost on making exceptional products with the styles and fits that align with our customers’ expectations. We are also taking steps to enhance our product assortment and improve operational performance, including tighter inventory and procurement practices which will also help lead to a more carefully managed distribution in the off-price channel. At the same time, we will continue to move forward with our multiple growth strategies including growing our direct to consumer business through both store openings and expansion of the e-commerce channel and expanding our international presence in existing and new markets.”

Balance Sheet

The Company’s debt increased by \$1.8 million to \$84.8 million during the second quarter of fiscal 2015, with \$12.5 million of voluntary payments on its Term Loan Facility being financed by borrowings on its Revolving Credit Facility. The Company had availability under its Revolving Credit Facility of \$27.9 million as of August 1, 2015. In addition, the Company has negotiated the extension of an estimated \$22.8 million payment plus accrued interest that was due in the fourth quarter of fiscal 2015 under the Tax Receivable Agreement with an affiliate of Sun Capital Partners, Inc., to September 15, 2016.

Inventory at the end of the second quarter of fiscal 2015 was \$45.6 million versus \$58.6 million at the end of the second quarter of fiscal 2014. The year-over-year inventory decline was driven primarily by the increase in inventory reserves. Partially offsetting the additional reserves were increases from the 11 new store openings since the end of the second quarter of last year and new handbag inventory.

Capital expenditures for the second quarter of fiscal 2015 totaled \$4.8 million, \$2.4 million of which was primarily attributable to new stores and shop-in-shop build-outs.

Updated 2015 Outlook

The following updated 2015 guidance is adjusted to exclude charges associated with the write-down of excess inventory and aged product to expected net realizable value and the net management transition costs related to executive severance and related costs as reported in the second quarter of fiscal 2015. The guidance also excludes potential additional costs related to the ongoing management transition.

For fiscal 2015, the Company now expects:

- Total net sales of \$285 million to \$295 million. The reduced sales expectation is primarily the result of the aforementioned issues in the domestic wholesale segment, largely in the off-price channel, as well as the recent softer selling trends in the Company’s direct-to-consumer channel. Additionally, this incorporates sales from the opening of 11 new retail stores and comparable sales growth, inclusive of e-commerce sales, in the mid-single digit range.

- Gross margin to decrease between 140 and 190 basis points, as compared to last year, due primarily to increased markdowns across segments and expected assistance to wholesale partners. This excludes the \$14.4 million inventory write-down in the second quarter.
- Adjusted selling, general, and administrative expenses to increase by \$13 million to \$15 million, as compared to last year, or by 945 to 990 basis points as a percent of sales over the adjusted fiscal 2014 rate of 28.2%, attributable primarily to growth in the Company's retail channel from new store openings. This excludes the impact of ongoing net executive transition costs of approximately \$3.9 million in the current year (including the \$2.9 million incurred in the second quarter) and \$0.6 million for secondary offering costs incurred in prior year.
- Adjusted diluted earnings per share of \$0.31 to \$0.37 excluding the above adjustments net of tax.
- Spend \$18 million to \$20 million in capital expenditures, consistent with prior guidance.

Management Changes

As previously announced, Jill Granoff, Chief Executive Officer, resigned from the Company, remaining CEO through a transition period to ensure an orderly and effective change in leadership. The Company today announced that the transition period ended effective September 1st, and on that date Mark Brody assumed the position of Interim Chief Executive Officer. Subsequently, David Stefko assumed the role of Interim Chief Financial Officer and Treasurer, a position previously held by Mark Brody.

Mr. Stefko has 28 years of senior finance and executive management experience and until being named Interim Chief Financial Officer and Treasurer, held the position of Group CFO at Sun Capital Partners. Prior to joining Sun Capital, he served as SVP, CFO & CAO of Things Remembered, a national multichannel specialty retailer.

The Board of Directors has engaged and are actively working with executive search firms to fill the roles of Chief Executive Officer and Chief Financial Officer.

Marc Leder, Chairman of Vince, commented, "We are pleased that Mark and David have stepped into their respective roles as we search for a permanent CEO and CFO to lead the company going forward. While this search is ongoing, I continue to be laser focused on enhancing the brand for the long-term, and am working closely with Mark, David, and the entire Vince team to improve our performance in the wholesale channel, and continued inventory management."

Option Exchange and Employee Stock Purchase Plan Amendment

In an effort to promote retention at the Company, the Company's Board of Directors and the majority stockholders have approved a one-time stock option exchange program to permit the Company to cancel certain stock options held by some of its employees and executive officers in exchange for new, or replacement, options. None of the executive officers, who have departed from their positions at the Company in the recent months, including Jill Granoff, the Company's former Chief Executive Officer, as well as the Company's Interim Chief Executive Officer and Interim Chief Financial Officer and Treasurer will be eligible to participate in the option exchange. The Company expects to commence the exchange offer and file a Tender Offer Statement on Schedule TO with the Securities Exchange Commission (the "SEC") on or around September 3, 2015. In addition, the Company's board of directors approved an amendment to the Company's 2013 Employee Stock Purchase Plan (the "ESPP") to allow the issuance of shares of common stock under the ESPP at a discount of 10% to the market price of such shares at the end of the offer period. The Company's majority stockholders approved the option exchange and the amendment to ESPP by written consent.

The Company's stockholders and option holders will be able to obtain the written materials relating to the exchange offer and the amendment to ESPP and other documents filed by the Company with the SEC free of charge from the SEC's website at www.sec.gov or on the Company's website at investors.vince.com.

Non-GAAP Financial Measures

In addition to reporting financial results in accordance with GAAP, the Company has provided, with respect to financial results relating to the second quarter and first half of fiscal 2015, as well as guidance for fiscal 2015, adjusted cost of products sold, adjusted gross margin, adjusted selling, general and administrative expenses, adjusted operating income, adjusted provision for taxes, adjusted income before taxes, adjusted income taxes, adjusted net income and adjusted earnings per share and related shares outstanding, which are non-GAAP financial measures, in order to eliminate the effect on operating results of the inventory write-down and management transition costs. The Company has also provided, with respect to financial results relating to the second quarter and first half of fiscal 2014, adjusted selling, general and administrative expenses, adjusted operating income, adjusted provision for taxes, adjusted net income and adjusted earnings per share, which are non-GAAP financial measures, in order to eliminate the effect on operating results the costs related to the Secondary Offering. The Company believes that the presentation of adjusted results facilitates an understanding of the Company's continuing operations without the non-recurring impact associated with the inventory write-down and management transition costs as well as the Secondary Offering costs, and on a go forward basis, consistent with its fiscal 2015 guidance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of GAAP to non-GAAP results has been provided in Exhibits 3 through 6 to this press release.

2015 Second Quarter Earnings Conference Call

A conference call to discuss the second quarter results will be held today, September 3, 2015, at 4:15 pm. ET, hosted by Vince Holding Corp. Interim Chief Executive Officer, Mark Brody, and Interim Chief Financial Officer and Treasurer, David Stefko. During the conference call, the Company may answer questions concerning business and financial developments, trends and other business or financial matters. The Company's responses to these questions, as well as other matters discussed during the conference call, may contain or constitute information that has not been previously disclosed.

Those who wish to participate in the call may do so by dialing (877) 201-0168 conference ID 2962840. Any interested party will also have the opportunity to access the call via the Internet at <http://investors.vince.com/>. To listen to the live call, please go to the website at least 15 minutes early to register and download any necessary audio software. For those who cannot listen to the live broadcast, a recording will be available for 30 days after the date of the event. Recordings may be accessed at <http://investors.vince.com/>.

ABOUT VINCE

VINCE is a leading contemporary fashion brand best known for modern effortless style and everyday luxury essentials. Established 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 over 2,500 distribution locations across 44 countries. With corporate headquarters in New York and its design studio in Los Angeles, the Company operates 32 full-price retail stores, 12 outlet stores and its e-commerce site, VINCE.com. Please visit www.VINCE.com for more information.

Forward Looking Statements: *This document, and any statements incorporated by reference herein, contains forward-looking statements under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include the statements under "Updated 2015 Outlook" and statements regarding, among other things, our current expectations about the Company's future results and financial condition, revenues, store openings and closings, margins, expenses and earnings and are indicated by words or phrases such as "may," "will," "should," "believe," "expect," "seek," "anticipate," "intend," "estimate," "plan," "target," "project," "forecast," "envision" and other similar phrases. Although we believe the assumptions and expectations reflected in these forward-looking statements are reasonable, these assumptions and expectations may not prove to be correct and we may not achieve the financial results or benefits anticipated. These forward-looking statements are not guarantees of actual results. Our actual results may differ materially from those suggested in the forward-looking statements. These forward-looking statements involve a number of risks and uncertainties, some of which are beyond our control, including, without limitation: our ability to remain competitive in the*

areas of merchandise quality, price, breadth of selection, and customer service; our ability to anticipate and/or react to changes in customer demand and attract new customers; including in connection with making inventory commitments; our ability to control the level of sales in the off-price channels; our ability to manage current excess inventory in a way that will promote the long-term health of the brand; our ability to maintain adequate cash flow from operations or availability under our revolving credit facility to meet our liquidity needs (including our obligations under the tax receivable agreement); changes in consumer confidence and spending; our ability to maintain projected profit margins; unusual, unpredictable and/or severe weather conditions; the execution and management of our retail store growth, including the availability and cost of acceptable real estate locations for new store openings; the execution and management of our international expansion, including our ability to promote our brand and merchandise outside the U.S. and find suitable partners in certain geographies; our ability to expand our product offerings into new product categories including the ability to find suitable licensing partners; our ability to successfully implement our marketing initiatives; our ability to protect our trademarks in the U.S. and internationally; our ability to maintain the security of electronic and other confidential information; serious disruptions and catastrophic events; changes in global economies and credit and financial markets; competition; the impact of recent turnover in the senior management team, including the departures of our former CEO and former CFO, the appointment on an interim basis of a CEO and a CFO who are both serving on a leave of absence from Sun Capital Partners, Inc.; the fact that a number of members of the management team have less than one year of tenure with the Company, and the current senior management team has not had a long period of time working together; our ability to attract and retain a qualified permanent CEO and a qualified permanent CFO, as well other key personnel; commodity, raw material and other cost increases; compliance with laws, regulations and orders; changes in laws and regulations; outcomes of litigation and proceedings and the availability of insurance, indemnification and other third-party coverage of any losses suffered in connection therewith; tax matters and other factors as set forth from time to time in our Securities and Exchange Commission filings, including under the heading "Item 1A—Risk Factors" in our Annual Report on Form 10-K and our Quarterly Reports on Form 10Q. We intend these forward-looking statements to speak only as of the time of this release and do not undertake to update or revise them as more information becomes available.

This press release is also available on the Vince Holding Corp. website (<http://investors.vince.com/>).

Investor Relations Contact:

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ICR, Inc.
Jean.fontana@icrinc.com
646-277-1200

Consolidated Statements of Operations

(Amounts in thousands except percentages, share and per share data)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | August 1, 2015 | August 2, 2014 | August 1, 2015 | August 2, 2014 |
| Net sales | \$ 79,993 | \$ 89,326 | \$ 139,835 | \$ 142,778 |
| Cost of products sold | 59,204 | 45,312 | 88,305 | 72,353 |
| Gross profit | 20,789 | 44,014 | 51,530 | 70,425 |
| <i>as a % of net sales</i> | 26.0 % | 49.3 % | 36.9 % | 49.3 % |
| Selling, general and administrative expenses | 27,331 | 24,070 | 52,971 | 45,274 |
| <i>as a % of net sales</i> | 34.2 % | 27.0 % | 37.9 % | 31.7 % |
| (Loss) Income from operations | (6,542) | 19,944 | (1,441) | 25,151 |
| <i>as a % of net sales</i> | (8.2)% | 22.3 % | (1.0)% | 17.6 % |
| Interest expense, net | 1,623 | 2,485 | 2,939 | 5,335 |
| Other expense, net | 350 | 435 | 491 | 485 |
| (Loss) Income before taxes | (8,515) | 17,024 | (4,871) | 19,331 |
| (Benefit) Provision for Income taxes | (3,489) | 6,523 | (2,299) | 7,446 |
| Net (loss) income | \$ (5,026) | \$ 10,501 | \$ (2,572) | \$ 11,885 |
| Earnings per share: | | | | |
| Basic (loss) earnings per share | \$ (0.14) | \$ 0.29 | \$ (0.07) | \$ 0.32 |
| Diluted (loss) earnings per share | \$ (0.14) | \$ 0.27 | \$ (0.07) | \$ 0.31 |
| Weighted average shares outstanding: | | | | |
| Basic | 36,774,752 | 36,726,319 | 36,763,933 | 36,725,023 |
| Diluted | 36,774,752 | 38,262,958 | 36,763,933 | 38,192,955 |

Vince Holding Corp. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited, amounts in thousands)

Exhi

| | August 1, 2015 | January 31, 2015 |
|---|-------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 88 | \$ 112 |
| Trade receivables, net | 22,679 | 33,797 |
| Inventories, net | 45,566 | 37,419 |
| Prepaid expenses and other current assets | 11,112 | 9,812 |
| Total current assets | 79,445 | 81,140 |
| Property, plant and equipment, net | 35,188 | 28,349 |
| Intangible assets, net | 109,345 | 109,644 |
| Goodwill | 63,746 | 63,746 |
| Deferred income taxes and other assets | 96,110 | 95,769 |
| Total assets | <u>\$ 383,834</u> | <u>\$ 378,648</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 38,063 | \$ 29,118 |
| Accrued salaries and employee benefits | 2,158 | 7,380 |
| Other accrued expenses | 8,216 | 27,992 |
| Total current liabilities | 48,437 | 64,490 |
| Long-term debt | 81,877 | 84,450 |
| Deferred rent | 14,183 | 11,676 |
| Other liabilities | 168,964 | 146,063 |
| Stockholders' equity | 70,373 | 71,969 |
| Total liabilities and stockholders' equity | <u>\$ 383,834</u> | <u>\$ 378,648</u> |

Reconciliation of net income on a GAAP basis to "Adjusted net income"

(Unaudited, amounts in thousands except percentages, share and per share data)

| | For the three months ended August 1, 2015 | | |
|--|---|--------------|-------------|
| | As Reported | Adjustments | As Adjusted |
| Net sales | \$ 79,993 | | \$ 79,993 |
| Cost of products sold | 59,204 | (14,447) (a) | 44,757 |
| Gross profit | 20,789 | 14,447 | 35,236 |
| as a % of sales | 26.0 % | | 44.0 % |
| Selling, general and administrative expenses | 27,331 | (2,861) (b) | 24,470 |
| as a % of sales | 34.2 % | | 30.6 % |
| (Loss) Income from operations | (6,542) | 17,308 | 10,766 |
| as a % of sales | (8.2) % | | 13.5 % |
| Interest expense, net | 1,623 | | 1,623 |
| Other expense, net | 350 | | 350 |
| (Loss) Income before income taxes | (8,515) | 17,308 | 8,793 |
| (Benefit) provision for income taxes | (3,489) | 7,079 (c) | 3,590 |
| Net (Loss) Income | \$ (5,026) | \$ 10,229 | \$ 5,203 |
| Earnings (loss) per share: | | | |
| Basic earnings (loss) per share | \$ (0.14) | \$ 0.28 | \$ 0.14 |
| Diluted earnings (loss) per share | \$ (0.14) | \$ 0.28 | \$ 0.14 |
| Weighted average shares outstanding: | | | |
| Basic shares | 36,774,752 | | 36,774,752 |
| Diluted shares | 36,774,752 | | 37,658,575 |

(a) To adjust cost of products sold to remove the impact of inventory write downs of approximately \$14.4 million primarily related to excess out of season and current inventory.

(b) To adjust selling, general and administrative expenses to remove executive severance costs of \$3.7 million, partially offset by the favorable impact of \$(0.8) million related to executive stock option forfeitures.

(c) Adjusted amount represents adjusted pretax income multiplied by a normalized tax rate of 40.9%. The normalized tax rate was derived by reference to statutory tax rates in the jurisdictions in which the Company operates, without giving effect to the Company's valuation allowance or potential use of its net operating loss carryforwards.

Vince Holding Corp. and Subsidiaries

Reconciliation of net income on a GAAP basis to "Adjusted net income"

(Unaudited, amounts in thousands except percentages, share and per share data)

| | For the six months ended August 1, 2015 | | |
|--|---|------------------|-----------------|
| | As Reported | Adjustments | As Adjusted |
| Net sales | \$ 139,835 | | \$ 139,835 |
| Cost of products sold | 88,305 | (14,447) (a) | 73,858 |
| Gross profit | 51,530 | 14,447 | 65,977 |
| <i>as a % of sales</i> | 36.9 % | | 47.2 % |
| Selling, general and administrative expenses | 52,971 | (2,861) (b) | 50,110 |
| <i>as a % of sales</i> | 37.9 % | | 35.8 % |
| (Loss) Income from operations | (1,441) | 17,308 | 15,867 |
| <i>as a % of sales</i> | (1.0) % | | 11.3 % |
| Interest expense, net | 2,939 | | 2,939 |
| Other expense, net | 491 | | 491 |
| (Loss) Income before income taxes | (4,871) | 17,308 | 12,437 |
| (Benefit) provision for Income taxes | (2,299) | 7,079 (c) | 4,780 |
| Net (Loss) Income | <u>\$ (2,572)</u> | <u>\$ 10,229</u> | <u>\$ 7,657</u> |
| (Loss) earnings per share: | | | |
| Basic (loss) earnings per share | \$ (0.07) | \$ 0.28 | \$ 0.21 |
| Diluted (loss) earnings per share | \$ (0.07) | \$ 0.27 | \$ 0.20 |
| Weighted average shares outstanding: | | | |
| Basic shares | 36,763,933 | | 36,763,933 |
| Diluted shares | 36,763,933 | | 37,855,607 |

- (a) To adjust cost of products sold to remove the impact of inventory write downs of approximately \$14.4 million primarily related to excess out of season and current inventory.
- (b) To adjust selling, general and administrative expenses to remove executive severance costs of \$3.7 million, partially offset by the favorable impact of \$(0.8) million related to executive stock option forfeitures.
- (c) Adjusted amount represents adjusted pretax income multiplied by a normalized tax rate of 40.9%. The normalized tax rate was derived by reference to statutory tax rates in the jurisdictions in which the Company operates, without giving effect to the Company's valuation allowance or potential use of its net operating loss carryforwards.

Reconciliation of net income on a GAAP basis to "Adjusted net income"

(Unaudited, amounts in thousands except percentages, share and per share data)

| | For the three months ended August 2, 2014 | | |
|--|---|-------------|-------------|
| | As Reported | Adjustments | As Adjusted |
| Net sales | \$ 89,326 | \$ - | \$ 89,326 |
| Cost of products sold | 45,312 | - | 45,312 |
| Gross profit | 44,014 | - | 44,014 |
| as a % of net sales | 49.3% | | 49.3 % |
| Selling, general and administrative expenses | 24,070 | (571) (a) | 23,499 |
| as a % of net sales | 27.0 % | | 26.3 % |
| Income from operations | 19,944 | 571 | 20,515 |
| as a % of net sales | 22.3 % | | 23.0 % |
| Interest expense, net | 2,485 | - | 2,485 |
| Other expense, net | 435 | - | 435 |
| Income before taxes | 17,024 | 571 | 17,595 |
| Income taxes | 6,523 | 228 (b) | 6,751 |
| Net income | \$ 10,501 | \$ 343 | \$ 10,844 |
| Earnings per share: | | | |
| Basic earnings per share | \$ 0.29 | \$ 0.01 | \$ 0.30 |
| Diluted earnings per share | \$ 0.27 | \$ 0.01 | \$ 0.28 |
| Weighted average shares outstanding: | | | |
| Basic shares | 36,726,319 | | 36,726,319 |
| Diluted shares | 38,262,958 | | 38,262,958 |

(a) To adjust selling, general and administrative expenses to remove the costs incurred by the Company related to the Secondary Offering completed in July 2014.

(b) Represents the tax effect on the Secondary Offering costs incurred at the Company's estimated annual effective tax rate of 40%.

Reconciliation of net income on a GAAP basis to "Adjusted net income"

(Unaudited, amounts in thousands except percentages, share and per share data)

| | For the six months ended August 2, 2014 | | |
|--|---|------------------|------------------|
| | As Reported | Adjustments | As Adjusted |
| Net sales | \$ 142,778 | \$ - | \$ 142,778 |
| Cost of products sold | <u>72,353</u> | <u>-</u> | <u>72,353</u> |
| Gross profit | 70,425 | - | 70,425 |
| as a % of net sales | 49.3 % | | 49.3 % |
| Selling, general and administrative expenses | <u>45,274</u> | <u>(571) (a)</u> | <u>44,703</u> |
| as a % of net sales | 31.7 % | | 31.3 % |
| Income from operations | 25,151 | 571 | 25,722 |
| as a % of net sales | 17.6 % | | 18.0 % |
| Interest expense, net | 5,335 | - | 5,335 |
| Other expense, net | <u>485</u> | <u>-</u> | <u>485</u> |
| Income before taxes | 19,331 | 571 | 19,902 |
| Income taxes | <u>7,446</u> | <u>228 (b)</u> | <u>7,674</u> |
| Net income | <u>\$ 11,885</u> | <u>\$ 343</u> | <u>\$ 12,228</u> |
| Earnings per share: | | | |
| Basic earnings per share | \$ 0.32 | \$ 0.01 | \$ 0.33 |
| Diluted earnings per share | \$ 0.31 | \$ 0.01 | \$ 0.32 |
| Weighted average shares outstanding: | | | |
| Basic shares | 36,725,023 | | 36,725,023 |
| Diluted shares | 38,192,955 | | 38,192,955 |

(a) To adjust selling, general and administrative expenses to remove the costs incurred by the Company related to the Secondary Offering completed in July 2014.

(b) Represents the tax effect on the Secondary Offering costs incurred at the Company's estimated annual effective tax rate of 40%.

Excerpt from a press release, dated September 3, 2015, issued by Vince Holding Corp.:

Option Exchange and Employee Stock Purchase Plan Amendment

In an effort to promote retention at the Company, the Company's Board of Directors and the majority stockholders have approved a one-time stock option exchange program to permit the Company to cancel certain stock options held by some of its employees and executive officers in exchange for new, or replacement, options. None of the executive officers, who have departed from their positions at the Company in the recent months, including Jill Granoff, the Company's former Chief Executive Officer, as well as the Company's Interim Chief Executive Officer and Interim Chief Financial Officer and Treasurer will be eligible to participate in the option exchange. The Company expects to commence the exchange offer and file a Tender Offer Statement on Schedule TO with the Securities Exchange Commission (the "SEC") on or around September 3, 2015.

[.....]

The Company's stockholders and option holders will be able to obtain the written materials relating to the exchange offer [.....] and other documents filed by the Company with the SEC free of charge from the SEC's website at www.sec.gov or on the Company's website at investors.vince.com.