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

FORM 10-Q

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

For the quarterly period ended August 1, 2015

Or

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

Commission File Number: 001-36212

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 5 th Avenue—20th Floor
New York, New York 10110
(Address of principal executive offices) (Zip code)

(212) 515-2600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark 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	☒
Non-Accelerated Filer	☐	Smaller Reporting Company	☐

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

Common Stock	**Outstanding at September 1, 2015**
Common Stock, $0.01 par value per share	36,775,443 shares

VINCE HOLDING CORP. AND SUBSIDIARIES

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DISCLOSURES REGARDING FORWARD-LOOKING STATEMENTS

This report on Form 10-Q, and any statements incorporated by reference herein, contains forward-looking statements under the Private Securities Litigation Reform Act of 1995. Such statements often include words 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 those described in this report on Form 10-Q and our 2014 annual report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2015 (our “2014 Annual Report on Form 10-K”) under “Item 1A—Risk Factors.” We intend these forward-looking statements to speak only as of the time of this report on Form 10-Q and do not undertake to update or revise them as more information becomes available.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(in thousands, except share and per share data, unaudited)

	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	$ 383,834	$ 378,648
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
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock at $0.01 par value (100,000,000 shares authorized, 36,775,443 and 36,748,245 shares issued and outstanding at August 1, 2015 and January 31, 2015, respectively)	368	367
Additional paid-in capital	1,012,219	1,011,244
Accumulated deficit	(942,149)	(939,577)
Accumulated other comprehensive loss	(65)	(65)
Total stockholders' equity	70,373	71,969
Total liabilities and stockholders' equity	$ 383,834	$ 378,648

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(in thousands, except share and per share data, unaudited)

	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
Selling, general and administrative expenses	27,331	24,070	52,971	45,274
(Loss) Income from operations	(6,542)	19,944	(1,441)	25,151
Interest expense, net	1,623	2,485	2,939	5,335
Other expense, net	350	435	491	485
(Loss) Income before income 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
(Loss) 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

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income
(in thousands, unaudited)

	Three Months Ended		Six Months Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net (loss) income	$ (5,026)	$ 10,501	$ (2,572)	$ 11,885
Comprehensive (loss) income	$ (5,026)	$ 10,501	$ (2,572)	$ 11,885

See notes to unaudited condensed consolidated financial statements.

VINCE HOLDING CORP. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(in thousands, unaudited)

	Six Months Ended	
	August 1, 2015	August 2, 2014
Operating activities		
Net (loss) income	$ (2,572)	$ 11,885
Add (deduct) items not affecting operating cash flows:		
Depreciation	3,803	1,849
Amortization of intangible assets	299	299
Amortization of deferred financing costs	664	597
Amortization of deferred rent	1,301	1,246
Deferred income taxes	(441)	7,415
Share-based compensation expense	801	792
Loss on disposal of property, plant and equipment	309	—
Changes in assets and liabilities:		
Receivables, net	11,118	1,894
Inventories, net	(8,147)	(24,676)
Prepaid expenses and other current assets	(88)	2,318
Accounts payable and accrued expenses	6,997	12,596
Other assets and liabilities	37	194
Net cash provided by operating activities	14,081	16,409
Investing activities		
Payments for capital expenditures	(11,043)	(7,351)
Net cash used in investing activities	(11,043)	(7,351)
Financing activities		
Proceeds from borrowings under the Revolving Credit Facility	54,402	27,100
Payments for Revolving Credit Facility	(42,554)	(4,500)
Payments for Term Loan Facility	(15,000)	(53,000)
Fees paid for Term Loan Facility and Revolving Credit Facility	(85)	(114)
Stock option exercise	175	34
Net cash used in financing activities	(3,062)	(30,480)
(Decrease) in cash and cash equivalents	(24)	(21,422)
Cash and cash equivalents, beginning of period	112	21,484
Cash and cash equivalents, end of period	$ 88	$ 62
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	$ 2,112	$ 5,064
Cash payments for income taxes, net of refunds	1,139	65
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Capital expenditures in accounts payable	$ 220	$ 1,057

See notes to unaudited condensed consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statements
(in thousands except share and per share data)

Note 1. Description of Business and Basis of Presentation

On November 27, 2013, Vince Holding Corp. ("VHC" or the "Company"), previously known as Apparel Holding Corp., closed an initial public offering ("IPO") of its common stock and completed a series of restructuring transactions (the "Restructuring Transactions") through which (i) Kellwood Holding, LLC acquired the non-Vince businesses, which include Kellwood Company, LLC ("Kellwood Company" or "Kellwood"), from the Company and (ii) the Company continues to own and operate the Vince business, which includes Vince, LLC. Prior to the IPO and the Restructuring Transactions, VHC was a diversified apparel company operating a broad portfolio of fashion brands, which included the Vince business and other businesses. As a result of the IPO and Restructuring Transactions, the non-Vince businesses were separated from the Vince business, and the stockholders immediately prior to the consummation of the Restructuring Transactions (the "Pre-IPO Stockholders") retained full ownership and control of the non-Vince businesses through their ownership of Kellwood Holding, LLC. The Vince business is now the sole operating business of Vince Holding Corp.

In this interim report on Form 10-Q, "Kellwood" refers, as applicable and unless otherwise defined, to any of (i) Kellwood Company, (ii) Kellwood Company, LLC (a limited liability company to which Kellwood Company converted at the time of the Restructuring Transactions related to our IPO) or (iii) the operations of the non-Vince businesses after giving effect to our IPO and the related Restructuring Transactions.

(A) Description of Business: 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. We reach our customers through a variety of channels, specifically through premier wholesale department stores and specialty stores in the United States ("U.S.") and select international markets, as well as through our branded retail locations and our website. 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. Products are manufactured to meet our product specifications and labor standards.

(B) Basis of Presentation : The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. Therefore, these financial statements should be read in conjunction with VHC's audited financial statements for the fiscal year ended January 31, 2015, as set forth in the 2014 Annual Report on Form 10-K.

The condensed consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiaries as of August 1, 2015. All intercompany accounts and transactions have been eliminated. The amounts and disclosures included in the notes to the condensed consolidated financial statements, unless otherwise indicated, are presented on a continuing operations basis. In the opinion of management, the financial statements contain all adjustments (consisting solely of normal recurring adjustments) and disclosures necessary to make the information presented therein not misleading. The results of operations for these periods are not necessarily comparable to, or indicative of, results of any other interim period or the fiscal year as a whole. As used in this report, unless the context requires otherwise, "our," "us," "we" and the "Company" refer to VHC and its consolidated subsidiaries.

Note 2. Goodwill and Intangible Assets

Goodwill balances and changes therein subsequent to the January 31, 2015 condensed consolidated balance sheet are as follows (in thousands):

	Gross Goodwill	Accumulated Impairment	Net Goodwill
Balance as of January 31, 2015	$ 110,688	$ (46,942)	$ 63,746
Balance as of August 1, 2015	$ 110,688	$ (46,942)	$ 63,746

Identifiable intangible assets summary (in thousands):

	Gross Amount	Accumulated Amortization	Net Book Value
Balance as of January 31, 2015:			
Amortizable intangible assets:			
Customer relationships	$ 11,970	$ (4,176)	$ 7,794
Indefinite-lived intangible assets:			
Trademarks	101,850	—	101,850
Total intangible assets	$ 113,820	$ (4,176)	$ 109,644

	Gross Amount	Accumulated Amortization	Net Book Value
Balance as of August 1, 2015			
Amortizable intangible assets:			
Customer relationships	$ 11,970	$ (4,475)	$ 7,495
Indefinite-lived intangible assets:			
Trademarks	101,850	—	101,850
Total intangible assets	$ 113,820	$ (4,475)	$ 109,345

Amortization of identifiable intangible assets was $149 and $149 for the three months ended August 1, 2015 and August 2, 2014, respectively, and $299 and $299 for the six months ended August 1, 2015 and August 2, 2014, respectively. The estimated amortization expense for identifiable intangible assets is expected to be $598 for each fiscal year for the next five fiscal years.

Note 3. Fair Value

Accounting Standards Codification ("ASC") Subtopic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance outlines a valuation framework, creates a fair value hierarchy to increase the consistency and comparability of fair value measurements, and details the disclosures that are required for items measured at fair value. Financial assets and liabilities are to be measured using inputs from three levels of the fair value hierarchy as follows:

Level 1 — quoted market prices in active markets for identical assets or liabilities

Level 2 — observable market-based inputs (quoted prices for similar assets and liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active) or inputs that are corroborated by observable market data

Level 3 — significant unobservable inputs that reflect our assumptions and are not substantially supported by market data

The Company did not have any non-financial assets or non-financial liabilities recognized at fair value on a recurring basis at August 1, 2015 or January 31, 2015. At August 1, 2015 and January 31, 2015, the Company believes that the carrying value of cash and cash equivalents, receivables and accounts payable approximates fair value, due to the short maturity of these items. As the Company's debt obligations as of August 1, 2015 are at variable rates, there is no significant difference between the fair value and carrying value of the Company's debt.

The Company's non-financial assets, which primarily consist of goodwill, intangible assets, and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at their carrying value. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite lived intangible assets), non-financial assets are assessed for impairment and, if applicable, written down to (and recorded at) fair value.

Note 4. Financing Arrangements

Revolving Credit Facility

On November 27, 2013, Vince, LLC entered into a $50,000 senior secured revolving credit facility (the "Revolving Credit Facility") with Bank of America, N.A. ("BofA") as administrative agent. Vince, LLC is the borrower and VHC and Vince Intermediate Holding, LLC, a direct subsidiary of VHC and the direct parent company of Vince, LLC ("Vince Intermediate"), are the guarantors under the Revolving Credit Facility. On June 3, 2015, Vince LLC entered into a first amendment to the Revolving Credit Facility, that among other things, inc reased the aggregate commitments under the facility from $50,000 to $80,000, subject to a loan cap of $70,000 until debt obligations under the Company's term loan facility have been paid in full, and extended the maturity date from November 27, 2018 to Jun e 3, 2020. The Revolving Credit Facility also provides for a letter of credit sublimit of $25,000 (plus any increase in aggregate commitments) and an accordion option that allows for an increase in aggregate commitments up to $20,000. Interest is payable on the loans under the Revolving Credit Facility at either the LIBOR or the Base Rate, in each case, with applicable margins subject to a pricing grid based on an excess availability calculation. The "Base Rate" means, for any day, a fluctuating rate per a nnum equal to the highest of (i) the rate of interest in effect for such day as publicly announced from time to time by BofA as its prime rate; (ii) the Federal Funds Rate for such day, plus 0.50%; and (iii) the LIBOR Rate for a one month interest period a s determined on such day, plus 1.0%. During the continuance of an event of default and at the election of the required lender, interest will accrue at a rate of 2% in excess of the applicable non-default rate.

The Revolving Credit Facility contains a maintenance requirement that, at any point when "Excess Availability" is less than the greater of (i) 15% percent of the adjusted loan cap or (ii) $10,000, and continuing until Excess Availability exceeds the greater of such amounts for 30 consecutive days, during which time, Vince, LLC must maintain a consolidated EBITDA (as defined in the Revolving Credit Facility) equal to or greater than $20,000. We have not been subject to this maintenance requirement as Excess Availability was greater than the required minimum.

The Revolving Credit Facility contains representations and warranties, other covenants and events of default that are customary for this type of financing, including limitations on the incurrence of additional indebtedness, liens, negative pledges, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of its business or its fiscal year. The Revolving Credit Facility generally permits dividends in the absence of any event of default (including any event of default arising from the contemplated dividend), so long as (i) after giving pro forma effect to the contemplated dividend, for the following six months Excess Availability will be at least the greater of 20% of the aggregate lending commitments and $10,000 and (ii) after giving pro forma effect to the contemplated dividend, the "Consolidated Fixed Charge Coverage Ratio" for the 12 months preceding such dividend shall be greater than or equal to 1.1 to 1.0 (provided that the Consolidated Fixed Charge Coverage Ratio may be less than 1.1 to 1.0 if, after giving pro forma effect to the contemplated dividend, Excess Availability for the six fiscal months following the dividend is at least the greater of 35% of the aggregate lending commitments and $15,000). We are in compliance with applicable financial covenants.

As of August 1, 2015, $27,930 is available under the Revolving Credit Facility and there were $34,848 of borrowings outstanding and $7,222 of letters of credit outstanding under the Revolving Credit Facility. The weighted average interest rate for borrowings outstanding under the Revolving Credit Facility as of August 1, 2015 was 2.1%. As of January 31, 2015, there was $23,000 of borrowings outstanding and $7,647 of letters of credit outstanding under the Revolving Credit Facility.

Note 5. Long-Term Debt

Long-term debt consisted of the following as of August 1, 2015 and January 31, 2015 (in thousands).

	August 1, 2015	January 31, 2015
Term Loan Facility	$ 50,000	$ 65,000
Revolving Credit Facility	34,848	23,000
Total long-term debt principal	$ 84,848	$ 88,000
Less: Deferred financing costs (1)	2,971	3,550
Total long-term debt	$ 81,877	$ 84,450

(1) Pursuant to new accounting guidance issued by the Financial Accounting Standards Board ("FASB") in April 2015, entities are no longer required to present deferred financing costs as a deferred asset. The guidance is effective for our fiscal year beginning in 2016, however, the Company has early adopted this accounting standard update effective as of February 1, 2015 and accordingly adjusted the January 31, 2015 comparative balance sheet to conform to the new classification presentation. There was no other impact on the financial statements related to the adoption other than the reclassification change on the condensed consolidated balance sheet. Refer to Note 10, *Recent Accounting Pronouncements* , for further information regarding the accounting standard update.

Term Loan Facility

On November 27, 2013, in connection with the closing of the IPO and Restructuring Transactions, Vince, LLC and Vince Intermediate entered into a $175,000 senior secured term loan facility (the "Term Loan Facility") with the lenders party thereto, BofA, as administrative agent, JPMorgan Chase Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers, and Cantor Fitzgerald as documentation agent. The Term Loan Facility will mature on November 27, 2019. On November 27, 2013, net proceeds from the Term Loan Facility were used, at closing, to repay a promissory note (the "Kellwood Note Receivable") issued to Kellwood Company, LLC in connection with the Restructuring Transactions which occurred immediately prior to the consummation of the IPO.

The Term Loan Facility also provides for an incremental facility of up to the greater of $50,000 and an amount that would result in the consolidated net total secured leverage ratio not exceeding 3.00 to 1.00, in addition to certain other rights to refinance or repurchase portions of the term loan. The Term Loan Facility is subject to quarterly amortization of principal equal to 0.25% of the original aggregate principal amount of the Term Loan Facility, with the balance payable at final maturity. Interest is payable on loans under the Term Loan Facility at a rate of either (i) the Eurodollar rate (subject to a 1.00% floor) plus an applicable margin of 4.75% to 5.00% based on a leverage ratio or (ii) the base rate applicable margin of 3.75% to 4.00% based on a leverage ratio. During the continuance of a payment or bankruptcy event of default, interest will accrue (i) on the overdue principal amount of any loan at a rate of 2% in excess of the rate otherwise applicable to such loan and (ii) on any overdue interest or any other outstanding overdue amount at a rate of 2% in excess of the nondefault interest rate then applicable to base rate loans.

The Term Loan Facility contains a requirement that Vince, LLC and Vince Intermediate maintain a "Consolidated Net Total Leverage Ratio" as of the last day of any period of four fiscal quarters not to exceed 3.75 to 1.00 for the fiscal quarters ending February 1, 2014 through November 1, 2014, 3.50 to 1.00 for the fiscal quarters ending January 31, 2015 through October 31, 2015, and 3.25 to 1.00 for the fiscal quarter ending January 30, 2016 and each fiscal quarter thereafter. In addition, the Term Loan Facility contains customary representations and warranties, other covenants, and events of default, including but not limited to, limitations on the incurrence of additional indebtedness, liens, negative pledges, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, the ability to change the nature of its business or its fiscal year, and distributions and dividends. The Term Loan Facility generally permits dividends to the extent that no default or event of default is continuing or would result from the contemplated dividend and the pro forma Consolidated Net Total Leverage Ratio after giving effect to such contemplated dividend is at least 0.25 lower than the maximum Consolidated Net Total Leverage Ratio for such quarter. All obligations under the Term Loan Facility are guaranteed by VHC and any future material domestic restricted subsidiaries of Vince, LLC and secured by a lien on substantially all of the assets of VHC, Vince, LLC and Vince Intermediate and any future material domestic restricted subsidiaries. We are in compliance with applicable financial covenants.

Through August 1, 2015, on an inception to date basis, the Company has made voluntary prepayments totaling $125,000 in the aggregate on the original $175,000 Term Loan Facility entered into on November 27, 2013. Of the $125,000 of aggregate voluntary prepayments made to date, $15,000 was paid during the six months ended August 1, 2015. As of August 1, 2015, the Company had $50,000 of debt outstanding under the Term Loan Facility.

Note 6. Inventory

Inventories consist of the following:

	August 1, 2015	January 31, 2015
Finished goods	$ 45,566	$ 37,395
Raw materials	—	24
Total inventories, net	45,566	37,419
Net of reserves of:	$ 25,064	$ 6,471

Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out basis. Inventory values are reduced to net realizable value when there are factors indicating that certain inventories will not be sold on terms sufficient to recover their cost and is reflected in Cost of Goods Sold on the Condensed Consolidated Statements of Operations and Comprehensive Loss. The adjustment to net realizable value is based on management's judgment regarding future demand and market conditions and analysis of historical experience. As of August 1, 2015, the lower of cost or market reserve included a write-down of the carrying value for certain excess inventory and aged product to its estimated net realizable value, as the Company elected to accelerate the disposition of such inventory that no longer supports the Company's prospective brand positioning strategy.

Note 7. Share-Based Compensation

Prior to November 27, 2013, VHC did not have convertible equity or convertible debt securities, any of which could result in share-based compensation expense. In connection with our IPO, which closed on November 27, 2013, and the separation of the Vince and non-Vince businesses, VHC assumed Kellwood Company's remaining obligations under the 2010 Stock Option Plan of Kellwood Company (the "2010 Option Plan") and all Kellwood Company stock options previously issued to Vince employees under such plan became options to acquire shares of VHC common stock. Additionally, VHC assumed Kellwood Company's obligations with respect to the vested Kellwood Company stock options previously issued to Kellwood Company employees, which options were cancelled in exchange for shares of VHC common stock. Accordingly, option information presented below for previously issued Kellwood Company stock options under the 2010 Option Plan has been adjusted to account for the split of the Company's common stock and applicable conversion to options to acquire shares of VHC common stock.

Employee Stock Plans

2010 Option Plan

Kellwood Company had convertible equity securities that result in recognition of share-based compensation expense. On June 30, 2010, the board of directors approved the 2010 Stock Option Plan. As discussed above, in connection with the closing of the IPO, VHC assumed Kellwood Company's remaining obligations under the 2010 Option Plan; provided that none of the issued and outstanding options (after giving effect to such assumption and the stock split effected as part of the Restructuring Transactions) were exercisable until the consummation of the IPO. Additionally, prior to the consummation of the IPO and after giving effect to the assumption described in this paragraph, VHC and the Vince employees to whom options had been previously granted under the 2010 Option Plan amended the related grant agreements to eliminate, effective as of the consummation of the IPO, restrictions on the exercisability of the subject employees vested options.

Prior to the IPO, the 2010 Option Plan, as amended, provided for the grant of options to acquire up to 2,752,155 shares of Kellwood Company common stock. The options granted pursuant to the 2010 Option Plan (i) vest in five equal installments on the first, second, third, fourth and fifth anniversaries of the grant date, subject to the employee's continued employment, and (ii) expire on the earlier of the tenth anniversary of the grant date or upon termination of employment. We will not grant any future awards under the 2010 Option Plan. Future awards will be granted under the Vince 2013 Incentive Plan described further below.

Vince 2013 Incentive Plan

In connection with the IPO, the Company adopted the Vince 2013 Incentive Plan, which provides for grants of stock options, stock appreciation rights, restricted stock and other stock-based awards. The aggregate number of shares of common stock which may be issued or used for reference purposes under the Vince 2013 Incentive Plan or with respect to which awards may be granted may not exceed 3,400,000 shares. The shares available for issuance under the Vince 2013 Incentive Plan may be, in whole or in part, either authorized and unissued shares of our common stock or shares of common stock held in or acquired for our treasury. In general, if awards under the Vince 2013 Incentive Plan are cancelled for any reason, or expire or terminate unexercised, the shares covered by such award may again be available for the grant of awards under the Vince 2013 Incentive Plan. As of August 1, 2015, there were 2,731,507 shares under the Vince 2013 Incentive Plan available for future grants. Options granted pursuant to the Vince 2013 Incentive Plan (i) vest in equal installments over three or four years or at 33 1/3% per year beginning in year two, over four years, subject to the employees' continued employment, and (ii) expire on the earlier of the tenth anniversary of the grant date or upon termination as outlined in the Vince 2013 Incentive Plan. Please refer to Note 13 for further information regarding our stock option exchange program.

Stock Options

A summary of stock option activity under the plans is as follows:

	Stock Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)		Aggregate Intrinsic Value
Outstanding at January 31, 2015	2,726,169	$	13.18			
Granted	102,553	$	12.22			
Exercised	(26,209)	$	6.64			
Forfeited or expired	(637,665)	$	17.18			
Outstanding at August 1, 2015	2,164,848	$	12.03	7.1	$	5,882
Vested and exercisable at August 1, 2015	965,605	$	6.76	5.8	$	3,615

Of the above outstanding shares, 1,541,391 are vested or expected to vest.

Restricted Stock Units

The Company also issues restricted stock units to its non-employee directors and directors not affiliated with Sun Capital (our controlling shareholder) under the Vince 2013 Incentive Plan. A summary of restricted stock unit activity during the six months ended August 1, 2015 is as follows:

	Restricted Stock Units		Weighted Average Grant Date Fair Value
Nonvested restricted stock units at January 31, 2015	12,384	$	26.24
Granted	5,341	$	15.76
Vested	(989)	$	25.28
Nonvested restricted stock units at August 1, 2015	16,736	$	22.95

Share-Based Compensation Expense

Share-based compensation expense is recognized over the requisite service period of each share-based payment award and the expense is included as a component of selling, general and administrative expenses in the condensed consolidated statements of operations. Share-based compensation expense for the three months ended August 1, 2015 was a net reversal of $(35), primarily due to option forfeitures as a result of executive departures. Share-based compensation expense for the three months ended August 2, 2014 was $396. Share-based compensation expense for the six months ended August 1, 2015 and August 2, 2014 was $801 and $792, respectively.

Note 8. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding for the period. Except when the effect would be anti-dilutive, diluted earnings per share is calculated based on the weighted average number of outstanding shares of common stock plus the dilutive effect of share-based awards calculated under the treasury stock method. The following is a reconciliation of basic shares to diluted shares:

	Three Months Ended		Six Months Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Weighted-average shares—basic	36,774,752	36,726,319	36,763,933	36,725,023
Effect of dilutive equity securities	-	1,536,639	-	1,467,932
Weighted-average shares—diluted	36,774,752	38,262,958	36,763,933	38,192,955

Because the Company incurred a loss from continuing operations for the three and six months ended August 1, 2015, weighted-average basic shares and weighted average diluted shares outstanding are equal for these periods.

For the three and six months ended August 1, 2015, 715,104 and 770,478 options to purchase shares of the Company's common stock, respectively, were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive.

For the three and six months ended August 2, 2014, the Company did not include stock options to purchase 64,905 shares of the Company's common stock, respectively, in the calculations of diluted earnings per share due to their anti-dilutive effect.

Note 9. Commitments and Contingencies

In the second quarter of 2015, a number of senior management departures and announced departures occurred. In connection with these departures and announced departures, the Company has certain obligations under existing employment arrangements with respect to severance and employee related benefits. As a result, the Company recognized a charge of $3,717 ($2,861 net of stock forfeitures) for these expected departures within selling, general, and administrative expenses on the condensed consolidated statement of operations for the three months ended August 1, 2015. This charge is reflected within the "unallocated corporate expenses" for segment disclosures. These amounts will be paid over a period of six to eighteen months, starting in the third quarter of fiscal 2015. The remaining accrual of $3,717 is included within total current liabilities on the condensed consolidated balance sheet as of August 1, 2015.

We are currently party to various legal proceedings. While management currently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse impact on our financial position or results of operations or cash flows, litigation is subject to inherent uncertainties.

Note 10. Recent Accounting Pronouncements

In July 2015, new accounting guidance on accounting for inventory was issued, which requires entities to measure inventory at the lower of cost and net realizable value. This guidance is effective for interim and annual periods beginning on or after December 15, 2016. The Company is currently evaluating the impact of the adoption of the new accounting guidance on its financial statements.

In April 2015, the FASB issued ASU 2015-03, "Interest-Imputation of Interest." The standard requires deferred financing costs to be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts, instead of being presented as a deferred asset in the balance sheet. ASU 2015-03 does not change the recognition and measurement guidance for deferred financing costs. Once adopted, entities are required to apply the new guidance retrospectively to all prior periods presented. ASU 2015-03 is effective for annual periods beginning after December 15, 2015, and interim periods within those fiscal years and early application is permitted. The Company has elected to early adopt the standard, effective February 1, 2015. Accordingly, the condensed consolidated balance sheets as of May 2, 2015 and January 31, 2015 reflect the deferred financing costs as a direct deduction from the carrying amount of our long-term debt. Refer to Note 5, Long-Term Debt, for further information.

In May 2014, FASB issued revenue recognition guidance (ASU No. 2014-09). The new accounting guidance requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, FASB elected to defer the effective dates (ASU No. 2015-14). The updated guidance is now effective for interim and annual periods beginning on or after December 15, 2017. Early adoption is permitted for annual beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the impact of the adoption of the new guidance on its financial statements.

Note 11. Segment Financial Information

We operate and manage our business by distribution channel and have identified two reportable segments, as further described below. We considered both similar and dissimilar economic characteristics, internal reporting and management structures, as well as products, customers, and supply chain logistics to identify the following reportable segments:

- Wholesale segment—consists of our operations to distribute products to premier department stores and specialty stores in the United States and select international markets; and

- Direct-to-consumer segment—consists of our operations to distribute products directly to the consumer through our branded full-price specialty retail stores, outlet stores, and e-commerce platform .

The accounting policies of our segments are consistent with those described in Note 1 to the audited Consolidated Financial Statements of VHC for the fiscal year ended January 31, 2015 included in our 2014 Annual Report on Form 10K. Unallocated corporate expenses are comprised of selling, general, and administrative expenses attributable to corporate and administrative activities, and other charges that are not directly attributable to our operating segments. Unallocated corporate assets are comprised of the carrying values of our goodwill and unamortized trademark, deferred tax assets, and other assets that will be utilized to generate revenue for both of our reportable segments.

Our wholesale segment sells apparel to our direct-to-consumer segment at cost. The wholesale intercompany sales of $7,878 and $5,871 have been excluded from the net sales totals presented below for the three months ended August 1, 2015 and August 2, 2014, respectively. The wholesale intercompany sales of $13,694 and $7,902 have been excluded from the net sales totals presented below for the six months ended August 1, 2015 and August 2, 2014, respectively. Furthermore, as intercompany sales are sold at cost, no intercompany profit is reflected in operating income presented below.

Summary information for our operating segments is presented below (in thousands).

	Three Months Ended		Six Months Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net Sales:				
Wholesale	$ 58,312	$ 74,344	$ 96,599	$ 111,666
Direct-to-consumer	21,681	14,982	43,236	31,112
Total net sales	$ 79,993	$ 89,326	$ 139,835	$ 142,778
Operating Income:				
Wholesale	$ 7,739	$ 30,549	$ 22,016	$ 43,627
Direct-to-consumer	(1,927)	1,336	444	3,813
Subtotal	5,812	31,885	22,460	47,440
Unallocated expenses	(12,354)	(11,941)	(23,901)	(22,289)
Total operating (loss) income	$ (6,542)	$ 19,944	$ (1,441)	$ 25,151
Capital Expenditures:				
Wholesale	$ 265	$ 475	$ 997	$ 565
Direct-to-consumer	2,585	1,971	5,486	3,086
Unallocated corporate	1,933	3,567	4,560	3,700
Total capital expenditure	$ 4,783	$ 6,013	$ 11,043	$ 7,351

	August 1, 2015	January 31, 2015
Total Assets:		
Wholesale	$ 69,803	$ 70,635
Direct-to-consumer	35,293	33,793
Unallocated corporate	278,738	274,220
Total assets	$ 383,834	$ 378,648

Note 12. Related Party Transactions

Shared Services Agreement

In connection with the consummation of our IPO on November 27, 2013, Vince, LLC entered into a Shared Services Agreement pursuant to which Kellwood provides support services in various operational areas, including, among other things, e-commerce operations, distribution, logistics, information technology, accounts payable, credit and collections and payroll and benefits. Since the IPO, we have been working on transitioning certain back office functions performed by Kellwood under the Shared Services Agreement. Among these functions that have transitioned to Vince are certain accounting related functions as well as benefits administration. We have also been working on developing our own information technology infrastructure and are now in the process of implementing our own enterprise resource planning ("ERP") system. We have engaged with a new e-comme rce platform provider and are still developing that system. T he new ERP system is also under development. Until those systems are implemented, we will continue to utilize the Kellwood information technology infrastructure, including e - commerce platform s ystems, under the Shared Services Agreement.

We are invoiced by Kellwood monthly for the services provided under the Shared Services Agreement and generally are required to pay within 15 business days of receiving such invoice. The payments will be trued-up and can be disputed once each fiscal quarter is completed. As of August 1, 2015, we have recorded $1,428 in other accrued expenses to recognize amounts payable to Kellwood under the Shared Services Agreement.

Tax Receivable Agreement

VHC entered into a Tax Receivable Agreement with the Pre-IPO Stockholders on November 27, 2013. We and our former subsidiaries have generated certain tax benefits (including NOLs and tax credits) prior to the Restructuring Transactions consummated in connection with our IPO and will generate certain section 197 intangible deductions (the "Pre-IPO Tax Benefits"), which would reduce the actual liability for taxes that we might otherwise be required to pay. The Tax Receivable Agreement provides for payments to the Pre-IPO Stockholders in an amount equal to 85% of the aggregate reduction in taxes payable realized by us and our subsidiaries from the utilization of the Pre-IPO Tax Benefits (the "Net Tax Benefit").

For purposes of the Tax Receivable Agreement, the Net Tax Benefit equals (i) with respect to a taxable year, the excess, if any, of (A) our liability for taxes using the same methods, elections, conventions and similar practices used on the relevant company return assuming there were no Pre-IPO Tax Benefits over (B) our actual liability for taxes for such taxable year (the "Realized Tax Benefit"), plus (ii) for each prior taxable year, the excess, if any, of the Realized Tax Benefit reflected on an amended schedule applicable to such prior taxable year over the Realized Tax Benefit reflected on the original tax benefit schedule for such prior taxable year, minus (iii) for each prior taxable year, the excess, if any, of the Realized Tax Benefit reflected on the original tax benefit schedule for such prior taxable year over the Realized Tax Benefit reflected on the amended schedule for such prior taxable year; provided, however, that to the extent any of the adjustments described in clauses (ii) and (iii) were reflected in the calculation of the tax benefit payment for any subsequent taxable year, such adjustments shall not be taken into account in determining the Net Tax Benefit for any subsequent taxable year.

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 Company's 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, LLC, an affiliate of Sun Capital Partners, Inc., 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, estimated at approximately $22,818 plus accrued interest, to September 15, 2016. As a result, the $22,818 plus accrued interest was reclassified from other accrued expenses to other liabilities on the condensed consolidated balance sheet. As of August 1, 2015 our obligation under the Tax Receivable Agreement is $168,964 and has a remaining term of nine years and is included as a component of other liabilities on our condensed consolidated balance sheet. 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.

Sun Capital Consulting Agreement

On November 27, 2013, we entered into an agreement with Sun Capital Management to (i) reimburse Sun Capital Management or any of its affiliates providing consulting services under the agreement for out-of-pocket expenses incurred in providing consulting services to us and (ii) provide Sun Capital Management with customary indemnification for any such services.

During the three and six months ended August 1, 2015, we paid Sun Capital Management approximately $7 and $29, respectively, for reimbursement of expenses under the Sun Capital Consulting Agreement.

Executive Officers

On September 1, 2015, the board of directors of the Company appointed Mark E. Brody to serve as the Interim Chief Executive Officer. On the same day, Jill Granoff, our former Chief Executive Officer, departed the Company. Mr. Brody served as the Company's Interim Chief Financial Officer and Treasurer of the Company since June 2015. Mr. Brody also serves as a member of the Company's board of directors. Mr. Brody will receive $63 per month and the reimbursement of reasonable cost of transportation and housing on a tax grossed-up basis while he serves as the Interim Chief Executive Officer, and will receive no additional compensation for serving as a director of the Company. On September 1, 2015, David Stefko was appointed by the board of directors of the Company to serve as the Interim Chief Financial Officer and Treasurer of the Company. Mr. Stefko will receive $43 per month and the reimbursement of reasonable cost of transportation and housing on a tax grossed-up basis while he serves as the Interim Chief Financial Officer and Treasurer of the Company. Both Mr. Brody and Mr. Stefko were employees of Sun Capital Partners, Inc. prior to their appointment to the positions at the Company. Affiliates of Sun Capital Partners, Inc. own approximately 5 6 % of the outstanding shares of our common stock. Mr. Brody and Mr. Stefko are currently on leave of absence from their positions at Sun Capital Partners, Inc. While each of Mr. Brody and Stefko are on a leave of absence from Sun Capital Partners, they continue to be covered by Sun Capital Partner's health and welfare benefit plan s and are eligible to receive a bonus under Sun Capital Partner's annual bonus plan related to their work at Sun Capital Partners. In addition, Messrs. Br o dy and Stefko are partners in one or more investment partnerships that are affiliated with Sun Capita l Partners that beneficially own shares of common stock of the Company .

Note 13. Subsequent Events

On September 3, 2015, the Company commenced a tender offer to exchange certain options to purchase shares of its common stock, whether vested or unvested, from eligible employees. None of the 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 are also not eligible to participate in the option exchange. The exchange ratio for this offer will be one-to-one (one stock option exchanged for every one new stock option granted). This tender offer is expected to expire on October 2, 2015 unless extended and is subject to the terms and conditions set forth in the materials included in the Company's Schedule TO, dated September 3, 2015, which was filed with the Securities and Exchange Commission on September 3, 2015. If all eligible stock options are exchanged, existing options to purchase approximately 445,178 shares as of September 1, 2015, will be cancelled and options to purchase the same amount will be granted. The purpose of this exchange is to foster retention of our valuable employees and better align the interests of our employees and shareholders to maximize shareholder value.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion summarizes our consolidated operating results, financial condition and liquidity during each of the three and six month periods ended August 1, 2015 and August 2, 2014, respectively. The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report on Form 10-Q.

For purposes of this report on Form 10-Q, "Vince," the "Company," "we," and "our," refer to Vince Holding Corp. ("VHC") and our wholly owned subsidiaries, including Vince Intermediate Holding ("Vince Intermediate"), LLC and Vince, LLC. References to "Kellwood" refer, as applicable, to Kellwood Holding, LLC and its consolidated subsidiaries (including Kellwood Company, LLC) or the operations of the non-Vince businesses after giving effect to the restructuring transactions (the "Restructuring Transactions") that were completed in connection with our initial public offering (the "IPO") on November 27, 2013.

This discussion contains forward-looking statements involving risks, uncertainties and assumptions that could cause our results to differ materially from expectations. Factors that might cause such differences include those described under "Item 1A—Risk Factors," "Disclosures Regarding Forward-Looking Statements" and elsewhere in this report on Form 10-Q as well as in our 2014 Annual Report on Form 10-K.

Executive 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 over 2,500 distribution points across 44 countries. While we have recently experienced a slowdown in sales growth, we believe that we can generate growth by expanding our product offering, expanding our selling into international markets, and growing our own branded retail and e-commerce direct-to-consumer businesses.

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. On the same date, the Board approved the appointment of David Stefko to serve as the Interim Chief Financial Officer and Treasurer of the Company. The Board is currently working with executive search firms to identify potential Chief Executive Officer and Chief Financial Officer candidates. See "Item 1A—Risk Factors" for more information **.**

As of August 1, 2015, our products are sold at 2,539 doors through our wholesale partners in the U.S. and international markets and we operated 42 retail stores, including 32 full price stores and 10 outlet stores, throughout the United States.

The following is a summary of highlights during the three months ended August 1, 2015:

- Our net sales totaled \$80.0 million, reflecting a 10.4% decrease over prior year net sales of \$89.3 million.
- Our wholesale net sales decreased 21.6% to \$58.3 million and our direct-to-consumer net sales increased 44.7% to \$21.7 million. Comparable store sales including e-commerce grew 13.4% compared to last year.
- Net loss for the quarter was \$(5.0) million compared to net income of \$10.5 million in the prior year second quarter. The net loss in the current year included pre-tax charges of \$16.8 million associated with inventory write-downs of excess and aged product inventory to expected net realizable value and \$2.9 million related to net management transition costs associated with employee departures.
- We opened one new retail store during the three months ended August 1, 2015.
- We amended our Revolving Credit Facility, increasing the borrowing capacity from \$50.0 million to \$80.0 million subject to the \$70.0 million loan cap and extended the maturity date to June 2020.
- As of August 1, 2015 we had \$84.8 million of total debt principal outstanding comprised of \$50.0 million outstanding on our Term Loan Facility and \$34.8 million outstanding on our Revolving Credit Facility.
- We continued to invest in new stores, shop-in-shop build-outs and infrastructure related to our IT migration efforts.

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. The following is a summary of our wholesale and direct-to-co nsumer net sales for the three and six months ended August 1 , 2015 and August 2 , 2014, respectively:

	Three Months Ended		Six Months Ended	
(in thousands)	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net Sales by Segment:				
Wholesale	$ 58,312	$ 74,344	$ 96,599	$ 111,666
Direct-to-consumer	21,681	14,982	43,236	31,112
Total net sales	$ 79,993	$ 89,326	$ 139,835	$ 142,778

While we believe our growth strategy offers significant opportunities, it also presents risks and challenges, including among others, the risks that we may not be able to match inventory purchases with demand, hire and train qualified associates, that our new product offerings and expanded sales channels may not maintain or enhance our brand image and that our distribution facilities and information systems may not be adequate to support our growth plans. For a more complete discussions of risks facing our business see “Item 1A—Risk Factors” of this report on Form 10-Q as well as in our 2014 Annual Report on Form 10-K.

Results of Operations

The following table presents our operating results as a percentage of net sales as well as earnings per share data (dollars in thousands, except per share data) for the three and six months ended August 1, 2015 and August 2, 2014:

	Three Months Ended				Six Months Ended			
	August 1, 2015		August 2, 2014		August 1, 2015		August 2, 2014	
(In thousands, except share data, store and door counts and percentages)								
Statement of Operations:								
Net sales	$ 79,993	100.0%	$ 89,326	100.0%	$139,835	100.0%	$ 142,778	100.0%
Cost of products sold	59,204	74.0%	45,312	50.7%	88,305	63.1%	72,353	50.7%
Gross profit	20,789	26.0%	44,014	49.3%	51,530	36.9%	70,425	49.3%
Selling, general and administrative expenses	27,331	34.2%	24,070	27.0%	52,971	37.9%	45,274	31.7%
(Loss) Income from operations	(6,542)	(8.2)%	19,944	22.3%	(1,441)	(1.0)%	25,151	17.6%
Interest expense, net	1,623	2.0%	2,485	2.8%	2,939	2.1%	5,335	3.7%
Other expense, net	350	0.4%	435	0.4%	491	0.4%	485	0.4%
(Loss) Income before income taxes	(8,515)	(10.6)%	17,024	19.1%	(4,871)	(3.5)%	19,331	13.5%
(Benefit) Provision for income taxes	(3,489)	(4.3)%	6,523	7.3%	(2,299)	(1.7)%	7,446	5.2%
Net (loss) income	$ (5,026)	(6.3)%	$ 10,501	11.8%	$ (2,572)	(1.8)%	$ 11,885	8.3%
(Loss) Earnings per share:								
Basic earnings per share	$ (0.14)		$ 0.29		$ (0.07)		$ 0.32	
Diluted (loss) earnings per share	$ (0.14)		$ 0.27		$ (0.07)		$ 0.31	
Other Operating and Financial Data:								
Total wholesale doors at end of period	2,539		2,378		2,539		2,378	
Total stores at end of period	42		31		42		31	
Comparable store sales growth (1) (2)	13.4%		11.7%		11.5%		12.7%	

(1) Beginning with the first quarter of 2015, comparable store sales now include our e-commerce sales in order to align with how the Company manages its brick-and-mortar retail stores and e-commerce online store as a combined single direct-to-consumer segment. Prior to fiscal year 2015, comparable store sales included only our comparable brick-and-mortar retail stores. As a result of our omni-channel sales and inventory strategy as well as cross-channel customer shopping patterns, there is less distinction between our brick-and-mortar retail stores and our e-commerce online store and we believe the inclusion of e-commerce sales in

our comparable store sales metric is a more meaningful representation of these results and provides a more comprehensive view of our year over year comparable store sales metric. As a result of this change, the prior period presented above has been adjusted to reflect comparable store sales inclusive of e-commerce.

(2) Beginning with the first quarter of 2015, a store is included in the comparable store sales calculation after it has completed at least 13 full fiscal months of operations. Non-comparable store sales include new stores which have not completed at least 13 full fiscal months of operations and sales from closed stores. In the event that we relocate, or change square footage of an existing store, we would treat that store as a non-comparable store until it has completed at least 13 full fiscal months of operation following the relocation or square footage adjustment. For 53-week fiscal years, we adjust comparable store sales to exclude the additional week. There may be variations in the way in which some of our competitors and other retailers calculate comparable store sales.

Three Months Ended August 1, 2015 Compared to Three Months Ended August 2, 2014

Net sales for the three months ended August 1, 2015 were $80.0 million, decreasing $9.3 million, or 10.4%, versus $89.3 million for the three months ended August 2, 2014.

	Net Sales by Segment	
	Three Months Ended	
(in thousands)	**August 1, 2015**	**August 2, 2014**
Net Sales:		
Wholesale	$ 58,312	$ 74,344
Direct-to-consumer	21,681	14,982
Total net sales	$ 79,993	$ 89,326

Net sales from our wholesale segment decreased $16.0 million, or 21.6%, to $58.3 million in the three months ended August 1, 2015, primarily driven by lower full price customer reorders and lower off price orders in the second quarter. Despite the downturn in our sales performance, the contraction of our wholesale business was partially offset by an increase in net wholesale doors of 161 and added 27 additional shop-in-shops with our wholesale partners since the end of the second quarter of fiscal 2014.

Net sales from our direct-to-consumer segment increased 44.7% to $21.7 million in the three months ended August 1, 2015 from $15.0 million in the three months ended August 2, 2014. Approximately $1.9 million of the sales growth is attributable to comparable store sales growth of 13.4% including e-commerce. Non-comparable store sales contributed approximately $4.8 million of the sales growth. Since the prior year second quarter, 11 new stores have opened bringing our total retail store count to 42 as of August 1, 2015 compared to 31 as of August 2, 2014.

Gross profit decreased 52.8% to $20.8 million for the three months ended August 1, 2015 versus $44.0 million in the prior year. As a percentage of sales, gross margin was 26.0%, compared with 49.3% in the prior year second quarter. Gross profit and margin were negatively impacted by a $(16.8) million charge associated with write-downs of excess inventory and aged product to expected realizable value in the current quarter. Of this charge, $(14.4) million is attributable to the Company's decision to accelerate disposition of aged and excess product, with the balance relating to normal, recurring provisions based on existing accounting policy for aged inventory. The total gross margin rate decrease was driven primarily by the following factors:

- Higher year-over-year inventory reserve charge impacted gross margins negatively by (2005) basis points;
- The unfavorable impact from markdowns and chargebacks contributed negatively by (595) basis points;
- Favorable increased sales penetration of the direct-to-consumer segment contributed 225 basis points of improvement; and
- The impact from other costs and supply chain margin initiatives had a net favorable impact of 45 basis points.

Selling, general and admin istrative expenses for the three months ended August 1 , 2015 were $ 27.3 million, increasing $ 3.3 million, or 13.5 %, versus $2 4.1 million for the three months ended August 1 , 2014. Selling, general and administrative expenses as a percent of sales was 34.2 % and 27.0 % for the three months ended August 1 , 2015 and August 2 , 2014, respectively. Selling, general and administrative expenses in the current year quarter include a $2.9 million charge for net management transition costs . As we continue to invest in our growth and from our recent decline in sales , our selling, general and administrative expenses as a percent of sales have deleveraged. The increase in selling, general and administrative expenses compared to the prior fiscal year period is primarily du e to:

- Increase in compensation expense of $2.5 million, primarily driven by $2.9 million of net management transition charges associated with employee departures
- Increase in depreciation expense of $1.1 million due to new retail stores, shop-in-shop investments and our new headquarter office spaces.
- Increase in rent and occupancy costs of $0.8 million due primarily to new retail store openings and our new headquarter office and showroom spaces; and
- The above increases were partially offset by $(0.9) million of lower costs charged under our Shared Services Agreement as we have transitioned certain back office support functions in-house that were previously performed by Kellwood under the Shared Services Agreement and $0.2 million reduction in other supporting expenses.

Operating income by segment for the three months ended August 1, 2015 and the three months ended August 2, 2014 is summarized in the following table:

	Operating Income by Segment	
	Three Months Ended	
(in thousands)	**August 1, 2015**	**August 2, 2014**
Wholesale	$ 7,739	$ 30,549
Direct-to-consumer	(1,927)	1,336
Subtotal	5,812	31,885
Unallocated expenses	(12,354)	(11,941)
Total operating (loss) income	$ (6,542)	$ 19,944

Operating income from our wholesale segment decreased $22.8 million, or 74.7%, to $7.7 million in the three months ended August 1, 2015 from $30.5 million in the three months ended August 2, 2014. This decrease was primarily driven by the impact of the lower gross margin performance due to wholesale inventory reserves of $(13.1) million and sales volume decrease noted above.

Operating income from our direct-to-consumer segment decreased by $3.3 million to $(1.9) million in the three months ended August 1, 2015 from $1.3 million in the three months ended August 2, 2014. The decrease resulted primarily from the impact of inventory reserves of $(3.7) million combined with lower gross margins driven by higher promotional activity.

Interest expense decreased $0.9 million, or 34.7%, to $1.6 million in the three months ended August 1, 2015 from $2.5 million in the three months ended August 2, 2014. The reduction in interest expense is primarily due to the lower overall debt balances since August 2, 2014 as a result of voluntary prepayments on our Term Loan Facility and net borrowings against Revolving Credit Facility with more favorable interest rates.

Other expense, net, was $0.3 million and $0.4 million for the three months ended August 1, 2015 and August 2, 2014, respectively.

Provision for income taxes for the three months ended August 1, 2015 was $(3.5) million benefit as compared to $6.5 million for the three months ended August 2, 2014. Our effective tax rate on pretax income for the three months ended August 1, 2015 and the three months ended August 2, 2014 was 41.0% and 38.3%, respectively. The effective tax rate for the three months ended August 1, 2015 differed from the U.S. statutory rate of 35% primarily due to state taxes. Our effective tax rate for the three months ended August 2, 2014 differed from the U.S. statutory rate of 35% primarily due to state taxes offset in part by changes in our valuation allowance.

Net loss was $(5.0) million in the three months ended August 1, 2015 versus net income of $10.5 million in the three months ended August 2, 2014. The $(15.5) million decrease in net income was primarily due to the pre-tax charges of $(14.4) million related to inventory reserves , $(2.9) million related to net m anagement transition costs , ($8.8) million related to decreases in gross profit, partially offset by favorable interest expense of $0.9 million and the provision for income taxes of $10.0 million related to all of the above.

Six Months Ended August 1, 2015 Compared to Six Months Ended August 2, 2014

Net sales for the six months ended August 1, 2015 were $139.8 million, decreasing $2.9 million, or 2.1%, versus $142.8 million for the six months ended August 2, 2014.

	Net Sales by Segment	
	Six Months Ended	
(in thousands)	August 1, 2015	August 2, 2014
Net Sales:		
Wholesale	$ 96,599	$ 111,666
Direct-to-consumer	43,236	31,112
Total net sales	$ 139,835	$ 142,778

Net sales from our wholesale segment decreased $15.1 million, or 13.5%, to $96.6 million in the six months ended August 1, 2015 from $111.7 million in the six months ended August 2, 2014. The decrease from the prior year is primarily due to the lower sell-through, lower full price customer reorders and lower off price orders in the second quarter. The contraction of our wholesale business was partially offset by an increase in net wholesale doors of 161 and we added 27 additional shop-in-shops with our wholesale partners since the end of the second quarter of fiscal 2014.

Net sales from our direct-to-consumer segment increased $12.1 million, or 39.0%, to $43.2 million in the six months ended August 1, 2015 from $31.1 million in the six months ended August 2, 2014. Approximately $3.5 million of the sales growth is attributable to comparable store sales growth of 11.5% including e-commerce. Non-comparable store sales contributed approximately $8.7 million of the sales growth and includes the impact of 11 new stores that have opened since the end of the same period in the prior fiscal year, bringing our total retail store count to 42 as of August 1, 2015 compared to 31 as of August 2, 2014.

Gross profit decreased 26.8% to $51.5 million for the six months ended August 1, 2015 versus $70.4 million in the prior year. As a percentage of sales, gross margin was 36.9%, compared with 49.3% in the prior year. Gross profit and gross margin were negatively impacted by the full year $(19.6) million inventory reserve charge in the current year. Of this charge, $(14.4) million is attributable to the Company's decision to accelerate disposition of excess and aged product, with the balance relating to normal, recurring provisions based on existing accounting policy for aged inventory. The total gross margin rate decrease was driven primarily by the following factors:

- Higher year-over-year inventory reserve charge impacted gross margins negatively by (1210) basis points;
- The impact from higher assistance to wholesale partners had a combined negative impact of (330) basis points;
- Increased sales penetration of the direct-to-consumer segment contributed 180 basis points of improvement; and
- The impact from other costs and supply chain margin initiatives had a net favorable impact of 120 basis points.

Selling, general and administrative expenses for the six months ended August 1, 2015 were $53.0 million, increasing $7.7 million, or 17.0%, versus $45.3 million for the six months ended August 1, 2014. Selling, general and administrative expenses as a percent of sales was 37.9% and 31.7% for the six months ended August 1, 2015 and August 2, 2014, respectively. Selling, general and administrative expenses in the current year include a $2.9 million charge for net management transition costs. Selling, general and administrative expenses in the prior year include $0.6 million of costs incurred by the Company related to the secondary offering by certain stockholders of the company completed in July 2014. As we continue to invest in our growth and from our recent decline in sales, our selling, general and administrative expenses as a percent of sales have deleveraged. The increase in selling, general and administrative expenses compared to the prior fiscal year period is primarily due to:

- Increase in compensation expense of $4.1 million, primarily driven by $2.9 million of net management transition charges including share-based and incentive compensation, employee benefits and related increases due to hiring and retaining additional employees to support our growth plans;
- Increase in rent and occupancy costs of $2.4 million due primarily to new retail store openings and our new headquarter office and showroom spaces;

- Increase in depreciation expense of $ 1.9 million due to new retail stores, shop-in-shop investments and our ne w headquarter office spaces.
- Increase in marketing, advertising and promotional expenses of $0.9 million to support our brand awareness growth efforts; and
- The above increases were partially offset by $(1.6) million of lower costs charged under our Shared Services Agreement as we have transitioned certain back office support functions in-house that were previously performed by Kellwood under the Shared Services Agreement.

Operating income by segment for the six months ended August 1, 2015 and the six months ended August 2, 2014 is summarized in the following table:

	Operating Income by Segment	
	Six Months Ended	
(in thousands)	August 1, 2015	August 2, 2014
Wholesale	$ 22,016	$ 43,627
Direct-to-consumer	444	3,813
Subtotal	22,460	47,440
Unallocated expenses	(23,901)	(22,289)
Total operating (loss) income	$ (1,441)	$ 25,151

Operating income from our wholesale segment decreased $21.6 million to $22.0 million in the six months ended August 1, 2015 from $43.6 million in the six months ended August 2, 2014. This decrease was driven by the lower gross margin performance due to wholesale inventory reserves of $(14.7) million and sales volume decrease noted above.

Operating income from our direct-to-consumer segment decreased by $3.4 million to $0.4 million in the six months ended August 1, 2015 from $3.8 million in the six months ended August 2, 2014. The decrease resulted primarily from the impact of inventory reserves of $(4.9) million combined with lower gross margins driven by higher promotional activity.

Interest expense decreased $2.4 million, or 44.9%, to $2.9 million in the six months ended August 1, 2015 from $5.3 million in the six months ended August 2, 2014. The reduction in interest expense is primarily due to the lower overall debt balances since August 2, 2014, as a result of voluntary prepayments on our Term Loan Facility and borrowings against Revolving Credit Facility with more favorable interest rates.

Other expense, net, was $0.5 million for both the six months ended August 1, 2015 and the six months ended August 2, 2014.

Provision for income taxes for the six months ended August 1, 2015 was $(2.3) million benefit, as compared to $7.4 million for the six months ended August 2, 2014. Our effective tax rate on pretax income for the six months ended August 1, 2015 and the six months ended August 2, 2014 was 47.2% and 38.5%, respectively. The effective tax rate for the six months ended August 1, 2015 differed from the U.S. statutory rate of 35% primarily due to state taxes and the favorable impact of recent changes to the New York City tax laws that impacted the net operating loss deferred tax assets. Our effective tax rate for the six months ended August 2, 2014 differed from the U.S. statutory rate of 35% primarily due to state taxes offset in part by changes in our valuation allowance.

Net loss was $(2.6) million in the six months ended August 1, 2015 versus net income of $11.9 million in the six months ended August 2, 2014. The $(14.5) million decrease in net income was primarily due to pre-tax charges of $(14.4) million related to inventory reserves, $(2.9) million of net management transition costs, $(4.5) million related to decreases in gross profit, and ($4.8) million of increased selling, general and administrative expenses, partially offset by favorable interest expense of $2.4 million and the provision for income taxes of $9.7 million related to all of the above.

Liquidity and Capital Resources

Our sources of liquidity are our cash and cash equivalents, cash flows from operations and borrowings available under the Revolving Credit Facility. Our primary cash needs are capital expenditures for new stores and related leasehold improvements, for investment in new ERP platform and related infrastructure, meeting our debt service requirements, paying amounts due per the Tax Receivable Agreement, and funding working capital requirements. The most significant components of our working capital are cash and cash equivalents, accounts receivable, inventories, accounts payable and other current liabilities.

Management believes that our current balances of cash and cash equivalents, cash flow from operations and amounts available under the Revolving Credit Facilit y will be adequate to fund our debt service requirements, obligations under our Tax Receivable Agreement as amended , planned capital expenditures and working capital needs for at least the next twelve months.

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 Company's 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, LLC, an affiliate of Sun Capital Partners, Inc., 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, estimated at approximately $22.8 million plus accrued interest, to September 15, 2016. As a result, the $22.8 million plus accrued interest was reclassified from other accrued expenses to other liabilities on the condensed consolidated balance sheet. As of August 1, 2015 our obligation under the Tax Receivable Agreement is $169.0 million and has a remaining term of nine years and is included as a component of other liabilities on our condensed consolidated balance sheet. 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 "Item 1A ---Risk Factors ---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 and maintain adequate availability under the Revolving Credit Facility."

On November 27, 2013, in connection with the consummation of the IPO and the related Restructuring Transactions, all previously outstanding debt obligations either remained with Kellwood Company, LLC (i.e. the non-Vince businesses) or were discharged, repurchased or refinanced. In connection with the consummation of these transactions, we entered into the Term Loan Facility and Revolving Credit Facility, which are discussed further below.

Operating Activities

	Six Months Ended	
(in thousands)	August 1, 2015	August 2, 2014
Operating activities		
Net (loss) income	$ (2,572)	$ 11,885
Add (deduct) items not affecting operating cash flows:		
Depreciation	3,803	1,849
Amortization of intangible assets	299	299
Amortization of deferred financing costs	664	597
Amortization of deferred rent	1,301	1,246
Deferred income taxes	(441)	7,415
Share-based compensation expense	801	792
Loss on disposal of property, plant and equipment	309	—
Changes in assets and liabilities:		
Receivables, net	11,118	1,894
Inventories, net	(8,147)	(24,676)
Prepaid expenses and other current assets	(88)	2,318
Accounts payable and accrued expenses	6,997	12,596
Other assets and liabilities	37	194
Net cash provided by operating activities	$ 14,081	$ 16,409

Net cash provided by operating activities during the six months ended August 1, 2015 was $14.1 million, which consisted of net loss of $2.6 million, impacted by non-cash items of $6.7 million and cash provided from working capital of $9.9 million. Net cash provided from working capital primarily resulted from a $11.1 million decrease in accounts receivable due primarily to the timing of current year collections from prior year receivables and lower wholesale sales performance. Additional increases in accounts payable and accrued expenses of $7.0 million, also contributed primarily due to inventory purchases prior to reserves, partially offset by accrued expenses. The increase in accounts payable and accrued expenses was offset by an $8.1 million net increase in i nventories. Gross inventory increased $27.7 million due to new store additions, increased handbag inventory, and higher in-transit inventory which were offset in part by an increased in our reserves of $19.6 million associated with excess and aged product inventory.

Net cash provided by operating activities during the six months ended August 2, 2014 was $16.4 million, which consisted of net income of $11.9 million, impacted by non-cash items of $12.2 million and cash used for working capital of $7.7 million. Net cash used in working capital primarily resulted from a $24.7 million increase in inventory due primarily to increase inventory purchases for the fall selling season. This was offset in part by net increases in accounts payable and accrued expenses of $12.6 million due to timing of payments to vendors, a decrease in prepaid expenses and other current assets of $2.3 million and a $1.9 million decrease in receivables due to timing of collections.

Investing Activities

	Six Months Ended	
	August 1, 2015	August 2, 2014
(in thousands)		
Investing activities		
Payments for capital expenditures	$ (11,043)	$ (7,351)
Net cash used in investing activities	$ (11,043)	$ (7,351)

Net cash used in investing activities represents capital expenditures, primarily related to retail store build-outs, including leasehold improvements, costs related to the build out of our new corporate office space, store fixtures as well as expenditures for our shop-in-shop spaces operated by certain distribution partners and the investment in new ERP systems and related infrastructure. Net cash used in investing activities increased $3.7 million from $7.4 million used during the six months ended August 2, 2014 to $11.0 million used during the six months ended August 1, 2015. The increase is primarily attributable to an increase in capital expenditures for construction of additional retail stores and shop-in-shop build outs, costs associated with our IT migration project, e-commerce platform migration and the build-out of our new corporate office spaces.

Financing Activities

	Six Months Ended	
	August 1, 2015	August 2, 2014
(in thousands)		
Financing activities		
Proceeds from borrowings under the Revolving Credit Facility	$ 54,402	$ 27,100
Payments for Revolving Credit Facility	(42,554)	(4,500)
Payments for Term Loan Facility	(15,000)	(53,000)
Fees paid for Term Loan Facility and Revolving Credit Facility	(85)	(114)
Stock option exercise	175	34
Net cash used in financing activities	$ (3,062)	$ (30,480)

Net cash used in financing activities was $3.1 million during the six months ended August 1, 2015, primarily consisting of voluntary prepayments totaling $15.0 million on the Term Loan Facility partially offset by net proceeds from borrowings on our Revolving Credit Facility of $11.8 million.

Net cash used in financing activities was $30.5 million during the six months ended August 2, 2014, primarily consisting of voluntary prepayments totaling $53.0 million on the Term Loan Facility, partially offset by $22.6 million of net borrowings under our Revolving Credit Facility.

Revolving Credit Facility

On November 27, 2013, Vince, LLC entered into a $50.0 million senior secured revolving credit facility (as amended from time to time, the “Revolving Credit Facility”) with Bank of America, N.A. (“BofA”), as administrative agent. Vince, LLC is the borrower and VHC and Vince Intermediate Holding, LLC, a direct subsidiary of VHC and the direct parent company of Vince, LLC (“Vince Intermediate”), are the guarantors under the Revolving Credit Facility. On June 3, 2015, Vince LLC entered into a first amendment to the Revolving Credit Facility, that among other things, increa sed the aggregate commitments under the facility from $50 .0 million to $80 .0 million , subject to a loan cap of $70 .0 million until debt obligations under the Company's term loan facility have been paid in full, and extended the maturity date from November 27, 2018 to June 3, 2020. The Revolving Credit Facility also provides for a letter of credit sublimit of $25 .0 million (plus any increase in aggregate commitments) and an accordion option that allows for an increase in aggregate commitments up to $20 .0 mi llion . Interest is payable on the loans under the Revolving Credit Facility at either the LIBOR or the Base Rate, in each case, with applicable margins subject to a pricing grid based on an excess availability calculation. The "Base Rate" means, for any day, a fluctuating rate per annum equal to the highest of (i) the rate of interest in effect for such day as publicly announced from time to time by BofA as its prime rate; (ii) the Federal Funds Rate for such day, plus 0.50%; and (iii) the LIBOR Rate for a one month interest period as determined on such day, plus 1.0%. During the continuance of an event of default and at the election of the required lender, interest will accrue at a rate of 2% in excess of the applicable non-default rate.

The Revolving Credit Facility contains a maintenance requirement that, at any point when "Excess Availability" is less than the greater of (i) 15% percent of the adjusted loan cap or (ii) $10.0 million, and continuing until Excess Availability exceeds the greater of such amounts for 30 consecutive days, during which time, Vince, LLC must maintain a consolidated EBITDA (as defined in the Revolving Credit Facility) equal to or greater than $20.0 million. We have not been subject to this maintenance requirement as Excess Availability was greater than the required minimum.

The Revolving Credit Facility contains representations and warranties, other covenants and events of default that are customary for this type of financing, including limitations on the incurrence of additional indebtedness, liens, negative pledges, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the ability to change the nature of its business or its fiscal year. The Revolving Credit Facility generally permits dividends in the absence of any event of default (including any event of default arising from the contemplated dividend), so long as (i) after giving pro forma effect to the contemplated dividend, for the following six months Excess Availability will be at least the greater of 20% of the aggregate lending commitments and $10.0 million and (ii) after giving pro forma effect to the contemplated dividend, the "Consolidated Fixed Charge Coverage Ratio" for the 12 months preceding such dividend shall be greater than or equal to 1.1 to 1.0 (provided that the Consolidated Fixed Charge Coverage Ratio may be less than 1.1 to 1.0 if, after giving pro forma effect to the contemplated dividend, Excess Availability for the six fiscal months following the dividend is at least the greater of 35% of the aggregate lending commitments and $15.0 million). We are in compliance with applicable financial covenants.

As of August 1, 2015, the availability under the Revolving Credit Facility was $27.9 million net of the amended loan cap and there were $34.8 million of borrowings outstanding and $7.2 million of letters of credit outstanding under the Revolving Credit Facility. The weighted average interest rate for borrowings outstanding under the Revolving Credit Facility as of August 1, 2015 was approximately 2.1%. As of August 2, 2014, the availability on the Revolving Credit Facility was $20.1 million and there was $22.6 million of borrowings outstanding and $7.3 million of letters of credit outstanding under the Revolving Credit Facility.

Term Loan Facility

On November 27, 2013, in connection with the closing of the IPO and related Restructuring Transactions, Vince, LLC and Vince Intermediate entered into a $175.0 million senior secured term loan credit facility (the "Term Loan Facility") with the lenders party thereto, BofA, as administrative agent, JP Morgan Chase Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers, and Cantor Fitzgerald as documentation agent. The Term Loan Facility will mature on November 27, 2019. On November 27, 2013, net borrowings under the Term Loan Facility were used at closing, together with proceeds from the initial public offering, to repay the Kellwood Note Receivable issued by Vince Intermediate to Kellwood Company, LLC immediately prior to the consummation of the initial public offering as part of the related restructuring transactions.

The Term Loan Facility also provides for an incremental facility of up to the greater of $50.0 million and an amount that would result in the consolidated net total secured leverage ratio not exceeding 3.00 to 1.00, in addition to certain other rights to refinance or repurchase portions of the term loan. The Term Loan Facility is subject to quarterly amortization of principal equal to 0.25% of the original aggregate principal amount of the Term Loan Facility, with the balance payable at final maturity. Interest is payable on loans under the Term Loan Facility at a rate of either (i) the Eurodollar rate (subject to a 1.00% floor) plus an applicable margin of 4.75% to 5.00% based on a leverage ratio or (ii) the base rate applicable margin of 3.75% to 4.00% based on a leverage ratio. During the continuance of a payment or bankruptcy event of default, interest will accrue (i) on the overdue principal amount of any loan at a rate of 2% in excess of the rate otherwise applicable to such loan and (ii) on any overdue interest or any other outstanding overdue amount at a rate of 2% in excess of the non-default interest rate then applicable to base rate loans.

The Term Loan Facility contains a requirement that Vince, LLC and Vince Intermediate maintain a "Consolidated Net Total Leverage Ratio" as of the last day of any period of four fiscal quarters not to exceed 3.75 to 1.00 for the fiscal quarters ending February 1, 2014 through November 1, 2014, 3.50 to 1.00 for the fiscal quarters ending January 31, 2015, through October 31, 2015, and 3.25 to 1.00 for the fiscal quarter ending January 30, 2016 and each fiscal quarter thereafter. In addition, the Term Loan Facility contains customary representations and warranties, other covenants, and events of default, including but not limited to, limitations on the incurrence of additional indebtedness, liens, negative pledges, guarantees, investments, loans, asset sales, mergers, acquisitions, prepayment of other debt, the repurchase of capital stock, transactions with affiliates, and the abi lity to change the nature of its business or its fiscal year, and distributions and dividends. The Term Loan Facility generally permits dividends to the extent that no default or event of default is continuing or would result from the contemplated dividend and the pro forma Consolidated Net Total Leverage Ratio after giving effect to such contemplated dividend is at least 0.25 lower than the maximum Consolidated Net Total Leverage Ratio for such quarter. All obligations under the Term Loan Facility are guar anteed by Vince Holding Corp. and any future material domestic restricted subsidiaries of Vince, LLC and secured by a lien on substantially all of the assets of Vince Holding Corp., Vince, LLC and Vince Intermediate and any future material domestic restric ted subsidiaries. We are in compliance with applicable financial covenants.

Through August 1, 2015, on an inception to date basis, we have made voluntary prepayments totaling $125.0 million in the aggregate on the original $175.0 million Term Loan Facility entered into on November 27, 2013. Of the $125.0 million of aggregate voluntary prepayments made to date, $15.0 million was paid during the six months ended August 1, 2015. As of August 1, 2015, the Company had $50.0 million of debt outstanding under the Term Loan Facility.

Off-Balance Sheet Arrangements

We did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes during the periods presented herein.

Inflation

While inflation may impact our sales, cost of goods sold and expenses, we believe the effects of inflation on our results of operations and financial condition are not significant. Although it is difficult to accurately measure the impact of inflation, management believes it has not been significant and cannot provide any assurances that our results of operations and financial condition will not be materially impacted by inflation in the future.

Seasonality

The apparel and fashion industry in which we operate is cyclical and, consequently, our revenues are affected by general economic conditions and the seasonal trends characteristic to the apparel and fashion industry. Purchases of apparel are sensitive to a number of factors that influence the level of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates and consumer confidence as well as the impact from adverse weather conditions. In addition, fluctuations in sales in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting direct-to-consumer sales; as such, the financial results for any particular quarter may not be indicative of results for the fiscal year.

Critical Accounting Policies and Estimates

Our discussion of financial condition and results of operations relies on our condensed consolidated financial statements, as set forth in Item 1 of this report on Form 10-Q, which are prepared based on certain critical accounting policies that require management to make judgments and estimates that are subject to varying degrees of uncertainty. While we believe that these accounting policies are based on reasonable measurement criteria, actual future events can and often do result in outcomes that can be materially different from these estimates.

A summary of our critical accounting policies is included in the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of our 2014 Annual Report on Form 10-K. As of August 1, 2015, there have been no material changes to the critical accounting policies contained therein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our principal market risk relates to interest rate sensitivity, which is the risk that changes in interest rates will reduce our net income or net assets. Our variable rate debt consists of borrowings under the Term Loan Facility and Revolving Credit Facility. Our current interest rate on the Term Loan Facility is based on the Eurodollar rate (subject to a 1.00% floor) plus 4.75%. Our interest rate on the Revolving Credit Facility is based on the Eurodollar rate or the Base Rate (as defined in the Revolving Credit Facility) with applicable margins subject to a pricing grid based on e xcess availability. As of August 1 , 2015 , a one percentage point increase in the interest rate on our variable rate debt would result in additional interest expense of approximately $ 0.8 million for the $ 8 4 . 8 million of debt principal borrowings outstanding under the Term Loan Facility and Revolving Credit Facility as of such date , calculated on an annual basis.

On September 1, 2015, we entered into an amendment to the Tax Receivable Agreement with Sun Cardinal, LLC, an affiliate of Sun Capital Partners, Inc., 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 estimated at approximately $22.8 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. As of August 1, 2015, a one percentage point increase in the interest rate would result in additional interest expense of approximately $0.2 million for the $22.8 million Tax Receivable Agreement as of such date, calculated on an annual basis.

We do not believe that foreign currency risk, commodity price or inflation risks are expected to be material to our business or our consolidated financial position, results of operations or cash flows. Substantially all of our foreign sales and purchases are made in U.S. dollars.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Attached as exhibits to this report on Form 10-Q are certifications of our Chief Executive Officer and Chief Financial Officer. Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires that we include these certifications with this report. This Controls and Procedures section includes information concerning the disclosure controls and procedures referred to in the certifications. You should read this section in conjunction with the certifications.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act) as of August 1, 2015.

We evaluate the effectiveness of our disclosure controls and procedures on at least a quarterly basis. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure information is recorded, processed, summarized and reported within the periods specified in the Securities and Exchange Commission’s rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Disclosure Controls and Procedures

In designing and evaluating our disclosure controls and procedures, we recognized that disclosure controls and procedures, no matter how well conceived and well operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. We have also designed our disclosure controls and procedures based in part upon assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended August 1, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are a party to routine legal proceedings that arise in the ordinary course of our business. Except as disclosed on our 2014 Annual Report on Form 10-K, we are not currently a party to any legal proceedings or environmental claims that we believe would, individually or in the aggregate, have a material adverse effect on our financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

The risk factors disclosed in our 2014 Annual Report on Form 10-K, in addition to the other information set forth in this report on Form 10-Q, could materially affect our business, financial condition or results.

There have not been any material changes from the risk factors disclosed in our 2014 Annual Report on Form 10-K, other than the following:

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 and maintain adequate availability under the Revolving Credit Facility.

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 or borrowing availability under the Revolving Credit Facility. 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. While we remain confident that we will have sufficient liquidity for the next twelve months, there can be no assurances that we will be able to generate sufficient cash flow from operations to meet our liquidity needs, or that we will have the necessary availability under the Revolving Credit Facility 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 Term Loan Facility or the Revolving Credit 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.

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 Company's 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, LLC, an affiliate of Sun Capital Partners, Inc., 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, estimated at approximately $22.8 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.

Certain members of our senior management team have recently departed, including the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Creative Officer, and certain other members of our senior executive team, including the general counsel and the senior vice president of retail operations. As a result, our current senior management team now includes several recent hires (including an interim CEO and interim CFO who are on a leave of absence from employment at affiliates of the Company's controlling shareholder) and who have limited experience working together as a group, and may not be able to manage our business effectively.

We have experienced significant turnover in our senior executive team in recent months, including the departure of Lisa Klinger, our former CFO in June 2015, Karin Gregersen, our former President and Chief Creative Officer in July 2015, as well as Jill Granoff, our former CEO, who left the Company on September 1, 2015. In addition, certain members of our senior executive team, including the general counsel and the senior vice president of retail operations, have left the Company in recent months. Our current interim CEO, Mark E. Brody, who previously served as interim CFO after Ms. Klinger's departure in June 2015 has been in his position since September 1, 2015. Our new interim Chief Financial Officer and Treasurer David Stefko, has been in his position since September 1, 2015. Both Mr. Brody and Mr. Stefko were employees of Sun Capital Partners, whose affiliates hold approximately 56% of our outstanding shares of common stock, and have been on leave of absence from their positions at Sun Capital Partners since their appointment to their respective positions at the Company. While each of Mr. Brody and Stefko are on a leave of absence from Sun Capital Partners, they continue to be covered by Sun Capital Partner's health and welfare benefit plans and are eligible t o receive a bonus under Sun Capital Partner's annual bonus plan related to their work at Sun Capital Partners. In addition, Messrs. Br o dy and Stefko are partners in one or more partnerships that are affiliated with Sun Capital Partners investment partnersh ips that beneficially own shares of common stock of the Company.

In addition, certain other members of our senior management team have been with us less than one year. As a result, our current senior management team has limited experience working at the Company and working together as a group. In addition, our current interim CEO and interim CFO have less industry experience than our former CEO and former CFO. This lack of experience working at the Company and as a group could negatively impact our senior management team's ability to quickly and efficiently respond to problems and effectively manage our business. If our management team is not able to work effectively either individually or as together as a group, our results of operations may suffer and our business may be harmed. While we are currently engaged in searches for a permanent CEO and a permanent CFO, there can be no assurances that we will be able to attract and retain qualified candidates for these positions, or how long such searches will take to complete, or that any new CEO or CFO will be successful or positively impact the Company's results.

We are currently searching for a permanent CEO and a permanent CFO, as well as other key management personnel. If we lose additional key personnel, or are unable to attract, assimilate and retain a permanent CEO, a permanent CFO or other employees, we may not be able to successfully operate or grow our business.

Our continued success is dependent on our ability to attract, assimilate, retain and motivate qualified management, designers, administrative talent and sales associates to support existing operations and future growth. Competition for qualified talent in the apparel and fashion industry is intense, and we compete for these individuals with other companies that in many cases have greater financial and other resources. The loss of the services of any members of senior management or the inability to attract and retain qualified executives, including for the CEO and CFO positions, could have a material adverse effect on our business, results of operations and financial condition. In addition, we will need to continue to attract, assimilate, retain and motivate highly talented employees with a range of other skills and experience, especially at the store management levels. Although we have hired and trained new store managers and experienced sales associates at several of our retail locations, competition for employees in our industry is intense and we may from time to time experience difficulty in retaining our associates or attracting the additional talent necessary to support the growth of our business. These problems could be exacerbated as we embark on our strategy of opening new retail stores over the next several years. We will also need to attract, assimilate and retain other professionals across a range of disciplines, including design, production, sourcing and international business, as we develop new product categories and continue to expand our international presence. Furthermore, we will need to continue to recruit employees to provide, or enter into consulting or outsourcing arrangements with respect to the provision of, services provided by Kellwood under the Shared Services Agreement when Kellwood no longer provides such services thereunder. If we are unable to attract, assimilate and retain a permanent CEO, a permanent CFO or other employees with the necessary skills and experience, we may not be able to grow or successfully operate our business, which would have an adverse impact on our results. There can be no assurances that any new CEO or CFO will be successful or positively impact the Company's results.

Our goodwill and indefinite lived intangible assets could become impaired, which may require us to take significant non-cash charges against earnings.

In accordance with Financial Accounting Standards Board ASC Topic 350 Intangibles-Goodwill and Other ("ASC 350"), goodwill and other indefinite-lived intangible assets are tested for impairment at least annually during the fourth fiscal quarter and in an interim period if a triggering event occurs. Determining the fair value of goodwill and other intangible assets is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates and operating margins, discount rates and future market conditions, among others. It is possible that estimates of future operating results could change adversely and impact the evaluation of the recoverability of the carrying value of goodwill and intangible assets and that the effect of such changes could be material. In light of the decline in our sales over recent periods, the Company may determine that it should perform a quantitative assessment of the valuation of its goodwill and indefinite lived intangible assets in the second half of the fiscal year. There can be no assurances that we will not be required to record a charge in our financial statements negatively impacting our results of operations during the period in which any impairment of our goodwill or intangible assets is determined.

Our operations are restricted by our credit facilities.

We entered into a Revolving Credit Facility and a Term Loan Facility in connection with the IPO and Restructuring Transactions closed on November 27, 2013. Our facilities contain significant restrictive covenants. These covenants may impair our financing and operational flexibility and make it difficult for us to react to market conditions and satisfy our ongoing capital needs and unanticipated cash requirements. Specifically, such covenants will likely restrict our ability and, if applicable, the ability of our subsidiaries to, among other things:

- incur additional debt;
- make certain investments and acquisitions;
- enter into certain t ypes of transactions with affiliates;
- use assets as security in other transactions;
- pay dividends;
- sell certain assets or merge with or into other companies;
- guarantee the debt of others;
- enter into new lines of businesses;
- make capital expenditures;
- prepay, redeem or exchange our debt; and
- form any joint ventures or subsidiary investments.

Our ability to comply with the covenants and other terms of our debt obligations will depend on our future operating performance. If we fail to comply with such covenants and terms, we would be required to obtain waivers from our lenders to maintain compliance with our debt obligations. If we are unable to obtain any necessary waivers and the debt is accelerated, a material adverse effect on our financial condition and future operating performance would likely result. The terms of our debt obligations and the amount of borrowing availability under our facilities may restrict or delay our ability to fulfill our obligations under the Tax Receivable Agreement. In accordance with the terms of the Tax Receivable Agreement, delayed or unpaid amounts thereunder would accrue interest at a default rate of one-year LIBOR plus 200 basis points until paid. Our obligations under the Tax Receivable Agreement could result in a failure to comply with covenants or financial ratios required by our debt financing agreements and could result in an event of default under such a debt financing. See "Tax Receivable Agreement" under Note 12 to the Consolidated Financial Statements in this quarterly report on Form 10-Q for further information.

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 Company's 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, LLC, an affiliate of Sun Capital Partners, Inc., 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, estimated at approximately $22.8 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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAF ETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1	First Amendment to Credit Agreement, dated as of June 3, 2015, by and among the Company, the guarantors parties thereto, BofA, as administrative agent, and each lender party thereto.
10.2	Employment Offer Letter, dated as of June 25, 2015, from Vince Holding Corp. to Mark E. Brody relating to his appointment as the Interim Chief Financial Officer and Treasurer of the Company.
10.3	Employment Offer Letter, dated as of June 17, 2015, from Vince, LLC to Nicholas Rubino.
31.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1	Financial Statements in XBRL Format

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.

Signature	Title	Date
/s/ David Stefko David Stefko	Chief Financial Officer and Treasurer (as duly authorized officer and principal financial officer)	September 8, 2015

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT TO CREDIT AGREEMENT (this " Amendment ") dated as of June 3, 2015, by and among VINCE, LLC, a Delaware limited liability company (the " Borrower "), the Guarantors party thereto, BANK OF AMERICA, N.A., as administrative agent and as collateral agent (in such capacities, including any successor thereto, the " Agent ") under the Loan Documents, and each lender party hereto (collectively, the " Lenders " and individually, each a " Lender ").

WHEREAS:

A. The Borrower, the Guarantors, the Agent, and the Lenders are parties to that certain Credit Agreement dated as of November 27, 2013 (as amended hereby, and as may be further amended, restated, supplemented or otherwise modified, renewed or replaced from time to time, the " Credit Agreement "), pursuant to which the Lenders agreed, subject to the terms and conditions thereof, to extend credit and make certain other financial accommodations available to the Borrower; and

B. The Borrower and the Guarantors have requested that the Lenders agree to amend the Credit Agreement as set forth herein, and the Lenders have agreed to such amendments, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties signatory hereto agree as follows:

1. **DEFINITIONS** . Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given such terms in the Credit Agreement.

2. **AMENDMENTS TO CREDIT AGREEMENT** .

(a) Additional Definitions . Section 1.01 of the Credit Agreement is hereby amended to include, in addition and not in limitation, the following definitions in proper alphabetical order:

(i) "" Adjusted Loan Cap " means, at any time of determination, the lesser of (a) the Aggregate Commitments and (b) the Borrowing Base."

(ii) "" First Amendment " means the First Amendment to Credit Agreement dated and effective as of the First Amendment Effective Date, by and among the Borrower, the Guarantors, the Agent and the Lenders."

(iii) "" First Amendment Effective Date " means June 3, 2015."

(iv) "" First Amendment Fee Letter " means the letter agreement, dated as of the First Amendment Effective Date, between the Borrower, the Agent and the Lenders."

(b) Amended Definitions . Section 1.01 of the Credit Agreement is hereby further amended as follows:

(i) The definition of "Aggregate Commitments" is hereby deleted in its entirety and the following is substituted in its stead:

““ Aggregate Commitments ” means the Commitments of all the Lenders. As of the Closing Date, the Aggregate Commitments equal $50,000,000. As of the First Amendment Effective Date, the Aggregate Commitments equal $ 80 ,000,000 .”

(ii) The definition of “Commitments” is hereby deleted in its entirety and the following is substituted in its stead:

““ Commitments ” means, as to each Lender, its obligation to make Committed Loans to the Borrower pursuant to Section 2.01 , (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption or other instrument pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. As of the Closing Date, the total Commitments of all Lenders is $50,000,000. As of the First Amendment Effective Date, the total Commitments of all Lenders is $80,000,000.”

(iii) The definition of “Covenant Compliance Event” is hereby deleted in its entirety and the following is substituted in its stead:

““ Covenant Compliance Event ” means that Excess Availability at any time is less than the greater of (a) fifteen (15%) percent of the Adjusted Loan Cap and (b) $10,000,000. For purposes hereof, the occurrence of a Covenant Compliance Event shall be deemed continuing until Excess Availability has exceeded the amounts set forth above for thirty (30) consecutive days, in which case a Covenant Compliance Event shall no longer be deemed to be continuing for purposes of this Agreement. The termination of a Covenant Compliance Event as provided herein shall in no way limit, waive or delay the occurrence of a subsequent Covenant Compliance Event in the event that the conditions set forth in this definition again arise.”

(iv) The definition of “Loan Cap” is hereby deleted in its entirety and the following is substituted in its stead:

““ Loan Cap ” means, at any time of determination, the lesser of (a) the Aggregate Commitments, (b) the Borrowing Base and (c) until the Term Facility has been paid in full, $70,000,000.”

(v) The definition of “Loan Documents” is hereby deleted in its entirety and the following is substituted in its stead:

““ Loan Documents ” means this Agreement, each Note, each Issuer Document, the Fee Letter, all Borrowing Base Certificates, the Blocked Account Agreements, all Collateral Access Agreements, all Credit Card Notifications, the Security Documents, any Facility Guaranty, any Joinder Agreement, any Extension Amendment, the Intercreditor Agreement, the First Amendment, and the First Amendment Fee Letter, each as amended and in effect from time to time.”

(vi) The definition of " Maturity Date " is hereby deleted in its entirety and the following is substituted in its stead:

"" Maturity Date " means, subject to the proviso below, the later of (a) June 3, 2020 and (b) with respect to any Lender which participates in any Extension Series pursuant to Section 2.17 , such extended maturity date relating to such Extension Series as determined pursuant to such Section 2.17 ."

(vii) The definition of "Payment Conditions" is hereby deleted in its entirety and the following is substituted in its stead:

"" Payment Conditions " means, at the time of determination with respect to any specified transaction or payment, that (i) no Event of Default exists or would arise as a result of entering into such transaction or the making of such payment, (ii) immediately after giving pro forma effect to such transaction or payment and projected on a pro forma basis for the immediately succeeding six (6) Fiscal Months following such transaction or payment, Excess Availability shall be at least the greater of (x) 20% of the Adjusted Loan Cap and (y) $10,000,000 for each Fiscal Month during such projected six month period and (iii) the Consolidated Fixed Charge Coverage Ratio for the Most Recently Ended period of twelve months preceding such transaction or payment shall be greater than or equal to 1.0 to 1.0 (after giving pro forma effect to such transaction or payment as if such transaction or payment had been made as of the first day of such period), provided that the provisions of this clause (iii) shall not be applicable if Excess Availability, immediately after giving pro forma effect to such transaction or payment and projected for the immediately succeeding six (6) Fiscal Months following such transaction or payment, at least the greater of (x) 35% of the Adjusted Loan Cap and (y) $15,000,000; and (iv) the Borrower shall have delivered a Compliance Certificate to the Agent including a reasonably detailed calculation of such calculated Excess Availability and, if applicable, Consolidated Fixed Charge Coverage Ratio."

(viii) The definition of "RP Conditions" is hereby deleted in its entirety and the following is substituted in its stead:

"" RP Conditions " means, at the time of determination with respect to any Restricted Payment, that (i) no Event of Default exists or would arise as a result of the making of such Restricted Payment, (ii) immediately after giving pro forma effect to such Restricted Payment and projected on a pro forma basis for the immediately succeeding six (6) Fiscal Months following such Restricted Payment, Excess Availability shall be at least the greater of (1) 20% of the Adjusted Loan Cap for each Fiscal Month during such projected six month period and (2) $10,000,000, and (iii) the Consolidated Fixed Charge Coverage Ratio for the Most Recently Ended period of twelve Fiscal Months preceding such Restricted Payment shall be greater than or equal to 1.1 to 1.0 (after giving pro forma effect to such Restricted Payment as if such Restricted Payment had been made as of the first day of such period), provided that the provisions of this clause (iii) shall not be applicable if Excess Availability, immediately after giving pro forma effect to such Restricted Payment and projected for the immediately succeeding six (6) Fiscal Months following such Restricted Payment, is at least the greater of (x) 35%

of the Adjusted Loan Cap and (y) $15,000,000; and (iv) the Borrower shall have delivered a Compliance Certificate to the Agent including a reasonably detailed calculation of such calculated Excess Availability and, if applicable, Consolidated Fixed Charge Coverage Ratio ."

(ix) The definition of "Trigger Amount" is hereby deleted in its entirety and the following is substituted in its stead:

"" Trigger Amount " means, on any date, the greater of (x) 15% of the Adjusted Loan Cap in effect on such date and (y) $7,500,000."

(c) Section 6.10 . Section 6.10(b) of the Credit Agreement is hereby amended by inserting the word "Adjusted" in front of the defined term "Loan Cap" where it appears therein so that the entire Section 6.10(b) reads as follows:

"(b) Upon the request of the Agent after reasonable prior written notice, permit the Agent or professionals (including investment bankers, consultants, accountants, lawyers and appraisers) retained by the Agent to conduct commercial finance examinations and inventory appraisals, including, without limitation, of (i) the Borrower's practices in the computation of the Borrowing Base and (ii) the assets included in the Borrowing Base and related financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves. Subject to the immediately succeeding sentence, the Loan Parties shall pay the reasonable and documented out-of-pocket fees and expenses of the Agent and such professionals with respect to such examinations and inventory appraisals. The Agent may conduct (A) one (1) commercial finance examination and one (1) inventory appraisal in any twelve month period at the Borrower's expense, provided that , in the event that Excess Availability is less than 25% of the Adjusted Loan Cap for longer than three (3) consecutive Business Days, the Agent may undertake two (2) commercial finance examinations and two (2) inventory appraisals in any twelve month period at the Borrower's expense, and (B) one (1) additional commercial finance examination and one (1) additional inventory appraisal in any twelve month period as the Agent may require at the expense of the Lenders, and (C) additional commercial finance examinations and inventory appraisals as the Agent may require in its reasonable discretion if a Specified Event of Default has occurred and is continuing, at the expense of the Borrower.

(d) Amendments to Schedules . Schedule 2.01 to the Credit Agreement shall be amended by deleting such schedule and replacing it with the corresponding schedule set forth on Annex I attached hereto.

3. **REPRESENTATIONS AND WARRANTIES** . Each of the Guarantors and the Borrower represents and warrants to the Agent and the Lenders that:

(a) the representations and warranties set forth in the Credit Agreement and in each of the other Loan Documents are true and correct in all material respects on the First Amendment Effective Date, as if made on and as of the First Amendment Effective Date and as if each reference therein to "this

Agreement" or the "Credit Agreement" or the like includes reference to this Amendment and the Credit Agreement as amended hereby (except to the extent that such representations and warranties expressly relate to an earlier date, in which case they are true and correct in all material respects as of such earlier date) ; provided , that any representation and warranty that is qualified as to "materiality", "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates ; and

(b) after giving effect to this Amendment, no Default or Event of Default exists as of the First Amendment Effective Date.

4. **CONDITIONS PRECEDENT** . The amendments set forth in this Amendment shall not be effective until each of the following conditions precedent are satisfied in a manner satisfactory to the Agent:

(a) receipt by the Agent of (i) a copy of this Amendment, duly authorized and executed by Guarantors, the Borrower and each Lender, (ii) a copy of the First Amendment Fee Letter, duly authorized and executed by the Borrower, the Agent and each Lender, (iii) an amended and restated Revolving Note executed by the Borrower, (iv) a secretary's certificate from each of the Loan Parties certifying (A) the recent passage and continued effectiveness of resolutions approving the transactions contemplated by this Amendment, and (B) the incumbency of the officers executing this Amendment and the documents delivered in connection therewith to which such Loan Party is a party, in each case in form and substance reasonably satisfactory to the Agent, and (v) an executed legal opinion of a firm reasonably acceptable to the Agent as counsel to the Loan Parties, in form and substance reasonably satisfactory to the Agent ;

(b) receipt by the Agent of a detailed consolidated budget for the Fiscal Year ending on or around February 1, 2016 (including a projected consolidated balance sheet of the Parent, Holdings, the Borrower and its Subsidiaries and the related consolidated statements of projected cash flow and projected income, together with a projection of the Borrowing Base and Excess Availability, in each case prepared on a month by month basis);

(c) receipt by the Agent of all fees and expenses required to be paid hereunder or pursuant to the First Amendment Fee Letter, and, to the extent invoiced at least one (1) Business Day prior to the First Amendment Effective Date, reimbursement or payment of all reasonable out-of-pocket expenses (including, without limitation, reasonable fees and expenses of Choate, Hall & Stewart LLP, counsel to the Agent not to exceed $13,000) required to be reimbursed or paid by the Loan Parties pursuant to the terms of Section 10.04 of the Credit Agreement; and

(d) after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing, nor shall any Default or Event of Default result from the consummation of the transactions contemplated herein.

5. **EFFECT ON LOAN DOCUMENTS** . As amended hereby, the Credit Agreement and the other Loan Documents shall be and remain in full force and effect in accordance with their terms and hereby are ratified and confirmed by each of the Guarantors and the Borrower in all respects. The execution, delivery, and performance of this Amendment shall not operate as a waiver of any right, power, or remedy of the Agent or the Lenders under the Credit Agreement or the other Loan Documents. Each of the Guarantors and the Borrower hereby acknowledges and agrees that, after giving effect to this Amendment,

all of its respective obligations and liabilities under the Loan Documents to which it is a party, as such obligations and liab ilities have been amended by this Amendment, are reaffirmed and remain in full force and effect. Af ter giving effect to this Amendment, each of the Guarantors and the Borrower reaffirms each Lien granted by it to the Agent for the benefit of the Lenders under each of the Loan Documents to which it is a party, which Liens shall continue in full force and effect during the term of the Credit Agreement, and shall continue to secure the Obligat ions (after giving effect to this Amendment), in each case, on and subject to the terms and conditions set forth in the Credit Agreement and the other Loan Documents .

6. **NO NOVATION; ENTIRE AGREEMENT** . This Amendment is not a novation or discharge of the terms and provisions of the obligations of the Borrower and Guarantors under the Credit Agreement and the other Loan Documents. There are no other understandings, express or implied, among the Guarantors, the Borrower, the Agent and the Lenders regarding the subject matter hereof or thereof.

7. **GOVERNING LAW** . THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8. **COUNTERPARTS; ELECTRONIC EXECUTION** . This Amendment may be executed in any number of counterparts and by different parties and separate counterparts, each of which when so executed and delivered shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by facsimile or other electronic transmission also shall deliver a manually executed counterpart of this Amendment but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

9. **CONSTRUCTION** . This Amendment and the Credit Agreement shall be construed collectively and in the event that any term, provision or condition of any of such documents is inconsistent with or contradictory to any term, provision or condition of any other such document, the terms, provisions and conditions of this Amendment shall supersede and control the terms, provisions and conditions of the Credit Agreement. Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "therein", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified hereby.

10. **MISCELLANEOUS** . The terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

[Remainder of page intentionally left blank; signature pages follow.]

IN WITNESS WHEREOF , the parties hereto have caused this Amendment to be executed as of the date first above written.

VINCE, LLC , as the Borrower

By: __/s/ Jay L. Dubiner_____ __ _______________
Name: Jay L. Dubiner
Title: Senior Vice President,

Secretary and General Counsel

VINCE INTERMEDIATE HOLDING, LLC ,
as a Guarantor

By: ____/s/ Jay L. Dubiner______________________
Name: Jay L. Dubiner
Title: Senior Vice President,

and General Counsel

VINCE HOLDING CORP. ,
as a Guarantor

By: ____/s/ Jay L. Dubiner______________________
Name: Jay L. Dubiner
Title: Senior Vice President,

and General Counsel

BANK OF AMERICA, N.A. ,
as Agent

By: ______/s/ Matthew Potter___________

Nar

Matthew Potter

Titl

Vice President

BANK OF AMERICA, N.A. ,
as Lender, Swing Line Lender and L/C Issuer

By: _____/s/ Matthew Potter_______________

Nar

Matthew Potter

Titl

President

[Signature Page to First Amendment to Credit Agreement]

Annex I

Schedule 2.01
to Credit Agreement

COMMITMENTS AND APPLICABLE PERCENTAGES

LENDER	**COMMITMENT**	**APPLICABLE PERCENTAGE**
BANK OF AMERICA, N.A.	$80,000,000.00	100.000000000%
TOTAL	**$80,000,000.00**	**100.000000000%**

VINCE.

Exhibit 10.2

June 25, 2015

Mark E. Brody
c/o Sun Capital Partners, Inc.
5200 Town Center Circle, Suite 600
Boca Raton, FL 33486

Re: Interim Chief Financial Officer Offer Letter

Dear Mark:

On behalf of Vince Holding Corp. (the " Company "), we are pleased to offer you this letter agreement (this " Agreement "), which sets forth all of the terms and conditions of your employment as Interim Chief Financial Officer and Treasurer of the Company.

1. **Term of Employment.** Your employment with the Company under this Agreement will commence on July 6, 2015. Your employment with the Company will be "at-will," and will be terminable by you or the Company at any time and for any reason (or no reason).
2. **Title and Reporting.** During the term of your employment with the Company under this Agreement, you will serve as the Interim Chief Financial Officer and Treasurer of the Company and you will report directly to the Chief Executive Officer of the Company. During your term of employment with the Company, you will also serve as the Interim Chief Financial Officer and Treasurer of Vince Intermediate Holding LLC and Vince LLC, for which you will receive no additional compensation.
3. **Duties and Responsibilities.** You will have the duties and responsibilities that are normally associated with the position described above and such additional executive responsibilities as may be reasonably prescribed by the Chief Executive Officer or the Board of Directors of the Company from time to time that are not materially inconsistent with your position. During your period of employment, you will devote substantially all of your business time, energy and efforts to your obligations hereunder and to the affairs of the Company; provided that the foregoing shall not prevent you from (i) participating in charitable, civic, educational, professional, community or industry affairs, and (ii) managing your passive personal investments, in each case, so long as such activities, individually or in the aggregate, do not materially interfere with your duties hereunder or create a potential business conflict.
4. **Base Salary.** During your employment with the Company, you will receive a monthly base salary at a rate of $62,804.17 per month (prorated for any partial month), payable in accordance with the Company's regular payroll policies. Your base salary will be subject to review by the Board of Directors of the Company from time to time, provided that your base salary may never be decreased from the base salary then in effect without your prior consent.

5. **Employee Benefits.** You will be entitled to participate in the employee and fringe benefit plans and programs (including, without limitation, medical, dental, vision, retirement and disability and life insurance) of the Company in effect during your employment that are generally available to the senior management of the Company, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and programs.

6. **Business Expenses.** Upon presentation of reasonable substantiation and documentation as the Company may specify from time to time, you will be reimbursed in accordance with the Company's expense reimbursement policy, for all reasonable out-of-pocket business expenses (including reasonable coach-class travel accommodations , hotel accommodations, automobile rental, cell phone and meals) incurred and paid by you during the period of your employment with the Company and in connection with the performance of your duties to the Company. In addition, during the period of your employment with the Company, the Company will reimburse you, in accordance with the Company's expense reimbursement policy, and on a tax grossed-up basis, for the reasonable cost of roundtrip airfare between your home and the Company's principal offices and the reasonable cost of temporary housing near the Company's New York City office. Any such reimbursements shall be made on a monthly basis, provided however, that for purposes of complying with Section 409A of the Internal Revenue Code (" Section 409A "), and to the extent that such reimbursements (including any tax gross-ups) or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, (A) all such expenses or other reimbursements shall be made on or prior to the last day of the calendar year following the calendar year in which such expenses are incurred by you, (B) any right to such reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any calendar year shall in any way affect your expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, and (D) any tax gross-up payments hereunder shall be paid no later than the end of calendar year following the calendar year in which you remit the related taxes.

7. **No Assignments.** This Agreement is personal to each of the parties hereto, and no party may assign or delegate any right or obligation hereunder without first obtaining the written consent of the other party hereto.

8. **Withholding Taxes.** The Company may withhold from any and all amounts payable to you hereunder such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

9. **Governing Law.** The terms of this Agreement and your employment with the Company will be governed by the laws of the State of Delaware, without giving effect to the conflicts of laws principles thereof.

10. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes any and all prior agreements or understandings between you and the Company with respect

to the subject matter hereof, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by you and the Company.

* * * * * * * *

On behalf of the Company, we are pleased to offer you this role and the compensation package set forth in this Agreement. We look forward to you joining our team.

Very truly yours,

VINCE HOLDING CORP.

By: /s/ Jill Granoff
Name: Jill Granoff
Title: Chief Executive Officer

Accepted:

Dated: June 25, 2015 /s/ Mark E. Brody
Mark E. Brody

VINCE.

Exhibit 10.3

June 17, 2015

Nicholas Rubino

Dear Nick:

I am pleased to provide this letter confirming your offer of employment with Vince, LLC (hereafter “Vince” or “the Company”), for the position of **Senior Vice President, General Counsel and Secretary,** with an expected start date of TBD. The terms of the employment offer are as follows:

Reporting Relationship and Primary Work Location

You will report to Vince’s Chief Executive Officer. You will be based in our New York office and will travel to the Company’s LA office and other locations as needed.

Base Salary and Incentive Bonus

Your annual base salary will be $400,000.

You will be eligible to participate in the Company’s Annual Short-Term Incentive Plan (“STI Plan”), for Fiscal Year 2015 (February 1 – January 31). The 2015 target bonus opportunity for your position under this plan is 60% of your annual base salary, based upon annual performance targets established each fiscal year. Your bonus will be prorated for your first year of employment based on your date of hire. You will be eligible to participate in Short-Term and Long-Term Incentive Plans consistent with similarly situated executives.

Long-Term Incentive Awards

Subject to approval by the Vince Board of Directors, you will receive a new hire equity grant in the form of stock options valued at $400,000 which is equivalent to 100% of your base salary, vesting annually over a four year period. This grant will be issued as soon as practicable after formal Board approval.

The official grant agreement, which will cover the vesting schedule, expiration rules, and other terms and conditions, will be provided at the time the grant is formally issued.

You will also be eligible to participate in the ongoing annual Long-Term Incentive Program consistent with similarly situated executives. The Company’s Board of Directors will determine the target amount and terms (such as equity mix and vesting schedule) of the annual awards each year, based upon the Company’s performance as well as market conditions and other factors.

Benefits

You will be entitled to participate in and receive benefits under any existing employee benefit plan or similar arrangement generally available for employees, including medical, dental, and vision coverage, 401(k), disability and life insurance. Medical, Dental and Vision coverage begin on the first day of employment with Vince. You will automatically be enrolled in the company’s 401k program on the first of the month following completion of 30 days of employment. A summary of Vince’s current benefits is enclosed.

You will accrue four (4) weeks of vacation per annum (pro-rated for the first year of employment) as well as all Company paid holidays and personal days in accordance with the Company’s standard vacation and holiday policies. Vacation time is accrued at 6.15 hours per pay period. All vacation time to be earned during the year is available to take as of January 1st each year even though you actually earn it as the year proceeds.

You are eligible to receive Vince's executive discount of 75% off apparel merchandise and 50 % off licensed merchandise in retail stores and online, beginning on your first day of employment.

In accordance with the Company's clothing allowance policy, you will receive an allowance in the amount of $6,000 per fiscal year (pro-rated for the first year of employment) with a full allowance of an additional $6,000 as of February 1, 2016. Your allowance will be calculated based on 50% off the wholesale price of each item of clothing. Please note that receiving a clothing allowance is considered a taxable benefit and, as a result, the applicable income taxes associated with receiving this benefit will be applied. The clothing allowance policy, including the amount of the allowance, is subject to change with or without notice.

You may be requested, occasionally and for reasonable periods of time, to travel for business purposes. All travel will be at the cost of the Company and will be paid or reimbursed by the Company in accordance with the Company's Travel & Entertainment Policy as in effect.

Severance

If your employment is terminated by the Company without "cause" (as such term is defined in the Company's 2013 Omnibus Incentive Plan), then subject to the execution of a satisfactory release by you, you will receive severance payments, equivalent to your then current base rate of pay, for the next twelve (12) months or until other employment is earlier secured. If you are, as of the termination date, enrolled in the Company's medical and dental plans, then you will continue to receive medical and dental coverage in accordance with the Company's plans that are then in place until the end of the salary continuation period or, at the Company's option, coverage under another medical and/or dental plan.

Restrictive Covenants

Notice Period Requirement. Should you voluntarily resign your employment, you shall provide the Company with a sixty (60) day working notice period. During this notice period, you agree to continue performing all of the functions and responsibilities of your position, continue to give your full time and attention to such responsibilities, and assist the Company in preparing for your departure.

Non-Compete. During your employment and for a period of six (6) months thereafter, you shall not directly or indirectly (i) source, manufacture, produce, design, develop, promote, sell, license, distribute, or market anywhere in the world (the "Territory") any contemporary apparel, accessories or related products that compete with the company's products, on the same floor or near our product in department stores, or comparable product in specialty stores ("Competitive Products") or (ii) own, manage, operate, be employed by, participate in or have any interest in any other business or enterprise engaged in the design, production, distribution or sale of Competitive Products anywhere in the Territory; provided, however, that nothing herein shall prohibit you from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in such business which is publicly traded, so long as you have no active participation in the business of such corporation or other entity. This paragraph will not apply and will not be enforced by the Company with respect to post-termination activity by you that occurs in California or in any other state in which this prohibition is not enforceable under applicable law.

Non-solicit, Non-interference . During your employment and for a period of twelve (12) months thereafter you shall not , except in furtherance of your duties during your employment with the Company, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (A) solicit or induce any employee, consultant, representative or agent of the Company or any of its affiliates, to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, consultant, representative or agent, or take any action to materially assist or aid any other person, firm corporation or other entity in identifying, hiring or soliciting any such employee, consultant, representative or agent, or (B) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company or any of its affiliates and their respective customers, suppliers, vendors, joint ventures, distribution partners, franchisees, licensors, licensees or any other business relation of the Company or its affiliates. Any person described in subparagraph (A) above shall be deemed covered by this paragraph while so employed or retained and for a period of six (6) months thereafter, unless such person's employment has been terminated by the Company.

Non-disparagement. During your period of employment and thereafter, you shall not make any negative comments or otherwise disparage the Company or any of its affiliates or any of the Company's or its affiliates' officers, directors, employees, shareholders, agents, products or business, or take any action, including making any public statements or publishing or participating in the publication of any accounts or stories relating to any persons, entities, products or businesses which negatively impacts or brings such person, entity, product or business into public ridicule or disrepute except if testifying truthfully under oath pursuant to subpoena or other legal process, in which event you agree to provide the Company, as appropriate, with notice of subpoena and opportunity to respond.

Compliance with Law

This letter is intended to comply with applicable law. Without limiting the foregoing, this letter is intended to comply with the requirements of section 409A of the Internal Revenue Code ("409A"), and, specifically, with the separation pay and short term deferral exceptions of 409A. Notwithstanding anything in the letter to the contrary, separation pay may only be made upon a "separation from service" under 409A and only in a manner permitted by 409A. For purposes of 409A, the right to a series of installment payments under this letter shall be treated as a right to a series of separate payments. In no event may you, directly or indirectly, designate the calendar year of a payment. All reimbursements and in-kind benefits provided in this letter shall be made or provided in accordance with the requirements of 409A (including, where applicable, the reimbursement rules set forth in the regulations issued under 409A). If you are a "specified employee" of a publicly traded corporation on your termination date (as determined by the Company in accordance with 409A), to the extent required by 409A, separation pay due under this letter will be delayed for a period of six (6) months. Any separation pay that is postponed because of 409A will be paid to you (or, if you die, your beneficiary) within 30 days after the end of the six-month delay period.

Miscellaneous

Please be advised that this offer is contingent upon the favorable outcome of background and reference checks. Please also be advised that your employment is for an indefinite period and is terminable at the will of either the Company or you, with or without cause at any time, subject only to such limitations as may be imposed by law and/or the terms of this letter. This offer of employment is contingent on you not being subject to any restrictive covenants which would impact your ability to perform the services contemplated (or you having delivered to us an effective waiver thereof). By signing below, you are confirming to us that you are not presently subject to or otherwise bound by a non-compete, confidentiality or other restriction with any person or company with respect to any prior or existing employment, investment or other relationship.

You will receive an orientation packet with employment paperwork and benefit plan enrollment materials. Please review closely the Employment Eligibility Verification requirements and list of acceptable documents on the Form I-9 and bring with you the appropriate personal identification. One voided check will also be required to set up your direct deposit account for payroll. Please bring the entire packet and requested documentation to Human Resources on your first day.

I am excited about you joining our team and look forward to working with you. Please sign a copy of this letter to acknowledge your agreement with its conditions and return it via email to Melissa Wallace at mwallace@vince.com.

Sincerely,

/s/ Jill Granoff
Jill Granoff
Chief Executive Officer

/s/ Melissa Wallace
Melissa Wallace
SVP Human Resources

Accepted:

/s/ Nicholas Rubino 6/18/15
Nicholas Rubino Date

Exhibit 31.1

CEO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(15 U.S.C. SECTION 1350)

I, Mark E. Brody, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vince Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Mark E. Brody
Mark E. Brody
Chief Executive Officer
(principal executive officer)
September 8, 2015

Exhibit 31.2

CFO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(15 U.S.C. SECTION 1350)

I, David Stefko, certify that:

1. I have reviewed this annual report on Form 10-Q of Vince Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David Stefko
David Stefko
Chief Financial Officer and Treasurer
(principal financial and accounting officer)
September 8, 2015

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Vince Holding Corp. (the "Company"), on Form 10-Q for the quarter ended August 1, 2015 as filed with the Securities and Exchange Commission (the "Report"), Mark E. Brody, Chief Executive Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company at the dates and for the periods indicated in the Report.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The undersigned expressly disclaims any obligation to update the foregoing certification except as required by law.

/s/ Mark E. Brody
Mark E. Brody
Chief Executive Officer
(principal executive officer)
September 8, 2015

Exhibit 32.2

CERTIFICATIONS OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Vince Holding Corp. (the “Company”), on Form 10-Q for the quarter ended August 1, 2015 as filed with the Securities and Exchange Commission (the “Report”), David Stefko, Chief Financial Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company at the dates and for the periods indicated in the Report.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The undersigned expressly disclaims any obligation to update the foregoing certification except as required by law.

/s/ David Stefko
David Stefko
Chief Financial Officer and Treasurer
(principal financial and accounting officer)
September 8, 2015