

Vera Bradley, Inc.
Form DEF 14A
April 23, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

VERA BRADLEY, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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2208 Production Road

Fort Wayne, Indiana 46808

April 23, 2012

Dear Shareholder:

You are cordially invited to attend the 2012 Annual Meeting of Shareholders of Vera Bradley, Inc., to be held at 11:00 A.M., Eastern Time, on May 24, 2012 at our offices located at 11222 Stonebridge Road, Roanoke, Indiana 46783.

The attached Notice of 2012 Annual Meeting of Shareholders and Proxy Statement provide information concerning the matters to be considered and voted on at the Annual Meeting. Please take the time to read carefully each of the proposals.

Regardless of the number of shares you hold or whether you plan to attend the meeting in person, your vote is important. Accordingly, please vote your shares as soon as possible in accordance with the instructions you received. Voting your shares prior to the Annual Meeting will not prevent you from voting your shares in person, if you subsequently choose to attend the meeting.

Thank you for your continued support of Vera Bradley.

Sincerely,

Michael C. Ray

Chief Executive Officer

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2208 Production Road

Fort Wayne, Indiana 46808

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 24, 2012

The Annual Meeting of Shareholders of Vera Bradley, Inc. will be held at our offices located at 11222 Stonebridge Road, Roanoke, Indiana 46783 on Wednesday, May 24, 2012 at 11:00 A.M., Eastern Time, for the following purposes:

1. To elect three Class II directors to the Board of Directors;
 2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2013; and
 3. To transact any other business as may properly come before the meeting or any adjournments or postponements of the meeting.
- You are entitled to vote at the Annual Meeting and at any adjournments or postponements of the meeting if you were a shareholder at the close of business on April 11, 2012.

Please submit your proxy card as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions. For specific instructions on voting, please refer to the instructions on your enclosed proxy card.

By Order of the Board of Directors,

Anastacia S. Knapper

Secretary

April 23, 2012

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders To Be Held on May 24, 2012: This Notice of Annual Meeting and Proxy Statement and our Fiscal 2012 Annual Report are available in the Investor Relations section of our website at www.verabradley.com.

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REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY PROPOSALS, NOMINATION OF DIRECTORS AND OTHER BUSINESS OF SHAREHOLDERS

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VERA BRADLEY, INC.

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS

AND THE 2012 ANNUAL MEETING OF SHAREHOLDERS

Q. Why am I receiving these materials?

- A. We are providing these proxy materials to you in connection with the solicitation, by the Board of Directors of Vera Bradley, Inc. (the Company or Vera Bradley), of proxies to be voted at the Company s 2012 Annual Meeting of Shareholders and at any adjournments or postponements of the meeting. The Annual Meeting will be held on May 24, 2012 beginning at 11:00 A.M., Eastern Time, at the Company s offices located at 11222 Stonebridge Road, Roanoke, Indiana 46783. As a shareholder, you are invited to attend the Annual Meeting and are entitled and requested to vote on the proposals described in this Proxy Statement. This Proxy Statement and the accompanying proxy card are being mailed to shareholders starting on April 23, 2012.

Q. What proposals will be voted on at the Annual Meeting?

- A. Two proposals are scheduled to be voted on at the Annual Meeting:

The election of three Class II directors to the Board of Directors; and

The ratification of the appointment of PricewaterhouseCoopers LLP (PwC) as our independent registered public accounting firm for fiscal 2013.

Our Board of Directors is not aware of any other matter that will be presented at the Annual Meeting. If any other matter is properly presented at the Annual Meeting, the persons named on your proxy will, in the absence of your instructions to the contrary, vote the shares for which such persons have voting authority in accordance with their discretion on the matter.

Q. What are the Board of Directors voting recommendations?

- A. The Company s Board of Directors recommends that you vote your shares:

FOR the election of each of the Class II director nominees to the Board of Directors; and

FOR the ratification of the appointment of PwC as our independent registered public accounting firm for fiscal 2013.

Q. Who is entitled to vote?

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- A. Only holders of record of our common shares at the close of business on April 11, 2012 (the Record Date), will be entitled to notice of, and to vote at, the Annual Meeting, or any postponements and adjournments thereof. If you hold your shares in street name and wish to vote your shares in person at the Annual Meeting, you must obtain a legal proxy from your broker, bank or other nominee (who is the shareholder of record), giving you the right to vote the shares; otherwise, your broker, bank or other nominee will vote for you pursuant to voting instructions provided by you. On the Record Date, 40,531,771 common shares were issued and outstanding. Each common share is entitled to one vote on each matter presented at the Annual Meeting.

Q. What do I need to do now?

- A. Please carefully consider the information in this Proxy Statement and respond as soon as possible so that your shares will be represented at the meeting. You can respond by following the instructions for granting a proxy to vote on the proxy card or, for shares held by your broker, on the voting instruction card that your

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broker provides to you. Alternatively, you may attend the Annual Meeting and vote your shares in person, in which case, only your in-person votes will count. Remember that you will need to obtain a legal proxy from your bank, broker or nominee if your shares are held in street name and you wish to vote in person at the Annual Meeting.

Q. Do I need to attend the meeting?

- A. No. You may authorize your shares to be voted by following the instructions on the proxy card or, for shares held by your broker, on the voting instruction card that your broker provides to you.

Q. If I wish to attend the meeting, what identification must I show to attend?

- A. All shareholders should bring a driver's license, passport or other form of government-issued identification to verify their identities. In addition:

If your shares are held through a broker or other financial institution (known as street name), you will need to bring either (1) a letter from your broker stating that you held the Company's shares through that institution as of the Record Date, or (2) a copy of the notice of Annual Meeting document you received in the mail.

If you are a registered shareholder (meaning, your shares are held directly with the Company's transfer agent) whose shares are registered in your own name, you do not need anything additional, because we can check your name against the list of registered shareholders at the door.

Shareholders whose shares are held jointly or through a company, group or other institution may bring one other person with them to attend the meeting. Please understand that for security reasons, we cannot admit to the meeting people who lack the proper identification.

Q. How do I vote shares that are held by my broker?

- A. If you have shares held by a broker or other nominee, you may instruct your broker or other nominee to vote your shares by following the instructions that your broker or nominee provides to you. Most brokers offer voting by mail, telephone and the Internet.

Q. What is the quorum requirement for the Annual Meeting?

- A. A quorum is necessary for the Company's shareholders to conduct business at the Annual Meeting. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares entitled to vote on the Record Date will constitute a quorum, permitting us to conduct the business of the meeting. Proxies received but marked as abstentions, if any, and broker non-votes described below, will be included in the calculation of the number of shares considered to be present at the meeting for quorum purposes.

Q. What is the voting requirement to approve each of the proposals?

- A. Three Class II directors have been nominated for election at the Annual Meeting. Class II directors will be elected by a plurality of the votes properly cast in the election of directors at the Annual Meeting. This means that the three nominees who receive the largest number

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of FOR votes cast will be elected as directors. Shareholders cannot cumulate votes in the election of directors. The proposal to ratify the appointment of our independent registered public accounting firm will be approved if the votes properly cast favoring the proposal exceed the votes properly cast opposing the proposal.

Q. What does it mean if I receive more than one proxy or voting instruction card?

A. It means your shares are registered differently or are in more than one account. Please provide voting instructions for all proxy and voting instruction cards you receive.

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Q. Who will count the vote?

- A. A representative of Broadridge Financial Solutions, Inc., the Company's mailing agent, will tabulate the votes. Anastacia S. Knapper, the Company's Secretary will act as the inspector of election.

Q. What if I abstain? How are broker non-votes counted?

- A. Your broker will NOT be able to vote your shares with respect to the election of directors or the ratification of the appointment of our independent registered public accounting firm, if you have not provided directions to your broker. We strongly encourage you to vote your shares and exercise your right to vote as a shareholder.

When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present, but will generally have no effect on either of the proposals, because they are not considered votes cast.

Q. Can I revoke my proxy or change my vote?

- A. Yes. You may revoke your proxy or change your voting instructions at any time prior to the vote at the Annual Meeting by:

providing written notice to the Secretary of the Company;

delivering a valid, later-dated proxy or a later-dated vote on the Internet or by telephone; or

attending the Annual Meeting and voting in person.

Please note that your attendance in person at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request. Shares held in street name may be voted in person by you at the Annual Meeting only if you obtain a signed proxy from the record holder giving you the right to vote the shares. If your shares are held in street name, you must contact your brokerage firm or bank to change your vote or obtain a proxy to vote your shares if you wish to cast your votes in person at the meeting.

Q. Who will bear the cost of soliciting votes for the Annual Meeting?

- A. The Company will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic and facsimile transmission by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We may reimburse brokerage firms and other persons representing beneficial owners of our common shares for their expenses in forwarding solicitation material to such beneficial owners.

Q. I share an address with another shareholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

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- A. The Company has adopted a procedure called householding, which the Securities and Exchange Commission (the SEC) has approved. Under this procedure, the Company is delivering a single copy of this Proxy Statement to multiple shareholders who share the same address unless the Company has received contrary instructions from one or more of the shareholders. This procedure reduces the Company's printing costs, mailing costs and fees. Shareholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, a separate copy of this Proxy Statement will be promptly delivered to any shareholder at a shared address to which the Company delivered a single copy. To receive a separate copy of this Proxy Statement, or a separate copy of future proxy statements, shareholders may write or call Broadridge Financial Solutions, Inc. at the following address and

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telephone number: Householding Department, 51 Mercedes Way, Edgewood, New York 11717 or 1-800-542-1061. Shareholders who hold shares in street name may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

Q. Can I access the Company's proxy materials and Annual Report electronically?

- A. This Proxy Statement and copies of the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2012, as filed with the SEC, are available to shareholders free of charge in the Investor Relations section of the Company's website at www.verabradley.com or by writing to Vera Bradley, Inc., 2208 Production Road, Fort Wayne, Indiana 46808.

Q. Where can I find the voting results of the Annual Meeting?

- A. The Company will announce preliminary voting results at the Annual Meeting and publish preliminary, or final results if available, in a Current Report on Form 8-K within four business days of the Annual Meeting.

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PROPOSALS TO BE VOTED ON BY VERA BRADLEY S SHAREHOLDERS

PROPOSAL NO. 1

ELECTION OF CLASS II DIRECTORS

We have a classified Board of Directors consisting of four Class I directors, three Class II directors, and four Class III directors, who will serve until the annual meetings of shareholders to be held in 2014, 2012 and 2013, respectively, and until their respective successors are duly elected and qualified. At each annual meeting of shareholders, directors are elected for a term of three years to succeed those directors whose terms expire at the annual meeting.

The term of the Class II directors will expire at the upcoming Annual Meeting. Accordingly, three people are to be elected to serve as Class II directors of the Board at the Annual Meeting. Our Nominating and Corporate Governance Committee has nominated for election by the shareholders to the Class II positions, Robert J. Hall, P. Michael Miller and Edward M. Schmults, the current Class II members of the Board. If elected, Messrs. Hall, Miller and Schmults will serve as Class II directors until our annual meeting of shareholders in 2015 and until their successors are duly elected and qualified.

The Board of Directors has no reason to believe that any of Messrs. Hall, Miller or Schmults will be unable to serve as a director. If, however, any nominee becomes unavailable, the proxies will have discretionary authority to vote for a substitute nominee.

Unless authority to do so is withheld, the persons named as proxies will vote **FOR** the election of Messrs. Hall, Miller and Schmults.

Background information on each of the directors, including the director nominees, appears below.

If a quorum is present and voting, the three nominees for Class II directors receiving the highest number of votes will be elected as Class II directors. Abstentions and broker non-votes will have no effect on the vote.

Nominees for Election as Class II Directors at the 2012 Annual Meeting

Robert J. Hall, age 53, Chairman of the Board of Directors

Robert J. Hall has served as a director since 2007 and as Chairman of the Board since September 2010. Mr. Hall currently is the principal of Andesite Holdings, a private investment firm that he founded in 2007. Prior to founding Andesite Holdings, Mr. Hall served as an Executive Director for UBS Financial Services from 2000 to 2007. From 1995 to 2000, he served as a Senior Vice President for Paine Webber in Philadelphia, Pennsylvania. Mr. Hall serves as a director of Thomas Raymond & Co., a manufacturer of men's handcrafted footwear, New World Stoneworks LLC, a retailer of stone products, and KodaBow Inc., a manufacturer and retailer of sporting goods. Mr. Hall also serves as the Chairman of the Board of the Mid-Atlantic region of Teach for America.

Mr. Hall provides our Board of Directors with insight and perspective on general strategic and financial matters, stemming from his extensive experience in investment banking, investment management, financial planning, and private placements.

P. Michael Miller, age 74, Director

P. Michael Miller has served as a director since 1990. From 1990 through June 2010, he also served as our Secretary and Treasurer. Mr. Miller is a senior partner in the law firm of Hunt Suedhoff Kalamaros LLP. He has been a partner with the firm since 1997. Mr. Miller also serves as a director of the Vera Bradley Foundation for Breast Cancer.

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Mr. Miller has been involved with Vera Bradley since its inception and brings to our Board of Directors a broad array of institutional knowledge and historical perspective. Mr. Miller also provides insight and guidance on legal and business matters, stemming from his experience as a practicing attorney.

Edward M. Schmults, age 49, Director

Edward M. Schmults has served as a director since September 2010. Mr. Schmults currently serves as the Chief Executive Officer of Wild Things, LLC, a private company that provides technical apparel, packs and bags to the U.S. military, federal and state law enforcement agencies and the consumer market. Mr. Schmults has served as the Chief Executive Officer of Wild Things, LLC since 2009. From 2005 to 2009, Mr. Schmults served as the Chief Executive Officer of FAO Schwarz, a toy retailer. Prior to joining FAO Schwarz, he was employed at RedEnvelope, Inc., a catalog and internet retailer of affordable luxury goods, where he started as Senior Vice President of Operations in 2004 and was promoted to Chief Operating Officer in 2005. Mr. Schmults was a consultant in the Entrepreneur-in-Residence program at Benchmark Capital in London in 2003. From 2000 to 2003, he served as President of Global Sales for Freeborders, an enterprise software company. From 1997 to 2000, he served as President of Moonstone Mountain Equipment, an outdoor equipment company. Prior to joining Moonstone Mountain Equipment, Mr. Schmults held various positions at Patagonia, Inc., a high-end outdoor clothing company, from 1990 to 1997. Mr. Schmults previously served on the board of directors of Recreational Equipment, Inc. (REI), a retailer of outdoor clothing and equipment, from 2007 to 2010. He currently serves on the Board of Trustees of the National Outdoor Leadership School and is a member of the National Council of the American Prairie Foundation.

Mr. Schmults brings to our Board of Directors over 20 years of experience in branded consumer products, direct-to-consumer sales, finance, information technology, and socially responsible business practices.

**VERA BRADLEY'S BOARD OF DIRECTORS RECOMMENDS A VOTE
FOR THE ELECTION OF THE FOREGOING NOMINEES
TO THE BOARD OF DIRECTORS.**

Directors Continuing in Office

Class I Directors Serving until the 2014 Annual Meeting

Michael C. Ray, age 51, Chief Executive Officer and Director

Michael C. Ray has served as our Chief Executive Officer since 2007 and as a director since June 2010. From 2004 to 2007, Mr. Ray served as our Executive Vice President of Sales and Marketing. From 1999 to 2004, he served as our National Sales Director. Mr. Ray joined Vera Bradley in 1998 as Director of Finance and served us in that capacity until being promoted to National Sales Director in 1999. He is a board member of the Riley Children's Foundation in Indianapolis, Indiana.

Mr. Ray has been instrumental in our growth and the development and execution of our long-term strategic plans. He provides our Board of Directors with an in-depth knowledge of our products, industry, challenges, and opportunities, and he communicates management's perspective on important matters.

Stephen J. Hackman, age 52, Director

Stephen J. Hackman has served as a director since October 2011. Mr. Hackman has been a partner at Ice Miller LLP, a regional law firm based in Indianapolis, Indiana, since 1991 and joined the firm in 1984. His practice concentration is in federal and state securities law, mergers and acquisitions and corporate finance. A significant portion is devoted to advising public companies regarding matters of corporate governance, legal and regulatory compliance, risk management and growth strategies. He serves on the board of directors of Visionary

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Enterprises, Inc., a developer, owner and operator of ambulatory surgery centers, the board of trustees of Marian University, and the Business Law Advisory Board for the Indiana University School of Law - Bloomington.

Mr. Hackman brings to the Board of Directors an in-depth knowledge of, and experience handling, corporate governance, legal and regulatory issues commonly faced by public companies. These competences strengthen the Board's collective qualifications, skills and experiences.

John E. Kyees, age 65, Director

John E. Kyees has served as a director since April 2010. Mr. Kyees recently retired in 2010 after serving as the Chief Investor Relations Officer of Urban Outfitters, Inc. Mr. Kyees also served as Chief Financial Officer of Urban Outfitters, Inc. from 2003 to 2010. Mr. Kyees formerly held the position of Chief Financial Officer and Chief Administrative Officer for bebe stores, Inc., a retail chain headquartered in San Francisco, California, from 2002 to 2003. Prior to joining bebe, Mr. Kyees served as Chief Financial Officer for Skinmarket, a startup teenage cosmetic retailer, from 2000 to 2002. Mr. Kyees was also Chief Financial Officer for HC Holdings from 1997 to 2000. HC Holdings filed a bankruptcy petition under Chapter 11 of the U.S. Bankruptcy Code in 2000. From May 1997 to December 1997, he was Chief Financial Officer for Ashley Stewart, and from 1984 to 1997, Mr. Kyees was Chief Financial Officer for Express, which was a division of The Limited Brands, Inc. Mr. Kyees is currently a director and member of the Audit Committee of Casual Male Retail Group, Inc., a publicly traded specialty retailer of men's clothing; a director and member of the audit committee, compensation committee and nominating and corporate governance committee of Teavana Holdings, Inc, a specialty retailer of premium loose-leaf teas, teawares, and other tea-related merchandise; and a director and member of the audit committee of Hot Topic, Inc., a mall and web-based specialty retailer of apparel, accessories, music and gift items.

Mr. Kyees brings to our Board of Directors over 40 years of experience in the consumer products retail and manufacturing industries. He has over 30 years of experience as a chief financial officer and nine years serving in that role for a public company. Institutional Investor magazine selected Mr. Kyees as a top specialty retail chief financial officer on five separate occasions, evidencing his strong skills in corporate finance, strategic, and accounting matters.

Matthew McEvoy, age 50, Director

Matthew McEvoy is Senior Vice President of Strategy and New Business Development at Burberry Group plc. Prior to joining Burberry in 2002, Mr. McEvoy worked for nearly fifteen years at Goldman Sachs, where he held positions of increasing responsibility, including Vice President of the Retail and Apparel Focus Group from 1993 to 2001. Mr. McEvoy is a graduate of Harvard Business School and Harvard College.

Mr. McEvoy brings to the Board of Directors extensive experience in retail operations and strategic planning, years of experience as a Senior Vice President of an international retail public company, and a proven track record of driving international growth and expansion.

Class III Directors Serving until the 2013 Annual Meeting

Barbara Bradley Baekgaard, age 73, Co-Founder, Chief Creative Officer and Director

Barbara Bradley Baekgaard co-founded Vera Bradley in 1982 and has served as a director since then. From 1982 through June 2010, she also served as Co-President. From the outset, Ms. Bradley Baekgaard has provided leadership and strategic direction in our brand's development by providing creative vision to areas such as marketing, product design, assortment planning, and the design and visual merchandising of our stores. In May 2010, she was appointed Chief Creative Officer. She currently serves as a board member of the Indiana University Cancer Center Development and the Vera Bradley Foundation for Breast Cancer. Ms. Bradley Baekgaard's most recent personal awards include the 2007 Country Living Entrepreneur Award and the 2006 Gifts and Decorative Accessories Industry Achievement Award.

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As Co-Founder of Vera Bradley, Ms. Bradley Baekgaard serves a key leadership role on our Board of Directors and provides the Board with a broad array of institutional knowledge and historical perspective as well as an in-depth knowledge of business strategy, branding, product development, and store design.

Patricia R. Miller, age 73, Co-Founder, National Spokesperson and Director

Patricia R. Miller co-founded Vera Bradley in 1982 and has served as a director since then. From 1982 through June 2010, she also served as Co-President. From the outset, Ms. Miller has provided leadership and strategic direction to the business, guiding the development of our operations and supply chain infrastructure and the growth of our employee base. Ms. Miller has also regularly provided a face for Vera Bradley. In June 2010, she was appointed National Spokesperson for the Company where she has continued to promote our brand. Ms. Miller served as the first Secretary of Commerce for the State of Indiana and the Chief Executive Officer of the Indiana Economic Development Corporation from 2005 to 2006. Her most recent personal awards include the Ball State University Indiana Women of Achievement Award for Entrepreneurship in 2006 and the Indiana Historical Society Indiana Living Legend Award in 2008. Ms. Miller serves as a director for the Indiana University Foundation and for the Vera Bradley Foundation for Breast Cancer.

As Co-Founder of Vera Bradley, Ms. Miller brings to our Board of Directors a broad array of institutional knowledge and historical perspective. Ms. Miller also provides insight and perspective on general strategic and business matters, stemming from her executive and finance experience as Secretary of Commerce for the State of Indiana and as Chief Executive Officer of the Indiana Economic Development Corporation.

Richard Baum, age 65, Director

Richard Baum has served as a director since October 2011. Mr. Baum is the managing partner of Consumer Growth Partners, a private equity firm with an exclusive investment focus on specialty retail and branded consumer products companies, which he helped to found in 2005. Prior to the founding of Consumer Growth Partners, Mr. Baum spent more than a decade serving in various equity research roles with Credit Suisse, Goldman Sachs and Sanford Bernstein. During this time, he was consistently ranked as one of Wall Street's top specialty retail analysts. He also has extensive experience in retail operations, merchandising and strategic planning. Mr. Baum holds a J.D. Degree from Harvard Law School and a B.A. in Economics from the University of Michigan.

Mr. Baum brings to the Board of Directors particular knowledge and experience in finance and capital structure, strategic planning, consumer brand strategy and retail merchandising.

Frances P. Philip, age 54, Director

Frances P. Philip has served as a director since May 2011. From 1994 to 2011, Ms. Philip held positions of increasing responsibility at L.L. Bean, including Chief Merchandising Officer from 2002 to 2011. Prior to working at L.L. Bean, Ms. Philip was one of three principals who launched the innovative fresh flower catalog, Calyx & Corolla, and she served in a variety of roles with other specialty retailers, including The Nature Company, Williams-Sonoma, and The Gap. Ms. Philip is a graduate of Harvard Business School and also serves on the boards of A.T. Cross Company, a designer and marketer of branded personal and business accessories; Crane & Co., Inc., a manufacturer of US currency paper and fine cotton papers used for business and personalized stationery; and the Coastal Humane Society.

Ms. Philip brings to our Board of Directors extensive experience in product design and development, multi-channel merchandising and the retail and consumer products industry.

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Family Relationships

Several members of our Board of Directors and our management team are related to one another. P. Michael Miller is the husband of Patricia R. Miller. Robert J. Hall and Michael C. Ray are sons-in-law of Barbara Bradley Baekgaard. Accordingly, Robert J. Hall and Michael C. Ray are brothers-in-law.

Board of Directors Qualifications

We believe that our Board of Directors as a whole should encompass a range of talent, skill, diversity, and expertise enabling it to provide sound guidance with respect to our operations and interests. In addition to considering a candidate's background and accomplishments, candidates are reviewed in the context of the current composition of our Board of Directors and the evolving needs of our business. Our Board of Directors identifies candidates for election to the Board of Directors and reviews their skills, characteristics and experience.

Our Board of Directors seeks directors with strong reputations and experience in areas relevant to the strategy and operations of our business, particularly industries and growth segments that we serve. We believe each of our current directors has experience that meets this objective. We believe that our Board of Directors collectively has experience in core management skills, such as strategic and financial planning, public company financial reporting, corporate governance, risk management and leadership development.

Our Board of Directors also believes that each of our current directors has other key attributes that are important to an effective board: integrity and demonstrated high ethical standards; sound judgment; analytical skills; the ability to engage management and each other in a constructive and collaborative fashion; diversity of origin, background, experience and thought; and the commitment to devote significant time and energy to service on our Board of Directors.

Board Independence

Our Board of Directors has determined that Barbara Bradley Baekgaard, Patricia R. Miller, P. Michael Miller, Robert J. Hall and Michael C. Ray are not independent under the listing standards of The NASDAQ Stock Market. See Certain Relationships and Related Party Transactions for a description of such relationships. Our Board of Directors has affirmatively determined that Richard Baum, Stephen J. Hackman, John E. Kyees, Matthew McEvoy, Frances P. Philip and Edward M. Schmultz satisfy the independence requirements of The NASDAQ Stock Market standards for service on our Board of Directors and each of its committees.

Committees

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Our Board has affirmatively determined that all members of these committees satisfy the independence requirements of The NASDAQ Stock Market.

Audit Committee. Our Audit Committee reviews and recommends to the Board of Directors internal accounting and financial controls and accounting principles and auditing practices to be employed in the preparation and review of our financial statements. In addition, our Audit Committee has the authority to engage public accountants to audit our annual financial statements and determine the scope of the audit to be undertaken by such accountants. Our Audit Committee also reviews the fairness of related party transactions in accordance with the rules of The NASDAQ Stock Market.

Our Audit Committee consists of John E. Kyees, Richard Baum and Matthew McEvoy, with John E. Kyees serving as chairman. As determined by our Board of Directors, John E. Kyees is an Audit Committee financial expert under SEC rules implementing the Sarbanes-Oxley Act of 2002. Our Audit Committee charter is available on our corporate website at www.verabradley.com. Our website is not part of this Proxy Statement.

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Compensation Committee. Our Compensation Committee reviews and recommends to our Chief Executive Officer and the Board of Directors policies, practices and procedures relating to the compensation of managerial employees and the establishment and administration of certain employee benefit plans for managerial employees. The Compensation Committee has the authority to administer our 2010 Equity and Incentive Plan and advise and consult with our officers regarding managerial personnel policies.

Our Compensation Committee consists of Edward M. Schmults, John E. Kyees and Frances P. Philip, with Edward M. Schmults serving as chairman. Our Compensation Committee charter is available on our corporate website at www.verabradley.com. Our website is not part of this Proxy Statement.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee assists the Board of Directors with its responsibilities regarding the identification of individuals qualified to become directors, the selection of the director nominees for the next annual meeting of shareholders and the selection of director candidates to fill any vacancies on the Board of Directors. It also reviews and makes recommendations to the Board regarding the preparation and review of, and compliance with, corporate governance policies and reviews and makes recommendations to the Board regarding succession planning for the Chief Executive Officer and tenure and retirement policies for directors.

Our Nominating and Corporate Governance Committee consists of Frances P. Philip, Richard Baum, Stephen J. Hackman, and Edward M. Schmults, with Frances P. Philip serving as chairman. Our Nominating and Corporate Governance Committee charter is available on our corporate website at www.verabradley.com. Our website is not part of this Proxy Statement.

Director Nominations

The Nominating and Corporate Governance Committee considers nominees recommended by directors, officers, employees, shareholders, and others based upon each candidate's qualifications, including whether a candidate possesses any of the specific qualities and skills desirable in certain members of the Board. Nominees for the Board must be committed to enhancing long-term shareholder value and possess a high level of personal and professional ethics, sound business judgment, appropriate experience and achievements, personal character and integrity. Board members are expected to understand our business and the industry in which we operate, regularly attend Board and committee meetings, participate in meetings and decision making processes in an objective and constructive manner and be available to advise our officers and management. Evaluations of candidates generally involve a review of background materials, internal discussions, and interviews with selected candidates, as appropriate. Upon selection of a qualified candidate, the Nominating and Corporate Governance Committee recommends the candidate to the Board. The Nominating and Corporate Governance Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

The Nominating and Corporate Governance Committee does not have a formal policy regarding the consideration of diversity in identifying nominees for directors. Once the Nominating and Corporate Governance Committee has confirmed that an individual meets the general qualifications for a director, and has further determined that such individual is appropriately qualified to serve on our Board, the Nominating and Corporate Governance Committee then considers the extent to which the membership of the candidate on the Board would promote a diversity of perspectives, backgrounds and experiences among the directors, including expertise and experience in a variety of substantive matters pertaining to our business. However, the Board does not believe the subjective and varying nature of this nomination process lends itself to a formal policy or fixed rules with respect to the diversity of the Board.

The Nominating and Corporate Governance Committee will consider director candidates recommended by shareholders. The Nominating and Corporate Governance Committee will evaluate director candidates in light of several factors, including the general criteria set forth above. Shareholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board at an annual meeting of shareholders must do so in accordance with the procedures set forth in

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Requirements, Including Deadlines, For Submission of Proxy Proposals, Nomination of Directors and Other Business of Shareholders section of this Proxy Statement and in compliance with our bylaws. To date, the Nominating and Corporate Governance Committee has not received a director nomination from a shareholder.

Meeting Attendance

Our Board of Directors held 12 meetings during fiscal 2012. Each of the standing committees of the Board of Directors held the number of meetings indicated below. During fiscal 2012, each of our directors attended at least 75% of the total number of meetings of the Board and all of the committees of the Board of which such director was a member held during the period in which such director served, except that Ms. Philip was unable to attend the first two meetings of the Board of Directors held immediately after her election due to the fact that these meetings were scheduled prior to her election. Directors are encouraged to attend our annual meetings of shareholders, and five directors out of eight directors serving at that time attended the shareholders meeting held on June 22, 2011.

The following table sets forth the three standing committees of the Board of Directors and the number of meetings held by each committee during fiscal 2012:

| Audit | Compensation | Nominating and Corporate Governance |
|-------|--------------|-------------------------------------|
| 14 | 8 | 4 |

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee as of January 28, 2012 were Edward M. Schmults, John E. Kyees and Frances P. Philip. None of the members of the Compensation Committee are now serving or previously have served as employees or officers of the Company or any subsidiary, and none of the Company's executive officers serve as directors of, or in any compensation related capacity for, companies with which members of the Compensation Committee are affiliated.

Fiscal 2012 Director Compensation

The following table summarizes compensation that our directors earned during fiscal 2012 for services as members of our Board of Directors.

| Name ⁽¹⁾ | Fees Earned or Paid in Cash | Stock Awards ⁽³⁾ | Total |
|---------------------|-----------------------------|-----------------------------|-----------|
| Richard Baum | \$ 17,133 | | \$ 17,133 |
| Stephen J. Hackman | 14,133 | | 14,133 |
| Robert J. Hall | 97,498 | \$ 50,000 | 147,498 |