OXFORD INDUSTRIES INC
Form 10-K
March 31, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 2015
or

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

For the transition period from to
Commission File Number: 1-4365
OXFORD INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Georgia (State or other jurisdiction of incorporation or organization)	58-0831862 (I.R.S. Employer Identification No.)

999 Peachtree Street, N.E., Suite 688, Atlanta, Georgia 30309
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code:
(404) 659-2424
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

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 ý No o

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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 x Accelerated filer o Non-accelerated filer o Smaller reporting company o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ý
As of August 1, 2014 which is the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting stock held by non-affiliates of the registrant (based upon the closing price for the common stock on the New York Stock Exchange on that date) was $864,154,887. For purposes of this calculation only, shares of voting stock directly and indirectly attributable to executive officers, directors and holders of 10% or more of the registrant's voting stock (based on Schedule 13G filings made as of or prior to August 1, 2014) are excluded. This determination of affiliate status and the calculation of the shares held by any such person are not necessarily conclusive determinations for other purposes.
Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title of Each Class	Number of Shares Outstanding as of March 18, 2015
Common Stock, $1 par value	16,478,438

Documents Incorporated by Reference
Portions of our proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to the Annual Meeting of Shareholders of Oxford Industries, Inc. to be held on June 17, 2015 are incorporated by reference in Part III of this Form 10-K.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

Our SEC filings and public announcements may include forward-looking statements about future events. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. We intend for all forward-looking statements contained herein, in our press releases or on our website, and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf, to be covered by the safe harbor provisions for forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (which Sections were adopted as part of the Private Securities Litigation Reform Act of 1995). Such statements are subject to a number of risks, uncertainties and assumptions including, without limitation, the uncertainties related to any potential sale transaction involving Ben Sherman being identified or consummated (including, among others, the timing of any transaction and the ultimate impact of any transaction on our business and operating results) and assumptions regarding the impact of economic conditions on consumer demand and spending, particularly in light of general economic uncertainty that continues to prevail, demand for our products, competitive conditions, timing of shipments requested by our wholesale customers, expected pricing levels, retention of and disciplined execution by key management, the timing and cost of store openings and of planned capital expenditures, weather, costs of products as well as the raw materials used in those products, costs of labor, acquisition and disposition activities, expected outcomes of pending or potential litigation and regulatory actions, access to capital and/or credit markets and the impact of foreign losses on our effective tax rate. Forward-looking statements reflect our current expectations, based on currently available information, and are not guarantees of performance. Although we believe that the expectations reflected in such forward-looking statements are reasonable, these expectations could prove inaccurate as such statements involve risks and uncertainties, many of which are beyond our ability to control or predict. Should one or more of these risks or uncertainties, or other risks or uncertainties not currently known to us or that we currently deem to be immaterial, materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Important factors relating to these risks and uncertainties include, but are not limited to, those described in Part I, Item 1A. Risk Factors and elsewhere in this report and those described from time to time in our future reports filed with the SEC. We caution that one should not place undue reliance on forward-looking statements, which speak only as of the date on which they are made. We disclaim any intention, obligation or duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

DEFINITIONS

As used in this report, unless the context requires otherwise, "our," "us" or "we" means Oxford Industries, Inc. and its consolidated subsidiaries; "SG&A" means selling, general and administrative expenses; "SEC" means U.S. Securities and Exchange Commission; "FASB" means Financial Accounting Standards Board; "ASC" means the FASB Accounting Standards Codification; and "GAAP" means generally accepted accounting principles in the United States. Additionally, the terms listed below reflect the respective period noted:

Fiscal 2015	52 weeks ending January 30, 2016
Fiscal 2014	52 weeks ended January 31, 2015
Fiscal 2013	52 weeks ended February 1, 2014
Fiscal 2012	53 weeks ended February 2, 2013
Fiscal 2011	52 weeks ended January 28, 2012
Fiscal 2010	52 weeks ended January 29, 2011
Fourth quarter Fiscal 2014	13 weeks ended January 31, 2015
Third quarter Fiscal 2014	13 weeks ended November 1, 2014
Second quarter Fiscal 2014	13 weeks ended August 2, 2014
First quarter Fiscal 2014	13 weeks ended May 3, 2014
Fourth quarter Fiscal 2013	13 weeks ended February 1, 2014
Third quarter Fiscal 2013	13 weeks ended November 2, 2013
Second quarter Fiscal 2013	13 weeks ended August 3, 2013

First quarter Fiscal 2013	13 weeks ended May 4, 2013

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PART I

Item 1. Business

BUSINESS AND PRODUCTS

Overview

We are a global apparel company that designs, sources, markets and distributes products bearing the trademarks of our company-owned lifestyle brands, as well as certain licensed and private label apparel products. Our portfolio of brands includes Tommy Bahama®, Lilly Pulitzer® and Ben Sherman®. We distribute our company-owned lifestyle branded products through our direct to consumer channel, consisting of our retail stores and e-commerce sites, and our wholesale distribution channel, which includes better department stores and specialty stores. During Fiscal 2014, 90% of our net sales were from products bearing brands that we own, and 61% of our net sales were sales of our products through our direct to consumer channels of distribution, which includes our 206 owned retail stores, our e-commerce websites and our 15 Tommy Bahama restaurants. In Fiscal 2014, approximately 90% of our consolidated net sales were to customers located in the United States, with the sales outside the United States primarily being sales of our Ben Sherman products in the United Kingdom and continental Europe as well as sales of our Tommy Bahama products in Canada and the Asia-Pacific region.

Our business strategy is to develop and market compelling lifestyle brands and products that evoke a strong emotional response from our target consumers. We strive to exploit the potential of our existing brands and products domestically and internationally. We consider "lifestyle" brands to be those brands that have a clearly defined and targeted point of view inspired by an appealing lifestyle or attitude, such as the Tommy Bahama, Lilly Pulitzer and Ben Sherman brands. We believe that lifestyle branded products that create an emotional connection with consumers can command greater loyalty and higher price points at retail, resulting in higher earnings. We also believe a successful lifestyle brand opens up greater opportunities for direct to consumer operations as well as licensing opportunities in product categories beyond our core business.

We believe that the attraction of a lifestyle brand to consumers is dependent on maintaining appropriate product quality and design, appropriately restricting distribution to a select tier of retailers and effectively communicating the respective lifestyle brand message. Our design-led, commercially informed lifestyle brand operations strive to provide compelling, differentiated products each season. We seek to maintain the integrity of our lifestyle brands by limiting promotional activity in our full price retail stores and e-commerce websites. Accordingly, we target select wholesale customers that typically follow this same approach in their stores. In order to further strengthen each lifestyle brand's connections with consumers, we attempt to communicate regularly with consumers via the use of electronic media, and other media, in a manner intended to engage consumers and guide them to our retail stores, e-commerce websites and wholesale customers in search of our brands. Following our principles and continuing appropriate practices to maintain and enhance the images of each of our lifestyle brands, we believe that our lifestyle brands are ideally suited to succeed and thrive in the long-term while managing the various challenges facing the industry, including rapidly changing technology, consumer shopping patterns and an increasingly promotional apparel retail environment.

Our direct to consumer operations provide us with the opportunity to interact directly with our customers, present to them the full line of our current season products and provide an opportunity for a consumer to be immersed in the theme of the lifestyle brand. We believe that presenting our products in a setting specifically designed to showcase the lifestyle on which the brands are based enhances the image of our brands. We believe that our owned retail stores provide high visibility for our brands and products, and allow us to stay close to the preferences of our consumers, while also providing a platform for long-term growth for the brands. Additionally, our e-commerce websites for our lifestyle brands provide the opportunity to increase revenues by reaching a larger population of consumers and at the same time allow our brands to provide a broader range of products. We anticipate further investments in Tommy Bahama and Lilly Pulitzer to increase the number of retail stores of each of the brands and to further enhance each brand's e-commerce operations.

In addition to operating e-commerce websites for each of our lifestyle brands, as of January 31, 2015, we operated 157 Tommy Bahama, 28 Lilly Pulitzer and 21 Ben Sherman retail locations, including outlet locations for Tommy Bahama and Ben Sherman. Our Tommy Bahama and Ben Sherman outlets and our Tommy Bahama and Lilly Pulitzer e-commerce flash clearance sales on our websites play an important role in overall inventory management by allowing us to sell discontinued and out-of-season products at better prices than are otherwise available from outside parties. Our wholesale operations complement our direct to consumer operations and provide access to a larger group of consumers. Our wholesale distribution channels include better department stores, specialty stores, national chains, warehouse clubs, mass merchants and Internet retailers. We value our long-standing relationships with our wholesale customers and are

committed to working with them to enhance the success of our products within their stores. Our 10 largest customers represented 22% of our consolidated net sales for Fiscal 2014, with no individual customer representing more than 10% of our consolidated net sales.
Within our Lanier Clothes operating group, we sell apparel products under certain brands that are licensed to us and certain private label apparel products, as well as products bearing brands that we own. During Fiscal 2014, on a consolidated basis, sales of products from licensed brands and private label products accounted for 6% and 4%, respectively, of our net sales.
We operate in highly competitive domestic and international markets in which numerous U.S.-based and foreign apparel firms compete. No single apparel firm or small group of apparel firms dominates the apparel industry and our direct competitors vary by operating group and distribution channel. We believe that the principal competitive factors in the apparel industry are the reputation, value and image of brand names; design; consumer preference; price; quality; marketing; and customer service. We believe that our ability to compete successfully in styling and marketing is directly related to our proficiency in foreseeing changes and trends in fashion and consumer preference, and presenting appealing products for consumers. In some instances, a retailer that is our customer may compete directly with us by offering certain of its own products in its retail stores. Additionally, the apparel industry is cyclical and dependent upon the overall level of discretionary consumer spending, which changes as regional, domestic and international economic conditions change. Often, negative economic conditions have a longer and more severe impact on the apparel and retail industry than these conditions have on other industries.

We believe the global economic conditions and resulting economic uncertainty that have prevailed in recent years continue to impact each of our operating groups, and the apparel industry as a whole. Although some signs of economic improvements exist, the apparel retail environment remains increasingly promotional and economic uncertainty remains. We anticipate that sales of our products may continue to be impacted negatively as long as the retail apparel environment remains promotional and there is an elevated level of economic uncertainty in the geographies in which we operate. Additionally, we have been impacted in recent years by pricing pressures on raw materials, transportation, labor and other costs necessary for the production and sourcing of apparel products, most of which appear to be permanent cost increases.

On March 24, 2015, our Board of Directors authorized our management to pursue a sale of the Ben Sherman business. We have engaged Financo, Ltd. as our financial advisor to assist in the transaction process. We plan to continue to operate the Ben Sherman business during the process, and although we expect to complete a sale within Fiscal 2015 no specific timetable has been set for consummation of a transaction. There can be no assurance that a transaction will take place, and our Board of Directors may consider other alternatives for the Ben Sherman business that it believes are in the best interest of shareholders.
Important factors relating to certain risks, many of which are beyond our ability to control or predict, which could impact our business include, but are not limited to, competition, economic factors and others as described in Part I, Item 1A. Risk Factors of this report.
Investments and Opportunities

We believe that our Tommy Bahama® and Lilly Pulitzer® lifestyle brands have significant growth opportunities in their direct to consumer businesses through expansion of our retail store operations, as we add additional retail store locations and increase comparable store sales, and higher sales in our e-commerce operations, which are likely to grow at a faster rate than comparable brick and mortar retail store sales. We also believe that these lifestyle brands provide an opportunity for moderate sales increases in their wholesale businesses in the long-term primarily from our current customers adding to their existing door count and the selective addition of new wholesale customers who generally follow a full-price retail model. Additionally, we believe that there are opportunities for modest sales growth for Lanier Clothes through new product programs; however, we also believe that the tailored clothing environment will continue to be very challenging.

We believe that we must continue to invest in our Tommy Bahama and Lilly Pulitzer lifestyle brands in order to take advantage of their long-term growth opportunities. Investments include capital expenditures primarily related to the direct to consumer operations such as retail store build-out and remodels, technology enhancements and distribution center and administrative office expansion initiatives, as well as increased employment, advertising and other costs in key functions to support the ongoing business operations and fuel future net sales growth. We expect that the investments may continue to put downward pressure on our operating margins in the near future until we have sufficient sales to leverage the operating costs.

We continue to believe that it is important to maintain a strong balance sheet and liquidity. We believe that positive cash flow from operations in the future coupled with the strength of our balance sheet and liquidity will provide us with sufficient resources to fund future investments in our lifestyle brands. While we believe that we have significant opportunities to appropriately deploy our capital and resources in our existing lifestyle brands, in the future, we may also add additional lifestyle brands to our portfolio, if we identify appropriate targets which meet our investment criteria.

Operating Groups

Our business is primarily operated through our operating groups: Tommy Bahama, Lilly Pulitzer, Lanier Clothes and Ben Sherman, each of which is described below. We identify our operating groups based on the way our management organizes the components of our business for purposes of allocating resources and assessing performance. Our operating group structure reflects a brand-focused management approach, emphasizing operational coordination and resource allocation across each brand's direct to consumer, wholesale and licensing operations. Corporate and Other is a reconciling category for reporting purposes and includes our corporate offices, substantially all financing activities, elimination of inter-segment sales, LIFO inventory accounting adjustments, other costs that are not allocated to the operating groups and operations of our other businesses which are not included in our four operating groups.

The table below presents net sales and operating information about our operating groups (in thousands).

	Fiscal 2014	Fiscal 2013
Net Sales		
Tommy Bahama	$ 627,498	$ 584,941
Lilly Pulitzer	167,736	137,943
Lanier Clothes	112,934	109,530
Ben Sherman	77,481	67,218
Corporate and Other	12,157	17,465
Total	$ 997,806	$ 917,097
Operating Income (Loss)		
Tommy Bahama	$ 71,132	$ 72,207
Lilly Pulitzer	32,190	25,951
Lanier Clothes	10,849	10,828
Ben Sherman	(10,832)	(13,131)
Corporate and Other (1)	(19,736)	(11,185)
Total operating income	$ 83,603	$ 84,670

(1) The Fiscal 2014 operating loss for Corporate and Other included $2.1 million of LIFO accounting charges, with no significant LIFO accounting impact in Fiscal 2013. Additionally, Fiscal 2013 included a gain on sale of property of $1.6 million with no such gain in Fiscal 2014.

The table below presents the total assets of each of our operating groups (in thousands).

	January 31, 2015	February 1, 2014
Assets		
Tommy Bahama	$ 428,835	$ 408,599
Lilly Pulitzer	108,969	101,704
Lanier Clothes	35,152	39,989
Ben Sherman	78,568	79,299
Corporate and Other	(6,457)	(2,286)
Total	$ 645,067	$ 627,305

Total assets for Corporate and Other include a LIFO reserve of $58.6 million and $56.7 million as of January 31, 2015 and February 1, 2014, respectively. For more details on each of our operating groups, see Note 2 of our consolidated financial statements and Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, both included in this report. For financial information by geographic areas, see Note 2 of our consolidated financial statements, included in this report.

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Tommy Bahama

Tommy Bahama designs, sources, markets and distributes men's and women's sportswear and related products. The target consumers of Tommy Bahama are primarily affluent men and women age 35 and older who embrace a relaxed and casual approach to daily living. Tommy Bahama products can be found in our Tommy Bahama stores and on our Tommy Bahama e-commerce website, tommybahama.com, as well as in better department stores and independent specialty stores throughout the United States. We also operate Tommy Bahama restaurants and license the Tommy Bahama name for various product categories. During Fiscal 2014, 95% of Tommy Bahama's sales were to customers within the United States, with 3% of Tommy Bahama's sales in Canada and the remaining sales being in Australia and Asia.

We believe that the attraction of the Tommy Bahama brand to our consumers is a reflection of our efforts over many years of maintaining appropriate quality and design of our Tommy Bahama apparel, accessories and licensed products, limiting the distribution of Tommy Bahama products to a select tier of retailers and effectively communicating the relaxed and casual Tommy Bahama lifestyle to consumers. We expect to continue to follow this approach for the brand in the future. We believe that the retail sales value of all Tommy Bahama branded products sold during Fiscal 2014, including our estimate of retail sales by our wholesale customers and other third party retailers, exceeded $1.1 billion.

We believe there is ample opportunity to expand the reach of the Tommy Bahama brand, while at the same time maintaining the select distribution that Tommy Bahama has historically maintained. We believe that in order to take advantage of opportunities for long-term growth, we must continue to invest in the Tommy Bahama brand both domestically and internationally. These investments include amounts associated with capital expenditures and pre-opening expenses of new stores and restaurants; the remodeling of existing stores and restaurants; capital expenditures and ongoing expenses to enhance e-commerce and other technology capabilities; and capital expenditures related to sales, administration and distribution facilities.

While we believe there are abundant opportunities for continued growth in the United States, in recent years we have begun expansion of the Tommy Bahama brand into international markets. These efforts have included the acquisition of the assets and operations of the Tommy Bahama business from our former licensees in Australia in Fiscal 2012 and Canada in Fiscal 2013. The operations of these licensees in each of these countries had developed a certain level of brand awareness, but we determined that after considering the potential direct to consumer and wholesale growth opportunities, it was appropriate for us to re-acquire the rights to these operations.

We also commenced operations in Asia by opening retail store locations in Hong Kong, Macau, Singapore in Fiscal 2012 and Japan beginning in Fiscal 2013. The operations in Asia thus far have generated operating losses as we developed a significant Hong Kong-based team and infrastructure to support a larger Asia retail operation. The roll-out of retail stores in Asia has been at a modest pace as we have attempted to focus on improving store operations in Asia prior to engaging in a significant roll-out of additional stores. As a lifestyle brand which desires to remain primarily a full-price brand, we continue to believe it is appropriate that in certain key markets we initially set the tone for the brand rather than engaging a partner. However, in the future, in certain markets we may engage a local partner to accelerate growth.

At this time, we anticipate our near term focus in the Asia-Pacific region will be on our direct to consumer operations in Australia and Japan while at the same time reducing our infrastructure costs in Hong Kong to better align with our current Asia retail operations. By focusing on a limited number of international markets and increasing the store count in those locations, we believe we can do a better job of increasing brand awareness and sales by focusing our marketing spend in a location where the consumer has a variety of options for purchasing Tommy Bahama product, including our own retail stores, our wholesale customers' stores and an in-country Tommy Bahama website, which in the case of Japan launched in early Fiscal 2015. While we believe there are significant long-term opportunities for our Tommy Bahama operations in the Asia-Pacific region, we believe that the operating losses and capital expenditures associated with these operations will continue to put downward pressure on our operating margin in the near future until we have sufficient sales to leverage the operating costs.

Design, Sourcing, Marketing and Distribution

Tommy Bahama products are designed by product specific teams who focus on the target consumer. The design process includes feedback from buyers, consumers and sales agents, along with market trend research. Our Tommy Bahama apparel products generally incorporate fabrics made of cotton, silk, linen, nylon, leather, tencel and other natural and man-made fibers, or blends of two or more of these materials.

We operate a buying office located in Hong Kong to manage the production and sourcing of the substantial majority of our Tommy Bahama products. During Fiscal 2014, we utilized approximately 240 suppliers, which are primarily located in China, to manufacture our Tommy Bahama products. In Fiscal 2014, 80% of Tommy Bahama's product purchases were from manufacturers in China. The largest 10 suppliers of Tommy Bahama products provided 46% of the products acquired during Fiscal 2014.

We believe that advertising and marketing are an integral part of the long-term strategy of the Tommy Bahama brand, and we therefore devote significant resources to advertising and marketing. While the advertising for Tommy Bahama promotes our products, the primary emphasis is on brand image and brand lifestyle. We intend that Tommy Bahama's advertising will engage individuals within the brand's consumer demographic and guide them on a regular basis to our retail stores, e-commerce websites or wholesale customers' stores in search of our products. The marketing of the Tommy Bahama brand includes traditional media such as print, catalogs and other correspondence with customers, as well as moving media and trade show initiatives. However, an increasing amount of Tommy Bahama's marketing focus involves email, Internet and social media advertising. As a lifestyle brand, we believe that it is very important that Tommy Bahama communicate regularly with consumers via the use of email, Internet and social media about product offerings or other brand events in order to maintain and strengthen Tommy Bahama's connections with its consumers.

We also believe that highly visible retail store locations with creative design, broad merchandise selection and brand appropriate visual presentation are key enticements for customers to visit our retail stores and buy merchandise. We intend that our retail stores enhance the shopping experience of our customers, which we believe will increase consumer brand loyalty. Marketing initiatives at certain of our retail stores may include special event promotions and a variety of public relations activities designed to create awareness of our stores and products. At certain times during the year, two integral components of the marketing plan for Tommy Bahama include mailing loyalty gift cards to some of our loyal consumers for use in our stores during a specified time period and our "flip-side" events whereby if certain spending thresholds are achieved by the consumer in one transaction during a specified time period, the consumer earns a gift card to be used in our retail stores or on-line at a future date. We believe that our retail store operations as well as our traditional and electronic media communications increase the sales of our own retail stores and e-commerce operations, as well as the sales of our products for our wholesale customers.

For certain of our wholesale customers, we also provide point-of-sale materials and signage to enhance the presentation of our branded products at their retail locations and/or participate in cooperative advertising programs.

We operate a Tommy Bahama distribution center in Auburn, Washington, which serves our North American direct to consumer and wholesale operations. Activities at the distribution center include receiving finished goods from suppliers, inspecting the products and shipping the products to our Tommy Bahama stores, our wholesale customers and our e-commerce customers. We seek to maintain sufficient levels of Tommy Bahama inventory at the distribution center to support our direct to consumer operations, as well as pre-booked orders and some limited replenishment ordering for our wholesale customers. We utilize local third party distribution centers for our Asia-Pacific operations.

Direct to Consumer Operations

A key component of our Tommy Bahama growth strategy is to operate our own stores and e-commerce website, which we believe permits us to develop and build brand awareness by presenting our products in a setting specifically designed to showcase the aspirational lifestyle on which the products are based. Our Tommy Bahama direct to consumer channels, which consist of retail store, e-commerce and restaurant operations, in the aggregate, represented 74% of Tommy Bahama's net sales in Fiscal 2014. We expect the percentage of our Tommy Bahama sales which are direct to consumer sales will increase slightly in future years as we anticipate that the direct to consumer distribution channel will grow at a faster pace than the wholesale distribution channel. Retail store, e-commerce and restaurant net sales accounted for 50%, 14% and 10%, respectively, of Tommy Bahama's net sales in Fiscal 2014.

For Tommy Bahama's domestic full-price retail stores and restaurant-retail locations operating for the full Fiscal 2014 year, sales per gross square foot, excluding restaurant sales and restaurant space, were approximately $680 during Fiscal 2014, compared to $695 for stores operating for the full Fiscal 2013 year, with the decrease primarily reflecting Fiscal 2013 store openings having a lower sales per square foot than the overall average, partially offset by slightly favorable domestic comparable store sales on stores opened prior to Fiscal 2013. For international full-price retail stores and restaurant-retail locations located in Canada, Australia and Asia operating for the full Fiscal 2014 year, sales per gross square foot, excluding restaurant sales and restaurant space, were approximately $390 during Fiscal 2014. These per square foot sales amounts exclude the sales and square feet of our outlet stores. In Fiscal 2014, our domestic outlet stores and international outlet stores generated approximately $375 and $320, respectively, of sales per square foot for outlets open for the entire 2014 fiscal year. For relocated stores or outlets, for which the square feet changed during the year, if any, we included, for the purposes of the calculation above, the square feet of the relocated store based on the weighted average month-end square feet for the relocated store. During Fiscal 2014, 65% and 30% of our full-price retail store sales were sales of Tommy Bahama men's product and women's product, respectively with the remainder of the full-price retail store sales being home products and other accessories.

Our direct to consumer strategy for the Tommy Bahama brand includes locating and operating full-price retail stores in upscale malls, lifestyle shopping centers, resort destinations and brand appropriate street locations. Generally, we seek malls and shopping areas with high-profile or luxury consumer brands for our full-price retail stores. As of January 31, 2015, approximately 40% of our full-price Tommy Bahama retail locations are in regional malls, with the remainder primarily being stores in street-front locations or lifestyle centers. Our full-price retail stores allow us the opportunity to carry a full line of current season merchandise, including apparel, home products and accessories, all presented in an aspirational, island-inspired atmosphere designed to be relaxed, comfortable and unique. We believe that the Tommy Bahama retail stores provide high visibility for the brand and products, and allow us to stay close to the preferences of our consumers. Further, we believe that our presentation of products and our strategy to operate the retail stores as full-price stores with limited in-store promotional activities are good for the Tommy Bahama brand and, in turn, enhance business with our wholesale customers. Generally, we believe there are opportunities for retail stores in warmer and colder climates, as we believe the more important consideration is whether the location attracts the affluent consumer that we are targeting. Further, as recent new store openings have enhanced e-commerce sales within the local geographic area, we believe that there are ample opportunities for additional Tommy Bahama retail store locations.

Our Tommy Bahama outlet stores, which generated 11% of our total Tommy Bahama net sales in Fiscal 2014, are generally located in outlet shopping centers that include upscale retailers and serve an important role in overall inventory management by allowing us to sell discontinued and out-of-season products at better prices than are otherwise available from outside parties. We believe that this approach helps us protect the integrity of the Tommy Bahama brand by allowing our full-price retail stores to limit promotional activity and controlling the distribution of discontinued and out-of-season product. To supplement the clearance items sold in Tommy Bahama outlets, approximately 20% of the product sold in our Tommy Bahama outlets was made specifically for our outlets. At this time and based on our anticipated proportion of clearance versus made for items in our outlet stores, we anticipate that we would generally operate one outlet for approximately every three full-price stores.

As of January 31, 2015 we operated 15 restaurants, generally adjacent to a Tommy Bahama full-price retail store location, which together we often refer to as islands. These restaurant-retail locations provide us with the opportunity to immerse customers in the ultimate Tommy Bahama experience. We do not anticipate that most of our retail locations will have an adjacent restaurant; however, in select high-profile, brand appropriate locations, such as Naples and Jupiter, Florida, and New York City, as well as the Waikiki, Hawaii location scheduled to open in Fiscal 2015, we have determined that an adjacent restaurant can further enhance the image of the brand. The net sales per square foot in our domestic full-price retail stores which are adjacent to a restaurant are on average two times the sales per square foot of our domestic full-price retail stores not adjacent to a restaurant. We believe that the experience of a meal or drink in a Tommy Bahama restaurant may entice the customer to purchase additional Tommy Bahama merchandise and potentially provide a memorable consumer experience that further enhances the relationship between Tommy Bahama and the consumer.

As of January 31, 2015, the total square feet of space utilized for our Tommy Bahama full-price retail store and outlet store operations was 0.6 million with another 0.1 million of total square feet utilized in our Tommy Bahama restaurant operations. The table below provides certain information regarding Tommy Bahama retail stores operated by us as of January 31, 2015.

	Full-Price Retail Stores	Outlet Stores	Restaurant-Retail Locations	Total
Florida	20	4	5	29
California	15	5	3	23
Texas	5	4	1	10
Hawaii	4	1	2	7
Nevada	3	1	1	5
Maryland	3	2	—	5
Other states	34	18	2	54
Total domestic	84	35	14	133
Canada	6	3	—	9
Total North America	90	38	14	142
Australia	7	1	—	8
Japan	1	1	1	3

Other international	3	1	—	4
Total	101	41	15	157
Average square feet per store(1)	3,500	4,600	11,300	
Total square feet at year end	350,000	190,000	170,000	

(1) Average square feet for restaurant-retail locations include average retail space and restaurant space of 4,000 and 7,300 square feet, respectively.

The table below reflects the changes in store count for Tommy Bahama stores during Fiscal 2014.

	Full-Price Retail Stores	Outlet Stores	Restaurant-Retail Locations	Total
Open as of beginning of fiscal year	91	36	14	141
Opened during fiscal year	10	5	1	16
Open as of end of fiscal year	101	41	15	157

During Fiscal 2014, the average total gross square feet, calculated as the average of the total gross square feet at the beginning and end of each quarter during the year, of full-price retail space, including the retail portion of our Tommy Bahama restaurant-retail locations, used in our domestic and international retail operations for Tommy Bahama was approximately 385,000 square feet, while the average total gross square feet of space used in our domestic and international Tommy Bahama outlet operations was approximately 175,000 square feet. In Fiscal 2015 and beyond, we currently expect to open approximately eight to 10 domestic retail locations per year. The majority of these locations in Fiscal 2015 are expected to be full-price stores along with one restaurant-retail location in Waikiki, Hawaii. Additionally, we expect to open two or three international stores in Fiscal 2015.

The operation of full-price retail stores, outlet stores and restaurant-retail locations requires a greater amount of initial capital investment than wholesale operations, as well as greater ongoing operating costs. We estimate that we will spend approximately $1.0 million and $0.5 million on average in connection with the build-out of a domestic full-price retail store and domestic outlet store, respectively. However, individual locations, particularly those in urban locations, may require investments greater than these amounts depending on a variety of factors, including the location and size of the store. Recently, we have opened certain stores using a smaller footprint of approximately 2,500 square feet in select locations, which allows us to minimize the cost of the store build-out on these stores.

The cost of a restaurant-retail location is significantly more than the cost of a retail store and can vary significantly depending on a variety of factors. Historically, the cost of our restaurant-retail locations has been approximately $5 million; however, we have spent significantly more than that amount for certain locations. For the Waikiki, Hawaii restaurant-retail location which we expect to open in late Fiscal 2015, we anticipate a cost of approximately $12 million. Also, the international retail store and outlet store locations that we open in the future may be more expensive than our domestic retail stores depending on the location and size of the store as well as the impact of foreign currency exchange rates and other factors. For most of our stores, the landlord provides certain incentives to fund a portion of our capital expenditures.

We also incur capital expenditures when a lease expires and we determine it is appropriate to relocate a store to a new location in the same vicinity as the previous store. The cost of store relocations is generally comparable to the costs of opening a new full-price retail store or outlet store. Additionally, we also incur capital expenditure costs related to periodic remodels of existing stores, particularly when we renew or extend a lease beyond the original lease term, or otherwise determine that a remodel of a store is appropriate. As we reach the expirations of more of our lease agreements in the near future, we anticipate that the capital expenditures for relocations and remodels, in the aggregate, may increase in future periods.

In addition to our full-price retail stores and outlet stores, our direct to consumer approach includes various e-commerce websites, including the tommybahama.com website and the tommybahama.jp website, which launched in February 2015. During Fiscal 2014, e-commerce sales represented 14% of Tommy Bahama's net sales. Our Tommy Bahama websites allow consumers to buy Tommy Bahama products directly from us via the Internet. These websites also enable us to increase our database of consumer contacts, which allows us to communicate directly and frequently with consenting consumers. As we reach more customers in the future, we anticipate that our e-commerce distribution channel for Tommy Bahama will continue to grow at a faster pace than our domestic retail store operations or wholesale operations. Also, we expect to continue to have a select number of e-commerce flash clearance sales, which represented 9% of Tommy Bahama e-commerce sales in Fiscal 2014, using our outlettommybahama.com website as a means of complementing our outlets in liquidating discontinued or out-of-season inventory, in a brand appropriate manner.

Wholesale Operations

To complement our direct to consumer operations and have access to a larger group of consumers, including those who may wish to shop at specialty stores or department stores, we continue to maintain our wholesale operations for Tommy Bahama through better department stores and specialty stores that generally follow a full-price retail model approach with limited discounting. We value our long-standing relationships with our wholesale customers and are committed to working with them to enhance the success of the Tommy Bahama brand within their stores. We believe that the integrity and continued success of the Tommy Bahama brand, including its direct to consumer operations, is dependent, in part, upon the continued controlled wholesale distribution with careful selection of the retailers through which Tommy Bahama products are sold. As a result of this approach to limiting our wholesale customers, we believe that sales growth in our men's apparel wholesale business, which represented approximately 81% of Tommy Bahama's wholesale sales in Fiscal 2014, may be somewhat limited domestically. However, we believe that we have significant opportunities for wholesale sales increases for our Tommy Bahama women's business, which represented approximately 16% of Tommy Bahama's wholesale sales in Fiscal 2014, and our Tommy Bahama footwear business. Overall, we expect that the Tommy Bahama wholesale business will grow at a slower rate than the direct to consumer distribution channel.

Wholesale sales for Tommy Bahama accounted for 26% of Tommy Bahama's net sales in Fiscal 2014. During Fiscal 2014, 15% of Tommy Bahama's net sales were to Tommy Bahama's five largest wholesale customers, with its largest customer representing 6% of Tommy Bahama's net sales. Approximately half of Tommy Bahama's wholesale business reflects sales to its two largest customers, in the aggregate, with the remaining wholesale sales being sales to other department and specialty stores. Tommy Bahama products are available in more than 2,000 retail locations.

We maintain Tommy Bahama apparel sales offices and showrooms in New York and Seattle, as well as other locations, to facilitate sales to our wholesale customers. Our Tommy Bahama wholesale operations utilize a sales force predominantly consisting of independent commissioned sales representatives.

Licensing Operations

We believe licensing is an attractive business opportunity for the Tommy Bahama brand. For an established lifestyle brand, licensing typically requires modest additional investment but can yield high-margin income. It also affords the opportunity to enhance overall brand awareness and exposure. In evaluating a licensee for Tommy Bahama, we typically consider the candidate's experience, financial stability, sourcing expertise and marketing ability. We also evaluate the marketability and compatibility of the proposed licensed products with other Tommy Bahama products.

Our agreements with Tommy Bahama licensees are for specific geographic areas and expire at various dates in the future, and in limited cases include contingent renewal options. Generally, the agreements require minimum royalty payments as well as additional royalty payments and, in some cases, advertising payments and/or obligations to expend certain funds towards marketing the brand on an approved basis calculated as specified percentages of the licensee's net sales of the licensed products. Our license agreements generally provide us the right to approve all products, advertising and proposed channels of distribution.

Third party license arrangements for our Tommy Bahama products include the following product categories:

Men's and women's watches	Ceiling fans	Indoor furniture
Men's and women's headwear	Rugs	Outdoor furniture and related products
Men's socks	Fabrics	Bedding and bath linens
Mattresses	Belts, leather goods and gifts	Table top accessories
Sleepwear	Luggage	Suncare products
Shampoo, soap and bath amenities	Fragrances	

In addition to our licenses for the specific product categories listed above, we may enter into certain international license agreements which allow those licensees to distribute certain Tommy Bahama branded products within certain countries or regions. As of January 31, 2015, we have one such agreement for the Middle East. Substantially all of the products sold by the licensee are identical to the products sold in our own Tommy Bahama stores. In addition to selling Tommy Bahama goods to wholesale accounts, the licensee operates four retail stores.

Seasonal Aspects of Business

Tommy Bahama's operating results are impacted by seasonality as the demand by specific product or style, as well as by distribution channel, may vary significantly depending on the time of year. The following table presents the percentage of net sales and operating income for Tommy Bahama by quarter for Fiscal 2014:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	25 %	25 %	20 %	30 %
Operating income	28 %	31 %	— %	41 %

As the timing of certain unusual or non-recurring items, economic conditions, wholesale product shipments or other factors affecting the business may vary from one year to the next, we do not believe that net sales or operating income for any particular quarter or the distribution of net sales and operating income for Fiscal 2014 are necessarily indicative of anticipated results for the full fiscal year or expected distribution in future years.

The timing of Tommy Bahama's sales in the direct to consumer and wholesale distribution channels generally varies. Typically, the demand in the direct to consumer operations, including sales at our own stores and e-commerce site, for Tommy Bahama products in our principal markets is generally higher in the spring, summer and holiday seasons and lower in the fall season. However, wholesale product shipments are generally shipped prior to each of the retail selling seasons. As the allocation of sales within a quarter is impacted by the seasonality of direct to consumer and wholesale sales, we have presented in the following table the proportion of net sales for each quarter represented by each distribution channel for Fiscal 2014, which may not necessarily be indicative of the allocation of sales within any particular quarter in future periods:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Full price retail stores and outlets	46 %	54 %	47 %	51 %	50 %
E-commerce	11 %	15 %	11 %	19 %	14 %
Restaurant	12 %	10 %	10 %	9 %	10 %
Wholesale	31 %	21 %	32 %	21 %	26 %
Total	100 %	100 %	100 %	100 %	100 %

Lilly Pulitzer

Lilly Pulitzer designs, sources, markets and distributes upscale collections of women's and girl's dresses, sportswear and related products. The Lilly Pulitzer brand was originally created in the late 1950's by Lilly Pulitzer and is an affluent brand with a heritage and aesthetic based on the Palm Beach resort lifestyle. The brand is somewhat unique among women's brands in that it has demonstrated multi-generational appeal, including young women in college or recently graduated from college; young mothers with their daughters; and women who are not tied to the academic calendar. Lilly Pulitzer products can be found in our owned Lilly Pulitzer stores, in Lilly Pulitzer Signature Stores, which are described below, and on our Lilly Pulitzer website, lillypulitzer.com, as well as in better department and independent specialty stores. During Fiscal 2014, 42% and 38% of Lilly Pulitzer's net sales were for women's sportswear and dresses, respectively, with the remaining sales consisting of Lilly Pulitzer accessories, including scarves, bags, jewelry and belts; children's apparel; footwear; and licensed products. We also license the Lilly Pulitzer name for various product categories.

We acquired the Lilly Pulitzer brand on December 21, 2010 and anticipate growth in the brand's retail, e-commerce, wholesale and licensing operations in the future. We believe that there is significant opportunity to expand the reach of the Lilly Pulitzer brand, while at the same time maintaining the exclusive distribution that Lilly Pulitzer has historically maintained. We believe that in order to take advantage of opportunities for long-term growth, we must continue to invest in the Lilly Pulitzer brand. These investments include amounts associated with the opening of new stores, costs to enhance e-commerce and other technology capabilities, an expansion and other enhancements of Lilly Pulitzer's facilities in King of Prussia, Pennsylvania and an increase in employment costs to continue to support a growing business. While we believe that these investments will generate long-term benefits, the investments may have a short-term negative impact on Lilly Pulitzer's operating margin.

We believe the attraction of the Lilly Pulitzer brand to our consumers is a reflection of years of maintaining appropriate quality and design of the Lilly Pulitzer apparel, accessories and licensed products, restricting the distribution of the Lilly Pulitzer products to a select tier of retailers and effectively communicating the message of Lilly's optimistic Palm Beach resort chic lifestyle. We believe this approach to quality, design, distribution and communication has been critical in allowing us to achieve the current retail price points for Lilly Pulitzer products.

We believe that the retail sales value of all Lilly Pulitzer branded products sold during Fiscal 2014, including our estimate of retail sales by our wholesale customers and other third party retailers, exceeded $225 million.

Design, Sourcing, Marketing and Distribution

Lilly Pulitzer's products are developed by our dedicated design teams primarily located at the Lilly Pulitzer headquarters in King of Prussia, Pennsylvania. Our Lilly Pulitzer design teams focus on the target consumer, and the design process combines feedback from buyers, consumers and our sales force, along with market trend research. Lilly Pulitzer apparel products are designed to incorporate various fiber types, including cotton, silk, linen and other natural and man-made fibers, or blends of two or more of these materials.

Lilly Pulitzer utilizes a combination of in-house employees in our King of Prussia and Hong Kong offices and third party buying agents primarily based in Asia to manage the production and sourcing of the Lilly Pulitzer apparel products. Through its buying agents and direct sourcing, Lilly Pulitzer used approximately 45 suppliers, with the largest 10 suppliers providing 63% of the Lilly Pulitzer products acquired during Fiscal 2014. In Fiscal 2014, 66% of Lilly Pulitzer's product purchases were from manufacturers located in China.

We believe that advertising and marketing are an integral part of the long-term strategy of the Lilly Pulitzer brand, and we therefore devote significant resources to advertising and marketing. We intend that Lilly Pulitzer's advertising will engage individuals within the brand's consumer demographic and guide them on a regular basis to our retail stores, e-commerce websites and wholesale customers' stores in search of our products. The marketing of the Lilly Pulitzer brand includes traditional media such as print, catalogs and other correspondence with customers, as well as moving media and trade show initiatives. However, an increasing amount of Lilly Pulitzer's marketing focus involves email, Internet and social media advertising. We believe that it is very important that a lifestyle brand effectively communicate with consumers on a regular basis via the use of email, Internet and social media about product offerings or other brand events in order to maintain and strengthen the brands' connections with consumers.

In addition to our ongoing Lilly Pulitzer marketing initiatives, we are also excited about a specific one-time marketing program for Fiscal 2015. This initiative is a single delivery design collaboration with the Target Corporation where Lilly Pulitzer provided certain designs and prints to Target, and Target used those prints on a collection of 250 pieces spanning apparel, accessories and shoes for women and girls, as well as home accents, outdoor entertaining accessories, beach gear and travel essentials. This single delivery program launches in April in all domestic Target locations and on the Target website. Target will highlight the collaboration in its marketing materials in connection with the launch. This marketing program will provide a significant amount of national exposure for the Lilly Pulitzer brand. We believe that this marketing exposure will introduce the Lilly Pulitzer brand to new potential consumers both on the East Coast where the brand has a very strong brand recognition and also west of the Mississippi River, where Lilly Pulitzer generated approximately 10% of its Fiscal 2014 sales. From a financial perspective, we do not expect a significant impact on our Fiscal 2015 operating results as we will not recognize any product sales or have inventory exposure related to the program; however, we believe that in the long-term, the collaboration will enhance the awareness of the Lilly Pulitzer brand.

We believe that highly visible retail store locations with creative design, broad merchandise selection and brand appropriate visual presentation are key enticements for customers to visit our retail stores and buy merchandise. We intend that our retail stores enhance the shopping experience of our customers, which we believe will increase consumer brand loyalty. Marketing initiatives at certain of our retail stores may include special event promotions and a variety of public relations activities designed to create awareness of our stores and products. At certain times during the year, an integral part of the marketing plan for Lilly Pulitzer includes certain gift with purchase programs where the consumer earns the right to a Lilly Pulitzer gift product if certain spending thresholds are achieved by the consumer. We believe that our retail store operations as well as our traditional and electronic media communications increase the sales of our own retail stores and e-commerce operations, as well as the sales of our products for our wholesale customers.

For certain of our wholesale customers, we also provide point-of-sale materials and signage to enhance the presentation of our branded products at their retail locations and/or participate in cooperative advertising programs.

Lilly Pulitzer operates a distribution center in King of Prussia, Pennsylvania for its operations. Activities at the distribution center include receiving finished goods from suppliers, inspecting the products and shipping the products to wholesale customers, Lilly Pulitzer full-price retail stores and our e-commerce customers. We seek to maintain sufficient levels of inventory at the distribution center to support our direct to consumer operations, as well as pre-booked orders and some limited replenishment ordering for our wholesale customers.

Direct to Consumer Operations

A key component of our Lilly Pulitzer growth strategy is to operate our own stores and e-commerce website which we believe permits us to develop and build brand awareness by presenting products in a setting specifically designed to showcase the aspirational lifestyle on which they are based. The distribution channels included in Lilly Pulitzer's direct to consumer strategy consist of full-price retail store and e-commerce operations and represented 62% of Lilly Pulitzer's net sales in Fiscal 2014, compared to 57% in Fiscal 2013. We expect the percentage of our Lilly Pulitzer sales which are direct to consumer sales will increase in future years as we anticipate that the full-price retail and e-commerce components of the Lilly Pulitzer business will continue to grow at a faster rate than the wholesale distribution channel.

Our direct to consumer strategy for the Lilly Pulitzer brand includes operating full-price retail stores in higher-end malls, lifestyle shopping centers, resort destinations and brand-appropriate street locations. As of January 31, 2015, 14 of the Lilly Pulitzer stores were located in indoor regional malls and eight of the Lilly Pulitzer stores were located in outdoor regional lifestyle centers with the remaining locations being street locations. Each retail store carries a wide range of merchandise, including apparel, footwear and accessories, all presented in a manner intended to enhance the Lilly Pulitzer image, brand awareness and acceptance. Our Lilly Pulitzer retail stores allow us to present Lilly Pulitzer's full line of current season products. We believe our Lilly Pulitzer retail stores provide high visibility for the brand and products and also enable us to stay close to the needs and preferences of consumers. Also, we believe that our presentation of products and our strategy to operate the retail stores as full-price stores with limited promotional activities complement our business with our wholesale customers. Generally, we believe there are opportunities for retail stores in warmer and colder climates, as we believe the more important consideration is whether the location attracts the affluent consumer that we are targeting.

Lilly Pulitzer's retail store sales per gross square foot for Fiscal 2014 were approximately $730 for the 23 retail stores which were open the full Fiscal 2014 year compared to approximately $645 for the 19 Lilly Pulitzer stores open for the full Fiscal 2013 year. For relocated stores, if any, for which the square feet changed during the year, we included, for the purposes of the calculation above, the square feet of the relocated store based on the weighted average month-end square feet for the relocated store. The increase in sales per gross square foot from the prior year was primarily due to higher comparable store sales in stores open prior to Fiscal 2013 as well as the favorable impact of the inclusion of the stores opened in Fiscal 2013 in the Fiscal 2014 calculation.

The table below provides certain information regarding Lilly Pulitzer retail stores as of January 31, 2015.

	Number of Full-Price Retail Stores
Florida	9
New York	3
Maryland	2
North Carolina	2
Ohio	2
Pennsylvania	2
Texas	2
Other	6
Total	28
Average square feet per store	2,800
Total square feet at year-end	79,000

The table below reflects the changes in store count for Lilly Pulitzer stores during Fiscal 2014.

	Full-Price Retail Stores
Open as of beginning of fiscal year	23
Opened during fiscal year	5
Open as of end of fiscal year	28

During Fiscal 2014, the average total gross square feet, calculated as the average of the total gross square feet at the beginning and end of each quarter during the year, of retail space was approximately 75,000 square feet. In Fiscal 2015, we expect to open six retail stores, and we expect to maintain a pace of four to six stores a year after Fiscal 2015. Although the timing of all of our store openings have not been finalized, we anticipate opening full-price retail store locations in Kiawah Island, South Carolina; Nashville, Tennessee; Chicago, Illinois; and Orlando, Coral Gables and Coconut Point, Florida in Fiscal 2015. All but one of these stores is expected to open in the first half of the year.

The operation of full-price retail stores requires a greater amount of initial capital investment than wholesale operations, as well as greater ongoing operating costs. We anticipate that most future full-price retail store openings will generally be 2,500 square feet on average; however, many stores will be larger or smaller than 2,500 square feet with the determination of size of the store depending on a variety of criteria. To open a 2,500 square foot Lilly Pulitzer full-price retail store, we anticipate

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capital expenditures of approximately $0.7 million on average. For most of our retail stores, the landlord provides certain incentives to fund a portion of our capital expenditures.

In addition to new store openings, we also incur capital expenditure costs related to remodels of existing stores, particularly when we renew or extend a lease beyond the original lease term, or otherwise determine that a remodel of a store is appropriate. We may also incur capital expenditures if a lease expires, or otherwise, and we determine it is appropriate to relocate a store to a new location in the same vicinity as the previous store. The cost of store relocations, if any, will generally be comparable to the cost of opening a new store.

In addition to operating Lilly Pulitzer full-price retail stores, another key element of our direct to consumer strategy is the lillypulitzer.com website, which represented 28% of Lilly Pulitzer's net sales in Fiscal 2014 compared to 25% in Fiscal 2013. The Lilly Pulitzer e-commerce business has experienced significant growth in recent years and we anticipate that the rate of growth of the e-commerce business will remain strong in the future.

We also utilize the Lilly Pulitzer website as an effective means of liquidating discontinued or out-of-season inventory, which is an ongoing part of any apparel business, in a brand appropriate manner. Usually, we have two e-commerce flash clearance sales per year, both of which are in typical industry end of season promotional periods. These sales are brand appropriate events that create a significant amount of excitement with loyal Lilly Pulitzer consumers, who are looking for an opportunity to purchase Lilly Pulitzer products at a discounted price. Each of these two e-commerce flash clearance sales are for a very limited number of days, allowing the Lilly Pulitzer website to essentially remain full-price for the remainder of the year. During Fiscal 2014, approximately 36% of Lilly Pulitzer's e-commerce sales were e-commerce flash clearance sales.

Wholesale Operations

To complement our direct to consumer operations and have access to a larger group of consumers, including those who may wish to shop at a specialty store or department store, we continue to maintain our wholesale operations for Lilly Pulitzer through better department stores and specialty stores that generally follow a full-price retail model approach with limited discounting. Although we do not expect that the Lilly Pulitzer wholesale business will grow at the same pace as the direct to consumer distribution channel, we value our long-standing relationships with our wholesale customers and are committed to working with them to enhance the success of the Lilly Pulitzer brand within their stores. We believe that the integrity and continued success of the Lilly Pulitzer brand, including its direct to consumer operations, is dependent, in part, upon controlled wholesale distribution with careful selection of the retailers through which Lilly Pulitzer products are sold. During Fiscal 2014, 38% of Lilly Pulitzer's net sales were sales to wholesale customers, with Lilly Pulitzer products available in more than 600 retail locations.

During Fiscal 2014, almost half of Lilly Pulitzer's wholesale sales were to certain wholesale customers, which we refer to as Lilly Pulitzer Signature Stores. For these stores, we enter into agreements whereby we grant the other party the right to independently operate one or more stores as a Lilly Pulitzer Signature Store, subject to certain conditions, including designating substantially all the store specifically for Lilly Pulitzer products and adhering to certain trademark usage requirements. These agreements are generally for a one- or two-year period. We sell products to these Lilly Pulitzer Signature Stores on a wholesale basis and do not receive royalty income associated with these sales. As of January 31, 2015, there were 71 Lilly Pulitzer Signature Stores.

The remaining wholesale sales were to better department stores and specialty stores. Lilly Pulitzer's net sales to its five largest wholesale customers represented 16% of Lilly Pulitzer's net sales in Fiscal 2014 with its largest customer representing 6% of Lilly Pulitzer's net sales.

We maintain Lilly Pulitzer apparel sales offices and showrooms in both King of Prussia, Pennsylvania and New York City. Our wholesale operations for Lilly Pulitzer utilize a sales force consisting of salaried sales employees.

Licensing Operations

We license the Lilly Pulitzer trademark to licensees in categories beyond Lilly Pulitzer's core product categories. In the long-term, we believe licensing may be an attractive business opportunity for the Lilly Pulitzer brand, particularly once our direct to consumer presence has expanded. Once a brand is established, licensing requires modest additional investment but can yield high-margin income. It also affords the opportunity to enhance overall brand awareness and exposure. In evaluating a potential Lilly Pulitzer licensee, we consider the candidate's experience, financial stability, manufacturing performance and marketing ability. We also evaluate the marketability and compatibility of the

proposed products with other Lilly Pulitzer brand products.
Our agreements with Lilly Pulitzer licensees are for specific geographic areas and expire at various dates in the future. Generally, the agreements require minimum royalty payments as well as royalty and advertising payments based on specified

percentages of the licensee's net sales of the licensed products. Our license agreements generally provide us the right to approve all products, advertising and proposed channels of distribution.

Third party license arrangements for Lilly Pulitzer products include the following product categories: bedding and home fashions; home furnishing fabrics; stationery and gift products; and eyewear.

Seasonal Aspects of Business

Lilly Pulitzer's operating results are impacted by seasonality as the demand by specific product or style as well as demand by distribution channel may vary significantly depending on the time of year. The following table presents the percentage of net sales and operating income for Lilly Pulitzer by quarter for Fiscal 2014:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	30 %	28 %	21 %	21 %
Operating income	46 %	35 %	13 %	6 %

As the timing of certain unusual or non-recurring items, economic conditions, wholesale product shipments or other factors affecting the business may vary from one year to the next, we do not believe that net sales or operating income for any particular quarter or the distribution of net sales for Fiscal 2014 are necessarily indicative of anticipated results for the full fiscal year or expected distribution in future years.

The timing of Lilly Pulitzer's sales in the direct to consumer and wholesale distribution channels generally varies. Typically, the demand in the direct to consumer operations, including sales for our own stores and e-commerce sites, for Lilly Pulitzer products in our principal markets is generally higher in the spring, summer and resort seasons and lower in the fall season. However, wholesale product shipments are generally shipped prior to each of the retail selling seasons. Further, in the third quarter of our fiscal year, which has not historically been a strong direct to consumer or wholesale quarter for Lilly Pulitzer, Lilly Pulitzer has historically held a significant e-commerce flash clearance sale which results in e-commerce sales representing a larger percentage of total sales than in other fiscal quarters. As the allocation of sales within a quarter is impacted by the seasonality of direct to consumer and wholesale sales, we have presented in the following table the proportion of net sales for each quarter represented by each distribution channel for Fiscal 2014, which may not be indicative of the allocation of sales by distribution channel in future periods:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Full price retail stores	31 %	45 %	26 %	33 %	34 %
E-commerce	18 %	23 %	44 %	32 %	28 %
Wholesale	51 %	32 %	30 %	35 %	38 %
Total	100 %	100 %	100 %	100 %	100 %

Lanier Clothes

Lanier Clothes designs, sources and distributes branded and private label men's apparel, with a focus on tailored clothing, including suits, sportcoats, suit separates and dress slacks, as well as casual pants and other dress apparel, across a wide range of price points, with the majority of the business at moderate price points. The majority of our Lanier Clothes products are sold under certain trademarks licensed to us by third parties. Licensed brands include Kenneth Cole®, Dockers® and Geoffrey Beene®. Additionally, we design and market products for our owned Billy London® brand. In addition to these branded businesses, Lanier Clothes designs and sources private label apparel products for certain customers, including a large private label pants program for a warehouse club. The private label programs offer the retailer product exclusivity at generally higher gross margins than they would achieve on branded products, while allowing us the opportunity to leverage our design, sourcing and distribution infrastructure. Sales of branded products represented approximately 67% of Lanier Clothes' net sales during Fiscal 2014.

Our Lanier Clothes products are sold to department stores, national chains, warehouse clubs, discount retailers, specialty retailers and others throughout the United States. Lanier Clothes' products are sold in more than 5,000 retail locations. In Lanier Clothes, we have long-standing relationships with some of the United States' largest retailers. During Fiscal 2014, Lanier Clothes' four largest customers represented 20%, 16%, 15% and 11% of Lanier Clothes' net sales, while sales to Lanier Clothes' 10 largest customers represented 86% of Lanier Clothes' net sales. The amount and percentage of net sales attributable to an individual customer in future years may be different than Fiscal 2014 amounts as sales are not tied to long-term contracts.

As much of Lanier Clothes' private label sales are program based, where for each program or season Lanier Clothes must bid for a program, an individual customer could increase, decrease or discontinue its purchases from us at any time. Thus, significant fluctuations in Lanier Clothes' operating results from one year to the next may result, particularly if a program is not renewed, the customer decides to use another vendor, we determine that the return on the program is not acceptable to us, a new program is initiated, there is a significant increase in the size of the program or otherwise. Additionally, in accordance with normal industry practice, as part of maintaining an ongoing relationship with certain customers, Lanier Clothes may be required to provide cooperative advertising or other incentives to the customer.

The moderate price point tailored clothing market is an extremely competitive apparel sector with significant competition at retail and gross margin pressures due to retail sales price pressures and sourcing cost increases as fewer low cost sourcing alternatives exist. We believe that our Lanier Clothes business has historically excelled at bringing quality products to our customers at competitive prices and managing inventory risk appropriately while requiring minimal capital expenditure investments.

Design, Manufacturing, Sourcing, Marketing and Distribution

We believe that superior customer service and supply chain management, as well as the design of quality products, are all integral components of our strategy in the branded and private label tailored clothing market. Our Lanier Clothes' design teams, which are located in New York City, focus on the target consumer for each brand. The design process combines feedback from buyers and sales agents along with market trend research and input from manufacturers. Our various Lanier Clothes products are manufactured from a variety of fibers, including wool, silk, linen, cotton and other natural fibers, as well as synthetics and blends of these materials.

Lanier Clothes manages production in Asia and Latin America through a combination of efforts from our Lanier Clothes offices in Atlanta, Georgia and third party buying agents. Lanier Clothes' sourcing operations are also supplemented, as appropriate, by third party contractors who may provide certain sourcing functions or in-country quality assurance to further enhance Lanier Clothes' global sourcing operations. During Fiscal 2014, 64% and 15% of Lanier Clothes product purchases were from manufacturers located in Vietnam and India, respectively. Lanier Clothes purchased goods from approximately 115 suppliers in Fiscal 2014. The 10 largest suppliers of Lanier Clothes provided 88% of the finished goods and raw materials Lanier Clothes acquired from third parties during Fiscal 2014, with 35% of our product purchases being from our largest third party supplier. In addition to purchasing products from third parties in Vietnam, India and other countries, Lanier Clothes operates a manufacturing facility, located in Merida, Mexico, which produced 13% of our Lanier Clothes products during Fiscal 2014.

The advertising efforts of Lanier Clothes are much more product specific than advertising for our owned lifestyle brands. For Lanier Clothes' branded products, advertising primarily consists of co-operative advertising with our larger customers, contributions to the licensor based on a specified percentage of our net sales to fund the licensor's general brand advertising initiatives and attending brand appropriate trade shows. As a provider of private label apparel, we are generally not responsible for advertising for private label brands.

For Lanier Clothes, we utilize a distribution center located in Toccoa, Georgia, as well as third party distribution centers for certain of our product shipments, where we receive goods from our suppliers, inspect those products and ship the goods to our customers. We seek to maintain sufficient levels of inventory to support programs for pre-booked orders and to meet customer demand for at-once ordering, including when consumers purchase products from our customers' websites and we ship directly to the consumer. For certain standard tailored clothing product styles, we maintain in-stock replenishment programs, providing shipment to customers within just a few days of receiving the order. These types of programs generally require higher inventory levels. Disposal of excess prior-season inventory is an ongoing part of our business and Lanier Clothes utilizes various off-price retailers to sell such products.

We maintain apparel sales offices and showrooms for our Lanier Clothes products in several locations, including New York City and Atlanta and employ a sales force consisting of salaried employees. Lanier Clothes operates the billylondonuk.com and menstailoreddirect.com websites, where certain Lanier Clothes products may be purchased on-line directly by consumers. In addition, Lanier Clothes also ships certain products directly to consumers who purchase products from the websites of certain of our wholesale customers.

Seasonal Aspects of Business

Lanier Clothes' operating results are impacted by seasonality as the demand by specific product or style may vary significantly depending on the time of year. As a wholesale apparel business, in which product shipments generally occur prior to the retail selling seasons, the seasonality of Lanier Clothes generally reflects stronger spring and fall wholesale deliveries which typically occur in our first and third quarters; however, in some fiscal years this will not be the case due to much of

Lanier Clothes' operations being program-driven businesses. The following table presents the percentage of net sales and operating income for Lanier Clothes by quarter for Fiscal 2014:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	25 %	19 %	32 %	24 %
Operating income	25 %	14 %	32 %	29 %

As the timing of certain unusual or non-recurring items, economic conditions, wholesale product shipments, the introduction of new programs, the loss of programs or customers or other factors affecting the business may vary from one year to the next, we do not believe that net sales or operating income for any particular quarter or the distribution of net sales and operating income for Fiscal 2014 are necessarily indicative of anticipated results for the full fiscal year or expected distribution in future years.

Ben Sherman

Ben Sherman is a London-based designer, marketer and distributor of men's branded sportswear and related products. Ben Sherman was established in 1963 as an edgy shirt brand that was adopted by the followers of the contemporary London music scene known as modernists or "Mods" and has throughout its history been inspired by what is new and current in British art, music, culture and style. The brand has evolved into a British lifestyle brand of apparel targeted at style conscious men ages 25 to 40 in multiple markets throughout the world. During Fiscal 2014, approximately 40%, 25% and 25% of Ben Sherman's net sales occurred in the United Kingdom, continental Europe and the United States, respectively. Ben Sherman products can be found in better department stores, specialty stores and our owned and licensed Ben Sherman retail stores, as well as on the Ben Sherman e-commerce websites. We also license the Ben Sherman name for various product categories.

We believe the attraction of the Ben Sherman brand to our consumers is a reflection of our efforts to ensure that we maintain appropriate quality and design of our apparel and licensed products, while also implementing restricted distribution of the Ben Sherman products to a select tier of retailers. We believe this approach to quality, design and distribution increases consumer desire for Ben Sherman products. We believe that the retail sales value of all Ben Sherman branded products sold during Fiscal 2014, including our estimate of retail sales by our wholesale customers and other third party retailers, was approximately $225 million.

Ben Sherman has faced challenges in recent years. At the same time, we elevated the wholesale distribution of the Ben Sherman brand. Although we have made significant strides in elevating our wholesale distribution, we have not realized enough sales at higher distribution levels to date to replace the sales from accounts that we exited. On March 24, 2015, our Board of Directors authorized our management to pursue a sale of the Ben Sherman business. We have engaged Financo, Ltd. as our financial advisor to assist in the transaction process. We plan to continue to operate the Ben Sherman business during the process, and although we expect to complete a sale within Fiscal 2015 no specific timetable has been set for consummation of a transaction. There can be no assurance that a transaction will take place, and our Board of Directors may consider other alternatives for the Ben Sherman business that it believes are in the best interest of shareholders.

Design, Sourcing, Marketing and Distribution

Ben Sherman men's apparel products are developed by our dedicated design teams located at the Ben Sherman headquarters in London, England. Our Ben Sherman design teams focus on the target consumer, and the design process combines feedback from buyers, consumers and our sales force, along with market trend research. We design our Ben Sherman apparel products to incorporate various fiber types, including cotton, wool or other natural fibers, synthetics, or blends of two or more of these materials.

We primarily utilize a large third party buying agent based in Hong Kong to manage the production and sourcing of the majority of our Ben Sherman apparel products, supplemented by our sourcing office in India. During Fiscal 2014 we used approximately 50 suppliers primarily located in Asia to manufacture our Ben Sherman products. During Fiscal 2014, 38% and 33% of our Ben Sherman apparel products were sourced from China and India, respectively, while the largest 10 suppliers provided 67% of the Ben Sherman products acquired during Fiscal 2014.

We believe that advertising and marketing are an integral part of the long-term strategy of the Ben Sherman brand, and we therefore devote significant resources to advertising and marketing. We intend that Ben Sherman advertising will engage individuals within the brand's consumer demographic and guide them on a regular basis to our retail stores, e-commerce websites and wholesale customers' stores in search of our products. The marketing of the Ben Sherman brand includes traditional media such as print, catalogs and other correspondence with customers, as well as moving media and trade show initiatives. However, an increasing amount of Ben Sherman's marketing focus involves email, Internet and social media advertising. We believe that it is very important that a lifestyle brand communicate regularly with consumers via the use of email, Internet and social media about product offerings or other brand events in order to maintain and strengthen the brands' connections with its consumers.

We also believe that highly visible retail store locations with creative design, broad merchandise selection and brand appropriate visual presentation are key enticements for customers to visit our retail stores and buy merchandise. We intend that our retail stores enhance the shopping experience of our customers, which we believe will increase consumer brand loyalty. Marketing initiatives at certain of our retail stores may include special event promotions and a variety of public relations activities designed to create awareness of our stores and products. We believe that our retail store operations as well as our traditional and electronic media communications increase the sales of our own retail stores and e-commerce operations, as well as the sales of our products for our wholesale customers.

For certain of our wholesale customers, we also provide point-of-sale materials and signage to enhance the presentation of our branded products at their retail locations and/or participate in cooperative advertising programs.

Ben Sherman uses a third party distribution center in the United Kingdom for its products sold in the United Kingdom and continental Europe. This distribution center provides warehouse and distribution services for our Ben Sherman products sold in the United Kingdom and continental Europe. In the United States, distribution services are performed for Ben Sherman at our owned distribution center in Lyons, Georgia. Distribution center activities include receiving finished goods, inspecting the products and shipping the products to wholesale customers, our Ben Sherman retail stores and our e-commerce customers. We seek to maintain sufficient levels of inventory to support pre-booked orders and some limited replenishment ordering for our wholesale customers as well as sales for our direct to consumer operations. Disposal of excess prior-season inventory is an ongoing part of our business and Ben Sherman utilizes a combination of sales in its own outlet stores and sales to off-price retailers to sell such inventory.

Wholesale Operations

During Fiscal 2014, 55% of Ben Sherman's net sales were sales to wholesale customers, including international distributors, with Ben Sherman products available in more than 1,200 retail locations. During Fiscal 2014, 27% of Ben Sherman's net sales were to its five largest customers, with its largest customer representing 7% of Ben Sherman's net sales. We maintain Ben Sherman apparel sales offices and showrooms in several locations, including London, New York City, Amsterdam and Dusseldorf. Our wholesale operations for Ben Sherman utilize a sales force consisting of salaried sales employees and independent commissioned sales representatives.

Direct to Consumer Operations

Our direct to consumer strategy for the Ben Sherman brand includes locating retail stores in brand-appropriate street locations and malls. Each retail store carries a wide range of merchandise, including apparel, footwear and accessories, all presented in a manner intended to enhance the Ben Sherman image. Our Ben Sherman retail stores allow us to present Ben Sherman's full line of current season products, including licensees' products. We believe our Ben Sherman retail stores provide high visibility of the brand and products and also enable us to stay close to the needs and preferences of consumers. We believe the presentation of these products in our Ben Sherman retail stores helps build brand awareness and acceptance and thus enhances business with our wholesale customers.

While we make approximately 40% of the Ben Sherman product sold in our outlets specifically for our outlets, our Ben Sherman outlet stores also serve an important role in overall inventory management by allowing us to sell discontinued and out-of-season products at better prices than are generally otherwise available from outside parties, while allowing us to better control the distribution of such products. Outlet store sales comprised 11% of Ben Sherman sales in Fiscal 2014.

The components of Ben Sherman's direct to consumer strategy include retail store, concession and e-commerce operations and represented 45% of Ben Sherman's net sales in Fiscal 2014, compared to 46% in Fiscal 2013. Retail store sales per gross square foot were approximately $730 for our Ben Sherman retail stores which were open throughout Fiscal 2014 compared to approximately $655 for Ben Sherman retail stores open throughout Fiscal 2013. The increase from Fiscal 2013 was primarily due to higher comparable retail store sales. The above amounts for sales per square foot do not include sales or square feet amounts for outlets and concessions.

The table below provides certain information regarding Ben Sherman retail stores as of January 31, 2015.

	Number of Stores	Average Square Feet
United Kingdom retail stores (1)	7	2,300
Continental Europe retail stores	2	1,900
United States retail stores	3	4,000
Outlet stores (2)(3)	9	1,800
Total	21	2,200
Total gross square feet at year end	46,000	

(1) One United Kingdom retail store was closed subsequent to January 31, 2015.
(2) Includes four outlet stores in the United Kingdom and five outlet stores in continental Europe.
(3) Excludes two temporary outlet stores operated in the United Kingdom, which were opened in late Fiscal 2014 and are expected to close in the first half of Fiscal 2015.

The table below reflects the changes in store count for Ben Sherman stores during Fiscal 2014.

	Retail Stores	Outlet Stores	Total
Open as of beginning of fiscal year	11	6	17
Opened during fiscal year	1	4	5
Closed during fiscal year	—	(1)	(1)
Open as of end of fiscal year	12	9	21

We do not currently have plans to open any new Ben Sherman retail stores or outlets in Fiscal 2015. The operation of our retail stores requires a greater amount of initial capital investment than wholesale operations as well as greater ongoing operating costs. Also, we incur capital expenditure costs related to remodels of existing stores, particularly when we renew or extend a lease beyond the original lease term, or otherwise determine that a remodel of a store is appropriate. We also incur capital expenditures when a lease expires and we determine it is appropriate to relocate a store to a new location in the same vicinity as the previous store.

Another component of our direct to consumer strategy is operating certain concession arrangements, whereby we operate Ben Sherman shops within department or other stores. The inventory at these locations is owned by us until sold to the consumer, at which time we recognize the full retail sales price. In these arrangements, a Ben Sherman employee is responsible for the area, and we pay a commission to the department store to cover occupancy and certain other costs associated with using the space. As of January 31, 2015, we operated 12 concession locations in the United Kingdom.

In addition to our retail store operations, we operate various Ben Sherman websites which provide consumers the opportunity to purchase Ben Sherman products directly on-line. Net sales of Ben Sherman's e-commerce operations were 5% of net sales for Ben Sherman in Fiscal 2014.

Licensing/Distributor Operations

We license the Ben Sherman trademark to a variety of licensees in categories beyond Ben Sherman's core product categories, including footwear and kids apparel. We believe licensing is an attractive business opportunity for the Ben Sherman brand. Once a brand is established, licensing requires modest additional investment but can yield high-margin income. It also affords the opportunity to enhance overall brand awareness and exposure. In evaluating a potential Ben Sherman licensee, we typically consider the candidate's experience, financial stability, manufacturing performance and marketing ability. We also evaluate the marketability and compatibility of the proposed products with other Ben Sherman brand products.

Our agreements with Ben Sherman licensees are for specific geographic areas and expire at various dates in the future. Generally, the agreements require minimum royalty payments as well as royalty and advertising payments based on specified percentages of the licensee's net sales of the licensed products. Our license agreements generally provide us the right to approve all products, advertising and proposed channels of distribution.

Third party license arrangements for Ben Sherman products include the following product categories:

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Footwear	Kid's apparel
Men's watches and jewelry	Men's tailored clothes and dress shirts
Men's hats, caps, scarves and gloves	Men's neckwear and pocket squares
Men's fragrances and toiletries	Men's and boys' underwear, socks and sleepwear
Men's gift products	

In addition to the license agreements for the specific product categories listed above, we have also entered into certain international license/distribution agreements which give these third parties the opportunity to distribute Ben Sherman products in certain geographic areas around the world. The products sold by our licensees/distributors generally are identical to the products sold by us. In many markets, our licensees/distributors are required to open retail stores in their respective geographic regions. As of January 31, 2015, our licensees/distributors operated 16 Ben Sherman retail stores located in Australia, South Africa, Malaysia, Canada and Russia, as well as four stores in Singapore and the Philippines, which are anticipated to close in Fiscal 2015.

Seasonal Aspects of Business

Ben Sherman's net sales are impacted by seasonality as the demand by specific product or style, as well as by distribution channel, may vary significantly depending on the time of year. The sales of Ben Sherman generally align with a typical wholesale and retail apparel company whereby the fall and holiday seasons are generally stronger quarters than the first half of the fiscal year. The following table presents the percentage of net sales for Ben Sherman by quarter for Fiscal 2014:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
Net sales	19	%	24	%	24	%	33	%
Operating Loss	43	%	29	%	20	%	8	%

As the timing of certain unusual or non-recurring items, economic conditions, wholesale product shipments or other factors affecting the business may vary from one year to the next, we do not believe that net sales or operating loss for any particular quarter or the distribution of net sales and operating loss for Fiscal 2014 are necessarily indicative of anticipated results for the full fiscal year or expected distribution in future years.

The timing of Ben Sherman's sales in the direct to consumer and wholesale distribution channels generally varies. Typically, the demand in the direct to consumer operations for Ben Sherman products in our principal markets is generally higher in the fall and holiday seasons and lower in the spring and summer seasons. Wholesale product shipments are generally shipped prior to each of the retail selling seasons. As the allocation of sales within a quarter is impacted by the seasonality of direct to consumer and wholesale sales, we have presented in the following table the proportion of net sales for each quarter represented by each distribution channel for Fiscal 2014, which may not necessarily be indicative of the allocation of sales in future periods:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year	
Wholesale	58	%	49	%	59	%	55	%	55	%
Direct to Consumer	42	%	51	%	41	%	45	%	45	%
Total	100	%	100	%	100	%	100	%	100	%

Corporate and Other

Corporate and Other is a reconciling category for reporting purposes and includes our corporate offices, substantially all financing activities, elimination of inter-segment sales, LIFO inventory accounting adjustments, other costs that are not allocated to the operating groups and operations of our other businesses which are not included in our four operating groups, including our Oxford Golf and our Lyons, Georgia distribution center operations. LIFO inventory calculations are made on a legal entity basis which does not correspond to our operating group definitions; therefore, LIFO inventory accounting adjustments are not allocated to operating groups.

The Oxford Golf® brand is designed to appeal to a sophisticated golf apparel consumer with a preference for high quality and classic styling. In addition to apparel bearing the Oxford Golf trademark, Oxford Golf also sources some private label products for certain small apparel companies. Our Oxford Golf products are primarily acquired on a package purchase, finished goods basis from third party producers outside of the United States. Oxford Golf seeks to maintain sufficient levels of inventory to support programs for pre-booked orders and at-once ordering. Oxford Golf employs a sales force consisting primarily of

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commissioned sales agents. Our Lyons, Georgia distribution center receives finished goods from suppliers, inspects those products and ships the products to customers of our Oxford Golf business and to customers and retail stores of our Ben Sherman United States business while also performing certain warehouse and distribution services for third parties.

TRADEMARKS

As discussed above, we own trademarks, several of which are very important to our business. Generally, our significant trademarks are subject to registrations and pending applications throughout the world for use on a variety of items of apparel and, in some cases, apparel-related products, accessories, home furnishings and beauty products, as well as in connection with retail services. We continue to evaluate our worldwide usage and registration of certain of our trademarks. In general, trademarks remain valid and enforceable as long as the trademarks are used in connection with our products and services in the relevant jurisdiction and the required registration renewals are filed. Important factors relating to risks associated with our trademarks include, but are not limited to, those described in Part I, Item 1A. Risk Factors.

PRODUCT SOURCING

We intend to maintain flexible, diversified, cost-effective sourcing operations that provide high-quality branded products. Our operating groups, either internally or through the use of third-party buying agents, source substantially all of our products from non-exclusive, third-party producers located in foreign countries or from our licensees for licensed products sold in our direct to consumer distribution channels. The use of contract manufacturers reduces the amount of capital investment required by us as operating manufacturing facilities can require a significant amount of capital investment. During Fiscal 2014, we sourced approximately 60% of our products from producers located in China and 12% of our products from producers in Vietnam, with less than 10% of our products sourced from each other single country. Although we place a high value on long-term relationships with our suppliers and have used many of our suppliers for a number of years, generally we do not have long-term contracts with our suppliers. Instead, we conduct business on an order-by-order basis. Thus, we compete with other companies for the production capacity of independent manufacturers. We believe that this approach provides us with the greatest flexibility in identifying the appropriate manufacturers while considering quality, cost, timing of product delivery and other criteria while also utilizing the expertise of the manufacturers. During Fiscal 2014, no individual third-party manufacturer supplied more than 10% of our product purchases.

We purchase substantially all of our products from third-party producers as package purchases of finished goods, which are manufactured with our oversight and to our design and fabric specifications. We depend upon the ability of third-party producers to secure a sufficient supply of raw materials specified by us, adequately finance the production of goods ordered and maintain sufficient manufacturing and shipping capacity rather than us providing or financing the costs of these items. We believe that purchasing substantially all of our products as package purchases allows us to reduce our working capital requirements as we are not required to purchase, or finance the purchase of, the raw materials or other production costs related to our product purchases until we take ownership of the finished goods, which typically occurs when the goods are shipped by the third-party producers. In addition to purchasing products from third parties, Lanier Clothes operates our only owned manufacturing facility, which is located in Merida, Mexico and produced 13% of our Lanier Clothes products during Fiscal 2014.

As the design, manufacture and transportation of apparel products for our brands may take as many as six months for each season, we typically make commitments months in advance of when products will arrive in our retail stores or our wholesale customers' stores. We continue to seek ways to reduce the time required from design and ordering to bringing products to our customer. As our merchandising departments must estimate our requirements for finished goods purchases for our own retail stores and e-commerce sites based on historical product demand data and other factors, and as purchases for our wholesale accounts must be committed to and purchased by us prior to the receipt of customer orders in some cases, we carry the risk that we have purchased more inventory than we will ultimately desire.

As part of our commitment to source our products in a lawful and responsible manner, each of our operating groups has implemented a code of conduct program applicable to vendors that we purchase goods from, which includes provisions related to abiding by applicable laws as well as compliance with other business ethics, including related human rights, health, safety, working conditions, environmental and other requirements. We require that each of our vendors and licensees comply with the applicable code of conduct or substantially similar compliance standards. On an ongoing basis we assess vendors' compliance with the applicable code of conduct and applicable laws and regulations through audits performed by either our employees or our designated agents. This assessment of compliance by vendors is directed by our corporate leadership team. In the event we determine that a vendor is not abiding by our required standards, we work with the vendor to remediate the violation. If the violation is not satisfactorily remediated, we will discontinue use of the vendor.

IMPORT RESTRICTIONS AND OTHER GOVERNMENT REGULATIONS

We are exposed to certain risks as a result of our international operations. Almost all of our merchandise is manufactured by foreign suppliers. During Fiscal 2014, we sourced approximately 60% of our products from producers located in China. Our imported products are subject to customs, trade and other laws and regulations governing their entry into the United States and other countries where we sell our products.

Substantially all of the merchandise we acquire is subject to duties which are assessed on the value of the imported product and represent a material portion of the cost of the goods we sell. Duty rates vary depending on the type of garment and its fiber content and are subject to change in future periods. In addition, while the World Trade Organization's member nations have eliminated quotas on apparel and textiles, the United States and European countries into which we import our products are still allowed in certain circumstances to unilaterally impose "anti-dumping" or "countervailing" duties in response to threats to their comparable domestic industries.

In addition, apparel and other products sold by us are subject to stringent and complex product performance and security and safety standards, laws and other regulations. These regulations relate principally to product labeling, licensing requirements, certification of product safety and importer security procedures. We believe that we are in material compliance with those regulations. Our licensed products and licensing partners are also subject to regulation. Our agreements require our licensing partners to operate in compliance with all laws and regulations.

Although we have not been materially inhibited from doing business in desired markets in the past, we cannot assure that significant impediments will not arise in the future as we expand product offerings and brands and enter into new markets. Our management regularly monitors proposed regulatory changes and the existing regulatory environment, including any impact on our operations or on our ability to import products.

Important factors relating to risks associated with government regulations include, but are not limited to, those described in Part I, Item 1A. Risk Factors.

INFORMATION TECHNOLOGIES

We believe that sophisticated information systems and functionality are important components of maintaining our competitive position and supporting continued growth of our businesses, particularly in the ever changing consumer shopping environment. Our management information systems are designed to provide effective retail store, e-commerce and wholesale operations while emphasizing efficient point-of-sale, distribution center, design, sourcing, order processing, marketing, accounting and other functions. We use point-of-sale registers that capture sales data, track inventories and monitor traffic and other information in our retail stores. We regularly evaluate the adequacy of our information technologies and upgrade or enhance our systems to gain operating efficiencies, to provide additional consumer access and to support our anticipated growth as well as other changes in our business. We believe that continuous upgrading and enhancements to our management information systems with newer technology that offers greater efficiency, functionality and reporting capabilities is important to our operations and financial condition.

SEASONAL ASPECTS OF BUSINESS

Each of our operating groups is impacted by seasonality as the demand by specific product or style, as well as by distribution channel, may vary significantly depending on the time of year. For details of the impact of seasonality on each of our operating groups, see the business discussion of each operating group above. The following table presents our percentage of net sales and operating income by quarter for Fiscal 2014:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	26%	25%	22%	27%
Operating income	34%	32%	3%	31%

We anticipate that as our retail store operations increase in the future, the third quarter will continue to be our smallest net sales and operating income quarter and the percentage of the full year net sales and operating income generated in the third quarter will continue to decrease, absent any other factors that might impact seasonality. As the timing of certain unusual or non-recurring items, economic conditions, wholesale product shipments, weather or other factors affecting the retail business may vary from one year to the next, we do not believe that net sales or operating income for any particular quarter or the distribution of net sales and operating income for Fiscal 2014 are necessarily indicative of anticipated results for the full fiscal year or expected distribution in future years.

ORDER BACKLOG

As 61% of our sales are direct to consumer sales, which are not reflected in an order backlog, and the order backlog for wholesale sales may be impacted by a variety of factors, we do not believe that order backlog information is necessarily indicative of sales to be expected for future periods. Therefore, we believe the order backlog is not material for an understanding of our business taken as a whole. Further, as our sales continue to shift towards direct to consumer rather than wholesale sales, the order backlog will continue to be less meaningful as a measure of our future sales and results of operations.

EMPLOYEES

As of January 31, 2015, we employed approximately 5,400 persons, of whom approximately 80% were employed in the United States. Approximately 69% of our employees were retail store and restaurant employees. We believe our employee relations are good.

INFORMATION

Oxford Industries, Inc. is a Georgia corporation originally founded in 1942. Our corporate headquarters are located at 999 Peachtree Street, N.E., Ste. 688, Atlanta, Georgia 30309. Our Internet address is oxfordinc.com. Copies of our annual report on Form 10-K, proxy statement, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website the same day that they are electronically filed with the SEC. The information on our website is not and should not be considered part of this Annual Report on Form 10-K and is not incorporated by reference in this document.

Item 1A. Risk Factors

The risks described below highlight some of the factors that could materially affect our operations. If any of these risks actually occurs, our business, financial condition, prospects and/or operating results may be adversely affected. These are not the only risks and uncertainties we face. We operate in a competitive and rapidly changing business environment, and additional risks and uncertainties not presently known to us or that we currently consider immaterial may also adversely affect our business.

We operate in a highly competitive industry and our success depends on the reputation and value of our brand names and our ability to offer innovative and market appropriate products that respond to rapidly changing fashion trends; any failure to maintain the reputation or value of our brands, to offer innovative, fashionable and desirable brands and products and/or to appropriately respond to competitive factors within our industry could adversely affect our business operations and financial condition.

We operate in a highly competitive industry and our success depends on the reputation and value of our brand names. We believe that the principal competitive factors in the apparel industry are the reputation, value and image of brand names; design; consumer preference; price; quality; marketing; and customer service. We believe that our ability to compete successfully is directly related to our proficiency in foreseeing changes and trends in fashion and consumer preference, and presenting appealing products for consumers.

The value of our brands could be diminished by actions taken by us or by our wholesale customers or others who have an interest in the brands, including by failing to respond to emerging fashion trends, by selling products bearing our brands through distribution channels that are inconsistent with the retail channels in which our customers expect to find those brands, by becoming overly promotional or setting up consumer expectations for promotional activity for our products. We are becoming more reliant on social media as one of our marketing strategies and the value of our brands could be adversely affected if we do not effectively communicate our brand message through social media vehicles that interface with our consumers on a regular basis. In addition, we cannot always control the marketing and promotion of our products by our wholesale customers or other third parties and actions by such parties that are inconsistent with our own marketing efforts or that otherwise adversely affect the appeal of our products could diminish the value or reputation of one or more of our brands and have an adverse effect on our sales and business operations.

During Fiscal 2014, Tommy Bahama's net sales represented 63% of our consolidated net sales, while Lilly Pulitzer's and Ben Sherman's net sales represented 17% and 8%, respectively, of our consolidated net sales. The limited diversification in our portfolio may heighten the risks we face if one of our brands fails to meet our expectations and/or is adversely impacted by any actions we or third parties take with respect to that brand or by competitive conditions in the apparel industry.

Although certain of our products carry over from season to season, the apparel industry is subject to rapidly changing fashion trends and shifting consumer demands, particularly for our lifestyle branded Tommy Bahama, Lilly Pulitzer and Ben Sherman products. Due to the competitive nature of the apparel industry, there can be no assurance that the demand for our

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products will not decline or that we will be able to successfully evaluate and adapt our products to align with consumer preferences and changes in consumer demographics. The introduction or repositioning of product lines and categories and the entry of our products into new geographic territories often requires substantial costs in design, marketing and advertising, which may not be recovered if these initiatives are not successful. Any failure on our part to develop and market appealing products could result in weakened financial performance and/or harm the reputation and desirability of our brands.

The highly competitive apparel industry, characterized by low entry barriers, includes numerous domestic and foreign apparel designers, manufacturers, distributors, importers, licensors and retailers, some of whom may also be our customers and some of whom are significantly larger, more diversified and have significantly greater financial resources than we do. Certain of our competitors offer apparel for sale at lower initial price points than our products and/or at significant discounts, particularly in response to weak economic conditions, which has resulted, and may continue to result, in significant pricing pressure within the apparel industry. This has been exacerbated by structural headwinds in the specialty retail sector, where the growth of fast fashion and value fashion retailers and expansion of off-price retailers has shifted consumer expectations to lower priced products from traditional, well-known brands. Competitive factors within the apparel industry may result in reduced sales, increased costs, lower prices for our products and/or decreased margins.

We also license certain of our brands, including Tommy Bahama, Lilly Pulitzer and Ben Sherman, to third party licensees. While we enter into comprehensive license and similar collaborative agreements with third parties covering product design, product quality, sourcing, distribution, manufacturing and marketing requirements and approvals, there can be no guarantee our brands will not be negatively impacted through our association with products outside of our core apparel products, by the market perception of the third parties with whom we associate and/or due to the actions of a licensee. The improper or detrimental actions of a licensee could significantly impact the perception of our brands.

In addition, the reputation of our brands could be harmed if our third party manufacturers and vendors, substantially all of which are located outside the United States, fail to meet appropriate product safety, product quality and social compliance standards, including the terms of our applicable codes of conduct and vendor compliance standards. We cannot assure that our manufacturers and vendors will at all times conduct their operations in accordance with ethical practices or that the products we purchase will always meet our safety and quality control standards. Any violation of our applicable codes of conduct or local laws relating to labor conditions by our manufacturers or vendors or other actions or failures by us or such parties may result in negative public perception of our brands or products, as well as disrupt our supply chain, which may adversely affect our business operations.

The apparel industry is heavily influenced by general economic conditions, and a deterioration or worsening of consumer confidence or consumer purchases of discretionary products may adversely affect our business and financial condition, including as a result of adverse business conditions for third parties with whom we do business.

The apparel industry is cyclical and dependent upon the overall level of discretionary consumer spending, which changes as regional, domestic and international economic conditions change. Demand for our products may be significantly impacted by trends in consumer confidence and discretionary consumer spending, which may be influenced by employment levels, recessions, fuel and energy costs, availability of personal credit, interest rates, tax rates and changes in tax laws, declining purchasing power due to foreign currency fluctuations, personal debt levels, housing prices, stock market volatility, general political conditions and other factors. The factors impacting consumer confidence and discretionary consumer spending are outside of our control and difficult to predict, and, often, the apparel industry experiences longer periods of recession and greater declines than the general economy. Any deterioration or worsening of consumer confidence or discretionary consumer spending, which has been negatively impacted in the past few years, could reduce our sales and/or adversely affect our business and financial condition.

Additionally, significant changes in the operations or liquidity of any of the parties with which we conduct our business, including suppliers, customers, trademark licensees and lenders, among others, now or in the future, or in the access to capital markets for any such parties, could result in lower demand for our products, lower sales, higher costs or other disruptions in our business.

In response to technological advancements, retailers are shifting how they interact with their consumers and facilitate transactions, and our ability to execute our direct to consumer retail strategies in our branded businesses and/or the effect of the shift in the manner in which retail consumers transact business, subjects us to risks that could adversely affect our financial results and operations.

Certain of our brands, including Tommy Bahama, Lilly Pulitzer and Ben Sherman, distribute products through brick and mortar retail stores and e-commerce websites and regularly communicate with consumers through social media and other methods of digital marketing. One of our key initiatives is to grow our branded businesses through retail strategies that allow our consumers to access our brands whenever and wherever they choose to shop. Our success depends to a large degree on our ability to introduce new retail concepts and products, locate new retail locations with the proper consumer demographics, establish the infrastructure necessary to support growth, source sufficient levels of inventory, hire and train qualified associates, anticipate and implement innovations in sales and marketing technology to align with our consumers' shopping preferences and maintain brand specific websites and other social media presence that offer the functionality and security customers expect.

In addition, in response to technological advancements, retail consumers have shifted their shopping behavior in recent years, with computers, mobile phones, tablets and other devices facilitating retail transactions anywhere in the world and allowing greater consumer transparency in product pricing and competitive offerings from other retailers. As a result, retailers have been forced to shift the way in which they do business, including development of applications for electronic devices; improvement of guest-facing technology; one-day or same-day delivery of products purchased online (including through the enhancement of inventory management systems and their interface with e-commerce websites, the development and more effective use of additional distribution facilities, either owned or provided by a third party, and in-store enhancements that facilitate shipment of e-commerce transactions from traditional brick and mortar retail locations); free shipping of e-commerce transactions; greater and more fluid inventory availability between online transactional businesses and brick and mortar retail locations; and greater consistency in marketing and pricing strategies for online and traditional brick and mortar retail operations, including with respect to the retail pricing strategies of a retailer's own product offerings and those of its wholesale customers. The continuing shift in the manner in which consumers transact business globally and our efforts to respond to these changes and execute our direct to consumer retail strategies could adversely affect our financial results and operations as a result of, among other things: investment in technology and infrastructure in order to remain competitive (including investments to maintain modern technology and functionality similar to that provided by our competitors and expected by our customers); reliance on outdated technology that is not as appealing or functionally effective as those of our competitors; our own e-commerce business and/or third party offers diverting sales from our brick and mortar retail stores, where we have made substantial capital expenditures on leasehold improvements and have significant remaining long-term financial commitments, and rendering the traditional retail model more challenging financially; decision making with respect to the wholesale customers to whom we are willing to sell our products in order to maintain a consistent brand message and pricing strategy; any failure to properly communicate our brand message or recreate the ambiance of our retail stores through social media; a reliance on third party service providers for software, processing and similar services; liability for our online content; credit card fraud; and failure of computer systems, theft of personal consumer information and computer viruses. If we are unable to properly manage these risks and effectively respond to the behavioral shift in consumer expectations, we may lose sales and/or our reputation and credibility may be damaged.

There are risks associated with the announcement of our pursuit of strategic alternatives to sell our Ben Sherman operations, which could adversely affect our ongoing operations, divert management's attention and negatively impact our results of operations.

On March 26, 2015, we announced that we are pursuing a sale of our Ben Sherman business. We plan to continue to operate the Ben Sherman business during this process. However, the announcement could impact confidence about the long-term implications for the brand among our customers and other third party distribution partners and others and could negatively impact sales and operating results. There can be no assurance that we will enter into a transaction in the future or as to the timing of such a transaction, nor can we be certain as to the terms or structure of such a transaction, including the potential for recognizing a loss on such a divestiture transaction or the magnitude of such a loss. The announcement may subject us, in particular Ben Sherman, to substantial risks and uncertainties that may result in a material adverse effect on our financial condition and results of operations, including our ability to identify and consummate a transaction that is in the best interests of our shareholders; reaction by, and the impact on relationships with, current and prospective customers and third party licensees, international distributors and vendors pending a decision on a transaction; potential disruption to Ben Sherman's operations and management that could occur leading up to and after a transaction is chosen; diversion of senior management's attention towards executing our strategy to exit the Ben Sherman business; and the loss of key personnel at Ben Sherman pending a decision on a transaction.

Loss of one or more of our key wholesale customers, or a significant adverse change in a customer’s financial performance or financial position, could negatively impact our net sales and profitability.

We generate a significant percentage of our wholesale sales from a few key customers. For example, during Fiscal 2014, 41% of our consolidated wholesale sales were to our five largest customers. Over the last several years, there has been a trend towards greater consolidation in the retail industry, centralized purchasing decisions within consolidated customer groups, significant levels of store closures by large retailers, increased prevalence and emphasis on private label products at large retailers and direct sourcing of products by large retailers. A decrease in the number of stores that carry our products, restructuring of our customers' operations, more centralized purchasing decisions, continued store closures by major department stores, direct sourcing and greater leverage by customers, as a result of further consolidation in the retail industry or otherwise, could result in lower prices, realignment of customer affiliations or other factors which could negatively impact our net sales and profitability.

We generally do not have long-term contracts with any of our wholesale customers. Instead, we rely on long-standing relationships with these customers and our position within the marketplace. As a result, purchases generally occur on an order-by-order basis, and each relationship can generally be terminated by either party at any time. A decision by one or more of our key wholesale customers to terminate its relationship with us or to reduce its purchases from us, whether motivated by competitive considerations, quality or style issues, financial difficulties, economic conditions or otherwise, or our own decision to terminate or curtail our sales to a particular customer, whether for brand protection or enhancement or otherwise, could adversely affect our net sales and profitability, as it would be difficult to immediately, if at all, replace this business with new customers, reduce our operating costs or increase sales volumes with other existing customers.

In addition, due to long product lead times, our product lines are typically designed and manufactured in anticipation of orders for sale. We make commitments for production in connection with these lines up to several months prior to the receipt of firm orders from customers, and if orders do not materialize or are canceled, we may incur expenses to terminate our production commitments or incur losses in order to dispose excess inventories.

We also extend credit to most of our key wholesale customers without requiring collateral, which results in a large amount of receivables from just a few customers. At January 31, 2015, our five largest outstanding customer balances represented $26 million, or 32% of our consolidated receivables balance. Companies in the apparel industry, including some of our customers, may experience financial difficulties, including bankruptcies, restructurings and reorganizations, tightened credit markets and/or declining sales and profitability. A significant adverse change in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume greater credit risk relating to that customer's receivables or limit our ability to collect amounts related to shipments to that customer.

We rely to a large extent on third party producers in foreign countries to meet our production demands and failures by these producers to meet our requirements, the unavailability of suitable producers at reasonable prices and/or changes in international trade regulation may negatively impact our ability to deliver quality products to our customers on a timely basis, disrupt our supply chain or result in higher costs or reduced net sales.

We source substantially all of our products from non-exclusive, third party producers located in foreign countries, including sourcing approximately 60% of our product purchases from China during Fiscal 2014. Although we place a high value on long-term relationships with our suppliers, generally we do not have long-term supply contracts but, instead, conduct business on an order-by-order basis. Therefore, we compete with other companies for the production capacity of independent manufacturers. We regularly depend on the ability of third party producers to secure a sufficient supply of raw materials, adequately finance the production of goods ordered and maintain sufficient manufacturing and shipping capacity. Although we monitor production in third party manufacturing locations, we cannot be certain that we will not experience operational difficulties with our manufacturers, such as the reduction of availability of production capacity, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines or increases in manufacturing costs. Such difficulties may negatively impact our ability to deliver quality products to our customers on a timely basis, which may, in turn, have a negative impact on our customer relationships and result in lower net sales.

In addition, due to our sourcing activities, we are exposed to risks associated with changes in the laws and regulations governing the importing and exporting of apparel products into and from the countries in which we operate. These risks include changes in social, political, labor and economic conditions or terrorist acts that could result in the disruption of trade from the countries in which our manufacturers are located; the imposition of additional or new duties, tariffs, taxes, quota restrictions or other changes and shifts in sourcing patterns as a result of such changes; significant delays in the delivery of our products, due to security or other considerations; fluctuations in sourcing costs; the imposition of antidumping or countervailing duties; fluctuations in the value of the dollar against foreign currencies; changes in customs procedures for importing apparel products; and restrictions on the transfer of funds to

or from foreign countries. We may not be able to offset any disruption to our supply chain as a result of any of these factors by shifting production to suitable manufacturers in other jurisdictions in a timely manner or at acceptable prices, and future regulatory actions or changes in international trade regulation may provide our competitors with a material advantage over us.
Our business depends on our senior management and other key personnel, and the unsuccessful transition of key management responsibilities, the unexpected loss of individuals integral to our business, our inability to attract and retain qualified personnel in the future or our failure to successfully plan for and implement succession of our senior

management and key personnel may have an adverse effect on our operations, business relationships and ability to execute our strategies.

Our senior management has substantial experience and expertise in the apparel and related industries, with our Chief Executive Officer Mr. Thomas C. Chubb III having worked with our company for more than 25 years, including in various executive management capacities. Our success depends upon disciplined execution at all levels of our organization, including our senior management. Competition for qualified personnel in the apparel industry is intense, and we compete to attract and retain these individuals with other companies that may have greater financial resources than us. While we believe that we have depth within our management team, if we lose any key executives, our business and financial performance could be harmed.

In addition, we need to plan for the succession of our senior management and successfully integrate new members of management within our organization. The unexpected loss of any of our senior management, or the unsuccessful integration of new leadership, could negatively affect our operations, business relationships and ability to execute our strategies.

Breaches of information security or privacy could damage our reputation or credibility and cause us financial harm.

As an ongoing part of our business operations, including direct to consumer transactions and marketing through various social media tools, we regularly collect and utilize sensitive and confidential personal information, including of our customers, employees and suppliers and including credit card information. The routine operation of our business involves the storage and transmission of customer personal information, preferences and credit card information, and we use social media and other online activities to connect with our customers. The regulatory environment governing our use of individually identifiable data of customers, employees and others is complex, and the security of personal information is a matter of public concern.

Cybersecurity attacks are becoming increasingly sophisticated, and experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or disrupt our systems. Consumer awareness and sensitivity to privacy breaches and cybersecurity threats has also heightened recently. Despite our implementation of security measures, if an actual or perceived data security breach occurs, whether as a result of cybersecurity attacks, computer viruses, vandalism, human error or otherwise, the image of our brands and our reputation and credibility could be damaged. The costs to eliminate or alleviate cyber or other security problems and vulnerabilities, including to comply with security or other measures under state, federal and international laws governing the unauthorized disclosure of confidential information or to resolve any litigation, and to enhance cybersecurity protection through organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants could be significant and result in significant financial losses and expenses, as well as lost sales.

In addition, privacy and information security laws and requirements change frequently, and compliance with them or similar security standards, such as those created by the payment card industry, may require us to modify our operations and/or incur costs to make necessary systems changes and implement new administrative processes. Our failure to comply with these laws and regulations, or similar security standards, could lead to fines, penalties or adverse publicity.

Our operations are reliant on information technology and any interruption or other failure, in particular at one of our principal distribution facilities, may impair our ability to provide products to our customers, efficiently conduct our operations, and meet the needs of our management.

The efficient operation of our business is dependent on information technology. Information systems are used in all stages of our operations and as a method of communication with our customers, service providers and suppliers. Additionally, each of our operating groups utilizes e-commerce websites to sell goods directly to consumers. Our management also relies on information systems to provide relevant and accurate information in order to allocate resources and forecast and report our operating results. Service interruptions may occur as a result of a number of factors, including power outages, consumer traffic levels, computer viruses, hacking or other unlawful activities by third parties, disasters, or failures to properly install, upgrade, integrate, protect, repair or maintain our various systems and e-commerce websites.

We regularly evaluate upgrades or enhancements to our information systems to more efficiently and competitively operate our businesses, including an ongoing transition towards more integrated systems for our businesses. We may experience difficulties during the implementation, upgrade or subsequent operation of our systems and/or not be equipped to address system problems. Any material disruption in our information technology systems, or any failure to timely, efficiently and effectively integrate new systems, could have an adverse affect on our business or results of operations.

We may additionally have a greater risk than our peers due to the concentration of our distribution facilities. The primary distribution facilities that we operate are: a distribution center in Auburn, Washington for our Tommy Bahama products; a distribution center in King of Prussia, Pennsylvania for our Lilly Pulitzer products; a distribution center in Toccoa, Georgia for our Lanier Clothes products; and a distribution center in Lyons, Georgia for our Ben Sherman products sold in the United States and for our Oxford Golf products. In addition, in the United Kingdom, we utilize a third party distribution center that manages substantially all of the distribution activities for our Ben Sherman products sold in the United Kingdom and continental Europe. Each of these distribution centers relies on computer-controlled and automated equipment, which may be subject to a number of risks. Our ability to support our direct to consumer operations, meet customer expectations, manage inventory and achieve objectives for operating efficiencies depends on the proper operation of these brand-focused distribution facilities, each of which manages the receipt, storage, sorting, packing and distribution of finished goods for one of our operating groups.

If any of our primary distribution facilities were to shut down or otherwise become inoperable or inaccessible for any reason, including as a result of natural or man-made disasters, cybersecurity attacks, computer viruses or otherwise, if our distribution facilities fail to upgrade their technological systems to ensure efficient operations, or if we are unable to receive goods in a distribution center or to ship the goods in a distribution center, as a result of a technology failure or otherwise, we could experience a reduction in sales, a substantial loss of inventory or higher costs, insufficient inventory at our retail stores to meet consumer expectations and longer lead times associated with the distribution of our products. In addition, for the distribution facilities that we operate, there are substantial fixed costs associated with these large, highly automated distribution centers, and we could experience reduced operating and cost efficiencies during periods of economic weakness. Any disruption to our distribution facilities or in their efficient operation could negatively affect our operating results and our customer relationships.

We may be unable to protect our trademarks and other intellectual property.

We believe that our trademarks and other intellectual property, as well as certain contractual arrangements, including licenses, and other proprietary intellectual property rights, have significant value and are important to our continued success and our competitive position due to their recognition by retailers and consumers. In Fiscal 2014, 90% of our consolidated net sales were attributable to branded products for which we own the trademark. Therefore, our success depends to a significant degree on our ability to protect and preserve our intellectual property. We rely on laws in the United States and other countries to protect our proprietary rights. However, we may not be able to sufficiently prevent third parties from using our intellectual property without our authorization, particularly in those countries where the laws do not protect our proprietary rights as fully as in the United States. The use of our intellectual property or similar intellectual property by others could reduce or eliminate any competitive advantage we have developed, causing us to lose sales or otherwise harm the reputation of our brands.

From time to time, we discover products that are counterfeit reproductions of our products or that otherwise infringe on our proprietary rights. These activities typically increase as brand recognition increases, especially in markets outside the United States. Counterfeiting of our brands could divert away sales, and association of our brands with inferior counterfeit reproductions could adversely affect the integrity and reputation of our brands.

Additionally, there can be no assurance that the actions that we have taken will be adequate to prevent others from seeking to block sales of our products as violations of proprietary rights. As we extend our brands into new product categories and new product lines and expand the geographic scope of our distribution and marketing, we could become subject to litigation or challenge based on allegations of the infringement of intellectual property rights of third parties. In the event a claim of infringement against us is successful or would otherwise affect our operations, we may be required to pay damages, royalties or license fees or other costs to continue to use intellectual property rights that we had been using, or we may be unable to obtain necessary licenses from third parties at a reasonable cost or within a reasonable time. Litigation and other legal action of this type, regardless of whether it is successful, could result in substantial costs to us and diversion of the attention of our management and other resources.

Our business is subject to various federal, foreign, state and local laws and regulations, and the costs of compliance with, or the violation of, such laws and regulations could have an adverse effect on our costs or operations.

In the United States, we are subject to stringent standards, laws and other regulations, including those relating to health, product performance and safety, labor, employment, privacy and data security, anti-bribery, consumer protection, taxation, customs, logistics and similar operational issues. In addition, operating in foreign jurisdictions, including those where we may operate retail stores, requires compliance with similar laws and regulations. These laws and regulations, in the United States and abroad, are complex and often vary widely by jurisdiction, making it difficult for us to ensure that we are currently or will be in the future compliant with all applicable laws and regulations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws or regulations, and unfavorable resolution to litigation or a violation of applicable laws and regulations by us, or any of our suppliers or licensees, may restrict our ability to import

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products, lead to fines or otherwise increase our costs, materially limit our ability to operate our business or result in adverse publicity.

We rely on our product design teams and our vendors to ensure that our products comply with regulatory requirements. If our products fail to comply with applicable regulations and standards, regardless of our culpability, or there are customer concerns about such issues, our reputation may be damaged, we may incur lost sales and/or we may need to recall products.

In addition, the restaurant industry requires compliance with a variety of federal, state and local regulations. In particular, all of our Tommy Bahama restaurants serve alcohol and, therefore, maintain liquor licenses. Our ability to maintain our liquor licenses depends on our compliance with applicable laws and regulations. The loss of a liquor license would adversely affect the profitability of a restaurant. Additionally, as a participant in the restaurant industry, we face risks related to food quality, food-borne illness, injury, health inspection scores and labor relations. Regardless of whether any allegations of violations of the laws and regulations governing our business are valid or whether we ultimately become liable, we may be materially affected by negative publicity associated with these issues. For example, the negative impact of adverse publicity relating to allegations of violations at one of our restaurants may extend beyond the restaurant involved to affect some or all of the other restaurants, as well as the image of the Tommy Bahama brand as a whole.

Additionally, as a publicly traded company, we are subject to a significant body of regulation, including the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act. Compliance with these regulations requires us to devote time and management resources to institute corporate processes and compliance programs and to update these processes and programs in response to newly implemented or changing regulatory requirements and could affect the manner in which we operate our businesses. We cannot provide assurance that we are or will be in compliance with all potentially applicable corporate regulations. We could be subject to a range of regulatory actions, fines or other sanctions or litigation or our brand reputation could suffer, either as a result of a failure to comply with any of these regulations or our disclosures in response to these regulations.

Changes in tax laws and unanticipated tax liabilities could adversely affect our effective income tax rate and profitability.

As a global apparel company, we are subject to income taxes in the United States and various foreign jurisdictions. We record our income tax liability based on an analysis and interpretation of local tax laws and regulations, which requires a significant amount of judgment and estimation. In addition, we may from time to time modify our operations in an effort to minimize our global income tax exposure. Our effective income tax rate in any particular period or in future periods may be affected by a number of factors, including among others a shift in the mix of revenues, income and/or losses among domestic and international sources during a year or over a period of years; changes in tax laws and regulations and/or international tax treaties; the outcome of income tax audits in various jurisdictions; and the resolution of uncertain tax positions, any of which could adversely affect our effective income tax rate and profitability.

Fluctuations and volatility in the cost and availability of raw materials, labor and freight may materially increase our costs.

We and our third party suppliers rely on the availability of raw materials at reasonable prices. The principal fabrics used in our business are cotton, linens, wools, silk, other natural fibers, synthetics and blends of these materials. The prices paid for these fabrics depend on the market price for raw materials used to produce them. In addition, the cost of the materials that are used in our manufacturing process, such as oil-related commodity prices and other raw materials, such as dyes and chemicals, and other costs, can fluctuate. In recent years, we have from time to time seen increases in the costs of certain raw materials, particularly cotton, as a result of rising demand from the economic recovery, weather-related supply disruptions, significant declines in U.S. inventory and a sharp rise in the futures market for cotton. We historically have not entered into any futures contracts to hedge commodity prices.

In addition, in recent years, we have seen increases in the cost of labor at many of our suppliers, particularly with the growth of the middle class in certain countries, as well as in freight costs. In China, for example, apparel manufacturers have been experiencing increased costs due to labor shortages and the fluctuation of the Chinese Yuan in relation to the U.S. dollar, and these increased costs are often passed on to us.

We believe that these cost pressures may not be alleviated in the near future and could further increase. Although we attempt to mitigate the effect of increases in our cost of goods sold through sourcing initiatives and by selectively increasing the prices of our products, these product costing pressures, as well as other variable cost pressures, may materially increase our costs, and we may be unable to fully pass on these costs to our customers.

We may be unable to grow our business through organic growth and/or, if and when appropriate, acquisitions of lifestyle brands that fit within our business model, and any failure to successfully execute this aspect of our business strategy may have a material adverse effect on our business, financial condition, liquidity and results of operations.
One component of our business strategy is to grow our business through organic growth and/or, if and when appropriate, acquisitions of lifestyle brands that fit within our business model. Organic growth may be achieved by, among other things, increasing sales in our direct to consumer channels; selling our products in new markets, including international markets; increasing our market share in existing markets, including to existing wholesale customers; and increasing the product offerings within our various operating groups. Successful growth of our business is subject to, among other things, our ability to implement plans for expanding our existing businesses at satisfactory levels and to find suitable acquisition candidates at reasonable prices in the future, particularly in the current acquisition climate where desirable acquisition candidates are garnering higher acquisition multiples than in prior years; there are multiple competitive bidders; there are competing bidders who may have more financial resources than us; and the competitive acquisition climate is further enhanced by the relatively low cost of available capital. We may not be successful in achieving suitable organic growth and/or growth through acquisitions, and our inability to grow our business may have a material adverse effect on our business, financial condition, liquidity and results of operations.
We may not be successful in identifying locations and negotiating appropriate lease terms for retail stores and restaurants and/or office locations.
An integral part of our strategy has been to develop and operate retail stores and restaurants for certain of our lifestyle brands. Net sales from our retail stores and restaurants were 47% of our consolidated net sales during Fiscal 2014, and we expect to increase the number of our retail stores during Fiscal 2015 and in future years. Many of our retail stores and restaurants are located in shopping malls and lifestyle centers that benefit from the ability of “anchor” retail tenants, generally large department stores, and other area attractions and businesses, to generate sufficient levels of consumer traffic in the vicinity of our stores and restaurants.
We lease all of our retail store and restaurant locations. Successful operation of our retail stores and restaurants depends, in part, on our ability to identify desirable, brand appropriate locations, the overall ability of the location to attract a consumer base sufficient to make store sales volume profitable, our ability to negotiate satisfactory lease terms and employ qualified personnel, and our ability to timely construct and complete any build-out and open the location in accordance with our plans. We compete with others for these favorable store locations, lease terms and desired personnel. If we are unable to identify new locations with consumer traffic sufficient to support a profitable sales level or the local market reception to a new retail store opening is inconsistent with our expectations, retail growth may be limited. Further, any decline in the volume of consumer traffic at our retail stores and restaurants, whether because of general economic conditions, changes in consumer shopping preferences or technology, a decline in the popularity of malls or lifestyle centers in general or at those in which we operate, the closing of anchor stores or other adjacent tenants, or otherwise, could have a negative impact on our sales, gross margin, and results of operations.

Our retail store and restaurant leases generally represent long-term financial commitments, with substantial costs at lease inception for a location’s design, leasehold improvements, fixtures and systems installation. From time to time, we seek to downsize or close some of our retail store or restaurant operations, which may require a modification or termination of an existing lease; such actions may require payment of exit fees and/or result in fixed asset impairment charges, the amounts of which could be material.
In addition, our retail store and restaurant leases generally grant the third party landlord with discretion on a number of operational matters, such as store hours and construction of our improvements. Continued consolidation within the commercial real estate development, operation and/or management industries, which has been prevalent in recent years, may further reduce our leverage with those parties, thereby adversely affecting the terms of future leases for our retail stores and restaurants or making entering into long-term commitments with such parties cost prohibitive.
During Fiscal 2015, we expect to relocate the current Tommy Bahama sales and administration offices to another location within Seattle, Washington. The process of relocating our Tommy Bahama sales and administration offices is inherently complex, as it includes among other things consolidation of Tommy Bahama’s Women’s Design team from

Pasadena, California into our other Seattle, Washington design functions and the transfer of our primary information technology systems to a third party co-located facility, and could cause significant disruption to our operations and cause the temporary diversion of management resources, which could have a material adverse effect on our business.

In recent years, we have expanded our Tommy Bahama direct to consumer operations into international markets, and we anticipate continuing to expand our Tommy Bahama international operations in the future; these efforts may not be successful.

During the past three fiscal years, we have expanded our Tommy Bahama retail operations into international markets, specifically in the Asia-Pacific region and in Canada. We continue to look for additional, brand-appropriate locations for retail stores in these markets, with particular focus on Australia, Japan and Canada in the near term. The continued development of our Tommy Bahama international infrastructure and related store openings has had, and will continue to have, a negative impact on our operating results until we are able to adequately scale our infrastructure costs and generate sufficient sales in those operations to offset the ongoing infrastructure costs.

We have limited experience with regulatory environments and market practices related to international retail store operations in the Asia-Pacific region, and expanding our operations into these territories requires significant capital investment and long-term commitments, and there are risks associated with doing business in these markets, including lack of brand recognition in certain markets; understanding fashion trends and satisfying consumer tastes; understanding sizing and fitting in these markets; market acceptance of our products, which is difficult to assess immediately; establishing appropriate market-specific operational and logistics functions; managing compliance with the various legal requirements; staffing and managing foreign operations; fluctuations in currency exchange rates; obtaining governmental approvals that may be required to operate; potentially adverse tax implications; local regulations relating to employment and retail and restaurant operations; and maintaining proper levels of inventory. If we are unable to properly manage these risks or if our international expansion efforts do not prove successful, our business, financial condition and results of operations could continue to be negatively impacted.

In addition, as we continue to expand our international Tommy Bahama operations, we are subject to certain anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, in addition to the local laws of the foreign countries into which we enter. If any of our international operations, or our employees or agents, violates such laws, we could become subject to sanctions or other penalties that could negatively affect our reputation, business and operating results.

In the future, we may elect to operate in certain international markets through joint ventures with third parties or distribution partners. Any such arrangements are subject to a number of risks and uncertainties, including our reliance on the operational skill and expertise of a local joint venture partner, the ability of the joint venture to manage its employees and appropriately represent our brands in those markets, and any protective rights that we may be forced to grant to a joint venture partner, which could limit our ability to fully realize the anticipated benefits of such a relationship.

Our geographical concentration of retail stores and wholesale customers for certain of our products exposes us to certain regional risks.

Our retail locations are heavily concentrated in certain geographic areas in the United States, including Florida and California for our Tommy Bahama retail stores (52 out of 133 domestic stores in these states as of January 31, 2015), Florida for our Lilly Pulitzer retail stores (nine out of 28 stores as of January 31, 2015), and the United Kingdom for our Ben Sherman retail stores (11 out of 21 stores as of January 31, 2015). Additionally, a significant portion of our wholesale sales for Tommy Bahama, Lilly Pulitzer and Ben Sherman products are concentrated in the same geographic areas as our own retail store locations for these brands. Due to this concentration, we have heightened exposure to factors that impact these regions, including general economic conditions, weather patterns, natural disasters, changing demographics and other factors.

Our business could be harmed if we fail to maintain proper inventory levels.

We schedule production from third party manufacturers based on our expectations for the demand for our products. However, we may be unable to sell the products we have ordered in advance from manufacturers or that we have in our inventory, which may result in inventory markdowns or the sale of excess inventory at discounted prices and through off-price channels. These events could significantly harm our operating results and impair the image of our brands. Conversely, we may not be in a position to order quality products from our manufacturers in a timely manner and/or we may experience inventory shortages as demand for our products increases, which might result in unfilled orders, negatively impact customer relationships, diminish brand loyalty and result in lost sales, any of which could

harm our business.
Our international operations, including foreign sourcing, result in an exposure to fluctuations in foreign currency exchange rates.
As a result of our international operations, we are exposed to certain risks in conducting business outside of the United States. The substantial majority of our orders for the production of apparel in foreign countries is denominated in U.S. dollars. If the value of the U.S. dollar decreases relative to certain foreign currencies in the future, then the prices that we negotiate for

products could increase, and it is possible that we would not be able to pass this increase on to customers, which would negatively impact our margins. However, if the value of the U.S. dollar increases between the time a price is set and payment for a product, the price we pay may be higher than that paid for comparable goods by competitors that pay for goods in local currencies, and these competitors may be able to sell their products at more competitive prices. Additionally, currency fluctuations could also disrupt the business of our independent manufacturers by making their purchases of raw materials more expensive and difficult to finance.

We received U.S. dollars for approximately 90% of our product sales during Fiscal 2014. As we focus on increasing our Tommy Bahama operations in foreign markets and continue to source our growing sales production from foreign manufacturers, we will have greater exposure to fluctuations in currency exchange rates. An increase in the value of the U.S. dollar compared to other currencies in which we have sales could result in lower levels of sales and earnings in our consolidated statements of operations, although the sales in foreign currencies could be equal to or greater than amounts in prior periods. In addition, to the extent that a stronger U.S. dollar increases costs, and the products are sold in another currency, but the additional cost cannot be passed on to our customers, our gross margins will be negatively impacted.

Labor-related matters, including labor disputes, may adversely affect our operations.

We may be adversely affected as a result of labor disputes in our own operations or in those of third parties with whom we work. Our business depends on our ability to source and distribute products in a timely manner, and our new retail store and restaurant growth is dependent on timely construction of our locations. While we are not subject to any organized labor agreements and have historically enjoyed good employee relations, there can be no assurance that we will not experience work stoppages or other labor problems in the future with our non-unionized employees. In addition, potential labor disputes at independent factories where our goods are produced, shipping ports, or transportation carriers create risks for our business, particularly if a dispute results in work slowdowns, lockouts, strikes or other disruptions during our peak manufacturing, shipping and selling seasons. For example, a severe and prolonged disruption to ocean freight transportation, such as the disruption to West Coast port operations which began in 2014 continued into 2015 due to a port workers' union dispute, could force us to re-route our merchandise through alternate and more expensive transportation systems, such as air freight. Further, we plan our inventory purchases and forecasts based on the anticipated timing of retail store and restaurant openings, which could be delayed as a result of a number of factors, including labor disputes among contractors engaged to construct our locations. Any potential labor dispute, either in our own operations or in those of third parties on whom we rely, could materially affect our costs, decrease our sales, harm our reputation or otherwise negatively affect our operations.

The acquisition of new businesses has certain inherent risks, including, for example, strains on our management team and unexpected acquisition costs.

From time to time, we acquire new businesses or product lines when we believe appropriate investment opportunities are available. For example during Fiscal 2012 and Fiscal 2013, we acquired the Tommy Bahama-related businesses in Australia and Canada, respectively, from our former licensees. As a result of acquisitions, we may become responsible for unexpected liabilities that we failed or were unable to discover in the course of performing due diligence. Although we may be entitled to indemnification against undisclosed liabilities from the sellers of the acquired business, we cannot be certain that the indemnification, even if obtained, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or assets acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

In addition, integrating acquired businesses is a complex, time-consuming and expensive process. The integration process for newly acquired businesses could create for us a number of challenges and adverse consequences associated with the integration of product lines, employees, sales teams and outsourced manufacturers; employee turnover, including key management and creative personnel of the acquired and existing businesses; disruption in product cycles for newly acquired product lines; maintenance of acceptable standards, controls, procedures and policies; operating business in new geographic territories; diversion of the attention of our management from other areas of our business; and the impairment of relationships with customers of the acquired and existing businesses. Further, we may not be able to manage the combined operations and assets effectively or realize the anticipated benefits of the acquisition.

We hold licenses for the use of other parties' brand names, and we cannot guarantee our continued use of such brand names or the quality or salability of such brand names.

We have entered into license and design agreements to use certain trademarks and trade names, such as Kenneth Cole, Dockers and Geoffrey Beene, to market some of our products. During Fiscal 2014, sales of products bearing brands licensed to us accounted for 6% of our consolidated net sales and 54% of our Lanier Clothes net sales. When we enter into these license and design agreements, they generally provide for short contract durations (typically three to five years); these agreements often include options that we may exercise to extend the term of the contract but, when available, those option rights are subject to our satisfaction of certain contingencies (e.g., minimum sales thresholds) that may be difficult for us to satisfy. Competitive conditions for the right to use popular trademarks means that we cannot guarantee that we will be able to renew these licenses on acceptable terms upon expiration, that the terms of any renewal will not result in operating margin pressures or reduced profitability, or that we will be able to acquire new licenses to use other desirable trademarks. The termination or expiration of a license agreement will cause us to lose the sales and any associated profits generated pursuant to such license and in certain cases could result in an impairment charge for related intangible assets.

Our license agreements generally require us to receive approval from the brand's owner of all design and other elements of the licensed products we sell prior to production, as well as to receive approval from the brand owner of distribution channels in which we may sell and the manner in which we market and distribute licensed products. Any failure by us to comply with these requirements could result in the termination of the license agreement.

In addition to certain compliance obligations, all of our significant licenses provide minimum thresholds for royalty payments and advertising expenditures for each license year, which we must pay regardless of the level of our sales of the licensed products. If these thresholds are not met, our licensors may be permitted contractually to terminate these agreements or seek payment of minimum royalties even if the minimum sales are not achieved. In addition, our licensors produce their own products and license their trademarks to other third parties, and we are unable to control the quality of these goods that others produce. If licensors or others do not maintain the quality of these trademarks or if the brand image deteriorates, or the licensors otherwise change the parameters of design, pricing, distribution or marketing, our sales and any associated profits generated by such brands may decline.

We make use of debt to finance our operations, which exposes us to risks that could adversely affect our business, financial position and operating results.

Our levels of debt vary as a result of the seasonality of our business, investments in our operations and working capital needs. As of January 31, 2015, we had $104.8 million of borrowings outstanding under our U.S. Revolving Credit Agreement and $4.1 million in borrowings outstanding under our U.K. Revolving Credit Agreement. In the future, our debt levels may increase under our existing facilities or potentially under new facilities, or the terms or forms of our financing arrangements may change.

Our indebtedness includes, and any future indebtedness may include, certain obligations and limitations, including the periodic payment of principal and interest, maintenance of certain covenants and certain other limitations. The negative covenants in our debt agreements limit our ability to incur debt, guaranty certain obligations, incur liens, pay dividends, repurchase common stock, make investments, including the amount we may generally invest in, or use to support, our foreign operations, sell assets, make acquisitions, merge with other companies, or satisfy other debt. These obligations and limitations may increase our vulnerability to adverse economic and industry conditions, place us at a competitive disadvantage compared to our competitors that are less leveraged and limit our flexibility in carrying out our business plan and planning for, or reacting to, changes in the industry in which we operate.

In addition, we have interest rate risk on indebtedness under our U.S. Revolving Credit Agreement and U.K. Revolving Credit Agreement. Our exposure to variable rate indebtedness may increase in the future, based on our debt levels and/or the terms of future financing arrangements. An increase in interest rates may require us to pay a greater amount of our funds from operations towards interest, even if the amount of borrowings outstanding remains the same. As a result, we may have to revise or delay our business plans, reduce or delay capital expenditures or otherwise adjust our plans for operations.

The continued growth of our business, including the completion of potentially desirable acquisitions, also depends on our access to sufficient funds. We typically rely on cash flow from operations and borrowings under our U.S. Revolving Credit Agreement to fund our working capital, capital expenditures and investment activities. As of January 31, 2015, we had $125.8 million in unused availability under our U.S. Revolving Credit Agreement. If the need arises in the future to finance expenditures in excess of those supported by our operations and existing credit facilities, we may need to seek additional funding, whether through debt or equity financing. Our ability to obtain that financing will depend on many factors, including prevailing market conditions, our financial condition and, depending on the sources of financing, our ability to negotiate favorable terms and conditions. The terms of any such financing or our inability to secure such financing could adversely affect our ability to execute our strategies.

Our operations may be affected by changes in weather patterns, natural or man-made disasters, war, terrorism or other catastrophes.

Our sales volume and operations may be adversely affected by unseasonable or severe weather conditions, natural or man-made disasters, war, terrorist attacks, including heightened security measures and responsive military actions, or other catastrophes which may cause consumers to alter their purchasing habits or result in a disruption to our operations. Because of the seasonality of our business, the concentration of a significant proportion of our retail stores and wholesale customers in certain geographic regions, the concentration of our sourcing operations and the concentration of our distribution operations, the occurrence of such events could disproportionately impact our business, financial condition and operating results.

Our business could be impacted as a result of actions by activist shareholders or others.

We may be subject, from time to time, to legal and business challenges in the operation of our company due to actions instituted by activist shareholders or others. Responding to such actions could be costly and time-consuming, may not align with our business strategies and could divert the attention of our Board of Directors and senior management from the pursuit of our business strategies. Perceived uncertainties as to our future direction as a result of shareholder activism may lead to the perception of a change in the direction of the business or other instability and may make it more difficult to attract and retain qualified personnel and business partners and may affect our relationships with vendors, customers and other third parties.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease and own space for our retail stores, distribution centers, sales/administration office space and manufacturing facilities in various domestic and international locations. We believe that our existing properties are well maintained, are in good operating condition and will be adequate for our present level of operations.

In the ordinary course of business, we enter into lease agreements for retail space. Most of the leases require us to pay specified minimum rent, as well as a portion of operating expenses, real estate taxes and insurance applicable to the property, plus a contingent rent based on a percentage of the store's net sales in excess of a specific threshold. The leases have varying terms and expirations and may have provisions to extend, renew or terminate the lease agreement, among other terms and conditions. Assets leased under operating leases are not recognized as assets and liabilities in our consolidated balance sheets. Periodically, we assess the operating results of each of our retail stores and restaurants to assess whether the location provides, or is expected to provide, an appropriate long-term return on investment, whether the location remains brand appropriate and other factors. As a result of this assessment, we may determine that it is appropriate to close certain stores that do not continue to meet our investment criteria, not renew certain leases, exercise an early termination option, or otherwise negotiate an early termination. For existing leases in desirable locations, we anticipate that we will be able to extend our retail leases, to the extent that they expire in the near future, on terms that are satisfactory to us, or if necessary, locate substitute properties on acceptable terms. We also believe that there are sufficient retail spaces available for the continued expansion of our retail store footprint in the near future.

As of January 31, 2015, our retail and restaurant operations utilized approximately 0.9 million square feet of leased space in the United States, the United Kingdom, Canada, Australia, Asia and continental Europe. Each of our retail stores and restaurants is less than 20,000 square feet, and we do not believe that we are dependent upon any individual retail store or restaurant location for our business operations. Our Tommy Bahama, Lilly Pulitzer and Ben Sherman retail stores are operated by the respective management of each operating group, and greater detail about the retail space used by each operating group is included in Part I, Item 1, Business included in this report.

As of January 31, 2015, we also utilized approximately 1.1 million square feet of owned or leased distribution and manufacturing facilities in the United States and Mexico and approximately 0.4 million square feet of leased and owned administrative and sales space in various locations, including the United States, the United Kingdom, Hong Kong, Germany and China. In addition to our owned distribution facilities, we may utilize certain third party warehouse/distribution providers where we do not own or lease any space. Our distribution, manufacturing, administrative and sales facilities provide space for employees and functions used in support of our retail, wholesale and e-commerce operations. Details of the principal administrative, sales, distribution and manufacturing facilities used in our operations, including approximate square footage, are as follows:

Location	Primary Use	Operating Group	Square Footage	Lease Expiration
Seattle, Washington	Sales/administration	Tommy Bahama	80,000	2015 (1)
Auburn, Washington	Distribution center	Tommy Bahama	270,000	2025
King of Prussia, Pennsylvania	Sales/administration	Lilly Pulitzer	40,000	Owned
King of Prussia, Pennsylvania	Distribution center	Lilly Pulitzer	65,000	Owned
Toccoa, Georgia	Distribution center	Lanier Clothes	310,000	Owned
Merida, Mexico	Manufacturing plant	Lanier Clothes	80,000	Owned
London, England	Sales/administration	Ben Sherman	20,000	2024
Lurgan, Northern Ireland	Sales/administration	Ben Sherman	10,000	Owned
Atlanta, Georgia	Sales/administration	Corporate and Other and Lanier Clothes	30,000	2023
Lyons, Georgia	Sales/administration	Corporate and Other and Ben Sherman	90,000	Owned
Lyons, Georgia	Distribution center	Corporate and Other and Ben Sherman	330,000	Owned
New York, New York	Sales/administration	Various	35,000	Various
Hong Kong	Sales/administration	Various	20,000	Various

(1) As of January 31, 2015, we have entered into a ten year lease for approximately 110,000 square feet in Seattle, Washington for our Tommy Bahama operations to replace the current Tommy Bahama sales and administration office located in Seattle, Washington.

Item 3. Legal Proceedings

From time to time, we are a party to litigation and regulatory actions arising in the ordinary course of business. We are not currently a party to litigation or regulatory actions, or aware of any proceedings contemplated by governmental authorities, that we believe could reasonably be expected to have a material impact on our financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market and Dividend Information

Our common stock is listed and traded on the New York Stock Exchange under the symbol "OXM." As of March 18, 2015, there were 300 record holders of our common stock. The following table sets forth the high and low sale prices and quarter-end closing prices of our common stock as reported on the New York Stock Exchange for the quarters indicated. Additionally, the table indicates the dividends per share declared on shares of our common stock by our Board of Directors for each quarter.

	High	Low	Close	Dividends
Fiscal 2014				
First Quarter	$82.84	$64.17	$65.74	$0.21
Second Quarter	$72.63	$58.53	$59.39	$0.21
Third Quarter	$66.18	$58.11	$61.25	$0.21
Fourth Quarter	$67.13	$50.13	$55.94	$0.21
Fiscal 2013				
First Quarter	$60.71	$42.19	$60.61	$0.18
Second Quarter	$69.09	$57.86	$68.20	$0.18
Third Quarter	$72.25	$61.10	$69.84	$0.18
Fourth Quarter	$82.16	$69.62	$75.47	$0.18

We have paid dividends in each quarter since we became a public company in July 1960; however, we may discontinue or modify dividend payments at any time if we determine that other uses of our capital, including payment of outstanding debt, repurchases of outstanding shares, funding of acquisitions or funding of capital expenditures, may be in our best interest; if our expectations of future cash flows and future cash needs outweigh the ability to pay a dividend; or if the terms of our credit facilities, other debt instruments, contingent consideration arrangements or applicable law limit our ability to pay dividends. We may borrow to fund dividends in the short-term based on our expectation of operating cash flows in future periods subject to the terms and conditions of our credit facilities or other debt instruments and applicable law. All cash flow from operations will not necessarily be paid out as dividends in all periods.

For details about limitations on our ability to pay dividends, see Note 5 of our consolidated financial statements and Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, both contained in this report.

Recent Sales of Unregistered Securities

We did not sell any unregistered equity securities during Fiscal 2014.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We have certain stock incentive plans as described in Note 7 to our consolidated financial statements included in this report, all of which are publicly announced plans. Under the plans, we can repurchase shares from employees to cover employee tax liabilities related to the vesting of previously restricted shares. We did not repurchase any of our common shares pursuant to these plans during the fourth quarter of Fiscal 2014.

In Fiscal 2012, our Board of Directors authorized us to spend up to $50 million to repurchase shares of our common stock. This authorization superseded and replaced all previous authorizations to repurchase shares of our common stock and has no automatic expiration. As of January 31, 2015, no shares of our common stock had been repurchased pursuant to this authorization.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this Item 5 of Part II will appear in our definitive proxy statement under the heading "Equity Compensation Plan Information" and is incorporated herein by reference.

Stock Price Performance Graph

The graph below reflects cumulative total shareholder return (assuming an initial investment of $100 and the reinvestment of dividends) on our common stock compared to the cumulative total return for a period of five years, beginning January 30, 2010 and ending January 31, 2015, of:

- The S&P SmallCap 600 Index; and
- The S&P 500 Apparel, Accessories and Luxury Goods.

		INDEXED RETURNS				
	Base Period	Years Ending				
Company / Index	1/30/2010	1/29/2011	1/28/2012	2/2/2013	2/1/2014	1/31/2015
Oxford Industries, Inc.	100	136.27	285.19	290.97	447.45	336.24
S&P SmallCap 600 Index	100	130.07	141.69	164.39	208.83	221.68
S&P 500 Apparel, Accessories & Luxury Goods	100	137.40	196.20	182.34	211.61	219.39

Item 6. Selected Financial Data

Our selected financial data included in the table below reflects (1) the results of operations for Lilly Pulitzer subsequent to its acquisition date of December 21, 2010 and (2) the divestiture of substantially all of the operations and assets of our former Oxford Apparel operations in Fiscal 2010, resulting in those operations being classified as discontinued operations for all periods presented. Unless otherwise indicated, all references to assets, liabilities, revenues and expenses included in this report reflect continuing operations and do not include any amounts related to the discontinued operations.

	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
	(In millions, except per share amounts)				
Net sales	$997.8	$917.1	$855.5	$758.9	$603.9
Cost of goods sold	443.1	403.5	386.0	345.9	276.5
Gross profit	554.7	513.6	469.5	413.0	327.4
SG&A	488.9	447.6	410.7	358.6	302.0
Change in fair value of contingent consideration	0.3	0.3	6.3	2.4	0.2
Royalties and other operating income	18.1	19.0	16.4	16.8	15.4
Operating income	83.6	84.7	69.0	68.8	40.7
Loss on repurchase of senior notes	—	—	(9.1)	(9.0)	—
Interest expense, net	3.5	4.2	8.9	16.3	19.9
Earnings from continuing operations before income taxes	80.1	80.5	50.9	43.5	20.8
Income taxes	34.4	35.2	19.6	14.3	4.5
Earnings from continuing operations	45.8	45.3	31.3	29.2	16.2
Earnings, including gain on sale in Fiscal 2010, from discontinued operations, net of taxes	—	—	—	0.1	62.4
Net earnings	$45.8	$45.3	$31.3	$29.4	$78.7
Diluted earnings from continuing operations per share	$2.78	$2.75	$1.89	$1.77	$0.98
Diluted earnings, including gain on sale in Fiscal 2010, from discontinued operations per share, including the gain on sale	$—	$—	$—	$0.01	$3.77
Diluted net earnings per share	$2.78	$2.75	$1.89	$1.78	$4.75
Diluted weighted average shares outstanding	16.5	16.5	16.6	16.5	16.6
Dividends declared and paid	$13.9	$11.9	$9.9	$8.6	$7.3
Dividends declared and paid per share	$0.84	$0.72	$0.60	$0.52	$0.44
Total assets, at period-end	$645.1	$627.3	$556.1	$509.2	$558.5
Long-term debt at period-end	$104.8	$137.6	$108.6	$103.4	$147.1
Shareholders' equity, at period-end	$290.6	$260.2	$229.8	$204.1	$180.0
Net cash provided by operating activities	$95.4	$52.7	$67.1	$44.2	$35.7
Capital expenditures	$50.4	$43.4	$60.7	$35.3	$13.3
Depreciation and amortization included in earnings from continuing operations	$37.6	$33.9	$26.3	$27.2	$19.2
Stock compensation expense included in earnings from continuing operations	$4.1	$1.7	$2.8	$2.2	$4.5
LIFO accounting charges included in earnings from continuing operations	$2.1	$—	$4.0	$5.8	$3.8
Book value per share at period-end	$17.64	$15.85	$13.85	$12.35	$10.90

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our operations, cash flows, liquidity and capital resources should be read in conjunction with our consolidated financial statements contained in this report.

OVERVIEW

We generate revenues and cash flow primarily through our design, sourcing, marketing and distribution of branded apparel products bearing the trademarks of our owned lifestyle brands, as well as certain licensed and private label apparel

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products. We distribute our products through our direct to consumer distribution channels, including our retail stores, e-commerce sites and restaurants, and our wholesale distribution channel, which includes better department stores, specialty stores, national chains, warehouse clubs, mass merchants and Internet retailers. In Fiscal 2014, more than 90% of our consolidated net sales were to customers located in the United States, with the sales outside the United States primarily being sales of our Ben Sherman products in the United Kingdom and continental Europe as well as sales of our Tommy Bahama products in Canada and the Asia-Pacific region. We source substantially all of our products through third party manufacturers located outside of the United States.

Our business strategy is to develop and market compelling lifestyle brands and products that evoke a strong emotional response from our target consumers. We believe that lifestyle branded products that create an emotional connection with consumers can command greater customer loyalty and higher price points at retail, resulting in higher earnings. We also believe a successful lifestyle brand opens up greater opportunities for full-price direct to consumer operations as well as licensing opportunities in product categories beyond our core business. We strive to exploit the potential of our existing brands and products and, as suitable opportunities arise, we may acquire additional lifestyle brands that we believe fit within our business model.

We operate in highly competitive domestic and international markets in which numerous U.S.-based and foreign apparel firms compete. No single apparel firm or small group of apparel firms dominates the apparel industry and our competitors vary by operating group and distribution channel. We believe that the principal competitive factors in the apparel industry are the reputation, value and image of brand names; design; consumer preference; price; quality; marketing; and customer service. We believe that our ability to compete successfully in design and marketing is directly related to our proficiency in foreseeing changes and trends in fashion and consumer preference, and presenting appealing products for consumers. In some instances, a retailer that is our customer may compete with us by offering certain of its own or other competitor's products in its retail stores. Additionally, the apparel industry is cyclical and dependent upon the overall level of discretionary consumer spending, which changes as regional, domestic and international economic conditions change. Often, negative economic conditions have a longer and more severe impact on the apparel industry than these conditions have on other industries.

We believe the global economic conditions and resulting economic uncertainty that have prevailed in recent years continue to impact each of our operating groups, and the apparel industry as a whole. Although some signs of economic improvements exist, the apparel retail environment remains increasingly promotional and economic uncertainty remains. We anticipate that sales of our products may continue to be impacted negatively as long as the retail apparel environment remains promotional and there is an elevated level of economic uncertainty in the geographies in which we operate. Additionally, we have been impacted in recent years by pricing pressures on raw materials, transportation, labor and other costs necessary for the production and sourcing of apparel products, most of which appear to be permanent cost increases.

We believe that our Tommy Bahama® and Lilly Pulitzer® lifestyle brands have significant opportunities for long-term growth in their direct to consumer businesses through expansion of our retail store operations, as we add additional retail store locations and increase comparable store sales, and higher sales in our e-commerce operations, which are likely to grow at a faster rate than comparable brick and mortar retail store sales. We also believe that these lifestyle brands provide an opportunity for moderate sales increases in their wholesale businesses in the long-term primarily from current customers adding to their existing door count and the selective addition of new wholesale customers who generally follow a full-price retail model. We believe that we must continue to invest in our Tommy Bahama and Lilly Pulitzer lifestyle brands in order to take advantage of their long-term growth opportunities. Investments include capital expenditures primarily related to the direct to consumer operations such as retail store build-out and remodels, technology enhancements and distribution center and administrative office expansion initiatives, as well as increased employment, advertising and other costs in key functions to support the ongoing business operations and fuel future net sales growth. We expect that the investments may continue to put downward pressure on our operating margins in the near future until we have sufficient sales to leverage the operating costs.

We believe that there are opportunities for modest sales growth for Lanier Clothes through new product programs; however, we also believe that the tailored clothing environment will continue to be very challenging, which we believe will negatively impact net sales, operating income and operating margin, particularly in the near term. On March 24, 2015, our Board of Directors authorized our management to pursue a sale of the Ben Sherman business. We have engaged Financo, Ltd. as our financial advisor to assist in the transaction process. We plan to continue to operate the Ben Sherman business during the process, and although we expect to complete a sale within Fiscal 2015 no specific timetable has been set for consummation of a transaction. There can be no assurance that a transaction will take place, and our Board of Directors may consider other alternatives for the Ben Sherman business that it believes are in the best interest of shareholders.

We continue to believe that it is important to maintain a strong balance sheet and liquidity. We believe that positive cash flow from operations in the future coupled with the strength of our balance sheet and liquidity will provide us with sufficient resources to fund future investments in our lifestyle brands. While we believe that we have significant opportunities to appropriately deploy our capital and resources in our existing lifestyle brands, in the future, we may also add additional lifestyle brands to our portfolio if we identify appropriate targets which meet our investment criteria.

The following table sets forth our consolidated operating results (in thousands, except per share amounts) for Fiscal 2014 compared to Fiscal 2013 :

	Fiscal 2014	Fiscal 2013
Net sales	$997,806	$917,097
Operating income	$83,603	$84,670
Net earnings	$45,758	$45,291
Net earnings per diluted share	$2.78	$2.75

The primary reasons for the higher net earnings in Fiscal 2014 were:

- Higher operating income in Lilly Pulitzer resulting from higher net sales and gross margins partially offset by higher SG&A associated with expanding operations;
- Improved operating results in Ben Sherman primarily due to increased net sales partially offset by lower gross margin and lower royalty income;
- Lower income taxes primarily reflecting a lower effective tax rate; and
- Lower interest expense.

These favorable items were partially offset by:

- A larger operating loss in Corporate and Other reflecting higher incentive compensation, an unfavorable LIFO accounting charge and lower Oxford Golf sales in Fiscal 2014, while Fiscal 2013 included a gain on the sale of a property and the benefit of certain favorable changes in accruals; and
- Lower operating income in Tommy Bahama reflecting lower gross margin and higher SG&A associated with the expanding operations, partially offset by the impact of higher net sales and higher royalty income.

OPERATING GROUPS

Our business primarily operates through our four operating groups: Tommy Bahama, Lilly Pulitzer, Lanier Clothes and Ben Sherman. We identify our operating groups based on the way our management organizes the components of our business for purposes of allocating resources and assessing performance. Our operating group structure reflects a brand-focused management approach, emphasizing operational coordination and resource allocation across each brand's direct to consumer, wholesale and licensing operations. For a description of each of our operating groups, see Part I, Item 1. Business and Note 2 to our consolidated financial statements, both included in this report.

COMPARABLE STORE SALES

We often disclose comparable store sales in order to provide additional information regarding changes in our results of operations between periods. Our disclosures of comparable store sales include net sales from full-price stores and our e-commerce sites, excluding sales associated with e-commerce flash clearance sales. We believe that the inclusion of both our full-price stores and e-commerce sites in the comparable store sales disclosures is a more meaningful way of reporting our comparable store sales results, given similar inventory planning, allocation and return policies, as well as our cross-channel marketing and other initiatives for the direct to consumer channel. For our comparable store sales disclosures, we exclude (1) outlet store sales, warehouse sales and e-commerce flash clearance sales, as those sales are used primarily to liquidate end of season inventory, which may vary significantly depending on the level of end of season inventory on hand and generally occur at lower gross margins than our full-price direct to consumer sales, and

(2) restaurant sales, as we do not currently believe that the inclusion of restaurant sales is meaningful in assessing our consolidated results of operations. Comparable store sales information reflects net sales, including shipping and handling revenues, if any, associated with product sales.

For purposes of our disclosures, we consider a comparable store to be, in addition to our e-commerce sites, a physical full-price retail store that was owned and open as of the beginning of the prior fiscal year and which did not have during the relevant periods, and is not within the current fiscal year scheduled to, have, (1) a remodel resulting in the store being closed for an extended period of time (which we define as a period of two weeks or longer), (2) a greater than 15% change in the size of the retail space due to expansion or reduction, (3) a relocation to a new space that was significantly different from the prior retail space, or (4) a closing or opening of a Tommy Bahama restaurant adjacent to the retail store. For those stores which are excluded from comparable stores based on the preceding sentence, the stores continue to be excluded from comparable store sales until the criteria for a new store is met subsequent to the remodel, relocation or restaurant closing or opening. Generally, a store that is remodeled will continue to be included in our comparable store metrics as a store is not typically closed for a two week period during a remodel. However, a store that is relocated generally will not be included in our comparable store metrics until that store has been open in the relocated space for the entirety of the prior fiscal year as the size or other characteristics of the store typically change significantly from the prior location. Additionally, any stores that were closed during the prior fiscal year or current fiscal year, or which we plan to close or vacate in the current fiscal year, are excluded from the definition of comparable stores.

Definitions and calculations of comparable store sales differ among retail companies, and therefore comparable store metrics disclosed by us may not be comparable to the metrics disclosed by other companies.

RESULTS OF OPERATIONS

The following table sets forth the specified line items in our consolidated statements of operations both in dollars (in thousands) and as a percentage of net sales. We have calculated all percentages based on actual data, but percentage columns may not add due to rounding.

	Fiscal 2014		Fiscal 2013		Fiscal 2012		
Net sales	$997,806	100.0	%$917,097	100.0	%$855,542	100.0	%
Cost of goods sold	443,127	44.4	%403,523	44.0	%385,985	45.1	%
Gross profit	554,679	55.6	%513,574	56.0	%469,557	54.9	%
SG&A	488,924	49.0	%447,645	48.8	%410,737	48.0	%
Change in fair value of contingent consideration	275	—	%275	—	%6,285	0.7	%
Royalties and other operating income	18,123	1.8	%19,016	2.1	%16,436	1.9	%
Operating income	83,603	8.4	%84,670	9.2	%68,971	8.1	%
Interest expense, net	3,483	0.3	%4,169	0.5	%8,939	1.0	%
Loss on repurchase of senior notes	—	—	%—	—	%9,143	1.1	%
Earnings before income taxes	80,120	8.0	%80,501	8.8	%50,889	5.9	%
Income taxes	34,362	3.4	%35,210	3.8	%19,572	2.3	%
Net earnings	$45,758	4.6	%$45,291	4.9	%$31,317	3.7	%

FISCAL 2014 COMPARED TO FISCAL 2013

The discussion and tables below compare certain line items included in our consolidated statements of operations for Fiscal 2014 to Fiscal 2013, each of which included 52 weeks. Each dollar and percentage change provided reflects the change between these periods unless indicated otherwise. Each dollar and share amount included in the tables is in thousands except for per share amounts. Individual line items of our consolidated statements of operations may not be directly comparable to those of our competitors, as classification of certain expenses may vary by company.

Net Sales

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Tommy Bahama	$627,498	$584,941	$42,557	7.3 %
Lilly Pulitzer	167,736	137,943	29,793	21.6 %
Lanier Clothes	112,934	109,530	3,404	3.1 %
Ben Sherman	77,481	67,218	10,263	15.3 %
Corporate and Other	12,157	17,465	(5,308)	(30.4)%
Total	$997,806	$917,097	$80,709	8.8 %

Consolidated net sales increased 8.8% reflecting the net sales increases in all operating groups partially offset by lower sales in Corporate and Other, each as discussed below. Further, as direct to consumer sales grew at a faster rate than wholesale sales, net sales in the direct to consumer channel of distribution represented a greater percentage of consolidated net sales during Fiscal 2014 as presented below:

	Fiscal 2014	Fiscal 2013
Full price retail stores and outlets	40 %	40 %
E-commerce	14 %	12 %
Restaurant	7 %	7 %
Wholesale	39 %	41 %
Total	100 %	100 %

Tommy Bahama:

The Tommy Bahama net sales increase of 7.3% was primarily driven by (1) an incremental net sales increase of $21.8 million associated with the operation of additional retail stores, including the Canadian retail stores acquired in the Second Quarter of Fiscal 2013, (2) a $9.9 million, or 4%, increase in comparable store sales, which includes full-price retail stores and full-price e-commerce sales, to $288.6 million in Fiscal 2014 from $278.7 million in Fiscal 2013, (3) a $6.4 million increase in wholesale sales reflecting higher levels of off-price wholesale sales in Fiscal 2014 and the inclusion of the wholesale sales of Tommy Bahama Canada for the full year in Fiscal 2014, (4) $4.6 million of additional e-commerce flash clearance sales resulting in $8.1 million for the fiscal year, and (5) a $3.4 million increase in restaurant sales primarily resulting from higher sales in existing restaurants. These increases in net sales were partially offset by a $3.3 million decrease in net sales in outlet stores which were operated during all of Fiscal 2013 and Fiscal 2014.

As of January 31, 2015, we operated 157 Tommy Bahama stores globally, consisting of 101 full-price retail stores, 15 restaurant-retail locations and 41 outlet stores. As of February 1, 2014, we operated 141 Tommy Bahama stores consisting of 91 full-price retail stores, 14 restaurant-retail locations and 36 outlet stores. The following table presents the proportion of net sales by distribution channel for Tommy Bahama for each period presented:

	Fiscal 2014	Fiscal 2013
Full price retail stores and outlets	50 %	51 %
E-commerce	14 %	13 %
Restaurant	10 %	10 %
Wholesale	26 %	26 %
Total	100 %	100 %

Lilly Pulitzer:

The Lilly Pulitzer net sales increase of 21.6% reflects an increase in each channel of distribution including (1) an $11.1 million, or 19%, increase in comparable store sales, to $70.1 million in Fiscal 2014 compared to $59.0 million in Fiscal 2013, (2) an incremental net sales increase of $8.9 million associated with retail stores opened in Fiscal 2013 or Fiscal 2014, (3) an increase in e-commerce flash clearance sales of $5.2 million to $16.7 million and (4) a $4.5

million increase in wholesale sales. As of January 31, 2015, we operated 28 Lilly Pulitzer retail stores compared to 23 retail stores as of February 1, 2014. The following table presents the proportion of net sales by distribution channel for Lilly Pulitzer for each period presented:

	Fiscal 2014	Fiscal 2013
Full price retail stores	34 %	32 %
E-commerce	28 %	25 %
Wholesale	38 %	43 %
Total	100 %	100 %

Lanier Clothes:

The Lanier Clothes net sales increase of 3.1% was primarily due to a $3.5 million increase in net sales in the private label business, with branded sales generally being comparable between Fiscal 2014 and Fiscal 2013. The increase in the private label business was driven by an increase in the pants program for a warehouse club customer, which began in the Fourth Quarter of Fiscal 2013 and more than offset decreases in other private label programs. The decreases in the other private label programs was primarily due to lower volume and the exit from some seasonal and replenishment programs.

Ben Sherman:

The Ben Sherman net sales increase of 15.3% primarily resulted from (1) an increase in wholesale sales of $4.2 million, substantially all of which is related to increased off-price sales associated with the liquidation of certain aged inventory, (2) a $3.1 million increase in retail store sales reflecting comparable store sales increases and the net impact of store openings and closures since the start of Fiscal 2013, (3) $2.2 million of higher sales resulting from the translation impact of a change in the average exchange rate between the British pound sterling and the United States dollar reflecting a 4% stronger pound sterling in Fiscal 2014 and (4) an $0.8 million increase in e-commerce sales. As of January 31, 2015, we operated 21 Ben Sherman retail stores, consisting of 12 full-price retail stores and nine outlet stores. As of February 1, 2014 we operated 17 Ben Sherman retail stores, consisting of 11 full-price stores and six outlets. The following table presents the proportion of net sales by distribution channel for Ben Sherman for each period presented:

	Fiscal 2014	Fiscal 2013
Direct to Consumer	45 %	46 %
Wholesale	55 %	54 %
Total	100 %	100 %

Corporate and Other:

Corporate and Other net sales primarily consist of the net sales of our Oxford Golf business and our Lyons, Georgia distribution center as well as the impact of the elimination of inter-company sales between our operating groups. The decrease in sales of 30.4% was primarily due to (1) a reduction in Oxford Golf's private label sales, (2) a significant initial shipment of an Oxford Golf branded program in Fiscal 2013 that did not anniversary in Fiscal 2014 and (3) a larger unfavorable impact of the elimination of inter-company sales of Lanier Clothes to Ben Sherman in Fiscal 2014.

Gross Profit

The table below presents gross profit by operating group and in total for Fiscal 2014 and Fiscal 2013 as well as the change between those two periods. Our gross profit and gross margin, which is calculated as gross profit divided by net sales, may not be directly comparable to those of our competitors, as statement of operations classification of certain expenses may vary by company.

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Tommy Bahama	$377,415	$358,930	$18,485	5.2 %
Lilly Pulitzer	106,317	84,845	21,472	25.3 %
Lanier Clothes	30,704	30,552	152	0.5 %
Ben Sherman	36,730	32,094	4,636	14.4 %
Corporate and Other	3,513	7,153	(3,640)	NM
Total gross profit	$554,679	$513,574	$41,105	8.0 %
LIFO charge (credit) included in Corporate and Other	$2,131	$(27)		
Inventory step-up charge included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$—	$707		

The increase in consolidated gross profit was primarily due to the higher net sales as discussed above. In addition to the impact of higher net sales, gross profit on a consolidated basis and for each operating group was impacted by changes in sales mix and gross margin within each operating group, as discussed below. The table below presents gross margin by operating group and in total for Fiscal 2014 and Fiscal 2013.

	Fiscal 2014	Fiscal 2013
Tommy Bahama	60.1 %	61.4 %
Lilly Pulitzer	63.4 %	61.5 %
Lanier Clothes	27.2 %	27.9 %
Ben Sherman	47.4 %	47.7 %
Corporate and Other	NM	NM
Consolidated gross margin	55.6 %	56.0 %

On a consolidated basis, gross margin decreased primarily as a result of lower gross margin in Tommy Bahama and Lanier Clothes as well as the $2.1 million net unfavorable impact of LIFO accounting in Fiscal 2014 as compared to Fiscal 2013. These unfavorable items were partially offset by (1) improved gross margins in Lilly Pulitzer, (2) the favorable impact of a greater proportion of net sales being from our direct to consumer channels of distribution and (3) Fiscal 2013 including a $0.7 million inventory step-up charge associated with the Tommy Bahama Canada acquisition with no inventory step-up charge in Fiscal 2014. We do not anticipate any future charges for inventory step-up beyond Fiscal 2013 related to this acquisition.

Tommy Bahama:

The lower gross margin at Tommy Bahama primarily reflected a change in sales mix with outlet stores, e-commerce flash clearance sales and off-price wholesale sales representing a greater proportion of Tommy Bahama's net sales and lower gross margins in our outlet store, e-commerce flash clearance and wholesale sales. The lower gross margins in our outlet stores resulted from more in-outlet store discounts in order to move excess spring inventory and drive traffic. The decrease in wholesale gross margins primarily resulted from more significant discounts on certain wholesale sales as well as a larger amount of off-price wholesale sales. Fiscal 2013 included a $0.7 million inventory step-up charge associated with the Tommy Bahama Canada acquisition.

Lilly Pulitzer:

The higher gross margin in Lilly Pulitzer was primarily driven by (1) a change in sales mix toward the direct to consumer channel of distribution, which typically has higher gross margins than the wholesale channel of distribution, and (2) higher gross margins in both the direct to consumer and wholesale channels of distribution. The higher gross margins in the direct to consumer business reflects less promotional activity. These favorable items were partially offset by the gross margin impact of the increase in e-commerce flash clearance sales in Fiscal 2014.

Lanier Clothes:

The lower gross margin for Lanier Clothes was primarily due to a change in sales mix with private label programs representing a greater proportion of net sales of Lanier Clothes. Private label programs, including a warehouse club pants program, generally have lower gross margins than branded product programs.

Ben Sherman:

The lower gross margin at Ben Sherman reflects a higher proportion off-price sales which generally have lower gross margins, and more significant inventory markdowns.

Corporate and Other:

The gross profit in Corporate and Other in each period primarily reflects (1) the gross profit of our Oxford Golf and Lyons, Georgia distribution center operations, (2) the impact of LIFO accounting adjustments and (3) the impact of certain consolidating adjustments, including the elimination of inter-company sales between our operating groups. The lower gross profit for Corporate and Other was primarily due to the impact of the lower sales as well as the the $2.1 million net unfavorable impact of LIFO accounting in Fiscal 2014 as compared to Fiscal 2013.

SG&A

	Fiscal 2014	Fiscal 2013	$ Change	% Change
SG&A	488,924	447,645	$41,279	9.2 %
SG&A (as a % of net sales)	49.0 %	48.8 %		
Amortization of intangible assets included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$1,764	$1,377		

The increase in SG&A was primarily due to (1) higher costs to support the growing Tommy Bahama and Lilly Pulitzer businesses, including increased employment expense, infrastructure costs and advertising expense, (2) $13.7 million of incremental costs associated with additional Tommy Bahama retail stores and restaurants and Lilly Pulitzer stores, (3) $7.5 million of increased incentive compensation, primarily reflecting increases in Lilly Pulitzer, Corporate and Other and Tommy Bahama, (4) $2.4 million of additional equity-based compensation primarily resulting from equity awards granted in Fiscal 2014 and (5) a $1.8 million unfavorable SG&A impact resulting from currency translation at Ben Sherman as a result of the stronger pound sterling.

SG&A included $2.5 million of amortization of intangible assets in Fiscal 2014 compared to $2.2 million in Fiscal 2013, with the increase primarily due to the Tommy Bahama Canada acquisition in the Second Quarter of Fiscal 2013. We anticipate that amortization of intangible assets for Fiscal 2015 will be approximately $2.1 million, with approximately $1.6 million of the amortization related to amortization of the intangible assets acquired as part of the Tommy Bahama Canada acquisition.

Change in fair value of contingent consideration

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Change in fair value of contingent consideration included in Lilly Pulitzer	$275	$275	$—	— %

In connection with our acquisition of the Lilly Pulitzer brand and operations in Fiscal 2010, we entered into a contingent consideration agreement with the sellers, whereby we would be obligated to pay certain contingent consideration amounts based on Lilly Pulitzer's achievement of certain earnings targets. In accordance with GAAP, we have recognized a liability in our consolidated balance sheets for the fair value of this liability at each balance sheet date. Generally, such a liability increases in fair value as we approach the date of anticipated payment, resulting in a charge to our consolidated statements of operations during that period. Further, if we determine that the probability of the amounts being earned changes, it would impact our assessment of the fair value in our consolidated balance sheet, resulting in a charge or income in our consolidated statement of operations at that time. Thus, change in fair value of contingent consideration reflects the current period impact of the change in the fair value of any contingent consideration obligations.

The charge in Fiscal 2014 and Fiscal 2013 for change in fair value of contingent consideration primarily reflects the passage of time as we approach the anticipated payments as there were not any significant changes related to our assumptions related to the fair value of the contingent consideration during either year. As the amount recognized in our January 31, 2015 consolidated balance sheet reflects the full amount to be paid for the contingent consideration, we do not anticipate any additional charges for change in fair value of contingent consideration related to the Lilly Pulitzer acquisition in future periods.

Royalties and other operating income

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Royalties and other operating income	$18,123	$19,016	$(893)	(4.7)%
Gain on sale of real estate included in Corporate and Other	$—	$1,611		

Royalties and other operating income primarily reflects income received from third parties from the licensing of our Tommy Bahama, Ben Sherman and Lilly Pulitzer brands. The decrease in royalties and other income was primarily due to (1) Fiscal 2013 including a $1.6 million gain on sale of real estate and (2) lower royalty income in Ben Sherman. These unfavorable items were partially offset by higher royalty income for both Tommy Bahama and Lilly Pulitzer.

Operating income (loss)

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Tommy Bahama	$71,132	$72,207	$(1,075)	(1.5)%
Lilly Pulitzer	32,190	25,951	6,239	24.0%
Lanier Clothes	10,849	10,828	21	0.2%
Ben Sherman	(10,832)	(13,131)	2,299	17.5%
Corporate and Other	(19,736)	(11,185)	(8,551)	(76.5)%
Total operating income	$83,603	$84,670	$(1,067)	(1.3)%
LIFO charge (credit) included in Corporate and Other	$2,131	$(27)		
Inventory step-up charge included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$—	$707		
Amortization of intangible assets included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$1,764	$1,377		
Change in fair value of contingent consideration included in Lilly Pulitzer	$275	$275		
Gain on sale of real estate included in Corporate and Other	$—	$1,611		

Operating income, on a consolidated basis, was $83.6 million in Fiscal 2014 compared to $84.7 million in Fiscal 2013. The 1.3% decrease in operating income was primarily due to the lower operating results in Corporate and Other and Tommy Bahama partially offset by improved operating results in Lilly Pulitzer and Ben Sherman. Changes in operating income by operating group are discussed below.

Tommy Bahama:

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Net sales	$627,498	$584,941	$42,557	7.3%
Gross margin	60.1%	61.4%		
Operating income	$71,132	$72,207	$(1,075)	(1.5)%
Operating income as % of net sales	11.3%	12.3%		
Inventory step-up charge included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$—	$707		
Amortization of intangible assets included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$1,764	$1,377		

The decrease in operating income for Tommy Bahama was primarily due to a lower gross margin and higher SG&A partially offset by the impact of higher net sales and higher royalty income. The higher SG&A reflects (1) $9.4 million of incremental SG&A associated with the cost of operating additional retail stores and restaurants, including any set-up costs associated with new stores and restaurants, (2) higher costs to support the growing Tommy Bahama business, including infrastructure, employment and advertising costs, (3) $2.3 million of higher incentive compensation, including equity-based compensation, and (4) $0.4 million of additional amortization of intangible assets associated with Tommy Bahama Canada, which in the aggregate were partially offset by Fiscal 2013 including $0.7 million inventory step-up charge associated with the Tommy Bahama Canada acquisition. Fiscal 2014 included an operating loss of $10.3 million related to our Tommy Bahama Asia-Pacific expansion compared to an operating loss of $11.9 million in Fiscal 2013.

Lilly Pulitzer:

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Net sales	$167,736	$137,943	$29,793	21.6 %
Gross margin	63.4 %	61.5 %		
Operating income	$32,190	$25,951	$6,239	24.0 %
Operating income as % of net sales	19.2 %	18.8 %		
Change in fair value of contingent consideration included in Lilly Pulitzer	$275	$275		

The increase in operating income in Lilly Pulitzer was primarily due to the favorable impact of higher net sales, higher gross margin and higher royalty and other income. These items were partially offset by increased SG&A. The increased SG&A was primarily associated with (1) $5.5 million of higher incentive compensation, including equity-based compensation, (2) higher SG&A to support the growing business, reflecting employment and infrastructure costs as well as higher advertising expense, and (3) $4.2 million of incremental SG&A associated with the cost of operating additional retail stores.

Lanier Clothes:

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Net sales	$112,934	$109,530	$3,404	3.1 %
Gross margin	27.2 %	27.9 %		
Operating income	$10,849	$10,828	$21	0.2 %
Operating income as % of net sales	9.6 %	9.9 %		

The comparable operating income reflects the net impact of higher net sales, lower gross margin and comparable SG&A.

Ben Sherman:

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Net sales	$77,481	$67,218	$10,263	15.3 %
Gross margin	47.4 %	47.7 %		
Operating loss	$(10,832)	$(13,131)	$2,299	17.5 %
Operating loss as % of net sales	(14.0)%	(19.5)%		

The improved operating results for Ben Sherman resulted from the increased net sales and comparable SG&A before the impact of currency translation, partially offset by the lower gross margin and lower royalty income. Due to the 4% change in the average exchange rate between the pound sterling and the United States dollar from Fiscal 2013, individual line items within the statement of operations for Ben Sherman were higher than the prior year, even if the amounts in pound sterling may have been comparable between periods. The 4% change in the average exchange rate resulted in a $0.6 million unfavorable foreign currency translation impact on Ben Sherman's operating results between the two periods.

Corporate and Other:

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Net sales	$12,157	$17,465	$(5,308)	(30.4)%
Operating loss	$(19,736)	$(11,185)	$(8,551)	(76.5)%
LIFO charge (credit) included in Corporate and Other	$2,131	$(27)		
	$—	$1,611		

Gain on sale of real estate included in Corporate and Other

The lower operating results were primarily due to (1) $2.4 million of higher incentive compensation expense, (2) a $2.1 million net unfavorable impact of LIFO accounting in Fiscal 2014 as compared to Fiscal 2013, (3) lower sales in Oxford

Golf, (4) Fiscal 2013 including a gain on sale of real estate of $1.6 million, and (5) Fiscal 2013 benefiting from certain favorable changes in accruals.

Interest expense, net

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Interest expense, net	$3,483	$4,169	$(686)	(16.5)%

Interest expense decreased primarily due to lower borrowing rates and lower average borrowings outstanding in Fiscal 2014. During Fiscal 2014, substantially all of our borrowings were under our U.S. Revolving Credit Agreement.

Income taxes

	Fiscal 2014	Fiscal 2013	$ Change	% Change
Income taxes	$34,362	$35,210	$(848)	(2.4)%
Effective tax rate	42.9%	43.7%		

Income tax expense decreased primarily due to a lower effective tax rate. The high effective tax rates for both periods, as compared to a typical statutory tax rate, reflect the unfavorable impact of foreign losses for which we are not able to recognize an income tax benefit. The lower effective tax rate in Fiscal 2014 as compared to Fiscal 2013 primarily resulted from lower foreign losses resulting from improved operating results in our international sourcing operations, Ben Sherman operations in the United Kingdom and Tommy Bahama Asia-Pacific operations. The effective tax rate for Fiscal 2013 benefited from the reduction in the enacted tax rate in the United Kingdom during the Second Quarter of Fiscal 2013, with no such change occurring in Fiscal 2014. For further information regarding income taxes, see Note 8 to our consolidated financial statements included in this report.

We anticipate that our effective tax rate for Fiscal 2015 will be lower than our effective tax rate for Fiscal 2014 primarily as a result of an anticipated decrease in foreign losses, resulting in a higher proportion of domestic income to foreign losses.

Net earnings

	Fiscal 2014	Fiscal 2013
Net earnings	$45,758	$45,291
Net earnings per diluted share	$2.78	$2.75
Weighted average shares outstanding - diluted	16,471	16,482

The primary reasons for the higher net earnings in Fiscal 2014 were:

- Higher operating income in Lilly Pulitzer reflecting higher net sales and gross margins partially offset by higher SG&A associated with expanding operations;
- Improved operating results in Ben Sherman primarily due to increased net sales partially offset by lower gross margin and lower royalty income;
- Lower income taxes reflecting a lower effective tax rate; and
- Lower interest expense.

These favorable items were partially offset by:

- A larger operating loss in Corporate and Other reflecting higher incentive compensation, an unfavorable LIFO accounting charge and lower Oxford Golf sales in Fiscal 2014, while Fiscal 2013 included a gain on the sale of a property and the benefit of certain favorable changes in accruals; and
-

Lower operating income in Tommy Bahama reflecting lower gross margin and higher SG&A associated with the expanding operations, partially offset by the impact of higher net sales and higher royalty income.

FISCAL 2013 COMPARED TO FISCAL 2012

The discussion and tables below compare certain line items included in our statements of operations for Fiscal 2013, which included 52 weeks, to Fiscal 2012, which included 53 weeks. Each dollar and percentage change provided reflects the change between these periods unless indicated otherwise. Each dollar and share amount included in the tables is in thousands except for per share amounts. Individual line items of our consolidated statements of operations may not be directly comparable to those of our competitors, as classification of certain expenses may vary by company.

Net Sales

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Tommy Bahama	584,941	528,639	56,302	10.7%
Lilly Pulitzer	137,943	122,592	15,351	12.5%
Lanier Clothes	109,530	107,272	2,258	2.1%
Ben Sherman	67,218	81,922	(14,704)	(17.9)%
Corporate and Other	17,465	15,117	2,348	15.5%
Total	$917,097	$855,542	$61,555	7.2%

Consolidated net sales increased in Fiscal 2013 compared to Fiscal 2012 primarily due to the net sales increases at Tommy Bahama and Lilly Pulitzer, which were partially offset by decreased net sales at Ben Sherman, each as discussed below. Further, as direct to consumer sales grew at a faster rate than wholesales sales, net sales in the direct to consumer channel of distribution represented a greater percentage of consolidated net sales in Fiscal 2013 as compared to Fiscal 2012, as presented below:

	Fiscal 2013	Fiscal 2012
Full price retail stores and outlets	40%	37%
E-commerce	12%	10%
Restaurant	7%	7%
Wholesale	41%	46%
Total	100%	100%

Tommy Bahama:

The Tommy Bahama sales increase of $56.3 million, or 10.7%, was primarily driven by (1) a net sales increase of $38.0 million associated with North American direct to consumer operations that were not comparable between periods, (2) a $17.5 million, or 7%, increase in comparable store sales to $254.0 million in Fiscal 2013 compared to $236.5 million in Fiscal 2012, (3) a net sales increase of $7.7 million attributable to the expansion of our Tommy Bahama direct to consumer operations in the Asia-Pacific region and (4) a $4.1 million increase in North American restaurant sales. The $38.0 million of sales associated with North American direct to consumer operations which were not comparable between periods include the sales associated with (1) domestic retail and outlet stores opened during Fiscal 2013 and Fiscal 2012, (2) our Canadian retail store operations which were acquired during the Second Quarter of Fiscal 2013 and (3) Tommy Bahama's initial e-commerce flash clearance sale, which occurred in January 2014. The increases in sales were partially offset by (1) a $8.5 million net sales decrease in the North American wholesale business, primarily resulting from reductions in orders from certain wholesale customers, and (2) a $2.5 million decrease in sales in outlet stores that were open for all of Fiscal 2012 and Fiscal 2013. The following table presents the proportion of net sales by distribution channel for Tommy Bahama for each period presented:

	Fiscal 2013	Fiscal 2012
Full price retail stores and outlets	51%	48%
E-commerce	13%	11%
Restaurant	10%	10%

Wholesale	26 %	31 %
Total	100 %	100 %

As of February 1, 2014, Tommy Bahama operated 141 retail stores compared to 113 retail stores as of February 2, 2013.

Lilly Pulitzer:

The Lilly Pulitzer sales increase of $15.4 million, or 12.5%, was primarily driven by (1) a net sales increase of $6.7 million associated with retail stores opened in Fiscal 2013 and Fiscal 2012, (2) a $4.4 million, or 9%, increase in comparable store sales to $51.7 million in Fiscal 2013 compared to $47.4 million in Fiscal 2012, (3) a wholesale sales increase of $2.4 million and (4) $2.1 million of higher e-commerce flash clearance sales in Fiscal 2013. The following table presents the proportion of net sales by distribution channel for Lilly Pulitzer for each period presented:

	Fiscal 2013		Fiscal 2012	
Full price retail stores	32	%	30	%
E-commerce	25	%	24	%
Wholesale	43	%	46	%
Total	100	%	100	%

As of February 1, 2014, Lilly Pulitzer operated 23 retail stores compared to 19 retail stores as of February 2, 2013.
Lanier Clothes:

The increase in net sales for Lanier Clothes of $2.3 million, or 2.1%, was due to a $4.7 million increase in net sales in the private label business, partially offset by a decrease in net sales in the branded business. The increase in the private label business was primarily driven by a new pants program for a warehouse club customer in Fiscal 2013 which offset decreases in other private label programs. The decrease in the branded business was primarily due to reduced volume in or exit from certain programs and softness in the business of certain of our customers.

Ben Sherman:

Net sales for Ben Sherman decreased by $14.7 million, or 17.9%, in Fiscal 2013 compared to Fiscal 2012 , due to a $14.2 million decline in wholesale sales and a slight decline in direct to consumer net sales in Fiscal 2013. The lower wholesale sales reflect (1) our exit from certain wholesale accounts in the United Kingdom and the United States and (2) lower amounts of off-price sales. The following table presents the proportion of net sales by distribution channel for Ben Sherman for each period presented:

	Fiscal 2013		Fiscal 2012	
Direct to Consumer	46	%	38	%
Wholesale	54	%	62	%
Total	100	%	100	%

As of February 1, 2014, Ben Sherman operated 17 retail stores compared to 19 retail stores as of February 2, 2013.

Corporate and Other:

Corporate and Other net sales primarily consisted of the net sales of our Oxford Golf and our Lyons, Georgia distribution center businesses. The $2.3 million increase in the net sales for Corporate and Other was primarily driven by higher net sales in our Oxford Golf business during Fiscal 2013.

Gross Profit

The table below presents gross profit by operating group and in total for Fiscal 2013 and Fiscal 2012 as well as the change between those two periods. Our gross profit and gross margin, which is calculated as gross profit divided by net sales, may not be directly comparable to those of our competitors, as statement of operations classification of certain expenses may vary by company.

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	Fiscal 2013	Fiscal 2012	$ Change	% Change
Tommy Bahama	358,930	321,920	37,010	11.5 %
Lilly Pulitzer	84,845	76,842	8,003	10.4 %
Lanier Clothes	30,552	30,264	288	1.0 %
Ben Sherman	32,094	39,430	(7,336)	(18.6)%
Corporate and Other	7,153	1,101	6,052	NM
Total gross profit	$513,574	$469,557	$44,017	9.4 %
LIFO charge (credit) included in Corporate and Other	$(27)	$4,043		
Inventory step-up charge included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$707	$—		

The increase in consolidated gross profit was primarily due to the higher net sales as discussed above. In addition to the impact of changes in net sales, gross profit on a consolidated basis and for each operating group were impacted by the change in sales mix and changes in gross margin by operating group, as discussed below. The table below presents gross margin by operating group and in total for Fiscal 2013 and Fiscal 2012.

	Fiscal 2013	Fiscal 2012
Tommy Bahama	61.4 %	60.9 %
Lilly Pulitzer	61.5 %	62.7 %
Lanier Clothes	27.9 %	28.2 %
Ben Sherman	47.7 %	48.1 %
Corporate and Other	NM	NM
Consolidated gross margin	56.0 %	54.9 %

On a consolidated basis, the increase in gross margin from Fiscal 2013 to Fiscal 2012 was primarily due to (1) Fiscal 2012 including a $4.0 million charge for LIFO accounting with no significant LIFO accounting charge in Fiscal 2013 and (2) a change in the sales mix. The change in sales mix in Fiscal 2013 included (1) Tommy Bahama and Lilly Pulitzer, which typically have higher gross margins than our other operating groups, representing a greater proportion of our consolidated net sales and (2) direct to consumer sales, which generally have higher gross margins than wholesale sales, making up a larger proportion of the Tommy Bahama and Lilly Pulitzer sales. These items, which favorably impacted gross margins, were partially offset by the $0.7 million impact of the inventory step-up charge in Fiscal 2013 associated with the Tommy Bahama Canada acquisition.

Tommy Bahama:

The higher gross margin at Tommy Bahama was primarily due to the change in the proportion of sales in each distribution channel as sales in the direct to consumer distribution channel, which typically have higher gross margins than the wholesale distribution channel, represented a greater proportion of Tommy Bahama’s net sales in Fiscal 2013. This change in sales mix was partially offset by the negative impact of the $0.7 million charge related to the Tommy Bahama Canada acquisition recognized in cost of goods sold in Fiscal 2013.

Lilly Pulitzer:

The decrease in gross margin for Lilly Pulitzer in Fiscal 2013 as compared to Fiscal 2012 was primarily driven by (1) a change in sales mix with sportswear, which generally has lower gross margins, representing a greater proportion of Lilly Pulitzer sales in Fiscal 2013, (2) more promotions in our direct to consumer operations in order to move a greater amount of remaining Spring inventory, (3) our e-commerce operations offering free shipping on a more frequent basis and (4) larger e-commerce flash clearance sales in Fiscal 2013 than in the prior year, with these sales typically having a gross margin more in line with wholesale sales than direct to consumer sales. The negative gross margin impact of these factors exceeded the positive impact of the change in sales mix towards direct to consumer sales for Lilly

Pulitzer.

Lanier Clothes:

The gross margin at Lanier Clothes decreased in Fiscal 2013 from the prior year primarily as a result of a change in sales mix towards private label programs. Private label products, including the new pants program, generally have lower gross margins than branded product sales.

Ben Sherman:

The decrease in gross margin at Ben Sherman reflects (1) a higher proportion of off-price sales in the wholesale business as full-price wholesale sales decreased by a greater proportion than off-price sales and (2) heavier promotions in the direct to consumer business. The heavier promotions and the higher proportion of off-price sales, which were necessary to liquidate certain inventory, primarily resulted from a merchandising misstep in the second half of Fiscal 2012. These negative factors offset the positive gross margin impact of the change in the sales mix with direct to consumer sales representing a larger proportion of Ben Sherman sales in Fiscal 2013.

Corporate and Other:

The gross profit in Corporate and Other in each period primarily reflects the impact on gross profit of our Oxford Golf and Lyons, Georgia distribution center operations and the impact of LIFO accounting adjustments. The increase in the gross profit for Corporate and Other was primarily due to (1) Fiscal 2012 being impacted by a $4.0 million LIFO accounting charge with no significant LIFO accounting charge in Fiscal 2013 and (2) higher sales and gross margin in the Oxford Golf business in Fiscal 2013.

SG&A

	Fiscal 2013	Fiscal 2012	$ Change	% Change
SG&A	$447,645	$410,737	$36,908	9.0 %
SG&A (as a % of net sales)	48.8 %	48.0 %		
Amortization of intangible assets included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$1,377	$—		

The increase in SG&A was primarily due to (1) $30.8 million of incremental SG&A in Fiscal 2013 associated with operating additional Tommy Bahama retail stores and restaurants and Lilly Pulitzer retail stores and (2) higher costs to support the growing Tommy Bahama and Lilly Pulitzer businesses. The increases in SG&A for Tommy Bahama and Lilly Pulitzer were partially offset by SG&A reductions in Ben Sherman and Corporate and Other. SG&A for Fiscal 2012 was unfavorably impacted by the inclusion of a 53rd week, which we estimate resulted in an additional $7 million of SG&A. Further, SG&A was impacted by a $7.2 million reduction in incentive compensation in Fiscal 2013 as compared to Fiscal 2012, primarily reflecting lower incentive compensation for both Tommy Bahama and Corporate and Other.

SG&A included $2.2 million of amortization of intangible assets in Fiscal 2013 compared to $1.0 million in Fiscal 2012 with the increase primarily being $1.4 million of amortization associated with the intangible assets acquired as part of the Tommy Bahama Canada acquisition.

Change in fair value of contingent consideration

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Change in fair value of contingent consideration included in Lilly Pulitzer	$275	$6,285	$(6,010)	(95.6)%

The $6.0 million decrease in the charge for the change in fair value of contingent consideration during Fiscal 2013 was primarily a result of Fiscal 2012 including a significant increase in the fair value of the contingent consideration, while Fiscal 2013 generally only reflected the passage of time as we approach the anticipated payments. During Fiscal 2012, we increased the fair value of the contingent consideration by $6.3 million to reflect not only the passage of time, but also our determination that the certainty of the payment of the contingent consideration related to the Lilly Pulitzer acquisition was more probable than we had determined in prior years based on our consideration of, among other things, (1) the Fiscal 2011 and Fiscal 2012 operating results of the Lilly Pulitzer operating group, (2) projected operating results for Lilly Pulitzer for Fiscal 2013 and Fiscal 2014, (3) the operating results criteria for the Fiscal 2013 and Fiscal 2014 amounts to be earned and (4) the shorter remaining term of the contingent consideration agreement.

Royalties and other operating income

	Fiscal 2013	Fiscal 2012	$ Change	% Change	
Royalties and other operating income	$19,016	$16,436	$2,580	15.7	%
Gain on sale of real estate included in Corporate and Other	$1,611	$—			

Royalties and other operating income in Fiscal 2013 increased by $2.6 million primarily due to (1) Fiscal 2013 including a gain on sale of real estate of $1.6 million, (2) higher royalty income for both Tommy Bahama and Lilly Pulitzer and (3) higher other income in Corporate and Other. These increases were partially offset by lower royalty income for Ben Sherman in Fiscal 2013. Royalty and other operating income primarily consists of royalty income received from third parties from the licensing of our Tommy Bahama, Ben Sherman and Lilly Pulitzer brands.

Operating income (loss)

	Fiscal 2013		Fiscal 2012		$ Change		% Change	
Tommy Bahama	$72,207		$69,454		$2,753		4.0	%
Lilly Pulitzer	25,951		20,267		5,684		28.0	%
Lanier Clothes	10,828		10,840		(12	)	(0.1	)%
Ben Sherman	(13,131	)	(10,898	)	(2,233	)	(20.5	)%
Corporate and Other	(11,185	)	(20,692	)	9,507		45.9	%
Total operating income	$84,670		$68,971		$15,699		22.8	%
LIFO charge (credit) included in Corporate and Other	$(27	)	$4,043					
Inventory step-up charge included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$707		$—					
Amortization of intangible assets included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$1,377		$—					
Change in fair value of contingent consideration included in Lilly Pulitzer	$275		$6,285					
Gain on sale of real estate included in Corporate and Other	$1,611		$—					

Operating income, on a consolidated basis, was $84.7 million in Fiscal 2013 compared to $69.0 million in Fiscal 2012. The 22.8% increase in operating income was primarily due to the improved operating income in Corporate and Other, Lilly Pulitzer and Tommy Bahama, partially offset by the higher operating loss in Ben Sherman. Changes in operating income by operating group are discussed below.

Tommy Bahama:

	Fiscal 2013		Fiscal 2012		$ Change	% Change	
Net sales	$584,941		$528,639		$56,302	10.7	%
Gross margin	61.4	%	60.9	%			
Operating income	$72,207		$69,454		$2,753	4.0	%
Operating income as % of net sales	12.3	%	13.1	%			
Inventory step-up charge included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$707		$—				
Amortization of intangible assets included in Tommy Bahama associated with Tommy Bahama Canada acquisition	$1,377		$—				

The increase in operating income for Tommy Bahama was primarily due to the higher net sales and gross margin in the Tommy Bahama business, each as discussed above. The impact of the higher sales and gross margin were partially offset by higher SG&A as well as a $0.7 million charge related to an inventory step-up and $1.4 million of amortization of intangible assets, both of which resulted from the Tommy Bahama Canada acquisition, which we completed in the second quarter of Fiscal 2013. In addition to the higher SG&A resulting from the amortization of intangible assets, the increased SG&A was primarily associated with (1) operating additional North American and Asia-Pacific retail stores and restaurants in Fiscal 2013 which resulted in $27.7 million of incremental SG&A and (2) higher costs to support the growing Tommy Bahama business, including costs associated with support operations in the Asia-Pacific region and Canada. These increases in SG&A were partially offset by a $5.6 million reduction in incentive compensation for Tommy Bahama in Fiscal 2013 and the impact of one less week in Fiscal 2013 as compared to Fiscal 2012.

Fiscal 2013 included an operating loss of $11.9 million related to our Tommy Bahama Asia-Pacific expansion compared to an operating loss of $10.4 million in Fiscal 2012.

Lilly Pulitzer:

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Net sales	$137,943	$122,592	$15,351	12.5 %
Gross margin	61.5 %	62.7 %		
Operating income	$25,951	$20,267	$5,684	28.0 %
Operating income as % of net sales	18.8 %	16.5 %		
Change in fair value of contingent consideration included in Lilly Pulitzer	$275	$6,285		

The increase in operating income for Lilly Pulitzer for Fiscal 2013 compared to Fiscal 2012 was primarily due to a lower charge for change in the fair value of contingent consideration in Fiscal 2013. The operating results for Fiscal 2013 also reflect higher net sales, as discussed above, which were offset by higher SG&A to support the growing Lilly Pulitzer business and lower gross margin, as discussed above. The increased SG&A was primarily associated with (1) higher costs, consisting primarily of employment expenses, to support the growing Lilly Pulitzer business and (2) $3.1 million of incremental SG&A associated with the cost of operating additional retail stores during Fiscal 2013.

Lanier Clothes:

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Net sales	$109,530	$107,272	$2,258	2.1 %
Gross margin	27.9 %	28.2 %		
Operating income	$10,828	$10,840	$(12)	(0.1)%
Operating income as % of net sales	9.9 %	10.1 %		

The operating income for Lanier Clothes was comparable for Fiscal 2013 and Fiscal 2012 as the favorable impact of higher sales was offset by slightly lower gross margin and higher SG&A, which was primarily attributable to higher incentive compensation earned in Fiscal 2013.

Ben Sherman:

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Net sales	$67,218	$81,922	$(14,704)	(17.9)%
Gross margin	47.7 %	48.1 %		
Operating loss	$(13,131)	$(10,898)	$(2,233)	(20.5)%
Operating loss as % of net sales	(19.5)%	(13.3)%		

The decline in operating results for Ben Sherman was primarily due to the decrease in sales and lower gross margin, each as discussed above, and lower royalty income. These factors that negatively impacted the operating results were partially offset by reduced SG&A in Ben Sherman in Fiscal 2013 as Ben Sherman took certain actions to reduce its ongoing SG&A structure with a significant amount of that SG&A reduction being recognized in the second half of Fiscal 2013.

Corporate and Other:

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Net sales	$17,465	$15,117	$2,348	15.5 %
Operating loss	$(11,185)	$(20,692)	$9,507	45.9 %
LIFO charge (credit) included in Corporate and Other	$(27)	$4,043		
Gain on sale of real estate included in Corporate and Other	$1,611	$—		

The Corporate and Other operating results improved in Fiscal 2013 primarily as a result of (1) Fiscal 2012 including a $4.0 million LIFO accounting charge with no significant LIFO accounting impact in Fiscal 2013, (2) a reduction in Corporate and Other SG&A primarily driven by a $2.1 million reduction in incentive compensation in Fiscal 2013, as well as certain favorable changes in accruals, (3) higher sales and improved gross margin in the Oxford Golf and Lyons, Georgia distribution center businesses and (4) Fiscal 2013 including a gain on sale of real estate of $1.6 million.

Interest expense, net

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Interest expense, net	$4,169	$8,939	$(4,770)	(53.4)%

Interest expense for Fiscal 2013 decreased primarily due to our borrowing at lower interest rates in Fiscal 2013 compared to Fiscal 2012. During Fiscal 2013, substantially all of our borrowings were under our U.S. Revolving Credit Agreement, whereas substantially all of our borrowings in the first half of Fiscal 2012 were from our previously outstanding senior secured notes, which had a coupon rate of 11 3/8%. The change in the source of our borrowings resulted from our redemption of the remaining outstanding principal amount of the senior secured notes in July 2012, which was primarily funded with borrowings under our U.S. Revolving Credit Agreement.

Loss on repurchase of senior notes

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Loss on repurchase of senior notes	$—	$9,143	$(9,143)	(100.0)%

On July 16, 2012, we redeemed the remaining outstanding $105.0 million in aggregate principal amount of our Senior Secured Notes for approximately $111.0 million, plus accrued interest, using borrowings under our U.S. Revolving Credit Agreement. The redemption of the Senior Secured Notes and related write-off of approximately $3.1 million of unamortized deferred financing costs and discount resulted in a loss of $9.1 million

Income taxes

	Fiscal 2013	Fiscal 2012	$ Change	% Change
Income taxes	35,210	19,572	15,638	79.9 %
Effective tax rate	43.7 %	38.5 %		

Income tax expense for Fiscal 2013 increased compared to Fiscal 2012 due to higher earnings and an increase in the effective tax rate. The effective tax rates for both periods reflect the unfavorable impact of foreign losses for which we were not able to recognize an income tax benefit and the favorable impact of a decrease in the enacted tax rate in the United Kingdom. The effective tax rate for Fiscal 2012 was also impacted by certain other favorable discrete items, including a reduction in income tax contingency reserves upon the expiration of the corresponding statute of limitations totaling approximately $2.2 million and the impact of a change in our assertion of permanent reinvestment of foreign earnings. For further information regarding income taxes, see Note 8 to our consolidated financial statements included in this report.

Net earnings

	Fiscal 2013	Fiscal 2012
Net earnings	$45,291	$31,317
Net earnings per diluted share	$2.75	$1.89
Weighted average shares outstanding - diluted	16,482	16,586

The higher net earnings for Fiscal 2013 compared to Fiscal 2012 was primarily due to (1) increased net sales in Fiscal 2013 resulting in increased gross profit, (2) Fiscal 2012 including a loss on repurchase of senior notes of $9.1 million with no such charge in Fiscal 2013, (3) a $6.0 million reduction in the charge for the change in the fair value of contingent consideration, (4) a $4.8 million reduction in interest expense, (5) Fiscal 2012 including a LIFO accounting charge of $4.0 million with no significant LIFO accounting impact in Fiscal 2013, (6) lower SG&A in Ben Sherman and Corporate and Other, and (7) higher royalty and other operating income. These factors were partially offset by (1) higher SG&A associated with the continued growth and expansion of the Tommy Bahama and Lilly Pulitzer brands, (2) a higher effective tax rate in Fiscal 2013 and (3) $2.1 million of charges in the aggregate incurred in Fiscal 2013 related to an inventory step-up charge and amortization of intangible assets as a result of our acquisition of the Tommy Bahama operations in Canada.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Our primary source of revenue and cash flow is the sale and distribution of apparel products through our direct to consumer and wholesale channels of distribution. Our primary uses of cash flow include the purchase of apparel products in the operation of our business, as well as operating expenses including employee compensation and benefits, occupancy-related costs, marketing and advertising costs, other general and administrative expenses and the payment of periodic interest payments related to our financing arrangements. Additionally, we use cash for the funding of capital expenditures and dividends and repayment of indebtedness. In the ordinary course of business, we maintain certain levels of inventory and extend credit to our wholesale customers. Thus, we require a certain amount of working capital to operate our business. If cash inflows are less than cash outflows, we have access to amounts under our U.S. Revolving Credit Agreement and U.K. Revolving Credit Agreement, subject to their terms, each of which is described below. We may seek to finance future capital investment programs through various methods, including, but not limited to, cash flow from operations, borrowings under our current or additional credit facilities, sales of debt or equity securities and cash on hand.

As of January 31, 2015 we had $5.3 million of cash and cash equivalents on hand, with $109.0 million of borrowings outstanding and $128.0 million of availability under our revolving credit agreements. We believe our balance sheet and anticipated positive cash flows from operating activities in the future provide us with ample opportunity to continue to invest in our brands and our direct to consumer initiatives in future periods.

Key Liquidity Measures

($ in thousands)	January 31, 2015	February 1, 2014	$ Change	% Change
Total current assets	$281,322	$271,032	$10,290	3.8%
Total current liabilities	158,295	133,046	25,249	19.0%
Working capital	$123,027	$137,986	$(14,959)	(10.8)%
Working capital ratio	1.78	2.04		
Debt to total capital ratio	27%	35%		

Our working capital ratio is calculated by dividing total current assets by total current liabilities. Current assets increased from February 1, 2014 to January 31, 2015 primarily due to higher inventories and receivables, each as discussed below. Current liabilities increased primarily as a result of (1) the classification of $12.5 million of contingent consideration as a current liability as of January 31, 2015 compared to $2.5 million as of February 1, 2014, (2) $9.1 million higher accrued compensation as of January 31, 2015, primarily resulting from higher incentive compensation, and (3) increased accounts payables, accrued expenses and other liabilities as of January 31, 2015. Changes in working capital accounts are discussed below.

For the ratio of debt to total capital, debt is defined as short-term and long-term debt, and total capital is defined as debt plus shareholders' equity. Debt was $109.0 million at January 31, 2015 and $141.6 million at February 1, 2014, while shareholders' equity was $290.6 million at January 31, 2015 and $260.2 million at February 1, 2014. The decrease in debt primarily reflects the following during Fiscal 2014: (1) $95.4 million of cash flows from operating activities, (2) a $3.2 million reduction in cash and cash equivalents and (3) $1.0 million of proceeds from the issuance of common stock partially offset by the following: (1) $50.4 million of capital expenditures, (2) $13.9 million of dividends paid on our common stock and (3) $2.5 million of payments related to the Lilly Pulitzer contingent consideration arrangement. Shareholders' equity increased, primarily as a result of net earnings partially offset by dividends paid and the unfavorable impact on foreign currency exchange rate changes reflecting the stronger United States dollar as of January 31, 2015. Our debt levels and ratio of debt to total capital in future periods may not be comparable to historical amounts as we continue to assess, and possibly make changes to, our capital structure. Changes in our capital structure in the future, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Balance Sheet

The following tables set forth certain information included in our consolidated balance sheets (in thousands) and calculations of changes in the information included in our consolidated balance sheets. Below each table are explanations for any significant changes in the balances at January 31, 2015 compared to February 1, 2014.

Current Assets:

	January 31, 2015	February 1, 2014	$ Change	% Change
Cash and cash equivalents	$5,281	$8,483	$(3,202)	(37.7)%
Receivables, net	79,104	75,277	3,827	5.1%
Inventories, net	148,215	143,712	4,503	3.1%
Prepaid expenses, net	24,219	23,095	1,124	4.9%
Deferred tax assets	24,503	20,465	4,038	19.7%
Total current assets	$281,322	$271,032	$10,290	3.8%

Cash and cash equivalents as of January 31, 2015 and February 1, 2014 include typical cash amounts maintained on an ongoing basis in our operations, which generally ranges from $5 million to $10 million at any given time. Any excess cash generally is used to repay amounts outstanding under our revolving credit agreements. Receivables, net as of January 31, 2015 increased primarily due to higher wholesale sales, particularly in Tommy Bahama, in the last two months of Fiscal 2014.

Inventories, net as of January 31, 2015 increased in each of our operating groups, except for Lanier Clothes. The higher inventory levels generally reflect higher anticipated sales in the First Quarter of Fiscal 2015 as compared to the First Quarter of Fiscal 2014. Prepaid expenses, net were comparable as of January 31, 2015 and February 1, 2014 reflecting an increase in prepaid income taxes partially offset by decreases in prepaid operating expense amounts. Deferred tax assets increased from February 1, 2014 primarily as a result of higher incentive compensation amounts and a change in timing differences associated with inventory, due in part to the significant LIFO accounting charge in the Fourth Quarter of Fiscal 2014.

Non-current Assets:

	January 31, 2015	February 1, 2014	$ Change	% Change
Property and equipment, net	$155,076	$141,519	$13,557	9.6%
Intangible assets, net	167,770	173,023	(5,253)	(3.0)%
Goodwill	17,295	17,399	(104)	(0.6)%
Other non-current assets, net	23,604	24,332	(728)	(3.0)%
Total non-current assets, net	$363,745	$356,273	$7,472	2.1%

The increase in property and equipment, net was primarily due to capital expenditures during Fiscal 2014, which were partially offset by depreciation expense in Fiscal 2014. The decrease in intangible assets, net was primarily due to the impact of the stronger United States dollar on our foreign denominated intangible assets and amortization of intangible assets in Fiscal 2014. The decrease in other non-current assets was primarily due to a decrease in the value of corporate officers' life insurance policies and amortization of deferred financing costs partially offset by higher asset balances set aside for potential deferred compensation plan obligations.

Liabilities:

	January 31, 2015	February 1, 2014	$ Change	% Change
Total current liabilities	$158,295	$133,046	$25,249	19.0 %
Long-term debt	104,842	137,592	(32,750)	(23.8)%
Non-current contingent consideration	—	12,225	(12,225)	(100.0)%
Other non-current liabilities	58,113	51,520	6,593	12.8 %
Non-current deferred income taxes	33,212	32,759	453	1.4 %
Total liabilities	$354,462	$367,142	(12,680)	(3.5)%

Current liabilities increased, reflecting (1) the $12.5 million current contingent consideration liability as of January 31, 2015 compared to $2.5 million as of February 1, 2014, (2) a $9.1 million increase in accrued compensation, primarily resulting from higher incentive compensation amounts as of January 31, 2015, and (3) increased accounts payables, accrued expenses and other liabilities as of January 31, 2015, which primarily resulted from the timing of payment of certain inventory and expense items. These items were partially offset by lower income taxes payable as of January 31, 2015. The decrease in debt primarily reflects the following during Fiscal 2014: (1) $95.4 million of cash flows from operating activities, (2) a $3.2 million reduction in cash and cash equivalents and (3) $1.0 million of proceeds from the issuance of common stock partially offset by the following: (1) $50.4 million of capital expenditures, (2) $13.9 million of dividends paid on our common stock and (3) $2.5 million of payments related to the Lilly Pulitzer contingent consideration arrangement. The decrease in non-current contingent consideration at January 31, 2015 was the result of all the contingent consideration obligation being classified as a current liability as of January 31, 2015 as the amount is expected to be paid in the first quarter of Fiscal 2015. Other non-current liabilities increased as of January 31, 2015 compared to the prior year primarily due to increases in deferred rent liabilities. Non-current deferred income taxes was comparable as of January 31, 2015 and February 1, 2014, primarily reflecting the net impact of changes in deferred taxes associated with accrued compensation balances and intangible assets.

Statement of Cash Flows

The following table sets forth the net cash flows resulting in the change in our cash and cash equivalents (in thousands):

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Cash provided by operating activities	$95,409	$52,734	$67,098
Cash used in investing activities	(50,355)	(59,130)	(62,515)
Cash (used in) provided by financing activities	(47,619)	6,938	(10,594)
Net change in cash and cash equivalents	$(2,565)	$542	$(6,011)

Cash and cash equivalents on hand was $5.3 million, $8.5 million and $7.5 million at January 31, 2015, February 1, 2014 and February 2, 2013, respectively. Changes in cash flows in Fiscal 2014, Fiscal 2013 and Fiscal 2012 related to operating activities, investing activities, and financing activities are discussed below.

Fiscal 2014 Compared to Fiscal 2013

Operating Activities:

In Fiscal 2014 and Fiscal 2013, operating activities provided $95.4 million and $52.7 million of cash, respectively. The cash flow from operating activities was primarily the result of net earnings for the relevant period adjusted, as applicable, for non-cash activities including depreciation, amortization, equity-based compensation expense and the net impact of changes in our working capital accounts, as applicable. The higher cash flow from operating activities, despite the comparable earnings, for Fiscal 2014 was primarily due to changes in working capital and Fiscal 2013 including a significant excess tax benefit related to equity-based compensation. In Fiscal 2014, the more significant changes in working capital were increases in current liabilities and non-current liabilities, each of which increased cash flow from operations, partially offset by increases in inventories and receivables, each of which reduced cash flow from operations. In Fiscal 2013, the more significant changes in working capital were an increase in inventories and receivables, each of which reduced cash flow from operations, partially offset by an increase in current liabilities and other non-current liabilities.

We generally anticipate that cash flows from operations will increase in the future as our business continues to grow, reflecting higher earnings partially offset by increased working capital requirements.

Investing Activities:

During Fiscal 2014 and Fiscal 2013, investing activities used $50.4 million and $59.1 million of cash, respectively. Of these cash flows used in investing activity amounts, $50.4 million and $43.4 million in Fiscal 2014 and Fiscal 2013, respectively, were for the capital expenditures in each period primarily related to costs associated with new retail stores, information technology initiatives and retail store and restaurant remodeling.The remaining cash used in investing activities in Fiscal 2013 included $17.9 million related to our acquisition of the Tommy Bahama business in Canada from our former licensee.

We anticipate that capital expenditures in Fiscal 2015 will be significantly higher than capital expenditures in recent years. See a discussion of Fiscal 2015 expected capital expenditures in Contractual Obligations below.

Financing Activities:

During Fiscal 2014 and Fiscal 2013, financing activities used $47.6 million and provided $6.9 million of cash, respectively. In Fiscal 2014, we decreased debt by $32.6 million based on our cash flow from operating activities exceeding our cash needs for investing activities and financing activities. In Fiscal 2013, we increased debt by $25.0 million based on cash needs for investing and financing activities exceeding our cash flow from operations, while replacing our borrowings under our senior notes with borrowings under our U.S. Revolving Credit Agreement.

The repurchase of common stock in Fiscal 2013 primarily resulted from the vesting of restricted stock awards that were returned by employees to satisfy employee income tax obligations, while the proceeds from issuance of common stock primarily resulted from the excess tax benefit associated with the vesting of the restricted stock awards. We paid dividends of $13.9 million and $11.9 million during Fiscal 2014 and Fiscal 2013, respectively. In Fiscal 2014, we paid $2.5 million for the payment of the Fiscal 2013 contingent consideration payment related to the Lilly Pulitzer acquisition.

We anticipate that cash flow provided by or used in financing activities in the future will be dependent upon whether our cash flow from operating activities exceeds our capital expenditures, the remaining contingent consideration payment in Fiscal 2015 and dividend payments. Generally, we anticipate that excess cash, if any, is used to repay debt on our revolving credit agreements. Given the significance of capital expenditures and contingent consideration payment amounts in Fiscal 2015 as well as dividend payments, the amount of cash available to be used in financing activities as a repayment of debt may be limited.

Fiscal 2013 Compared to Fiscal 2012

Operating Activities:

In Fiscal 2013 and Fiscal 2012, operating activities provided $52.7 million and $67.1 million of cash, respectively. The cash flow from operating activities was primarily the result of net earnings for the relevant period adjusted, as applicable, for non-cash activities such as depreciation, amortization, stock compensation expense, change in fair value of contingent consideration, loss on repurchase of senior notes and the net impact of changes in our working capital accounts, as applicable. The lower cash flow from operating activities, despite the higher earnings, for Fiscal 2013 was primarily due to Fiscal 2012 earnings including a $9.1 million loss on repurchase of senior notes and Fiscal 2013 having less favorable changes in working capital accounts, as compared to the same period in the prior year. In Fiscal 2013, the more significant changes in working capital were increases in inventories and receivables, each of which reduced cash flow from operations, which was partially offset by an increase in current liabilities and non-current liabilities. In Fiscal 2012, the more significant changes in working capital were an increase in inventories and receivables and other non-current assets, each of which reduced cash flow from operations, which was partially offset by an increase in other non-current liabilities.

Investing Activities:

During Fiscal 2013 and Fiscal 2012, investing activities used $59.1 million and $62.5 million of cash, respectively. The cash used in investing activities in Fiscal 2013 included $17.9 million related to our acquisition of the Tommy Bahama business in Canada from our former licensee, while Fiscal 2012 included $1.8 million related to our acquisition of the Tommy Bahama business in Australia from our former licensee. The remaining $43.4 million and $60.7 million of cash flow used in investing activities in Fiscal 2013 and Fiscal 2012, respectively, were for the capital expenditures in each period primarily related to costs associated with new retail stores, information technology initiatives and retail store and restaurant remodeling.

Financing Activities:

During Fiscal 2013 and Fiscal 2012, financing activities provided $6.9 million and used $10.6 million of cash, respectively. In Fiscal 2013, we increased debt by $25.0 million based on our cash needs for investing activities and financing activities exceeding our cash flow from operating activities. In Fiscal 2012, we increased debt by $10.5 million based on cash need for investing and financing activities exceeding our cash flow from operations, while replacing our borrowings under our senior notes with borrowings under our U.S. Revolving Credit Agreement.

The repurchase of common stock in Fiscal 2013 primarily resulted from the vesting of restricted stock awards that were returned by employees to satisfy employee income tax obligations, while the proceeds from issuance of common stock primarily resulted from the excess tax benefit associated with the vesting of the restricted stock awards. In Fiscal 2012, we paid $5.0 million for the payment of the Fiscal 2012 and Fiscal 2011 contingent consideration payments related to the Lilly Pulitzer acquisition. We paid dividends of $11.9 million and $9.9 million during Fiscal 2013 and Fiscal 2012, respectively.

Liquidity and Capital Resources

The table below sets forth the amounts outstanding under our financing arrangements (in thousands) as of January 31, 2015:

$235 million U.S. Secured Revolving Credit Facility ("U.S. Revolving Credit Agreement")	$ 104,842	
£7 million Senior Secured Revolving Credit Facility ("U.K. Revolving Credit Agreement")	4,126	
Total debt	108,968	
Short-term debt	(4,126	)
Long-term debt	$ 104,842	

The U.S. Revolving Credit Agreement generally (i) is limited to a borrowing base consisting of specified percentages of eligible categories of assets; (ii) accrues variable-rate interest (weighted average borrowing rate of 1.9% as of January 31, 2015), unused line fees and letter of credit fees based upon a pricing grid which is tied to average unused availability and/or utilization; (iii) requires periodic interest payments with principal due at maturity (November 2018); and (iv) is secured by a first priority security interest in the accounts receivable, inventory, general intangibles and eligible trademarks, investment property (including the equity interests of certain subsidiaries), deposit accounts, intercompany obligations, equipment, goods, documents, contracts, books and records and other personal property of Oxford Industries, Inc. and substantially all of its domestic subsidiaries.

The U.K. Revolving Credit Agreement generally (i) accrues interest at the bank's base rate plus an applicable margin (4.0% as of January 31, 2015); (ii) requires interest payments monthly with principal payable on demand; and (iii) is collateralized by substantially all of the assets of our United Kingdom Ben Sherman subsidiaries.

To the extent cash flow needs exceed cash flow provided by our operations we will have access, subject to their terms, to our lines of credit to provide funding for operating activities, capital expenditures and acquisitions, if any. Our credit facilities are also used to finance trade letters of credit for product purchases, which reduce the amounts available under our lines of credit when issued. As of January 31, 2015, $8.5 million of trade letters of credit and other limitations on availability in the aggregate were outstanding against our credit facilities. After considering these limitations and the amount of eligible assets in our borrowing base, as applicable, as of January 31, 2015, we had $125.8 million and $2.3 million in unused availability under the U.S. Revolving Credit Agreement and the U.K. Revolving Credit Agreement, respectively, subject to the respective limitations on borrowings.

Covenants and Other Restrictions:

Our credit facilities, consisting of our U.S. Revolving Credit Agreement and our U.K. Revolving Credit Agreement, are subject to a number of affirmative covenants regarding the delivery of financial information, compliance with law, maintenance of property, insurance and conduct of business. Also, our credit facilities are subject to certain negative covenants or other restrictions including, among other things, limitations on our ability to (i) incur debt, (ii) guaranty certain obligations, (iii) incur liens, (iv) pay dividends to shareholders, (v) repurchase shares of our common stock, (vi) make investments, (vii) sell assets or stock of subsidiaries, (viii) acquire assets or businesses, (ix) merge or consolidate with other companies, or (x) prepay, retire, repurchase or redeem debt.

Our U.S. Revolving Credit Agreement contains a financial covenant that applies if unused availability under the U.S. Revolving Credit Agreement for three consecutive days is less than the greater of (i) $23.5 million or (ii) 10% of the total revolving commitments. In such case, our fixed charge coverage ratio as defined in the U.S. Revolving Credit Agreement must not be less than 1.0 to 1.0 for the immediately preceding 12 fiscal months for which financial statements have been delivered.

This financial covenant continues to apply until we have maintained unused availability under the U.S. Revolving Credit Agreement of more than the greater of (i) $23.5 million or (ii) 10% of the total revolving commitments for 30 consecutive days.

We believe that the affirmative covenants, negative covenants, financial covenants and other restrictions under our credit facilities are customary for those included in similar facilities entered into at the time we entered into our agreements. During Fiscal 2014 and as of January 31, 2015, no financial covenant testing was required pursuant to our U.S. Revolving Credit Agreement as the minimum availability threshold was met at all times. As of January 31, 2015, we were compliant with all covenants related to our credit facilities.

Other Liquidity Items:

We anticipate that we will be able to satisfy our ongoing cash requirements, which generally consist of working capital and other operating activity needs, capital expenditures, dividends and interest payments on our debt, if any, primarily from positive cash flow from operations supplemented by cash on hand and borrowings under our lines of credit, if necessary. Our need for working capital is typically seasonal with the greatest requirements generally existing in the fall and spring of each year. Our capital needs will depend on many factors including our growth rate, the need to finance inventory levels and the success of our various products. We anticipate that at the maturity of any of our financing arrangements or as otherwise deemed appropriate, we will be able to refinance the facilities and debt with terms available in the market at that time, which may or may not be as favorable as the terms of the current agreements or current market terms.

We have paid dividends in each quarter since we became a public company in July 1960, however, we may discontinue or modify dividend payments at any time if we determine that other uses of our capital, including payment of outstanding debt, repurchases of outstanding shares, funding of acquisitions or funding of capital expenditures, may be in our best interest; if our expectations of future cash flows and future cash needs outweigh the ability to pay a dividend; or if the terms of our credit facilities, other debt instruments, contingent consideration arrangements or applicable law limit our ability to pay dividends. We may borrow to fund dividends in the short-term based on our expectation of operating cash flows in future periods subject to the terms and conditions of our credit facilities or other debt instruments and applicable law. All cash flow from operations will not necessarily be paid out as dividends in all periods. For details about limitations on our ability to pay dividends, see the discussion of our credit facilities above and Note 5 of our consolidated financial statements contained in this report.

Contractual Obligations

The following table summarizes our contractual cash obligations, as of January 31, 2015, by future period (in thousands):

	Payments Due by Period				
	Less Than 1 year	1-3 Years	3-5 Years	More Than 5 Years	Total
Contractual Obligations:					
U.S. Revolving Credit Agreement and U.K. Revolving Credit Agreement (1)	$—	$—	$—	$—	$—
Operating leases (2)	65,802	121,854	102,465	222,143	512,264
Minimum royalty and advertising payments pursuant to royalty agreements	5,589	10,863	—	—	16,452
Letters of credit	8,546	—	—	—	8,546
Contingent purchase price consideration (3)	12,500	—	—	—	12,500
Other (4)(5)(6)	—	—	—	—	—
Total	$92,437	$132,717	$102,465		