

BODY CENTRAL CORP  
Form 424B4  
October 15, 2010

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[INDEX TO CONSOLIDATED FINANCIAL INFORMATION](#)

[Table of Contents](#)

Filed Pursuant to Rule 424(b)(4)  
Registration No. 333-168014

## PROSPECTUS

5,000,000 Shares

Body Central Corp.

Common Stock

\$13.00 per share

---

Body Central Corp. is offering 3,333,333 shares and the selling stockholders are offering 1,666,667 shares. We will not receive any proceeds from the sale of our shares by the selling stockholders.

The initial public offering price is \$13.00 per share.

Prior to this offering there has been no public market for our common stock.

Our common stock has been approved for listing on The Nasdaq Global Market under the symbol BODY.

---

**This investment involves risk. See "Risk Factors" beginning on page 10.**

	Per Share	Total
Public offering price	\$ 13.00	\$ 65,000,000
Underwriting discount	\$ 0.91	\$ 4,550,000
Proceeds, before expenses, to Body Central Corp.	\$ 12.09	\$ 40,299,996
Proceeds, before expenses, to selling stockholders	\$ 12.09	\$ 20,150,004

Edgar Filing: BODY CENTRAL CORP - Form 424B4

*The underwriters have a 30-day option to purchase up to 750,000 additional shares of our common stock from the selling stockholders to cover over-allotments, if any.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved of anyone's investment in these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The shares will be ready for delivery on or about October 20, 2010.

*Joint Book-Running Managers*

**Piper Jaffray**

**Jefferies & Company**

*Co-Managers*

**William Blair & Company**

**Baird**

**The date of this prospectus is October 14, 2010.**

---



















Table of Contents

## TABLE OF CONTENTS

	Page
<u>Prospectus Summary</u>	<u>1</u>
<u>Risk Factors</u>	<u>10</u>
<u>Special Note Regarding Forward-Looking Statements</u>	<u>29</u>
<u>Use of Proceeds</u>	<u>31</u>
<u>Dividend Policy</u>	<u>32</u>
<u>Capitalization</u>	<u>33</u>
<u>Dilution</u>	<u>35</u>
<u>Selected Consolidated Financial and Operating Data</u>	<u>37</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>41</u>
<u>Business</u>	<u>63</u>
<u>Management</u>	<u>75</u>
<u>Executive Compensation</u>	<u>85</u>
<u>Certain Relationships and Related Party Transactions</u>	<u>101</u>
<u>Principal and Selling Stockholders</u>	<u>105</u>
<u>Description of Capital Stock</u>	<u>107</u>
<u>Description of Certain Indebtedness</u>	<u>113</u>
<u>Shares Eligible for Future Sale</u>	<u>115</u>
<u>Material U.S. Federal Income Tax Considerations to Non-U.S. Holders</u>	<u>117</u>
<u>Underwriting</u>	<u>121</u>
<u>Legal Matters</u>	<u>128</u>
<u>Experts</u>	<u>128</u>
<u>Where You Can Find More Information</u>	<u>128</u>
<u>Index to Consolidated Financial Information</u>	<u>F-1</u>

You should rely only on the information contained in this prospectus or any free writing prospectus filed with the Securities and Exchange Commission. We have not, and the selling stockholders and underwriters have not, authorized any other person to provide you with different information. Neither this prospectus nor any free writing prospectus is an offer to sell, nor is it seeking an offer to buy, these securities in any state where the offer or sale is not permitted. The information in this prospectus and any such free writing prospectus is complete and accurate as of the date on the front cover, regardless of its time of delivery or of any sale of shares of our common stock. The information may have changed since that date.

Persons who come into possession of this prospectus and any such free writing prospectus in jurisdictions outside the U.S. are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

Table of Contents

**Basis of Presentation**

We operate on a fiscal calendar that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to December 31st. The reporting periods contained in our audited financial statements included in this prospectus contain 52 weeks of operations in fiscal year 2009, which ended January 2, 2010, 53 weeks of operations in fiscal year 2008, which ended January 3, 2009, and 52 weeks of operations in fiscal year 2007, which ended December 29, 2007.

On October 1, 2006, the acquisition by Body Central Corp. of all of the outstanding capital stock of Body Shop of America, Inc. and Catalogue Ventures, Inc. was completed. As a result of this acquisition, Body Shop of America, Inc. and Catalogue Ventures, Inc. became our wholly owned subsidiaries. We generally refer to this acquisition and the related transactions in this prospectus as the "2006 Transaction." On October 2, 2006, after the 2006 Transaction, a new basis of accounting for the company began. As a result of that change in our basis of accounting, the 2006 financial reporting periods presented in this prospectus include the predecessor period of Body Central Corp. and its subsidiaries, reflecting approximately 39 weeks of operating results of its now wholly owned subsidiaries from January 1, 2006 to October 1, 2006 and approximately 13 weeks of operating results for the successor period, from October 2, 2006 to December 30, 2006. Body Central Corp. had no assets, liabilities or operations prior to the 2006 Transaction and therefore the results for all periods prior to October 2, 2006 reflect results of our predecessors. Due to the significance of the 2006 Transaction, the impact of purchase accounting and the change in our corporate structure that occurred in 2006, the financial information for all successor periods is not comparable to that of the predecessor periods. As part of the 2006 Transaction, Body Central Corp. also acquired Rinzi Air, LLC, of which Body Shop of America, Inc. was the sole member. On March 6, 2008, Rinzi Air, LLC transferred its only asset to a third party. Upon completion of this offering, we expect to dissolve Rinzi Air, LLC, upon which its separate existence will cease.

**Market and Industry Data**

We obtained the industry, market and competitive position data throughout this prospectus from our own internal estimates and research as well as from industry and general publications and research, surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been prepared from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these studies and publications is reliable, we have not independently verified market and industry data from third-party sources. While we believe our internal company research is reliable and the definitions of our market and industry are appropriate, neither this research nor these definitions have been verified by any independent source.

**Trademarks**

Body Central® and Lipstick® are our trademarks and are registered under applicable intellectual property laws. This prospectus contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

In some regions of the U.S., our stores are located in the same malls and shopping centers as stores operated by a company doing business under the name The Body Shop®, which are cosmetics and

Table of Contents

beauty stores. We are not affiliated with this company. In 1991, we granted this company a license to use our Body Shop trademark which is held by us in connection with retail store services for the sale of women's apparel and apparel accessories. Under the terms of this license agreement, we granted an exclusive, royalty-free license to the cosmetics and beauty store company to use our "Body Shop" mark for its business as follows: as a service mark for mail order retail sales of t-shirts and sweatshirts in 49 states and territories and of other apparel in 38 states and territories; as a service mark for retail store sales of apparel in 38 states and territories; and as a trademark for apparel in 38 states and territories. This license was non-exclusive as to certain uses and our agreements with this company permit us to continue to use our "Body Shop" mark in our stores located in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Texas. We currently operate under the Body Central banner and, in a minority of stores in certain states, we operate under the Body Shop banner. Our current business is focused on developing the Body Central and Lipstick brands and is moving away from the use of the Body Shop name for our stores and as a brand.

Table of Contents

**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the "Risk Factors" section of this prospectus and our consolidated financial statements and related notes appearing at the end of this prospectus, before making an investment decision. Some of the statements in this prospectus constitute forward-looking statements. See "Special Note Regarding Forward-Looking Statements" for more information.*

*We are a holding company and all of our business operations are conducted through our two wholly owned operating subsidiaries, Body Shop of America, Inc. and Catalogue Ventures, Inc. Except where the context otherwise requires or where otherwise indicated, the terms "Body Central," "we," "us," "our," "our company" and "our business" refer to Body Central Corp. and its consolidated subsidiaries, Body Shop of America, Inc. and Catalogue Ventures, Inc., as a combined entity. Some differences in the numbers in the tables and text throughout this prospectus may exist due to rounding.*

**Our Company**

Founded in 1972, Body Central is a growing, multi-channel, specialty retailer offering on-trend, quality apparel and accessories at value prices. We operate specialty apparel stores under the Body Central and Body Shop banners, as well as a direct business comprised of our Body Central catalog and our e-commerce website at [www.bodyc.com](http://www.bodyc.com). We target women in their late teens and twenties from diverse cultural backgrounds who seek the latest fashions and a flattering fit. Our stores feature an assortment of tops, dresses, bottoms, jewelry, accessories and shoes sold primarily under our exclusive Body Central® and Lipstick® labels. We continually update our merchandise and floor sets with an emphasis on coordinated outfits presented by lifestyle to give our customers a reason to shop our stores frequently.

We believe our multi-channel strategy supports our brand building efforts and provides us with synergistic growth opportunities across all of our sales channels. As of September 30, 2010, we had 204 stores located in fashion retail venues across 23 states in the South, Mid-Atlantic and Midwest.

**Our History and Recent Accomplishments**

We opened our first Body Shop store in 1973 in Jacksonville, Florida, where our corporate headquarters is located. Our current business is focused on opening Body Central stores and developing the Body Central and Lipstick brands and on moving away from the use of the Body Shop name for our stores and as a brand. In October 2006, our founders, members of the Rosenbaum family, sold a controlling interest in Body Central to a group of outside investors led by WestView Capital Partners, L.P. In recent years, we have completed numerous initiatives that have strengthened our business and positioned us for future growth, including:

*Enhanced Executive Team.* We hired a number of executives who have focused on changes to improve our business, including capitalizing on our competitive advantages, increasing operational discipline, reestablishing the merchandising strategy that was core to our historical success, expanding our marketing and merchandising teams and enhancing our financial capabilities.

*Flexible Test-and-Reorder Business Model.* In early 2008, we returned to our proven test-and-reorder strategy, which combined with short lead times enables us to react quickly

Table of Contents

to the latest fashion trends. Our extensive vendor base provides us with access to a large number of designers and enables us to have the best selling products in our stores in a timely fashion. This model allows us to maximize full-price sales and reduce our inventory risk.

*Refined Real Estate Model.* In 2008, we enhanced our real estate model by introducing additional structure and analysis to our site selection process. We adhere to our selection methodology and do not pursue expansion opportunities if they do not meet all of our new store financial and site criteria. Since 2008, our average new store performance outpaced the targeted returns in our store economic model.

Through initiatives implemented by our executive team since 2008, we have delivered strong results despite the difficult economic environment. For instance, we have:

maintained positive comparable stores sales growth over the past seven quarters, including an increase of 4.9% for fiscal year 2009 and 13.5% for the twenty-six weeks ended July 3, 2010;

opened six stores in fiscal year 2008 and 15 stores in fiscal year 2009, with more than 25 planned to be opened in fiscal year 2010, of which 22 were already open as of September 30, 2010 and from fiscal year 2008 through September 30, 2010, we also closed 27 stores, most of which were underperforming, for a net increase of 16 stores;

increased inventory turnover resulting in a meaningful reduction in markdowns and an improvement in gross margin by approximately 190 basis points between fiscal year 2008 and fiscal year 2009;

improved operating margin by approximately 300 basis points between fiscal year 2008 and fiscal year 2009, primarily as a result of reduced labor and occupancy costs, resulting in an increase in income from operations to \$8.2 million for fiscal year 2009 from \$2.0 million for fiscal year 2008; and

increased our net income by \$3.7 million to \$2.8 million for fiscal year 2009 from a loss of \$952,000 in fiscal year 2008, and by \$4.7 million to \$5.7 million for the twenty-six weeks ended July 3, 2010, from \$1.0 million in the twenty-six weeks ended July 4, 2009.

**Our Strengths**

We believe that the following strengths are critical to our continued success:

*Established and Differentiated Brand.* With over 35 years of operating experience, we have built the Body Central brand around our key strategy of providing the right fashion and quality, with a flattering fit, at a value price. We believe our core customer is passionate about finding current fashions typically offered in higher-end specialty stores and boutiques at value prices in an exciting store environment.

*Exciting Fashion Delivered at a Compelling Value.* We deliver a carefully edited selection of quality, fashionable apparel and accessories for most occasions at value prices. Our broad product assortment of apparel, jewelry, accessories and footwear allows our customers to purchase complete outfits. We do not dictate fashion trends, but respond

Table of Contents

quickly to offer best selling styles. We believe that by delivering new merchandise to our stores every day and by updating our floor sets regularly, we are able to drive repeat store visits.

*Multiple Sales Channel Synergies.* We complement our retail stores with a successful direct business, which consists of catalog and e-commerce sales. Our direct business represented approximately 16.8% of our net revenues in fiscal year 2009. We believe our multi-channel strategy builds brand awareness and drives sales across all of our channels.

*Powerful New Store Economics.* We have a proven store economic model that works across a variety of market sizes, demographics, climates, real estate venues and mall classifications. Our flexible store format allows us to adapt to available locations and store footprints quickly with a low investment cost. On average, our new stores are paying back our investment in less than one year based on net operating cash flows for that store and inclusive of lease commitments.

*Disciplined Inventory Management.* We test the vast majority of all new merchandise on a limited basis prior to a broader roll out. Our proven test-and-reorder strategy serves as the foundation of our merchandising philosophy and instills discipline in our inventory management. This strategy, together with our vendors' short production lead times, allows us to respond rapidly to changing trends with appropriate merchandise levels, thereby minimizing markdowns and inventory risk.

*Proven Management Team.* We are led by a proven executive team. Allen Weinstein, our President and Chief Executive Officer, Beth Angelo, our Chief Merchandising Officer and President of Direct Sales, and Richard Walters, our Chief Financial Officer, lead a management team that has significant experience in the retail industry, including design, marketing, sourcing, merchandising and real estate. In addition, our regional and district managers average over 20 and 10 years of experience, respectively.

**Growth Strategy**

We believe we are well positioned to take advantage of opportunities to increase revenues, drive net income growth and capture market share including:

*Expand Our Store Base.* With only 204 stores in 23 states as of September 30, 2010, we have considerable room to continue to expand in existing and adjacent markets. We expect to open more than 25 new stores in fiscal year 2010 (of which 22 were already open as of September 30, 2010) and approximately 30 to 35 new stores in fiscal year 2011. We believe we can continue to open new stores at an annual rate of 15% for the next several years.

*Increase Comparable Store Sales and Enhance Brand Awareness.* We expect to continue to drive our comparable store sales by keeping our merchandise on-trend, increasing the number of customer transactions, continuing to provide our distinctive in-store experience and increasing our brand awareness. We believe our ability to test products quickly and to rapidly replenish the best selling items keeps our shopping experience exciting and drives repeat customer visits.

Table of Contents

*Expand Operating Margin.* As we grow, we believe we can improve our operating margin by continuing to leverage our infrastructure and buying power, carefully reviewing our expenses and processes, refining our inventory disciplines, upgrading our information technology and further improving our store operations and labor productivity.

*Grow Our Direct Business.* In July 2010, we implemented a new software system for our direct business. This new system is expected to enhance the potential for growth in our direct business by allowing us to process more orders, offer a more dynamic merchandise presentation on our website and enhance our marketing efforts by including, among other things, the ability to target specific customer groups.

**Summary Risk Factors**

We are subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects. You should carefully consider these risks, including all of the risks discussed in the section entitled "Risk Factors," beginning on page 10 of this prospectus, before investing in our common stock. Risks relating to our business include, among others:

we may not be able to effectively anticipate, identify and respond quickly to changing fashion trends and customer preferences;

we may not be able to execute our growth strategy if we are unable to identify suitable locations to open new stores, obtain favorable lease terms, attract customers to our stores, hire and retain personnel, maintain sufficient levels of cash flow to support our expansion and/or grow our direct business;

we may be adversely impacted by economic conditions, the seasonality of our business and the success of the malls and shopping centers where our stores are located;

we operate in a highly competitive specialty retail apparel industry and may face increased competition;

we may not be able to maintain or improve levels of comparable store sales;

we may not be able to maintain and enhance our brand image;

we may face disruptions in our current or planned new information systems;

we may not be able to effectively manage our operations, which have grown rapidly, or our future growth; and

we may lose key personnel.

**Our Principal Stockholders**

Upon the completion of this offering, WestView Capital Partners L.P., or WestView, entities advised by PineBridge Investments, or PineBridge, and members of the Rosenbaum family (which includes Jerrold Rosenbaum, Beth Angelo and Laurie Bauguss) are expected to own approximately 21.3%, 20.2% and 20.2%, respectively, of our outstanding common stock, or 19.8%, 18.7% and 18.7%, respectively, if the underwriters' option to purchase additional shares is fully exercised. As a result, WestView,



Table of Contents

PineBridge and members of the Rosenbaum family will be able to exert significant voting influence over fundamental and significant corporate matters and transactions. See "Risk Factors Risks Related to this Offering and Ownership of Our Common Stock Concentration of ownership among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions."

WestView is an independent, Boston-based private equity firm focused exclusively on lower middle market companies. WestView manages approximately \$500 million in assets and makes equity investments in companies in a variety of growth, buyout, consolidation and recapitalization transactions.

PineBridge Investments LLC is an investment adviser registered under the U.S. Investment Advisers Act of 1940, as amended. PineBridge Investments LLC is a member company of PineBridge. PineBridge provides investment advice and markets asset management products and services to its clients around the world. It operates as a multi-strategy investment manager in 32 countries with \$83.1 billion in assets under management as of March 31, 2010.

**Corporate and Other Information**

Body Central Corp. was incorporated in Delaware in 2006. We are a holding company and all of our business operations are conducted through our two wholly owned operating subsidiaries, Body Shop of America, Inc., which was incorporated in Florida in 1972, and Catalogue Ventures, Inc., which was incorporated in Florida in 2000.

**Office Location**

Our principal executive office is located at 6225 Powers Avenue, Jacksonville, Florida 32217, our telephone number is (904) 737-0811 and our fax number is (904) 730-0638. Our website address is *www.bodyc.com*. We do not incorporate the information contained on, or accessible through, our website into this prospectus, and you should not consider it part of this prospectus.

Table of Contents

**The Offering**

<b>By Body Central Corp.</b>	3,333,333 shares of common stock
<b>By the selling stockholders</b>	1,666,667 shares of common stock
<b>Total</b>	5,000,000 shares of common stock
<b>Common stock to be outstanding immediately after this offering</b>	15,405,683 shares of common stock
<b>Offering price</b>	\$13.00 per share
<b>Over-allotment option</b>	750,000 shares of common stock
<b>Use of proceeds</b>	We intend to use the net proceeds to us from this offering principally to repay our senior credit facility, to redeem our non-convertible, non-voting Series C preferred stock, to pay up to an aggregate of \$1.0 million to specified employees under a success bonus plan triggered upon completion of this offering and to provide funds for working capital and other general corporate purposes including the growth of our store base and direct business. See the "Use of Proceeds" section of this prospectus for more information. We will not receive any proceeds from the sale of shares by the selling stockholders.
<b>Risk factors</b>	You should read the "Risk Factors" section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
<b>Nasdaq Global Market symbol</b>	BODY

The number of shares of our common stock to be outstanding after this offering is based on 12,072,350 shares of our common stock outstanding as of September 30, 2010, and excludes:

964,099 shares of our common stock issuable upon the exercise of options outstanding as of September 30, 2010, at a weighted average exercise price of \$3.29 per share; and

1,646,209 shares of our common stock reserved for future issuance under our Amended and Restated 2006 Equity Incentive Plan, which plan will be in effect upon completion of this offering.

Except as otherwise indicated, all information in this prospectus assumes:

the repayment of all amounts owing under our senior credit facility immediately upon completion of this offering;

the conversion of all outstanding shares of our Series A convertible preferred stock and Series B convertible preferred stock, collectively, our convertible preferred stock, into an aggregate of 11,869,115 shares of our common stock, based on a conversion ratio of 25.40446 shares of common stock for each share of convertible preferred stock;

an initial public offering price of \$13.00 per share;

no exercise of the underwriters' over-allotment option;

a 25.40446 -for- 1 stock split of our common stock, which occurred on October 13, 2010; and

the adoption of our third amended and restated certificate of incorporation, or certificate of incorporation, and our amended and restated by-laws, or by-laws, to be effective upon completion of this offering.

Table of Contents

**SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following summaries of our consolidated financial and operating data for the periods presented should be read in conjunction with "Selected Consolidated Financial and Operating Data," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Our summary consolidated statement of operations data for the years ended December 29, 2007, January 3, 2009 and January 2, 2010 have been derived from our audited financial statements included elsewhere in this prospectus. The summary consolidated statement of operations data for the twenty-six weeks ended July 4, 2009 and July 3, 2010 have been derived from our unaudited financial statements included elsewhere in this prospectus. In the opinion of management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for the fair presentation of our financial position and results of operations for these periods. The historical results presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period may not necessarily be indicative of the results that may be expected for a full year.

We operate on a fiscal calendar that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to December 31st. The reporting periods contained in our audited financial statements included in this prospectus contain 52 weeks of operations in fiscal year 2007, which ended December 29, 2007, 53 weeks of operations in fiscal year 2008, which ended January 3, 2009, and 52 weeks of operations in fiscal year 2009, which ended January 2, 2010.

See "Capitalization" and "Use of Proceeds" for more information.

Edgar Filing: BODY CENTRAL CORP - Form 424B4

Table of Contents

	Fiscal Year Ended			Twenty-Six Weeks Ended	
	December 29, 2007	January 3, 2009	January 2, 2010	July 4, 2009	July 3, 2010
	(unaudited)				
	(dollars in thousands, except share, per share and operating data)				
<b>Statement of</b>					
<b>Income Data:</b>					
Net revenues <sup>(1)</sup>	\$ 195,911	\$ 191,824	\$ 198,834	\$ 100,787	\$ 119,345
Cost of goods sold <sup>(2)</sup>	140,334	137,982	139,145	71,703	79,590
<b>Gross profit</b>	<b>55,577</b>	<b>53,842</b>	<b>59,689</b>	<b>29,084</b>	<b>39,755</b>
Selling, general and administrative expenses	51,832	45,555	46,567	23,238	26,617
Depreciation and amortization	5,469	5,357	4,678	2,312	2,272
Impairment of long-lived assets	2,428	936	196		
Goodwill impairment	33,962				
<b>(Loss) income from operations</b>	<b>(38,114)</b>	<b>1,994</b>	<b>8,248</b>	<b>3,534</b>	<b>10,866</b>
Interest expense, net of interest income	4,215	4,329	3,956	2,020	1,787
Other expense (income), net	238	(493)	(128)	(108)	(56)
<b>(Loss) income before income taxes</b>	<b>(42,567)</b>	<b>(1,842)</b>	<b>4,420</b>	<b>1,622</b>	<b>9,135</b>
(Benefit from) provision for income taxes	(3,237)	(890)	1,640	602	3,415
<b>Net (loss) income</b>	<b>\$ (39,330)</b>	<b>\$ (952)</b>	<b>\$ 2,780</b>	<b>\$ 1,020</b>	<b>\$ 5,720</b>
Net (loss) income per common share					
Basic	\$ (194.10)	\$ (5.42)	\$ 12.94	\$ 4.65	\$ 27.78
Diluted	\$ (194.10)	\$ (5.42)	\$ 0.23	\$ 0.08	\$ 0.47
Weighted average common shares outstanding					
Basic	203,235	203,235	203,235	203,235	203,235
Diluted	203,235	203,235	12,173,978	12,111,500	12,188,331
Pro Forma net income per common share <sup>(3)</sup>					
Basic			\$ 0.35		\$ 0.46
Diluted			\$ 0.35		\$ 0.46

Edgar Filing: BODY CENTRAL CORP - Form 424B4

Pro Forma  
weighted average  
common shares  
outstanding<sup>(3)</sup>

Basic						14,861,736					14,861,736
Diluted						14,963,364					14,977,717

**Operating Data  
(unaudited):**

**Revenues:**

Stores	\$	164,411	\$	156,924	\$	165,331	\$	80,383	\$	98,657
Direct		31,500		34,900		33,503		20,404		20,688

<b>Net revenues</b>	<b>\$</b>	<b>195,911</b>	<b>\$</b>	<b>191,824</b>	<b>\$</b>	<b>198,834</b>	<b>\$</b>	<b>100,787</b>	<b>\$</b>	<b>119,345</b>
---------------------	-----------	----------------	-----------	----------------	-----------	----------------	-----------	----------------	-----------	----------------

**Stores:**

Comparable store sales change <sup>(4)</sup>		(4.6)%		(8.0)%		4.9%		5.8%		13.5%
--	--	--------	--	--------	--	------	--	------	--	-------

Number of stores open at end of period		188		180		185		177		199
--	--	-----	--	-----	--	-----	--	-----	--	-----

Sales per gross square foot	\$	206	\$	204	\$	207	\$	105	\$	115
-----------------------------	----	-----	----	-----	----	-----	----	-----	----	-----

Average square feet per store		4,246		4,283		4,312		4,318		4,289
-------------------------------	--	-------	--	-------	--	-------	--	-------	--	-------

Total gross square feet at end of period (in thousands)		798		771		798		764		853
---	--	-----	--	-----	--	-----	--	-----	--	-----

**Direct:**

Number of catalogs circulated (in thousands)		16,000		20,300		20,500		14,000		14,000
--	--	--------	--	--------	--	--------	--	--------	--	--------

Number of pages circulated (in millions)		1,088		1,380		1,394		952		952
--	--	-------	--	-------	--	-------	--	-----	--	-----

Capital expenditures (in thousands)	\$	9,656	\$	2,640	\$	4,809	\$	1,561	\$	3,479
-------------------------------------	----	-------	----	-------	----	-------	----	-------	----	-------

## Edgar Filing: BODY CENTRAL CORP - Form 424B4

### Table of Contents

	As of July 3, 2010		
	As of January 2, 2010	Actual	Pro Forma As Adjusted <sup>(5)</sup> (unaudited)
(in thousands)			
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 7,226	\$ 8,535	\$ 9,073
Working capital	(1,967)	(1,564)	5,098
Total assets	79,209	86,390	86,928
Long-term debt, less current portion	33,000	27,018	
Redeemable preferred stock	50,038	50,114	
Stockholders' (deficit) equity	\$ (36,891)	\$ (30,983)	\$ 52,811

(1) Consists of net sales as well as shipping and handling fees.

(2) Includes direct cost of purchased merchandise, freight, occupancy, distribution costs, catalog costs, buying costs and inventory shrinkage.

(3) The pro forma net income per common share and pro forma weighted average common shares outstanding has been derived by applying pro forma adjustments to our historical statements of operations as if this offering were effective January 4, 2009. The pro forma net income per common share and pro forma weighted average common shares outstanding are presented for supplemental informational purposes only. It does not purport to represent what our results of operations would have been had this offering actually occurred on January 4, 2009.

The pro forma adjustment to net income gives effect to the deduction of \$2.5 million and \$1.1 million of interest expense, net of income tax benefit, for the fiscal year ended January 2, 2010 and the twenty-six weeks ended July 3, 2010, respectively, related to the repayment of all outstanding indebtedness under our senior credit facility.

The pro forma adjustments to the weighted average common shares outstanding give effect to the following:

the sale by us of 2,520,616 shares of our common stock in this offering used to repay all of our outstanding indebtedness under our senior credit facility;

the sale by us of 268,770 shares of our common stock in this offering used to redeem our non-convertible, non-voting Series C preferred stock; and

the conversion of all outstanding shares of our convertible preferred stock into 11,869,115 shares of our common stock.

The pro forma number of shares of our common stock in this offering is based on the initial public offering price of \$13.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma adjustments do not give effect to the following:

the sale by us of 76,924 shares of our common stock in this offering to provide funds for the payment by us of up to an aggregate of \$1.0 million to specified employees, including certain named executive officers, under a success bonus plan triggered upon completion of this offering;

## Edgar Filing: BODY CENTRAL CORP - Form 424B4

the sale by us of 425,641 shares of our common stock in this offering to provide funds for the underwriting discounts and commissions and estimated offering expenses;

the sale by us of 41,382 shares of our common stock in this offering to provide funds for working capital and other general corporate purposes, including to grow our store base and our direct business, to convert Body Shop stores to Body Central banners, to refurbish older stores, to make technology improvements and to make other capital expenditures; and

an amendment to our certificate of incorporation to increase our authorized common stock and authorize shares of undesignated preferred stock.

(4) A store is included in comparable store sales on the first day of the fourteenth month after a store opens. For fiscal year 2008, which was a 53-week year, sales from the 53rd week were excluded from the calculation.

(5) Gives effect to the following:

the sale by us of shares of our common stock in this offering at the initial public offering price of \$13.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us;

the repayment of all outstanding indebtedness under our senior credit facility;

the redemption of our non-convertible, non-voting Series C preferred stock;

the conversion of all outstanding shares of our convertible preferred stock into 11,869,115 shares of our common stock; and

the payment by us of up to an aggregate of \$1.0 million to specified employees, including certain named executive officers, under a success bonus plan triggered upon completion of this offering.

Table of Contents

**RISK FACTORS**

*An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this prospectus, before making a decision to buy our common stock. The trading price of our common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment.*

**Risks Related to Our Business**

**Our success depends on our ability to anticipate, identify and respond quickly to changing fashion trends, and our failure to respond to changing fashion trends could have a material adverse effect on our business, financial condition and results of operations.**

Our core market, apparel and accessories for women in their late teens and twenties, is subject to rapidly shifting fashion trends, customer tastes and demands. Accordingly, our success is heavily dependent on our ability to anticipate, identify and capitalize on the latest fashion trends and customer demands, including merchandise, styles and materials that will appeal and be saleable to our customers. A small number of our employees, including our Chief Merchandising Officer and our team of buyers, are primarily responsible for performing this analysis and making product purchase decisions. Our failure to anticipate, identify or react swiftly to changes in styles, trends or desired image preferences or to anticipate demand is likely to lead to lower demand for our merchandise, which could cause, among other things, sales declines, excess inventories and a greater number of markdowns. If we do not accurately forecast fashion trends and sales levels, our business, financial condition and results of operations will be adversely affected.

**Our growth strategy depends upon our ability to successfully open and operate new stores each year in a timely and cost-effective manner without affecting the success of our existing store base.**

Our strategy to grow our business depends partly on continuing to open new stores for the foreseeable future. Our future operating results will depend largely upon our ability to find a sufficient number of suitable locations that will allow us to successfully open and operate new stores each year in a timely and cost-effective manner. We believe there are many opportunities to expand our store base from our 204 locations as of September 30, 2010. We opened 15 new stores in fiscal year 2009. In fiscal year 2010, we plan to open more than 25 new stores (including 22 new stores already opened as of September 30, 2010), and in fiscal year 2011, we plan to open approximately 30 to 35 new stores. Our current expansion plans are only targets, and the actual number of new stores we open could differ significantly from these estimates.

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

identify desirable store locations, primarily in regional malls as well as outlet, lifestyle and power centers, the availability of which is largely outside of our control;

negotiate acceptable lease terms, including desirable tenant allowances;

maintain out-of-pocket, build-out costs in line with our store economic model, including through leveraging landlords' reimbursements for a portion of our construction expenses, as well as managing these costs at reasonable levels;

hire, train and retain a growing workforce of store managers, sales associates and other personnel;

Table of Contents

successfully integrate new stores into our existing control structure and operations, including our information technology systems; and

efficiently expand the operations of our distribution facility to meet the needs of a growing store network.

Our near-term expansion plans have us opening new stores in or near the areas where we already have existing stores. As a result, we may face risks associated with market saturation of our merchandise. Also, if we expand into new geographic areas, we will need to successfully identify and satisfy the fashion preferences of our target customers in these areas. In addition, we will need to address competitive, merchandising, marketing, distribution and other challenges encountered in connection with any expansion.

Finally, we cannot assure you that any newly opened stores will be received as well as, or achieve net sales or profitability levels comparable to those of, our existing stores in our estimated time periods, or at all. If our stores fail to achieve, or are unable to sustain, acceptable net sales and profitability levels, our business may be materially harmed and we may incur significant costs associated with closing or relocating stores. If we fail to successfully open and operate new stores and execute our growth plans, the price of our common stock could decline.

**Our business is sensitive to consumer spending and economic conditions.**

Consumer purchases of apparel, accessories and particularly discretionary retail items, including our fashion merchandise, may be adversely affected by economic conditions such as employment levels, salary and wage levels, the availability of consumer credit, inflation, high interest rates, high tax rates, high fuel prices and consumer confidence with respect to current and future economic conditions. Consumer purchases may decline during recessionary periods or at other times when unemployment is higher or disposable income is lower. These risks may be exacerbated for retailers like us that focus significantly on selling discretionary fashion merchandise. Consumer willingness to make discretionary purchases may decline, may stall, or may be slow to increase due to national and regional economic conditions. Our financial performance is particularly susceptible to economic and other conditions in regions or states where we have a significant number of stores, such as Florida, Texas and Georgia. There remains considerable uncertainty and volatility in the national and global economy. Further or future slowdowns or disruptions in the economy could adversely affect mall traffic and new mall and shopping center development and could materially and adversely affect us and our growth plans. We may not be able to maintain our recent rate of growth in net revenues if there is a decline in consumer spending patterns.

**We operate in the highly competitive specialty retail apparel industry and the size and resources of some of our competitors may allow them to compete more effectively than we can, which could impact our ability to grow our business or result in loss of our market share.**

We face intense competition in the specialty retail apparel industry. We compete on the basis of a combination of factors, including price, breadth, quality and style of merchandise, as well as our brand image and ability to respond to fashion trends. While we believe that we compete primarily with specialty retailers, catalog retailers and Internet businesses that specialize in women's apparel and accessories, we also face competition from department stores and value retailers. We believe our primary competitors include specialty apparel retailers that offer their own private labels, including Forever 21, Wet Seal, rue21, Charlotte Russe and Aéropostale, among others. In addition, our expansion into markets served by our competitors and entry of new competitors or expansion of existing competitors into our markets could have a material adverse effect on our business.

Table of Contents

We also compete with a wide variety of large and small retailers for customers, vendors, suitable store locations and personnel. The competitive landscape we face, particularly among specialty retailers, is subject to rapid change as new competitors emerge and existing competitors change their offerings. We cannot assure you that we will be able to compete successfully and navigate the shifts in our market.

Many of our competitors are, and many of our potential competitors may be, larger and have greater name recognition and access to greater financial, marketing and other resources. Therefore, these competitors may be able to adapt to changes in trends and customer desires more quickly, devote greater resources to the marketing and sale of their products, generate greater brand recognition or adopt more aggressive pricing policies than we can. In addition, catalog mailings by our competitors may adversely affect response rates to our own catalog mailings. As a result, we may lose market share, which would reduce our sales and revenues and adversely affect our results of operations.

**Our inability to maintain or improve levels of comparable store sales could negatively impact our profitability and financial operations.**

Our recent comparable store sales have been higher than our historical comparable store sales, and we may not be able to sustain or improve these levels. If our future comparable store sales decline or fail to meet market expectations, our profitability could be harmed and the price of our common stock could decline. In addition, the aggregate results of our store operations have fluctuated in the past and can be expected to fluctuate in the future. A variety of factors affect comparable store sales, including fashion trends, competition, current national and regional economic conditions, pricing, changes in our merchandise mix, inventory shrinkage, the success of our marketing programs, holiday timing and weather conditions. In addition, it may be more challenging for us to sustain high levels of comparable store sales growth during and after the planned expansion of our store base. These factors may cause our comparable store sales results to be materially lower than in recent periods and lower than market expectations, which could harm our business and our earnings and result in a decline in the price of our common stock.

**Our ability to attract customers to our stores that are located in regional malls and other shopping centers and venues depends heavily on the success of the malls and centers in which our stores are located, and any decrease in customer traffic could cause our net sales to be less than expected.**

Our stores are principally located in regional malls, with some in outlet, lifestyle and power centers, and we would expect this to continue as we grow. Net sales at our stores are derived, to a significant degree, from the volume of traffic in those malls and centers and the surrounding areas. Our stores benefit from the ability of adjacent tenants to generate consumer traffic near our stores and the continuing popularity of the regional malls and outlet, lifestyle and power centers as shopping destinations. Our sales volume and traffic may be adversely affected by, among other things, economic downturns nationally or regionally, high fuel prices, increased competition, unfavorable weather conditions, changes in consumer demographics, a decrease in popularity of malls generally or of particular malls in which our stores are located. A reduction in customer traffic as a result of these or any other factors, or our inability to obtain or maintain desirable store locations within malls, could have a material adverse effect on our business. In addition, store closings in malls, particularly stores that attract similar customers, or deteriorations in the financial condition of mall operators could limit their ability to finance our tenant improvements, which would have an adverse impact on our ability to open profitable stores.

Table of Contents

**Our business largely depends on a strong brand image, and if we are not able to maintain and enhance our brand, particularly in new markets where we have limited brand recognition, we may be unable to attract a sufficient number of customers to our stores or sell sufficient quantities of our merchandise through our direct business.**

We believe that our brand image and brand awareness has contributed significantly to the success of our business. We also believe that maintaining and enhancing our brand image, particularly in new markets where we have limited brand recognition, is important to maintaining and expanding our customer base. Maintaining and enhancing our brand image may require us to make substantial investments in areas such as merchandising, marketing, store operations, community relations, store graphics, catalog distribution and employee training. These investments may be substantial and may not ultimately be successful.

We rely on word-of-mouth, foot traffic, catalogs and email blasts to capture the interest of our customers and drive them to our stores and website. We do not use traditional advertising channels, such as newspapers, magazines, billboards, television and radio, which are used by some of our competitors. We expect to increase our use of social media, such as Facebook and Twitter, in the future. If our marketing efforts are not successful, there may be no immediately available alternative marketing channel for us to build or maintain brand awareness.

As we execute our growth strategy, our ability to successfully integrate new stores into their surrounding communities, to expand into new markets or to maintain the strength or distinctiveness of our brand image in our existing markets will be adversely impacted if we fail to connect with our target customer. Failure to successfully market our brand in new and existing markets could harm our business, results of operations and financial condition.

**We recently replaced or are planning to replace several core information technology systems, which might disrupt our operations and cause us to incur significant unexpected expenses.**

We are in the process of completely replacing our stores' point-of-sale software system with an off-the-shelf application from a specialty retail store system vendor. When implementing new technology systems, even an off-the-shelf solution, there is always risk that the system does not function properly or that other challenges arise that we did not anticipate. While we expect to complete this project in advance of the 2010 holiday shopping season, delays and disruptions are possible. There are inherent risks associated with replacing point-of-sale software systems, including the risk of disruptions that affect our ability to obtain timely and accurate sales information or that cause delays in our ability to service our customers in stores.

During July 2010, we replaced key systems which support our direct business, including our current sales order, purchase order and warehouse management systems as well as our website and web interface application. These replacements and upgrades will allow us to handle more orders than our current system and provide a better user experience for our direct customers. In the near-term, delays and disruptions in order processing and fulfillment resulting from the new website and direct business software replacement could arise, either of which might negatively impact our direct business in the form of delivery disruptions, reduced sales or reduced access to our website.

In fiscal year 2011, we plan to install a new planning and allocation system for our store business. This system will supplement our existing inventory system, thereby allowing us to manage our inventory more efficiently. Our existing inventory management system for our store business and our accounting system may need to be upgraded and replaced over time depending on our growth. As described above, the risks associated with these systems changes could disrupt and adversely impact the promptness and accuracy of our merchandise distribution, transaction processing, financial

Table of Contents

accounting and reporting, including the implementation of our internal controls over financial reporting.

We believe that other companies have experienced significant delays and cost overruns in implementing similar systems changes, and we may encounter problems as well. We may not be able to successfully implement these new systems or, if implemented, we may still face unexpected disruptions in the future. Any resulting disruptions could harm our business, prospects, financial condition and results of operations.

**To support our current growth strategy, we will need to place increasing reliance on our information technology and distribution systems. Any failure, inadequacy or interruption of our systems could harm our ability to effectively operate our business.**

As our operations grow, greater demands will be placed on our information technology, distribution, sales order and inventory management systems. Our ability to effectively manage and maintain controls and procedures related to financial reporting, to manage and maintain our inventory and to ship products to our stores and our customers on a timely basis depends to a significant extent on our in-store systems, including our point-of-sale software and inventory management systems, as well as our systems that enable our direct business through our catalog and website. See "Business Information Technology Systems" for a more detailed description of our systems and " We recently replaced or are planning to replace several core information technology systems, which might disrupt our operations and cause us to incur significant unexpected expenses" for a description of certain changes to our core systems. To manage the growth of our operations, personnel and real estate portfolio, we will need to continually improve and expand our operational resources, including our operational and financial systems, transaction processing and internal controls and business processes. In doing so, we would expect to encounter transitional issues that could cause us to incur substantial additional expenses. The failure of our information systems to operate effectively, problems with transitioning to upgraded or replacement systems or expanding them into new stores or a breach in security of these systems, could adversely impact the promptness and accuracy of our merchandise distribution, transaction processing, financial accounting and reporting, the efficiency of our operations and our ability to properly forecast earnings and cash requirements. We cannot anticipate all the demands that will be placed on our systems and we could be required to make significant additional expenditures to remediate any failure to upgrade, problems or breaches of our information technology systems, which could have a material adverse effect on our results of operations and business.

**Our current growth plans will place a strain on our existing resources and could cause us to encounter challenges we have not faced before.**

As our number of stores and our direct sales grow, our operations will become more complex. While we have grown substantially as a company since inception, this growth has been over a period of decades. As we move forward, we expect our growth to bring new challenges that we have not faced before. Among other strains, this growth may make it more difficult for us to adequately predict expenditures, such as real estate and construction expenses, budgeting will become more complex, and we also may place increased burdens on our vendors, as we will likely increase the size of our merchandise orders. As a result, if new order delivery times lengthen, we could see more fashions arrive after trends have passed, resulting in excess inventory and greater markdowns.

In addition, our planned expansion is expected to place increased demands on our existing operational, managerial, administrative and other resources. Specifically, our inventory management systems and personnel processes may need to be upgraded to keep pace with our current growth strategy. We cannot anticipate all of the demands that our expanding operations will impose on our business, and

Table of Contents

our failure to appropriately address these demands could have a material adverse effect on our business.

**We depend on key personnel and may not be able to retain or replace these individuals or recruit additional personnel, which could harm our business.**

We believe that we have benefited substantially from the leadership and experience of our key personnel, including our President and Chief Executive Officer, Allen Weinstein, our Chief Merchandising Officer, Beth Angelo, and our Chief Financial Officer, Richard Walters. Our employees may terminate their employment with us at any time. The loss of any of our key personnel could have a material adverse effect on our business, as we may not be able to find suitable individuals to replace them on a timely basis. In addition, any departures of key management could be viewed in a negative light by investors and analysts, which could cause our common stock price to decline.

As our business expands, our future success will depend greatly on our continued ability to attract and retain highly skilled and qualified personnel. Attracting and retaining experienced and successful personnel in the retail industry is competitive. If we are not able to meet, hire and retain key members of senior management, our growth strategy and business generally could be impaired.

**Our business will suffer and our growth strategy may not be successful if we are unable to find and retain store employees that reflect our brand image and embody our culture.**

Like most retailers, we experience significant employee turnover rates, particularly among store employees. Our planned growth will require us to hire and train even more personnel to manage our expected growth. Our success depends in part upon our ability to continually attract, motivate and retain a sufficient number of store employees who understand and can represent and appreciate our brand and customers. We compete for qualified personnel with a variety of companies looking to hire for retail positions. Historically, we have prided ourselves on our commitment to employee growth and development and we focus on promoting from within our team. Our growth plans will strain our ability to staff our new stores, particularly at the store manager level, which could have an adverse effect on our ability to maintain a cohesive and consistently strong team, which in turn could have an adverse impact on our business. If we are unable to attract, train, assimilate or retain employees in the future, we may not be able to service our customers effectively, thus reducing our ability to continue our growth and to operate our existing stores as profitably as we have in the past.

**We only have one corporate headquarters and distribution facility and have not yet implemented disaster recovery procedures. If we encounter difficulties associated with our distribution facility, we could face inventory shortages that would have a material adverse effect on our business operations.**

Our corporate headquarters and our only distribution facility are located in Jacksonville, Florida. Our distribution facility supports both our retail stores and our direct business. All of our merchandise is shipped from our vendors to the distribution facility and then packaged and shipped from our distribution facility to our stores and our direct customers. Our stores and our direct customers must receive merchandise in a timely manner in order to stay current with the fashion preferences of our customers. While we believe the size and scale of our distribution center is sufficient to service our growth plans for the foreseeable future, the efficient flow of our merchandise requires that we have adequate capacity in our distribution facility to support our current level of operations and our growth plans. If we encounter difficulties associated with our distribution facility or if it were to shut down for any reason, including by fire or other natural disaster, we could face inventory shortages resulting in "out-of-stock" conditions in our stores, and delays in shipments to our direct customers, resulting in significantly higher costs and longer lead times associated with distributing our merchandise. Also, our

Table of Contents

management and our operations and distribution staff would need to find an alternative location, causing further disruption and expense to our business and operations.

We recognize the need for, and are in the early stages of, developing disaster recovery, business continuity and document retention plans that would allow us to be operational despite casualties or unforeseen events impacting our corporate headquarters or distribution center. Without disaster recovery, business continuity and document retention plans, if we encounter difficulties or disasters with our distribution facility or at our corporate headquarters, our critical systems, operations and information may not be restored in a timely manner, or at all, and this would have a material adverse effect on our business.

**We are subject to risks associated with leasing substantial amounts of space, including future increases in occupancy costs.**

We do not own any real estate. Instead, we lease all of our store locations, as well as our corporate headquarters and distribution facility in Jacksonville, Florida. Although our leases range from month-to-month to approximately ten years, we typically occupy our stores under operating leases with terms of six to ten years. Some of our leases have early termination provisions if we do not achieve specified sales targets after an initial term, which is typically four years. We believe that we have been able to negotiate favorable rental rates over the last few years due in part to the state of the economy and higher than usual vacancy rates in a number of regional malls. These trends may not continue and there is no guarantee that we will be able to continue to negotiate such favorable terms. As we expand our store base, our lease expense and our cash outlays for rent and other related charges will increase. In addition to future minimum lease payments, most of our leases provide for additional rental payments based upon our achieving specified net sales, and many provide for additional payments associated with common area maintenance, real estate taxes and insurance. In addition, many of our lease agreements have escalating rent provisions over the initial term. Our substantial occupancy costs could have significant negative consequences, which include:

requiring that a substantial portion of our available cash be applied to pay our rental obligations, thus reducing cash available for other purposes;

increasing our vulnerability to general adverse economic and industry conditions; and

limiting our flexibility in planning for, or reacting to changes in, our business or in the industry in which we compete.

We depend on cash flow from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities to fund these expenses and needs and sufficient funds are not otherwise available to us, we may not be able to service our lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which would harm our business. If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying rent for the balance of the lease term. In addition, if we are not able to enter into new leases or renew existing leases on terms acceptable to us, this could have an adverse effect on our results of operations.

**Our ability to obtain merchandise quickly and at competitive prices could suffer as a result of any deterioration or change in our vendor relationships or their businesses.**

We do not own or operate any manufacturing facilities. Instead, we purchase all of our merchandise from third-party vendors. Two of our vendors accounted for approximately 22% of our purchases in

Table of Contents

fiscal year 2009, with no single vendor accounting for more than 11% of our purchases. Our business and financial performance depend in large part on our ability to quickly evaluate merchandise for style and fit and also to test and purchase a wide array of desired merchandise from our vendors at competitive prices and in the quantities we require. We generally operate without long-term purchase contracts or other contractual guarantees. Rather, we receive and review samples almost daily for fit and fashion evaluation.

The benefits we currently experience from our vendor relationships could be adversely affected if a sufficient number of our vendors:

choose to stop providing merchandise samples to us or otherwise discontinue selling products to us;

raise the prices they charge us to a level such that we are unable to sell merchandise at prices that make sense for us and our customers;

change pricing terms to require us to pay on delivery or upfront, including as a result of changes in the credit relationships some of our vendors have with their various lending institutions;

reduce our access to styles, brands and products by entering into broad exclusivity arrangements with our competitors or otherwise in the marketplace;

sell similar products to our competitors with similar or better pricing; or

initiate or expand sales of apparel and accessories to retail customers directly through their own stores, catalogs or on the Internet and compete with us directly.

Market and economic events that adversely impact our vendors could impair our ability to obtain merchandise in sufficient quantities. We historically have established good working relationships with many small- to mid-size vendors that often have more limited resources, production capacities and operating histories. As we grow and need greater amounts of inventory, we may need to develop new relationships with larger vendors as our current vendors may be unable to supply us with needed quantities. We may not be able to find similar products on the same terms from larger vendors. If we are unable to acquire suitable merchandise in sufficient quantities and at acceptable prices due to the loss of, or a deterioration or change in our relationship with, our vendors or events harmful to our vendors occur, it may adversely affect our business and results of operations.

**A failure in our e-commerce operations, which are subject to factors beyond our control, could significantly disrupt our business and lead to reduced sales and reputational damage.**

Our direct business operations are growing and represent an important part of our business, accounting for approximately 16.8% of our net revenues in fiscal year 2009. Expanding our direct business is an important part of our growth strategy. In addition to changing consumer preferences and buying trends in e-commerce, we are vulnerable to certain additional risks and uncertainties associated with Internet sales, including changes in required technology interfaces, website downtime and other technical failures, security breaches and consumer privacy concerns. During fiscal year 2009, our e-commerce system suffered a system wide shutdown for a period of approximately six days, resulting in losses to our net revenues. This disruption reinforced the need for the planned system upgrades described in the risk factor " We recently replaced or are planning to replace several core information technology systems, which might disrupt our operations and cause us to incur significant

Table of Contents

unexpected expenses" elsewhere in this prospectus. Our failure to successfully respond to these risks and uncertainties could reduce Internet sales and damage our brand's reputation.

Many of the risks relating to our e-commerce operations are beyond our control, such as state initiatives to impose sales tax collection or use tax reporting for Internet sales, governmental regulation of the Internet, increased competition from e-commerce retailers offering similar products, online security breaches and general economic conditions specific to the Internet and e-commerce. Each of these factors could negatively impact our results of operations.

**System security risk issues could disrupt our internal operations or information technology systems, and any such disruption could harm our net revenues, increase our expenses, and harm our reputation, results of operations and stock price. In addition, incidents in which we fail to protect our customers' information against security breaches could result in monetary damages against us and could otherwise damage our reputation, harm our businesses and adversely impact our results of operations.**

Experienced computer programmers and hackers, or even internal users, may be able to penetrate, create systems disruptions or cause shutdowns of our network security or that of third-party companies with which we have contracted to provide payment processing services. As a result, we could incur significant expenses addressing problems created by these breaches. This risk is heightened because we collect and store customer information for marketing purposes. Any compromise of customer information could subject us to customer or government litigation and harm our reputation, which could adversely affect our business and growth. Moreover, we could incur significant expenses or disruptions of our operations in connection with system failures or data breaches. In addition, sophisticated hardware and operating system software and applications that we buy from third-parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the systems. The costs to us to eliminate or alleviate security problems, viruses and bugs, or any problems associated with the outsourced services provided to us, could be significant, and efforts to address these problems could result in interruptions, delays or cessation of service that may impede our sales, distribution or other critical functions.

In addition, almost all states have adopted breach of data security statutes or regulations that require notification to consumers if the security of their personal information is breached, and at least one state has adopted regulations requiring every company that maintains or stores personal information to adopt a comprehensive written information security program. Governmental focus on data security may lead to additional legislative action, and the increased emphasis on information security may lead customers to request that we take additional measures to enhance security. As a result, we may have to modify our business with the goal of further improving data security, which would result in increased expenses and operating complexity. Lastly, our reputation may be damaged by any compromise of security, accidental loss or theft of customer data in our possession, which would negatively impact our business, financial condition or results of operations.

**Hurricanes or other unanticipated catastrophes that result in a disruption of our operations could negatively impact our business.**

Our corporate headquarters and only distribution center are located at a single facility in Jacksonville, Florida. This single distribution center receives, stores and distributes merchandise to all of our stores and fulfills all sales for our direct business. Most of our computer equipment and senior management, including critical resources dedicated to merchandising, financial and administrative functions, are located at our corporate headquarters. As described elsewhere in the risk factors in this prospectus, we do not have adequate disaster recovery systems and plans at our corporate headquarters and distribution facility. As a result, our business may be more susceptible to regional natural disasters and catastrophes than the operations of more geographically diversified competitors.

Table of Contents

In addition, a substantial number of our stores are located in the southeastern U.S. The southeastern U.S., Florida and other states along the Gulf Coast, in particular, are prone to severe weather conditions. For example, hurricanes have passed through Florida and other states along the Gulf Coast causing extensive damage to the region. In addition, to the extent that the predictions of some climate change models prove accurate, there may be significant national and regional physical effects from climate change such as increases in storm intensity and frequency, including hurricanes. An increase in adverse weather conditions impacting Florida and other states along the Gulf Coast, and the southeastern U.S. generally, could harm our business, results of operations and financial condition. For instance, our Nashville mall store has been closed since spring 2010 due to flooding in that region and we do not expect to re-open this store until mid-2011. In fact, all of our locations expose us to additional diverse risks, given that natural disasters or other unanticipated catastrophes, such as telecommunications failures, cyber-attacks, fires or terrorist attacks, can occur anywhere and could cause disruptions in our operations. For instance, the recent Gulf of Mexico oil spill may reduce sales in that and other regions. Extensive or multiple disruptions in our operations, whether at our stores or our corporate headquarters and distribution center, due to natural disasters or other unanticipated catastrophes could have a material adverse effect on our results of operations.

**Our net revenues and merchandise fluctuate on a seasonal basis, leaving our operating results particularly susceptible to changes in seasonal shopping patterns, weather and related risks.**

Due to the seasonal nature of the retail industry, we have historically experienced and expect to continue to experience some fluctuations in our net revenues and net income. Our net revenues are typically higher in the second and fourth quarters. Net revenues generated during the second quarter and the holiday selling season generally contribute to the relatively higher second quarter and fourth quarter net income. Net revenues during these periods cannot be used as an accurate indicator of annual results. If for any reason our net revenues were below seasonal norms or expectations during these quarters, our annual results of operations could be adversely affected. In addition, in order to prepare for the second and fourth quarters, we must order and keep in stock more merchandise than we carry at other times during the year. This inventory build-up may require us to expend cash faster than is generated by our operations during this period.

Our net revenues also fluctuate based on weather patterns. Any unanticipated decrease in demand for our products during these peak shopping periods could require us to sell excess inventory at a substantial markdown, which could have a material adverse effect on our business, profitability and brand image. In addition, we may experience variability in net revenues as a result of a variety of other factors, including the timing of new store openings and catalog mailings, store events, other marketing activities, sales tax holidays and the back-to-school selling season and other holidays, which may cause our results of operations to fluctuate on a quarterly basis and relative to corresponding periods in prior years.

**Increases in costs of catalog mailing, paper and printing will affect the cost of our direct business, which will reduce our profitability.**

Postal rate increases and paper and printing costs increase our catalog distribution costs and affect the financial results of our direct business. We rely on discounts from the basic postal rate structure, such as discounts for bulk mailings and sorting by zip code and carrier routes. We are not a party to any long-term contracts for the supply of paper. Our cost of paper has fluctuated significantly, and our future paper costs are subject to supply and demand forces that we cannot control. Future additional increases in postal rates or in paper or printing costs could reduce our profitability to the extent that we are unable to pass those increases directly to customers or offset those increases by raising selling prices.

Table of Contents

**We may suffer risks if our vendors fail to comply with applicable laws, including a failure to use acceptable labor practices, or if our vendors suffer disruptions in their businesses.**

Our vendors source the merchandise sold in our stores from manufacturers both inside and outside of the U.S. Although each of our purchase orders is subject to our vendor manual and requires adherence to accepted labor practices and compliance with labor, immigration, manufacturing safety and other laws, we do not supervise, control or audit our vendors or the manufacturers that produce the merchandise we sell. The violation of any labor, immigration, manufacturing safety or other laws by any of our vendors or their U.S. and non-U.S. manufacturers, such as use of child labor, could damage our brand image or subject us to boycotts by our customers or activist groups.

Any event causing a sudden disruption of manufacturing or imports, including the imposition of additional import restrictions, could interrupt, or otherwise disrupt, the shipment of finished products to us by our vendors and materially harm our operations. Political and financial instability outside the U.S., strikes, adverse weather conditions or natural disasters that may occur or acts of war or terrorism in the U.S. or worldwide, may affect the production, shipment or receipt of merchandise. These factors, which are beyond our control, could materially hurt our business, financial condition and results of operations or may require us to modify our current business practices or incur increased costs.

**Changes in laws, including employment laws and laws related to our merchandise, could make conducting our business more expensive or otherwise cause us to change the way we do business.**

We are subject to numerous regulations, including labor and employment, truth-in-advertising, consumer protection and zoning and occupancy laws and ordinances that regulate retailers generally or govern the promotion and sale of merchandise and the operation of stores and warehouse facilities. If these regulations were to change or were violated by our management, employees or vendors, the costs of certain goods could increase, or we could experience delays in shipments of our goods, be subject to fines or penalties or suffer reputational harm, which could reduce demand for our merchandise and hurt our business and results of operations.

In addition to increased regulatory compliance requirements, changes in laws could make the ordinary conduct of our business more expensive or require us to change the way we do business. Laws related to employee benefits and treatment of employees, including laws related to limitations on employee hours, immigration laws, child labor laws, supervisory status, leaves of absence, mandated health benefits or overtime pay, could also negatively impact us, such as by increasing compensation and benefits costs for overtime and medical expenses. Moreover, changes in product safety or other consumer protection laws could lead to increased costs to us for some merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for us to plan and prepare for potential changes to applicable laws, and future actions or payments related to these changes could be material to us.

**We plan to use cash from operations to fund our operations and execute our growth strategy. We may, however, require additional financing and any additional indebtedness could adversely affect our financial health and impose covenants that limit our business activities.**

We plan to open a number of new stores and remodel existing stores as opportunities arise. As we work to grow our business and store base, we will require cash from operations to pay our lease obligations, build out new store spaces, purchase inventory, pay personnel and further invest in our systems and infrastructure. While we expect a larger store base to increase net sales, we cannot assure you that we would achieve an increase. Payments under our store leases and the lease of our corporate headquarters and distribution center account for a significant portion of our operating expenses.

Table of Contents

If our business does not generate sufficient cash flow from operations to fund our business and growth plans, and sufficient funds are not otherwise available to us from the net proceeds received from this offering, we may need additional equity or debt financing. If additional equity or debt financing is not available to us on satisfactory terms, our ability to run and expand our business would be curtailed and we may need to delay, limit or eliminate store openings. Also, we may not have enough cash on hand to fund any operating shortfalls. If we raise additional capital by issuing equity securities or securities convertible into equity securities, your ownership would be diluted.

Any borrowings under any future debt financing will require interest payments and need to be repaid or refinanced, and would create additional cash demands and financial risk for us. Diverting funds identified for other purposes for debt service may impair our liquidity position. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets or issue equity to obtain necessary funds. We do not know whether we would be able to take any of these actions on a timely basis, on terms satisfactory to us, or at all. Any indebtedness we might incur in the future may contain covenants that restrict our ability to incur additional debt, pay dividends, make acquisitions or investments or do certain other things that may impact the value of our common stock.

**There are claims made against us from time to time that can result in litigation that could distract management from our business activities and result in significant liability or damage to our brand.**

As a growing company with expanding operations, we increasingly face the risk of litigation and other claims against us. Litigation and other claims may arise in the ordinary course of our business and include employee claims, commercial disputes, intellectual property issues, product-oriented allegations and slip and fall claims. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Litigation and other claims against us could result in unexpected expenses and liabilities, which could materially adversely affect our operations and our reputation.

**We may be unable to protect our trademarks or other intellectual property rights.**

We believe that our trademarks are integral to our store design, our direct business and our success in building brand image and loyalty. We have registered those trademarks that we believe are important to our business with the U.S. Patent and Trademark Office. We cannot assure you that these registrations will prevent imitation of our name, merchandising concept, store design or private label merchandise or the infringement of our other intellectual property rights by others. In most cases, the apparel and accessories we sell are purchased on a non-exclusive basis from vendors that also sell to our competitors. Our competitors may seek to replicate aspects of our business strategy and in-store experience, thereby diluting our experience and adversely affecting our brand and competitive position. Imitation of our name, concept, store design or merchandise in a manner that projects lesser quality or carries a negative connotation of our brand image could have a material adverse effect on our business, financial condition and results of operations.

In some regions of the U.S., our stores are located in the same malls and shopping centers as stores operated by a company doing business under the name The Body Shop®, which operates cosmetics and beauty stores. While we are not affiliated with this company, in 1991, we granted this company a license to use our Body Shop trademark which is held by us in connection with retail store services for the sale of women's apparel and apparel accessories. This license was non-exclusive as to certain uses and our agreements with this company permit us to continue to use our "Body Shop" mark in our stores located in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Texas. While we currently operate under the Body Central banner, we operate under the Body Shop banner in 63 stores in certain states. The use by the cosmetic

Table of Contents

and beauty store of the Body Shop trademark may create confusion between our business and their business and this could affect our brand.

We are not aware of any claims of infringement upon or challenges to our right to use any of our brand names or trademarks in the U.S. Nevertheless, we cannot be certain that the actions we have taken to establish and protect our trademarks will be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as a violation of the trademarks or proprietary rights of others. Although we cannot currently estimate the likelihood of success of any such lawsuit or ultimate resolution of such a conflict, such a controversy could have a material adverse effect on our business, financial condition and results of operations. If disputes arise in the future, we may not be able to successfully resolve these types of conflicts to our satisfaction.

Because we have not registered our trademarks in any foreign countries, international protection of our brand image and the use of these marks could be limited. For instance, we are aware of a company outside the U.S. that has used our brand name and has a similar logo, image and website for its business. Also, other entities may have rights to trademarks that contain portions of our marks or may have registered similar or competing marks for apparel or accessories in foreign countries in which our vendors source our merchandise. Our inability to register our trademarks or purchase or license the right to use our trademarks or logos in these jurisdictions could limit our ability to obtain supplies from less costly markets or penetrate new markets should our business plan change to include selling our merchandise in those foreign jurisdictions.

**We may be subject to liability if we or our vendors infringe upon the trademarks or other intellectual property rights of third parties, including the risk that we could acquire merchandise from our vendors without the full right to sell it.**

While we do not manufacture and produce apparel and accessories, we may be subject to liability if our vendors infringe upon the trademarks or other intellectual property rights of third parties. We do not independently investigate whether our vendors legally hold intellectual property rights to the merchandise they manufacture and distribute. Third parties may bring legal claims, or threaten to bring legal claims, against us that their intellectual property rights are being infringed or violated by our use of intellectual property. Litigation or threatened litigation could be costly and distract our senior management from operating our business. If we were to be found liable for any such infringement, we could be required to pay substantial damages and could be subject to injunctions preventing further infringement. In addition, any payments we are required to make and any injunctions with which we are required to comply as a result of infringement claims could be costly and thereby adversely affect our financial results.

If a third party claims to have licensing rights with respect to merchandise we purchased from a vendor, or if we acquire unlicensed merchandise, we may be obligated to remove this merchandise from our stores, incur costs associated with this removal if the distributor or vendor is unwilling or unable to reimburse us and be subject to liability under various civil and criminal causes of action, including actions to recover unpaid royalties and other damages and injunctions. Additionally, we will be required to purchase new merchandise to replace any we remove.

**We rely upon independent third-party transportation providers for substantially all of our merchandise shipments.**

We currently rely upon independent third-party transportation providers for substantially all of our merchandise shipments, including shipments to all of our stores and our direct customers. Our use of outside delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs, and employee strikes and inclement weather, which may impact a shipper's ability to provide delivery services that adequately meet our shipping needs. If we change

Table of Contents

shipping companies, we could face logistical difficulties that could adversely impact deliveries and we would incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those received from the independent third-party transportation providers we currently use, which would increase our costs.

**Our ability to source our merchandise profitably could be hurt if new trade restrictions are imposed or existing trade restrictions become more burdensome.**

We currently purchase all of our inventory from domestic, third-party vendors, who source our merchandise both domestically and internationally. These vendors, to the extent they obtain apparel and accessories from outside of the U.S., are subject to trade restrictions, including increased tariffs, safeguards or quotas, which could increase the cost or reduce the supply of merchandise available to us. Under the World Trade Organization Agreement, effective January 1, 2005, the U.S. and other World Trade Organization member countries removed quotas on goods from World Trade Organization members, which in certain instances we believe affords our vendors greater flexibility in importing textile and apparel products from World Trade Organization countries from which they source our merchandise. However, as the removal of quotas resulted in an import surge from China, the U.S. imposed safeguard quotas on a number of categories of goods and apparel from China and may impose additional quotas in the future. These and other trade restrictions could have a significant impact on our vendor's sourcing patterns in the future. The extent of this impact, if any, and the possible effect on our purchasing patterns and costs, cannot be determined at this time. We cannot predict whether any of the countries in which our vendors' merchandise is currently manufactured or may be manufactured in the future will be subject to additional trade restrictions imposed by the U.S. and foreign governments, nor can we predict the likelihood, type or effect of any restrictions. Trade restrictions, including increased tariffs or quotas, embargoes, safeguards and customs restrictions against apparel items, as well as U.S. or foreign labor strikes, work stoppages or boycotts, could increase the cost or reduce the supply of apparel to our vendors, and we would expect the costs to be passed along in increased prices to us, which could hurt our profitability.

**We may be subject to sales tax in states where we operate our direct business, which could have a material adverse effect on our business, financial condition and results of operations.**

Under current state and federal laws, we are not required to collect and remit sales tax in states where we sell through our Internet or catalog channels. Legislation is pending in some states that may require us to collect and remit sales tax on direct sales or institute use tax reporting. If states pass sales or use tax laws, we may need to collect and remit current and past sales tax and could face greater exposure to income tax and franchise taxes in these states. Any increase in sales tax or use tax reporting on our Internet sales could discourage customers from purchasing through our catalog or Internet channels, which could have a material adverse effect on our results of operations.

**Increases in the minimum wage could have a material adverse effect on our business, financial condition, results of operations and cash flows.**

From time to time, legislative proposals are made to increase the minimum wage in the U.S., as well as a number of individual states. Wage rates for many of our employees are at or slightly above the minimum wage. As federal or state minimum wage rates increase, we may need to increase not only the wage rates of our minimum wage employees, but also the wages paid to our other hourly employees as well. Any increase in the cost of our labor could have a material adverse effect on our operating costs, financial condition and results of operations.

Table of Contents

**Maintaining and improving our financial controls and the requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.**

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the Nasdaq Marketplace Rules. The requirements of these rules and regulations will significantly increase our legal and financial compliance costs, including costs associated with the hiring of additional personnel, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources.

The Exchange Act will require, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. Public disclosure of our business results and other company information could make us less competitive in the market place as our competition gains a better understanding of how we do business.

The Sarbanes-Oxley Act will require, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Ensuring that we have adequate internal financial and accounting controls and procedures in place is a costly and time-consuming effort that needs to be reevaluated frequently. Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered certified public accounting firm auditing. The assessment of the effectiveness of our internal control over financial reporting will begin with fiscal year 2011. Both we and our independent certified registered public accounting firm will be testing our internal controls in connection with the Section 404 requirements and could, as part of that documentation and testing, identify material weaknesses, significant deficiencies or other areas for further attention or improvement. Implementing any appropriate changes to our internal controls may require specific compliance training for our directors, officers and employees, require the hiring of additional finance, accounting and other personnel, involve substantial costs to modify our existing accounting systems and take a significant period of time to complete. For example, we anticipate hiring one to two employees to assist with financial reporting. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to help prevent fraud. As a result, our failure to satisfy the requirements of Section 404 on a timely basis could result in the loss of investor confidence in the reliability of our financial statements, which in turn could cause the market value of our common stock to decline.

**Risks Related to this Offering and Ownership of Our Common Stock**

**Concentration of ownership among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions.**

Upon consummation of this offering, and assuming that no over-allotment shares are sold in this offering, our executive officers, directors and principal stockholders will own, in the aggregate, approximately 64% of our outstanding common stock, or approximately 64% assuming the exercise of outstanding options (that are exercisable within 60 days of September 30, 2010) owned by our executive officers and directors. As a result, these stockholders will be able to exercise significant control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of corporate transactions and will have significant control over our management and policies. We currently expect that, following this offering, two of the eight members of our board of directors will be principals of WestView and one member will be a managing director of PineBridge.

Table of Contents

WestView is expected to hold approximately 21.3% of our outstanding common stock, entities advised by PineBridge are expected to hold approximately 20.2% of our outstanding common stock and members of the Rosenbaum family are expected to hold approximately 20.2% of our outstanding common stock, upon completion of this offering and assuming that no over-allotment shares are sold in this offering. As a result of these ownership positions, these stockholders could take actions that have the effect of delaying or preventing a change-in-control of us or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. These actions may be taken even if other stockholders oppose them. The concentration of voting power among WestView and entities advised by PineBridge may have an adverse effect on the price of our common stock. The interests of these stockholders may not be consistent with your interests as a stockholder.

**Our securities have no prior market and there may not be a viable public market for our common stock.**

Prior to this offering, there has been no public market for our common stock. The initial public offering price for our common stock has been determined through negotiations between us and the representatives of the underwriters and may not be indicative of the market price of our common stock after this offering. If you purchase shares of our common stock, you may not be able to resell those shares at or above the initial public offering price. We cannot predict the extent to which investor interest in us will lead to the development of an active trading market on The Nasdaq Global Market or otherwise or how liquid that market might become. An active public market for our common stock may not develop or be sustained after the offering. If an active public market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at a price that is attractive to you, or at all.

**Our stock price may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the initial public offering price. Additionally, as a specialty retailer whose business is cyclical, the price of our common stock may fluctuate significantly.**

After this offering, the market price for our common stock is likely to be volatile, in part because our shares have not been traded publicly. In addition, the market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

fashion trends and changes in consumer preferences;

changes in general economic or market conditions or trends in our industry or the economy as a whole and, in particular, in the retail sales environment;

the timing and level of expenses for new store openings and remodels and the relative proportion of our new stores to existing stores;

the performance and successful integration of any new stores that we open;

the success of our direct business and sales levels;

changes in our source mix and vendor base;

changes in key personnel;

entry into new markets;

our levels of comparable store sales;



## Edgar Filing: BODY CENTRAL CORP - Form 424B4

### Table of Contents

actions and announcements by us or our competitors or significant acquisitions, divestitures, strategic partnerships, joint ventures or capital commitments;

inventory shrinkage beyond our historical average rates;

changes in operating performance and stock market valuations of other retail companies;

investors' perceptions of our prospects and the prospects of the retail industry;

fluctuations in quarterly operating results, as well as differences between our actual financial and operating results and those expected by investors;

the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;

announcements relating to litigation;

guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;

changes in financial estimates or ratings by any securities analysts who follow our common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our common stock;

the development and sustainability of an active trading market for our common stock;

future sales of our common stock by our officers, directors and significant stockholders;

other events or factors, including those resulting from system failures and disruptions, hurricanes, war, acts of terrorism, other natural disasters or responses to these events; and

changes in accounting principles.

These and other factors may lower the market price of our common stock, regardless of our actual operating performance. As a result, our common stock may trade at prices significantly below the public offering price.

In addition, the stock markets, including The Nasdaq Global Market, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many retail companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

#### **Future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.**

Sales of substantial amounts of our common stock in the public market after this offering, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares. Upon

## Edgar Filing: BODY CENTRAL CORP - Form 424B4

completion of this offering, we will have approximately 15,405,683 shares of common stock outstanding. Our shares of common stock offered in this offering will be freely tradable without restriction under the Securities Act, except for any shares of our common stock that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be

Table of Contents

restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

We, each of our officers, directors, all of the selling stockholders and substantially all of our other existing stockholders have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of the shares of our common stock or securities convertible into or exchangeable for shares of our common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, without the prior written consent of Piper Jaffray & Co. See "Underwriting" for a more detailed description of the terms of these "lock-up" arrangements. All of our shares of common stock outstanding as of the date of this prospectus may be sold in the public market by existing stockholders 180 days after the date of this prospectus, subject to applicable volume and other limitations imposed under federal securities laws. See "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling shares of our common stock after this offering. Sales by our existing stockholders of a substantial number of shares in the public market, or the threat of a substantial sale, could cause the market price of our common stock to decrease significantly.

In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of our common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to you.

**Anti-takeover provisions in our charter documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.**

Our certificate of incorporation and by-laws will contain provisions that may make the acquisition of our company more difficult without the approval of our board of directors. These provisions, among other things:

establish a classified board of directors so that not all members of our board of directors are elected at one time;

authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super-majority voting, special approval, dividend or other rights or preferences superior to the rights of the holders of common stock;

prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;

provide that our board of directors is expressly authorized to make, alter or repeal our by-laws; and

establish advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These anti-takeover provisions and other provisions under Delaware law, together with the concentration of ownership of our common stock discussed above under "Concentration of ownership among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions," could discourage, delay or prevent a transaction involving a change-in-control, even if doing so would benefit our stockholders. These provisions could

Table of Contents

also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

**If you purchase shares of our common stock sold in this offering, you will incur immediate and substantial dilution.**

If you purchase shares of our common stock in this offering, you will incur immediate and substantial dilution in the amount of \$12.10 per share because the initial public offering price of \$13.00, is substantially higher than the pro forma net tangible book value per share of our outstanding common stock. This dilution is due in large part to the fact that our earlier investors paid substantially less than the initial public offering price when they purchased their shares. In connection with this offering, we expect to issue 135,000 stock options to directors and key employees under the Amended and Restated 2006 Equity Incentive Plan. We have reserved 1,646,209 shares of common stock under the Amended and Restated 2006 Equity Incentive Plan for future issuances. You may experience additional dilution upon future equity issuances or the exercise of stock options to purchase common stock granted to our employees, consultants and directors under our equity incentive plans. See "Dilution" for a more detailed description.

**If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.**

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our common stock would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who cover us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price and trading volume to decline.

**We do not expect to pay any cash dividends for the foreseeable future.**

The continued operation and growth of our business will require substantial cash. Accordingly, we do not anticipate that we will pay any cash dividends on shares of our common stock for the foreseeable future. Because we are a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon results of operations, financial condition, contractual restrictions relating to indebtedness we may incur, restrictions imposed by applicable law and other factors our board of directors deems relevant. Accordingly, if you purchase shares in this offering, realization of a gain on your investment will depend on the appreciation of the price of our common stock, which may never occur. Investors seeking cash dividends in the foreseeable future should not purchase our common stock.

Table of Contents

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements concerning our business, operations and financial performance and condition as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim," "anticipate," "assume," "believe," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "potential," "positioned," "predict," "should," "target," "will," "would" and other similar expressions that are predictions of or indicate future events and future trends. These forward-looking statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management's beliefs and assumptions. These statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. All of our forward-looking statements are subject to risks and uncertainties that may cause our actual results to differ materially from our expectations. Factors that may cause such differences include, but are not limited to, the risks described under "Risk Factors," including:

our ability to identify and respond to new and changing fashion trends, customer preferences and other related factors;

failure to execute successfully our growth strategy;

changes in consumer spending and general economic conditions;

changes in the competitive environment in our industry and the markets we serve, including increased competition from other retailers;

failure of our new stores or existing stores to achieve sales and operating levels consistent with our expectations;

the success of the malls and shopping centers in which our stores are located;

our dependence on a strong brand image;

failure of our direct business to grow consistent with our growth strategy;

failure of our information technology systems to support our current and growing business, before and after our planned upgrades;

disruptions to our information systems in the ordinary course or as a result of systems upgrades;

our dependence upon key executive management or our inability to hire or retain additional personnel;

disruptions in our supply chain and distribution facility;

our indebtedness and lease obligations;

our reliance upon independent third-party transportation providers for all of our product shipments;

Table of Contents

hurricanes, natural disasters, unusually adverse weather conditions, boycotts and unanticipated events;

the seasonality of our business;

increases in costs of fuel, or other energy, transportation or utilities costs and in the costs of labor and employment;

the impact of governmental laws and regulations and the outcomes of legal proceedings;

restrictions imposed by our indebtedness on our current and future operations;

our failure to maintain effective internal controls;

our inability to protect our trademarks or other intellectual property rights; and

increased costs as a result of being a public company.

We derive many of our forward-looking statements from our own operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in this prospectus as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this prospectus in the context of these risks and uncertainties.

This prospectus also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. We obtained the industry and market data in this prospectus from our own research as well as from industry and general publications, surveys and studies conducted by third parties, some of which may not be publicly available. This data involves a number of assumptions and limitations and contains projections and estimates of the future performance of the industries in which we operate that are subject to a high degree of uncertainty. We caution you not to give undue weight to such projections, assumptions and estimates. While we believe that these publications, studies and surveys are reliable, we have not independently verified the data contained in them.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus. Unless required by law, we do not intend to update or revise any forward-looking statements publicly to reflect new information or future events or otherwise. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this prospectus. See "Where You Can Find More Information."

Table of Contents

**USE OF PROCEEDS**

We estimate that we will receive net proceeds from this offering of approximately \$37.8 million, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The selling stockholders have granted to the underwriters an option to purchase up to an additional 750,000 shares of common stock, on a pro rata basis. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

We intend to use the net proceeds we receive from this offering principally as follows:

approximately \$32.8 million (as of July 3, 2010) (from the sale by us of approximately 2,520,616 shares of our common stock in this offering) to repay all outstanding amounts under our term loan facilities of our senior credit facility and pay down any outstanding amounts under our revolving credit facility of our senior credit facility;

approximately \$3.5 million (as of July 3, 2010) (from the sale by us of approximately 268,770 shares of our common stock in this offering) to redeem all outstanding shares of our non-convertible, non-voting Series C preferred stock;

the payment by us of up to an aggregate of \$1.0 million (from the sale by us of approximately 76,924 shares of our common stock in this offering) to specified employees, including certain named executive officers, under a success bonus plan triggered upon completion of this offering (See "Executive Compensation Success Bonus Plan" for more information); and

approximately \$0.5 million (from the sale by us of approximately 41,382 shares of our common stock in this offering) to provide funds for working capital and other general corporate purposes, including to grow our store base and our direct business, to convert Body Shop stores to Body Central banners, to refurbish older stores, to make technology improvements and to make other capital expenditures. While we have not yet determined the approximate dollar amounts allocated to these general corporate purposes, we believe that retaining these net proceeds will afford us significant flexibility to pursue our business strategies, including our planned growth strategy through new store openings.

We are conducting this offering at this time in order to (1) raise working capital to fund our planned growth strategy and to repay outstanding debt and deleverage the company, (2) raise our public profile and (3) create a public market for our common stock for the benefit of our current stockholders and facilitate our future access to public markets.

In March 2007, we issued 30,000 shares of our non-convertible, non-voting Series C preferred stock for an aggregate purchase price of \$3.0 million to the sellers of shares of Body Shop of America, Inc. and Catalogue Ventures, Inc. in the 2006 Transaction. The purchase price was paid for the Series C preferred stock from the escrow account securing certain indemnification obligations of the sellers in connection with the 2006 Transaction. The shares of our Series C preferred stock have a preference upon liquidation of \$100 per share. The holders of our Series C preferred stock are entitled to receive dividends at an annual rate of 5% accruing quarterly beginning on the date of issuance. The shares of our Series C preferred stock are subject to redemption rights at the election of the holders and at our election in certain circumstances. These redemption rights are subject to, among other things, restrictions under our senior credit facility. Upon completion of this offering, we expect to redeem all issued Series C preferred stock for \$3.0 million plus accrued and unpaid dividends of approximately \$494,000 as of July 3, 2010.

Table of Contents

As of July 3, 2010, we had an aggregate of \$32.8 million of borrowings outstanding under our senior credit facility, consisting of two term loan facilities and a revolving credit facility. Our senior credit facility provides for a \$24.0 million term loan B facility, with quarterly interest payments and a maturity date of October 1, 2013, a \$27.5 million term loan A facility, with quarterly principal and interest payments and a maturity date of October 1, 2012 and a revolving credit facility that provides for advances up to \$15.0 million, subject to certain limitations, and a maturity date of October 1, 2012. Immediately prior to the completion of this offering, we anticipate the outstanding term loan borrowings (both the term loan A facility and term loan B facility) under our senior credit facility will be approximately \$31.5 million in the aggregate. We currently do not have any borrowings outstanding under our revolving credit facility and do not expect to draw down any amounts under this facility prior to completion of this offering. Accordingly, we anticipate that there will be no amounts outstanding under our revolving credit facility to repay upon completion of this offering. Following this offering, our term loan facilities will be repaid in full and our senior credit facility will terminate. Following completion of this offering, we expect to negotiate for a new revolving credit facility. Both the term loan facilities and the revolving credit facility are collateralized by substantially all our assets, including pledges of the stock of our operating subsidiaries. Borrowings under our revolving credit facility and our term loan A facility bear interest, at our option, at either LIBOR plus a margin of 5.25% per annum or an alternative base rate (defined as the greatest of (i) 5.25%, (ii) the rate of interest publicly announced by JPMorgan Chase Bank from time to time as its base rate and (iii) the federal funds rate plus 0.5%) plus a margin of 3.75%. Borrowings under our term loan B facility bear interest, at our option, at LIBOR plus a margin of 5.75% per annum or the alternative base rate referenced above plus a margin of 4.25% per annum. Borrowings under our letters of credit bear interest at LIBOR plus a margin of 5.25% per annum. The weighted average interest rate under our senior credit facility for the twenty-six weeks ended July 3, 2010 was approximately 8.82%.

**DIVIDEND POLICY**

We did not declare or pay dividends on our common stock for our fiscal years 2008 and 2009. We do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be retained and used in the operation and growth of our business. Any future determination to pay dividends will be at the discretion of our board of directors, subject to compliance with applicable law and any contractual provisions, including under agreements for indebtedness that we may incur, that restrict or limit our ability to pay dividends, and will depend upon, among other factors, our results of operations, financial condition, capital requirements and other factors that our board of directors deems relevant. Because we are a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under future indebtedness we may incur.

Table of Contents

**CAPITALIZATION**

The following table sets forth our cash, cash equivalents and capitalization as of July 3, 2010:

on an actual basis; and

on a pro forma as adjusted basis to give effect to the following:

the sale by us of 3,333,333 shares of our common stock in this offering at the initial public offering price of \$13.00 per share, after deducting estimated underwriting discounts, commissions and offering expenses payable by us;

the repayment of all outstanding indebtedness under our senior credit facility;

the redemption of our non-convertible, non-voting Series C preferred stock;

the conversion of all outstanding shares of our convertible preferred stock into 11,869,115 shares of our common stock;

the payment by us of up to an aggregate of \$1.0 million to specified employees, including certain named executive officers, under a success bonus plan triggered upon completion of this offering (See "Executive Compensation Success Bonus Plan" for more information);

an amendment to our certificate of incorporation to increase our authorized capital stock to 150,000,000 shares of common stock and 5,000,000 shares of undesignated preferred stock; and

a 25.40446 -for- 1 stock split of our common stock, which occurred on October 13, 2010.

Our capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with our consolidated financial statements and the related notes appearing elsewhere in this prospectus and the sections of this prospectus titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Use of Proceeds" and "Selected Consolidated Financial and Operating Data."

Table of Contents

	As of July 3, 2010 <sup>(1)</sup>	
	Actual	Pro Forma As Adjusted
	(unaudited)	
	(in thousands, except share and per share amounts)	
Cash and cash equivalents	\$ 8,535	\$ 9,073
Long-term debt:		
Senior credit facility	32,768	
Redeemable preferred stock:		
Preferred stock, Series D, \$0.001 par value: no shares authorized, issued or outstanding, actual; no shares authorized, no shares issued and outstanding, on a pro forma as adjusted basis <sup>(2)</sup>		
Preferred stock, Series C, \$0.001 par value: 30,000 shares authorized, issued and outstanding, actual; no shares authorized, no shares issued and outstanding, on a pro forma as adjusted basis	3,494	
Preferred stock, Series A, \$0.001 par value: 325,000 shares authorized, 308,820 shares issued and outstanding, actual; no shares authorized, no shares issued and outstanding, on a pro forma as adjusted basis	31,080	
Preferred stock, Series B, \$0.001 par value: 175,000 shares authorized, 158,386 shares issued and outstanding, actual; no shares authorized, no shares issued and outstanding, on a pro forma as adjusted basis	15,540	
Undesignated preferred stock, \$0.001 par value: no shares authorized, no shares issued or outstanding, actual; 5,000,000 shares authorized, no shares issued and outstanding, on a pro forma as adjusted basis <sup>(3)</sup>		
Stockholders' deficit:		
Common stock, \$0.001 par value: 19,053,345 shares authorized, 203,235 shares issued and outstanding, actual; 150,000,000 shares authorized, 15,405,683 shares issued and outstanding, on a pro forma as adjusted basis <sup>(4)</sup>		15
Additional paid-in capital	477	84,882
Accumulated deficit	(31,460)	(32,086)

## Edgar Filing: BODY CENTRAL CORP - Form 424B4

Total stockholders' (deficit)			
equity		(30,983)	52,811
Total capitalization	\$	51,899	\$ 52,811

---

- (1) Does not include options to purchase 964,099 shares of common stock outstanding under our 2006 Equity Incentive Plan.
- (2) In exchange for certain letters of credit we approved the conditional authorization of up to 61,000 shares of Series D preferred stock in the event of a draw on those letters of credit. No draw has been made and no shares of Series D preferred stock have been authorized or issued as of the date hereof.
- (3) Represents shares of preferred stock that our board of directors will have the authority to issue, without further action by our stockholders, in one or more series under the terms of our certificate of incorporation that will be in effect upon completion of this offering. See "Description of Capital Stock Preferred Stock" for more information.
- (4) The par value of our issued and outstanding common stock is inconsequential.

Table of Contents

**DILUTION**

Dilution is the amount by which the portion of the offering price paid by the purchasers of our common stock in this offering exceeds the net tangible book value or deficiency per share of our common stock after the offering.

If you invest in shares of our common stock in this offering, your interest will be diluted immediately to the extent of the difference between the initial public offering price per share you will pay in this offering and the pro forma net tangible book value per share of our common stock after this offering. Our pro forma net tangible book value as of July 3, 2010 was \$(19.8) million, or \$(1.64) per share of common stock. Net tangible book value or deficiency per share of our common stock is determined at any date by subtracting our total liabilities from our total assets less our intangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding at that date.

Our pro forma as adjusted net tangible book value per share set forth below represents our total tangible assets less our total liabilities, divided by the number of shares of our common stock outstanding on July 3, 2010, after giving effect to the sale by us of shares of our common stock in this offering, as well as:

the repayment of all outstanding indebtedness under our senior credit facility;

the redemption of our non-convertible, non-voting Series C preferred stock;

the conversion of all outstanding shares of our convertible preferred stock into shares of our common stock upon completion of this offering;

the payment by us of up to an aggregate of \$1.0 million to specified employees, other than named executive officers, under a success bonus plan triggered upon completion of this offering (See "Executive Compensation Success Bonus Plan" for more information); and

an amendment to our certificate of incorporation to increase our authorized capital stock to 150,000,000 shares of common stock and 5,000,000 shares of undesignated preferred stock.

The above information assumes no exercise of stock options outstanding as of July 3, 2010. As of July 3, 2010, there were:

964,099 shares of our common stock issuable upon the exercise of options outstanding as of July 3, 2010 under our 2006 Equity Incentive Plan, at a weighted average exercise price of \$3.29 per share; and

1,646,209 shares of our common stock reserved for future issuance under our Amended and Restated 2006 Equity Incentive Plan.

After giving effect to our issuance and sale of 3,333,333 shares of our common stock in this offering at the initial public offering price of \$13.00 per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of July 3, 2010 would have been approximately \$14.0 million, or \$0.90 per share of our common stock. This represents an immediate increase in our net tangible book value to our existing stockholders of \$2.54 per share. Accordingly, new investors who purchase shares of our

## Edgar Filing: BODY CENTRAL CORP - Form 424B4

### Table of Contents

common stock in this offering will suffer an immediate dilution of their investment of \$12.10 per share.

The following table illustrates this per share dilution to new investors purchasing shares of our common stock in this offering without giving effect to the over-allotment option granted to the underwriters to purchase additional shares of our common stock in this offering:

Initial public offering price per share	\$ 13.00
Pro forma net tangible book value per share at July 3, 2010 before giving effect to this offering	\$ (1.64)
Increase in pro forma net tangible book value per share attributable to new investors purchasing shares in this offering	2.54
Pro forma as adjusted net tangible book deficit per share after giving effect to this offering	0.90
Dilution per share to new investors <sup>(1)</sup>	\$ 12.10

(1) Dilution is determined by subtracting pro forma net tangible book value per share after giving effect to the offering from the initial public offering price paid by a new investor.

The following table summarizes on a pro forma as adjusted basis, as of July 3, 2010, the differences between the number of shares of our common stock purchased from us, after giving effect to the redemption of our Series C preferred stock and the conversion of our convertible preferred stock into common stock, the total consideration paid to us and the average price per share paid by our existing stockholders and by our new investors purchasing stock in this offering at the initial public offering price of \$13.00 per share, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	<b>Total Consideration</b>					
	<b>Shares Purchased</b>		<b>Amount</b>		<b>Average Price Per Share</b>	
	<b>Number</b>	<b>Percent</b>	<b>(in millions)</b>	<b>Percent</b>	<b>\$</b>	<b>\$</b>
Existing stockholders	12,072,350	78.4%	\$ 46.4	51.7%	\$ 3.84	
New investors	3,333,333	21.6	43.3	48.3	13.00	
<b>Total</b>	15,405,683	100%	\$ 89.7	100%	\$ 5.82	

If the underwriters exercise their over-allotment option in full, our existing stockholders would own 10,405,683 or, 64.4%, in the aggregate, and our new investors would own 5,750,000 or, 35.6%, in the aggregate, of the total number of shares of our common stock outstanding after this offering.

Sales by the selling stockholders in this offering will cause the number of shares held by existing stockholders to be reduced to 10,405,683 or, 64.4%, in the aggregate, of the total number of shares of our common stock outstanding after this offering, and will increase the total number of shares held by new investors to 5,750,000 or, 35.6%, in the aggregate, of the total number of shares of our common stock outstanding after this offering.

Table of Contents

**SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following selected consolidated financial data for each of the years ended December 29, 2007, January 3, 2009, and January 2, 2010, and consolidated balance sheet data as of January 3, 2009 and January 2, 2010, have been derived from our audited consolidated financial statements and related notes, which are included elsewhere in this prospectus. The selected consolidated financial data for each of the years ended December 31, 2005 and December 30, 2006, and the consolidated balance sheet data as of December 31, 2005, December 30, 2006 and December 29, 2007, have been derived from our audited consolidated financial statements that do not appear in this prospectus. The selected consolidated income statement data for the twenty-six weeks ended July 4, 2009 and July 3, 2010 have been derived from our unaudited consolidated financial statements and related notes, which are included elsewhere in the prospectus.

On October 1, 2006, the acquisition by Body Central of all of the outstanding capital stock of Body Shop of America, Inc. and Catalogue Ventures, Inc. was completed. As a result of this acquisition, Body Shop of America, Inc. and Catalogue Ventures, Inc. became our wholly owned subsidiaries. As a result of the 2006 Transaction, on October 2, 2006, new basis of accounting for the company began. As a result of that change in our basis of accounting, the 2006 financial reporting periods presented below include the predecessor period of Body Central reflecting approximately 39 weeks of operating results of its now wholly owned subsidiaries from January 1, 2006 to October 1, 2006 and approximately 13 weeks of operating results for the successor period from October 2, 2006 to December 30, 2006. Body Central had no assets, liabilities or operations prior to the 2006 Transaction and therefore the results for all periods prior to October 2, 2006 reflect results of our predecessors. Due to the significance of the 2006 Transaction, the impact of purchase accounting and the change in our corporate structure that occurred in 2006, the financial information for all successor periods is not comparable to that of the predecessor periods presented in the accompanying table. As part of the 2006 Transaction, Body Central also acquired Rinzi Air, LLC, of which Body Shop of America, Inc. was the sole member. On March 6, 2008, Rinzi Air, LLC, transferred its only asset to a third party. Upon completion of this offering, we expect to dissolve Rinzi Air, LLC, upon which its separate existence will cease.

In the opinion of management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for the fair presentation of our financial position and results of operations for these periods. The consolidated selected financial data set forth below should be read in conjunction with our consolidated financial statements, the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The historical results presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period may not necessarily be indicative of the results that may be expected for a full year.

We operate on a fiscal calendar that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to December 31st. The reporting periods contained in our audited financial statements included in this prospectus contain 52 weeks of operations in fiscal year 2007, which ended December 29, 2007, 53 weeks of operations in fiscal year 2008, which ended January 3, 2009, and 52 weeks of operations in fiscal year 2009, which ended January 2, 2010.

Edgar Filing: BODY CENTRAL CORP - Form 424B4

Table of Contents

	Predecessor			Successor			Twenty-Six Weeks	
	Fiscal Year	39 Weeks	Thirteen Weeks	Fiscal Year Ended			Ended	
	Ended	Ended	Ended	December 29,	January 3,	January 2,	July 4,	July 3,
	December 31,	September 30,	December 30,	2007	2009	2010	2009	2010
	2005 <sup>(1)</sup>	2006 <sup>(1)</sup>	2006					
	(unaudited)							
(in thousands, except share, per share and operating data)								
<b>Statement of Income Data:</b>								
Net revenues <sup>(2)</sup>	\$ 171,804	\$ 136,767	\$ 51,137	\$ 195,911	\$ 191,824	\$ 198,834	\$ 100,787	\$ 119,345
Cost of goods sold <sup>(3)</sup>	117,289	94,323	36,226	140,334	137,982	139,145	71,703	79,590
<b>Gross profit</b>	<b>\$ 54,515</b>	<b>\$ 42,444</b>	<b>\$ 14,911</b>	<b>\$ 55,577</b>	<b>\$ 53,842</b>	<b>\$ 59,689</b>	<b>\$ 29,084</b>	<b>\$ 39,755</b>
Selling, general and administrative expenses	37,291	30,606	12,310	51,832	45,555	46,567	23,238	26,617
Depreciation and amortization	4,246	2,928	1,044	5,469	5,357	4,678	2,312	2,272
Impairment of long-lived assets				2,428	936	196		
Goodwill impairment				33,962				
<b>Income (loss) from operations</b>	<b>12,978</b>	<b>8,910</b>	<b>1,557</b>	<b>(38,114)</b>	<b>1,994</b>	<b>8,248</b>	<b>3,534</b>	<b>10,866</b>
Interest expense, net of interest income	(416)	(600)	1,174	4,215	4,329	3,956	2,020	1,787
Other expense (income), net	82	192	(145)	238	(493)	(128)	(108)	(56)
<b>Income (loss) before income taxes</b>	<b>13,312</b>	<b>9,318</b>	<b>528</b>	<b>(42,567)</b>	<b>(1,842)</b>	<b>4,420</b>	<b>1,622</b>	<b>9,135</b>
Noncontrolling interest <sup>(4)</sup>	1,550	3,850						
Provision for (benefit from) income taxes	223	126	206	(3,237)	(890)	1,640	602	3,415
<b>Net income (loss)</b>	<b>\$ 11,539</b>	<b>\$ 5,342</b>	<b>\$ 322</b>	<b>\$ (39,330)</b>	<b>\$ (952)</b>	<b>\$ 2,780</b>	<b>\$ 1,020</b>	<b>\$ 5,720</b>
Net income (loss) per common share								
Basic	\$ 11.54	\$ 5.34	\$ 1.58	\$ (194.10)	\$ (5.42)	\$ 12.94	\$ 4.65	\$ 27.78
Diluted	\$ 11.54	\$ 5.34	\$ 0.03	\$ (194.10)	\$ (5.42)	\$ .23	\$ 0.08	\$ 0.47
Weighted average common shares outstanding								
Basic	1,000,000	1,000,000	203,235	203,235	203,235	203,235	203,235	203,235
Diluted	1,000,000	1,000,000	12,072,352	203,235	203,235	12,173,978	12,111,500	12,188,331
Pro Forma net income per common share <sup>(5)</sup>								
Basic					\$ 0.35		\$ 0.46	
Diluted					\$ 0.35		\$ 0.46	
Pro Forma weighted average common shares outstanding <sup>(5)</sup>								
Basic					14,861,736		14,861,736	
Diluted					14,963,364		14,977,717	

Edgar Filing: BODY CENTRAL CORP - Form 424B4

Table of Contents

	Predecessor			Successor			Twenty-Six Weeks	
	Fiscal Year Ended December 31, 2005	39 Weeks Ended September 30, 2006	Thirteen Weeks Ended December 30, 2006	Fiscal Year Ended December 29, 2007	January 3, 2009	January 2, 2010	July 4, 2009	July 3, 2010
<b>Operating Data (unaudited):</b>								
Revenues:								
Stores	\$ 156,180	\$ 117,506	\$ 44,700	\$ 164,411	\$ 156,924	\$ 165,331	\$ 80,383	\$ 98,657
Direct	15,624	19,261	6,437	31,500	34,900	33,503	20,404	20,688
Net revenues	\$ 171,804	\$ 136,767	\$ 51,137	\$ 195,911	\$ 191,824	\$ 198,834	\$ 100,787	\$ 119,345
Stores:								
Comparable store sales change <sup>(6)</sup>	12.7%	3.3%	(9.6)%	(4.6)%	(8.0)%	4.9%	5.8%	13.5%
Number of stores open at end of period	163	172	176	188	180	185	177	199
Sales per gross square foot	\$ 237	\$ 164	\$ 61	\$ 206	\$ 204	\$ 207	\$ 105	\$ 115
Average square feet per store	4,045	4,170	4,176	4,246	4,283	4,312	4,318	4,289
Total gross square feet at end of period (in thousands)	659	717	735	798	771	798	764	853
Direct:								
Number of catalogs circulated (in thousands)	9,000	9,500	3,000	16,000	20,300	20,500	14,000	14,000
Number of pages circulated (in millions)	612	646	204	1,088	1,380	1,394	952	952
Capital expenditures (in thousands)	\$ 2,876	\$ 4,348	\$ 1,969	\$ 9,656	\$ 2,640	\$ 4,809	\$ 1,561	\$ 3,479

	Predecessor			Successor			(unaudited)	
	December 31, 2005	September 30, 2006	December 30, 2006	December 29, 2007	January 3, 2009	January 2, 2010	July 4, 2009	July 3, 2010
(in thousands)								
<b>Balance Sheet Data:</b>								
Cash and cash equivalents	\$ 25,082	\$ 7,309	\$ 9,353	\$ 5,372	\$ 4,002	\$ 7,226	\$ 1,539	\$ 8,535
Working capital	30,494	17,588	12,125	192	(2,698)	(1,967)	(2,672)	(1,564)
Total assets	63,967	56,326	125,385	87,390	77,727	79,209	77,183	86,390
Long-term debt, less current portion			49,500	43,250	38,250	33,000	35,750	27,018
Redeemable preferred stock			46,620	49,738	49,888	50,038	49,963	50,114
Stockholders' equity (deficit)	39,333	29,150	719	(38,701)	(39,689)	(36,891)	(38,744)	(30,983)
<b>Cash Flow Data:</b>								

## Edgar Filing: BODY CENTRAL CORP - Form 424B4

Net cash provided by operating activities	\$	18,030	\$	7,713	\$	5,814	\$	7,175	\$	4,220	\$	13,018	\$	1,598	\$	10,270
---	----	--------	----	-------	----	-------	----	-------	----	-------	----	--------	----	-------	----	--------

---

- (1) The fiscal year ended December 31, 2005 and the thirty-nine weeks ended September 30, 2006 do not reflect the 25.40446-for-1 stock split which occurred on October 13, 2010.
- (2) Consists of net sales as well as shipping and handling fees.
- (3) Includes direct cost of purchased merchandising, freight, occupancy, distribution costs, catalog costs, buying costs and inventory shrinkage.
- (4) The fiscal year ended December 31, 2005 and the 39 weeks ended September 30, 2006 includes the operating results of Body Shop of America, Inc. Following the provisions of Financial Accounting Standards Board guidance, *Consolidation of Variable Interest Entities*, we have consolidated the operating results of our noncontrolling interest in Catalogue Ventures, Inc. As a result of the 2006 Transaction, both Body Shop of America, Inc. and Catalogue Ventures, Inc. are wholly owned subsidiaries.
- (5) The pro forma net income per common share and pro forma weighted average common shares outstanding has been derived by applying pro forma adjustments to our historical statements of operations as if this offering were effective January 4, 2009. The pro forma net income per common share and pro forma weighted average common shares outstanding are presented for supplemental informational purposes only. It does not purport to represent what our results of operations would have been had this offering actually occurred on January 4, 2009.
- The pro forma adjustment to net income gives effect to the deduction of \$2.5 million and \$1.1 million of interest expense, net of income tax benefit, for the fiscal year ended January 2, 2010 and the twenty-six weeks ended July 3, 2010, respectively, related to the repayment of all outstanding indebtedness under our senior credit facility.

## Edgar Filing: BODY CENTRAL CORP - Form 424B4

### Table of Contents

The pro forma adjustments to the weighted average common shares outstanding give effect to the following:

the sale by us of 2,520,616 shares of our common stock in this offering used to repay all of our outstanding indebtedness under our senior credit facility;

the sale by us of 268,770 shares of our common stock in this offering used to redeem our non-convertible, non-voting Series C preferred stock; and

the conversion of all outstanding shares of our convertible preferred stock into 11,869,115 shares of our common stock.

The pro forma number of shares of our common stock in this offering is based on the initial public offering price of \$13.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma adjustments do not give effect to the following:

the sale by us of 76,924 shares of our common stock in this offering to provide funds for the payment by us of up to an aggregate of \$1.0 million to specified employees, including certain named executive officers, under a success bonus plan triggered upon completion of this offering;

the sale by us of 425,641 shares of our common stock in this offering to provide funds for the underwriting discounts and commissions and estimated offering expenses;

The sale by us of 41,382 shares of our common stock in this offering to provide funds for working capital and other general corporate purposes, including to grow our store base and our direct business, to convert Body Shop stores to Body Central banners, to refurbish older stores, to make technology improvements and to make other capital expenditures; and

an amendment to our certificate of incorporation to increase our authorized common stock and authorize shares of undesignated preferred stock.

<sup>(6)</sup> A store is included in comparable store sales on the first day of the fourteenth month after a store opens. For fiscal year 2008, which was a 53-week year, sales from the 53rd week were excluded from the calculation.

Table of Contents

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" and "Special Note Regarding Forward-Looking Statements" sections of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

*We operate on a fiscal calendar that results in a given fiscal year consisting of a 52- or 53-week period ending on the last Saturday closest to December 31st. The reporting periods contained in the audited financial statements included in this prospectus contain 52 weeks of operations in fiscal year 2009, which ended January 2, 2010, 53 weeks of operations in fiscal year 2008, which ended January 3, 2009, and 52 weeks of operations in fiscal year 2007, which ended December 29, 2007.*

**Overview**

Founded in 1972, Body Central is a growing, multi-channel specialty retailer offering on-trend, quality apparel and accessories at value prices. We operate specialty apparel stores under the Body Central and Body Shop banners, as well as a direct business comprised of our Body Central catalog and our e-commerce website at [www.bodyc.com](http://www.bodyc.com). We target women in their late teens and twenties from diverse cultural backgrounds, who seek the latest fashions and a flattering fit. Our stores feature an assortment of tops, dresses, bottoms, jewelry, accessories and shoes sold primarily under our exclusive Body Central® and Lipstick® labels. We continually update our merchandise and floor sets with an emphasis on coordinated outfits presented by lifestyle to give our customers a reason to shop our stores frequently. We believe our multi-channel strategy supports our brand building efforts and provides us with synergistic growth opportunities across all of our sales channels.

We attribute our historical success to our test-and-reorder strategy, which allows us to minimize our inventory risk by testing small quantities in our stores before placing larger purchase orders for a broader roll out. We also utilize our vendors' short production lead times to increase our speed to market of our successfully tested items. Our Chief Merchandising Officer, Beth Angelo was integral to the implementation of this strategy during her early tenure. In 2006, the founding family sold a controlling interest in the company to an investor group led by WestView. Following the transaction, Ms. Angelo transitioned to primarily focus on our direct business.

A new Chief Executive Officer and Chief Merchandising Officer were brought in shortly thereafter. Under the direction of this executive team, we underwent a shift away from our test-and-reorder strategy and our core historical focus of providing the latest trends and moved toward a merchandising strategy focused on offering more basic fashions through larger, untested inventory purchases. We believe that this strategy shifted our business away from our core customer and resulted in lower sales, excess inventory and higher levels of markdowns during fiscal year 2007 and the first three quarters of fiscal year 2008. As an example, in the first quarter of 2007, our comparable store sales change was 6.3% and thereafter our comparable store decreased during 2007 as a result of the shift in our strategy to a comparable stores sales change of (20.5)% in the fourth quarter of 2007.

In January 2008, Ms. Angelo returned to her previous role as Chief Merchandising Officer and reestablished the test-and-reorder merchandising strategy that was core to our historical success. Over

Table of Contents

the course of the following three fiscal quarters, Ms. Angelo restored our historical merchandising strategy, thereby positioning our business for renewed growth, and we saw our comparable store sales begin to steadily increase quarter over quarter. In fiscal year 2009, our current Chief Executive Officer, Allen Weinstein, joined us to implement additional improvements to our business and refocus us on executing operational discipline. Under the leadership of our executive team, we have delivered strong results evidenced by, among other things, our six consecutive quarters of positive comparable store sales and increased net income despite a difficult economic environment. Our strong growth and operating results reflect the initiatives taken by our management team, as well as the increasing acceptance of our merchandise and brands.

As of September 30, 2010, we had 204 stores with an average size of approximately 4,300 square feet. Our stores are located in fashion retail venues in the South, Mid-Atlantic and Midwest. Since the beginning of fiscal year 2005, we have increased our store base from 162 stores to 204 stores as of September 30, 2010. We opened 15 stores in fiscal year 2009 and plan to open more than 25 stores in fiscal year 2010, of which 22 were already opened as of September 30, 2010. We have also closed 13 stores, most of which were underperforming, from fiscal year 2009 through September 30, 2010, to enhance our overall store performance. We expect to continue to drive our comparable store sales by keeping our merchandise on-trend, increasing the number of customer transactions, continuing to provide our distinctive in-store experience and increasing our brand awareness. We believe these initiatives will enhance our operating margins. We also expect to continue to drive our direct business by leveraging the capabilities of new direct systems being implemented in fiscal year 2010. This new technology will allow us to process more orders, offer a more dynamic merchandise presentation on our website and enhance our marketing efforts by including, among other things, the ability to target specific customer groups.

We plan to expand our store base to take advantage of what we believe are a compelling store economic model and significant real estate opportunities. As a result of our first year sales coupled with low store build-out costs and a low-cost operating model, our stores generate strong returns on investment. Our real estate model includes focusing on enclosed regional malls and outlet, lifestyle and power centers in small, medium and metropolitan markets. Our new store operating model assumes average store revenue of \$850,000 to \$1,100,000 in the first 12 months of a store's operations. Our average net initial cash investment is approximately \$100,000, which includes \$75,000 of average build-out costs, including equipment and fixtures (net of landlord contributions), and \$25,000 of initial inventory (net of payables). Our new store operating model assumes a less than one year pay back on our investment based on net operating cash flows for that store and inclusive of lease commitments.

We employ various marketing initiatives to develop and enhance brand recognition and to create and strengthen relationships with customers. Our marketing strategy involves a combination of store-visual merchandising and signage updates, in-store promotions, distributions of our catalogs, email campaigns and social networking sites. During July 2010, we launched a redesigned and enhanced website. We expect this new website will increase our ability to effectively market to and expand our customer base. We also anticipate increasing our customer database through catalog mailings, email blasts and in-store customer sign-up campaigns. We expect these efforts to have a positive effect on driving our net revenues.

We are in the process of upgrading or have upgraded several of our systems to better position us for future growth. This investment includes an upgrade of our point-of-sale software system and our systems that support our direct business, which were implemented in July 2010. We expect to complete our point-of-sale upgrade in advance of the 2010 holiday shopping season. We will continue to evaluate our systems' needs and invest in infrastructure as appropriate. We believe these investments

Table of Contents

will help us drive comparable store sales and new store sales and improve efficiencies in our operating margins.

While we believe that our cash position and net cash provided by operating activities will be adequate to finance working capital needs and planned capital expenditures for at least the next 12 months, our ability to fund such cash flow needs will depend largely on our future operating performance. Accordingly, our growth strategies may be limited by our future operating performance.

We believe our business strategy will continue to offer significant opportunities, but it also presents risks and challenges. These risks and challenges include, but are not limited to, that we may not be able to effectively anticipate, identify and respond to changing fashion trends, or that we may not be able to find desirable locations for new stores or that we may not be able to effectively manage our operations, which have grown rapidly. See "Risk Factors" for other important factors that could impact us. We seek to ensure that addressing these risks does not divert our management's attention from continuing to build on the strengths that we believe have driven the growth of our business. We believe our focus on enhancing the desirability of our fashions, improving our in-store shopping experience and upgrading our catalog and website capabilities, all while maintaining our customer service, will be integral to our ongoing growth.

**How We Assess the Performance of Our Business**

In assessing the performance of our business, we consider a variety of operational and financial measures. The key measures for determining how our business is performing are net revenues, comparable store and non-comparable store sales, direct sales through our catalog and e-commerce channels, gross profit margin and selling, general and administrative expenses.

*Net Revenues*

Net revenues consist of sales of our merchandise from comparable stores and non-comparable stores, and direct sales through our catalog and e-commerce channels, including shipping and handling fees charged to our customers. Net revenues from our stores and direct business reflect sales of our merchandise less estimated returns and merchandise discounts.

*Store Sales*

There may be variations in the way in which some of our competitors and other apparel retailers calculate "comparable" or "same store" sales. We include a store in comparable store sales on the first day of the fourteenth month after a store opens. Non-comparable store sales include sales not included in comparable store sales (for example, the first two months of a new store's sales) and sales from closed stores. Measuring the change in year-over-year comparable store sales allows us to evaluate how our store base is performing. Various factors affect comparable store sales, including:

consumer preferences, buying trends and overall economic trends;

our ability to identify and respond effectively to fashion trends and customer preferences;

changes in competition;

changes in our merchandise mix;

changes in pricing levels and average unit price;

the timing of our releases of new merchandise;

Table of Contents

the level of customer service that we provide in our stores;

our ability to source and distribute products efficiently; and

the number of stores we open and close in any period.

Opening new stores is an important part of our growth strategy. We expect a significant percentage of our net revenues to come from non-comparable store sales. Accordingly, comparable store sales is only one element we use to assess the success of our growth strategy.

Purchases of apparel and accessories are sensitive to a number of factors that influence the levels of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates and consumer confidence. Our business is somewhat seasonal and as a result, our revenues fluctuate. In addition, our revenues in any given quarter can be affected by timing of holidays, the weather and similar matters.

*Direct Sales*

We offer direct sales through our catalogs and through our e-commerce website, *www.bodyc.com*, which accepts orders directly from our customers. We believe the circulation of our catalogs and access to our website increases our reputation and brand recognition with our target customers and helps support the strength of our store operations.

*Gross Profit*

Gross profit is equal to our net revenues minus our cost of goods sold. Gross profit margin measures gross profit as a percentage of our net revenues. Cost of goods sold includes the direct cost of purchased merchandise, distribution costs, all freight costs incurred to ship merchandise to our stores and our direct customers, costs incurred to produce and distribute our catalogs, store occupancy costs, buying costs and inventory shrinkage. The components of our cost of goods sold may not be comparable to those of other retailers.

Our cost of goods sold is greater in higher volume periods because cost of goods sold generally increases as net revenues increase. Changes in the mix of our products, such as changes in the proportion of accessories, may also impact our cost of goods sold. We review our inventory levels on an ongoing basis in order to identify slow-moving merchandise and take appropriate markdowns to clear these goods. The timing and level of markdowns are not seasonal in nature, but are driven by customer acceptance of our merchandise. If we misjudge sales levels and/or trends, we may be faced with excess inventories and be required to mark down our prices for those products in order to sell them. Significant markdowns have reduced our gross profit in some prior periods and may do so in future periods.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses include all operating costs not included in cost of goods sold. These expenses include payroll and other expenses related to operations at our corporate headquarters and store operations. These expenses do not generally vary proportionally with net revenues. As a result, selling, general and administrative expenses as a percentage of net revenues are usually higher in lower volume periods and usually lower in higher volume periods. The components of our selling, general and administrative expenses may not be comparable to those of other retailers. We expect that our selling, general and administrative expenses will increase in future periods due to our continuing store growth, continuing growth in our direct business and, in part, due to additional legal, accounting, insurance and other expenses that we expect to incur as a result of being a public

Edgar Filing: BODY CENTRAL CORP - Form 424B4

Table of Contents

company. Among other things, we expect that compliance with the Sarbanes-Oxley Act and related rules and regulations will result in significant additional legal and accounting costs.

**Results of Operations**

The following tables summarize key components of our results of operations for the periods indicated, both in dollars and as a percentage of revenues:

	Fiscal Year Ended			Twenty-Six Weeks Ended	
	December 29, 2007	January 3, 2009	January 2, 2010	July 4, 2009	July 3, 2010
	(unaudited)				
	(dollars in thousands)				
Net revenues	\$ 195,911	\$ 191,824	\$ 198,834	\$ 100,787	\$ 119,345
Cost of goods sold	140,334	137,982	139,145	71,703	79,590
<b>Gross profit</b>	<b>55,577</b>	<b>53,842</b>	<b>59,689</b>	<b>29,084</b>	<b>39,755</b>
Selling, general and administrative expenses	51,832	45,555	46,567	23,238	26,617
Depreciation and amortization	5,469	5,357	4,678	2,312	2,272
Impairment of long-lived assets	2,428	936	196		
Goodwill impairment	33,962				
<b>(Loss) income from operations</b>	<b>(38,114)</b>	<b>1,994</b>	<b>8,248</b>	<b>3,534</b>	<b>10,866</b>
Interest expense, net of interest income	4,215	4,329	3,956	2,020	1,787
Other expense (income), net	238	(493)	(128)	(108)	(56)
<b>(Loss) income before income taxes</b>	<b>(42,567)</b>	<b>(1,842)</b>	<b>4,420</b>	<b>1,622</b>	<b>9,135</b>
(Benefit from) provision for income taxes	(3,237)	(890)	1,640	602	3,415
<b>Net (loss) income</b>	<b>\$ (39,330)</b>	<b>\$ (952)</b>	<b>\$ 2,780</b>	<b>\$ 1,020</b>	<b>\$ 5,720</b>
<b>Operating Data (unaudited):</b>					
<b>Stores:</b>					
Comparable store sales change	(4.6)%	(8.0)%	4.9%	5.8%	13.5%
Number of stores open at end of period	188	180	185	177	199
Sales per gross square foot (in whole dollars)	\$ 206	\$ 204	\$ 207	\$ 105	\$ 115
Total gross square feet at end of period (in thousands)	798	771	798	764	853
<b>Direct:</b>					
Number of catalogs circulated (in thousands)	16,000	20,300	20,500	14,000	14,000
Number of pages circulated (in millions)	1,088	1,380	1,394	952	952
<b>Percentage of Revenues:</b>					
Net revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	71.6	71.9	70.0	71.1	66.7
<b>Gross profit</b>	<b>28.4</b>	<b>28.1</b>	<b>30.0</b>	<b>28.9</b>	<b>33.3</b>
Selling, general and administrative expenses	26.5	23.7	23.4	23.1	22.3
Depreciation and amortization	2.8	2.8	2.4	2.3	1.9
Impairment of long-lived assets	1.2	0.5	0.1	0.0	0.0
Goodwill impairment	17.3	0.0	0.0	0.0	0.0
<b>(Loss) income from operations</b>	<b>(19.4)</b>	<b>1.1</b>	<b>4.1</b>	<b>3.5</b>	<b>9.1</b>
Interest expense, net of interest income	2.2	2.3	2.0	2.0	1.5
Other expense (income), net	0.1	(0.3)	(0.1)	(0.1)	(0.1)
<b>(Loss) income before income taxes</b>	<b>(21.7)</b>	<b>(0.9)</b>	<b>2.2</b>	<b>1.6</b>	<b>7.7</b>
(Benefit from) Provision for income taxes	(1.6)	(0.4)	0.8	0.6	2.9

## Edgar Filing: BODY CENTRAL CORP - Form 424B4

Net (loss) income	(20.1)%	(0.5)%	1.4%	1.0%	4.8%
-------------------	---------	--------	------	------	------

We have determined our operating segments on the same basis that we use internally to evaluate performance. Our operating segments are our stores and our direct business, which have been aggregated into one reportable financial segment. We aggregate our operating segments because they have a similar class of customer, nature of products, nature of production process and distribution methods, as well as similar economic characteristics.

Edgar Filing: BODY CENTRAL CORP - Form 424B4

Table of Contents

A summary of revenues by sales channel is set forth below:

	Fiscal Year Ended			Twenty-Six Weeks Ended	
	December 29, 2007	January 3, 2009	January 2, 2010	July 4, 2009	July 3, 2010
	(dollars in thousands)				
<b>Revenues</b>					
Store	\$ 164,411	\$ 156,924	\$ 165,331	\$ 80,383	\$ 98,657
Direct	31,500	34,900	33,503	20,404	20,688
<b>Net revenues</b>	<b>\$ 195,911</b>	<b>\$ 191,824</b>	<b>\$ 198,834</b>	<b>\$ 100,787</b>	<b>\$ 119,345</b>

The following table summarizes the number of stores open at the beginning of the period and at the end of the period:

	Fiscal Year Ended			Twenty-Six Weeks Ended	
	December 29, 2007	January 3, 2009	January 2, 2010	July 4, 2009	July 3, 2010
Number of stores open at beginning of period	176	188	180	180	185
New stores	15	6	15	4	17