

bebe stores, inc.
Form 10-Q
February 16, 2016

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

FORM 10-Q

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

For the quarterly period ended January 2, 2016

OR

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

Commission File Number 0-24395

bebe stores, inc.
(Exact name of registrant as specified in its charter)

California (State or Jurisdiction of Incorporation or Organization) 400 Valley Drive Brisbane, California 94005 (Address of principal executive offices) Telephone: (415) 715-3900	94-2450490 (IRS Employer Identification Number)
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input checked="" type="checkbox"/>

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

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The number of shares of the registrant's common stock, par value \$0.001 per share, outstanding as of February 1, 2016 was 78,888,430.

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PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(unaudited)

	As of January 2, 2016	As of July 4, 2015	As of January 3, 2015
Assets:			
Current assets:			
Cash and equivalents	\$43,372	\$46,947	\$75,214
Available for sale securities	5,070	17,880	19,996
Receivables	6,055	7,122	5,503
Inventories, net	28,282	31,317	30,108
Prepaid and other	14,665	10,774	11,525
Total current assets	97,444	114,040	142,346
Available for sale securities	5,166	5,241	5,455
Property and equipment, net	83,306	93,229	93,730
Other assets	3,673	3,903	4,536
Total assets	\$189,589	\$216,413	\$246,067
Liabilities and Shareholders' Equity:			
Current liabilities:			
Accounts payable	\$14,760	\$12,595	\$16,831
Accrued liabilities and other	25,407	28,217	34,696
Total current liabilities	40,167	40,812	51,527
Deferred rent and other lease incentives	20,741	23,952	24,858
Uncertain tax positions	83	81	79
Total liabilities	60,991	64,845	76,464
Commitments and contingencies			
Shareholders' equity:			
Preferred stock-authorized 1,000,000 shares at \$0.001 par value per share; no shares issued and outstanding	—	—	—
Common stock-authorized 135,000,000 shares at \$0.001 par value per share; issued and outstanding 79,888,430, 79,660,973 and 79,614,296 shares	80	80	80
Additional paid-in capital	146,929	145,499	143,850
Accumulated other comprehensive income (loss)	(3,577) (1,776) 244
Retained earnings (accumulated deficit)	(14,834) 7,765	25,429
Total shareholders' equity	128,598	151,568	169,603
Total liabilities and shareholders' equity	\$189,589	\$216,413	\$246,067
See accompanying notes to condensed consolidated financial statements.			

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	January 2, 2016	January 3, 2015	January 2, 2016	January 3, 2015
Net sales	\$122,447	\$128,914	\$218,730	\$231,070
Cost of sales, including production and occupancy	80,767	81,007	149,188	150,393
Gross margin	41,680	47,907	69,542	80,677
Selling, general and administrative expenses	47,116	47,816	92,006	89,943
Operating income (loss)	(5,436) 91	(22,464	