

Providing Quality Women's Apparel and Accessories at Value Prices through 241 Specialty Apparel Stores in 24 States under the Body Central and Body Shop Banners, e-Commerce and Catalog Sales, with a 15% Growth Rate Annually, Body Central Corp. has had Record Sales and Profits Over the Last Two Year

**Services
Apparel Stores
(BODY-NASDAQ)**

Body Central Corp.

**6225 Powers Avenue
Jacksonville, FL 32217
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www.bodyc.com**

**B. Allen Weinstein
Chief Executive Officer
and President**

**Thomas W. Stoltz
Executive VP and CFO**

Executive Bios:

**Allen Weinstein
Chief Executive Officer**

Allen Weinstein has been President and Chief Executive Officer of Body Central since August 2009. He joined Body Central's board of directors in June 2010. Prior to joining Body Central, Mr. Weinstein served in various senior management positions with The Cato Corporation, a specialty retailer of women's apparel, from 1997 to 2009, including as Executive Vice President-Chief Merchandising Officer of The Cato Corporation, from 2005, and Executive Vice President, Chief Merchandising Officer of The Cato Division, from 1997. From 1995 to 1997, Mr. Weinstein was Senior Vice President-Merchandising of Catherines Stores Corporation, a specialty retailer of women's apparel. From 1981 to 1995, he served as Senior Vice President of Merchandising of Bealls, Inc., a retailer of apparel and home merchandise. Since Janu-

ary 2010, Mr. Weinstein has served on the board of directors of Destination Maternity Corporation, a Nasdaq-listed retailer of maternity apparel. He received a B.B.A. degree in finance in 1970 from the University of Houston.

**Tom Stoltz
Executive Vice President, Chief
Financial Officer**

Tom Stoltz, 50, has served as our Executive Vice President, Treasurer and Chief Financial Officer since September 21, 2011. Mr. Stoltz has over 25 years of financial management in the retail industry including such retailers as Dollar General, Food Lion, Cato Corp., Citi Trends, Inc., and Football Fanatics, Inc. most recently as their CFO from April 2008 through September 2011. Mr. Stoltz received a B.S. degree in accounting in 1983 from the University of North Carolina at Chapel Hill and his CPA license in 1985.

Company Profile:

Founded in 1972, Body Central Corp. is a growing, multi-channel, specialty retailer offering on-trend, quality apparel and accessories at value prices. As of March 8, 2012 the Company operated 241 specialty apparel stores in 24 states under the Body Central and Body Shop banners, as well as a direct business comprised of a Body Central catalog and an e-commerce website at www.bodyc.com. The Company targets women in their late teens to early thirties from diverse cultural backgrounds who seek the latest fashions at value prices. Stores feature an assortment of tops, dresses, bottoms, jewelry, accessories and shoes sold primarily under

the Company's exclusive Body Central(R) and Lipstick(R) labels.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Weinstein, what is the current focus of Body Central?

Mr. Weinstein: Body Central's reason for being is to provide fashionable apparel at value prices and provide that in an exciting, well coordinated shopping experience, whether in-store, online or via our catalogue.

Mr. Stoltz: I would add that our concept is primarily targeted to a female customer in her late teens to early thirties.

CEOCFO: How does it break down between in-store purchase, e-commerce and catalogue and would you like to see the mix changing?

Mr. Weinstein: It is about 87 percent store and then ecommerce and catalogue makes up the balance.

Mr. Stoltz: As far as the mix changing, I think we see both of them growing about equally fast. We will be adding new stores at a rate of about fifteen percent increase in our store count each year. We are hopeful that longer term our direct business is about the same rate of fifteen percent or so.

CEOCFO: What is the geographic range today and do you see expansion geographically?

Mr. Weinstein: Geographically, today we are in twenty-three states. We

have a northern presence in Illinois, Ohio, Pennsylvania, and New Jersey, and we go all the way down to the southern tip of Florida in Miami. We go as far west as Texas, St. Louis, Kansas. In the near-term, we will stay close to where our stores are currently located. We will fill in markets first and then we will add new markets that are adjacent to our current markets.

CEOCFO: Is the merchandise different in different parts of the country or is it typically the same in each of your stores.

Mr. Weinstein: No. It is the same. Our customers are very fashionable. They get information a lot of ways. It could be through magazines, TV, the web, or on a mobile phone. People understand what the trends are whether you are in a small town or a major metropolitan area. For example, we have a lot of stores in Philadelphia, and if it sells in Philadelphia it is very likely to sell well in Fort Smith, Arkansas. We do not really see a lot of differences from the geographic regions.

CEOCFO: How do you keep up with the trends?

Mr. Weinstein: We have a test and reorder system. We see hundreds of new styles each week from which we select a portion of them. When we find a style that we think looks good, we try it on a fit model to ensure that it not only will look good on the hanger but will also look good on the body. If it passes that test, then we test a small quantity of typically ten or twenty stores worth. If it sells at a high rate of sell through, then we would buy larger quantities many times for the entire chain.

CEOCFO: How often do you replenish your merchandise?

Mr. Stoltz: We turn our inventories every two or three months, about five times a year roughly. We are constantly bringing in new items. We don't have a lot of programmed goods; we don't have a lot of staples. It is more moving with the fashions and moving in and out of things. The seasons change as well. There are not a lot of replenishable items.

Mr. Weinstein: We ship to stores

every day. If you came to our store five days a week, you would see some new merchandise every single day.

CEOCFO: What is the customer experience at your stores?

Mr. Weinstein: It starts at the front door. We have large aspirational photos. Our customer would say, "I would like look just like that". We use mannequins in the front windows to support the fashion trends that we are showing. While moving through the store, we merchandise by lifestyle. Particularly, the walls where we might have an area that if you wanted to go out maybe to a club, where you would have tops, bottoms, accessories, all mixed together, to give you ideas. We use body forms, more than a hundred of them in a store, to allow people to see the latest deliveries that we have made into outfits to make their shopping a little easier. There are images located throughout the stores. In addi-

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tion, we have the best music. The music our customers want is playing all the time. We added touches of pink to make the store a little softer and more feminine. We think our associates typically 'look the part' of the store and match the demographics of the location. We want it to be easy to shop, fun, and exciting. The customer will feel "I want to be in there shopping, because not only do they have what I want, they make it easy for me to find outfits, love the music, and it is just a fun way to spend not-so-much money and be able to come up with a nice outfit."

CEOCFO: Your demographic group tends to be fickle. How do you keep them engaged in Body Central?

Mr. Weinstein: Testing new styles! That is the key. For example, for school you might wear casual clothes. For the weekend, you might wear yoga pants and a tank top. You also might want to dress up and go to a club. We make sure that we have a nice balance of all of those lifestyles

for our customers. That gives her a lot of reasons to come to our store and see what is new at Body Central.

CEOCFO: What do you look for as far as location?

Mr. Weinstein: A little over ninety percent of our stores are in malls. However, the right answer is that we want to locate our stores where our customer shops. We like to be with competitors, because we know that our customer likes to shop everybody before she goes into a store to make final selection. We think that is important. We have stores in malls, power centers, lifestyle centers, and we have stores in outlet centers, all successful. We like all the venues. We just want to make sure it is a venue that is attractive to the late teens to early thirties customer.

CEOCFO: What about technology on the backend or even the frontend to make everything run smoothly?

Mr. Stoltz: A couple of years ago we rolled out new point-of-sale equipment to all of our stores. That enabled us to get a lot more detailed information about what we are selling. We are also capturing customer data now. We have a database of customer information that we send emails to and do marketing campaigns with. This year we are also rolling out a new allocation system. That will help us more scientifically be able to determine what merchandise we need to send to specific stores. We really believe that by having this tool we will be able to increase sales and reduce our markdowns. In addition, we are rolling out handheld scanners to all of our stores later this year. That will dramatically improve our stores' ability to take markdowns quickly and accurately.

CEOCFO: How do you address the challenges of ensuring your staff is doing what they should at all of your stores?

Mr. Weinstein: We have a senior vice president of stores who works with three regional managers. Each of them has eighty or eighty-five stores to manage. Then we have district managers who would have between

eight and twelve stores each. Here is how we go about it. We have store visit reporting, so that every time someone visits the store they look at a store to start with just as the customer would. Is the front of the store exciting, are the tables done to specification, is the merchandising on the walls crisp and exciting, is the music right, is the store clean, do the associates look right. We start with that, which is really what the customer would see. Then we drill down deeper from that. Each of the stores gets a grade. Much of the time, it is about praise and some of the time it is about "hey, this is all good but we need to work on this particular area of store operation." The idea for us is that we want every store, every day, to be perfectly ready to give you, the customer the shopping experience they want.

CEOCFO: What is the financial picture of the company?

Mr. Stoltz: For the last two years, we have had record sales and profits. Last year we made \$20 million in net income and about \$300 million in sales. We have had double-digit comparable store sales for each of the last two fiscal years. We have no debt as a company. We have a good stash of cash on our balance sheet so we have been able to improve our capitalization. We have been able to improve our relationships with our vendors and our landlords because of our financial results.

CEOCFO: What has changed over the last couple of years that accounts for the difference?

Mr. Weinstein: We had what the customer wanted. We have improved the way we manage the business and we have reengineered a lot of processes. We have renegotiated a ton of programs and expenses, so that while the top line was working strongly we did not ignore the expense side. We consistently worked on how to improve the merchandise, how to improve the sales and how to get at the cost side of our business to keep it under control and improve our operations.

Mr. Stoltz: I will add to that. As we become more successful and had more resources, more money, we have reinvested that into the business in technology and in people. We have upgraded, in several areas throughout the company, personnel to specialize in certain areas to provide more leadership. People that have been with other large retailers seeing high growth have been able to come here and use their experience to help us. All of that has worked well.

Mr. Weinstein: We are kind of in a power curve. We have done better. We are spending money in the right places, people and technology to make things better. Things will get better and then you can keep making more money and taking a portion of it and investing in the next thing that

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can provide some lift in our results.

CEOCFO: What surprised you most as you have developed the business?

Mr. Stoltz: I have been here about seven or eight months and I think what pleasantly surprised me about this concept is that it is not a narrow niche. We target the younger woman customer. It plays well in all climates. It plays well in all ethnic groups. We do well in Hispanic base stores. We do well in primarily white based stores and black based stores. It has a broad appeal, even though it is relatively young woman customer.

Mr. Weinstein: While we talk about the fickleness of our customer, in general we have a customer that always includes us on their shopping list and is always giving us a chance to show them the newest and best merchandise we have to offer, which is

important. In addition, we have a terrific group of people that, for a relatively small company, have a good talent depth. We have people who are very desirous of helping the company move forward and do better which, in a lot of cases, you may not find at a \$300 million company.

CEOCFO: Do you do much investor outreach?

Mr. Stoltz: We do a fair amount. We are stepping that up actually, this year. Each quarter we are trying to go to some conferences. In June we are attending the Piper Jaffray conference in New York City. Also in June, later in the month, we are attending the Jefferies conference in Nantucket. Each quarter we have something like that planned. We are also doing some one-day marketing trips with analysts

that we have with some of the key investors that they represent. The answer is, we are out there each quarter and people can stay in touch with us.

CEOCFO: Our readers are primarily investors. Why should they pay attention to Body Central today?

Mr. Weinstein: Over the last two and a half or three years, our results have been consistently positive. Our founda-

tion, financially, is much stronger than it used to be. People wise, it is dramatically better. We are adding the appropriate systems that will give us some leverage as we get bigger. We have reached the tipping point to where we can continue to leverage all of these things, so that in the long-term we can grow our business, our profits, at about a 20 percent clip and do that consistently over a long period of time.

Mr. Stoltz: I would add that we are only in twenty three to twenty four states today, and in a lot of those states we are under penetrated in key markets. Therefore, we can continue to add store growth at fifteen percent growth rate each year easily over the next four or five years and double the base stores in that time in about five years.

Mr. Weinstein: One of the things that we did not talk about was our new store model. They are accretive to

profits literally within a few months and they tend to pay back our investment in under a year on average. One of the things about our ability to grow

is that with that kind of ROI we generate a lot of cash.

BODY CENTRAL 

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