

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

FORM 10-K

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended February 2, 2018

-OR-

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to _____ to _____.

Commission File Number: 001-09769

Lands' End, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation of Organization)

1 Lands' End Lane
Dodgeville, Wisconsin
(Address of Principal Executive Offices)

36-2512786
(I.R.S. Employer
Identification No.)

53595
(Zip Code)

(608) 935-9341

(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class:
Common stock, par value \$0.01 per share

Name of each exchange on which registered:
The NASDAQ Stock Market

Securities registered under Section 12(g) of the Exchange Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. YES NO

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value (based on the closing price of the registrant's common stock quoted on the NASDAQ Stock Market) of the registrant's common stock owned by non-affiliates, as of July 28, 2017, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$106.5 million.

As of March 27, 2018, the registrant had 32,131,970 shares of common stock, \$0.01 par value, outstanding.

LANDS' END, INC.
INDEX TO ANNUAL REPORT ON FORM 10-K

Table of Contents

	<u>Page</u>
PART I	
Item 1.	<u>Business</u> <u>2</u>
Item 1A.	<u>Risk Factors</u> <u>12</u>
Item 1B.	<u>Unresolved Staff Comments</u> <u>26</u>
Item 2.	<u>Properties</u> <u>27</u>
Item 3.	<u>Legal Proceedings</u> <u>28</u>
Item 4.	<u>Mine Safety Disclosures</u> <u>29</u>
PART II	
Item 5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u> <u>30</u>
Item 6.	<u>Selected Financial Data</u> <u>33</u>
Item 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> <u>36</u>
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> <u>51</u>
Item 8.	<u>Financial Statements and Supplementary Data</u> <u>52</u>
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u> <u>89</u>
Item 9A.	<u>Controls and Procedures</u> <u>90</u>
Item 9B.	<u>Other Information</u> <u>91</u>
PART III	
Item 10.	<u>Directors, Executive Officers and Corporate Governance</u> <u>92</u>
Item 11.	<u>Executive Compensation</u> <u>93</u>
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u> <u>94</u>
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u> <u>95</u>
Item 14.	<u>Principal Accounting Fees and Services</u> <u>96</u>
PART IV	
Item 15.	<u>Exhibits and Financial Statement Schedules</u> <u>97</u>
Item 16.	<u>Form 10-K Summary</u> <u>101</u>
	<u>Signatures</u> <u>102</u>

PART I

ITEM 1. BUSINESS

As used in this Annual Report on Form 10-K, references to the "Company", "Lands' End", "we", "us", "our" and similar terms refer to Lands' End, Inc. and its subsidiaries. Our fiscal year ends on the Friday preceding the Saturday on or closest to January 31. Other terms commonly used in this Annual Report on Form 10-K are defined as follows:

- *ABL Facilities - Collectively the Prior ABL Facility and the Current ABL Facility*
- *Current ABL Facility - Asset-based senior secured credit agreement, dated as of November 16, 2017, with Wells Fargo, N.A. and certain other lenders*
- *Debt Facilities - Collectively, the ABL Facilities and the Term Loan Facility*
- *ERP - enterprise resource planning software solutions*
- *ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert*
- *Fiscal 2019 - The 52 weeks ended January 31, 2020*
- *Fiscal 2018 - The Company's next fiscal year representing the 52 weeks ending February 1, 2019*
- *Fiscal 2017 - The 53 weeks ended February 2, 2018*
- *Fiscal 2016 - The 52 weeks ended January 27, 2017*
- *Fiscal 2015 - The 52 weeks ended January 29, 2016*
- *Fiscal 2014 - The 52 weeks ended January 30, 2015*
- *Fiscal 2013 - The 52 weeks ended January 31, 2014*
- *GAAP - Accounting principles generally accepted in the United States*
- *Prior ABL Facility - Asset-based senior secured credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders, terminated November 16, 2017*
- *Sears Holdings - Sears Holdings Corporation, a Delaware corporation, and its consolidated subsidiaries (other than, for all periods following the Separation, Lands' End)*
 - *Sears Roebuck - Sears, Roebuck and Co., a wholly owned subsidiary of Sears Holdings*
 - *SEC - United States Securities and Exchange Commission*
 - *Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders*
 - *Tax Act - The Tax Cuts and Jobs Act passed by the United States government on December 22, 2017*
 - *Term Loan Facility - Term loan credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders*
 - *UK Borrower - A United Kingdom subsidiary borrower of Lands' End under the Prior ABL Facility*

Lands' End is an iconic American brand and a leading multi-channel retailer of casual clothing, accessories and footwear, as well as home products. We offer products through catalogs, online at www.landsend.com and affiliated specialty and international websites, and through retail locations. We have a passion for providing quality products, legendary service and great value. We seek to deliver timeless style for women, men, kids and the home. Lands' End was founded in 1963 by Gary Comer and his partners in Chicago, Illinois, to sell sailboat hardware and equipment by catalog. While our product focus has shifted significantly over the years, we have continued to adhere to our founder's motto as one of our guiding principles: "Take care of the customer, take care of the employee and the rest will take care of itself."

Strategy

In Fiscal 2017, we stabilized the brand by reconnecting with core customers. In Fiscal 2018 we plan to build momentum through four major growth initiatives:

Product. We are focused on delivering timeless pieces, made of quality materials and in classic styles, that offer great value to our core customers and their families. We strive to leverage customer data to develop product extensions that are natural to our heritage and incorporate functionality, comfort and product innovation. We are also focused on growing our uniform business with the innovative products we offer to meet the needs of our partners.

Digital. We are focused on utilizing digital technologies to enhance our customers' experience and leveraging our comprehensive data analytics to better tailor and personalize the shopping experience for each customer. We are taking steps to become a quicker and more nimble digitally-led organization, adapting to ongoing shifts in customer shopping behaviors. We are implementing initiatives centered on improving and optimizing the customer experience across multiple device platforms by offering personalized messaging, improved product presentation and tailored product suggestions. The Company will continue to use a test and learn approach as it assesses new initiatives.

Distribution. We utilize multi-point distribution, including our traditional catalogs, eCommerce and brick and mortar, to engage our customer where and how they shop. We plan to open new stand alone Lands' End stores to create an omni-channel experience and we anticipate opening our first new location in early Fiscal 2018 in the Chicago area. We plan to test and refine the store concept with additional stores, to create a store experience that embodies our brand, resonates well with our customers and offers a seamless experience. For Fiscal 2018 and beyond, we plan to apply a customer analytics-driven distribution strategy, where we leverage our comprehensive data set to define product mix, target store locations, and explore opportunities with third party business to consumer channels.

Business Process. We continue to focus on building strategic competencies through improved business processes that are based on standardization and efficiency. We have implemented the foundational aspects of our enterprise resource planning solution to improve our core financial systems and pave the way to roll out more strategic competencies. We continue to upgrade our inventory planning process as we work to grow the business and operate as a global multi-channel player. In Fiscal 2018 and beyond, we also plan to focus on improving our order management and warehouse management systems, as well as optimizing our logistics and transportation capabilities, which will further enable us to improve our speed and efficiency.

We believe that we have a competitive advantage as we build advanced analytic capabilities leveraging our comprehensive data set and are developing processes to capitalize on our brand heritage and interact with our customers in a personalized way, based on their behavior and lifestyles.

In Fiscal 2017, we generated revenues of approximately \$1.41 billion. Our revenues are generated worldwide through an international, multi-channel network based in the United States, United Kingdom, Germany and Japan. This network reinforces and supports sales across the multiple channels in which we do business. In Fiscal 2017, we shipped products to approximately 155 countries outside the United States, totaling approximately \$202.5 million, or 14.4% of revenue. This compares to sales outside of the United States in Fiscal 2016 and Fiscal 2015 of \$192.2 million and \$208.6 million, or 14.4% and 14.7% of revenue, respectively. Sales inside the United States totaled \$1,204.2 million, \$1,143.5 million and \$1,211.2 million in Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively.

Long-lived assets located inside the United States totaled \$497.3 million and \$485.1 million in Fiscal 2017 and Fiscal 2016, respectively. Outside of the United States, long-lived assets totaled \$10.8 million and \$9.8 million in Fiscal 2017 and Fiscal 2016, respectively.

Segment Reporting

The Company has two reportable segments: Direct and Retail. Product revenue is divided into product categories: Apparel and Non-apparel. The Non-apparel revenue includes accessories, footwear, and home goods. Services and other revenue includes embroidery, monogramming, gift wrapping, shipping and other services. Net revenue is grouped by product category in the following table:

<i>(in thousands)</i>	Fiscal 2017	% of Net revenue	Fiscal 2016	% of Net revenue	Fiscal 2015	% of Net revenue
Net revenue						
Apparel	\$ 1,144,950	81.4%	\$ 1,086,439	81.3%	\$ 1,156,047	81.4%
Non-apparel	176,287	12.5%	168,945	12.6%	183,073	12.9%
Services and other	85,440	6.1%	80,376	6.0%	80,658	5.7%
Total net revenue	<u>\$ 1,406,677</u>	100.0%	<u>\$ 1,335,760</u>	100.0%	<u>\$ 1,419,778</u>	100.0%

The Company identifies reportable segments according to how business activities are managed and evaluated. The Company's reportable segments are strategic business units that offer similar products and services but are sold either directly from its warehouses (Direct) or through its retail stores (Retail).

The Direct segment sells products through the Company's e-commerce websites and direct mail catalogs. Operating costs consist primarily of direct marketing costs (catalog and e-commerce marketing costs); order processing and shipping costs; direct labor and benefits costs and facility costs. Assets primarily include goodwill and trade name intangible assets, inventory, accounts receivable, prepaid expenses (deferred catalog costs), technology infrastructure, and property and equipment.

The Retail segment sells products and services through dedicated Lands' End Shops at Sears across the United States and the Company's Lands' End stores. Operating costs consist primarily of labor and benefits costs; occupancy costs; distribution costs; and in-store marketing costs. Assets primarily include inventory in the retail stores, fixtures and leasehold improvements.

Net revenue is presented by segment in the following table:

<i>(in thousands)</i>	Fiscal 2017	% of Net revenue	Fiscal 2016	% of Net revenue	Fiscal 2015	% of Net revenue
Net revenue:						
Direct	\$ 1,234,115	87.7%	\$ 1,149,149	86.0%	\$ 1,214,993	85.6%
Retail	172,562	12.3%	186,611	14.0%	204,785	14.4%
Total Net revenue	<u>\$ 1,406,677</u>	100.0%	<u>\$ 1,335,760</u>	100.0%	<u>\$ 1,419,778</u>	100.0%

Additionally, selected financial data for our segments is presented in Note 12, *Segment Reporting*, to the Consolidated Financial Statements included in Item 8, *Financial Statements and Supplementary Data*, in this Annual Report on Form 10-K.

Key Capabilities

Lands' End was founded on certain principles of doing business that are embodied in our goal to deliver great quality, uncompromising service and exceptional value to our customers. These core principles of quality, service and value are the foundation of the competitive advantages that we believe distinguish us from our competitors, including:

Customer base. Lands' End is an iconic American brand with a large and loyal customer base. Operating out of Wisconsin, in the heartland of the United States, our vision and values make a strong connection with our core customer. In Fiscal 2017, we believe we stabilized the brand by reconnecting with those core customers. We believe that a principal indicator of our success to date has been the growth of our buyer file in Fiscal 2017, with increases in new, retained and reactivated customers. We leverage multi-channel data to send personalized communications to our customers using both digital and print media. In Fiscal 2017, our customers had an average annual household income of \$110,000 and the average customer's age is in the mid-50's, according to an analysis of our customer file with data provided by our third-party consumer information provider using its proprietary demographic, behavioral, lifestyle, financial and home attribute databases.

Product innovation. We seek to develop new, innovative products for our customers by utilizing modern fabrics and quality construction to create timeless, affordable styles with excellent fits. We also seek to present our products in an engaging and inspiring way. We believe that our typical customers value quality, seek good value for their money and are looking to add classics to their wardrobe while also placing an emphasis on comfort, functionality and product innovation that supports their lifestyle. From a design and merchandising perspective, we believe that we have had success adding relevant items into our product assortment, many of which have become customer favorites. We devote significant time and resources to quality assurance, fit testing and product compliance. Our in-house team manages all product specifications and seeks to ensure brand integrity by providing our customers with the consistent, high-quality merchandise for which Lands' End is known. We are a vertically integrated retailer that manages all aspects of our design, marketing and distribution in-house, which provides us with maximum control over the promotion and sale of our products.

Customer service. We are committed to building on Lands' End's legacy of strong customer service. We believe that we have a strong track record of improving the customer service experience through innovation. Today, Lands' End is focused on using our extensive customer data to make the shopping experience as easy and personalized as possible, regardless of whether our customers shop online, by phone or in one of our store locations. Our operations, including prompt order fulfillment, responsiveness to our customers' requests and our customer friendly return policy, have contributed to our award-winning customer service, which we believe is one of our core strengths and a key point of differentiation from our competitors. Due to our commitment to excellent customer service, we have received many accolades over the years and most recently, received the following:

- Lands' End Earns StellaService's Elite Award for Phone and Email, which is awarded to retailers who provide the very best in customer care, Source: StellaService (March 15, 2017)
- Land's End Named Customer Experience Leader, Source: Multichannel Merchant (March 17, 2017)
- Lands' End Named Customer Service Champion, Source: Prosper Insights & Analytics. Featured on Forbes.com (August 3, 2017)

In addition, Lands' End introduced Text Messaging for Customer Service in 2016 - among the first in the apparel retail industry to do so.

Marketing

We believe that our most important asset is our brand. The Lands' End brand is well-recognized with a deeply rooted tradition of offering excellent quality, value and service along with the Lands' End guarantee. We seek to reflect that tradition in all of our merchandise. We also invest significantly in brand development through our focus on providing excellent customer service and our emphasis on digital transformation and innovative product development. We believe that this commitment to our brand has helped to generate our large and loyal customer base for over fifty years.

We attempt to build on our brand recognition through multi-channel marketing campaigns including an e-commerce website, www.landsend.com, catalog distribution, digital marketing and social media. Creative designs for these marketing platforms are primarily developed in-house by our creative team. We strive to be efficient in our overall spend, enabling us to invest in initiatives that we believe will yield benefits over the longer-term. We expect the majority of our marketing spend to be allocated to our catalog and digital marketing, where we believe we can generate near term return on investment. We are also seeking to enhance our branding initiatives by investing in strategic partnerships designed to showcase our apparel and personalizing promotions offered to customers.

Suppliers

Our products are produced globally by independent manufacturers who are selected, monitored and coordinated by the Lands' End Global Sourcing team based in Dodgeville, Wisconsin and other third party buying agents. Our products are manufactured in approximately 30 countries and substantially all are imported from Asia and South America, depending on the nature of the product mix. Our top 10 vendors accounted for approximately 40% of our merchandise purchases in Fiscal 2017. In Fiscal 2017, we worked with approximately 200 vendors that manufactured substantially all of our products. We generally do not enter into long-term merchandise supply contracts. We continue to take advantage of opportunities to more efficiently source our products worldwide, consistent with our high standards of quality and value. Significant areas of non-product spend include transportation, information systems, marketing, packaging and catalog paper and print.

Distribution

We also own and operate three distribution centers in Wisconsin to support our United States Direct and Retail businesses and a portion of our international business. Our Dodgeville facility is approximately 1.1 million square feet and is a full-service distribution center, including monogramming, hemming and embroidery services. Our Reedsburg location is approximately 400,000 square feet and offers all order fulfillment services except hemming. Our Stevens Point distribution center is approximately 150,000 square feet and primarily focuses on supporting Lands' End Business Outfitters with embroidery services. Customer orders are shipped via UPS, USPS and third-party parcel consolidators.

We own and operate a distribution center in the United Kingdom based in Oakham, a community north of London. Order fulfillment and specialty services for our European businesses are performed at this facility, which opened in 1998 and totals approximately 175,000 square feet. We also lease a 55,580 square foot distribution center in Fujieda, Japan.

Orders are generally filled on a current basis, and order backlog is not material to our business.

Vendors

It is important to us that our partners share the same values in business as we do, therefore, we require that the vendors comply with all legal requirements, agree to our global compliance requirements and meet our product quality standards. Our vendors are required to provide us with full access to their facilities and to relevant records relating to their employment practices, such as, but not limited to child labor, wages and benefits, forced labor, discrimination, freedom of association, unlawful inducements, safe and healthy working conditions and other business practices so that we may monitor their compliance with ethical and legal requirements relating to the conduct of their business.

Information Technology

Our information technology systems provide comprehensive support for the design, merchandising, importing, marketing, distribution, sales, order processing and fulfillment of our Lands' End products. We believe our merchandising and financial systems, coupled with our e-commerce platforms and point-of-sale systems, allow for effective merchandise planning and sales accounting.

We have a dedicated information technology team that provides strategic direction, application development, infrastructure services and systems support for the functions and processes of our business. The information technology team contracts with third-party consulting firms to provide cost-effective staff augmentation services and partners with leading hardware, software and cloud-based technology firms to provide the infrastructure necessary to run and operate our systems. Our core software applications are comprised of a combination of internally developed and packaged third-party systems. The e-commerce solutions powering www.landsend.com, the Lands' End Business Outfitters websites, and our international Lands' End websites are operated out of our own internal data centers as well, through hosting relationships with third parties and through industry-leading cloud providers.

We are in the process of implementing new information technology systems as part of a multi-year plan to expand and upgrade our information technology platforms and infrastructure. In Fiscal 2017, we implemented several financial, merchandising and inventory planning capabilities as part of our ongoing ERP implementation. We intend to build off of these core capabilities to drive future improvements in our operations.

In Fiscal 2018, we intend to continue to pursue additional strategic investments, including continued development of our ERP platform, enterprise order management, and digital capabilities including enhanced mobile experiences, personalization, data science, and continued enhancements to the digital shopping experiences on our e-commerce platforms. In addition, we intend to invest in digital solutions to augment the customer and sales associate experiences within our Lands' End stand-alone stores.

The implementation of our ERP platform and other complementary information technology systems over the next several years are expected to create efficiencies within our internal processes and reporting. However, implementation of these solutions and systems is highly dependent on coordination of numerous software, hardware, cloud and system integration providers. See also Item 1A, *Risk Factors*, in this Annual Report on Form 10-K.

Sources and Availability of Raw Materials

We purchase, in the ordinary course of business, raw materials and supplies essential to our operations from numerous suppliers around the world, including in the United States. There have been no recent significant availability problems or supply shortages.

Competition

We operate primarily in the apparel industry. The apparel industry is highly competitive. We compete with a diverse group of direct-to-consumer companies and retailers, including national department store chains, men's and women's specialty apparel chains, outdoor specialty stores, apparel catalog businesses, sportswear marketers and online apparel businesses that sell similar lines of merchandise. We compete principally on the basis of merchandise value (quality and price), product innovation, our established customer list and award-winning customer service, including reliable order fulfillment, our return policy and services and information provided at our user-friendly websites.

Seasonality

We experience seasonal fluctuations in our net revenue and operating results and historically have realized a significant portion of our net revenue and earnings for the year during our fourth fiscal quarter. We generated 36.3%, 34.4% and 33.4% of our net revenue in the fourth fiscal quarter of Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. Thus, lower than expected fourth quarter net revenue could have an adverse impact on our annual operating results.

Working capital requirements typically increase during the second and third quarters of the fiscal year as inventory builds to support peak shipping/selling periods and, accordingly, typically decrease during the fourth quarter of the fiscal year as inventory is shipped/sold. Cash provided by operating activities is typically higher in the fourth quarter of the fiscal year due to reduced working capital requirements during that period.

Intellectual Property

Lands' End owns or has rights to use certain word and design trademarks, service marks, and trade names that are registered or exist under common law in the United States and other jurisdictions. The Lands' End® trade name and trademark is used both in the United States and internationally, and is material to our business. Trademarks that are important in identifying and distinguishing our products and services are Guaranteed. Period.®, Lighthouse by Lands' End™, Square Rigger®, Squall®, Super-T™, Drifter™, Outrigger®, Marinac®, and Beach Living®, all of which are owned by us, as well as the licensed marks Supima®, No-Gape®, and others. Other recognized trademarks owned by Lands' End include SwimMates™, Starfish™, Iron Knees®, Willis & Geiger® and ThermaCheck®. Lands' End's rights to some of these trademarks are limited to select markets.

Employees

We employ approximately 5,000 employees throughout our operations: approximately 4,100 employees in the United States and approximately 900 employees outside the United States. With the seasonal nature of the retail industry, over 2,000 flexible part-time employees join us each year to support our varying peak seasons, including the fourth quarter holiday shopping season. The non-peak workforce is comprised of approximately 19% salaried employees, 40% hourly employees and 41% part-time employees.

Pledged Assets

All domestic obligations under the Debt Facilities are unconditionally guaranteed by the Company and, subject to certain exceptions, each of its existing and future direct and indirect wholly-owned domestic subsidiaries. The Current ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

The Term Loan Facility also is secured by a first priority security interest in certain property and assets of the borrowers and guarantors, including certain fixed assets and stock of subsidiaries. The Current ABL Facility is secured by a second priority security interest in the same collateral.

The Prior ABL Facility had the same terms to those stated above. In addition, the obligations of the UK Borrower under the Prior ABL Facility were guaranteed by its existing and future direct and indirect subsidiaries organized in the United Kingdom.

Corporate Citizenship

Sustainability Initiatives. Lands' End is working towards improving its sustainable footprint through key practices like waste reduction, purchasing recycled products and through corporate partnerships. Lands' End hopes to inspire customers and other corporations to increase sustainability awareness and initiatives.

We have a focus on raising awareness and educating associates on reducing our internal use of consumables and natural resources. In addition, we have a broad range of recycling and waste management initiatives at our corporate office and distribution centers to address our use of paper products, aluminum cans, glass, electronics and plastic as well as maintenance operations, disposal of non-recyclables with composting and water management. In 2017, we reused or recycled approximately 85% of waste generated at our corporate headquarters.

Additionally, we believe that we also demonstrate marketplace leadership by participating in industry educational workshops and initiatives. Lands' End has formed strategic partnerships with organizations like the Sustainable Apparel Coalition, bluesign, National Forest Foundation, where we have helped plant over 1 million trees, and the Clean Lakes Alliance, where we help protect and improve maintenance of local lakes in Wisconsin. These partnerships, which respectively operate globally, nationally, and locally allow us to engage at a variety of levels.

Corporate Giving. Lands' End is dedicated to helping our communities around the world. Through our efforts, we have strategically partnered with a number of local and national not-for-profit organizations to help people and animals in need.

In 2017, Lands' End partnered with the American Red Cross to provide support to their disaster relief efforts following Hurricanes Harvey, Irma and Maria and the wildfires in California. Our annual Pink Thread™ Project supports the efforts of the Breast Cancer Research Foundation by advancing the world's most promising research to end breast cancer. In addition, we have partnered with the Skin Cancer Foundation, the American Heart Association and Freedom Service Dogs of America. We also partner with local food pantries in support of Hunger Action Month.

Additionally, we help our employees connect with volunteer opportunities in their hometowns and we honor the time they give by matching their fundraising efforts with our contribution program.

History

We were founded in 1963, incorporated in Delaware in 1986 and our common stock was listed on the New York Stock Exchange from 1986 to 2002. On June 17, 2002, we became a wholly owned subsidiary of Sears Roebuck. Sears Holdings distributed 100 percent of the outstanding common stock of Lands' End to its stockholders on April 4, 2014.

According to statements on form Schedule 13D filed with the SEC by ESL, ESL beneficially owned significant portions of both the Company's and Sears Holdings Corporation's outstanding shares of common stock. Therefore Sears Holdings Corporation, the Company's former parent company, is considered a related party both prior to and subsequent to the Separation.

In connection with and subsequent to the Separation, we entered into various agreements with Sears Holdings or its subsidiaries that govern our relationship with Sears Holdings with respect to the Lands' End Shops at Sears, various general corporate services, and other relationships. See Note 11, *Related Party Agreements and Transactions*.

Corporate Information

Our principal executive offices are located at 1 Lands' End Lane, Dodgeville, Wisconsin 53595. Our telephone number is (608) 935-9341.

Available Information, Internet Address and Internet Access to Current and Periodic Reports and Other Information

Our website address is www.landsend.com. References to www.landsend.com do not constitute incorporation by reference of the information at www.landsend.com, and such information is not part of this Annual Report on Form 10-K. We file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and all amendments to those reports electronically with the SEC, and they are available on the SEC's web site (www.sec.gov). We also make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K and amendments to those reports available through our website, free of charge, as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. In addition, all reports filed by Lands' End with the SEC may be read and copied at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

Our Corporate Governance Guidelines, the charters of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Related Party Relationships Committee of the Board of Directors, our Related Party Transactions Policy, our Director Compensation Policy, our Code of Conduct, and our Board of Directors Code of Conduct are available at the "Investor Relations" link under "Corporate Governance" at www.landsend.com.

Executive Officers of the Registrant

The following table sets forth information regarding our executive officers, including their positions.

Name	Position	Age	Date First Became an Executive Officer
Jerome S. Griffith	Chief Executive Officer and President	60	2017
James F. Gooch	Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer	50	2016
Peter L. Gray	Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary	50	2017
Gill Hong	Executive Vice President, Chief Merchandising Officer and Head of International	51	2017
Kelly Ritchie	Senior Vice President, Employee and Customer Services	54	1999

Jerome S. Griffith joined Lands' End as Chief Executive Officer and President and as a member of the Board of Directors in March 2017. He served as the Chief Executive Officer, President and a member of the board of directors of Tumi Holdings, Inc., a manufacturer and retailer of consumer goods including business bags, luggage, apparel and other travel-related goods, from April 2009 until its sale to Samsonite International S.A. in August 2016. From 2002 to February 2009, he was employed at Esprit Holdings Limited, a global fashion brand, where he was promoted to Chief Operating Officer and appointed to the board in 2004, then promoted to President of Esprit North and South America in 2006. From 1999 to 2002, he worked as an executive vice president at Tommy Hilfiger, a global fashion brand. From 1998 to 1999, he worked as the president of retail at the J. Peterman Company, a catalog-based apparel and retail company. From 1989 through 1998, he worked in various positions of increasing responsibility at Gap, Inc., a global clothing and accessories retailer. He has served as a member of the board of Vince Holding Corp. since November 2013, Samsonite International S.A. since August 2016, and Parsons School of Design, which is part of the New School, since September 2013.

James F. Gooch joined the Company as Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer in January 2016. He also served as our Co-Interim Chief Executive Officer from September 2016 to March 2017. From March 2014 until December 2014, he served as Co-Chief Executive Officer and Chief Administrative Officer of DeMoulas Supermarkets, Inc., a regional supermarket chain. He served as President and Chief Executive Officer of RadioShack Corporation, an electronics retailer, from May 2011 to October 2012, as President and Chief Financial Officer of RadioShack Corporation from January 2011 to May 2011, and as Chief Financial Officer of RadioShack Corporation from August 2006 to January 2011. Earlier in his career he was employed by Helene Curtis, The Quaker Oats Company, Kmart Corporation, and Sears Holdings. Mr. Gooch has served as a member of the board of directors of Sears Hometown and Outlet Stores, Inc. since March 2013.

Peter L. Gray joined Lands' End as Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary in May 2017. Mr. Gray served as Executive Vice President, General Counsel and Secretary of Tumi Holdings, Inc., a manufacturer and retailer of consumer goods including business bags, luggage, apparel and other travel-related goods, from December 2013 until November 2016. He was employed by ModusLink Global Solutions, Inc. (formerly CMGI, Inc.), a supply chain business process management company from June 1999 to October 2013. Beginning in March 2002, he was ModusLink's Executive Vice President and General Counsel, additionally becoming its Secretary in December 2005 and its Chief Administrative Officer in June 2012. Prior to joining ModusLink, Mr. Gray was Assistant General Counsel at Cambridge Technology Partners (Massachusetts), Inc., and a junior partner at Hale and Dorr LLP. Mr. Gray also serves as Chairman of the Board of Directors of the Tufts University Hillel Foundation.

Gill Hong joined the Company as Executive Vice President, Chief Merchandising Officer and Head of International in November 2017. From January 2016 until July 2016 she was employed by Gap, Inc., a global clothing and accessories retailer, as an Executive Advisor, consulting primarily for Old Navy. From June 2014 until October 2015 she served as Chief Merchandising Officer for Oakley, Inc. which designs, develops and manufactures sports performance equipment and lifestyle products. She served as Vice President and General Manager of signature sub-brand and Vice President of Younger Customer Initiatives at L.L. Bean, a leading U.S. catalog company and supplier of outdoor gear, from November 2011 until June 2014. Prior to that, she spent 17 years in progressive leadership roles in retail, brand strategy, marketing and merchandising at NIKE leading both global and European businesses.

Kelly Ritchie joined Lands' End in 1985 and has served as Senior Vice President, Employee and Customer Services since 2003, assuming responsibility for our distribution centers in 2005. She served as Senior Vice President, Employee Services from 1999 until 2003. She also served as Vice President of Employee Services from 1995 to 1999 and in various other Customer Service and Employee Services roles from 1985 to 1995.

ITEM 1A. RISK FACTORS

You should carefully consider the following risks and other information in this Annual Report on Form 10-K in evaluating our company and our common stock. Any of the following risks could materially and adversely affect our business, results of operations or financial condition.

Risks Related to Our Business

If we fail to offer merchandise and services that customers want to purchase, our business and results of operations could be adversely affected.

Our products and services must satisfy the desires of customers, whose preferences change over time. In order to be successful, we must identify, obtain supplies of, and offer customers attractive, innovative and high-quality merchandise on a continuous and timely basis. Failure to effectively gauge the direction of customer preferences, or convey a compelling brand image or price/value equation to customers may result in lower sales and resultant lower gross profit margins. This could have an adverse effect on our business and results of operations.

Customer preference for our branded merchandise could change, which may adversely affect our profitability.

Sales of branded merchandise account for substantially all of our total revenues and the Lands' End brand, in particular, is a critical differentiating factor for our business. Our inability to develop products that resonate with our existing customers and attract new customers, our inability to maintain our strict quality standards or to develop, produce and deliver products in a timely manner, or any unfavorable publicity with respect to the foregoing or otherwise could negatively impact the image of our brand with our customers and could result in diminished loyalty to our brand. As customer tastes change, our failure to anticipate, identify and react in a timely manner to emerging fashion trends and appropriately supply our stores, catalogs and websites with attractive high-quality products that maintain or enhance the appeal of our brand could have an adverse effect on our sales, operating margins and results of operations.

The success of our Direct segment, depends on customers' use of our digital platform, including our e-commerce websites, and response to direct mail catalogs and digital marketing; if our overall marketing strategies, including our maintenance of a robust customer list, is not successful, our business and results of operations could be adversely affected.

The success of our Direct segment, which accounted for approximately 88% of our revenues in Fiscal 2017, depends on customers' use of our e-commerce websites and their response to our direct mail catalogs and digital marketing.

The level of customer traffic and volume of customer purchases on our e-commerce websites is substantially dependent on our ability to provide attractive and accessible websites, a high-quality customer experience and reliable delivery of our merchandise. Although the success of our e-commerce websites also has historically been dependent on the performance of our direct mail catalogs, our strategy includes initiatives that are intended to improve marketing productivity and optimize catalog productivity. If we are unable to maintain and increase customers' use of our e-commerce websites and the volume of goods they purchase, including, as a result of changes to the level and types of marketing or amount of spend allocated to each type of marketing, or through our failure to otherwise successfully promote and maintain our e-commerce websites and their associated services, our business and results of operations could be adversely affected.

Customer response to our catalogs and digital marketing is substantially dependent on merchandise assortment, merchandise availability and creative presentation, as well as the selection of customers to whom our catalogs are sent and to whom our digital marketing is directed, changes in mailing strategies and the size of our mailings. Our maintenance of a robust customer list, which we believe includes desirable demographic characteristics for the products we offer, has also been a key component of our overall strategy. If the performance of our catalogs, emails and e-commerce websites decline, or if our overall marketing strategy is not successful, our business and results of operations could be adversely affected.

We depend on information technology and a failure of information technology systems, including with respect to our e-commerce operations, or an inability to effectively upgrade or adapt our systems could adversely affect our business.

We rely on sophisticated information technology systems to operate our business, including the e-commerce websites that drive our direct-to-consumer, Outfitters by Lands' End, and international sales channels and in-store/point-of-sale systems, inventory management, warehouse management and human resources, some of which are based on end-of-life or legacy technology, operate with minimal or no vendor support and are otherwise difficult to maintain. Our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, catastrophic events such as fires, tornadoes and hurricanes, and usage errors by our employees or vendors. Operating legacy systems subjects us to inherent costs and risks associated with maintaining, upgrading and replacing these systems and recruiting and retaining sufficiently skilled personnel to maintain and operate the systems, demands on management time, and other risks and costs. Our e-commerce websites are subject to numerous risks associated with selling merchandise that could have an adverse effect on our results of operations, including unanticipated operating problems, reliance on third-party computer hardware and software providers, system failures and the need to invest in additional and updated computer platforms.

Our information technology systems are potentially vulnerable to malicious intrusion, targeted or random attack or breakdown. Although we have invested in the protection of our data and information technology and also monitor our systems on an ongoing basis, there can be no assurance that these efforts will prevent breakdowns or breaches in our information technology systems that could adversely affect our business.

Sears Holdings point of sale and supply chain management information technology systems are leveraged in support of our Lands' End Shops at Sears. There can be no assurance that Sears Holdings will maintain and protect these information technology systems in such a way that would prevent breakdowns or breaches in such systems, which could adversely affect our business.

Additionally, our success depends, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, enhance our existing services, develop new services and technologies that address the increasingly sophisticated and varied needs of our existing and prospective customers, and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development and operation of our e-commerce websites and other proprietary technology entails significant technical and business risks. We can provide no assurance that we will be able to effectively use new technologies or adapt our e-commerce websites, proprietary technologies and transaction-processing systems to meet customer requirements or emerging industry standards. If we are unable to accurately project the need for such system expansion or upgrade or adapt our systems in a cost-effective and timely manner in response to changing market conditions or customer requirements, whether for technical, legal, financial or other reasons, our business and results of operations could be adversely affected.

Our implementation of an ERP software solution and other information technology systems could result in significant disruptions to our operations.

We have implemented the financial suites as a foundation to our multi-year ERP implementation and other complementary information technology systems that will be upgraded over the next several years. Implementation of these solutions and systems is highly dependent on coordination of numerous software and system providers and internal business teams. The interdependence of these solutions and systems is a significant risk to the successful completion of the initiatives and the failure of any one system could have a material adverse effect on the implementation of our overall information technology infrastructure. We may experience difficulties as we transition to these new or upgraded systems and processes, including loss or corruption of data, delayed shipments, decreases in productivity as our personnel and third party providers implement and become familiar with new systems, increased costs and lost revenues. In addition, transitioning to these new systems requires significant capital investments and personnel resources. Difficulties in implementing new or upgraded information systems or significant system failures could disrupt our operations and have a material adverse effect on our capital resources, financial condition, results of operations or cash flows. Implementation of this new information technology infrastructure has a significant impact on our business processes and information systems across a significant portion of our operations. As a result, we will be undergoing significant changes in our operational processes and internal controls as our implementation progresses, which in turn require significant change management, including recruiting and training of qualified personnel. If we are unable to successfully manage these changes as we implement these systems, including harmonizing our systems, data, processes and reporting analytics, our ability to conduct, manage and control routine business functions could be negatively affected and significant disruptions to our business could occur. In addition, we could incur material unanticipated expenses, including additional costs of implementation or costs of conducting business. These risks could result in significant business disruptions or divert management's attention from key strategic initiatives and have a material adverse effect on our capital resources, financial condition, results of operations or cash flows.

If we do not maintain the security of customer, employee or company information, we could experience damage to our reputation, incur substantial additional costs and become subject to litigation.

Any significant compromise or breach of customer, employee or company data security, whether held and maintained by us or by our third-party providers, or whether intentional or inadvertent, could significantly damage our reputation and result in additional costs, lost sales, fines and lawsuits. The regulatory environment related to information security and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs. There is no guarantee that the procedures that Lands' End or our third party providers have implemented to protect against unauthorized access to secured data are adequate to safeguard against all data security breaches. We could be held liable to our customers or other parties or be subject to regulatory or other actions for breaching privacy and information security laws and regulations, and our business and reputation could be adversely affected by any resulting loss of customer confidence, litigation, civil or criminal penalties or adverse publicity.

The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment-related data is compromised due to a breach or misuse of data, we may have higher transaction fees, be subject to fines or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs.

We conduct business in and rely on sources for merchandise located in foreign markets, and our business may therefore be adversely affected by legal, regulatory, economic and political risks associated with international trade and those markets.

Substantially all of our merchandise is imported from vendors in China and other emerging markets in Asia and Central America, either directly by us or indirectly by distributors who, in turn, sell products to us. We also sell our products in Canada, Northern and Central Europe and Japan, and we may develop a sales presence in other international markets. Our reliance on vendors in and marketing of products to customers in foreign markets create risks inherent in doing business in foreign jurisdictions, including:

- the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions;
- economic and political instability in the countries and regions where our customers or vendors are located;
- adverse fluctuations in currency exchange rates;
- compliance with United States and other country laws relating to foreign operations, including the Foreign Corrupt Practices Act, which prohibits United States companies from making improper payments to foreign officials for the purpose of obtaining or retaining business, and the U.K. Bribery Act, which prohibits U.K. and related companies from any form of bribery;
- changes in United States and non-United States laws (or changes in the enforcement of those laws) affecting the importation and taxation of goods, including duties, tariffs and quotas, enhanced security measures at United States ports, or imposition of new legislation relating to import quotas;
- increases in shipping, labor, fuel, travel and other transportation costs;
- the imposition of anti-dumping or countervailing duty proceedings resulting in the potential assessment of special anti-dumping or countervailing duties;
- transportation delays and interruptions, including due to the failure of vendors or distributors to comply with import regulations; and
- political instability and acts of terrorism.

Any increase in the cost of merchandise purchased from these vendors or restriction on the merchandise made available by these vendors could have an adverse effect on our business and results of operations.

The United Kingdom's referendum on European Union membership (referred to as Brexit), advising for the exit of the United Kingdom from the European Union, followed by the delivery of notice by the United Kingdom government under Article 50 of the treaty on the European Unions has resulted in increased uncertainty in the economic and political environment in Europe, including potential market uncertainty, volatility in currency exchange rates, greater restrictions on imports and exports between United Kingdom and European Union countries and increased regulatory complexities, which could have an adverse effect on our business and results of operations.

Manufacturers in China have experienced increased costs in recent years due to shortages of labor and the fluctuation of the Chinese Yuan in relation to the United States dollar. If we are unable to successfully mitigate a significant portion of such product costs, our results of operations could be adversely affected.

New initiatives may be proposed in the United States that may have an impact on the trading status of certain countries and may include retaliatory duties or other trade sanctions that, if enacted, would increase the cost of products purchased from suppliers in such countries with which we do business. Any inability on our part to rely on our foreign sources of production due to any of the factors listed above could have an adverse effect on our business, results of operations and financial condition.

Impairment of relationships with our vendors and/or the failure of our new merchandise sourcing initiatives could have an adverse effect on our competitive position and our business and results of operations.

Most of our arrangements with the vendors that supply a significant portion of our merchandise are vendors that we have long standing relationships but with whom we do not have long-term agreements with, and, therefore, our success depends on maintaining good relations with them. Our growth strategy depends to a significant extent on the willingness and ability of our vendors to efficiently supply merchandise that is consistent with our standards for quality and value. In the event we engage new vendors, it may cause us to encounter delays in production and added costs as a result of the time it takes to train our vendors in producing our products and adhering to our standards. If we cannot obtain a sufficient amount and variety of quality product at acceptable prices, including at prices that offset increased buying agent commissions incurred, it could have a negative impact on our competitive position. This could result in lower revenues and decreased customer interest in our product offerings, which, in turn, could adversely affect our business and results of operations.

Our arrangements with our vendors are generally not exclusive. As a result, our vendors might be able to sell similar or identical products to certain of our competitors, some of which purchase products in significantly greater volume. Our competitors may enter into arrangements with suppliers that could impair our ability to sell those suppliers' products, including by requiring suppliers to enter into exclusive arrangements, which could limit our access to such arrangements or products.

Our business is affected by worldwide economic and market conditions; an unstable economy, a decline in consumer-spending levels and other adverse developments, including inflation, could lead to reduced revenues and gross margins and adversely affect our business, results of operations and liquidity.

Many economic and other factors are outside of our control, including general economic and market conditions, consumer and commercial credit availability, inflation, unemployment, consumer debt levels and other challenges affecting the global economy. Increases in the rates of unemployment, decreases in home values, reduced access to credit and issues related to the domestic and international political situations may adversely affect consumer confidence and disposable income levels. Low consumer confidence and disposable incomes could lead to reduced consumer spending and lower demand for our products, which are discretionary items, the purchase of which can be reduced before customers adjust their budgets for necessities. These factors could have a negative impact on our sales and cause us to increase inventory markdowns and promotional expenses, thereby reducing our gross margins and operating results.

In addition, our liquidity needs are funded by operating cash flows and, to the extent necessary, may be funded by borrowings under our Current ABL Facility. See Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources*. The ability to raise additional financing depends on numerous factors that are outside of our control, including general economic and market conditions, the health of financial institutions, our credit ratings and lenders' assessments of our prospects and the prospects of the retail industry in general. The lenders under any credit facilities or loan agreements we may enter into may not be able to meet their commitments if they experience shortages of capital and liquidity. There can be no assurance that our ability to otherwise access the credit markets will not be adversely affected by changes in the financial markets and the global economy. If we are not able to fulfill our liquidity needs through operating cash flows and/or borrowings under credit facilities or otherwise in the capital markets, our business and financial condition could be adversely affected.

If we cannot compete effectively in the apparel industry, our business and results of operations may be adversely affected.

The apparel industry is highly competitive. We compete with a diverse group of direct-to-consumer companies and retailers, including national department store chains, men's and women's specialty apparel chains, outdoor specialty stores, apparel catalog businesses, sportswear marketers and online apparel businesses that sell similar lines of merchandise. Brand image, marketing, design, price, service, quality, image presentation and fulfillment are all competitive factors. Our competitors may be able to adopt more aggressive pricing policies, adapt to changes in customer tastes or requirements more quickly, devote greater resources to the design, sourcing, distribution, marketing and sale of their products, or generate greater national brand recognition than us. An inability to overcome these potential competitive disadvantages or effectively market our products relative to our competitors could have an adverse effect on our business and results of operations. Similarly, our inability to market and sell our products in foreign jurisdictions could have an adverse effect on our business and results of operations.

Our approach to merchandise promotions and markdowns to encourage consumer purchases could adversely affect our gross margins and results of operations.

The apparel industry is dominated by large brands and national/mass retailers, where price competition, promotion, and branded product assortment drive differentiation between competitors in the industry. In order to be competitive, we must offer customers compelling products at attractive prices, including through promotions and markdowns as appropriate, and we have operated in a highly promotional retail environment in recent periods. Heavy reliance on promotions and markdowns to encourage customers to purchase our merchandise, could have a negative impact on our brand equity, gross margins and results of operations.

Our efforts to expand our channels and geographic reach may not be successful.

Our strategy includes initiatives to reach under-penetrated regional markets in the United States and pursue international expansion in a number of countries around the world, through a number of channels and brands, including through relationships with third party e-commerce platforms. We have limited experience operating in many of these locations and with third parties, and face major, established competitors and barriers to entry. In addition, in many of these international locations, the real estate, employment and labor, transportation and logistics, regulatory and other operating requirements differ dramatically from those in the places where we have experience. Foreign currency exchange rate fluctuations may also adversely affect our international operations and sales, including by increasing the cost of business in certain locations. Moreover, consumer tastes and trends may differ in many of these locations from those in our existing locations, and as a result, the sales of our products may not be successful or profitable. If our expansion efforts are not successful or do not deliver an appropriate return on our investments, our business could be adversely affected.

The results of our Retail segment depend on the performance of our Lands' End Shops at Sears; if Sears Roebuck sells or disposes of its retail stores or if its retail business does not adequately promote their business or does not attract customers, our business and results of operations could be adversely affected.

The Retail segment, which accounted for approximately 12.3% of our revenues in Fiscal 2017, depends on the performance of our Lands' End Shops at Sears. We operated 174 Lands' End Shops at Sears as of the end of Fiscal 2017. These stores had revenues of approximately \$150.0 million in Fiscal 2017, representing 87% of our Retail sales and 11% of our overall sales for Fiscal 2017. The Lands' End Shops at Sears may decrease or be eliminated entirely if Sears Roebuck sells, disposes of or transfers ownership or control of any or all of its retail stores. The performance and appeal of Sears stores and foot traffic within Sears stores, therefore, have a major impact on the sales of our Retail segment.

In addition, under our retail operations agreement and leases with Sears Roebuck, we depend on Sears Roebuck for various retail services and employees to support the Lands' End Shops at Sears, including providing a dedicated, well-trained staff to directly engage with customers at the Lands' End Shops at Sears, effective inventory management, safeguarding of our assets, and maintaining dedicated sales areas for Lands' End branded products and shopping lounges where customers can search our offerings via the Internet and catalog. If Sears Roebuck does not provide these services going forward with the standard of quality and in accordance with our agreements with Sears Roebuck and does not deliver a rewarding shopping experience to our customers, our reputation could suffer and our business and results of operations could be adversely affected.

Under the terms of the master lease agreement and master sublease agreement pursuant to which Sears Roebuck leases or subleases to us the premises for the Lands' End Shops at Sears, Sears Roebuck has certain rights to (1) relocate our leased premises within the building in which such premises are located, subject to certain limitations, including our right to terminate the applicable lease if we are not satisfied with the new premises, and (2) terminate without liability the lease with respect to a particular Lands' End Shop if the overall Sears store in which such Lands' End Shop is located is closed or sold. Sears Holdings announced that it intends to continue to right-size, redeploy and highlight the value of its assets, including its real estate portfolio, in its transition from an asset-intensive, store-focused retailer and that it has entered into lease agreements with third party retailers for stand-alone stores. On July 7, 2015, Sears Holdings completed a rights offering and sale-leaseback transaction (the "Seritage transaction") with Seritage Growth Properties ("Seritage"), an independent publicly traded real estate investment trust. Sears Holdings disclosed that as part of the Seritage transaction, it sold 235 properties to Seritage (the "REIT properties") along with Sears Holdings' 50% interest in each of three real estate joint ventures (collectively, the "JVs"). Sears Holdings also disclosed that it contributed 31 properties to the JVs (the "JV properties"). As of February 2, 2018, 36 of the REIT properties contained a Lands' End Shop and 10 of the JV properties contained a Lands' End Shop, the leases with respect to which Sears Roebuck retained for its own account. Sears Holdings disclosed that Seritage and the JVs have a recapture right with respect to approximately 50% of the space within the stores at the REIT properties and JV properties (subject to certain exceptions), and with respect to nine of the stores that contain a Lands' End Shop, Seritage has the additional right to recapture 100% of the space within the Sears Roebuck store. If Sears Roebuck continues to dispose of retail stores that contain Lands' End Shops, and/or offer us relocation alternatives for Lands' End Shops that are less attractive than the current premises, our business and results of operations could be adversely affected.

Our efforts to build out our stand alone stores and implement a new store concept may not be successful.

In order to generate customer traffic we will seek to locate our new stores in prominent locations within successful shopping areas. Sales at these new stores will be derived from the volume of traffic. Our sales volume and store traffic generally may be adversely affected by, among other things, economic downturns in a particular area, competition from e-commerce retailers, non-mall retailers and other malls, increases in gasoline prices, fluctuations in exchange rates in border or tourism-oriented locations and the closing or decline in popularity of other stores in the vicinity in which we are located.

Our strategy includes the design and implementation of a standardized store concept in our new store locations. If customers are not receptive of our new store concept, projected store sales and profitability may suffer. Additionally, as Sears Holdings continues to close stores containing a Lands' End Shop, it is possible that we may be unable to open enough stores to fully compensate for the loss of revenues from closures.

If we fail to timely and effectively obtain shipments of products from our vendors and deliver merchandise to our customers, our business and operating results could be adversely affected.

We do not own or operate any manufacturing facilities and therefore depend upon independent third-party vendors for the manufacture of our merchandise. We cannot control all of the various factors that might affect timely and effective procurement of supplies of product from our vendors and delivery of merchandise to our customers. A majority of the products that we purchase must be shipped to our distribution centers in Dodgeville, Reedsburg and Stevens Point, Wisconsin; Oakham, United Kingdom; and Fujieda, Japan. While our reliance on a limited number of distribution centers provides certain efficiencies, it also makes us more vulnerable to natural disasters, weather-related disruptions, accidents, system failures or other unforeseen causes that could delay or impair our ability to fulfill customer orders and/or ship merchandise to our stores, which could adversely affect sales. Our ability to mitigate the adverse impacts of these events depends in part upon the effectiveness of our disaster preparedness and response planning, as well as business continuity planning. Our utilization of imports also makes us vulnerable to risks associated with products manufactured abroad, including, among other things, risks of damage, destruction or confiscation of products while in transit to a distribution center, organized labor strikes and work stoppages such as the recent labor dispute that disrupted operations at ports-of-entry on the west coast of the United States, transportation and other delays in shipments, including as a result of heightened security screening and inspection processes or other port-of-entry limitations or restrictions in the United States, the United Kingdom and Japan, unexpected or significant port congestion, lack of freight availability and freight cost increases. In addition, if we experience a shortage of a popular item, we may be required to arrange for additional quantities of the item, if available, to be delivered through airfreight, which is significantly more expensive than standard shipping by sea. We may not be able to obtain sufficient freight capacity on a timely basis or at favorable shipping rates and, therefore, may not be able to timely receive merchandise from vendors or deliver products to customers.

We rely upon third-party land-based and air freight carriers for merchandise shipments from our distribution centers to customers. Accordingly, we are subject to the risks, including labor disputes, union organizing activity, inclement weather and increased transportation costs, associated with such carriers' ability to provide delivery services to meet outbound shipping needs. In addition, if the cost of fuel rises or remains at current levels, the cost to deliver merchandise from distribution centers to customers may rise, and, although some of these costs are paid by our customers, such costs could have an adverse impact on our profitability. Failure to procure and deliver merchandise to customers in a timely, effective and economically viable manner could damage our reputation and adversely affect our business. In addition, any increase in distribution costs and expenses could adversely affect our future financial performance.

If we are unable to protect or preserve the image of our brands and our intellectual property rights, our business may be adversely affected.

We regard our copyrights, service marks, trademarks, trade dress, trade secrets and similar intellectual property as critical to our success. As such, we rely on trademark and copyright law, trade secret protection and confidentiality agreements with our associates, consultants, vendors and others to protect our proprietary rights. Nevertheless, the steps we take to protect our proprietary rights may be inadequate and we may experience difficulty in effectively limiting unauthorized use of our trademarks and other intellectual property worldwide. Unauthorized use of our trademarks, copyrights, trade secrets or other proprietary rights may cause significant damage to our brands and our ability to effectively represent ourselves to agents, suppliers, vendors, licensees and/or customers. While we intend to enforce our trademark and other proprietary rights, there can be no assurance that we are adequately protected in all countries or that we will prevail when defending our trademark and proprietary rights. If we are unable to protect or preserve the value of our trademarks or other proprietary rights for any reason, or if we fail to maintain the image of our brands due to merchandise and service quality issues, actual or perceived, adverse publicity, governmental investigations or litigation, or other reasons, our brands and reputation could be damaged and our business may be adversely affected.

Third parties may sue us for alleged infringement of their proprietary rights. The party claiming infringement might have greater resources than we do to pursue its claims, and we could be forced to incur substantial costs and devote significant management resources to defend against such litigation. If the party claiming infringement were to prevail, we could be forced to discontinue the use of the related trademark or design and/or pay significant damages, or to enter into expensive royalty or licensing arrangements with the prevailing party, assuming these royalty or licensing arrangements are available at all on an economically feasible basis, which they may not be.

We could incur charges due to impairment of goodwill, other intangible assets and long-lived assets.

As of February 2, 2018, we had goodwill and intangible asset balances totaling \$367.0 million, which are subject to testing for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Our intangible assets consist of \$257.0 million for our trade name and goodwill of \$110.0 million. Any event that impacts our reputation could result in impairment charges for our trade name. Long-lived assets, primarily property and equipment, are also subject to testing for impairment if events or changes in circumstances indicate that the asset might be impaired. A significant amount of judgment is involved in our impairment assessment. If actual results fall short of our estimates and assumptions used in estimating revenue growth, future cash flows and asset fair values, we could incur further impairment charges for intangible assets, goodwill or long-lived assets, which could have an adverse effect on our results of operations. During Fiscal 2017, Fiscal 2016 and Fiscal 2015, the fair value of the Direct reporting unit exceeded the carrying value by 22.9%, 17.1% and 23.8%, respectively, and as such, the Company did not record any goodwill impairment charges. During Fiscal 2017, the fair value exceeded the carrying value by 9.7%, and as such, no trade name impairment charges were recorded. We recorded impairments to our trade name intangible asset of \$173.0 million and 98.3 million in Fiscal 2016 and Fiscal 2015, respectively.

Our failure to retain our executive management team and to attract qualified new personnel could adversely affect our business and results of operations.

We depend on the talents and continued efforts of our executive management team. The loss of members of our executive management may disrupt our business and adversely affect our results of operations. Furthermore, our ability to manage further expansion will require us to continue to train, motivate and manage employees and to attract, motivate and retain additional qualified personnel, including field sales representatives for our Outfitters by Lands' End business. We believe that having personnel who are passionate about our brand and have industry experience and a strong customer service ethic has been an important factor in our historical success, and we believe that it will continue to be important to growing our business. Competition for these types of personnel is intense, and we may not be successful in attracting, assimilating and retaining the personnel required to grow and operate our business profitably. With the seasonal nature of the retail business, over 2,000 flexible part-time employees join us each year to support our varying peak seasons, including the fourth quarter holiday shopping season. An inability to attract qualified seasonal personnel could interrupt our sales during this period.

Fluctuations and increases in the costs of raw materials could adversely affect our business and results of operations.

Our products are manufactured using several key raw materials, including wool, cotton and down, which are subject to fluctuations in price and availability and many of which are produced in emerging markets in Asia and Central America. The prices of these raw materials can be volatile due to the demand for fabrics, weather conditions, supply conditions, government regulations, general economic conditions, crop yields and other unpredictable factors. Such factors may be exacerbated by legislation and regulations associated with global climate change. The prices of these raw materials may also fluctuate based on a number of other factors beyond our control, including commodity prices such as prices for oil, changes in supply and demand, labor costs, competition, import duties, tariffs, anti-dumping duties, currency exchange rates and government regulation. These fluctuations may result in an increase in our transportation costs for freight and distribution, utility costs for our retail stores and overall costs to purchase products from our vendors. Fluctuations in the cost, availability and quality of the raw materials used to manufacture our merchandise could have an adverse effect on our cost of goods, or our ability to meet customer demand.

Increases in postage, paper and printing costs could adversely affect the costs of producing and distributing our catalog and promotional mailings, which could have an adverse effect on our business and results of operations.

Catalog mailings are a key aspect of our business and increases in costs relating to postage, paper and printing would increase the cost of our catalog mailings and could reduce our profitability to the extent that we are unable to offset such increases by raising prices, by implementing more efficient printing, mailing, delivery and order fulfillment systems or by using alternative direct-mail formats.

We currently use the national mail carriers for distribution of substantially all of our catalogs and are therefore vulnerable to postal rate increases. The current economic and legislative environments may lead to further rate increases or a discontinuation of the discounts for bulk mailings and sorting by zip code and carrier routes which Lands' End currently leverages for cost savings.

Paper for catalogs and promotional mailings is a vital resource in the success of our business. The market price for paper has fluctuated significantly in the past and may continue to fluctuate in the future. In addition, future pricing and supply availability of catalog paper may be impacted by the continued consolidation or closings of production facilities in the United States. We do not have multi-year fixed-price contracts for the supply of paper and are not guaranteed access to, or reasonable prices for, the amounts required for the operation of our business over the long term.

We also depend upon external vendors to print and mail our catalogs. The limited number of printers capable of handling such needs subjects us to risks if any printer fails to perform under our agreement. Most of our catalog-related costs are incurred prior to mailing, and we are not able to adjust the costs of a particular catalog mailing to reflect the actual subsequent performance of the catalog.

If we do not efficiently manage inventory levels, our results of operations could be adversely affected.

We must maintain sufficient inventory levels to operate our business successfully, but we must also avoid accumulating excess inventory, which increases working capital needs and lowers gross margins. We obtain substantially all of our inventory from vendors located outside the United States. Some of these vendors often require lengthy advance notice of order requirements in order to be able to supply products in the quantities requested. This usually requires us to order merchandise, and enter into commitments for the purchase of such merchandise, well in advance of the time these products will be offered for sale. As a result, it may be difficult to respond to changes in the apparel, footwear, accessories or home products markets. If we do not accurately anticipate the future demand for a particular product or the time it will take to obtain new inventory, inventory levels will not be appropriate and our results of operations could be adversely affected.

Inventory shrinkage could have a material adverse effect on our business, financial condition and results of operations.

We hold high volumes of inventory and are subject to the attendant risks of inventory loss, spoilage, shrink, scrap and theft (which we collectively refer to as "shrinkage"). Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security costs to combat inventory theft, it could have a material adverse effect on our business, financial condition and results of operations.

We rely on third parties to provide us with services in connection with certain aspects of our business, and any failure by these third parties to perform their obligations could have an adverse effect on our business and results of operations.

We have entered into agreements with third parties for logistics services, information technology systems (including hosting some of our e-commerce websites), onshore and offshore software development and support, merchandise buying agent services, catalog production, distribution and packaging and employee benefits. Services provided by any of our third-party suppliers could be interrupted as a result of many factors, such as acts of nature or contract disputes. Any failure by a third party to provide us with contracted-for services on a timely basis or within service level expectations and performance standards could result in a disruption of our business and have an adverse effect on our business and results of operations.

If our independent vendors do not use ethical business practices or comply with applicable regulations and laws, our reputation could be materially harmed and have an adverse effect on our business and results of operations.

Our reputation and customers' willingness to purchase our products depend in part on our vendors' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, freedom of association, unlawful inducements, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their business. While we operate compliance and monitoring programs to promote ethical and lawful business practices, we do not exercise ultimate control over our independent vendors or their business practices and cannot guarantee their compliance with ethical and lawful business practices. Violation of labor or other laws by vendors, or the divergence of a vendor's labor practices from those generally accepted as ethical in the United States could materially hurt our reputation, which could have an adverse effect on our business and results of operations.

We may be subject to periodic litigation and other regulatory proceedings, including with respect to product liability claims. These proceedings may be affected by changes in laws and government regulations or changes in their enforcement.

From time to time, we may be involved in lawsuits and regulatory actions relating to our business or products we sell or have sold. These proceedings may be in jurisdictions with reputations for aggressive application of laws and procedures against corporate defendants. We are impacted by trends in litigation, including class-action allegations brought under various consumer protection and employment laws, including wage and hour laws, privacy laws, and laws relating to electronic commerce. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have an adverse effect on our business and results of operations. Regardless of the outcome of any litigation or regulatory proceedings, any such proceeding could result in substantial costs and may require that we devote substantial resources to defend the proceeding, which could affect the future premiums we would be required to pay on our insurance policies. Changes in governmental regulations could also have adverse effects on our business and subject us to additional regulatory actions.

Some of the products we sell may expose us to product liability claims relating to personal injury, death or property damage allegedly caused by these products, and could require us to take corrective actions, including product recalls. Although we maintain liability insurance, there is no guarantee that our current or future coverage will be adequate for liabilities actually incurred, or that insurance will continue to be available on economically reasonable terms, or at all. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for significant periods, regardless of the ultimate outcome. Claims of this nature, as well as product recalls, could also have an adverse effect on customer confidence in the products we sell and on our reputation, business and results of operations.

The Company may have significant uncertain impacts related to changes in tax law in the United States.

On December 22, 2017, the Tax Act was signed into law. The Tax Act contains significant changes to corporate taxation, including reduction of the corporate tax rate from 35% to 21%, additional limitations on the tax deductibility of interest, substantial changes to the taxation of foreign earnings, immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modification or repeal of many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the Tax Act is uncertain, and changes in interpretation or tax planning strategies could significantly impact the Company's results of operations, cash flows and financial conditions, as well as the trading price of Common Stock, which could be adversely affected.

We may be subject to assessments for additional state taxes, which could adversely affect our business.

In accordance with current law, we pay, collect and/or remit taxes in those states where we or our subsidiaries, as applicable, maintain a physical presence. While we believe that we have appropriately remitted all taxes based on our interpretation of applicable law, tax laws are complex and their application differs from state to state. It is possible that some taxing jurisdictions may attempt to assess additional taxes and penalties on us or assert either an error in our calculation, a change in the application of law, or an interpretation of the law that differs from our own which may, if successful, adversely affect our business and results of operations.

Our business is seasonal in nature, and any decrease in our sales or margins could have an adverse effect on our business and results of operations.

The apparel industry is highly seasonal, with the highest levels of sales occurring during the fourth quarter of our fiscal year. Our sales and margins during the fourth quarter may fluctuate based upon factors such as the timing of holiday seasons and promotions, the amount of net revenue contributed by new and existing stores, the timing and level of markdowns, competitive factors, weather and general economic conditions. Any decrease in sales or margins, whether as a result of increased promotional activity or because of economic conditions, poor weather or other factors, could have an adverse effect on our business and results of operations. In addition, seasonal fluctuations also affect our inventory levels, since we usually order merchandise in advance of peak selling periods and sometimes before new fashion trends are confirmed by customer purchases. We generally carry a significant amount of inventory, especially before the fourth quarter peak selling periods. If we are not successful in selling inventory during these periods, we may have to sell the inventory at significantly reduced prices, which could adversely affect our business and results of operations.

Unseasonal or severe weather conditions may adversely affect our merchandise sales.

Our business is adversely affected by unseasonal weather conditions. Sales of certain seasonal apparel items, specifically outerwear and swimwear, are dependent, in part, on the weather and may decline in years in which weather conditions do not favor the use of these products. Sales of our spring and summer products, which traditionally consist of lighter clothing and swimwear, are adversely affected by cool or wet weather. Similarly, sales of our fall and winter products, which are traditionally weighted toward outerwear, are adversely affected by mild, dry or warm weather. In addition, severe weather events typically lead to temporarily reduced traffic at our retail locations which could lead to reduced sales of our merchandise. Severe weather events may impact our ability to supply our stores, deliver orders to customers on schedule and staff our stores and fulfillment centers, which could have an adverse effect on our business and results of operations.

Other factors may have an adverse effect on our business, results of operations and financial condition.

Many other factors may affect our profitability and financial condition, including:

- changes in or interpretations of laws and regulations, including changes in accounting standards, taxation requirements, product marketing application standards and environmental laws;
- differences between the fair value measurement of assets and liabilities and their actual value, particularly for intangibles and goodwill; and for contingent liabilities such as litigation, the absence of a recorded amount, or an amount recorded at the minimum, compared to the actual amount;
- changes in the rate of inflation, interest rates and the performance of investments held by us;
- changes in the creditworthiness of counterparties that transact business with or provide services to us; and
- changes in business, economic and political conditions, including war, political instability, terrorist attacks, the threat of future terrorist activity and related military action; natural disasters; the cost and availability of insurance due to any of the foregoing events; labor disputes, strikes, slow-downs or other forms of labor or union activity; and pressure from third-party interest groups.

Additional Risks Related to Our Separation from, and Relationship with, Sears Holdings

If Sears Holdings' financial condition were to deteriorate more than expected, or if Sears Holdings or its subsidiaries fail to perform under various agreements with us as a result of insolvency or otherwise, our business and results of operations could be adversely affected.

In connection with the Separation, we entered into various agreements to effect the Separation and provide a framework for our relationship with Sears Holdings after the Separation, including agreements that require each party to indemnify the other for all liabilities (including third-party claims) incurred or suffered by the other relating to their respective assumed liabilities. We have also entered into various commercial agreements with subsidiaries of Sears Holdings, including a buying office agreement for certain sourcing services, as well as a master lease agreement, a master sublease agreement, a retail operations agreement for the Lands' End Shops at Sears, under which we lease those locations from Sears Roebuck and rely on it and other subsidiaries of Sears Holdings to provide logistics, point-of-sale and related store systems to the Lands' End Shops at Sears. If Sears Holdings' financial condition significantly deteriorates, its ability to perform and satisfy its obligations under its various agreements with us could be negatively impacted. Moreover, if Sears Holdings were to become the subject of insolvency proceedings, a court could, among other things, permit or require Sears Holdings to terminate one or more of its existing agreements or leases with us. If Sears Holdings or its subsidiaries are unable to satisfy their performance and payment obligations under their agreements with us, including their indemnification obligations, or if their agreements or leases with us are rejected in connection with insolvency proceedings, we could suffer operational difficulties, lose the ability to operate some or all of the Lands' End Shops at Sears and incur significant costs or losses, and our financial performance could be materially and adversely affected.

ESL, whose interests may be different from the interests of other stockholders, may be able to exert substantial influence over our company.

According to an amendment to Schedule 13D filed on January 25, 2018 with the SEC, ESL beneficially owned on the filing date 67.1% of our outstanding shares of common stock. Accordingly, ESL could have substantial influence over many, if not all, actions to be taken or approved by our stockholders, and will have a significant voice in the election of directors and any transactions involving a change of control. The interests of ESL, which has investments in other companies (including Sears Holdings), may from time to time diverge from the interests of our other stockholders.

Potential liabilities may arise under fraudulent conveyance and transfer laws and legal capital requirements, which could have an adverse effect on our financial condition and our results of operations.

In the event that any entity involved in the Separation (including certain internal restructuring and financing transactions contemplated to be consummated in connection with the Separation) subsequently fails to pay its creditors or enters insolvency proceedings, these transactions may be challenged under United States federal, United States state and foreign fraudulent conveyance and transfer laws, as well as legal capital requirements governing distributions and similar transactions. If a court were to determine under these laws that, (a) at the time of the Separation, the entity in question: (1) was insolvent; (2) was rendered insolvent by reason of the Separation; (3) had remaining assets constituting unreasonably small capital; (4) intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured; or (b) the transaction in question failed to satisfy applicable legal capital requirements, the court could determine that the Separation was voidable, in whole or in part. Subject to various defenses, the court could then require Sears Holdings or us, or other recipients of value in connection with the Separation (potentially including our stockholders as recipients of shares of our common stock in connection with the Separation), as the case may be, to turn over value to other entities involved in the Separation and related transactions for the benefit of unpaid creditors. The measure of insolvency and applicable legal capital requirements will vary depending upon the jurisdiction whose law is being applied.

Risks Related to Our Indebtedness

Our leverage may place us at a competitive disadvantage in our industry. The agreements governing our debt contain various covenants that impose restrictions on us that may affect our ability to operate our business.

We have significant debt service obligations. Our debt and debt service requirements could adversely affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities. Our level of debt presents the following risks, among others:

- we could be required to use a substantial portion of our cash flow from operations to pay principal (including amortization) and interest on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, strategic acquisitions and other general corporate requirements or causing us to make non-strategic divestitures;
- our interest expense could increase if prevailing interest rates increase, because a substantial portion of our debt bears interest at variable rates;
- our substantial leverage could increase our vulnerability to economic downturns and adverse competitive and industry conditions and could place us at a competitive disadvantage compared to those of our competitors that are less leveraged;
- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business, our industry and changing market conditions and could limit our ability to pursue other business opportunities, borrow more money for operations or capital in the future and implement our business strategies;
- our level of debt may restrict us from raising additional financing on satisfactory terms to fund working capital, capital expenditures, strategic acquisitions and other general corporate requirements;
- the agreements governing our debt contain covenants that limit our ability to pay dividends or make other restricted payments and investments;

- the agreements governing our debt contain operating covenants that limit our ability to engage in activities that may be in our best interests in the long term, including, without limitation, by restricting our subsidiaries' ability to incur debt, create liens, enter into transactions with affiliates or prepay certain kinds of indebtedness; and
- the failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of the applicable debt, may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies, and in the event our creditors accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that debt.

We may need additional financing in the future for our general corporate purposes or growth strategies, and such financing may not be available on favorable terms, or at all, and may be dilutive to existing stockholders.

We may need to seek additional financing for our general corporate purposes or growth strategies. We may be unable to obtain any desired additional financing on terms favorable to us, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our expansion, successfully develop or enhance our products, or respond to competitive pressures, any of which could negatively affect our business. If we raise additional funds through the issuance of equity securities, our stockholders could experience dilution of their ownership interest. If we raise additional funds by issuing debt, we may be subject to limitations on our operations due to restrictive covenants.

Risks Related to Our Common Stock

Our common stock price may decline if ESL decides to sell a portion of its holdings of our common stock.

ESL will, in its sole discretion, determine the timing and terms of any transactions with respect to its shares common stock of the Company, taking into account business and market conditions and other factors that it deems relevant. ESL is not subject to any contractual obligation to maintain its ownership position in us, although it may be subject to certain transfer restrictions imposed by securities law. Consequently, we cannot assure you that ESL will maintain its ownership interest in us. Any sale by ESL of our common stock or any announcement by ESL that it has decided to sell shares of our common stock, or the perception by the investment community that ESL has sold or decided to sell shares of our common stock, could have an adverse impact on the price of our common stock.

Our share price may be volatile.

The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which we operate; and
- domestic and worldwide economic conditions.

Further, when the market price of a company's common stock drops significantly, stockholders often initiate securities class action lawsuits against the company. A lawsuit against Lands' End could cause us to incur substantial costs and could divert the time and attention of our senior management and other resources.

Your percentage ownership in Lands' End may be diluted in the future.

In the future, your percentage ownership in Lands' End may be diluted because of equity issuances for acquisitions, strategic investments, capital market transactions or otherwise, including equity awards that we may grant to our directors, officers and employees. The Compensation Committee of our Board of Directors may grant additional stock-based awards to our employees, which would have a dilutive effect on our earnings per share, and which could adversely affect the market price of our common stock. From time to time, we may issue additional stock-based awards to our employees under our employee benefits plans.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Facilities and Store Locations

We own or lease domestic and international properties used as offices, customer sales/service centers, distribution centers and retail stores. We believe that our existing facilities are well maintained and are sufficient to meet our current needs. We review all leases set to expire in the short term to determine the appropriate action to take with respect to them, including moving or closing stores or entering into new leases.

Domestic Headquarters, Customer Service and Distribution Properties

The headquarters for our business is located on an approximately 200 acre campus in Dodgeville, Wisconsin. The Dodgeville campus includes approximately 1.7 million square feet of building space between eight different buildings that are all owned by Lands' End. The primary functions of these buildings are customer sales/service, distribution center and corporate headquarters. We also own customer sales/service and distribution centers in Reedsburg and Stevens Point, Wisconsin.

International Office, Customer Service and Distribution Properties

We own a distribution center and customer sales/service center in Oakham, United Kingdom that supports our northern European business. We lease two buildings in Mettlach, Germany for customer sales/service center supporting our central European business. We also lease office space in Shin Yokohama, Japan for a customer sales/service center as well as general administrative offices and a distribution center in Fujieda, Japan.

Lands' End Retail Properties

As of February 2, 2018, our Retail segment consists of 174 Lands' End Shops at Sears, which averaged approximately 7,700 square feet, and 14 Lands' End stores, which averaged approximately 7,600 square feet. The Direct segment has one Lands' End school uniform store, which has approximately 1,800 square feet. We lease the premises of our Lands' End Shops at Sears from Sears Roebuck. Under the terms of the master lease agreement and master sublease agreement pursuant to which Sears Roebuck leases or subleases to us the premises for the Lands' End Shops at Sears, Sears Roebuck has certain rights to (1) relocate our leased premises within the building in which such premises are located, subject to certain limitations, including our right to terminate the applicable lease if we are not satisfied with the new premises, and (2) terminate without liability the lease with respect to a particular Lands' End Shop if the overall Sears store in which such Lands' End Shop is located is closed or sold. With respect to our Lands' End stores and the Lands' End school uniform store, as of February 2, 2018, 13 were leased and two were owned, with 12 located in the United States, two in the United Kingdom and one in Germany.

The following table summarizes the fiscal years in which all remaining Lands' End Shops at Sears stores are currently contracted to expire within:

	Number of Stores
Fiscal 2018	94
Fiscal 2019	80

ITEM 3. LEGAL PROCEEDINGS

From time to time we are involved in various claims, legal proceedings and investigations arising in the ordinary course of business. Some of these actions involve complex factual and legal issues and are subject to uncertainties. At this time, the Company is not able to either predict the outcome of these legal proceedings or reasonably estimate a potential range of loss with respect to the proceedings. While it is not feasible to predict the outcome of pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on our results of operations, cash flows or financial position.

See Part II, Item 8, *Financial Statements and Supplementary Data and Notes to Consolidated Financial Statements*, Note 10, *Commitments and Contingencies*, for additional information regarding legal proceedings (incorporated herein by reference).

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Lands' End's common stock is traded on the NASDAQ Stock Market under the ticker symbol LE. There were 8,210 stockholders of record at March 22, 2018. The quarterly high and low sales prices for Lands' End common stock are set forth below.

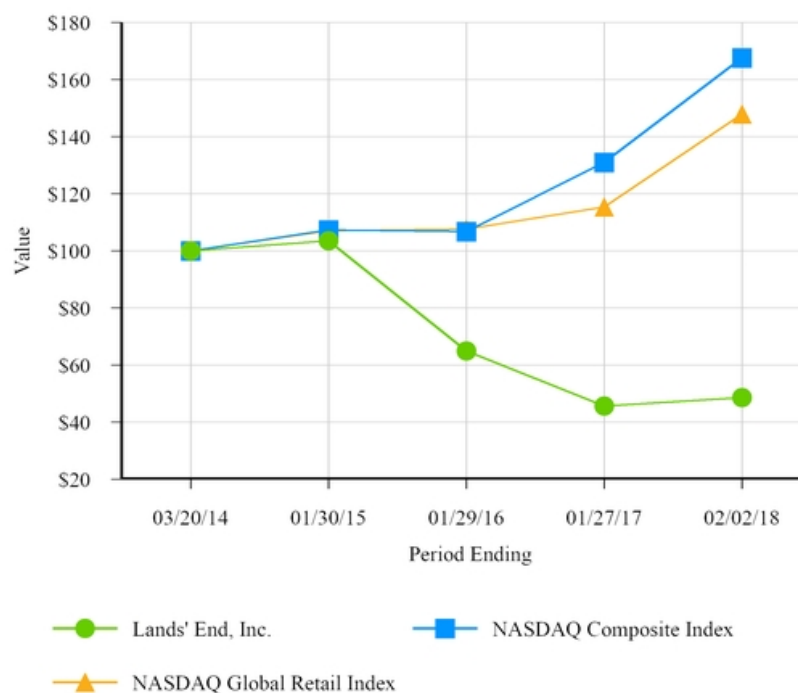
	Fiscal 2017			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Common Stock Price				
High	\$23.75	\$24.80	\$14.95	\$20.78
Low	15.05	13.15	11.20	10.55

	Fiscal 2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Common Stock Price				
High	\$26.30	\$23.61	\$18.81	\$18.40
Low	21.48	14.71	14.60	15.30

See accompanying Notes to Consolidated Financial Statements.

Stock Performance Graph

The following graph compares the cumulative total return to stockholders on Lands' End common stock from March 20, 2014, the first day our common stock began "when-issued" trading on the NASDAQ Stock Market, through February 2, 2018, the last day of Fiscal 2017, with the return on the NASDAQ Composite Index and the NASDAQ Global Retail Index for the same period. Our common stock began "regular-way" trading following the Separation on April 7, 2014. The graph assumes an initial investment of \$100 on March 20, 2014 in each of our common stock, the NASDAQ Composite Index and the NASDAQ Global Retail Index.



	3/20/2014	1/30/2015	1/29/2016	1/27/2017	2/2/2018
Lands' End, Inc.	\$ 100	\$ 104	\$ 65	\$ 46	\$ 49
NASDAQ Composite Index	\$ 100	\$ 107	\$ 107	\$ 131	\$ 168
NASDAQ Retail Index	\$ 100	\$ 107	\$ 108	\$ 115	\$ 148

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act or incorporated by reference into any of our filings, as amended, with the SEC, except as shall be expressly set forth by specific reference in such filing.

Dividends

Except for a \$500.0 million dividend we paid to a subsidiary of Sears Holdings prior to the Separation, we have not paid, and we do not expect to pay in the foreseeable future, dividends on our common stock. Any payment of dividends will be at the discretion of our board of directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, any contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant. Additionally, the Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, and subject to specified exceptions, restrict the ability of Lands' End and its subsidiaries to make dividends or distributions with respect to capital stock.

ITEM 6. SELECTED FINANCIAL DATA

The Consolidated Statements of Operations Data set forth below for the fiscal years ended February 2, 2018, January 27, 2017 and January 29, 2016 and the Consolidated Balance Sheet Data as of February 2, 2018 and January 27, 2017 are derived from the audited Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K. The Consolidated Statements of Operations Data for the fiscal years ended January 30, 2015 and January 31, 2014 and the Consolidated Balance Sheet data as of January 29, 2016, January 30, 2015 and January 31, 2014 are derived from the audited Consolidated and Combined Financial Statements not included in this Annual Report on Form 10-K. All historical financial and other data prior to the Separation reflects the Lands' End business of Sears Holdings, and the historical financial and other data subsequent to the Separation include the accounts of Lands' End, Inc. and its subsidiaries which are collectively referred to herein as "our" historical financial and other data. See Note 1, *Background and Basis of Presentation*, to the Consolidated Financial Statements and accompanying notes.

The selected historical consolidated and combined financial statement and other financial data presented below should be read in conjunction with our Consolidated Financial Statements and accompanying notes and Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, included elsewhere in this Annual Report on Form 10-K.

(in thousands, except per share data and number of stores)	Fiscal Year				
	2017	2016	2015	2014 ⁽¹⁾	2013 ⁽¹⁾
Consolidated Statement of Operations Data⁽²⁾					
Net revenue	\$ 1,406,677	\$ 1,335,760	\$ 1,419,778	\$ 1,555,353	\$ 1,562,876
Net income (loss) ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$ 28,195	\$ (109,782)	\$ (19,548)	\$ 73,799	\$ 78,847
Basic and diluted earnings (loss) per common share⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ ⁽⁷⁾	\$ 0.88	\$ (3.43)	\$ (0.61)	\$ 2.31	\$ 2.47
Basic average shares outstanding	32,076	32,021	31,979	31,957	31,957
Diluted average shares outstanding	32,110	32,021	31,979	32,016	31,957
Consolidated Balance Sheet Data					
Total assets	\$ 1,124,135	\$ 1,114,391	\$ 1,288,526	\$ 1,349,999	\$ 1,194,275
Other Financial and Operating Data					
Adjusted EBITDA ⁽⁸⁾	\$ 58,264	\$ 39,832	\$ 107,288	\$ 164,298	\$ 150,010
Number of stores at year end	189	230	246	255	290

- (1) Fiscal 2014 and Fiscal 2013 show results of the Company with combined financial information that may not be indicative of future performance and does not necessarily reflect what the financial position and results of operations would have been had the Company operated as a publicly traded company independent from Sears Holdings during those periods.
- (2) The Company's fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. Fiscal year 2017 consisted of 53 weeks. All other fiscal years consisted of 52 weeks.
- (3) Fiscal 2016 Net loss includes an impairment charge of \$173.0 million, \$107.8 million net of tax, related to the non-cash write-down of the Company's trade name intangible asset, Lands' End.
- (4) Fiscal 2015 Net loss includes an impairment charge of \$98.3 million, \$62.0 million net of tax, related to the non-cash write-down of the Company's trade name intangible asset, Lands' End.
- (5) Fiscal 2017, Fiscal 2016, Fiscal 2015 and Fiscal 2014 Net income (loss) includes interest expense and stand-alone public company expenses which did not exist in prior periods.
- (6) Fiscal 2017 Net income includes the impact of the Tax Act reform. See Note 9, *Income Taxes*, for additional details.

(7) On April 4, 2014, Sears Holdings distributed 31,956,521 shares of Lands' End common stock. The computation of basic and diluted shares for all periods prior to April 4, 2014 was calculated using the number of shares of Lands' End common stock outstanding on April 4, 2014. The same number of shares was used to calculate basic and diluted earnings per share, where applicable. Refer to Note 2, *Summary of Significant Accounting Policies*, to the Consolidated and Combined Financial Statements for information regarding earnings per share.

(8) *Adjusted EBITDA*—In addition to our Net income (loss) determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), for purposes of evaluating operating performance, we use Adjusted EBITDA, which is adjusted to exclude certain significant items as set forth below. Our management uses Adjusted EBITDA to evaluate the operating performance of our business for comparable periods. This metric is also incorporated into executive compensation plans. Adjusted EBITDA should not be used by investors or other third parties as the sole basis for formulating investment decisions as it excludes a number of important cash and non-cash recurring items. Adjusted EBITDA should not be considered as a substitute for GAAP measurements.

While Adjusted EBITDA is a non-GAAP measurement, management believes that it is an important indicator of operating performance, and useful to investors, because:

- EBITDA excludes the effects of financings, investing activities and tax structure by eliminating the effects of interest, depreciation and income tax costs or benefits.
- Other significant items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of results. We have adjusted our results for these items to make our statements more comparable and therefore more useful to investors as the items are not representative of our ongoing operations.
 - Intangible asset impairment—charge associated with the non-cash write-down of our trade name intangible asset, Lands' End, in Fiscal 2016 and Fiscal 2015.
 - Product recall—costs associated with a recall in Fiscal 2014 and the subsequent reversal of some costs in Fiscal 2016 and Fiscal 2015 as customer return rates were lower than Company estimates.
 - Transfer of corporate functions—severance and contract losses associated with a transition of certain corporate activities from our New York office to our Dodgeville headquarters.
 - Gain or loss on the sale of property and equipment—management considers the gains or losses on sale of assets to result from investing decisions rather than ongoing operations.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most comparable GAAP measure for each of the periods indicated:

<i>(in thousands)</i>	Fiscal Year				
	2017	2016	2015	2014 ⁽¹⁾	2013 ⁽¹⁾
Net income (loss)	\$ 28,195	\$ (109,782)	\$ (19,548)	\$ 73,799	\$ 78,847
Income tax (benefit) expense	(27,747)	(69,098)	(9,691)	46,758	49,544
Other expense (income), net	2,708	1,619	(671)	(1,408)	(50)
Interest expense	25,929	24,630	24,826	20,494	—
Intangible asset impairment	—	173,000	98,300	—	—
Depreciation and amortization	24,910	19,003	17,399	19,703	21,599
Product recall	—	(212)	(3,371)	4,713	—
Transfer of corporate functions	3,921	—	—	—	—
Loss on sale of property and equipment	348	672	44	239	70
Adjusted EBITDA	<u>\$ 58,264</u>	<u>\$ 39,832</u>	<u>\$ 107,288</u>	<u>\$ 164,298</u>	<u>\$ 150,010</u>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the Consolidated Financial Statements and accompanying notes included elsewhere in this Annual Report on Form 10-K. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. See "Cautionary Statements Concerning Forward-Looking Statements" below and Item 1A, Risk Factors, in this Annual Report on Form 10-K and for a discussion of the uncertainties, risks and assumptions associated with these statements.

As used in this Annual Report on Form 10-K, references to the "Company", "Lands' End", "we", "us", "our" and similar terms refer to Lands' End, Inc. and its subsidiaries. Our fiscal year ends on the Friday preceding the Saturday closest to January 31. Other terms that are commonly used in this Annual Report on Form 10-K are defined as follows:

- ABL Facilities - Collectively the Prior ABL Facility and the Current ABL Facility
- ASU - FASB Accounting Standards Update
- Current ABL Facility - Asset-based senior secured credit agreement, dated as of November 16, 2017, with Wells Fargo, N.A. and certain other lenders
- ERP - enterprise resource planning software solutions
- ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert
- Debt Facilities - Collectively, the ABL Facilities and the Term Loan Facility
- FASB - Financial Accounting Standards Board
- Fiscal 2018 - The Company's next fiscal year representing the 52 weeks ending February 1, 2019
- Fiscal 2017 - The 53 weeks ended February 2, 2018
- Fiscal 2016 - The 52 weeks ended January 27, 2017
- Fiscal 2015 - The 52 weeks ended January 29, 2016
- GAAP - Accounting principles generally accepted in the United States
- LIBOR - London inter-bank offered rate
- Prior ABL Facility - Asset-based senior secured credit agreement, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders, terminated November 16, 2017
- Same Store Sales - Net revenue, from stores that have been open for at least 12 full months where selling square footage has not changed by 15% or more within the past year
- Sears Holdings or Sears Holdings Corporation - Sears Holdings Corporation, a Delaware corporation, and its consolidated subsidiaries (other than, for all periods following the Separation, Lands' End)
 - Sears Roebuck - Sears, Roebuck and Co., a wholly owned subsidiary of Sears Holdings
 - SEC - United States Securities and Exchange Commission
 - Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders
 - Tax Sharing Agreement - A tax sharing agreement entered into by Sears Holdings Corporation and Lands' End in connection with the Separation
 - Term Loan Facility - Term loan credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders
 - UK Borrower - A United Kingdom subsidiary borrower of Lands' End under the Prior ABL Facility
 - UTBs - Gross unrecognized tax benefits

Executive Overview

Introduction

Management's discussion and analysis of financial condition and results of operations accompanies our consolidated financial statements and provides additional information about our business, financial condition, liquidity and capital resources, cash flows and results of operations. We have organized the information as follows:

- *Executive overview.* This section provides a brief description of our business, accounting basis of presentation and a brief summary of our results of operations.
- *Discussion and analysis.* This section highlights items affecting the comparability of our financial results and provides an analysis of our consolidated and segment results of operations for Fiscal 2017, Fiscal 2016 and Fiscal 2015.
- *Liquidity and capital resources.* This section provides an overview of our historical and anticipated cash and financing activities. We also review our historical sources and uses of cash in our operating, investing and financing activities.
- *Contractual Obligations and Off-Balance-Sheet Arrangements.* This section provides details of the Company's off-balance-sheet arrangements and contractual obligations for the next five years and thereafter.
- *Financial Instruments with Off-Balance-Sheet Risk.* This section discusses financial instruments of the Company that could have off-balance-sheet risk.
- *Quantitative and qualitative disclosures about market risk.* This section discusses how we monitor and manage market risk related to changing currency rates. We also provide an analysis of how adverse changes in market conditions could impact our results based on certain assumptions we have provided.
- *Application of critical accounting policies and estimates.* This section summarizes the accounting policies that we consider important to our financial condition and results of operations and which require significant judgment or estimates to be made in their application.

Description of the Company

Lands' End, Inc. is a leading multi-channel retailer of casual clothing, accessories and footwear, as well as home products. We offer products through catalogs, online at www.landsend.com and affiliated specialty and international websites and through retail locations, primarily at Lands' End Shops at Sears and Lands' End stores. We are a classic American lifestyle brand with a passion for quality, legendary service and real value, and we seek to deliver timeless style for men, women, kids and the home. Lands' End was founded in 1963 in Chicago by Gary Comer and his partners to sell sailboat hardware and equipment by catalog. While our product focus has shifted significantly over the years, we have continued to adhere to our founder's motto as one of our guiding principles: "Take care of the customer, take care of the employee and the rest will take care of itself."

The Company identifies reportable segments according to how business activities are managed and evaluated. The Company's reportable segments are strategic business units that offer similar products and services but are sold either directly from our warehouses (Direct) or through our retail stores (Retail).

Basis of Presentation

Our historical Combined Financial Statements have been prepared on a stand-alone basis and have been derived from the consolidated financial statements of Sears Holdings and accounting records of Sears Holdings. The Combined Financial Statements include Lands' End, Inc. and subsidiaries and certain other items related to the Lands' End business which were held by Sears Holdings prior to the Separation, primarily the Lands' End Shops at Sears. These items were contributed by Sears Holdings to Lands' End, Inc. prior to the Separation. These historical Combined Financial Statements reflect our financial position, results of operations and cash flows in conformity with GAAP.

Through April 4, 2014, Sears Holdings Corporation's investment in Lands' End is shown as Net parent company investment in the Balance Sheet. Upon completion of the Separation, the Company had 31,956,521 shares of common stock outstanding at a par value of \$0.01 per share. After Separation adjustments were recorded, the remaining Net parent company investment, which includes all earnings prior to the Separation, was transferred to Additional paid-in capital.

Related party

Following the Separation, we began operating as a separate, publicly traded company, independent from Sears Holdings. According to statements on Schedule 13D filed with the SEC by ESL, ESL beneficially owned significant portions of both the Company's and Sears Holdings Corporation's outstanding shares of common stock. Therefore Sears Holdings Corporation, the Company's former parent company, is considered a related party both prior to and subsequent to the Separation.

Seasonality

We experience seasonal fluctuations in our net revenue and operating results and historically have realized a significant portion of our net revenue and earnings for the year during our fourth fiscal quarter. We generated 36.3%, 34.4% and 33.4% of our net revenue in the fourth fiscal quarter of Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. Thus, lower than expected fourth quarter net revenue could have an adverse impact on our annual operating results.

Working capital requirements typically increase during the second and third quarters of the fiscal year as inventory builds to support peak shipping/selling periods and, accordingly, typically decrease during the fourth quarter of the fiscal year as inventory is shipped/sold. Cash provided by operating activities is typically higher in the fourth quarter of the fiscal year due to reduced working capital requirements during that period.

Results of Operations

Fiscal Year. Our fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. The fiscal periods in this report are presented as follows, unless the context otherwise requires:

Fiscal Year	Ended	Weeks
2017	February 2, 2018	53
2016	January 27, 2017	52
2015	January 29, 2016	52

As noted in the above table, Fiscal 2017 had 53 weeks. When comparing Fiscal 2017 to Fiscal 2016, the Company may reference the amount of variance due to the extra week. This will be referred to as the 53rd week and represents the last week of Fiscal 2017.

The following tables sets forth, for the periods indicated, selected income statement data:

<i>(in thousands)</i>	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	\$'s	% of Net Revenue	\$'s	% of Net Revenue	\$'s	% of Net Revenue
Net revenue	\$ 1,406,677	100.0 %	\$ 1,335,760	100.0 %	\$ 1,419,778	100.0 %
Cost of sales (excluding depreciation and amortization)	809,474	57.5 %	759,352	56.8 %	767,189	54.0 %
Gross profit	597,203	42.5 %	576,408	43.2 %	652,589	46.0 %
Selling and administrative	538,939	38.3 %	536,576	40.2 %	545,301	38.4 %
Depreciation and amortization	24,910	1.8 %	19,003	1.4 %	17,399	1.2 %
Intangible asset impairment	—	— %	173,000	13.0 %	98,300	6.9 %
Other operating expense (income), net	4,269	0.3 %	460	— %	(3,327)	(0.2)%
Operating income (loss)	29,085	2.1 %	(152,631)	(11.4)%	(5,084)	(0.4)%
Interest expense	25,929	1.8 %	24,630	1.8 %	24,826	1.7 %
Other expense (income), net	2,708	0.2 %	1,619	0.1 %	(671)	— %
Income (loss) before income taxes	448	— %	(178,880)	(13.4)%	(29,239)	(2.1)%
Income tax benefit	(27,747)	(2.0)%	(69,098)	(5.2)%	(9,691)	(0.7)%
Net income (loss)	\$ 28,195	2.0 %	\$ (109,782)	(8.2)%	\$ (19,548)	(1.4)%

Depreciation and amortization is not included in our cost of sales because we are a reseller of inventory and do not believe that including depreciation and amortization is meaningful. As a result, our gross profits may not be comparable to other entities that include depreciation and amortization related to the sale of their product in their gross profit measure.

Net Income (Loss) and Adjusted EBITDA

We recorded Net income (loss) of \$28.2 million, \$(109.8) million and \$(19.5) million for Fiscal 2017, Fiscal 2016 and Fiscal 2015 respectively. In addition to our Net income (loss) determined in accordance with GAAP, for purposes of evaluating operating performance, we use an Adjusted EBITDA measurement. Adjusted EBITDA is computed as Net income (loss) appearing on the Consolidated Statements of Operations net of Income tax expense, Interest expense, Depreciation and amortization and certain significant items set forth below. Our management uses Adjusted EBITDA to evaluate the operating performance of our business for comparable periods and as an executive compensation metric. Adjusted EBITDA should not be used by investors or other third parties as the sole basis for formulating investment decisions as it excludes a number of important cash and non-cash recurring items.

While Adjusted EBITDA is a non-GAAP measurement, management believes that it is an important indicator of operating performance, and useful to investors, because:

- EBITDA excludes the effects of financings, investing activities and tax structure by eliminating the effects of interest, depreciation and income tax costs.
- Other significant items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of results. We have adjusted our results for these items to make our statements more comparable and therefore more useful to investors as the items are not representative of our ongoing operations.
 - Intangible asset impairment—charge associated with the non-cash write-down of our trade name intangible asset, Lands' End, in Fiscal 2016 and Fiscal 2015.
 - Product recall—costs associated with a recall in Fiscal 2014 and the subsequent reversal of some costs in Fiscal 2015 and Fiscal 2016 as customer return rates were lower than Company estimates.
 - Transfer of corporate functions—severance and contract losses associated with a transition of certain corporate activities from our New York office to our Dodgeville headquarters.
 - Gain or loss on the sale of property and equipment—management considers the gains or losses on sale of assets to result from investing decisions rather than ongoing operations.

(in thousands)	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	\$'s	% of Net Revenue	\$'s	% of Net Revenue	\$'s	% of Net Revenue
Net income (loss)	\$ 28,195	2.0 %	\$ (109,782)	(8.2)%	\$ (19,548)	(1.4)%
Income tax benefit	(27,747)	(2.0)%	(69,098)	(5.2)%	(9,691)	(0.7)%
Other expense (income), net	2,708	0.2 %	1,619	0.1 %	(671)	— %
Interest expense	25,929	1.8 %	24,630	1.8 %	24,826	1.7 %
Operating income (loss)	29,085	2.1 %	(152,631)	(11.4)%	(5,084)	(0.4)%
Intangible asset impairment	—	— %	173,000	13.0 %	98,300	6.9 %
Depreciation and amortization	24,910	1.8 %	19,003	1.4 %	17,399	1.2 %
Product recall	—	— %	(212)	— %	(3,371)	(0.2)%
Transfer of corporate functions	3,921	0.3 %	—	— %	—	— %
Loss on disposal of property and equipment	348	— %	672	0.1 %	44	— %
Adjusted EBITDA	\$ 58,264	4.1 %	\$ 39,832	3.0 %	107,288	7.6 %

In assessing the operational performance of our business, we consider a variety of financial measures. We operate in two reportable segments, Direct (sold through e-commerce websites and direct mail catalogs) and Retail (sold through stores). A key measure in the evaluation of our business is revenue performance by segment. We also consider gross margin and Selling and administrative expenses in evaluating the performance of our business.

To evaluate revenue performance for the Direct segment we use Net revenue. For our Retail segment, we use Same Store Sales as a key measure in evaluating performance. A store is included in Same Store Sales calculations on the first day it has comparable prior year sales. Stores in which the selling square footage has changed by 15% or more as a result of a remodel, expansion, reductions or relocations are excluded from Same Store Sales calculations until the first day they have comparable prior year sales. Online sales and sales generated through our in-store computer kiosks are considered revenue in our Direct segment and are excluded from Same Store Sales.

Discussion and Analysis

Fiscal 2017 Compared to Fiscal 2016

Net revenue

Total Net revenue for Fiscal 2017 was \$1.41 billion, compared with \$1.34 billion for Fiscal 2016, an increase of \$70.9 million which included \$25.9 million for the 53rd week. The increase was primarily attributable to an increase in our Direct segment of \$85.0 million, offset by a decrease in our Retail segment of \$14.0 million. The Direct segment and the Retail segment included \$24.2 million and \$1.7 million, respectively, from the 53rd week.

Direct segment Net revenue was \$1.23 billion in Fiscal 2017, an increase of 7.4% from \$1.15 billion during the same period of the prior year. Excluding the 53rd week, the increase is 5.3%. The increase in the Direct segment was largely attributable to an increase in our U.S. consumer business.

Net revenue in the Retail segment was \$172.6 million in Fiscal 2017, a decrease of 7.5% from \$186.6 million during the same period of the prior year. The decrease was attributable to fewer Land's End Shops at Sears and offset by an increase to Same Store Sales, excluding the 53rd week, for Lands' End Shops at Sears and Lands' End stores of 2.2% and 6.2%, respectively. On February 2, 2018 the Company operated 174 Lands' End Shops at Sears and 14 global Lands' End stores compared to 216 Lands' End Shops at Sears and 14 global Lands' End stores on January 27, 2017.

Gross Profit

Total gross profit increased 3.6% to \$597.2 million and gross margin decreased approximately 70 basis points to 42.5% of total Net revenue in Fiscal 2017 compared with \$576.4 million, or 43.2% of total Net revenue in Fiscal 2016. Fiscal 2017 gross profit includes \$10.4 million generated in the 53rd week.

The increase in gross profit was driven by an increase in Direct segment gross profit to \$533.6 million in Fiscal 2017 compared with \$502.1 million in Fiscal 2016. The Direct segment gross margin decreased 50 basis points to 43.2% in Fiscal 2017 from 43.7% in Fiscal 2016, driven primarily by higher shipping costs in addition to a highly promotional retail environment.

Retail segment gross profit decreased 14.3% to \$63.6 million in Fiscal 2017 compared with \$74.3 million in Fiscal 2016. Retail segment gross margin decreased 290 basis points to 36.9% in Fiscal 2017, from 39.8% in Fiscal 2016, driven by store closures and more aggressive pricing in the competitive retail environment.

Selling and Administrative Expenses

Selling and administrative expenses were \$538.9 million, or 38.3% of total Net revenue in Fiscal 2017 compared with \$536.6 million, or 40.2% of total Net revenue in Fiscal 2016. The increase of \$2.3 million in Selling and administrative expenses was primarily due to an increase of \$5.3 million in the Direct segment and a \$5.1 million increase in the Corporate segment, partially offset by a decrease of \$8.1 million in the Retail segment. Fiscal 2017 Selling and administrative expenses include approximately \$7.0 million of expenses from the 53rd week.

The Direct segment Selling and administrative expenses were \$428.9 million for Fiscal 2017 compared to \$423.6 million for the prior year. The increase of \$5.3 million in Selling and administrative expense was primarily due to increases in personnel and incentive expenses partially offset by a decline in marketing expenses.

The Retail segment Selling and administrative expenses were \$71.5 million for Fiscal 2017 compared to \$79.6 million for the prior year. The decrease of \$8.1 million in Selling and administrative expense was primarily due to the reduction in the number of locations, including declines in personnel costs and rent.

Corporate / other Selling and administrative expenses were \$38.5 million for Fiscal 2017 compared to \$33.4 million for the prior year. The increase of \$5.1 million in selling and administrative expense was primarily due to increases in personnel and incentive expenses.

Depreciation and Amortization

Depreciation and amortization was \$24.9 million in Fiscal 2017, an increase of \$5.9 million or 31.1%, compared with \$19.0 million in Fiscal 2016. The increase in Depreciation and amortization was primarily attributable to an increase in depreciation associated with our ongoing multi-year ERP system implementation. There was no amortization recorded in Fiscal 2017 or Fiscal 2016.

Intangible Asset Impairment

In Fiscal 2016 there was an Intangible asset impairment that was a non-cash write-down of the trade name asset Lands' End that reduced the Intangible asset by \$173.0 million. There were no impairment charges recorded in Fiscal 2017. See Note 2, *Summary of Significant Accounting Policies*, and Note 8, *Goodwill and Indefinite-Lived Intangible Asset*, of the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K for more information about the impairment charges.

Other Operating (Income) Expense, Net

Other operating expense, net was \$4.3 million in Fiscal 2017 primarily as the result of \$2.4 million in severance charges and \$1.5 million in contract losses associated with the transition of certain corporate activities from the New York office to the Company's Dodgeville headquarters.

Operating Income (Loss)

Operating income was \$29.1 million in Fiscal 2017, compared with Operating loss of \$152.6 million in Fiscal 2016. The increase of \$181.7 million was largely attributable to the Intangible asset impairment charge recorded in Fiscal 2016 of \$173.0 million that did not reoccur in Fiscal 2017. See Note 2, *Summary of Significant Accounting Policies*, and Note 8, *Goodwill and Indefinite-Lived Intangible Asset*, of the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K for more information about the impairment charges.

Interest Expense

Interest expense was \$25.9 million in Fiscal 2017, compared with \$24.6 million in Fiscal 2016.

Other Expense (Income), Net

Other expense, net was \$2.7 million in Fiscal 2017 compared to Other expense, net of \$1.6 million in Fiscal 2016. In Fiscal 2017 and Fiscal 2016, we incurred charges of \$4.7 million and \$3.2 million, respectively, due to the reduction of indemnification assets from our former parent company related to reassessments of tax liabilities. There were also corresponding increases to the Income tax benefit of \$4.7 million and \$3.2 million (before consideration of federal income tax impact) in Fiscal 2017 and Fiscal 2016, respectively. These losses were offset by rental and interest income in both years.

Income Tax Benefit

Income tax benefit was \$27.7 million for Fiscal 2017 compared with Income tax benefit of \$69.1 million in Fiscal 2016. Our effective tax rate was (6,193.5)% and 38.6% in Fiscal 2017 and Fiscal 2016, respectively. The change in the effective tax rate was primarily driven by recording an estimated income tax benefit of \$30.6 million as a result of the Tax Act. The \$30.6 million benefit consisted of the provisional amounts for the re-measurement of our deferred tax balances at the new expected tax rates under the Tax Act. This includes a net reduction of deferred liabilities of \$29.7 million plus a \$5.2 million reduction to deferred liabilities on unremitted foreign earnings previously recorded. Both amounts are offset by the provisional amount for a nonrecurring transition tax liability of \$4.3 million related to our foreign investments under the Tax Act. See Note 9, *Income Taxes*, of the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K for more information.

Net Income (Loss)

Net income was \$28.2 million, or \$0.88 per diluted share in Fiscal 2017 compared to Net loss of \$109.8 million, or \$3.43 per diluted share in Fiscal 2016. The increase in Net Income (Loss) was primarily attributable to changes in the 2017 Tax Act in the current year and an impairment charge in the prior year leading a Net Loss.

Adjusted EBITDA

Adjusted EBITDA was \$58.3 million in Fiscal 2017, compared with Adjusted EBITDA of \$39.8 million in Fiscal 2016. The 46.3% increase was primarily driven by higher Net revenue.

Discussion and Analysis

Fiscal 2016 Compared to Fiscal 2015

Net revenue

Total Net revenue for Fiscal 2016 was \$1.34 billion, compared with \$1.42 billion for Fiscal 2015, a decrease of \$84.0 million. The decrease was primarily attributable to a decrease in our Direct segment of \$65.8 million and a decrease in our Retail segment of \$18.2 million.

Direct segment Net revenue was \$1.15 billion in Fiscal 2016, a decrease of \$65.8 million, or 5.4% from \$1.21 billion during the same period of the prior year. The decrease was driven by a challenging and increasingly promotional retail environment that resulted in a decline in traffic to our websites and a decline in average order value primarily attributable to increased promotional activity with deeper discounts. Additionally, customer acceptance of our fashion offerings, particularly our Canvas by Lands' End collection, did not meet expectations.

Net revenue in the Retail segment was \$186.6 million in Fiscal 2016, a decrease of \$18.2 million, or 8.9% from \$204.8 million during the same period of the prior year. The decrease was attributable to a decline in Same Store Sales and fewer Land's End Shops at Sears. Same Store Sales in the Retail segment decreased 6.0%, driven by lower sales in the Company's Lands' End Shops at Sears. On January 27, 2017 the Company operated 216 Lands' End Shops at Sears and 14 global Lands' End stores compared to 227 Lands' End Shops at Sears, 14 global Lands' End stores and 5 international shop-in-shops on January 29, 2016.

Gross Profit

Total gross profit decreased 11.7% to \$576.4 million and gross margin decreased approximately 280 basis points to 43.2% of total Net revenue in Fiscal 2016 compared with \$652.6 million, or 46.0% of total Net revenue in Fiscal 2015.

The decrease in gross profit was driven by a decrease in Direct segment gross profit to \$502.1 million in Fiscal 2016 compared with \$566.8 million in Fiscal 2015. The Direct segment gross margin decreased 300 basis points to 43.7% in Fiscal 2016 from 46.7% in Fiscal 2015, driven by a highly promotional retail environment which required deeper discounting. The under performance of our Canvas by Land's End collection during Fiscal 2016 negatively affected gross margin in the Direct segment by approximately 70 basis points.

Retail segment gross profit decreased 13.4% to \$74.3 million in Fiscal 2016 compared with \$85.8 million in Fiscal 2015. Retail segment gross margin decreased 210 basis points to 39.8% in Fiscal 2016, from 41.9% in Fiscal 2015, driven by a highly promotional retail environment which required deeper discounting throughout the year.

Selling and Administrative Expenses

Selling and administrative expenses were \$536.6 million, or 40.2% of total Net revenue in Fiscal 2016 compared with \$545.3 million, or 38.4% of total Net revenue in Fiscal 2015. The decrease of \$8.7 million in Selling and administrative expense was primarily attributable to a \$5.9 million decrease in marketing expenses and \$4.7 million decrease in other volume related variable expenses, partially offset by an increase of information technology expenses primarily associated with the ERP.

The Direct segment Selling and administrative expenses were \$423.6 million for Fiscal 2016 compared to \$424.8 million for the prior year. The decrease of \$1.2 million in Selling and administrative expense was primarily due to a \$3.5 million decline in marketing expenses and \$1.7 million decrease in other volume related variable expenses, partially offset by increases in personnel expenses and information technology expenses.

The Retail segment Selling and administrative expenses were \$79.6 million for Fiscal 2016 compared to \$86.1 million for the prior year. The decrease of \$6.5 million in Selling and administrative expense was primarily due to the reduction in the number of locations, including declines in personnel costs of \$3.3 million, and a \$2.4 million reduction in marketing expenses.

Corporate / other Selling and administrative expenses were \$33.4 million for Fiscal 2016 compared to \$34.4 million for the prior year. The decrease of \$1.0 million in selling and administrative expense was primarily due to decreases in various expenses, partially offset by increased personnel expenses.

Depreciation and Amortization

Depreciation and amortization was \$19.0 million in Fiscal 2016, an increase of \$1.6 million or 9.2%, compared with \$17.4 million in Fiscal 2015. The increase in Depreciation and amortization was primarily attributable to increased depreciation associated with information technology assets.

Intangible Asset Impairment

Intangible asset impairment was a non-cash write-down of the trade name asset Lands' End of \$173.0 million and \$98.3 million in Fiscal 2016 and Fiscal 2015, respectively. See Note 2, *Summary of Significant Accounting Policies*, and Note 8, *Goodwill and Indefinite-Lived Intangible Asset*, of the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K for more information about the impairment charges.

Other Operating (Income) Expense, Net

Other operating expense, net was \$0.5 million in Fiscal 2016 compared to Other operating income, net of \$3.3 million in Fiscal 2015. Other operating income during Fiscal 2015 was largely comprised of the \$3.4 million reversal of a portion of the product recall accrual recognized in Fiscal 2014. Customer return rates for the recalled products were lower than estimated despite the efforts by the Company to contact impacted customers.

Operating Loss

Operating loss was \$152.6 million in Fiscal 2016, compared with Operating loss of \$5.1 million in Fiscal 2015. The decrease of \$147.5 million was primarily driven by the intangible asset impairment and lower Net revenues.

Interest Expense

Interest expense was \$24.6 million in Fiscal 2016, compared with \$24.8 million in Fiscal 2015.

Other Expense (Income), Net

Other expense, net was \$1.6 million in Fiscal 2016 compared to Other income, net of \$0.7 million in Fiscal 2015. In Fiscal 2016 and Fiscal 2015, we incurred charges of \$3.2 million and \$1.2 million, respectively, due to the reduction of indemnification assets from our former parent company related to reassessments of tax liabilities. There were also corresponding increases to the Income tax benefit of \$3.2 million and \$1.2 million (before consideration of federal income tax impact) in Fiscal 2016 and Fiscal 2015, respectively. These losses were offset by rental and interest income in both years.

Income Tax Benefit

Income tax benefit was \$69.1 million for Fiscal 2016 compared with Income tax benefit of \$9.7 million in Fiscal 2015. The decrease was primarily attributable to lower Operating income. Our effective tax rate was 38.6% and 33.1% in Fiscal 2016 and Fiscal 2015, respectively. The change in the effective tax rate was primarily driven by the near break even pre-tax income in Fiscal 2016, which caused the one time benefits discussed above to have a more pronounced impact on the rate.

Net Loss

Net loss was \$109.8 million, or \$(3.43) per diluted share in Fiscal 2016 compared to Net loss of \$19.5 million, or \$(0.61) per diluted share in Fiscal 2015. The decrease in Net loss was primarily attributable to the higher Intangible asset impairment charge in Fiscal 2016 and lower gross profit, partially offset by lower Selling and administrative expenses.

Adjusted EBITDA

Adjusted EBITDA was \$39.8 million in Fiscal 2016, compared with Adjusted EBITDA of \$107.3 million in Fiscal 2015. The 62.9% decrease was primarily driven by lower Net revenue.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. Our cash and cash equivalents and the Current ABL Facility serve as sources of liquidity for short-term working capital needs and general corporate purposes. We expect that our cash on hand and cash flows from operations, along with our Current ABL Facility, will be adequate to meet our capital requirements and operational needs for at least the next 12 months. Cash generated from our net revenue and profitability, and somewhat to a lesser extent our changes in working capital, are driven by the seasonality of our business, with a disproportionate amount of net revenue and operating cash flows generally occurring in the fourth fiscal quarter of each year.

Description of Material Indebtedness

Debt Arrangements

On November 16, 2017, the Company entered into the Current ABL Facility, which provides for maximum borrowings of \$175.0 million for the Company, subject to a borrowing base. The Current ABL Facility has a letter of credit sub-limit of \$70.0 million and will mature no later than November 16, 2022, subject to customary extension provisions provided for therein. The Current ABL Facility is available for working capital and other general corporate purposes and was undrawn other than for letters of credit.

Also on November 16, 2017, the Company terminated all loan related documents of the Prior ABL Facility and repaid all outstanding amounts thereunder.

The Prior ABL Facility provided for maximum borrowings of \$175.0 million for Lands' End, subject to a borrowing base, with a \$30.0 million sub facility for the UK Borrower. The Prior ABL Facility has a sub-limit of \$70.0 million for domestic letters of credit and a sub-limit of \$15.0 million for letters of credit for the UK Borrower. The Prior ABL Facility was available for working capital and other general corporate purposes and was undrawn other than for letters of credit.

On April 4, 2014, Lands' End entered into the Term Loan Facility of \$515.0 million, the proceeds of which were used to pay a dividend of \$500.0 million to a subsidiary of Sears Holdings Corporation immediately prior to the Separation and to pay fees and expenses associated with the Debt Facilities of approximately \$11.4 million, with the remaining proceeds used for general corporate purposes. Upon entering into the Current ABL Facility, the Company incurred \$1.5 million in debt origination fees. The fees were capitalized as debt issuance costs and are being amortized as an adjustment to Interest expense over the remaining life of the Debt Facilities.

Maturity; Amortization and Prepayments

The Term Loan Facility amortizes at a rate equal to 1% per annum and is subject to mandatory prepayment in an amount equal to a percentage of the borrower's excess cash flows (as defined in the Term Loan Facility) in each fiscal year, ranging from 0% to 50% depending on Lands' End's secured leverage ratio, and the proceeds from certain asset sales and casualty events. Based on Fiscal 2017 results, mandatory prepayments were triggered, however, excess cash flows were negative resulting in no prepayments to be made.

The Term Loan Facility matures on April 4, 2021 while the Current ABL Facility will mature no later than November 16, 2022. The prior ABL Facility was fully terminated on November 16, 2017 upon entering into the Current ABL Facility.

Guarantees; Security

All domestic obligations under the Debt Facilities are unconditionally guaranteed by the Company and, subject to certain exceptions, each of its existing and future direct and indirect wholly-owned domestic subsidiaries. The Current ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

The Term Loan Facility also is secured by a first priority security interest in certain property and assets of the borrowers and guarantors, including certain fixed assets and stock of subsidiaries. The Current ABL Facility is secured by a second priority security interest in the same collateral.

The Prior ABL Facility had the same terms to those stated above. In addition, the obligations of the UK Borrower under the Prior ABL Facility were guaranteed by its existing and future direct and indirect subsidiaries organized in the United Kingdom.

Interest; Fees

The interest rates per annum applicable to the loans under the Debt Facilities are based on a fluctuating rate of interest measured by reference to, at the borrowers' election, either (i) an adjusted LIBOR plus a borrowing margin, or (ii) an alternative base rate plus a borrowing margin. The borrowing margin is fixed for the Term Loan Facility at 3.25% in the case of LIBOR loans and 2.25% in the case of base rate loans. For the Term Loan Facility, LIBOR is subject to a 1% interest rate floor. The borrowing margin for the ABL Facilities is subject to adjustment based on the average excess availability under the ABL Facilities for the preceding fiscal quarter. LIBOR borrowings will range from 1.25% to 1.75% and 1.50% to 2.00% for the Current ABL Facility and Prior ABL Facility, respectively. Base rate borrowings will range from 0.50% to 1.00% for the ABL Facilities.

Customary agency fees are payable in respect of the Debt Facilities. The ABL Facilities fees also include (i) commitment fees in an amount equal to 0.25% and 0.25% to 0.375% of the daily unused portions of the Current ABL Facility and Prior ABL Facility, respectively, and (ii) customary letter of credit fees.

Representations and Warranties; Covenants

Subject to specified exceptions, the Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict the ability of Lands' End and its subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business. In addition, if excess availability under the Current ABL Facility falls below the greater of 10% of the loan cap amount or \$15.0 million, Lands' End will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0. The Debt Facilities do not otherwise contain financial maintenance covenants. The Company was in compliance with all financial covenants related to the Debt Facilities as of February 2, 2018.

The Debt Facilities contain certain affirmative covenants, including reporting requirements such as delivery of financial statements, certificates and notices of certain events, maintaining insurance and providing additional guarantees and collateral in certain circumstances.

Events of Default

The Debt Facilities include customary events of default including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross defaults related to certain other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of guarantees or security interests and material judgments and change of control.

Cash Flows from Operating Activities

Operating activities generated net cash of \$28.4 million, \$24.1 million and \$36.3 million in Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. Our primary source of operating cash flows is the sale of merchandise goods and services to customers, while the primary use of cash in operations is the purchase of merchandise inventories.

In Fiscal 2017, net cash provided by operating activities increased \$4.3 million compared to Fiscal 2016 primarily due to:

- Higher revenues, which drove an increase in Net income before non-cash items

In Fiscal 2016, net cash provided by operating activities decreased \$12.2 million compared to Fiscal 2015 primarily due to:

- Lower revenues, which drove a decrease in Net (loss) income before non-cash items,
- Prior year cash payments for taxes and incentive compensation and
- Changes in marketing strategies, driving increased prepaid advertising, partially offset by
- Improved inventory management.

Cash Flows from Investing Activities

Net cash used in investing activities was \$37.1 million, \$33.3 million and \$22.2 million for Fiscal 2017, Fiscal 2016, and Fiscal 2015, respectively. Cash used in investing activities for all periods was primarily used in investing in information technology infrastructure, specifically ERP, and property and equipment.

For Fiscal 2018, we plan to invest a total of approximately \$35 to \$45 million in capital expenditures for strategic investments and infrastructure, primarily in technology and general corporate needs.

Cash Flows from Financing Activities

Net cash used in financing activities was \$7.4 million, \$5.5 million and \$5.6 million for Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. Financing activities in Fiscal 2017, Fiscal 2016 and Fiscal 2015 consisted primarily of required annual payments on our Term Loan Facility.

Contractual Obligations and Off-Balance-Sheet Arrangements

We have no material off-balance-sheet arrangements other than the guarantees and contractual obligations that are discussed below.

Information concerning our obligations and commitments to make future payments under contracts such as lease agreements, and other contingent commitments, as of February 2, 2018, is aggregated in the following table:

(in thousands)	Payments Due by Period				
	Total	Less than 1 year	2-3 Years	4-5 Years	After 5 years
Operating leases ⁽¹⁾	\$ 48,771	\$ 21,597	\$ 17,369	\$ 6,291	\$ 3,514
Principal payments on long-term debt	495,688	5,150	10,300	480,238	—
Interest on long-term debt and Current ABL Facility fees	78,572	24,831	48,300	5,441	—
Purchase obligations ⁽²⁾	196,444	196,444	—	—	—
Total contractual obligations	\$ 819,475	\$ 248,022	\$ 75,969	\$ 491,970	\$ 3,514

⁽¹⁾ Operating lease obligations consist primarily of future minimum lease commitments related to store operating leases (refer to Note 4, *Leases*, of the consolidated financial statements for further details).

⁽²⁾ Purchase obligations primarily represent open purchase orders for inventory.

At February 2, 2018, Lands' End had UTBs of \$4.5 million, which are not reflected in the table above. We are unable to reasonably estimate the timing of liability payments arising from uncertain tax positions in individual years due to uncertainties in the timing of effective settlement of tax positions. Pursuant to the Tax Sharing Agreement, Sears Holdings Corporation is generally responsible for all United States federal, state and local UTBs through the date of the Separation and, as such, the UTBs are recorded in Other liabilities in the Consolidated Balance Sheets and an indemnification asset from Sears Holdings Corporation for the \$4.2 million pre-Separation UTBs is recorded in Other assets in the Consolidated Balance Sheets.

Financial Instruments with Off-Balance-Sheet Risk

On November 16, 2017, the Company entered into the Current ABL Facility, which provides for maximum borrowings of \$175.0 million for the Company, subject to a borrowing base. The Current ABL Facility has a letter of credit sub-limit of \$70.0 million and will mature no later than November 16, 2022, subject to customary extension provisions provided for therein. The Current ABL Facility is available for working capital and other general corporate purposes and was undrawn at February 2, 2018, other than for letters of credit.

Also on November 16, 2017, the Company terminated all loan related documents of the Prior ABL Facility and repaid all outstanding amounts thereunder.

The Prior ABL Facility provided for maximum borrowings of \$175.0 million for Lands' End, subject to a borrowing base, with a \$30.0 million sub facility for the UK Borrower. The Prior ABL Facility has a sub-limit of \$70.0 million for domestic letters of credit and a sub-limit of \$15.0 million for letters of credit for the UK Borrower. The Prior ABL Facility was available for working capital and other general corporate purposes and was undrawn, other than for letters of credit.

The Company had borrowing availability under the Current ABL Facility of \$152.7 million as of February 2, 2018, net of outstanding letters of credit of \$22.3 million.

Application of Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with GAAP, which requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements and accompanying notes. While our estimates and assumptions are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from our estimates and assumptions. Our estimation processes contain uncertainties because they require management to make assumptions and apply judgment to make these estimates. Should actual results be different than our estimates, we could be exposed to gains or losses from differences that may be material.

For a summary of our significant accounting policies, please refer to Note 2, *Summary of Significant Accounting Policies*, of our consolidated financial statements. We believe the accounting policies discussed below represent the accounting policies we apply that are the most critical to understanding our consolidated financial statements.

Inventory Valuation

Our inventories consist of merchandise purchased for resale and are recorded at the lower of cost or market. The nature of our business requires that we make a significant amount of our merchandising decisions and corresponding inventory purchase commitments with vendors several months in advance of the time in which a particular merchandise item is intended to be included in the merchandise offerings. These decisions and commitments are based upon, among other possible considerations, historical sales with identical or similar merchandise, our understanding of then-prevailing fashion trends and influences, and an assessment of likely economic conditions and various competitive factors.

For financial reporting and tax purposes, the Company's United States inventory, primarily merchandise held for sale, is stated at last-in, first-out ("LIFO") cost, which is adjusted to the lower of cost or market. The Company accounts for its non-United States inventory on the first-in, first-out ("FIFO") method. The United States inventory accounted for using the LIFO method was 88% and 90% of total inventory as of February 2, 2018 and January 27, 2017, respectively.

We continually make assessments as to whether the carrying cost of inventory exceeds its market value and, if so, by what dollar amount. Excess inventories may be disposed of through our Direct segment and Retail segment. Based on historical results experienced through various methods of disposition, we write down the carrying value of inventories that are not expected to be sold at or above cost. The excess and obsolete reserve balances were \$12.1 million and \$20.1 million as of February 2, 2018 and January 27, 2017, respectively. The reserve balance was significantly higher as of January 27, 2017 primarily as a result of Canvas by Lands' End and other specific inventory reserves. For the inventory marked down to net realizable value, a one percentage point increase in our assumed recovery rates at February 2, 2018 would have had an immaterial impact on our consolidated financial statements.

Goodwill and Trade Name Impairment Assessments

Goodwill and the trade name indefinite-lived intangible asset are tested separately for impairment on an annual basis, or are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The goodwill and trade name intangible asset relates to Kmart's acquisition of Sears Roebuck in March 2005.

Frequently our impairment loss calculations contain multiple uncertainties because the calculation requires management to make assumptions and to apply judgment to estimate future cash flows and asset fair values, including forecasting cash flows under different scenarios. We perform annual goodwill and indefinite-lived intangible asset impairment tests on the last day of our fiscal November accounting period each year and update the tests between annual tests if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying amount. If actual results fall short of our estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material.

Goodwill impairment assessments. Our goodwill resides in the Direct reporting unit. The Company tests goodwill for impairment using a one-step quantitative test. The quantitative test compares the reporting unit's fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill. The Company estimates fair value using a discounted cash flow model, commonly referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions appropriate to the Company's reporting unit. The projection uses management's best estimates of economic and market conditions over the projected period using the best information available, including growth rates in revenues, costs, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements. This approach is consistent with the annual impairment evaluation for Fiscal 2016. The Company adjusted the valuation methodology in Fiscal 2016 to only rely on the discounted cash flow valuation due to the lack of comparable market participants in both Fiscal 2017 and Fiscal 2016. In Fiscal 2015, a market approach was also used and the Company's final estimate of the fair value of the reporting unit was developed by weighting the fair values determined through both the market participant and income approaches. The market approach determines a value of the reporting unit by deriving market multiples for the reporting unit based on assumptions potential market participants would use in establishing a bid price for the reporting unit, however, this method is dependent on the availability of comparable market participant information. If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist.

During Fiscal 2017, Fiscal 2016 and Fiscal 2015, the fair value of the reporting unit exceeded the carrying value by 22.9%, 17.1% and 23.8%, respectively, and as such, the Company did not record any goodwill impairment charges.

Goodwill impairment charges may be recognized in future periods to the extent changes in factors or circumstances occur, including deterioration in the macroeconomic environment, retail industry or in the equity markets, deterioration in our performance or our future projections, or changes in our plans for the reporting unit.

Indefinite-lived intangible asset impairment assessments. We review our indefinite-lived intangible asset, the Lands' End trade name, for impairment by comparing the carrying amount of the asset to its fair value. We consider the income approach when testing the intangible asset with indefinite life for impairment on an annual basis. We determined that the income approach, specifically the relief from royalty method, was most appropriate for analyzing our indefinite-lived asset. This method is based on the assumption that, in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset class. The relief from royalty method involves two steps: (1) estimation of reasonable royalty rates for the assets and (2) the application of these royalty rates to a net revenue stream and discounting the resulting cash flows to determine a value. We multiplied the selected royalty rate by the forecasted net revenue stream to calculate the cost savings (relief from royalty payment) associated with the asset. The cash flows are then discounted to present value by the selected discount rate and compared to the carrying value of the asset.

In Fiscal 2017, Fiscal 2016 and Fiscal 2015 we tested our indefinite-lived intangible assets as required. During Fiscal 2017, the fair value exceeded the carrying value by 9.7%, and as such, no trade name impairment charges were recorded. In Fiscal 2016 and Fiscal 2015, we recorded a non-cash pretax trade name impairment charge to our Direct segment of \$173.0 million and \$98.3 million, respectively, due to lower future revenue forecasts as a result of declining results in Fiscal 2016 and Fiscal 2015, including a 3% decline in fourth quarter revenues in Fiscal 2016 compared to Fiscal 2015 and a 6% decline in fourth quarter revenues in Fiscal 2015 compared to Fiscal 2014. Revenues in the fourth quarter generally account for approximately one third of annual revenues due to the significance of the holiday selling season to our business and therefore fourth quarter results have a significant influence on future projections for the Company. The impairment was recorded in Intangible asset impairment in the Consolidated Statements of Operations in this Annual Report on Form 10-K. Future cash expenditures will not result from these impairment charges. If actual results fall short of our estimates and assumptions used in estimating future revenue streams, we may be exposed to further impairment charges.

See Note 2, *Summary of Significant Accounting Policies*, and Note 8, *Goodwill and Indefinite-Lived Intangible Assets*, of the Note to the Consolidated Financial Statements in this Annual Report on Form 10-K for more information about these assets and the related impairment charges.

Revenue Recognition

While revenue recognition for the Company does not involve significant judgment, it represents an important accounting policy. For sales shipped from our distribution centers, we recognize revenue and the related cost of goods sold at the time the products are expected to be received by the customers. For sales transacted at stores, revenue is recognized when the customer receives and pays for the merchandise at the register. We record an allowance for estimated returns based on our historical return patterns and various other assumptions that management believes to be reasonable.

We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to calculate our sales return allowance. However, if the actual rate of sales returns increases significantly, our operating results could be adversely affected. We have not made any material changes in the accounting methodology used to estimate future sales returns in the past three fiscal years.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under the current guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. This guidance was deferred by ASU 2015-14, *Revenue from Contracts with Customers*, issued by the FASB in August 2015, and will be effective for Lands' End in the first quarter of its fiscal year ending February 1, 2019. Subsequently, the FASB has also issued accounting standards updates which clarify the guidance.

The Company has evaluated its revenue streams to determine whether each revenue stream would be impacted by the provisions of the new guidance, including differences in timing, measurement or presentation. The Company plans to adopt the new guidance using the modified retrospective approach, where policies are implemented on a prospective basis, with the accumulated historical impact recorded as an adjustment to Accumulated deficit in the period of implementation. While most revenue recognition policies are not expected to change, the Company has identified anticipated changes to our Consolidated Statement of Operations related to the timing of revenue recognition for gift card breakage where estimated breakage revenue will now be recognized over the breakage period as opposed to a lump sum at the end of the period. The historical impact of this change in timing is expected to result in an adjustment to Accumulated deficit of approximately \$1 million. The Company has also identified a presentational change expected within its Consolidated Balance Sheets, where the reserve for returns will now be presented gross in Inventories, net and Other accrued liabilities. The impact of this presentational change is an increase to both accounts between \$5 million and \$8 million based on the seasonality of the business. The new guidance will also require increased disclosures.

Provision for Income taxes

We record a valuation allowance against our deferred tax assets when it is more likely than not that some portion or all of such deferred tax assets will not be realized. In determining the need for a valuation allowance, management is required to make assumptions and to apply judgment, including forecasting future income, taxable income and the mix of income or losses in the jurisdictions in which we operate. Our effective tax rate in a given financial statement period may also be materially impacted by changes in the mix and level of income or losses, changes in the expected outcome of audits, or changes in the deferred tax valuation allowance.

At any point in time, many tax years are subject to or in the process of being audited by various taxing authorities. To the extent our estimates of settlements change or the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. Our income tax expense includes changes in our estimated liability for exposures associated with our various tax filing positions. Determining the income tax expense for these potential assessments requires management to make assumptions that are subject to factors such as proposed assessments by tax authorities, changes in facts and circumstances, issuance of new regulations, and resolution of tax audits. The Company performed an evaluation over its deferred tax assets and determined that a valuation allowance is considered necessary. See Note 9, *Income Taxes*, for further details on the valuation allowance.

We believe the judgments and estimates discussed above are reasonable. However, if actual results fall short of our estimates or assumptions, we may be exposed to losses or gains that could be material.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements. Forward-looking statements reflect our current views with respect to, among other things, future events and performance. These statements may discuss, among other things, our net sales, gross margin, operating expenses, operating income, net income, cash flow, financial condition, impairments, expenditures, growth, strategies, plans, achievements, dividends, capital structure, organizational structure, future store openings, market opportunities and general market and industry conditions. We generally identify forward-looking statements by words such as “anticipate,” “estimate,” “expect,” “intend,” “project,” “plan,” “predict,” “believe,” “seek,” “continue,” “outlook,” “may,” “might,” “will,” “should,” “can have,” “likely” or the negative version of these words or comparable words. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management’s underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. These risks and uncertainties include those set forth under Item 1A, *Risk Factors*, in this Annual Report on Form 10-K. Forward-looking statements speak only as of the date on which they are made. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk inherent in our financial instruments represents the potential loss arising from adverse changes in currency rates. We have not been materially impacted by fluctuations in foreign currency exchange rates as a significant portion of our business is transacted in United States dollars, and is expected to continue to be transacted in United States dollars or United States dollar-based currencies. As of February 2, 2018 we had \$24.3 million of cash denominated in foreign currency, principally in British Pounds, Euros and Yen. We do not enter into financial instruments for trading purposes or hedging and have not used any derivative financial instruments. We do not consider our foreign earnings to be permanently reinvested.

We are subject to interest rate risk with our Term Loan Facility and our Current ABL Facility, as both require us to pay interest on outstanding borrowings at variable rates. Each one percentage point change in interest rates associated with the Term Loan Facility would result in a \$5.0 million change in our annual cash interest expenses. Assuming our Current ABL Facility was fully drawn to a principal amount equal to \$175.0 million, each one percentage point change in interest rates would result in a \$1.8 million change in our annual cash interest expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm	53
Consolidated Statements of Operations for Fiscal Years Ended February 2, 2018, January 27, 2017 and January 29, 2016	55
Consolidated Statements of Comprehensive Operations for Fiscal Years Ended February 2, 2018, January 27, 2017 and January 29, 2016	56
Consolidated Balance Sheets at February 2, 2018 and January 27, 2017	57
Consolidated Statements of Cash Flows for Fiscal Years Ended February 2, 2018, January 27, 2017 and January 29, 2016	58
Consolidated Statements of Changes in Stockholders' Equity for Fiscal Years Ended February 2, 2018, January 27, 2017 and January 29, 2016	59
Notes to Consolidated Financial Statements	60

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Lands' End, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Lands' End, Inc. and subsidiaries (the "Company") as of February 2, 2018 and January 27, 2017, and the related consolidated statements of operations, comprehensive operations, cash flows, and changes in stockholders' equity for each of the three fiscal years in the period ended February 2, 2018, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of February 2, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of February 2, 2018 and January 27, 2017, and the results of its operations and its cash flows for each of the three fiscal years in the period ended February 2, 2018, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 2, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definitions and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
March 29, 2018

We have served as the Company's auditor since 2012.

LANDS' END, INC.
Consolidated Statements of Operations
for Fiscal Years Ended February 2, 2018, January 27, 2017 and January 29, 2016

(in thousands except per share data)

	2017	2016	2015
REVENUES			
Net revenue	\$ 1,406,677	\$ 1,335,760	\$ 1,419,778
Cost of sales (excluding depreciation and amortization)	809,474	759,352	767,189
Gross profit	597,203	576,408	652,589
Selling and administrative	538,939	536,576	545,301
Depreciation and amortization	24,910	19,003	17,399
Intangible asset impairment	—	173,000	98,300
Other operating expense (income), net	4,269	460	(3,327)
Total costs and expenses	568,118	729,039	657,673
Operating income (loss)	29,085	(152,631)	(5,084)
Interest expense	25,929	24,630	24,826
Other expense (income), net	2,708	1,619	(671)
Income (loss) before income taxes	448	(178,880)	(29,239)
Income tax benefit	(27,747)	(69,098)	(9,691)
NET INCOME (LOSS)	\$ 28,195	\$ (109,782)	\$ (19,548)
NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO STOCKHOLDERS (Note 2)			
Basic:	\$ 0.88	\$ (3.43)	\$ (0.61)
Diluted:	\$ 0.88	\$ (3.43)	\$ (0.61)
Basic weighted average common shares outstanding	32,076	32,021	31,979
Diluted weighted average common shares outstanding	32,110	32,021	31,979

See accompanying Notes to Consolidated Financial Statements.

LANDS' END, INC.
Consolidated Statements of Comprehensive Operations
for Fiscal Years Ended February 2, 2018, January 27, 2017 and January 29, 2016

(in thousands)

	2017	2016	2015
NET INCOME (LOSS)	\$ 28,195	\$ (109,782)	\$ (19,548)
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	4,282	(3,042)	(2,086)
COMPREHENSIVE INCOME (LOSS)	\$ 32,477	\$ (112,824)	\$ (21,634)

See accompanying Notes to Consolidated Financial Statements.

LANDS' END, INC.
Consolidated Balance Sheets

<i>(in thousands, except share data)</i>	February 2, 2018	January 27, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 195,581	\$ 213,108
Restricted cash	2,356	3,300
Accounts receivable, net	49,860	39,284
Inventories, net	332,297	325,314
Prepaid expenses and other current assets	26,659	26,394
Total current assets	606,753	607,400
Property and equipment, net	136,501	122,836
Goodwill	110,000	110,000
Intangible asset, net	257,000	257,000
Other assets	13,881	17,155
Total assets	\$ 1,124,135	\$ 1,114,391
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 155,874	\$ 162,408
Other current liabilities	100,257	86,446
Total current liabilities	256,131	248,854
Long-term debt, net	486,248	490,043
Long-term deferred tax liabilities	59,137	90,467
Other liabilities	15,526	13,615
Total liabilities	817,042	842,979
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01- authorized: 480,000,000 shares; issued and outstanding: 32,101,793 and 32,029,359, respectively	320	320
Additional paid-in capital	347,175	343,971
Accumulated deficit	(29,810)	(60,453)
Accumulated other comprehensive loss	(10,592)	(12,426)
Total stockholders' equity	307,093	271,412
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,124,135	\$ 1,114,391

See accompanying Notes to Consolidated Financial Statements.

LANDS' END, INC.
Consolidated Statements of Cash Flows
for Fiscal Years Ended February 2, 2018, January 27, 2017 and January 29, 2016

<i>(in thousands)</i>	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 28,195	\$ (109,782)	\$ (19,548)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	24,910	19,003	17,399
Intangible asset impairment	—	173,000	98,300
Product recall	—	(212)	(3,371)
Amortization of debt issuance costs	1,904	1,712	1,741
Loss on disposal of property and equipment	348	672	44
Stock-based compensation	3,951	2,230	2,395
Deferred income taxes	(32,757)	(67,253)	(22,670)
Change in operating assets and liabilities:			
Inventories	(2,709)	755	(29,819)
Accounts payable	(6,950)	16,951	10,005
Other operating assets	(3,234)	(12,356)	3,462
Other operating liabilities	14,779	(631)	(21,602)
Net cash provided by operating activities	<u>28,437</u>	<u>24,089</u>	<u>36,336</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment	68	47	—
Change in restricted cash	944	—	—
Purchases of property and equipment	(38,145)	(33,319)	(22,224)
Net cash used in investing activities	<u>(37,133)</u>	<u>(33,272)</u>	<u>(22,224)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of employee withholding taxes on share-based compensation	(747)	(396)	(445)
Debt issuance costs	(1,515)	—	—
Payments on term loan facility	(5,150)	(5,150)	(5,150)
Net cash used in financing activities	<u>(7,412)</u>	<u>(5,546)</u>	<u>(5,595)</u>
Effects of exchange rate changes on cash	(1,419)	(531)	(1,603)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(17,527)</u>	<u>(15,260)</u>	<u>6,914</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>213,108</u>	<u>228,368</u>	<u>221,454</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 195,581</u>	<u>\$ 213,108</u>	<u>\$ 228,368</u>
SUPPLEMENTAL INFORMATION:			
Supplemental Cash Flow Data:			
Unpaid liability to acquire property and equipment	\$ 7,756	\$ 8,419	\$ 8,182
Income taxes paid	\$ 3,379	\$ 3,653	\$ 23,991
Interest paid	\$ 23,458	\$ 22,484	\$ 22,690

See accompanying Notes to Consolidated Financial Statements.

LANDS' END, INC.
Consolidated Statements of Changes in Stockholders' Equity

<i>(in thousands except share data)</i>	Common Stock Issued		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at January 30, 2015	31,956,521	\$ 320	\$ 342,294	\$ 68,877	\$ (7,298)	\$ 404,193
Net loss	—	—	—	(19,548)	—	(19,548)
Cumulative translation adjustment, net of tax	—	—	—	—	(2,086)	(2,086)
Stock-based compensation expense	—	—	2,395	—	—	2,395
Vesting of restricted shares	52,948	—	—	—	—	—
Restricted stock shares surrendered for taxes	(17,801)	—	(445)	—	—	(445)
Balance at January 29, 2016	31,991,668	320	344,244	49,329	(9,384)	384,509
Net loss	—	—	—	(109,782)	—	(109,782)
Cumulative translation adjustment, net of tax	—	—	—	—	(3,042)	(3,042)
Adjustment from pre-Separation deferred tax liabilities	—	—	(2,107)	—	—	(2,107)
Stock-based compensation expense	—	—	2,230	—	—	2,230
Vesting of restricted shares	57,543	—	—	—	—	—
Restricted stock shares surrendered for taxes	(19,852)	—	(396)	—	—	(396)
Balance at January 27, 2017	32,029,359	320	343,971	(60,453)	(12,426)	271,412
Net income	—	—	—	28,195	—	28,195
Cumulative translation adjustment, net of tax	—	—	—	—	4,282	4,282
Impact of Tax Act	—	—	—	2,448	(2,448)	—
Stock-based compensation expense	—	—	3,951	—	—	3,951
Vesting of restricted shares	110,162	—	—	—	—	—
Restricted stock shares surrendered for taxes	(37,728)	—	(747)	—	—	(747)
Balance at February 2, 2018	32,101,793	\$ 320	\$ 347,175	\$ (29,810)	\$ (10,592)	\$ 307,093

See accompanying Notes to Consolidated Financial Statements.

LANDS' END, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BACKGROUND AND BASIS OF PRESENTATION**Description of Business**

Lands' End, Inc. ("Lands' End" or the "Company") is a leading multi-channel retailer of casual clothing, accessories and footwear, as well as home products. Lands' End offers products through catalogs, online at www.landsend.com and affiliated specialty and international websites, and through retail locations, primarily at Lands' End Shops at Sears and Lands' End stores.

Terms that are commonly used in the Company's notes to consolidated financial statements are defined as follows:

- ABL Facilities - Collectively the Prior ABL Facility and the Current ABL Facility
- ASC - Financial Accounting Standards Board Accounting Standards Codification, which serves as the source for authoritative GAAP, as supplemented by rules and interpretive releases by the SEC which are also sources of authoritative GAAP for SEC registrants
- ASU - Financial Accounting Standards Board Accounting Standards Update
- CAM - Common area maintenance for leased properties
- Current ABL Facility - Asset-based senior secured credit agreement, dated as of November 16, 2017, with Wells Fargo Bank, N.A. and certain other lenders
- Debt Facilities - Collectively, the ABL Facilities and the Term Loan Facility
- Deferred Awards - Time vesting stock awards
- EPS - Earnings per share
- ERP - Enterprise resource planning software solutions
- ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert
- FASB - Financial Accounting Standards Board
- First Quarter 2017 - The 13 weeks ended April 28, 2017
- Fiscal 2019 - The 52 weeks ended January 31, 2020
- Fiscal 2018 - The Company's next fiscal year representing the 52 weeks ending February 1, 2019
- Fiscal 2017 - The 53 weeks ended February 2, 2018
- Fiscal 2016 - The 52 weeks ended January 27, 2017
- Fiscal 2015 - The 52 weeks ended January 29, 2016
- Fiscal 2014 - The 52 weeks ended January 30, 2015
- Fourth Quarter 2017 - The 14 weeks ended February 2, 2018
- Fourth Quarter 2016 - The 13 weeks ended January 27, 2017
- GAAP - Accounting principles generally accepted in the United States
- Kmart Holding Corporation - a subsidiary of Sears Holdings Corporation
- LIBOR - London inter-bank offered rate
- Performance Awards - Performance-based stock awards
- Prior ABL Facility - Asset-based senior secured credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders, terminated November 16, 2017
- Option Awards - Stock option awards

- Sears Holdings or Sears Holdings Corporation - Sears Holdings Corporation, a Delaware corporation, and its consolidated subsidiaries
- Sears Roebuck - Sears, Roebuck and Co., a subsidiary of Sears Holdings Corporation
- SEC - United States Securities and Exchange Commission
- Second Quarter 2016 - The 13 weeks ended July 29, 2016
- Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders
- SHMC - Sears Holdings Management Corporation, a subsidiary of Sears Holdings Corporation
- SHCP - SHC Promotions LLC, a subsidiary of Sears Holdings Corporation
- SYW - Shop Your Way member loyalty program
- Tax Act - The Tax Cuts and Jobs Act passed by the United States government on December 22, 2017
- Tax Sharing Agreement - A tax sharing agreement entered into by Sears Holdings Corporation and Lands' End in connection with the Separation
- Term Loan Facility - Term loan credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders
- UK Borrower - A United Kingdom subsidiary borrower of Lands' End under the Prior ABL Facility
- UTBs - Gross unrecognized tax benefits

Basis of Presentation

The Consolidated Financial Statements include the accounts of Lands' End, Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated.

The accompanying Consolidated Financial Statements have been prepared in accordance with GAAP. In the opinion of management, all material adjustments are of a normal and recurring nature necessary for a fair presentation of the results for the periods presented have been reflected. Dollar amounts are reported in thousands, except per share data, unless otherwise noted.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year

The Company's fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. The fiscal periods in this report are presented as follows, unless the context otherwise requires:

Fiscal Year	Ended	Weeks
2017	February 2, 2018	53
2016	January 27, 2017	52
2015	January 29, 2016	52

Seasonality

The Company's operations have historically been seasonal, with a disproportionate amount of net revenue occurring in the fourth fiscal quarter, reflecting increased demand during the year-end holiday selling season. The impact of seasonality on results of operations is more pronounced since the level of certain fixed costs, such as occupancy and overhead expenses, do not vary with sales. The Company's results of operations also may fluctuate based upon such factors as the timing of certain holiday seasons and promotions, the amount of net revenue contributed by new and existing stores, the timing and level of markdowns, competitive factors, weather and general economic conditions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reportable amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid temporary instruments purchased with original maturities of three months or less and includes deposits in-transit from banks for payments related to third-party credit card and debit card transactions within cash.

Restricted cash

The Company classifies cash balances pledged as collateral as Restricted cash on the Consolidated Balance Sheets.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based on both historical experience and specific identification. Allowances for doubtful accounts on accounts receivable balances were \$0.6 million as of February 2, 2018 and January 27, 2017. Accounts receivable balance is presented net of the Company's allowance for doubtful accounts and is comprised of various customer-related accounts receivable.

Changes in the balance of the allowance for doubtful accounts are as follows:

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Beginning balance	\$ 579	\$ 626	\$ 688
Provision	187	281	286
Write-offs	(129)	(328)	(348)
Ending balance	<u>\$ 637</u>	<u>\$ 579</u>	<u>\$ 626</u>

Inventory

Inventories primarily consist of merchandise purchased for resale. For financial reporting and tax purposes, the Company's United States inventory, primarily merchandise held for sale, is stated at last-in, first-out ("LIFO") cost, which is lower than market. The Company accounts for its non-United States inventory on the first-in, first-out ("FIFO") method. The United States inventory accounted for using the LIFO method was 88% and 90% of total inventory as of February 2, 2018 and January 27, 2017, respectively. If the FIFO method of accounting for inventory had been used, the effect on inventory would have been \$1.0 million and \$0.3 million as of February 2, 2018 and January 27, 2017, respectively.

The Company maintains a reserve for excess and obsolete inventory. The reserve is calculated based on historical experience related to liquidation/disposal of identified inventory. The excess and obsolescence reserve balances were \$12.1 million and \$20.1 million as of February 2, 2018 and January 27, 2017, respectively. In Fiscal 2016, the Company sold approximately \$3.8 million of inventory in exchange for marketing trade credits. This was recorded as a non-monetary transaction and the trade credits receivable was recorded at the value of the inventory exchanged. The Company had approximately \$0.9 million and \$1.0 million of trade credits receivable recorded in Accounts receivable, net as of both February 2, 2018 and January 27, 2017, respectively, and an additional \$3.5 million and \$3.6 million of trade credits receivable recorded in Other assets as of February 2, 2018 and January 27, 2017, respectively, based on the time period in which the credits are expected to be used. Trade credit receivable balances include credits recorded in prior years.

Deferred Catalog Costs and Marketing

Costs incurred for direct response marketing consist primarily of catalog production and mailing costs that are generally amortized within two months from the date catalogs are mailed. Unamortized marketing costs reported as prepaid assets were \$13.7 million and \$12.7 million as of February 2, 2018 and January 27, 2017, respectively. The Company expenses the costs of marketing for website, magazine, newspaper, radio and other general media when the marketing takes place. Marketing expenses, including catalog costs amortization, website-related costs and other print media were \$186.4 million, \$193.2 million and \$199.0 million for Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. These costs are included within Selling and administrative expenses in the accompanying Consolidated Statements of Operations.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Additions and substantial improvements are capitalized and include expenditures that materially extend the useful lives of existing facilities and equipment. Maintenance and repairs that do not materially improve or extend the lives of the respective assets are expensed as incurred. As of the balance sheet dates, Property and equipment, net consisted of the following:

<i>(in thousands)</i>	Asset Lives	February 2, 2018	January 27, 2017
Land	—	\$ 3,533	\$ 3,466
Buildings and improvements	15-30	100,122	98,213
Furniture, fixtures and equipment	3-10	69,940	78,563
Computer hardware and software	3-10	122,336	82,491
Leasehold improvements	3-7	10,329	11,176
Assets in development		23,428	34,882
Gross property and equipment		329,688	308,791
Accumulated depreciation		(193,187)	(185,955)
Total property and equipment, net		<u>\$ 136,501</u>	<u>\$ 122,836</u>

As of February 2, 2018 and January 27, 2017, assets in development relate primarily to technological investments in the ERP system. Assets placed in service related to the ERP system as of February 2, 2018 were \$35.5 million.

Depreciation expense is recorded over the estimated useful lives of the respective assets using the straight-line method. Leasehold improvements are depreciated over the shorter of the associated lease term or the estimated useful life of the asset. Depreciation expense was \$24.9 million, \$19.0 million and \$17.4 million for Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively.

Impairment of Property and Equipment

Property and equipment are subject to a review for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the sum of the expected future undiscounted cash flows generated by an asset or asset group is less than its carrying amount, the Company then determines the fair value of the asset generally by using a discounted cash flow model. When an impairment loss is recognized, the carrying amount of the asset is reduced to its estimated fair value as determined based on quoted market prices or through the use of other valuation techniques. There were no impairments of property and equipment recognized in Fiscal 2017, Fiscal 2016 or Fiscal 2015.

Goodwill and Indefinite-lived Intangible Asset Impairment Assessments

Goodwill and the indefinite-lived trade name intangible asset are tested separately for impairment on an annual basis, or are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company's goodwill and trade name intangible asset were originally valued in connection with Kmart Holding Corporation's acquisition of Sears Roebuck in March 2005.

The Company's impairment evaluation contains multiple uncertainties because it requires management to make assumptions and to apply judgment to estimate future cash flows and asset fair values, including forecasting cash flows under different scenarios. Lands' End performs annual goodwill and indefinite-lived intangible asset impairment tests on the last day of the Company's November accounting period each year and updates the tests between annual tests if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying amount. However, if actual results fall short of the Company's estimates and assumptions used in estimating future cash flows and asset fair values, the Company may be exposed to losses that could be material.

Goodwill impairment assessments. Our goodwill resides in the Direct reporting unit. The Company tests goodwill for impairment using a one-step quantitative test. The quantitative test compares the reporting unit's fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill. The Company estimates fair value using a discounted cash flow model, commonly referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions appropriate to the Company's reporting unit. The projection uses management's best estimates of economic and market conditions over the projected period using the best information available, including growth rates in revenues, costs, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements. This approach is consistent with the annual impairment evaluation for Fiscal 2016. The Company adjusted the valuation methodology in Fiscal 2016 to only rely on the discounted cash flow valuation due to the lack of comparable market participants in both Fiscal 2017 and Fiscal 2016. In Fiscal 2015, a market approach was also used, and the Company's final estimate of the fair value of the reporting unit was developed by weighting the fair values determined through both the market participant and income approaches. The market approach determines a value of the reporting unit by deriving market multiples for the reporting unit based on assumptions potential market participants would use in establishing a bid price for the reporting unit, however, this method is dependent on the availability of comparable market participant information. If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist.

During Fiscal 2017, Fiscal 2016 and Fiscal 2015, the fair value of the reporting unit exceeded the carrying value by 22.9%, 17.1% and 23.8%, respectively, and as such, the Company did not record any goodwill impairment charges.

Indefinite-lived intangible asset impairment assessments. The Company's indefinite-lived intangible asset, the Lands' End trade name, resides in the Direct reporting unit. Lands' End reviews the trade name for impairment by comparing the carrying amount to its fair value. The Company considers the income approach when testing the indefinite-lived intangible asset for impairment on an annual basis. Lands' End determined that the income approach, specifically the relief from royalty method, was most appropriate for analyzing the Company's indefinite-lived asset. This method is based on the assumption that, in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset class. The relief from royalty method involves two steps: (1) estimation of reasonable royalty rates for the assets and (2) the application of these royalty rates to a net revenue stream and discounting the resulting cash flows to determine a present value. The Company multiplied the selected royalty rate by the forecasted net revenue stream to calculate the cost savings (relief from royalty payment) associated with the asset. The cash flows are then discounted to present value using the selected discount rate and compared to the carrying value of the asset.

In Fiscal 2017, Fiscal 2016 and Fiscal 2015, the Company tested the indefinite-lived intangible assets as required. As a result of this testing, in Fiscal 2016 and Fiscal 2015 the Company recorded a non-cash pretax trade name impairment charge to the Direct segment of approximately \$173.0 million and \$98.3 million, respectively, to the Intangible asset impairment line in the Consolidated Statements of Operations. During Fiscal 2017, the fair value exceeded the carrying value by 9.7%, and as such, no trade name impairment charges were recorded.

Financial Instruments with Off-Balance-Sheet Risk

The Company entered into the Current ABL Facility on November 16, 2017, which provides for maximum borrowings of \$175.0 million for the Company, subject to a borrowing base. The Current ABL Facility has a letter of credit sub-limit of \$70.0 million and will mature no later than November 16, 2022, subject to customary extension provisions provided for therein. The Current ABL Facility is available for working capital and other general corporate purposes, and was undrawn, other than for letters of credit.

Also on November 16, 2017, the Company terminated all loan related documents of the Prior ABL Facility and repaid all outstanding amounts thereunder. See Note 3, *Debt*.

Fair Value of Financial Instruments

The Company determines the fair value of financial instruments in accordance with accounting standards pertaining to fair value measurements. Such standards define fair value and establish a framework for measuring fair value in accordance with GAAP. Under fair value measurement accounting standards, fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The Company reports or discloses the fair value of financial assets and liabilities based on the fair value hierarchy prescribed by accounting standards for fair value measurements, which prioritizes the inputs to valuation techniques used to measure fair value into three levels.

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of accounts receivable. Total accounts receivable were \$49.9 million and \$39.3 million as of February 2, 2018 and January 27, 2017, respectively. Bad debt expense was \$0.2 million, \$0.3 million and \$0.3 million in Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. At February 2, 2018 and January 27, 2017 accounts receivable included \$2.0 million and \$3.7 million, respectively, due from Sears Holdings.

Cash and cash equivalents, Accounts receivable, Accounts payable and Other current liabilities are reflected in the Consolidated Balance Sheets at cost, which approximates fair value due to the short-term nature of these instruments.

Long-term debt, net is reflected in the Consolidated Balance Sheets at amortized cost. The fair value of debt was determined utilizing level 2 valuation techniques based on the closing inactive market bid price on February 2, 2018 and January 27, 2017. See Note 7, *Fair Value of Financial Assets and Liabilities*.

Foreign Currency Translations and Transactions

The Company translates the assets and liabilities of foreign subsidiaries from their respective functional currencies to United States dollars at the appropriate spot rates as of the balance sheet date. Revenue and expenses of operations are translated to United States dollars using weighted average exchange rates during the year. The foreign subsidiaries use the local currency as their functional currency. The effects of foreign currency translation adjustments are included as a component of Accumulated other comprehensive loss in the accompanying Consolidated Statements of Changes in Stockholders' Equity. The Company recognized a gain of \$4.8 million in Fiscal 2017, an insignificant amount in Fiscal 2016 and a loss of \$5.7 million in Fiscal 2015 in the accompanying Consolidated Statements of Operations.

Revenue Recognition

Revenues include sales of merchandise and delivery revenues related to merchandise sold. Revenue is recognized for the Direct segment when the merchandise is expected to be received by the customer and for the Retail segment at the time of sale in the store.

Net revenues are reported net of estimated returns and allowances and exclude sales taxes. Estimated returns and allowances are recorded as a reduction of sales and cost of sales. The reserve for sales returns and allowances is calculated based on historical experience and future expectations and is included in Other current liabilities on the Consolidated Balance Sheets.

Reserves for sales returns and allowances consisted of the following:

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Beginning balance	\$ 11,794	\$ 12,605	\$ 13,868
Provision	159,440	143,410	166,579
Write-offs	(160,101)	(144,221)	(167,842)
Ending balance	<u>\$ 11,133</u>	<u>\$ 11,794</u>	<u>\$ 12,605</u>

The Company sells gift certificates, gift cards and e-certificates (collectively, "gift cards") to customers through both the Direct and Retail segments. The gift cards do not have expiration dates. Revenue from gift cards are recognized when (i) the gift card is redeemed by the customer for merchandise, or (ii) after three years when the likelihood of the gift card being redeemed by the customer is remote ("gift card breakage") and the Company does not have a legal obligation to remit the value of the unredeemed gift cards to the relevant jurisdictions. Revenue recognized from gift card breakage was \$1.6 million, \$2.3 million and \$2.2 million in Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively.

Cost of Sales

Cost of sales are comprised principally of the costs of merchandise, in-bound freight, duty, warehousing and distribution (including receiving, picking, packing, store delivery and value added costs), customer shipping and handling costs and physical inventory losses. Depreciation and amortization is not included in the Company's Cost of sales.

The Company participates in Sears Holdings' SYW program. The expenses for this program are recorded in Cost of sales, as described in Note 11, *Related Party Agreements and Transactions*.

Selling and Administrative Expenses

Selling and administrative expenses are comprised principally of payroll and benefits costs for direct, retail and corporate employees, marketing, occupancy costs of retail stores and corporate facilities, buying, pre-opening costs and other administrative expenses. All stock-based compensation is recorded in Selling and administrative expenses. See Note 5, *Stock-Based Compensation*.

Selling and administrative expenses included \$47.1 million, \$52.9 million and \$56.6 million in Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively, of costs allocated or charged to the Company by Sears Holdings. See Note 11, *Related Party Agreements and Transactions*.

Restructuring Costs

During Fiscal 2017, the Company implemented an initiative to right-size its New York Office in an effort to create efficiencies and refocus the Company back to its corporate headquarters in Dodgeville, Wisconsin. The restructuring included certain headcount reductions and the exit of a facility. The total restructuring charge expected as a result of this action is approximately \$4.2 million, of which \$3.9 million has been incurred as of February 2, 2018.

The following table summarizes the activity of the Company's restructuring accrual:

<i>(in thousands)</i>	Termination Costs		Other Costs		Total
Balance as of January 27, 2017	\$	—	\$	—	\$ —
Provision		2,401		1,520	3,921
Cash disbursements		(1,793)		—	(1,793)
Non-cash items		—		546	546
Balance as of February 2, 2018	\$	608	\$	2,066	\$ 2,674

Termination costs consist of involuntary employee termination benefits and severance pursuant to a nonrecurring benefit arrangement recognized as part of a restructuring initiative. Other costs consist of non-termination type costs, including lease termination costs and incremental costs to consolidate or close facilities and relocate employees.

Product Recall

In Fiscal 2017 there were no product recalls. In Fiscal 2016 and Fiscal 2015, \$0.2 million and \$3.4 million, respectively, was reversed due to customer return rates for products recalled in Fiscal 2014 being lower than estimated despite the efforts by the Company to contact impacted customers. These reversals were recorded in Other operating income (expense), net.

Income Taxes

Deferred income tax assets and liabilities are based on the estimated future tax effects of differences between the financial and tax basis of assets and liabilities based on currently enacted tax laws. The tax balances and income tax expense recognized are based on management's interpretation of the tax laws of multiple jurisdictions. Income tax expense also reflects best estimates and assumptions regarding, among other things, the level of future taxable income and tax planning. Future changes in tax laws, changes in projected levels of taxable income, tax planning and adoption and implementation of new accounting standards could impact the effective tax rate and tax balances recorded.

Tax positions are recognized when they are more likely than not to be sustained upon examination. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon settlement. The Company is subject to periodic audits by the United States Internal Revenue Service and other state and local taxing authorities. These audits may challenge certain of the Company's tax positions such as the timing and amount of income and deductions and the allocation of taxable income to various tax jurisdictions. The Company evaluates its tax positions and establishes liabilities in accordance with the applicable accounting guidance on uncertainty in income taxes. These tax uncertainties are reviewed as facts and circumstances change and are adjusted accordingly. This requires significant management judgment in estimating final outcomes. Interest and penalties are classified as Income tax expense in the Consolidated Statements of Operations. See Note 9, *Income Taxes*, for further details.

The Company performed an evaluation over its deferred tax assets and determined that a valuation allowance is considered necessary. See Note 9, *Income Taxes*, for further details on the valuation allowance. Excluding the \$173.0 million and \$98.3 million non-cash impairment charges to the indefinite-lived intangible asset in Fiscal 2016 and Fiscal 2015, respectively, the Company would not be in a cumulative loss position.

Lands' End and Sears Holdings Corporation entered into the Tax Sharing Agreement in connection with the Separation which governs Sears Holdings Corporation's and Lands' End's respective rights, responsibilities and obligations after the Separation with respect to liabilities for United States federal, state, local and foreign taxes attributable to the Lands' End business. In addition to the allocation of tax liabilities, the Tax Sharing Agreement addresses the preparation and filing of tax returns for such taxes and dispute resolution with taxing authorities regarding such taxes. Generally, Sears Holdings Corporation is liable for all pre-Separation United States federal, state and local income taxes. Lands' End generally is liable for all other taxes attributable to its business, including all foreign income taxes.

Self-Insurance

The Company has a self-insured plan for health and welfare benefits and provides an accrual to cover the obligation. The accrual for the self-insured liability is based on claims filed and an estimate of claims incurred but not yet reported. The Company considers a number of factors, including historical claims information, when determining the amount of the accrual. Costs related to the administration of the plan and related claims are expensed as incurred. Total expenses were \$16.5 million, \$18.2 million and \$16.2 million for Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively.

The Company also has a self-insured plan for certain costs related to workers' compensation. The Company obtains third-party insurance coverage to limit exposure to this self-insured risk.

Postretirement Benefit Plan

Effective January 1, 2006, the Company decided to indefinitely suspend eligibility to the postretirement medical plan for future company retirees.

The Company has a 401(k) retirement plan, which covers most regular employees and allows them to make contributions. The Company also provides a matching contribution on a portion of the employee contributions. Total expense incurred under this plan was \$3.2 million, \$3.3 million and \$3.3 million for Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) encompasses all changes in equity other than those arising from transactions with stockholders, and is comprised solely of foreign currency translation adjustments, impact of the Tax Act on the translation adjustments and net income (loss).

(in thousands)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Beginning balance: Accumulated other comprehensive loss (net of tax of \$6,691, \$5,053 and \$3,931, respectively)	\$ (12,426)	\$ (9,384)	\$ (7,298)
Other comprehensive income (loss)			
Foreign currency translation adjustments (net of tax of \$(1,427), \$1,638, and \$1,122, respectively)	4,282	(3,042)	(2,086)
Impact of Tax Act	(2,448)	—	—
Ending balance: Accumulated other comprehensive loss (net of tax of \$2,816, \$6,691, and \$5,053 respectively)	<u>\$ (10,592)</u>	<u>\$ (12,426)</u>	<u>\$ (9,384)</u>

As a result of the Tax Act, in Fiscal 2017, \$2.4 million was reclassified out of Accumulated other comprehensive loss into Accumulated deficit in accordance with the adoption of ASU 2018-02, *Income Statement - Reporting Comprehensive Income*. See New Accounting Pronouncements for further discussion. No other amounts were reclassified out of Accumulated other comprehensive loss in the periods presented.

Stock-Based Compensation

Stock-based compensation expense for restricted stock units is determined based on the grant date fair value. The fair value is determined based on the Company's stock price on the date of the grant. The Company recognizes stock-based compensation cost net of estimated forfeitures and revises the estimates in subsequent periods if actual forfeitures differ from the estimates. The Company estimates the forfeiture rate based on historical data as well as expected future behavior. Stock-based compensation is recorded in Selling and administrative expense in the Consolidated Statements of Operations over the period in which the employee is required to provide service in exchange for the restricted stock units.

Earnings per Share

The numerator for both basic and diluted EPS is net income attributable to Lands' End. The denominator for basic EPS is based upon the number of weighted average shares of Lands' End common stock outstanding during the reporting periods. The denominator for diluted EPS is based upon the number of weighted average shares of Lands' End common stock and common stock equivalents outstanding during the reporting periods using the treasury stock method in accordance with ASC 718, *Compensation - Stock Compensation*.

The following table summarizes the components of basic and diluted EPS:

(in thousands, except per share amounts)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net income (loss)	\$ 28,195	\$ (109,782)	\$ (19,548)
Basic weighted average shares outstanding	32,076	32,021	31,979
Dilutive effect of stock awards	34	—	—
Diluted weighted average shares outstanding	32,110	32,021	31,979
Basic earnings (loss) per share	\$ 0.88	\$ (3.43)	\$ (0.61)
Diluted earnings (loss) per share	\$ 0.88	\$ (3.43)	\$ (0.61)

Stock awards are considered anti-dilutive based on the application of the treasury stock method or in the event of a net loss. There were 397,669, 163,633 and 41,994 anti-dilutive shares excluded from the diluted weighted average shares outstanding in Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively.

New Accounting Pronouncements

Intangibles - Goodwill and Other

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other*, which simplifies the test for goodwill impairment by removing the second step of the goodwill impairment test. Under the new guidance, a one-step quantitative test is conducted. The excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit, is recorded as the amount of goodwill impairment. The new guidance does not amend the optional qualitative assessment of goodwill impairment. This guidance was adopted by the Company during Fourth Quarter 2017 and did not have a material impact on the Company. See Note 2, *Summary of Significant Account Policies - Goodwill and Indefinite-lived Intangible Asset Impairment Assessments*, and Note 8, *Goodwill and Indefinite-Lived Intangible Asset*, for additional details on the methodology used for the annual impairment testing.

Income Statement - Reporting Comprehensive Income

In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income*, in response to the Tax Cuts and Jobs Act enacted on December 22, 2017 by the U.S. federal government. The standard eliminates the stranded tax effects resulting from the Tax Cuts and Jobs Act by reclassifying the effect out of Accumulated other comprehensive loss and into Accumulated deficit. This guidance was adopted by the Company during Fourth Quarter 2017 and resulted in a \$2.4 million reclassification on the Consolidated Balance Sheets from Accumulated other comprehensive loss to Accumulated deficit in the period the standard was adopted. See Note 2, *Summary of Significant Account Policies - Accumulated Other Comprehensive Income (Loss)*, and Note 9, *Income Taxes*, for additional details.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under today's guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. This guidance was deferred by ASU 2015-14, *Revenue from Contracts with Customers*, issued by the FASB in August 2015, and will be effective for Lands' End in the first quarter of its fiscal year ending February 1, 2019. Subsequently, the FASB has also issued accounting standards updates which clarify the guidance.

The Company has evaluated its revenue streams to determine whether each revenue stream would be impacted by the provisions of the new guidance, including differences in timing, measurement or presentation. The Company plans to adopt the new guidance using the modified retrospective approach, where policies are implemented on a prospective basis, with the accumulated historical impact recorded as an adjustment to Accumulated deficit in the period of implementation. While most revenue recognition policies are not expected to change, the Company has identified anticipated changes to our Consolidated Statement of Operations related to the timing of revenue recognition for gift card breakage where estimated breakage revenue will now be recognized over the breakage period as opposed to at the end. See *Revenue of Breakage for Certain Prepaid Stored-Value Products* below for further details. The Company has also identified a presentational change within its Consolidated Balance Sheets, where the reserve for returns will now be presented gross in Inventories, net and Other accrued liabilities. The impact of this presentational change is an increase to both accounts which is expected to range between \$5 million and \$8 million based on the seasonality of the business. The new guidance will also require increased disclosures.

Recognition of Breakage for Certain Prepaid Stored-Value Products

In March 2016, the FASB issued ASU 2016-04, *Recognition of Breakage for Certain Prepaid Stored-Value Products*. This update clarifies when it is acceptable to recognize the unredeemed portion of prepaid gift cards into income. This guidance will be effective for Lands' End in the first quarter of its fiscal year ending February 1, 2019.

The Company has evaluated the impacts of this ASU and has identified a change in the timing of recognition of revenues from gift cards. Upon implementation, the Company will recognize breakage income over the breakage period for the estimated portion of unredeemed gift cards that is unlikely to be redeemed where the Company does not have a legal obligation to remit the value of the unredeemed gift card to the relevant jurisdiction as unclaimed or abandoned property. Implementing this guidance will result in a cumulative impact to be recognized in Accumulated deficit at the date of adoption of approximately \$1 million for estimated gift card breakage occurring prior to Fiscal 2018, under the modified retrospective approach described under the preceding Revenue from Contracts with Customers section.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. This update clarifies guidance to reduce the current diversity in practice of the classification of certain cash receipts and cash payments within the Consolidated Statement of Cash Flows. This guidance will be effective for Lands' End in the first quarter of its fiscal year ending February 1, 2019. The Company does not believe the adoption of this ASU will have a material impact on the Company's Consolidated Financial Statements.

Restricted Cash

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*. This ASU requires the inclusion of restricted cash within Cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the Consolidated Statement of Cash Flows. This guidance will be effective for the Company in the first quarter of its fiscal year ending February 1, 2019. The Company does not believe the adoption of this ASU will have a material impact on the Company's Consolidated Financial Statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will replace the existing guidance in ASC 840, *Leases*. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize a straight-line total lease expense. This guidance will be effective for the Company in the first quarter of its fiscal year ending January 31, 2020. While it is expected that the standard will have a material increase in the assets and liabilities recorded on the Company's Consolidated Balance Sheet, the Company is still evaluating the overall impact on the Company's Consolidated Financial Statements.

Reclassifications

In Fourth Quarter 2017, the Company reassessed the segment allocation of royalty revenues related to a retail location. These revenues were not material and have been reclassified from the Corporate Segment to the Retail Segment for all periods presented.

In First Quarter 2017, the Company adopted ASU 2016-09, *Compensation - Stock Compensation*, which changed the required presentation of payments of employee withholding taxes on share-based compensation on the Consolidated Statement of Cash Flows from an operating activity to a financing activity. As a result of the adoption, the Company reclassified payments of employee withholding taxes on share-based compensation from Other operating liabilities for Fiscal 2016 and Fiscal 2015 to Payments of employee withholding taxes on share-based compensation. Other requirements of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

NOTE 3. DEBT

Debt Arrangements

On November 16, 2017, the Company entered into the Current ABL Facility, which provides for maximum borrowings of \$175.0 million for the Company, subject to a borrowing base. The Current ABL Facility has a letter of credit sub-limit of \$70.0 million and will mature no later than November 16, 2022, subject to customary extension provisions provided for therein. The Current ABL Facility is available for working capital and other general corporate purposes, and was undrawn, other than for letters of credit. Upon entering into the Current ABL Facility, the Company incurred \$1.5 million in debt origination fees. The fees were capitalized as debt issuance costs and are being amortized as an adjustment to Interest expense over the remaining life of the Debt Facilities.

Also on November 16, 2017, the Company terminated all loan related documents of the Prior ABL Facility and repaid all outstanding amounts thereunder.

The Prior ABL Facility provided for maximum borrowings of \$175.0 million for Lands' End, subject to a borrowing base, with a \$30.0 million sub facility for the UK Borrower. The Prior ABL Facility had a sub-limit of \$70.0 million for domestic letters of credit and a sub-limit of \$15.0 million for letters of credit for the UK Borrower. The Prior ABL Facility was available for working capital and other general corporate purposes, and was undrawn, other than for letters of credit.

On April 4, 2014, Lands' End entered into the Term Loan Facility of \$515.0 million, the proceeds of which were used to pay a dividend of \$500.0 million to a subsidiary of Sears Holdings Corporation immediately prior to the Separation and to pay fees and expenses associated with the Prior ABL Facility and the Term Loan Facility of approximately \$11.4 million, with the remaining proceeds used for general corporate purposes. The fees were capitalized as debt issuance costs and are being amortized as an adjustment to Interest expense over the remaining life of the Debt Facilities.

The Company's debt consisted of the following:

(in thousands)	February 2, 2018		January 27, 2017	
	Principal Amount	Interest Rate	Principal Amount	Interest Rate
Term Loan Facility, maturing April 4, 2021	\$ 495,688	4.82%	\$ 500,838	4.25%
Current ABL Facility, maturing November 16, 2022	—	—%	—	—%
Prior ABL Facility, maturing April 4, 2019 ⁽¹⁾	—	—%	—	—%
	495,688		500,838	
Less: current maturities in Other current liabilities	5,150		5,150	
Less: unamortized debt issuance costs	4,290		5,645	
Long-term debt, net	\$ 486,248		\$ 490,043	

⁽¹⁾ Debt facility terminated on November 16, 2017.

The following table summarizes the Company's borrowing availability under the ABL Facilities:

<i>(in thousands)</i>	February 2, 2018	January 27, 2017
Current ABL Facility maximum borrowing	\$ 175,000	\$ —
Prior ABL Facility maximum borrowing	—	175,000
Outstanding letters of credit	22,328	19,705
Borrowing availability under ABL	<u>\$ 152,672</u>	<u>\$ 155,295</u>

Interest; Fees

The interest rates per annum applicable to the loans under the Debt Facilities are based on a fluctuating rate of interest measured by reference to, at the borrowers' election, either (i) an adjusted LIBOR plus a borrowing margin, or (ii) an alternative base rate plus a borrowing margin. The borrowing margin is fixed for the Term Loan Facility at 3.25% in the case of LIBOR loans and 2.25% in the case of base rate loans. For the Term Loan Facility, LIBOR is subject to a 1% interest rate floor. The borrowing margin for the ABL Facilities is subject to adjustment based on the average excess availability under the ABL Facilities for the preceding fiscal quarter. LIBOR borrowings will range from 1.25% to 1.75% and 1.50% to 2.00% for the Current ABL Facility and Prior ABL Facility, respectively. Base rate borrowings will range from 0.50% to 1.00% for the ABL Facilities.

Customary agency fees are payable in respect of the Debt Facilities. The ABL Facilities fees also include (i) commitment fees in an amount equal to 0.25% and 0.25% to 0.375% of the daily unused portions of the Current ABL Facility and Prior ABL Facility respectively, and (ii) customary letter of credit fees.

Amortization and Prepayments

The Term Loan Facility amortizes at a rate equal to 1% per annum, and is subject to mandatory prepayment in an amount equal to a percentage of the borrower's excess cash flows (as defined in the Term Loan Facility) in each fiscal year, ranging from 0% to 50% depending on Lands' End's secured leverage ratio, and the proceeds from certain asset sales and casualty events. Based on Fiscal 2017 results, mandatory prepayments were triggered, however, excess cash flows were negative resulting in no prepayments to be made. The Company's aggregate scheduled maturities of the Term Loan Facility as of February 2, 2018 are as follows:

<i>(in thousands)</i>	
Less than 1 year	\$ 5,150
1 - 2 years	5,150
2 - 3 years	5,150
3 - 4 years	480,238
	<u>\$ 495,688</u>

Guarantees; Security

All domestic obligations under the Debt Facilities are unconditionally guaranteed by the Company and, subject to certain exceptions, each of its existing and future direct and indirect wholly-owned domestic subsidiaries. The Current ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

The Term Loan Facility also is secured by a first priority security interest in certain property and assets of the borrowers and guarantors, including certain fixed assets and stock of subsidiaries. The Current ABL Facility is secured by a second priority security interest in the same collateral.

The Prior ABL Facility had the same terms to those stated above. In addition, the obligations of the UK Borrower under the Prior ABL Facility were guaranteed by its existing and future direct and indirect subsidiaries organized in the United Kingdom.

Representations and Warranties; Covenants

Subject to specified exceptions, the Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict the ability of Lands' End and its subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business. In addition, if excess availability under the Current ABL Facility falls below the greater of 10% of the loan cap amount or \$15.0 million, Lands' End will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0. The Debt Facilities do not otherwise contain financial maintenance covenants. The Company was in compliance with all financial covenants related to the Debt Facilities as of February 2, 2018.

The Debt Facilities contain certain affirmative covenants, including reporting requirements such as delivery of financial statements, certificates and notices of certain events, maintaining insurance, and providing additional guarantees and collateral in certain circumstances.

Events of Default

The Debt Facilities include customary events of default including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross defaults related to certain other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of guarantees or security interests, and material judgments and change of control.

NOTE 4. LEASES

The Company leases stores, office space and warehouses under various leasing arrangements. As of February 2, 2018, the Retail segment leases store space in 174 Sears Holdings store locations (see Note 11, *Related Party Agreements and Transactions*) and 12 Lands' End Stores. The Direct segment leases one Lands' End school uniform store. The total number of stores, 189, includes two Lands' End stores that are owned by the Company which have no required minimum lease payments. All leases are accounted for as operating leases. Operating lease obligations are based upon contractual minimum rents. Certain leases include renewal options.

Total rental expense under operating leases was \$27.2 million, \$30.6 million and \$31.1 million for Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively.

Total future commitments under these operating leases (primarily leased Lands' End Shops at Sears space at Sears Holdings locations as described in Note 11, *Related Party Agreements and Transactions*) as of February 2, 2018 are as follows for the fiscal years ending (in thousands):

2018	\$	21,597
2019		12,936
2020		4,433
2021		3,570
2022		2,721
Thereafter		3,514
Total minimum payments required⁽¹⁾		48,771

⁽¹⁾ Minimum payments have not been reduced by minimum sublease rentals of \$4.4 million due in the future under noncancelable subleases.

The following table summarizes the fiscal years in which the remaining Lands' End Shops at Sears stores are currently contracted to expire during:

	Number of Stores
Fiscal 2018	94
Fiscal 2019	80

NOTE 5. STOCK-BASED COMPENSATION

The Company expenses the fair value of all stock awards over their respective vesting periods, ensuring that, the amount of cumulative compensation cost recognized at any date is at least equal to the portion of the grant-date value of the award that is vested at that date. The Company has elected to adjust compensation expense for an estimated forfeiture rate for those shares not expected to vest and to recognize compensation cost on a straight-line basis for awards that only have a service requirement with multiple vest dates.

The Company has granted the following types of stock awards to employees at management levels and above:

- i. Time vesting stock awards ("Deferred Awards") are in the form of restricted stock units and only require each recipient to complete a service period for the awards to be earned. Deferred Awards generally vest over three years or in full after a three year period. The fair value of Deferred Awards is based on the closing price of the Company's common stock on the grant date and is reduced for estimated forfeitures of those awards not expected to vest due to employee turnover.
- ii. Stock option awards ("Option Awards") provide the recipient with the option to purchase a set number of shares at a stated exercise price over the term of the contract, which is 10 years for all Option Awards currently outstanding.
- iii. Performance-based stock awards ("Performance Awards") are in the form of restricted stock units and have, in addition to a service requirement, performance criteria that must be achieved for the awards to be earned. Performance Awards have annual vesting, but due to the performance criteria, are not eligible for straight-line expensing. Therefore, Performance Awards are amortized using a graded expense process. Similar to Deferred Awards, Performance Awards fair value is based on the closing price of the Company's common stock on the grant date and the compensation expense is reduced for estimated forfeitures of those awards not expected to vest due to employee turnover.

The following table summarizes the Company's stock-based compensation expense, which is included in Selling and administrative expense in the Consolidated Statements of Operations:

(in thousands)

	Fiscal 2017		Fiscal 2016		Fiscal 2015	
Deferred Awards	\$	3,212	\$	1,599	\$	1,534
Option Awards		651		—		—
Performance Awards		88		631		861
Total stock-based compensation expense	\$	3,951	\$	2,230	\$	2,395

The following table provides a summary of the activities for stock awards for Fiscal 2017:

	Deferred Awards		Option Awards		Performance Awards	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
(in thousands, except per share amounts)						
Unvested Deferred Awards, as of January 27, 2017	252	\$ 24.42	—	\$ —	69	\$ 26.38
Granted	422	21.49	343	8.73	—	—
Vested	(70)	22.66	—	—	(41)	28.33
Exercised	—	—	—	—	—	—
Forfeited or expired	(107)	24.85	—	—	(13)	25.20
Unvested Deferred Awards, as of February 2, 2018	497	22.07	343	8.73	15	21.94

The following table provides a summary of the activities for stock awards for Fiscal 2016:

(in thousands, except per share amounts)	Deferred Awards		Option Awards		Performance Awards	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested Deferred Awards, as of January 29, 2016	175	\$ 30.87	—	\$ —	109	\$ 26.81
Granted	242	23.93	—	—	—	—
Vested	(27)	33.53	—	—	(30)	27.84
Exercised	—	—	—	—	—	—
Forfeited or expired	(138)	30.05	—	—	(10)	26.73
Unvested Deferred Awards, as of January 27, 2017	252	24.42	—	—	69	26.38

Total unrecognized stock-based compensation expense related to unvested Deferred Awards was approximately \$7.3 million as of February 2, 2018, which is expected to be recognized ratably over a weighted average period of 2.3 years. Deferred Awards granted to various employees during Fiscal 2017 generally vest ratably for a period between fifteen months to four years.

There was no unrecognized stock-based compensation expense related to unvested Performance Awards as of February 2, 2018.

Total unrecognized stock-based compensation expense related to unvested Option Awards was approximately \$2.3 million as of February 2, 2018, which is expected to be recognized ratably over a weighted average period of 3.1 years. The Option Awards vest ratably over 4.0 years and the contract to buy Option Awards extends for another 6.0 years. The fair value of each Option Award was estimated on the grant date using the Black-Scholes option pricing model. No Option Awards were exercisable as of February 2, 2018.

The fair value of Option Awards is determined on the grant date utilizing a Black-Scholes option pricing model. The following assumptions were utilized in deriving the fair value for Option Awards granted during Fiscal 2017:

Assumption	Low	High
Risk-free interest rate	1.82%	1.90%
Expected dividend yield	—%	—%
Volatility	45.59%	46.12%
Expected life (in years)	6.25	6.25
Weighted average exercise price per share	\$18.10	\$22.00

The simplified method was used to calculate the Expected life (in years) to be utilized in the Black-Scholes option pricing model applied to Option Awards granted in Fiscal 2017. The simplified method was used as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of the Option Awards due to the limited period of time since the Company began publicly issuing shares.

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following:

<i>(in thousands)</i>	February 2, 2018		January 27, 2017	
Deferred gift card revenue	\$	19,272	\$	19,999
Accrued employee compensation and benefits		32,302		13,165
Reserve for sales returns and allowances		11,133		11,794
Deferred revenue		12,993		10,660
Accrued property, sales and other taxes		6,663		7,578
Short-term portion of long-term debt		5,150		5,150
Other		12,744		18,100
Total other current liabilities	\$	100,257	\$	86,446

NOTE 7. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company determines fair value of financial assets and liabilities based on the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs—unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs—inputs other than quoted market prices included in Level 1 that are observable, either directly or indirectly, for the asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates.

Level 3 inputs—unobservable inputs for the asset or liability.

Restricted cash is reflected on the Consolidated Balance Sheets at fair value. The fair value of Restricted cash as of February 2, 2018 and January 27, 2017 was \$2.4 million and \$3.3 million, respectively, based on Level 1 inputs. Restricted cash amounts are valued based upon statements received from financial institutions.

Carrying values and fair values of other financial instruments in the Consolidated Balance Sheets are as follows:

<i>(in thousands)</i>	February 2, 2018		January 27, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including short-term portion	\$ 495,688	\$ 443,641	\$ 500,838	\$ 379,385

Long-term debt, including short-term portion was valued utilizing level 2 valuation techniques based on the closing inactive market bid price on February 2, 2018. There were no nonfinancial assets or nonfinancial liabilities recognized at fair value on a nonrecurring basis as of February 2, 2018 and January 27, 2017.

Goodwill and indefinite-lived intangible assets are also tested annually or if a triggering event occurs that indicates an impairment loss may have incurred using fair value measurements with unobservable inputs (Level 3). See Note 2, *Summary of Significant Accounting Policies-Goodwill and Intangible Asset Impairment Assessments*, and Note 8, *Goodwill Indefinite-Lived and Intangible Assets*, for further details.

NOTE 8. GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSET

The Company's intangible assets, consisting of a trade name and goodwill, were originally valued in connection with a business combination accounted for under the purchase accounting method. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The net carrying amounts of goodwill and trade name are included within the Company's Direct segment.

The following table summarizes the Company's indefinite-lived intangible asset and Goodwill:

<i>(in thousands)</i>	Trade Name		Goodwill	
Balance as of January 29, 2016	\$	430,000	\$	110,000
Impairments		(173,000)		—
Balance as of January 27, 2017		257,000		110,000
Impairments		—		—
Balance as of February 2, 2018	\$	257,000	\$	110,000

ASC 350, *Intangibles - Goodwill and Other*, requires companies to test goodwill and indefinite-lived intangible assets for impairment annually, or more often if an event or circumstance indicates that the carrying amount may not be recoverable. During Fiscal 2017, Fiscal 2016 and Fiscal 2015 the Company conducted annual impairment testing of its goodwill and indefinite-lived intangible asset. Due to revenue declines in the respective periods, the Company recorded non-cash pretax indefinite-lived intangible asset impairment charges of \$173.0 million and \$98.3 million to its Direct segment during Fiscal 2016 and Fiscal 2015, respectively. There was no impairment charge recorded for the intangible asset in Fiscal 2017. The impairments were recorded in Intangible asset impairment on the Consolidated Statements of Operations.

There were no impairments of goodwill during any periods presented or since goodwill was first recognized. See also Note 2, *Summary of Significant Accounting Policies - Goodwill and Intangible Asset Impairment Assessments*, for further details.

If actual results fall short of the Company's estimates and assumptions used in estimating revenue growth, future cash flows and asset fair values, the Company could incur further impairment charges for the intangible asset or goodwill, which could have an adverse effect on its results of operations.

NOTE 9. INCOME TAXES

The Company's income (loss) before income taxes in the United States and in foreign jurisdictions is as follows:

<i>(in thousands)</i>	Fiscal 2017		Fiscal 2016		Fiscal 2015	
Income (loss) before income taxes:						
United States	\$	9,011	\$	(174,461)	\$	(31,206)
Foreign		(8,563)		(4,419)		1,967
Total income (loss) before income taxes	\$	448	\$	(178,880)	\$	(29,239)

The components of the (benefit from) provision for income taxes are as follows:

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
United States	\$ (27,623)	\$ (70,316)	\$ (9,737)
Foreign	(124)	1,218	46
Total (benefit) provision	<u>\$ (27,747)</u>	<u>\$ (69,098)</u>	<u>\$ (9,691)</u>

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Current:			
Federal	\$ 4,804	\$ (2,834)	\$ 10,524
State	330	(229)	2,409
Foreign	(124)	1,218	46
Total current	<u>5,010</u>	<u>(1,845)</u>	<u>12,979</u>
Deferred:			
Federal	(34,901)	(62,645)	(20,956)
State	2,144	(4,608)	(1,714)
Total deferred	<u>(32,757)</u>	<u>(67,253)</u>	<u>(22,670)</u>
Total (benefit) provision	<u>\$ (27,747)</u>	<u>\$ (69,098)</u>	<u>\$ (9,691)</u>

A reconciliation of the statutory federal income tax rate to the effective income tax rate is as follows:

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Tax at statutory federal income tax rate	33.8 %	35.0 %	35.0 %
State income taxes, net of federal tax benefit	103.5 %	2.7 %	(1.6)%
Foreign differential	108.6 %	— %	— %
Permanent differences	383.1 %	(0.7)%	(1.9)%
Tax reform revaluation of deferred taxes	(7,793.7)%	— %	— %
Transition tax on repatriated foreign earnings	950.9 %	— %	— %
Uncertain tax benefits	(600.1)%	0.8 %	1.3 %
Change in foreign valuation allowance	509.8 %	— %	— %
Other, net	110.6 %	0.8 %	0.3 %
Total at effective income tax rate	<u>(6,193.5)%</u>	<u>38.6 %</u>	<u>33.1 %</u>

Under Internal Revenue Code Section 15(a), companies are required to calculate their federal tax rate by using a blended rate based on the date of enactment of the Tax Act ("Federal Blended Rate"). The Federal Blended Rate for the Company is 33.8% for Fiscal 2017.

Deferred tax assets and liabilities consisted of the following:

<i>(in thousands)</i>	February 2, 2018	January 27, 2017
Deferred tax assets:		
Deferred revenue	\$ 3,292	\$ 4,903
Legal and other reserves	1,512	1,892
Deferred compensation	4,029	4,653
Reserve for returns	2,301	3,578
Inventory	3,099	7,817
Currency translation adjustment - foreign subsidiaries	2,816	6,691
Other	4,330	8,197
Total deferred tax assets	21,379	37,731
Foreign net operating loss carryforward	2,284	—
Less valuation allowance	(2,284)	—
Net deferred tax assets	21,379	37,731
Deferred tax liabilities:		
Intangible assets	62,754	96,812
LIFO reserve	16,659	24,601
Unremitted foreign earnings	—	5,208
Catalog marketing	1,103	1,577
Total deferred tax liabilities	80,516	128,198
Net deferred tax liability	\$ 59,137	\$ 90,467

As of February 2, 2018, the Company's foreign subsidiaries had \$8.6 million of foreign net operating loss ("NOL") carryforwards (generating a \$2.3 million deferred tax asset) available to offset future taxable income. These foreign NOLs can be carried forward indefinitely, however, a valuation allowance was established since the future utilization of these NOLs is uncertain.

A reconciliation of the beginning and ending amount of UTBs is as follows:

<i>(in thousands)</i>	Federal, State and Foreign Tax		
	Fiscal 2017	Fiscal 2016	Fiscal 2015
Gross UTB balance at beginning of period	\$ 6,901	\$ 8,311	\$ 9,082
Tax positions related to the current period—gross increases	—	120	116
Tax positions related to the prior periods—gross decreases	(2,370)	(1,530)	(697)
Settlements	—	—	(190)
Gross UTB balance at end of period	\$ 4,531	\$ 6,901	\$ 8,311

As of February 2, 2018, the Company had UTBs of \$4.5 million. Of this amount, \$3.0 million would, if recognized, impact its effective tax rate. It is reasonable that UTBs will fluctuate over the next 12 months for audit settlements and expirations of statute of limitations for certain jurisdictions by no more than \$2.5 million. Pursuant to the Tax Sharing Agreement, Sears Holdings Corporation is generally responsible for all United States federal, state and local UTBs through the date of the Separation and, as such, the UTBs are recorded in Other liabilities in the Consolidated Balance Sheets, and an indemnification asset from Sears Holdings Corporation for the \$4.2 million pre-Separation UTBs is recorded in Other assets in the Consolidated Balance Sheets. Prior to the Separation, the tax provision and related tax accounts represented the tax attributable to the Company as if the Company filed a separate tax return. However, the computed obligations were settled through Sears Holdings Corporation.

The Company classifies interest expense and penalties related to UTBs and interest income on tax overpayments as components of income tax expense. As of February 2, 2018, the total amount of interest expense and penalties recognized on the balance sheet was \$3.2 million (\$2.1 million net of federal benefit). As of January 27, 2017, the total amount of interest and penalties recognized on the balance sheet was \$4.9 million (\$3.2 million net of federal benefit). The total amount of net interest expense recognized in the Consolidated Statements of Operations were insignificant for all periods presented. Sears Holdings and Lands' End files income tax returns in both the United States and various foreign jurisdictions. The Internal Revenue Service has completed its examination of all federal income tax returns of Sears Holdings through the 2009 return, and all matters arising from such examinations have been resolved. The Company is open to examination by the Internal Revenue Service for the years 2015 and forward. Sears Holdings and the Company are under examination by various state income tax jurisdictions for the years 2011 to 2014.

Impacts of Separation

At Separation from Sears, the Company entered into a Tax Sharing Agreement with respect to Federal and State Income tax liabilities concerning pre-separation periods. Pursuant to the tax sharing agreement, a \$13.7 million receivable was recorded by the Company to reflect the indemnification by Sears Holdings Corporation of the pre-Separation uncertain tax positions (including penalties and interest) for which Sears Holdings is responsible. This receivable is included in Other assets in the Consolidated Balance Sheets and was \$7.4 million and \$11.4 million at February 2, 2018 and January 27, 2017, respectively.

Impacts of the Tax Act

On December 22, 2017, the Tax Cuts and Jobs Act (H.R. 1) ("Tax Act") was signed into law. The Tax Act contains significant changes to corporate taxation, including (i) the reduction of the corporate income tax rate to 21%, (ii) the acceleration of expensing for certain business assets, (iii) the nonrecurring transition tax related to the transition of U.S. international tax from a worldwide tax system to a territorial tax system, (iv) the repeal of the domestic production deduction, (v) additional limitations on the deductibility of interest expense, and (vi) expanded limitations on the deductibility of executive compensation.

The key impacts of the Tax Act on the Company's Consolidated Financial Statements for Fiscal 2017, were the re-measurement of deferred tax balances to the new corporate tax rate and the accrual for the nonrecurring transition tax liability. While the Company has not yet finalized its assessment of the effects of the Tax Act, the Company is able to determine reasonable estimates for the impacts of the key items specified above, thus the Company reported provisional amounts for these items. In accordance with Staff Accounting Bulletin No. 118 ("SAB 118"), the Company is providing additional disclosures related to these provisional amounts.

In order to calculate the effects of the new corporate tax rate on the deferred tax balances, ASC 740, *Income Taxes*, ("ASC 740") required the re-measurement of the deferred tax balances as of the enactment date of the Tax Act, based on the rates at which the balances were expected to reverse in the future. The Company is still analyzing the impact of the retroactive provisions of the law on its deferred tax balances and refining its calculations which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. The provisional amount determined, and recorded, for the re-measurement of the deferred tax balances resulted in a net reduction in deferred tax liabilities of \$29.7 million. The Company will continue to analyze the impacts of the law on the deferred taxes and will refine the estimate of the balances as of the remeasurement date within 12 months from the date of enactment.

Additionally, the Company determined the provisional amount for the nonrecurring transition tax. The nonrecurring transition tax is based on the total post-1986 foreign earnings and profits ("E&P") that were previously deferred from U.S. income tax. The applicable tax rate is based on the amount of those post-1986 earnings that is held in cash and other specified assets ("Cash Position"). While the Company has not yet finalized its calculation of the total post-1986 E&P and Cash Position for foreign corporations or the impact of foreign tax credits, the Company has (i) prepared reasonable estimates of the total post-1986 E&P and Cash Position of foreign corporations, (ii) determined the applicable tax rates using the estimated Cash Position amounts, and, (iii) calculated, and recorded, a provisional amount for the nonrecurring transition tax liability of \$4.3 million. This amount is payable over eight years. Of the \$4.3 million transition tax liability, \$0.4 million is payable in the next 12 months and is recorded in current liabilities. The balance of \$3.9 million is recorded in non-current liabilities. This amount is subject to change upon the completion of the total post-1986 E&P calculation, Cash Position calculation, and foreign tax credit determination. The Company will continue to apply its existing accounting under ASC 740 for this matter.

The Company recorded a \$30.6 million benefit which consisted of the provisional amounts for the re-measurement of deferred tax balances at the new expected tax rates under the Tax Act. This includes a net reduction of deferred liabilities of \$29.7 million plus a \$5.2 million reduction to deferred liabilities on unremitted foreign earnings previously recorded. Both amounts are offset by the provisional amount for a nonrecurring transition tax liability of \$4.3 million related to foreign investments under the Tax Act.

The aforementioned provisional amounts related to the deferred tax balances and nonrecurring transition tax are based on information available at this time and may change due to a variety of factors, including, among others, (i) anticipated guidance from the U.S. Department of Treasury about implementing the Tax Act, (ii) potential additional guidance from the Securities and Exchange Commission or the Financial Accounting Standards Board related to the Tax Act, (iii) any impact resulting from the Company's Fiscal 2018 financial closing and reporting processes, and (iv) management's further assessment of the Tax Act and related regulatory guidance. The Company has not finalized its full assessment of the impact of the Tax Act on the business and Consolidated Financial Statements. While the effective date of most of the provisions of the Tax Act do not apply until Fiscal 2018, the Company will continue its assessment of the impact of the Tax Act on the business and Consolidated Financial Statements throughout the one-year measurement period as provided by SAB 118.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is party to various claims, legal proceedings and investigations arising in the ordinary course of business. Some of these actions involve complex factual and legal issues and are subject to uncertainties. At this time, the Company is not able to either predict the outcome of these legal proceedings or reasonably estimate a potential range of loss with respect to the proceedings. While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on results of operations, cash flows or financial position taken as a whole.

Beginning in 2005, the Company initiated claims in Iowa County Circuit Court against the City of Dodgeville (the "City") to recover overpaid taxes resulting from the City's excessive property tax assessment of the Company's headquarters campus for each tax year from 2005 through 2016. As of February 2, 2018, the City had refunded, as the result of various court decisions, over \$7.5 million in excessive taxes and interest to the Company. All excessive property tax assessments claims arising with respect to the tax years 2005 through 2016 are now closed.

The Company recognized refunds of approximately \$1.0 million, \$2.4 million and \$0.9 million of the above amount in Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. The refunds were recorded primarily within Selling and administrative costs in the Consolidated Statement of Operations.

NOTE 11. RELATED PARTY AGREEMENTS AND TRANSACTIONS

According to statements on form Schedule 13D filed with the SEC by ESL, ESL beneficially owns significant portions of both the Company's and Sears Holdings Corporation's outstanding shares of common stock. Therefore Sears Holdings Corporation, the Company's former parent company, is considered a related party. In Fiscal 2017, ESL purchased approximately \$4.0 million of the Company's outstanding debt at a discount of approximately \$1.0 million. Due to the related party relationship, this discount was considered a cancellation of debt under Section 108 of the Internal Revenue Code, triggering additional income tax payments due in the current period for the Company. As of May 4, 2017, ESL had divested itself of all of the Company's outstanding debt to an unrelated third party.

In connection with, and subsequent to, the Separation, the Company entered into various agreements with Sears Holdings which, among other things, (i) govern specified aspects of the Company's relationship following the Separation, especially with regards to the Lands' End Shops at Sears, and (ii) establish terms pursuant to which subsidiaries of Sears Holdings Corporation are providing services to the Company.

References to and descriptions of the agreements below represent certain agreements entered into in connection with, and subsequent to, the Separation, where applicable.

The components of the transactions between the Company and Sears Holdings, which exclude pass-through payments to third parties, are as follows:

Lands' End Shops at Sears

Related party costs charged by Sears Holdings to the Company related to Lands' End Shops at Sears are as follows:

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Retail services, store labor	\$ 21,934	\$ 24,052	\$ 26,773
Rent, CAM and occupancy costs	22,084	24,727	25,239
Financial services and payment processing	2,455	2,834	2,792
Supply chain costs	741	979	985
Total expenses	\$ 47,214	\$ 52,592	\$ 55,789
Number of Lands' End Shops at Sears at period end ⁽¹⁾	174	216	227

⁽¹⁾ During Fiscal 2017, Fiscal 2016 and Fiscal 2015, 42, 11 and 9 Lands' End Shops at Sears were closed, respectively.

Retail Services, Store Labor

The Company contracts with Sears Roebuck to provide hourly labor and required systems and tools to service customers in the Lands' End Shops at Sears. This includes dedicated staff to directly engage with customers and allocated overhead. The dedicated staff undergoes specific Lands' End brand training. Required tools include point-of-sale, price lookup and labor scheduling systems.

Rent, CAM and Occupancy Costs

The Company rents space in store locations owned or leased by Sears Roebuck. The agreements include a cost per square foot for rent, CAM and occupancy costs. The lease terms for the individual store locations generally terminate effective January 31, 2019, or 2020.

Financial Services and Payment Processing

The Company contracts with SHMC to provide retail financing and payment solutions, primarily based upon customer credit card activity, including third-party payment acceptance, credit cards and gift cards.

Supply Chain Costs

The Company contracts with Sears Roebuck to provide logistics, handling, transportation and other services, primarily based upon inventory units processed, to assist in the flow of merchandise from vendors to the Lands' End Shops at Sears locations.

General Corporate Services

Related party costs charged by Sears Holdings to the Company for general corporate services are as follows:

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Sourcing	\$ 10,243	\$ 10,878	\$ 9,609
Shop Your Way	1,119	2,301	2,896
Shared services	176	192	484
Total expenses	\$ 11,538	\$ 13,371	\$ 12,989

Sourcing

The Company contracts with a subsidiary of Sears Holdings to provide agreed upon buying agency services, on a non-exclusive basis, in foreign territories from where the Company purchases merchandise. These services, primarily based upon quantities purchased, include quality-control functions, regulatory compliance, product claims management and new vendor selection and setup assistance. During Second Quarter 2016 the Company entered into a new buying agency services agreement with a subsidiary of Sears Holding and terminated the agreement that was entered into at the time of the Separation. The new agreement provided for a higher commission rate and a higher annual commission minimum, as well as enhanced sourcing services, including for product development, costing analyses, vendor communications, vendor strategy and quality assurance.

During Third Quarter 2017, the Company extended the contract under which it receives sourcing services through June 30, 2020 and amended the contract to contain lower commission rates while retaining the same level of services to be provided. These amounts are capitalized into inventory and are expensed through cost of goods sold over the course of inventory turns and included in Cost of sales in the Consolidated Statements of Operations.

Shop Your Way

The Company contracts with SHMC to participate in Sears Holdings' SYW program. Customers earn points issued by SHMC on purchases which may be redeemed to pay for future purchases. The Company pays SHMC an agreed-upon fee for points issued in connection with purchases from the Company. Depending on the ratio of points redeemed in Lands' End formats to points issued in Lands' End formats in the previous 12 months, the Company generally either pays additional fees or is reimbursed fees by SHMC. All SYW program expenses are recorded in Cost of sales in the Consolidated Statements of Operations. During the Third Quarter 2017, the Company extended the contract governing its participation in the Shop Your Way program through April 4, 2018.

Shared Services

The Company contracts with SHMC to provide certain shared corporate services. These shared services include compliance.

Use of Intellectual Property or Services

Related party revenue charged by the Company to Sears Holdings for the use of intellectual property or services is as follows:

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Call center services	\$ 1,160	\$ 8,207	\$ 8,564
Lands' End business outfitters revenue	1,045	1,574	1,398
Credit card revenue	980	1,147	1,274
Royalty income	213	221	220
Gift card revenue (expense)	(32)	(32)	(33)
Total	<u>\$ 3,366</u>	<u>\$ 11,117</u>	<u>\$ 11,423</u>

Call Center Services

The Company has entered into a contract with SHMC to provide call center services in support of Sears Holdings' SYW program. The income is included in Net revenue and costs are included in Selling and administrative expenses in the Consolidated Statements of Operations. The contract for call center services expired on April 30, 2017.

Lands' End Business Outfitters Revenue

The Company sells store uniforms and other company apparel to Sears Holdings from time to time. Revenue related to these sales is included in Net revenue in the Consolidated Statements of Operations.

Credit Card Revenue

The Company has entered into a contract with SHMC to provide credit cards for customer sales transactions. The Company earns revenue based on the dollar volume of revenue and receives a fee based on the generation of new credit card accounts. This income is included in Net revenue in the Consolidated Statements of Operations.

Royalty Income

The Company entered into a licensing agreement with SHMC whereby royalties are paid in consideration for sharing or use of intellectual property. Royalties received under this agreement are included in Net revenue in the Consolidated Statements of Operations.

Gift Card Revenue (Expense)

The Company has entered into a contract with SHCP to provide gift cards for use by the Company. The Company offers gift cards for sale on behalf of SHCP and redeems such items on the Company's internet websites, retail stores and other retail outlets for merchandise. The Company receives a commission fee on the face value for each gift card it sells, and a payment from Sears Holdings for certain Lands' End-branded gift cards that are redeemed by Sears Holdings for non-Lands' End merchandise. The Company pays a transaction/redemption fee to SHCP for each gift card the Company redeems. The income, net of associated expenses, is included in Net revenue in the Consolidated Statements of Operations.

Additional Related Party Balance Sheet Information

At February 2, 2018 and January 27, 2017, the Company included \$2.0 million and \$3.7 million in Accounts Receivable, net, respectively, and \$2.9 million and \$3.1 million in Accounts payable, respectively, in the Consolidated Balance Sheets to reflect amounts due from and owed to Sears Holdings.

At February 2, 2018 and January 27, 2017, a \$7.4 million and \$11.4 million receivable, respectively, was recorded by the Company in Other assets in the Consolidated Balance Sheets to reflect the indemnification by Sears Holdings Corporation of the pre-Separation uncertain tax positions (including penalties and interest) for which Sears Holdings Corporation is responsible.

NOTE 12. SEGMENT REPORTING

The Company is a leading multi-channel retailer of casual clothing, accessories and footwear, as well as home products, and has two reportable segments: Direct and Retail. Product revenue is divided by product categories: Apparel and Non-apparel. The Non-apparel revenue includes accessories, footwear, and home goods. Services and other revenue includes embroidery, monogramming, gift wrapping, shipping and other services. Net revenue is aggregated by product category in the following table:

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net revenue:			
Apparel	\$ 1,144,950	\$ 1,086,439	\$ 1,156,047
Non-apparel	176,287	168,945	183,073
Services and other	85,440	80,376	80,658
Total Net revenue	<u>\$ 1,406,677</u>	<u>\$ 1,335,760</u>	<u>\$ 1,419,778</u>

The Company identifies reportable segments according to how business activities are managed and evaluated. The Company's reportable segments are strategic business units that offer similar products and services but are sold either directly from its warehouses (Direct) or through its retail stores (Retail). Adjusted EBITDA is the primary measure used to make decisions on allocating resources and assessing performance of each reportable segment. Adjusted EBITDA is computed as Income before taxes appearing on the Consolidated Statements of Operations net of interest expense, depreciation and amortization and other significant items that while periodically affecting the Company's results, may vary significantly from period to period and may have a disproportionate effect in a given period, which may affect comparability of results. Reportable segment assets are those directly used in or clearly allocable to a reportable segment's operations. Depreciation, amortization, and property and equipment expenditures are recognized in each respective segment. There were no material transactions between reporting segments for the years ended February 2, 2018, January 27, 2017 and January 29, 2016.

- The Direct segment sells products through the Company's e-commerce websites and direct mail catalogs. Operating costs consist primarily of direct marketing costs (catalog and e-commerce marketing costs); order processing and shipping costs; direct labor and benefits costs and facility costs. Assets primarily include goodwill and trade name intangible assets, inventory, accounts receivable, prepaid expenses (deferred catalog costs), technology infrastructure, and property and equipment.
- The Retail segment sells products and services through dedicated Lands' End Shops at Sears across the United States, the Company's Lands' End stores and international shop-in-shops. Operating costs consist primarily of labor and benefits costs; rent, CAM and occupancy costs; distribution costs; and in-store marketing costs. Assets primarily include inventory in the retail stores, fixtures and leasehold improvements.
- Corporate overhead and other expenses include unallocated shared-service costs, which primarily consist of employee services and financial services, legal and corporate expenses. These expenses include labor and benefits costs, corporate headquarters occupancy costs and other administrative expenses. Assets include corporate headquarters and facilities, corporate cash and cash equivalents and deferred income taxes.

Financial information by segment is presented as follows:

<i>(in thousands)</i>	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Net revenue:			
Direct	\$ 1,234,115	\$ 1,149,149	\$ 1,214,993
Retail	172,562	186,611	204,785
Total Net revenue	<u>\$ 1,406,677</u>	<u>\$ 1,335,760</u>	<u>\$ 1,419,778</u>

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Adjusted EBITDA:			
Direct	\$ 104,632	\$ 78,582	\$ 141,936
Retail	(7,866)	(5,339)	(301)
Corporate/other	(38,502)	(33,411)	(34,347)
Total adjusted EBITDA	\$ 58,264	\$ 39,832	\$ 107,288
Loss on disposal of property and equipment	348	672	44
Transfer of corporate functions	3,921	—	—
Product recall	—	(212)	(3,371)
Depreciation and amortization	24,910	19,003	17,399
Intangible asset impairment	—	173,000	98,300
Operating income (loss)	\$ 29,085	\$ (152,631)	\$ (5,084)
Interest expense	25,929	24,630	24,826
Other expense (income), net	2,708	1,619	(671)
Income tax (benefit) expense	(27,747)	(69,098)	(9,691)
Net income (loss)	\$ 28,195	\$ (109,782)	\$ (19,548)

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Depreciation and amortization:			
Direct	\$ 22,279	\$ 15,877	\$ 13,916
Retail	1,277	1,674	2,029
Corporate/other	1,354	1,452	1,454
Total Depreciation and amortization	\$ 24,910	\$ 19,003	\$ 17,399

<i>(in thousands)</i>	February 2, 2018	January 27, 2017
Total assets:		
Direct	\$ 856,986	\$ 805,201
Retail	49,933	69,792
Corporate/other	217,216	239,398
Total assets	\$ 1,124,135	\$ 1,114,391

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Capital expenditures:			
Direct	\$ 37,893	\$ 32,590	\$ 21,630
Retail	123	635	318
Corporate/other	129	94	276
Total capital expenditures	\$ 38,145	\$ 33,319	\$ 22,224

The geographical allocation of Net revenue is based upon country of order fulfillment. Other foreign amounts represent orders fulfilled from the United States and shipped to customers in another country. The following presents summarized geographical information:

<i>(in thousands)</i>	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net revenue:			
United States	\$ 1,204,199	\$ 1,143,529	\$ 1,211,226
Europe	134,543	125,410	136,890
Asia	48,704	50,030	51,808
Other foreign	19,231	16,791	19,854
Total Net revenue	<u>\$ 1,406,677</u>	<u>\$ 1,335,760</u>	<u>\$ 1,419,778</u>

<i>(in thousands)</i>	February 2, 2018	January 27, 2017
Property and equipment, net:		
United States	\$ 126,015	\$ 113,045
Europe	9,862	9,075
Asia	624	716
Total Property and equipment, net	<u>\$ 136,501</u>	<u>\$ 122,836</u>

Other than the United States, no one country is greater than 10% of total Net revenue or of total Property and equipment, net.

NOTE 13. QUARTERLY FINANCIAL DATA (UNAUDITED)

<i>(in thousands except share data)</i>	Fiscal 2017							
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	\$'s	% Net Sales	\$'s	% Net Sales	\$'s	% Net Sales	\$'s	% Net Sales
Net revenue	\$ 268,365	100.0 %	\$ 302,190	100.0 %	\$ 325,489	100.0%	\$ 510,633	100.0%
Gross profit	122,643	45.7 %	134,165	44.4 %	141,974	43.6%	198,421	38.9%
Operating (loss) income	(6,720)	(2.5)%	174	0.1 %	5,941	1.8%	29,690	5.8%
Net (loss) income ⁽³⁾	\$ (7,839)	(2.9)%	\$ (3,880)	(1.3)%	\$ 162	—%	\$ 39,752	7.8%
Basic (loss) earnings per common share ⁽¹⁾	\$ (0.24)		\$ (0.12)		\$ 0.01		\$ 1.24	
Diluted (loss) earnings per common share ⁽¹⁾	\$ (0.24)		\$ (0.12)		\$ 0.01		\$ 1.24	

Fiscal 2016

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	\$'s	Net Sales	\$'s	Net Sales	\$'s	Net Sales	\$'s	Net Sales
<i>(in thousands except share data)</i>								
Net revenue	\$ 273,433	100.0 %	\$ 292,010	100.0 %	\$ 311,476	100.0 %	\$ 458,841	100.0 %
Gross profit	129,670	47.4 %	136,152	46.6 %	133,651	42.9 %	176,935	38.6 %
Operating (loss) income ⁽²⁾	(3,486)	(1.3)%	2,712	0.9 %	(3,423)	(1.1)%	(148,434)	(32.3)%
Net loss ⁽²⁾	\$ (5,759)	(2.1)%	\$ (1,980)	(0.7)%	\$ (7,222)	(2.3)%	\$ (94,821)	(20.7)%
Basic loss per common share ⁽¹⁾	\$ (0.18)		\$ (0.06)		\$ (0.23)		\$ (2.96)	
Diluted loss per common share ⁽¹⁾	\$ (0.18)		\$ (0.06)		\$ (0.23)		\$ (2.96)	

⁽¹⁾ The sum of the quarterly earnings per share—basic and diluted amounts may not equal the fiscal year amount due to rounding.

⁽²⁾ Fourth Quarter 2016 Net loss includes an impairment charge of \$173.0 million related to the non-cash write-down of our trade name indefinite-lived asset, Lands' End.

⁽³⁾ Fourth Quarter 2017 Net income includes the impacts of the Tax Act reform. See Note 9, *Income Taxes*, for additional details.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to the officers who certify the Company's financial reports and to other members of senior management and the Board of Directors as appropriate to allow timely decisions regarding required disclosure.

Based on their evaluation the Chief Executive Officer and President and Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) are effective as of February 2, 2018.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed under the supervision of the President and Chief Executive Officer and Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected on a timely basis.

Management, including our President and Chief Executive Officer and Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer conducted an evaluation of the design and effectiveness of our internal control over financial reporting based on the criteria set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation our management concluded that our internal control over financial reporting was effective as of February 2, 2018. Our independent registered public accounting firm has issued an audit report on the effectiveness of our internal control over financial reporting, which is included herein.

Changes in Internal Control over Financial Reporting

During Fourth Quarter 2017, the Company integrated its international locations onto the global enterprise resource planning ("ERP") system. The new ERP system was designed to better support our business needs in response to the changing operating environment. The implementation will likely affect the processes that constitute our internal control over financial reporting and will require testing for effectiveness as the implementation progresses. The Company expects that the new ERP system will enhance the overall system of internal controls over financial reporting through further automation and integration of business processes, although it is not being implemented in response to any identified deficiency in the Company's internal controls over financial reporting.

Other than the integration of international onto the ERP system, there were no changes in our internal control over financial reporting that occurred during the Company's fourth fiscal quarter ended February 2, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by Item 10 with respect to directors, the audit committee, audit committee financial experts and Section 16(a) beneficial ownership reporting compliance is included under the headings "Item 1. Election of Directors - Committees of the Board," "Corporate Governance - Director Independence" and "Other Information - Section 16(a) Beneficial Ownership Reporting Compliance" of our definitive proxy statement for our annual meeting of stockholders to be held on May 24, 2018 (the "2018 Proxy Statement.") and is incorporated herein by reference.

The information required by this Item 10 regarding the Company's executive officers is set forth under the heading "Executive Officers of the Registrant" in Part I of this Form 10-K and is incorporated herein by reference.

Lands' End has adopted a Code of Conduct, which applies to all employees, including our principal executive officer, principal financial officer and principal accounting officer, and a Code of Conduct for its Board of Directors. Directors who are also officers of Lands' End are subject to both codes of conduct. Each code of conduct is a code of ethics as defined in Item 406 of SEC Regulation S-K. The codes of conduct are available on the Corporate Governance section under Investor Relations on our website at www.landsend.com. Any amendment to, or waiver from, a provision of either code of conduct will be posted to the above-referenced website.

There were no changes to the process by which stockholders may recommend nominees to the Board of Directors during the last year.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive and director compensation is incorporated by reference to the material under the headings "Item 1. Election of Directors - Executive Compensation," "- Executive Compensation - Compensation Committee Interlocks and Insider Participation," "- Executive Compensation - Compensation Committee Report" and "- Compensation of Directors," of the 2018 Proxy Statement. The material incorporated herein by reference to the information set forth under the heading "- Executive Compensation - Compensation Committee Report" of the 2018 Proxy Statement shall be deemed furnished, and not filed, in this Annual Report on Form 10-K and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended as a result of this furnishing except to the extent that it is specifically incorporated by reference by the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference to the material under the heading "Item 1. Election of Directors - Beneficial Ownership of the Company's Common Stock" of the 2018 Proxy Statement.

Equity Compensation Plan Information

The following table sets forth certain information regarding the Company's equity compensation plans as of February 2, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans* (in thousands)
Equity compensation plans approved by security holders	443	22.00	1,412
Equity compensation plans not approved by security holders ⁽¹⁾	412	18.10	—
Total	855	18.66	1,412

* Represents shares of common stock that may be issued pursuant to the Lands' End, Inc. 2014 Stock Plan as amended (the "2014 Stock Plan") and the Lands' End, Inc. 2017 Stock Plan (the "2017 Stock Plan"). Awards under the 2014 Stock Plan and 2017 Stock Plan may be restricted stock, stock unit awards, incentive stock options, nonqualified stock options, stock appreciation rights, or certain other stock-based awards.

⁽¹⁾ In connection with commencing employment, on March 6, 2017, the current CEO was granted options to purchase 294,118 shares of the Company's common stock and 117,647 restricted stock units. These awards were made as inducement grants outside of our stockholder approved stock plans in accordance with NASDAQ Listing Rule 5635(c)(4).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions and director independence is incorporated herein by reference to the material under the headings "Certain Relationships and Transactions" and "Corporate Governance" of the 2018 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accountant fees and services is incorporated herein by reference to the material under the heading "Item 4. Ratification of Appointment of Independent Registered Public Accounting Firm - Independent Registered Accounting Firm Fees" of the 2018 Proxy Statement.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The financial statements filed as part of this Annual Report on Form 10-K are listed under Part II, Item 8.

Exhibits:

The following documents are filed as exhibits hereto:

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1	Separation and Distribution Agreement, dated as of April 4, 2014, by and between Sears Holdings Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
3.1	Amended and Restated Certificate of Incorporation of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 20, 2014 (File No. 001-09769)).
3.2	Amended and Restated Bylaws of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
4.1	ABL Credit Agreement, dated as of April 4, 2014, by and between Lands' End, Inc. (as the Domestic Borrower), Lands' End Europe Limited (as the UK Borrower), Bank of America, N.A. (as Administrative Agent and Collateral Agent), the Other Lenders party thereto, Bank of America, N.A. and GE Capital Markets, Inc. (as Joint Lead Arrangers and Joint Bookrunners), General Electric Capital Corporation (as Syndication Agent) and Bank of Montreal (as Documentation Agent) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
*4.2	ABL Credit Agreement, dated as of November 16, 2017, by and between Lands' End, Inc. (as the Lead Borrower), Wells Fargo Bank, N.A. (as Agent, L/C Issuer and Swing Line Lender), the Other Lenders party thereto, Wells Fargo Bank, N.A. (as Sole Lead Arranger and Sole Bookrunner) and BMO Harris Bank, N.A. (as Syndication Agent), and SunTrust Bank (as Documentation Agent).
4.3	Term Loan Credit Agreement, dated as of April 4, 2014, among Lands' End, Inc. (as the Borrower), Bank of America, N.A. (as Administrative Agent and Collateral Agent and as Arranger and Bookrunner) and the Lenders party thereto (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
4.4	Guaranty and Security Agreement, dated as of April 4, 2014, among Lands' End, Inc. (as Domestic Borrower) and certain of its wholly-owned subsidiaries, each as a Grantor, the other grantors from time to time party thereto and Bank of America, N.A., as Agent (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
4.5	Term Loan Guarantee and Security Agreement, dated as of April 4, 2014, among Lands' End, Inc., as Borrower and certain of its wholly-owned subsidiaries, each as a Grantor, the other grantors from time to time party thereto and Bank of America, N.A., as Agent (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
10.1	Tax Sharing Agreement, dated as of April 4, 2014, by and between Sears Holdings Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
10.2	Master Lease Agreement, dated as of April 4, 2014, by and between Sears, Roebuck and Co. and Lands' End, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)). ⁽¹⁾
10.3	First Amendment to Master Lease Agreement, by and between Sears, Roebuck and Co. and Lands' End, Inc., effective on July 6, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2015 (File No. 001-09769)). ⁽¹⁾
*10.4	Second Amendment to Master Lease Agreement, by and between Sears, Roebuck and Co. and Lands' End, Inc., dated February 1, 2018. ⁽²⁾
*10.5	Master Sublease Agreement, dated February 1, 2018, by and between Sears Operations LLC and Lands' End, Inc.. ⁽²⁾

- [10.6](#) Master Sublease Agreement, dated as of April 4, 2014, by and between Sears, Roebuck and Co. and Lands' End, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).⁽¹⁾
- [10.7](#) First Amendment to Master Sublease Agreement, by and between Sears, Roebuck and Co. and Lands' End, Inc., effective on July 6, 2015 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2015 (File No. 001-09769)).⁽¹⁾
- [*10.8](#) Second Amendment to Master Sublease Agreement, dated February 1, 2018, by and between Sears, Roebuck and Co. and Lands' End, Inc.⁽²⁾
- [10.9](#) Lands' End Shops at Sears Retail Operations Agreement, dated as of April 4, 2014, by and between Sears, Roebuck and Co. and Lands' End, Inc. (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).⁽¹⁾
- [10.10](#) Shop Your WaySM Retail Establishment Agreement, dated as of April 4, 2014, by and between Sears Holdings Management Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).⁽¹⁾
- [*10.11](#) Shop Your WaySM Retail Establishment Agreement First Amendment, dated as of October 21, 2014, by and between Sears Holdings Management Corporation and Lands' End, Inc.⁽²⁾
- [*10.12](#) Shop Your WaySM Retail Establishment Agreement Amendment 2, dated as of April 4, 2017, by and between Sears Holdings Management Corporation and Lands' End, Inc.⁽²⁾
- [*10.13](#) Shop Your WaySM Retail Establishment Agreement Amendment 3, dated as of May 2, 2017, by and between Sears Holdings Management Corporation and Lands' End, Inc.⁽²⁾
- [*10.14](#) Shop Your WaySM Retail Establishment Agreement Amendment 4, dated as of June 5, 2017, by and between Sears Holdings Management Corporation and Lands' End, Inc.⁽²⁾
- [*10.15](#) Shop Your WaySM Retail Establishment Agreement Amendment 5, dated as of June 29, 2017, by and between Sears Holdings Management Corporation and Lands' End, Inc.⁽²⁾
- [10.16](#) Financial Services Agreement, dated as of April 4, 2014, by and between Sears Holdings Management Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
- [10.17](#) Director Compensation Policy effective as of May 10, 2017 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 28, 2017 (File No. 001-09769)).**
- [10.18](#) Lands' End, Inc. Umbrella Incentive Program (As Amended and Restated) (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).**
- [10.19](#) Lands' End, Inc. 2017 Stock Plan. (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.20](#) Lands' End, Inc. 2014 Stock Plan (As Amended and Restated) (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).**
- [*10.21](#) Form of Restricted Stock Unit Award Agreement (Timed-Based).**
- [10.22](#) Form of Performance-Based Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 14, 2018 (File No. 001-09769)).**
- [10.23](#) Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on September 1, 2017 (File No. 001-09769)).**
- [10.24](#) Lands' End, Inc. Annual Incentive Plan (As Amended and Restated) (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).**
- [10.25](#) 2017 Additional Definition Under Lands' End, Inc. Annual Incentive Plan (As Amended and Restated) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 2, 2017 (File No. 001-09769)).**
- [10.26](#) Lands' End, Inc. Long-Term Incentive Program (As Amended and Restated) (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).**
- [10.27](#) 2017 Additional Definition Under Lands' End, Inc. Long-Term Incentive Program (As Amended and Restated) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 12, 2017 (File No. 001-09769)).**

- [10.28](#) Lands' End, Inc. Cash Long-Term Incentive Plan (As Amended and Restated) (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).**
- [10.29](#) Letter from Lands' End, Inc. to Jerome S. Griffith relating to employment, dated December 19, 2016. (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.30](#) Executive Severance Agreement dated and effective as of December 19, 2016 between Lands' End, Inc. and its affiliates and subsidiaries and Jerome S. Griffith. (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**⁽¹⁾
- [10.31](#) Sign-on Restricted Stock Unit Agreement dated and effective as of March 6, 2017 between Lands' End, Inc. and Jerome S. Griffith. (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.32](#) Sign-on Nonqualified Stock Option Agreement dated and effective as of March 6, 2017 between Lands' End, Inc. and Jerome S. Griffith. (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.33](#) Letter from Lands' End, Inc. to James Gooch relating to employment, dated January 26, 2016 and effective as of January 27, 2016 (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2016 (File No. 001-09769)).**
- [10.34](#) Letter from Lands' End, Inc. to James Gooch relating to employment, dated December 20, 2016. (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.35](#) Letter from Lands' End, Inc. to James Gooch relating to employment, dated March 29, 2017. (incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.36](#) Executive Severance Agreement dated and effective as of January 27, 2016 between Lands' End, Inc. and its affiliates and subsidiaries and James Gooch (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2016 (File No. 001-09769)).**⁽¹⁾
- [10.37](#) Restricted Stock Unit Agreement dated and effective as of January 27, 2016 between Lands' End, Inc. and James Gooch. (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2016 (File No. 001-09769)).**
- [10.38](#) Compensation Committee Resolutions dated September 23, 2016 regarding Co-Interim Chief Executive Officer Compensation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 2016 (File No. 001-09769)).**
- [10.39](#) Letter from Lands' End, Inc. to Joseph M. Boitano relating to employment, dated June 1, 2015. (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.40](#) Executive Severance Agreement dated and effective as of June 8, 2015 between Lands' End, Inc. and its affiliates and subsidiaries and Joseph M. Boitano. (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**⁽¹⁾
- [10.41](#) Letter from Lands' End, Inc. to Rebecca L. Gebhardt relating to employment, dated March 25, 2014. (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.42](#) Letter from Lands' End, Inc. to Rebecca L. Gebhardt relating to employment, dated June 16, 2016. (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**
- [10.43](#) Executive Severance Agreement dated and effective as of August 5, 2014 between Lands' End, Inc. and its affiliates and subsidiaries and Rebecca L. Gebhardt. (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).**⁽¹⁾
- [10.44](#) Letter from Lands' End, Inc. to Peter L. Gray relating to employment, dated April 21, 2017. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 28, 2017 (File No. 001-09769)).**

10.45	Executive Severance Agreement dated and effective as of April 21, 2017 between Lands' End, Inc. and its affiliates and subsidiaries and Peter L. Gray. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 28, 2017 (File No. 001-09769)).**
*10.46	Letter from Lands' End, Inc. to Gill Brown Hong relating to employment, dated November 13, 2017.**
*10.47	Executive Severance Agreement dated and effective as of November 2, 2017 between Lands' End, Inc. and its affiliates and subsidiaries and Gill Brown Hong.**
10.48	Letter from Lands' End, Inc. to Scott Hyatt relating to employment, dated June 9, 2015 (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2016 (File No. 001-09769)). **
10.49	Executive Severance Agreement dated and effective as of June 29, 2015 between Lands' End, Inc. and its affiliates and subsidiaries and Scott Hyatt (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2016 (File No. 001-09769)).** (1)
10.50	Executive Severance Agreement dated and effective as of December 5, 2014 between Lands' End, Inc. and its affiliates and subsidiaries and Kelly Ritchie (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).** (1)
*21	Subsidiaries of Lands' End, Inc.
*23	Consent of Deloitte & Touche LLP.
*31.1	Certification of Chief Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
*31.2	Certification of Chief Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
*32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** A management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 15(b) of Form 10-K.

*** This exhibit shall be deemed to be "furnished" and not "filed."

(1) Confidential treatment was granted as to omitted portions of this exhibit. The omitted material has been filed separately with the Securities and Exchange Commission.

(2) Confidential treatment requested as to certain terms in this exhibit; these terms have been omitted from this filing and filed separately with the Securities and Exchange Commission.

Certain of the agreements incorporated by reference into this report contain representations and warranties and other agreements and undertakings by us and third parties. These representations and warranties, agreements and undertakings have been made as of specific dates, may be subject to important qualifications and limitations agreed to by the parties to the agreement in connection with negotiating the terms of the agreement, and have been included in the agreement for the purpose of allocating risk between the parties to the agreement rather than to establish matters as facts. Any such representations and warranties, agreements, and undertakings have been made solely for the benefit of the parties to the agreement and should not be relied upon by any other person.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LANDS' END, INC.
(Registrant)

By: /s/ James F. Gooch
Name: James F. Gooch
Title: Executive Vice President, Chief Operating Officer, Chief Financial Officer
and Treasurer
Date: March 29, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature:		Date:
<u>/s/ Jerome S. Griffith</u> Jerome S. Griffith	Director, Chief Executive Officer and President (Principal Executive Officer)	March 29, 2018
<u>/s/ James F. Gooch</u> James F. Gooch	Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 29, 2018
<u>/s/ Bernard L. McCracken</u> Bernard L. McCracken	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	March 29, 2018
<u>/s/ Josephine Linden</u> Josephine Linden	Chairman of the Board of Directors	March 29, 2018
<u>/s/ Robert Galvin</u> Robert Galvin	Director	March 29, 2018
<u>/s/ Elizabeth Leykum</u> Elizabeth Leykum	Director	March 29, 2018
<u>/s/ John T. McClain</u> John T. McClain	Director	March 29, 2018
<u>/s/ Jignesh Patel</u> Jignesh Patel	Director	March 29, 2018
<u>/s/ Jonah Staw</u> Jonah Staw	Director	March 29, 2018

ABL CREDIT AGREEMENT

Dated as of November 16, 2017

among

LANDS' END, INC.,
as the Lead Borrower

For

The Borrowers Named Herein

The Guarantors Named Herein

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Agent, L/C Issuer and Swing Line Lender,

and

The Other Lenders Party Hereto

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Sole Lead Arranger and Sole Bookrunner

BMO HARRIS BANK N.A.,
as Syndication Agent

SUNTRUST BANK,
as Documentation Agent

TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS	1
1.01 Defined Terms	1
1.02 Other Interpretive Provisions	55
1.03 Accounting Terms	56
1.04 Reserved	57
1.05 Rounding	57
1.06 Times of Day	57
1.07 Letter of Credit Amounts	57
1.08 Currency Equivalents Generally	57
ARTICLE II THE COMMITMENTS AND CREDIT EXTENSIONS	58
2.01 Committed Loans; Reserves	58
2.02 Borrowings, Conversions and Continuations of Committed Loans	59
2.03 Letters of Credit	61
2.04 Swing Line Loans	69
2.05 Prepayments	71
2.06 Termination or Reduction of Commitments	72
2.07 Repayment of Obligations	73
2.08 Interest	73
2.09 Fees	73
2.10 Computation of Interest and Fees	74
2.11 Evidence of Debt	74
2.12 Payments Generally; Agent's Clawback	74
2.13 Sharing of Payments by Lenders	76
2.14 Settlement Amongst Lenders	77
2.15 Increase in Commitments	77
2.16 Defaulting Lenders	79
2.17 Extensions of Loans.	82
ARTICLE III TAXES, YIELD PROTECTION AND ILLEGALITY	85
3.01 Taxes	85
3.02 Illegality	88
3.03 Inability to Determine Rates	89
3.04 Increased Costs; Reserves on LIBOR Rate Loans	89
3.05 Compensation for Losses	91
3.06 Mitigation Obligations; Replacement of Lenders	91
3.07 Designation of Lead Borrower as Borrowers' Agent	92
3.08 Survival	92
ARTICLE IV CONDITIONS PRECEDENT TO CREDIT EXTENSIONS	92
4.01 Conditions of Initial Credit Extension	92
4.02 Conditions to all Credit Extensions	95
ARTICLE V REPRESENTATIONS AND WARRANTIES	96
5.01 Existence, Qualification and Power	96
5.02 Authorization; No Contravention	96
5.03 Governmental Authorization; Other Consents	96
5.04 Binding Effect	97
5.05 Financial Statements; No Material Adverse Effect	97

5.06	Litigation	97
5.07	Reserved	97
5.08	Ownership of Property; Liens	97
5.09	Environmental Compliance	98
5.10	Insurance	98
5.11	Taxes	99
5.12	ERISA Compliance	99
5.13	Subsidiaries; Equity Interests	100
5.14	Margin Regulations; Investment Company Act	100
5.15	Disclosure	100
5.16	Compliance with Laws	101
5.17	Intellectual Property; Licenses, Etc	101
5.18	Labor Matters	101
5.19	Security Documents	101
5.20	Solvency	102
5.21	Deposit Accounts; Credit Card Arrangements	102
5.22	Brokers	102
5.23	Customer and Trade Relations	102
5.24	Material Contracts	102
5.25	Casualty	102
5.26	OFAC/Sanctions	103
ARTICLE VI AFFIRMATIVE COVENANTS		103
6.01	Financial Statements	103
6.02	Certificates; Other Information	104
6.03	Notices	106
6.04	Payment of Obligations	107
6.05	Preservation of Existence, Etc	107
6.06	Maintenance of Properties	107
6.07	Maintenance of Insurance	107
6.08	Compliance with Laws	108
6.09	Books and Records; Accountants	108
6.10	Inspection Rights	109
6.11	Additional Loan Parties	109
6.12	Cash Management	110
6.13	Information Regarding the Collateral	112
6.14	Physical Inventories	112
6.15	Designation of Subsidiaries	112
6.16	Further Assurances	113
6.17	Compliance with Terms of Leaseholds	113
6.18	Material Contracts	114
ARTICLE VII NEGATIVE COVENANTS		114
7.01	Liens	114
7.02	Investments	114
7.03	Indebtedness	114
7.04	Fundamental Changes	114
7.05	Dispositions	115
7.06	Restricted Payments	115
7.07	Prepayments of Indebtedness	116
7.08	Change in Nature of Business	117

7.09	Transactions with Affiliates	117
7.10	Burdensome Agreements	118
7.11	Use of Proceeds	119
7.12	Amendment of Organization Documents and Material Indebtedness	119
7.13	Fiscal Year; Accounting Policies	119
7.14	Financial Covenant	119
ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES		119
8.01	Events of Default	119
8.02	Remedies Upon Event of Default	121
8.03	Application of Funds	122
ARTICLE IX THE AGENT		123
9.01	Appointment and Authority	123
9.02	[Reserved]	124
9.03	Rights as a Lender	124
9.04	Exculpatory Provisions	124
9.05	Reliance by Agent	125
9.06	Delegation of Duties	125
9.07	Resignation of Agent	125
9.08	Non-Reliance on Agent and Other Lenders	126
9.09	No Other Duties, Etc	126
9.10	Agent May File Proofs of Claim	126
9.11	Collateral and Guaranty Matters	127
9.12	Notice of Transfer	128
9.13	Reports and Financial Statements	128
9.14	Agency for Perfection	129
9.15	Indemnification of Agent	129
9.16	Relation among Lenders	129
ARTICLE X MISCELLANEOUS		129
10.01	Amendments, Etc	131
10.02	Notices; Effectiveness; Electronic Communications	133
10.03	No Waiver; Cumulative Remedies	133
10.04	Expenses; Indemnity; Damage Waiver	135
10.05	Payments Set Aside	135
10.06	Successors and Assigns	135
10.07	Treatment of Certain Information; Confidentiality	139
10.08	Right of Setoff	140
10.09	Interest Rate Limitation	140
10.10	Counterparts; Integration; Effectiveness	140
10.11	Survival	141
10.12	Severability	141
10.13	Replacement of Lenders	141
10.14	Governing Law; Jurisdiction; Etc	142
10.15	Waiver of Jury Trial	143
10.16	No Advisory or Fiduciary Responsibility	143
10.17	USA PATRIOT Act Notice	143
10.01	Foreign Asset Control Regulations	144
10.01	Time of the Essence	144
10.01	Press Releases	144

10.21	Releases	144
10.22	No Strict Construction	145
10.23	Attachments	145
10.24	Electronic Execution of Assignments and Certain Other Documents	145
10.25	Intercreditor Agreement	146
10.26	Additional Waivers	146
10.27	Keepwell	147
10.28	Acknowledgement and Consent to Bail-In of EEA Financial Institutions	147

SIGNATURES

S-1

SCHEDULES

1.01	Borrowers
1.02	Guarantors
1.03	Existing BAML Indebtedness
1.05	Account Debtors
2.01	Commitments and Applicable Percentages
5.18	Collective Bargaining Agreements
6.02	Financial and Collateral Reporting
6.12	Blocked Account Banks
6.16	Post-Closing Actions
7.01	Existing Liens
7.02	Existing Investments
7.03	Existing Indebtedness
7.09	Affiliate Transactions
10.02	Agent's Office; Certain Addresses for Notices

EXHIBITS

	<i>Form of</i>
A	LIBOR Rate Loan Notice
B-1	Revolving Note
B-2	Swing Line Note
C	Compliance Certificate
D	Assignment and Assumption
E	Borrowing Base Certificate
F-1	U.S. Tax Compliance Certificate (For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)
F-2	U.S. Tax Compliance Certificate (For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)
F-3	U.S. Tax Compliance Certificate (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)
F-4	U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)
G	Credit Card Notification
H	Intercompany Note

CREDIT AGREEMENT

This ABL CREDIT AGREEMENT is entered into as of November 16, 2017, among

LANDS' END, INC., a Delaware corporation (the "Lead Borrower"), the Persons named on Schedule 1.01 hereto (together with the Lead Borrower, collectively, the "Borrowers"),

the Persons named on Schedule 1.02 hereto (collectively, the "Guarantors"),

each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender"), and

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent, L/C Issuer and Swing Line Lender.

WITNESSETH:

The Borrowers have requested that the Lenders provide a revolving credit facility, and the Lenders have indicated their willingness to lend and the L/C Issuers have indicated their willingness to issue Letters of Credit, in each case on the terms and conditions set forth herein.

The proceeds of Loans made and the Letters of Credit issued after the Closing Date will be used for working capital and other general corporate purposes of the Loan Parties.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"ABL Priority Collateral" has the meaning assigned to such term in the Intercreditor Agreement.

"Accelerated Borrowing Base Delivery Event" means either (i) the occurrence and continuance of any Event of Default, or (ii) the failure of the Borrowers to maintain Availability at least equal to the greater of (x) \$22,500,000 and (y) fifteen percent (15%) of the Loan Cap. For purposes of this Agreement, the occurrence of an Accelerated Borrowing Base Delivery Event shall be deemed continuing (i) so long as such Event of Default has not been waived, and/or (ii) if the Accelerated Borrowing Base Delivery Event arises as a result of the Borrowers' failure to achieve Availability as required hereunder, until Availability has exceeded the greater of (x) \$22,500,000 and (y) fifteen percent (15%) of the Loan Cap for thirty (30) consecutive calendar days, in which case an Accelerated Borrowing Base Delivery Event shall no longer be deemed to be continuing. The termination of an Accelerated Borrowing Base Delivery Event as provided herein shall in no way limit, waive or delay the occurrence of a subsequent Accelerated Borrowing Base Delivery Event in the event that the conditions set forth in this definition again arise.

"Acceptable Document of Title" means, with respect to any Inventory, a tangible bill of lading or other Document (as defined in the UCC) that (a) is issued by a common carrier which is not an Affiliate of the applicable vendor or any Loan Party which is in actual possession of such Inventory, (b) is issued

to the order of a Loan Party or, if so requested by the Agent, to the order of the Agent, (c) names the Agent as a notify party and bears a conspicuous notation on its face of the Agent's security interest therein, and (d) is on terms otherwise reasonably acceptable to the Agent.

"ACH" means automated clearing house transfers.

"Account" means "accounts" as defined in the UCC, and also means a right to payment of a monetary obligation, whether or not earned by performance, (a) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, or (b) for services rendered or to be rendered.

"Acquired EBITDA" means, with respect to any Acquired Entity or Business or any Converted Restricted Subsidiary for any Measurement Period, the amount for such period of Consolidated EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable, all as determined on a Consolidated basis for such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable.

"Acquired Entity or Business" means any Person, property, business or asset acquired by the Borrowers or any Restricted Subsidiary during any period to the extent not subsequently sold, transferred or otherwise disposed of by the Borrowers or such Restricted Subsidiary during such period.

"Acquisition" means, with respect to any Person (a) a purchase of a Controlling interest in the Equity Interests of any other Person, (b) a purchase or other acquisition of all or substantially all of the assets or properties of, another Person or of any business unit, division or line of business of another Person, or (c) any merger or consolidation of such Person with any other Person or other transaction or series of transactions resulting in the acquisition of all or substantially all of the assets, or of any business unit, division or line of business, of another Person, or a Controlling interest in the Equity Interests, of any other Person, in each case in any transaction or series of transactions which are part of a common plan, but in each case excluding any transaction or series of transactions resulting in the acquisition solely of Store locations or other interests in real property or of Equity Interests of Persons substantially all of whose assets constitutes Store locations or other interest in real property.

"Act" shall have the meaning provided in Section 10.17.

"Additional Commitment Lender" shall have the meaning provided in Section 2.15(c).

"Adjusted LIBOR Rate" means: (a) for any Interest Period with respect to any LIBOR Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of one percent) equal to (i) the LIBOR Rate for such Interest Period multiplied by (ii) the Statutory Reserve Rate; and (b) for any interest rate calculation with respect to any Base Rate Loan, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of one percent equal to (i) the LIBOR Rate for an Interest Period commencing on the date of such calculation and ending on the date that is thirty (30) days thereafter multiplied by (ii) the Statutory Reserve Rate. The Adjusted LIBOR Rate will be adjusted automatically as of the effective date of any change in the Statutory Reserve Rate.

"Adjustment Date" means the first day of each Fiscal Quarter, commencing February 3, 2018.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Agent.

“Affiliate” means, with respect to any Person, (i) another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified, and (ii) any director, officer, managing member, partner, trustee, or beneficiary of that Person.

“Agent” means Wells Fargo in its capacity as administrative agent and collateral agent under any of the Loan Documents, or any successor thereto.

“Agent Parties” shall have the meaning specified in Section 10.02(c).

“Agent’s Office” means the Agent’s address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Agent may from time to time notify the Lead Borrower and the Lenders.

“Aggregate Commitments” means the sum of the Commitments of all the Lenders. As of the Closing Date, the Aggregate Commitments are \$175,000,000.

“Agreement” means this ABL Credit Agreement as it may be amended, restated, supplemented or otherwise modified from time to time.

“Allocable Amount” has the meaning specified in Section 10.22(d).

“Applicable Lenders” means the Required Lenders, all affected Lenders, or all Lenders, as the context may require.

“Applicable Margin” means:

(a) From and after the Closing Date until the first Adjustment Date, the percentages set forth in Level II of the pricing grid below; and

(b) From and after the first Adjustment Date and on each Adjustment Date thereafter, the Applicable Margin shall be determined from the following pricing grid based upon the Average Daily Availability as of the Fiscal Quarter ended immediately preceding such Adjustment Date; provided that, if any Borrowing Base Certificate is at any time restated or otherwise revised (including as a result of an audit) or if the information set forth in any Borrowing Base Certificate otherwise proves to be false or incorrect such that the Applicable Margin would have been higher than was otherwise in effect during any period, without constituting a waiver of any Default or Event of Default arising as a result thereof, interest due under this Agreement shall be immediately recalculated at such higher rate for any applicable periods and shall be due and payable on demand.

Level	Average Daily Availability	Applicable Margin for LIBOR Rate Loans	Applicable Margin for Base Rate Loans	Commercial Letter of Credit Fee	Standby Letter of Credit Fee
I	Equal to or greater than 66.67% of the Loan Cap	1.25%	0.50%	0.625%	1.25%

II	Equal to or greater than 33.33% of the Loan Cap but less than 66.67% of the Loan Cap	1.50%	0.75%	0.75%	1.50%
III	Less than 33.33% of the Loan Cap	1.75%	1.00%	0.875%	1.75%

“Applicable Percentage” means with respect to reference to all Lenders at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such Lender’s Commitment at such time, subject to adjustment provided in Section 2.16. If the commitment of each Lender to make Loans and the obligation of each L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 2.06 or Section 8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Appraised Value” means, with respect to Eligible Inventory, the appraised orderly liquidation values, net of costs and expenses to be incurred in connection with any such liquidation, which values are expressed as one or more applicable percentages of Cost of Eligible Inventory as set forth in the inventory stock ledger of the Borrowers, which values shall be determined from time to time by the most recent appraisals undertaken by independent appraisers engaged by the Agent.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender (c) an entity or an Affiliate of an entity that administers or manages a Lender, or (d) the same investment advisor or an advisor under common control with such Lender, Affiliate or advisor, as applicable.

“Arranger” means Wells Fargo, in its capacity as sole lead arranger and sole bookrunner.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Agent, in substantially the form of Exhibit D or any other form approved by the Agent.

“Attributable Indebtedness” means, on any date, (a) in respect of any Capital Lease Obligation of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease, agreement or instrument were accounted for as a capital lease.

“Audited Financial Statements” means the audited consolidated balance sheet of the Lead Borrower and its Subsidiaries for the Fiscal Year ended January 27, 2017, and the related consolidated

statements of income or operations, Shareholders' Equity and cash flows for such Fiscal Year of the Lead Borrower and its Subsidiaries, including the notes thereto.

"Auto-Extension Letter of Credit" has the meaning given to it in Section 2.03(h).

"Availability" means, as of any date of determination thereof by the Agent, the result, if a positive number, of (a) the Loan Cap minus (B) the Total Outstandings.

"Availability Period" means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to Section 2.06, and (c) the date of termination of the commitment of each Lender to make Loans and of the obligation of each L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

"Availability Reserves" means, without duplication of any other Reserves or items that are otherwise addressed or excluded through eligibility criteria or the definition of "Borrowing Base" or "Appraised Value", such reserves as the Agent from time to time determines in its Permitted Discretion as being appropriate (a) to reflect the impediments to the Agent's ability to realize upon the ABL Priority Collateral, (b) to reflect claims and liabilities that the Agent determines will need to be satisfied in connection with the realization upon the ABL Priority Collateral, (c) to reflect criteria, events, conditions, contingencies or risks which adversely affect any component of the Borrowing Base, or (d) to reflect that a Default or an Event of Default then exists. Without limiting the generality of the foregoing, Availability Reserves may include, in the Agent's Permitted Discretion (but are not limited to), reserves based on: (i) rent; (ii) customs duties, and other costs to release Inventory which is being imported into the United States; (iii) outstanding Taxes and other governmental charges, including, without limitation, ad valorem, real estate, personal property, sales, claims of the PBGC and other Taxes which may have priority over the interests of the Agent in the ABL Priority Collateral; (iv) salaries, wages, vacation pay, and benefits due to employees of any Loan Parties, (v) Customer Credit Liabilities, (vi) customer deposits, (vii) reserves for reasonably anticipated changes in the Appraised Value of Eligible Inventory between appraisals, (viii) warehousemen's or bailee's charges and other Permitted Encumbrances which may have priority over the interests of the Agent in the ABL Priority Collateral, (ix) past due amounts owed to vendors supplying web hosting, catalog, direct mailing, electronic mail blast, pay per click advertising and shipping services, (x) amounts due from SHC and its Subsidiaries equal to one week of cash receipts for Inventory of the Loan Parties sold in store locations of SHC and its Subsidiaries, (xi) Cash Management Reserves, (xii) Bank Products Reserves and (xiii) reserves of the type described in clause (d) of the definition of "Eligible Inventory".

"Average Daily Availability" shall mean the average daily Availability for the immediately preceding Fiscal Quarter.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time that is described in the EU Bail-In Legislation Schedule.

"Bank Products" means (i) any services or facilities provided to any Loan Party by the Agent or any of its Affiliates, and (ii) any services or facilities provided to any Loan Party by any Lender or any of its Affiliates, in each case under this clause (ii), are designated in writing by the Lead Borrower to the Agent as Bank Products hereunder (and not, for the avoidance of doubt, under the Term Facility),

including, without limitation, on account of (a) Swap Contracts, (b) leasing, (c) Factored Receivables, (d) supply chain finance services (including, without limitation, trade payable services and supplier accounts receivable purchases) and (e) other extensions of credit (agreed by the Agent and the Lead Borrower as being a “Bank Product” for purposes of this Agreement) to or for the benefit of any Loan Party or to any other Person to the extent such other Person’s obligations thereunder are guaranteed by any Loan Party, but excluding Cash Management Services.

“Bank Product Reserves” means such reserves as the Agent from time to time determines in its Permitted Discretion as being appropriate to reflect the liabilities and obligations of the Loan Parties with respect to Bank Products then provided or outstanding.

“Base Rate” means, for any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate, as in effect from time to time, plus one half of one percent (0.50%), (b) the Adjusted LIBOR Rate plus one percent (1.00%), or (c) the rate of interest in effect for such day as publicly announced from time to time by Wells Fargo as its “prime rate.” The “prime rate” is a rate set by Wells Fargo based upon various factors including Wells Fargo’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Wells Fargo, shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Blocked Account” means each DDA that is subject to a Blocked Account Agreement, which shall not include zero balance accounts.

“Blocked Account Agreement” means, with respect to a DDA established by a Loan Party, an agreement with the relevant Blocked Account Bank, in form and substance reasonably satisfactory to the Agent, establishing control (as defined in the UCC or other applicable Law) of such DDA by the Agent and whereby the bank maintaining such DDA agrees, upon the occurrence and during the continuance of a Cash Dominion Event, to comply only with the instructions originated by the Agent without the further consent of any Loan Party.

“Blocked Account Bank” means each bank with whom deposit accounts are maintained in which any funds of any of the Loan Parties from one or more DDAs are concentrated and with whom a Blocked Account Agreement has been, or is required to be, executed in accordance with the terms hereof.

“Borrower Materials” has the meaning specified in [Section 6.02](#).

“Borrowers” has the meaning specified in the Preamble of this Agreement.

“Borrowing” means a Committed Borrowing or a Swing Line Borrowing, as the context may require.

“Borrowing Base” means, at any time of calculation, an amount equal to:

- (a) the face amount of Eligible Credit Card Receivables of the Loan Parties multiplied by 90%;

plus

(b) the face amount of Eligible Trade Receivables (net of Receivables Reserves applicable thereto) of the Loan Parties multiplied by 85% provided, that in no event shall amounts under this clause (b) exceed twenty percent (20%) of the “Borrowing Base”;

plus

(c) the Cost of Eligible Inventory of the Loan Parties, net of Inventory Reserves, multiplied by the Inventory Advance Rate multiplied by the Appraised Value of Eligible Inventory of the Loan Parties;

minus

(d) the then amount of all Availability Reserves in respect of the Loan Parties.

“Borrowing Base Certificate” means a certificate substantially in the form of Exhibit E hereto (with such changes therein as may be required by the Agent to reflect the components of and reserves against the Borrowing Base as provided for hereunder from time to time), executed and certified as accurate and complete by a Responsible Officer of the Lead Borrower which shall include appropriate exhibits, schedules, supporting documentation, and additional reports as reasonably requested by the Agent.

“Business Day” means (a) any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Agent’s Office is located; and (b) if such day relates to any LIBOR Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

“Capital Expenditures” means, with respect to any Person for any period, all expenditures made (whether made in the form of cash or other property) or costs incurred for the acquisition or improvement of fixed or capital assets of such Person (excluding normal replacements and maintenance which are properly charged to current operations), in each case that are (or should be) set forth as capital expenditures in a Consolidated statement of cash flows of such Person for such period, in each case prepared in accordance with GAAP.

“Capital Lease Obligations” means, with respect to any Person for any period, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as liabilities on a balance sheet of such Person under GAAP and the amount of which obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Cash Collateral Account” means a non-interest bearing account established by one or more of the Loan Parties with Wells Fargo, and in the name of, the Agent (or as the Agent shall otherwise direct) and under the sole and exclusive dominion and control of the Agent, in which deposits are required to be made in accordance with Section 2.03(k) or 8.02(c).

“Cash Collateralize” has the meaning given to such term in Section 2.03(k). Derivatives of such terms have corresponding meanings.

“Cash Dominion Event” means either (i) the occurrence and continuance of any Event of Default, or (ii) the failure of the Borrowers to maintain Availability of at least the greater of (x) 12.5% of the Loan Cap and (y) \$18,750,000. For purposes of this Agreement, the occurrence of a Cash Dominion Event shall be deemed continuing (i) so long as such Event of Default has not been waived, and/or (ii) if the

Cash Dominion Event arises as a result of the Borrowers' failure to achieve Availability as required hereunder, until Availability has exceeded the greater of (x) 12.5% of the Loan Cap and (y) \$18,750,000 for thirty (30) consecutive days, in which case a Cash Dominion Event shall no longer be deemed to be continuing for purposes of this Agreement; provided that, a Cash Dominion Event shall be deemed continuing (even if an Event of Default is no longer continuing and/or Availability exceeds the required amount for thirty (30) consecutive days) at all times after a Cash Dominion Event has occurred and been discontinued on two occasions in any twelve month period until both no Event of Default is then continuing and Availability has exceeded the amounts set forth above for ninety (90) consecutive days. The termination of a Cash Dominion Event as provided herein shall in no way limit, waive or delay the occurrence of a subsequent Cash Dominion Event in the event that the conditions set forth in this definition again arise.

"Cash Management Reserves" means such reserves as the Agent, from time to time, determines in its Permitted Discretion as being appropriate to reflect the reasonably anticipated liabilities and obligations of the Loan Parties with respect to Cash Management Services then provided or outstanding.

"Cash Management Services" means (i) any cash management services provided to any Loan Party by the Agent or any of its Affiliates, and (ii) any cash management services provided to any Loan Party by any Lender or any of its Affiliates that, in each case under this clause (ii), are designated in writing by the Lead Borrower to the Agent as Cash Management Services hereunder (and not, for the avoidance of doubt, under the Term Facility), including, without limitation, (a) ACH transactions, (b) controlled disbursement services, treasury, depository, overdraft, and electronic funds transfer services, (c) credit card processing services, (d) credit or debit cards, (e) foreign exchange facilities, and (f) purchase cards.

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq.

"CERCLIS" means the Comprehensive Environmental Response, Compensation, and Liability Information System maintained by the United States Environmental Protection Agency.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) other than a Permitted Holder becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person

or group has the right to acquire to the extent such right is exercisable immediately (such right, an “option right”), directly or indirectly, of both (i) 35% or more of the Equity Interests of the Lead Borrower entitled to vote for members of the board of directors or equivalent governing body of the Lead Borrower on a fully-diluted basis (and taking into account all such Equity Interests that such “person” or “group” has the right to acquire pursuant to any option right), and (ii) a greater percentage of such Equity Interests than are held by the Permitted Holders in the aggregate; or

(b) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Lead Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or by a Permitted Holder or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or by a Permitted Holder; or

(c) any “change in control” or similar event as defined in any document governing Material Indebtedness (including, without limitation, the Term Facility) of any Loan Party; or

(d) other than in the case of any Permitted Disposition, the Lead Borrower fails at any time to own, directly or indirectly, 100% of the Equity Interests of the other Loan Parties.

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

“Code” means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, as amended and in effect.

“Collateral” means any and all “Collateral” as defined in any applicable Security Document and all other property that is or is intended under the terms of the Security Documents to be subject to Liens in favor of the Agent.

“Collateral Access Agreement” means an agreement in form and substance reasonably satisfactory to the Agent executed by (a) a bailee or other Person in possession of ABL Priority Collateral, and (b) any landlord of Real Estate leased by any Loan Party, pursuant to which such Person (i) acknowledges the Agent’s Lien on the ABL Priority Collateral, (ii) releases or subordinates such Person’s Liens in the ABL Priority Collateral held by such Person or located on such Real Estate, (iii) provides the Agent with access to the ABL Priority Collateral held by such bailee or other Person or located in or on such Real Estate, (iv) provides the Agent with a reasonable time to sell and dispose of the ABL Priority Collateral from such Real Estate, and (v) makes such other agreements with the Agent as the Agent may reasonably require.

“Collection Account” has the meaning provided in Section 6.12.

“Commercial Letter of Credit” means any Letter of Credit issued for the purpose of providing the primary payment mechanism in connection with the purchase of any materials, goods or services by a Loan Party in the ordinary course of business of such Loan Party.

“Commercial Letter of Credit Agreement” means the Commercial Letter of Credit Agreement relating to the issuance of a Commercial Letter of Credit in the form from time to time in use by the L/C Issuer.

“Commitments” means, as to each Lender, its obligation to (a) make Committed Loans to the Borrowers pursuant to Section 2.01, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. As of the Closing Date, the Commitments are \$175,000,000.

“Commitment Increases” has the meaning specified in Section 2.15(b)(i).

“Committed Borrowing” means a borrowing consisting of simultaneous Committed Loans of the same Type and, in the case of LIBOR Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

“Committed Increase” has the meaning specified in Section 2.15(a).

“Committed Loan” has the meaning set forth in Section 2.01(a).

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Consolidated” means, when used to modify a financial term, test, statement, or report of a Person, the application or preparation of such term, test, statement or report (as applicable) based upon the consolidation, in accordance with GAAP, of the financial condition or operating results of such Person and its Restricted Subsidiaries.

“Consolidated EBITDA” means, at any date of determination, without duplication, an amount equal to Consolidated Net Income of the Lead Borrower and its Restricted Subsidiaries on a Consolidated basis for the most recently completed Measurement Period, plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Charges, (ii) the provision for Federal, state, local and foreign income Taxes, (iii) depreciation and amortization expense, (iv) any items of loss resulting from the sale of assets other than in the ordinary course of business (it being understood that gains and losses on sales of Inventory pursuant to “going out of business” or similar sales with respect to 10.0% of the Lead Borrower’s and its Restricted Subsidiaries’ Stores (measured at the commencement of the relevant period) shall not be excluded pursuant to this clause), (v) other expenses reducing such Consolidated Net Income which do not represent a cash item in such period or any future period (in each case of or by the Lead Borrower and its Restricted Subsidiaries for such Measurement Period), (vi) one-time costs incurred in connection with acquisitions, divestitures or debt or equity financings after the Closing Date or in connection with the Transactions contemplated hereby, and (vii) any restructuring charge or reserve, integration cost or other business optimization expense or cost that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs related to the closure and/or consolidation of facilities and to exiting lines of business; provided, all such amounts pursuant to this clause (vii), when aggregated with the amount of increases pursuant to clause (b) of the definition of Pro Forma Adjustment for such Measurement Period, shall not exceed 10.0% of Consolidated EBITDA prior to giving effect to any add-back pursuant to this clause

(vii); minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) Federal, state, local and foreign income tax credits, (ii) any items of gain resulting from the sale of assets other than in the ordinary course of business (it being understood that gains and losses on sales of Inventory pursuant to “going out of business” or similar sales with respect to 10% of the Lead Borrower’s and its Restricted Subsidiaries’ Stores (measured at the commencement of the relevant period) shall not be excluded pursuant to this clause) and (iii) all non-cash items increasing Consolidated Net Income (in each case of or by the Lead Borrower and its Restricted Subsidiaries for such Measurement Period), all as determined on a Consolidated basis in accordance with GAAP.

“Consolidated Fixed Charge Coverage Ratio” means, at any date of determination, the ratio of (a) (i) Consolidated EBITDA for such period minus (ii) Capital Expenditures made during such period (other than Financed Capital Expenditures), minus (iii) the aggregate amount of Federal, state, local and foreign income taxes paid in cash during such period net of cash refunds of such Taxes received during such period (but in no event shall the amounts calculated under this clause (iii) be less than zero) to (b) Debt Service Charges, in each case, of or by the Lead Borrower and its Restricted Subsidiaries for the most recently completed Measurement Period, all as determined on a Consolidated basis in accordance with GAAP.

“Consolidated Interest Charges” means, for any Measurement Period, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing and net costs under applicable Swap Contracts, but excluding any non-cash or deferred interest financing costs, in each case, paid or payable by the Lead Borrower and its Restricted Subsidiaries for the most recently completed Measurement Period, all as determined on a Consolidated basis in accordance with GAAP (b) the portion of rent expense with respect to such Measurement Period under Capital Lease Obligations that is treated as interest in accordance with GAAP, in each case, paid or payable by the Lead Borrower and its Restricted Subsidiaries for the most recently completed Measurement Period, all as determined on a Consolidated basis in accordance with GAAP, and (c) all dividends or distributions in respect of Disqualified Stock (other than dividends or distributions to the Lead Borrower or a Restricted Subsidiary), in each case paid or payable by the Lead Borrower and its Restricted Subsidiaries for the most recently completed Measurement Period, all as determined on a Consolidated basis in accordance with GAAP.

“Consolidated Net Income” means, as of any date of determination, the net income of the Lead Borrower and its Restricted Subsidiaries for the most recently completed Measurement Period, all as determined on a Consolidated basis in accordance with GAAP, provided, however, that there shall be excluded (a) extraordinary or non-recurring gains and extraordinary or non-recurring losses for such Measurement Period, (b) the income (or loss) of any Subsidiary that is not a Restricted Subsidiary, and of any non-Subsidiary joint venture, except to the extent of the amount of cash dividends or other distributions actually paid or payable in cash to the Lead Borrower or a Restricted Subsidiary of the Lead Borrower during such period, (c) the income (or loss) of such Subsidiary during such Measurement Period and accrued prior to the date it becomes a Restricted Subsidiary of the Lead Borrower or any of its Restricted Subsidiaries or is merged into or consolidated with the Lead Borrower or any of its Restricted Subsidiaries or that Person’s assets are acquired by the Lead Borrower or any of its Restricted Subsidiaries, and (d) the income of any direct or indirect Restricted Subsidiary of the Lead Borrower that is not a Loan Party to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its Organization Documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary, except that the Lead Borrower’s equity in any net loss

of any such Restricted Subsidiary for such Measurement Period shall be included in determining Consolidated Net Income.

“Consolidated Total Debt” means, as of any date of determination, (a) the aggregate principal amount of Indebtedness of the Lead Borrower and its Restricted Subsidiaries outstanding on such date, determined on a Consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with the Separation or any Permitted Acquisition), consisting of Indebtedness for borrowed money, Capital Lease Obligations and debt obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments minus (b) the aggregate amount of unrestricted cash and Permitted Cash Equivalents included in the Consolidated balance sheet of the Lead Borrower and its Restricted Subsidiaries as of such date, which aggregate amount of cash and Permitted Cash Equivalents shall be determined without giving Pro Forma Effect to the proceeds of Indebtedness incurred on such date. For the avoidance of doubt, Consolidated Total Debt shall not include obligations under Swap Contracts or obligations in respect of undrawn letters of credit.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Converted Restricted Subsidiary” means any Unrestricted Subsidiary that is converted into a Restricted Subsidiary.

“Cost” means the lower of cost or market value of Inventory, based upon the Borrowers’ accounting practices, known to the Agent, which practices are in effect on the Closing Date as such calculated cost is determined from invoices received by the Borrowers, the Borrowers’ purchase journals or the Borrowers’ stock ledger and on a consistent basis with the calculation of cost set forth in the most recent Inventory appraisal delivered to the Agent. “Cost” does not include inventory capitalization costs or other non-purchase price charges (such as freight (other than inbound freight)) used in the Borrowers’ calculation of cost of goods sold.

“Covenant Compliance Event” means, at any time, Availability is less than the greater of (i) ten percent (10%) of the Loan Cap and (ii) \$15,000,000. The termination of a Covenant Compliance Event as provided herein shall in no way limit, waive or delay the occurrence of a subsequent Covenant Compliance Event in the event that the conditions set forth in this definition again arise.

“Credit Card Issuer” shall mean any person (other than a Borrower or other Loan Party) who issues or whose members issue credit cards, including, without limitation, MasterCard or VISA bank credit or debit cards or other bank credit or debit cards issued through MasterCard International, Inc., Visa, U.S.A., Inc. or Visa International and American Express, Discover, and other non-bank credit or debit cards, including, without limitation, credit or debit cards issued by or through American Express Travel Related Services Company, Inc., and other issuers approved by the Agent.

“Credit Card Notifications” has the meaning provided in [Section 6.13\(a\)\(ii\)](#).

“Credit Card Processor” shall mean any servicing or processing agent or any factor or financial intermediary who facilitates, services, processes or manages the credit authorization, billing transfer

and/or payment procedures with respect to any Borrower's sales transactions involving credit card or debit card purchases by customers using credit cards or debit cards issued by any Credit Card Issuer. For the avoidance of doubt, Paypal Inc. shall be a Credit Card Processor for all purposes under this Agreement and the other Loan Documents.

"Credit Card Receivables" means each "Account" or "payment intangible" (each as defined in the UCC or other applicable Law) together with all income, payments and proceeds thereof, owed by a Credit Card Issuer or Credit Card Processor to a Loan Party resulting from charges by a customer of a Loan Party on credit or debit cards issued by such Credit Card Issuer in connection with the sale of goods by a Loan Party, or services performed by a Loan Party, in each case in the ordinary course of its business.

"Credit Extensions" mean each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

"Credit Party" or "Credit Parties" means (a) individually, (i) each Lender and its Affiliates, (ii) the Agent, (iii) each L/C Issuer, (iv) the Arranger, (v) any other Person to whom Obligations are owing, and (vii) the successors and permitted assigns of each of the foregoing, and (b) collectively, all of the foregoing, in each case, to the extent relating to the services provided to, and obligations owing by or guaranteed by, the Loan Parties.

"Credit Party Expenses" means (a) all reasonable out-of-pocket expenses incurred by the Agent, the Arranger and their respective Affiliates, in connection with this Agreement and the other Loan Documents, including without limitation (i) the reasonable fees, charges and disbursements of (A) one primary counsel, one specialty counsel and one local counsel in each relevant jurisdiction for the Agent and the Arranger, (B) outside consultants for the Agent, (C) appraisers and (D) commercial finance examiners, and (ii) in connection with (A) the syndication of the credit facilities provided for herein, (B) the preparation, negotiation, administration, management, execution and delivery of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (C) the enforcement or protection of their rights in connection with this Agreement or the Loan Documents or efforts to preserve, protect, collect, or enforce the Collateral or in connection with any proceeding under any Debtor Relief Laws, or (D) any workout, restructuring or negotiations in respect of any Obligations, and (b) with respect to the L/C Issuer, and its Affiliates, all reasonable out-of-pocket expenses incurred in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder; and (c) all reasonable out-of-pocket expenses incurred by the Credit Parties who are not the Agent, the Arranger, the L/C Issuer or any Affiliate of any of them in connection with the enforcement and collection of the Loan Documents after the occurrence and during the continuance of an Event of Default (including any workout, restructuring or negotiation in respect thereof), provided that such Credit Parties shall be entitled to reimbursement for no more than one counsel representing all such Credit Parties (absent a conflict of interest in which case the Credit Parties may engage and be reimbursed for additional counsel).

"Customer Credit Liabilities" means at any time, the aggregate remaining value at such time of (a) outstanding gift certificates and gift cards of the Borrowers entitling the holder thereof to use all or a portion of the certificate or gift card to pay all or a portion of the purchase price for any Inventory, and (b) outstanding merchandise credits of the Borrowers.

"Customs Broker/Carrier Agreement" means an agreement in form and substance reasonably satisfactory to the Agent among a Loan Party, a customs broker, freight forwarder, consolidator, or carrier, and the Agent, in which the customs broker, freight forwarder, consolidator, or carrier acknowledges that it has control over and holds the documents evidencing ownership of the subject

Inventory for the benefit of the Agent for the purpose of perfecting the Agent's lien on such Inventory and related Documents, and agrees, upon notice from the Agent, to hold and dispose of the subject Inventory solely as directed by the Agent.

"DDA" means each checking, savings or other demand deposit account maintained by any of the Loan Parties other than Excluded Accounts.

"Debt Service Charges" means for any Measurement Period, the sum of (a) Consolidated Interest Charges paid or required to be paid in cash during such Measurement Period, plus (b) scheduled principal payments made or required to be made on account of Indebtedness (excluding the Obligations and any Synthetic Lease Obligations but including, without limitation, principal payments made in respect of Capital Lease Obligations) during such Measurement Period, in each case determined on a Consolidated basis in accordance with GAAP.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States, or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means (a) when used with respect to Loans, an interest rate equal to the interest rate (including the Applicable Margin) otherwise applicable to such Loan plus two percent (2%) per annum, (b) when used with respect to Letter of Credit Fees, a rate equal to the then Applicable Margin for Standby Letters of Credit or Commercial Letters of Credit, as applicable, plus two percent (2%) per annum, and (c) with respect to all other Obligations, an interest rate equal to the Base Rate plus the then Applicable Margin, plus two percent (2%) per annum.

"Defaulting Lender" means, subject to Section 2.16(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder, or (ii) pay to the Agent, the L/C Issuer, the Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two (2) Business Days of the date when due, (b) has notified the Lead Borrower, the Agent, the L/C Issuer or the Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect, (c) has failed, within three (3) Business Days after written request by the Agent or the Lead Borrower, to confirm in writing to the Agent and the Lead Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Agent and the Lead Borrower), or (d) after the Closing Date, has, or has a direct or indirect parent company that has, (i) become insolvent or otherwise the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination

by the Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.16(b)) as of the date established therefor by the Agent in a written notice of such determination, which shall be delivered by the Agent to the Lead Borrower, the L/C Issuer, the Swing Line Lender and each other Lender promptly following such determination.

“Disinterested Director” shall mean, with respect to any Person and transaction, a member of the board of directors of such Person who does not have any material direct or indirect financial interest in or with respect to such transaction.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction), whether in one transaction or in a series of transactions, of any property (including, without limitation, any Equity Interests other than Equity Interests of the Lead Borrower, but excluding any issuance of Equity Interests) by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disqualified Stock” means any Equity Interest that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof) or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is ninety-one (91) days after the Maturity Date. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Agreement will be the maximum amount that the Lead Borrower and its Restricted Subsidiaries may become obligated to pay upon maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock or portion thereof, plus accrued dividends.

“Dollars” and “\$” mean lawful money of the United States.

“Domestic Subsidiary” means any direct or indirect Restricted Subsidiary organized under the laws of United States, any state thereof or the District of Columbia.

“Drawing Document” means any Letter of Credit or other document presented for purposes of drawing under any Letter of Credit.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country that is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means (a) a Lender or any of its Affiliates; (b) a bank, insurance company, or company engaged in the business of making commercial loans, which Person, together with its Affiliates, has a combined capital and surplus in excess of \$250,000,000; (c) an Approved Fund; and (d) any Person to whom a Lender assigns its rights and obligations under this Agreement as part of an assignment and transfer of such Lender’s rights in and to a material portion of such Lender’s portfolio of asset based credit facilities; provided that, notwithstanding the foregoing, “Eligible Assignee” shall not include a Permitted Holder, a Loan Party or any of their respective Affiliates or Subsidiaries or any natural Person.

“Eligible Credit Card Receivables” means at the time of any determination thereof, each Credit Card Receivable that satisfies the following criteria at the time of creation and continues to meet the same at the time of such determination: such Credit Card Receivable (i) has been earned by performance and represents the bona fide amounts due to a Loan Party from a Credit Card Issuer or Credit Card Processor, and in each case is originated in the ordinary course of business of such Loan Party, and (ii) in each case is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (i) below. Without limiting the foregoing, to qualify as an Eligible Credit Card Receivable, a Credit Card Receivable shall indicate no Person other than a Loan Party as payee or remittance party, it being understood that Credit Card Receivables governed by credit card processing arrangements of SHC and its Subsidiaries pursuant to which the Loan Parties also obtain services shall not, if they otherwise satisfy the requirements of this definition, be disqualified. In determining the amount to be so included, the face amount of a Credit Card Receivable shall be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Loan Party may be obligated to rebate to a customer, a Credit Card Issuer or Credit Card Processor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Credit Card Receivable but not yet applied by the Loan Parties to reduce the amount of such Credit Card Receivable. Except as otherwise agreed by the Agent, any Credit Card Receivable included within any of the following categories shall not constitute an Eligible Credit Card Receivable:

- (a) Credit Card Receivables which do not constitute an “Account” or “payment intangible” (each as defined in the UCC);
- (b) Credit Card Receivables that have been outstanding for more than five (5) Business Days from the date of sale;
- (c) Credit Card Receivables (i) that are not subject to a perfected first priority security interest in favor of the Agent (subject to Permitted Encumbrances having priority over the Lien of the Agent by operation of applicable Law), or (ii) with respect to which a Loan Party does not have good and valid title thereto, free and clear of any Lien (other than (1) Liens in favor of the Agent, (2) Permitted Encumbrances in favor of the Term Agent, and (3) Liens permitted under clauses (a), (e) and (t) of the definition of Permitted Encumbrances and other Permitted Encumbrances which are junior in priority to the Liens in favor of the Agent);
- (d) Credit Card Receivables which are disputed or with respect to which a claim, counterclaim, offset, chargeback or other recourse has been asserted (to the extent of such dispute, claim, counterclaim, offset, chargeback or other recourse);
- (e) Credit Card Receivables as to which a Credit Card Issuer or a Credit Card Processor has the right under certain circumstances to require a Loan Party to repurchase the entire portfolio of Accounts from such Credit Card Issuer or Credit Card Processor;

(f) Credit Card Receivables due from a Credit Card Issuer or a Credit Card Processor of the applicable credit card which is the subject of any bankruptcy or insolvency proceedings;

(g) Credit Card Receivables which are not a valid, legally enforceable obligation of the applicable Credit Card Issuer or a Credit Card Processor with respect thereto;

(h) Credit Card Receivables which do not conform to all representations, warranties or other provisions in the Loan Documents relating to Credit Card Receivables; or

(i) Credit Card Receivables which the Agent determines in its Permitted Discretion to be uncertain of collection or which do not meet such other reasonable eligibility criteria for Credit Card Receivables as the Agent may determine in its Permitted Discretion.

“Eligible In-Transit Inventory” means, as of any date of determination thereof, without duplication of other Eligible Inventory, In-Transit Inventory:

(a) Which has been shipped by a vendor from a foreign location for receipt at a facility of a Loan Party, but which has not yet been delivered to a facility of such Loan Party, which In-Transit Inventory is scheduled to arrive at a facility owned or leased by a Loan Party within fifty (50) days from the date of shipment;

(b) For which the purchase order is in the name of a Loan Party and title and risk of loss has passed to such Loan Party;

(c) For which an Acceptable Document of Title has been issued, and, except with respect to Inventory not to exceed \$100,000 in the aggregate at any time, in each case as to which the Agent has control (as defined in the UCC or other applicable Law) over the documents of title which evidence ownership of the subject Inventory (including, if requested by the Agent, by the delivery of a Customs Broker/Carrier Agreement);

(d) Which is insured in accordance with Section 5.10 hereof (including, without limitation, marine cargo insurance); and

(e) Which otherwise would constitute Eligible Inventory;

provided that the Agent may, in its Permitted Discretion, exclude any particular Inventory from the definition of “Eligible In-Transit Inventory” in the event the Agent determines that such Inventory is subject to any Person’s right which is (or is capable of being) senior to, or pari passu with, the Lien of the Collateral Agent (including, without limitation, a right of stoppage in transit reclamation or repudiation), which may otherwise adversely impact the ability of the Agent to realize upon such Inventory.

“Eligible Inventory” means, as of the date of determination thereof, without duplication, (i) Eligible In-Transit Inventory, and (ii) other items of Inventory of a Loan Party that are finished goods, merchantable and readily saleable to the public in the ordinary course of the applicable Loan Parties’ business, in each case that, except as otherwise agreed by the Agent, (A) complies with each of the representations and warranties respecting Inventory made by the applicable Loan Parties in the Loan Documents, and (B) is not excluded as ineligible by virtue of one or more of the criteria set forth below. Except as otherwise agreed by the Agent, in its Permitted Discretion, the following items of Inventory shall not be included in Eligible Inventory:

(a) Inventory (i) that is not subject to a perfected first priority security interest in favor of the Agent (subject to Permitted Encumbrances having priority over the Lien of the Agent under applicable Law) or (ii) that is not solely owned by a Loan Party or a Loan Party does not have good and valid title thereto (other than (1) Liens in favor of the Agent, (2) Permitted Encumbrances in favor of the Term Agent, and (3) Liens permitted under clauses (a), (b) and (e) of the definition of Permitted Encumbrances and other Permitted Encumbrances which are junior in priority to the Liens in favor of the Agent);

(b) Inventory that is leased or consigned from a vendor to a Loan Party;

(c) Inventory that is consigned by a Loan Party to a Person which is not a Loan Party;

(d) Inventory (other than Eligible In-Transit Inventory) that is (i) not located in the United States of America (excluding territories or possessions of the United States) or Puerto Rico or (ii) not at a location that is owned or leased by the applicable Loan Party, except, in the case of clause (ii), (1) Inventory in transit between such owned or leased locations, (2) Inventory at locations owned or leased by SHC and its Subsidiaries (provided that the Agent may establish an Availability Reserve in such amount as the Agent in its Permitted Discretion deems appropriate with respect to Inventory at locations owned or leased by SHC and its Subsidiaries if (a) SHC or such applicable Subsidiary is subject to an insolvency proceeding under any Debtor Relief Laws, (b) in any transaction or series of transactions which are part of a common plan, 25% or more of the number of LE Shops (as defined in the Separation Agreement referenced in clause (b) of the definition thereof) in existence on the Closing Date operated by the Loan Parties under the Separation Agreements referenced in clauses (c) and (h) of the definition thereof immediately prior to such closings are closed, or (c) SHC or any of its Subsidiaries breach any of the Material Contracts), and (3) Inventory constituting finished goods located with providers of embroidery and similar services, not to exceed an aggregate of \$2,500,000 in Cost at any one time;

(e) Inventory that is located in a distribution center leased by a Loan Party unless the applicable lessor has delivered to the Agent a Collateral Access Agreement; provided that if such a Collateral Access Agreement is not obtained, Inventory at such locations shall constitute Eligible Inventory as long as the Agent has established an Availability Reserve in such amount as the Agent in its Permitted Discretion deemed appropriate;

(f) Inventory that is comprised of goods which (i) are damaged, defective, "seconds," or otherwise unmerchantable, (ii) are to be returned to the vendor, (iii) are obsolete, work-in-process, raw materials, or that constitute samples, spare parts, promotional, marketing, labels, bags and other packaging and shipping materials or supplies used or consumed in a Loan Party's business, (iv) which have been held for more than 18 months, (v) are not in material compliance with all standards imposed by any Governmental Authority having regulatory authority over such Inventory, its use or sale, or (vi) are bill and hold goods;

(g) Inventory that is not insured in compliance with the provisions of Section 5.10 hereof;

(h) Inventory that has been sold by a Loan Party but not yet delivered or as to which a Loan Party has accepted a deposit from a third party;

(i) Inventory that exhibits, includes or is identified by any trademark, tradename or other Intellectual Property right which trademark, tradename or other Intellectual Property right (i) is subject to a restriction that could reasonably be expected to adversely affect the Agent's ability to liquidate such Inventory or (ii) the relevant Loan Party does not have the right to use in connection with the sale of such Inventory, either through direct ownership or through a written license or sublicense;

(j) Inventory acquired in a Permitted Acquisition, unless and until the Agent has completed or received (A) an appraisal of such Inventory from appraisers reasonably satisfactory to the Agent and establishes Inventory Reserves (if applicable) therefor, and (B) such other due diligence as the Agent may reasonably require, all of the results of the foregoing to be reasonably satisfactory to the Agent; provided that such Inventory shall be deemed to constitute Eligible Inventory for a period of 45 days after the date of its acquisition notwithstanding that the Agent has not completed such due diligence as long as such Inventory is of the same kind and quality as other of the Loan Parties' Inventory and would otherwise constitute Eligible Inventory;

(k) Inventory (other than Inventory acquired in a Permitted Acquisition which is governed by clause (j) above) which is not of the type usually sold in the ordinary course of any Loan Party's business, unless and until the Agent agrees in its Permitted Discretion that such Inventory shall be deemed Eligible Inventory;

(l) Inventory at closed 'pop-up' stores or closed temporary store locations in excess of \$50,000 in the aggregate at any time; or

(m) Inventory which does not meet such other reasonable eligibility criteria for Inventory as the Agent may determine in its Permitted Discretion.

"Eligible Trade Receivables" means Accounts arising from the sale of the Inventory of the Loan Parties (but excluding, for the avoidance of doubt, Credit Card Receivables) that satisfies the following criteria at the time of creation and continues to meet the same at the time of such determination: such Account (i) has been earned by performance and represents the bona fide amounts due to a Loan Party from an account debtor, and in each case is originated in the ordinary course of business of such Loan Party, and (ii) in each case is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (s) below. Without limiting the foregoing, to qualify as an Eligible Trade Receivable, an Account shall indicate no Person other than a Loan Party as payee or remittance party. In determining the amount to be so included, the face amount of an Account shall be reduced by, without duplication, to the extent not reflected in such face amount but creditable against such Account, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Loan Party may be obligated to rebate to a customer pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the Loan Parties to reduce the amount of such Eligible Trade Receivable. Except as otherwise agreed by the Agent, any Account included within any of the following categories shall not constitute an Eligible Trade Receivable:

(a) Accounts that are not evidenced by an invoice;

(b) (i) Accounts (other than Accounts due from any account debtor that maintains an investment grade rating from Standard & Poor's or Moody's) that have been outstanding for more than 90 days from the date of sale; (ii) Accounts due from any account debtor that maintains an

investment grade rating from Standard & Poor's or Moody's that have been outstanding for more than 120 days from the date of sale; or (iii) Accounts that are more than 60 days past the due date;

(c) Accounts due from any account debtor for which more than fifty percent (50%) of the Accounts due from such account debtor and its Affiliates are deemed ineligible pursuant to clause (b), above;

(d) All Accounts owed by an account debtor and/or its Affiliates in the aggregate, calculated on a gross (not net) basis, in excess of ten percent (10%) (or, with respect to the account debtors set forth on Schedule 1.05 hereof, thirty-five percent (35%) individually or sixty percent (60%) in the aggregate, calculated on a gross (not net) basis) of the amount of all Accounts of all account debtors of the Loan Parties at any one time outstanding;

(e) Accounts (i) that are not subject to a perfected first-priority security interest in favor of the Agent (subject to Permitted Encumbrances having priority over the Lien of the Agent by operation of applicable Law), or (ii) with respect to which a Loan Party does not have good and valid title thereto, free and clear of any Lien (other than (1) Liens in favor of the Agent, (2) Permitted Encumbrances in favor of the Term Agent, and (3) Liens permitted under clauses (a), (e) and (t) of the definition of Permitted Encumbrances and other Permitted Encumbrances which are junior in priority to the Liens in favor of the Agent);

(f) Accounts which are disputed or with respect to which a claim, counterclaim, offset or chargeback has been asserted, but only to the extent of such dispute, counterclaim, offset or chargeback;

(g) Accounts which arise out of any sale (i) not made in the ordinary course of business, (ii) made on a basis other than upon credit terms usual to the business of the Loan Parties, or (iii) not payable in Dollars;

(h) Accounts which are owed by any account debtor whose principal place of business is not within the United States;

(i) Accounts which are owed by an employee of a Loan Party or by any Affiliate (other than any portfolio companies of the Permitted Holders, including SHC or any of its Subsidiaries) of a Loan Party;

(j) Accounts which are owed by SHC or any of its Subsidiaries if such Accounts relate to sales of the Loan Parties' Inventory in store locations of SHC or such Subsidiaries, unless the Agent otherwise agrees in its Permitted Discretion;

(k) Accounts for which all consents, approvals or authorizations of, or registrations or declarations with any Governmental Authority required to be obtained, effected or given in connection with the performance of such Account by the account debtor or in connection with the enforcement of such Account by the Agent have been duly obtained, effected or given and are in full force and effect;

(l) Accounts due from an account debtor which is the subject of any bankruptcy or insolvency proceeding, has had a trustee or receiver appointed for all or a substantial part of its property, has made an assignment for the benefit of creditors or has suspended its business;

(m) Accounts due from any Governmental Authority except to the extent that the subject account debtor is the federal government, or any state government, of the United States of America and the Loan Parties have complied with the Federal Assignment of Claims Act of 1940 and any similar state legislation;

(n) Accounts representing any manufacturer's or supplier's credits, discounts, incentive plans or similar arrangements entitling a Loan Party or any of its Subsidiaries to discounts on future purchase therefrom;

(o) Accounts arising out of sales on a bill-and-hold, guaranteed sale, sale-or-return, sale on approval or consignment basis or subject to any right of return;

(p) Accounts arising out of sales to account debtors outside the United States unless such Accounts are fully backed by an irrevocable letter of credit on terms, and issued by a financial institution, acceptable to the Agent and such irrevocable letter of credit is in the possession of the Agent;

(q) Accounts evidenced by a promissory note or other instrument;

(r) Accounts consisting of amounts due from vendors as rebates or allowances;

(s) Accounts which are in excess of the credit limit for such account debtor established by the Loan Parties in the ordinary course of business and consistent with past practices;

(t) Accounts which include extended payment terms (datings) beyond those generally furnished to other account debtors in the ordinary course of business;

(u) Accounts with respect to which the account debtor is a Sanctioned Person or Sanctioned Entity; or

(v) Accounts arising out of sales of gift cards unless such gift cards have been activated; or

(w) Accounts which do not meet such other reasonable eligibility criteria for as the Agent may determine in its Permitted Discretion.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability, obligation, damage, loss, claim, action, suit, judgment, order, fine, penalty, fee, expense, or cost, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower, any other Loan Party or any of their respective Restricted Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal or presence of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract,

agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with any Loan Party within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 and 4971 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal by any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent or in reorganization (within the meaning of Title IV of ERISA); (d) the filing of a notice of intent to terminate a Pension Plan, or the treatment of a Multiemployer Plan amendment as a termination, under Section 4041 or 4041A of ERISA, respectively; (e) the institution by the PBGC of proceedings to terminate a Pension Plan or a Multiemployer Plan; (f) any event or condition determined by the PBGC to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or that a Multiemployer Plan is in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (h) the failure by the Lead Borrower or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or a failure by the Lead Borrower or any ERISA Affiliate to make any required contribution to a Multiemployer Plan or (i) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Lead Borrower or any ERISA Affiliate.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Event of Default” has the meaning specified in Section 8.01. An Event of Default shall be deemed to be continuing unless and until that Event of Default has been duly waived as provided in Section 10.01 hereof.

“Excluded Accounts” means deposit accounts solely for the purposes of payroll, trust, and tax withholding funded in the ordinary course of business, so long as no other amounts are deposited or maintained in such accounts, and any Term Loan Priority Account (as defined in the Intercreditor Agreement).

“Excluded Swap Obligation” means, with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the guaranty of such Loan Party under the Guaranty and Security Agreement of, or the grant under a Loan Document by such Loan Party of a security interest to secure, such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act (determined after giving effect to [Section 10.28](#) hereof and any and all guarantees of such Loan Party’s Swap Obligations by other Loan Parties) and the regulations thereunder at the time the guaranty of such Loan Party, or grant by such Loan Party of a security interest, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty or security interest is or becomes illegal.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated and including any Taxes imposed in lieu of income Taxes), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Recipient with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Recipient acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Lead Borrower under [Section 10.13](#)) or (ii) in the case of a Lender, such Lender changes its Lending Office, except in each case to the extent that, pursuant to [Section 3.01\(a\)\(ii\)](#) or (c), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with [Section 3.01\(e\)](#), and (d) any Taxes imposed pursuant to FATCA.

“Executive Order” has the meaning set forth in [Section 10.18](#).

“Existing ABL Credit Agreement” means that certain ABL Credit Agreement, dated as of April 4, 2014, among, Lands’ End, Inc., Lands’ End Europe Limited, Bank of America, N.A. and the other lenders party thereto, as amended or otherwise modified prior to the Closing Date.

“Existing ABL Facility” means the asset-based loan facility pursuant to the Existing ABL Credit Agreement.

“Existing BAML Indebtedness” means Indebtedness owed to Bank of America, N.A. with respect to the letters of credit, bank guarantees and certain cash management obligations described on [Schedule 1.03](#) hereto, in all cases, in such amounts and as otherwise described therein and as in effect on the Closing Date in an aggregate amount not to exceed \$25,000,000.

“Existing Revolver Tranche” has the meaning provided in [Section 2.17\(a\)](#).

“Extended Commitments” has the meaning provided in [Section 2.17\(a\)](#).

“Extending Lender” has the meaning provided in [Section 2.17\(b\)](#).

“Extension Amendment” has the meaning provided in [Section 2.17\(d\)](#).

“Extension Request” has the meaning provided in [Section 2.17\(a\)](#).

“Extension Election” has the meaning provided in [Section 2.17\(b\)](#).

“Extension Series” has the meaning provided in [Section 2.17\(a\)](#).

“Factored Receivables” means any Accounts originally owed or owing by a Loan Party to another Person which have been purchased by or factored with Wells Fargo or any other Lender or any of their Affiliates pursuant to a factoring arrangement or otherwise with the Person that sold the goods or rendered the services to the Loan Party which gave rise to such Account.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, as of the date of this Agreement (or any amended or successor version described above), and any intergovernmental agreements (or related laws or official administrative guidance) implementing any of the foregoing.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Wells Fargo on such day on such transactions as determined by the Agent.

“Fee Letter” means the letter agreement dated as of the date hereof among the Borrowers, the Agent and the Arranger, as amended and in effect from time to time.

“Financed Capital Expenditures” shall mean Capital Expenditures made with the proceeds of Indebtedness (other than from Credit Extensions hereunder), including capital lease transactions permitted hereunder.

“Fiscal Quarter” means any fiscal quarter of any Fiscal Year, which quarters shall generally end on (i) with respect to the first fiscal quarter of any Fiscal Year, the Friday preceding the Saturday of the thirteenth week of such Fiscal Year, (ii) with respect to the second fiscal quarter of any Fiscal Year, the Friday preceding the Saturday of the twenty- sixth week of such Fiscal Year, (iii) with respect to the third fiscal quarter of any Fiscal Year, the Friday preceding the Saturday of the thirty-ninth week of such Fiscal Year, and (iv) with respect to the last fiscal quarter of any Fiscal Year, the last day of such Fiscal Year, as such Fiscal Quarters may be amended in accordance with the provisions of [Section 7.13](#) hereof.

“Fiscal Year” means any period of twelve consecutive months ending on the Friday preceding the Saturday closest to January 31 of any calendar year, as such Fiscal Year may be amended in accordance with the provisions of [Section 7.13](#) hereof.

“Foreign Asset Control Regulations” has the meaning set forth in [Section 10.18](#).

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than that in which the Lead Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means as to any Person, any Subsidiary of such Person that is not a Domestic Subsidiary.

“Foreign Vendor” means a Person that sells In-Transit Inventory to a Loan Party.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to the L/C Issuer, such Defaulting Lender’s Applicable Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender’s Applicable Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders in accordance with the terms hereof.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means the government of the United States, or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to

be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantor" means (a) with respect to all of the Obligations (excluding, as to any Guarantor, Obligations as to which such Person is directly liable), the Persons named on Schedule 1.02 hereof as Guarantors, the Lead Borrower and each other Person that shall be required to execute and deliver a guaranty of all of the Obligations pursuant to Section 6.11, and (b) with respect to any Swap Obligation of a Qualified ECP Guarantor (determined before giving effect to Section 10.27) under the Guaranty and Security Agreement, the Lead Borrower. Notwithstanding anything to the contrary, no Foreign Subsidiary, Domestic Subsidiary that is a Subsidiary of a Foreign Subsidiary, or a Domestic Subsidiary that owns (directly or indirectly) no material assets other than debt or Equity Interests in one or more Foreign Subsidiaries shall be required to be a Guarantor.

"Guaranty and Security Agreement" means the Guaranty and Security Agreement dated as of the Closing Date among the Loan Parties and the Agent, as amended and in effect from time to time.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Increase Effective Date" shall have the meaning provided therefor in Section 2.15(d).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and, in each case, not past due for more than sixty (60) days);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Attributable Indebtedness of such Person;
- (g) all obligations of such Person in respect of Disqualified Stock of such Person; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company unless the Indebtedness of such joint venture is Guaranteed by such Person and covered by clause (h) above) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness that is only Indebtedness pursuant to clause (e) shall be the lesser of the indebtedness secured by a Lien on property of the applicable Person and the fair market value of such property, as reasonably determined by the Lead Borrower, so long as such Indebtedness is non-recourse to the Loan Parties; provided that the full amount of Debt Service Charges paid by the Lead Borrower or any Restricted Subsidiary in respect of any such Indebtedness shall be included in the calculation of the Consolidated Fixed Charge Coverage Ratio.

“Indemnified Taxes” means Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document.

“Indemnitees” has the meaning specified in [Section 10.04\(b\)](#).

“Information” has the meaning specified in [Section 10.07](#).

“Initial Maturity Date” means the earlier of (a) November 16, 2022 and (b) the date that is three (3) months prior to the maturity date of the Term Facility if, on or prior to October 4, 2020, (i) the Term Facility has not been refinanced with Indebtedness having a maturity date that is more than three (3) months after November 16, 2022, (ii) the maturity date of the Term Facility has not been extended to a date that is more than three (3) months after November 16, 2022, or (iii) the Term Facility has not been repaid in full in accordance with the terms thereof.

“In-Transit Inventory” means Inventory (including, for the avoidance of doubt, “landed Inventory”) of a Loan Party which is in the possession of a common carrier and is in transit from a Foreign Vendor of a Loan Party from a location outside of the United States to a location of a Loan Party that is within the United States.

“Intellectual Property” means all present and future: trade secrets, know-how and other proprietary information; trademarks, trademark applications, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights and copyright applications; (including copyrights for computer programs) and all tangible and intangible property embodying the copyrights, unpatented inventions (whether or not patentable); patents and patent applications; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

“Intercreditor Agreement” means the Intercreditor Agreement, dated as of April 4, 2014, among the Agent as successor “ABL Agent,” the Term Agent and the applicable Loan Parties, as amended by

that certain Intercreditor Agreement Joinder, dated as of the date hereof, and as may be further amended, restated, or otherwise modified in accordance with the terms of such agreement from time to time.

“Interest Payment Date” means, (a) as to any LIBOR Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a LIBOR Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the first day after the end of each month and the Maturity Date.

“Interest Period” means, as to each LIBOR Rate Loan, the period commencing on the date such LIBOR Rate Loan is disbursed or converted to or continued as a LIBOR Rate Loan and ending on the date one, two, three or six months thereafter, as selected by the Lead Borrower in its LIBOR Rate Loan Notice; provided that:

- (i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the preceding Business Day;
- (ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;
- (iii) no Interest Period shall extend beyond the Maturity Date; and
- (iv) notwithstanding the provisions of clause (iii), no Interest Period shall have a duration of less than one (1) month, and if any Interest Period applicable to a LIBOR Borrowing would be for a shorter period, such Interest Period shall not be available hereunder.

For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Internal Control Event” means a material weakness in, or fraud that involves management or other employees who have a significant role in, the Lead Borrower’s and/or its Subsidiaries’ internal controls over financial reporting, in each case as described in the Securities Laws.

“Inventory” has the meaning given that term in the UCC, and shall also include, without limitation, all: (a) goods which (i) are leased by a Person as lessor, (ii) are held by a Person for sale or lease or to be furnished under a contract of service, (iii) are furnished by a Person under a contract of service, or (iv) consist of raw materials, work in process, or materials used or consumed in a business; (b) goods of said description in transit; (c) goods of said description which are returned, repossessed or rejected; and (d) packaging, advertising, and shipping materials related to any of the foregoing.

“Inventory Advance Rate” means (i) from October 1 through December 31 of each year, ninety-two and one half percent (92.5%), and (ii) at all other times, ninety percent (90%).

“Inventory Reserves” means such reserves as may be established from time to time by the Agent in its Permitted Discretion, without duplication of any other Reserves or items that are otherwise addressed or excluded through eligibility criteria or the definition of “Borrowing Base” or “Appraised Value”, with respect to the determination of the saleability, at retail, of the Eligible Inventory, which reflect such other factors as affect the market value of the Eligible Inventory or which reflect claims and

liabilities that the Agent determines will need to be satisfied in connection with the realization upon the Inventory. Without limiting the generality of the foregoing, Inventory Reserves may, in the Agent's Permitted Discretion, include (but are not limited to) reserves based on:

- (a) Obsolescence;
- (b) Seasonality;
- (c) Shrink;
- (d) Imbalance;
- (e) Change in Inventory character;
- (f) Change in Inventory composition;
- (g) Change in Inventory mix;
- (h) Mark-downs (both permanent and point of sale);
- (i) Retail mark-ons and mark-ups inconsistent with prior period practice and performance, industry standards, current business plans or advertising calendar and planned advertising events; and
- (j) Out-of-date and/or expired Inventory.

"Investment" means, as to any Person, any direct or indirect (a) purchase or other acquisition of Equity Interests of another Person, (b) loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person, or (c) any Acquisition. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the International Standby Practices 1998 (International Chamber of Commerce Publication No. 590) and any subsequent revision thereof adopted by the International Chamber of Commerce on the date such Letter of Credit is issued.

"Issuer Documents" means with respect to any Letter of Credit, the Letter Credit Application, the Standby Letter of Credit Agreement or Commercial Letter of Credit Agreement, as applicable, and any other document, agreement and instrument entered into by the L/C Issuer and the Borrower (or any Subsidiary) or in favor of the L/C Issuer and relating to any such Letter of Credit.

"Joinder Agreement" means an agreement, in form satisfactory to the Agent pursuant to which, among other things, a Person becomes a party to, and bound by the terms of, this Agreement and/or the other Loan Documents in the same capacity and to the same extent as either a Borrower or a Guarantor.

"Latest Maturity Date" means, at any date of determination, the latest Maturity Date applicable to any Loan or Commitment hereunder at such time, including the latest termination date of any Extended Commitment or New Commitment, as applicable, as extended in accordance with this Agreement from time to time.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof, or the renewal thereof.

“L/C Issuer” means (a) Wells Fargo in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder, and (b) any other Lender approved by each of the Agent, the Lead Borrower, and the applicable Lender, each in their discretion. The L/C Issuer may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the L/C Issuer (including, without limitation, Wells Fargo Bank, National Association (London Branch)), in which case the term “L/C Issuer” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“L/C Obligations” means, as at any date of determination, the aggregate undrawn amount available to be drawn under all outstanding Letters of Credit. For purposes of computing the amounts available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of any Rule under the ISP or any article of the UCP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Lead Borrower” has the meaning set forth in the introductory paragraph to this Agreement.

“Lease” means any agreement, whether written or oral, no matter how styled or structured, pursuant to which a Loan Party is entitled to the use or occupancy of any real property for any period of time.

“Lender” has the meaning set forth in the introductory paragraph to this Agreement and, as the context requires, includes the Swing Line Lender. Any Lender may, in its reasonable discretion, arrange for one or more Loans to be made by Affiliates or branches of such Lender, in which case the term “Lender” shall include any such Affiliate or branch with respect to Loans made by such Affiliate or branch.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Lead Borrower and the Agent.

“Letter of Credit” means each Standby Letter of Credit and each Commercial Letter of Credit issued hereunder.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

“Letter of Credit Disbursement” means a payment made by the L/C Issuer pursuant to a Letter of Credit.

“Letter of Credit Expiration Date” means the day that is seven (7) days prior to the Maturity Date then in effect.

“Letter of Credit Fee” has the meaning specified in Section 2.03(i).

“Letter of Credit Indemnified Costs” has the meaning specified in Section 2.03(f).

“Letter of Credit Related Person” has the meaning specified in Section 2.03(f).

“Letter of Credit Sublimit” means an amount equal to \$70,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments. A permanent reduction of the Aggregate Commitments shall not require a corresponding pro rata reduction in the Letter of Credit Sublimit; provided, however, that if the Aggregate Commitments are reduced to an amount less than the Letter of Credit Sublimit, then the Letter of Credit Sublimit shall be reduced to an amount equal to (or, at Lead Borrower’s option, less than) the Aggregate Commitments.

“LIBOR Borrowing” means a Borrowing comprised of LIBOR Rate Loans.

“LIBOR Rate” means for any Interest Period with respect to a LIBOR Rate Loan, the rate per annum rate which appears on the Reuters Screen LIBOR01 page as of 11:00 a.m., London time, on the second London Business Day preceding the first day of such Interest Period (or if such rate does not appear on the Reuters Screen LIBOR01 Page, then the rate as determined by the Agent from another recognized source or interbank quotation), for a term, and in an amount, comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrowers in accordance with this Agreement (and, if any such rate is below zero, the LIBOR Rate shall be deemed to be zero), which determination shall be made by Agent and shall be conclusive in the absence of manifest error. If such rate is not available at such time for any reason, then the “LIBOR Rate” for such Interest Period shall be the rate per annum determined by the Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the LIBOR Rate Loan being made, continued or converted by Wells Fargo and with a term equivalent to such Interest Period would be offered to Wells Fargo by major banks in the London interbank eurodollar market in which Wells Fargo participates at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

“LIBOR Rate Loan” means a Committed Loan that bears interest at a rate based on the Adjusted LIBOR Rate.

“LIBOR Rate Loan Notice” means a notice for a LIBOR Borrowing or continuation pursuant to Section 2.02(b), which shall be substantially in the form of Exhibit A.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), charge, or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including the lien or retained security title of a conditional vendor, any easement, right of way or other encumbrance on title to real property, but excluding the interests of lessors under operating leases).

“Liquidation” means the exercise by the Agent of those rights and remedies accorded to the Agent under the Loan Documents and applicable Laws as a creditor of the Loan Parties with respect to the realization on the Collateral, including (after the occurrence and during the continuation of an Event of Default) the conduct by the Loan Parties acting with the consent of the Agent, of any public, private or

“going-out-of-business”, “store closing” or other similar sale or any other disposition of the Collateral for the purpose of liquidating the Collateral. Derivations of the word “Liquidation” (such as “Liquidate”) are used with like meaning in this Agreement.

“Loan” means an extension of credit by a Lender to the Borrowers under Article II in the form of a Committed Loan or a Swing Line Loan.

“Loan Account” has the meaning assigned to such term in Section 2.11(a).

“Loan Cap” means, at any time of determination, the lesser of (a) the Aggregate Commitments and (b) the Borrowing Base.

“Loan Documents” means this Agreement, each Note, each Issuer Document, the Perfection Certificate, the Fee Letter, all Borrowing Base Certificates, each Request for Credit Extensions, the Blocked Account Agreements, the Credit Card Notifications, the Security Documents, the Sears Tri-Party Agreement, the Intercreditor Agreement, and any other instrument or agreement now or hereafter executed and delivered in connection herewith, each as amended and in effect from time to time.

“Loan Parties” means, collectively, the Borrowers and each Guarantor.

“London Business Day” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), or financial condition of the Lead Borrower and its Restricted Subsidiaries taken as a whole; (b) a material impairment of the ability of the Loan Parties taken as a whole to perform their obligations under the Loan Documents to which they are a party; or (c) a material impairment of the rights and remedies of the Agent or the Lenders under the Loan Documents taken as a whole or a material adverse effect upon the legality, validity, binding effect or enforceability against the Loan Parties of the Loan Documents to which they are a party taken as a whole. In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event in and of itself does not have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then existing events would result in a Material Adverse Effect.

“Material Contract” means (a) the Separation Agreements described in clauses (a), (b), (c), (e), (g) and (j) of the definition thereof, and (b) any replacements of, or substitutions for, any of the foregoing.

“Material Indebtedness” means Indebtedness (other than the Obligations) of the Loan Parties in an aggregate principal amount exceeding \$35,000,000. Notwithstanding the foregoing, any Indebtedness incurred under clause (j) of the definition of “Permitted Indebtedness” shall at all times be deemed Material Indebtedness hereunder. For purposes of determining the amount of Material Indebtedness at any time, (a) the amount of the obligations in respect of any Swap Contract at such time shall be calculated at the Swap Termination Value thereof, (b) undrawn and committed amounts shall be included, and (c) all amounts owing to all creditors under any combined or syndicated credit arrangement shall be included.

“Maturity Date” means, as to any Loan or Commitment, (a) the Initial Maturity Date, or, if applicable with respect to such Loan or Commitment, the date determined pursuant to Section 2.17 in connection with an effective Extension Election.

“Maximum Rate” has the meaning provided therefor in Section 10.09.

“Measurement Period” means, at any date of determination, (i) at any time when the Loan Parties are required to deliver monthly financial statements pursuant to Section 6.01(c), the most recently completed twelve fiscal month period of the Lead Borrower and its Subsidiaries for which financial statements have been, or were required to be delivered pursuant to Section 6.01(c), and (ii) at all other times, the most recently completed four fiscal quarter period of the Lead Borrower and its Subsidiaries for which financial statements have been, or were required to be delivered pursuant to Section 6.01(a) or (b), as applicable.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Lead Borrower or any ERISA Affiliate makes or is obligated to make contributions or has any continuing liability.

“Multiple Employer Plan” means a Plan which has two or more contributing sponsors (including the Lead Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“New Commitment Lender” has the meaning provided therefor in Section 2.15(c).

“Non-Consenting Lender” has the meaning provided therefor in Section 10.01.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Extension Notice Date” has the meaning specified in Section 2.03(h).

“Note” means (a) a promissory note made by the Borrowers in favor of a Lender evidencing Committed Loans made by such Lender, substantially in the form of Exhibit B-1, and (b) the Swing Line Note, as each may be amended, supplemented or modified from time to time.

“NPL” means the National Priorities List under CERCLA.

“Obligations” means, collectively, (a) all advances to, and debts (including principal, interest, fees, costs, and expenses), liabilities, obligations, covenants, indemnities, and duties of, any Loan Party arising under any Loan Document with respect to any Loan or Letter of Credit (including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral therefor), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, fees, costs, expenses and indemnities that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, fees costs, expenses and indemnities are allowed claims in such proceeding and (b) all Other Liabilities; provided that the Obligations shall not include any Excluded Swap Obligations.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating or LLC agreement (or equivalent or comparable constitutive

documents with respect to any non-U.S. jurisdiction); (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity, and (d) in each case, all shareholder or other equity holder agreements, voting trusts and similar arrangements to which such Person is a party.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising solely from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Liabilities” means any obligation on account of (a) any Cash Management Services furnished to any of the Loan Parties or any of their Subsidiaries and/or (b) any Bank Product furnished to any of the Loan Parties and/or any of their Subsidiaries.

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to [Section 3.06](#)).

“Outstanding Amount” means (i) with respect to Committed Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date; and (ii) with respect to any L/C Obligations on any date, the aggregate outstanding amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrowers of Unreimbursed Amounts.

“Overadvance” means a Credit Extension to the extent that, immediately after its having been made, Availability, is less than zero.

“Participant” has the meaning specified in [Section 10.06\(d\)](#).

“Participation Register” has the meaning provided therefor in [Section 10.06\(d\)](#).

“Payment Conditions” means, at the time of determination with respect to any specified transaction or payment, that (a) no Default or Event of Default then exists or would arise as a result of entering into such transaction or the making of such payment, (b) after giving effect to such transaction or payment, either (x)(i) the Pro Forma Availability Condition has been satisfied, and (ii) after giving effect to such transaction or payment, the Consolidated Fixed Charge Coverage Ratio, as calculated on a Pro Forma Basis for the Measurement Period preceding such transaction or payment, is equal to or greater than 1.1:1.0, or (y) Pro Forma Availability will be equal to or greater than the greater of (i) 20% of the Loan Cap and (ii) \$25,000,000. Prior to undertaking any transaction or payment which is subject to the Payment Conditions, the Loan Parties shall deliver to the Agent evidence of satisfaction of the conditions contained in clause (b) above on a basis reasonably satisfactory to the Agent.

“PBGC” means the Pension Benefit Guaranty Corporation.

“PCAOB” means the Public Company Accounting Oversight Board.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan but excluding a Multiemployer Plan) that is maintained or is contributed to by the Lead Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Perfection Certificate” means the Perfection Certificate dated as of the Closing Date executed by the Loan Parties, together with any other Perfection Certificates delivered to the Agent in accordance with the Guaranty and Security Agreement.

“Permitted Acquisition” means an Acquisition in which all of the following conditions are satisfied:

- (a) No Event of Default then exists or would arise from the consummation of such Acquisition;
- (b) Such Acquisition shall have been approved by the Board of Directors of the Person (or similar governing body if such Person is not a corporation) which is the subject of such Acquisition and such Person shall not have announced that it will oppose such Acquisition or shall not have commenced any action which alleges that such Acquisition shall violate applicable Law;
- (c) if the Payment Conditions are required to be satisfied pursuant to clause (f) below, the Lead Borrower shall have furnished the Agent with five (5) Business Days’ prior written notice of such intended Acquisition and a calculation with respect to such Payment Conditions;
- (d) any assets acquired shall be utilized in, and if the Acquisition involves a merger, consolidation or acquisition of Equity Interests, the Person which is the subject of such Acquisition shall be engaged in, a business otherwise permitted to be engaged in by the Lead Borrower and its Restricted Subsidiaries under this Agreement;
- (e) any Equity Interests of a Person acquired in such transaction shall be of a Person that becomes a Restricted Subsidiary; provided that the aggregate consideration paid in respect of Persons that do not become Loan Parties shall not exceed \$25,000,000 in the aggregate for all Permitted Acquisitions; and
- (f) if the total consideration payable in connection with such Acquisition is \$20,000,000 or more, the Payment Conditions shall have been satisfied.

“Permitted Cash Equivalents” shall mean:

(a) readily marketable obligations issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof having maturities of not more than 360 days from the date of acquisition thereof; provided that the full faith and credit of the United States of America is pledged in support thereof;

(b) commercial paper issued by any Person organized under the laws of any state of the United States of America and rated at least “Prime-1” (or the then equivalent grade) by Moody’s or at least “A-1” (or the then equivalent grade) by S&P, in each case with maturities of not more than 180 days from the date of acquisition thereof;

(c) time deposits with, or insured certificates of deposit or bankers’ acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of the United States of America, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States of America, any state thereof or the District of Columbia, and is a member of the Federal Reserve System, and (ii) has combined capital and surplus of at least \$1,000,000,000, in each case with maturities of not more than 180 days from the date of acquisition thereof;

(d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above (without regard to the limitation on maturity contained in such clause) and entered into with a financial institution satisfying the criteria described in clause (c) above or with any primary dealer and having a market value at the time that such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such counterparty entity with whom such repurchase agreement has been entered into;

(e) Investments, classified in accordance with GAAP as current assets of the Loan Parties, in any money market fund, mutual fund, or other investment companies that are registered under the Investment Company Act of 1940, as amended, which are administered by financial institutions that have the highest rating obtainable from either Moody’s or S&P, and which invest solely in one or more of the types of securities described in clauses (a) through (d) above; and

(f) in the case of any Foreign Subsidiary, (x) such local currencies in those countries in which such Foreign Subsidiary transacts business from time to time in the ordinary course of business and (y) investments of comparable tenor and credit quality to those described in the foregoing clauses (a) through (e) or the definition of Permitted Cash Equivalents, in each case, customarily utilized in countries in which such Foreign Subsidiary operates for short term cash management purposes.

“Permitted Discretion” means a determination made by the Agent in good faith and in the exercise of commercially reasonable business judgment (from the perspective of a secured asset-based lender) and in accordance with customary business practices of the Agent for asset-based lending transactions of this type.

“Permitted Disposition” means any of the following:

(a) Dispositions of Inventory in the ordinary course of business;

(b) (i) sales of Inventory not in the ordinary course of business in connection with Store closings or closings of other locations where Inventory of the Loan Parties is sold at retail (including without limitation, stores of SHC and its Subsidiaries), at arm's length; and (ii) sales of Inventory pursuant to "going out of business" or similar sales in connection with closings of stores of SHC and its Subsidiaries where Inventory of the Loan Parties is sold at retail;

(c) non-exclusive licenses of Intellectual Property of a Loan Party or any of its Restricted Subsidiaries in the ordinary course of business and the lapse or abandonment of intellectual property rights in the ordinary course of business which, in the reasonable good faith determination of Borrowers, are not material to the conduct of the business of Borrower and its Restricted Subsidiaries taken as a whole;

(d) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(e) Dispositions of equipment and other property (other than Inventory) in the ordinary course of business that is worn, damaged, obsolete or, in the judgment of a Loan Party, no longer useful or necessary in its business or that of any Restricted Subsidiary;

(f) sales, transfers and other Dispositions among the Loan Parties or by any Restricted Subsidiary to a Loan Party;

(g) sales, transfers and other Dispositions by any Restricted Subsidiary which is not a Loan Party to another Restricted Subsidiary that is not a Loan Party;

(h) Dispositions which constitute Restricted Payments that are otherwise permitted hereunder;

(i) Dispositions permitted pursuant to Section 7.04 hereof;

(j) the Disposition of defaulted receivables and the compromise, settlement and collection of receivables in the ordinary course of business or in bankruptcy or other proceedings concerning the other account party thereon and not as part of an accounts receivable financing transaction;

(k) leases, licenses or subleases or sublicenses of any real or personal property not constituting ABL Priority Collateral or Intellectual Property in the ordinary course of business;

(l) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind to the extent that any of the foregoing could not reasonably be expected to have a Material Adverse Effect;

(m) the sale of Permitted Cash Equivalents in the ordinary course of business;

(n) sales of Inventory (other than Eligible Inventory) determined by the management of the applicable Loan Party not to be saleable in the ordinary course of business of such Loan Party or any of the Loan Parties;

(o) Dispositions of assets pursuant to condemnation proceedings;

(p) Dispositions of other property so long as the Payment Conditions are satisfied; provided that, with respect to any Disposition of ABL Priority Collateral, such Disposition shall be made at arm's length and for fair market value, and the applicable Loan Parties shall repay the applicable Obligations (without any reduction to the Commitments in connection therewith) in an amount equal to the net proceeds of such Disposition;

(q) Other Dispositions (other than of ABL Priority Collateral, except to the extent incidental to the primary transaction) so long as no Default or Event of Default then exists or would arise as a result of such transaction; provided that (i) such Disposition shall be for fair market value as reasonably determined by the Lead Borrower in good faith and (ii) the Lead Borrower or any of its Restricted Subsidiaries shall receive not less than 75.0% of such consideration in the form of cash or cash equivalents (provided, however, that for the purposes of this clause (q)(ii), the following shall be deemed to be cash: (A) the assumption by the transferee of Indebtedness or other liabilities contingent or otherwise of the Lead Borrower or any of its Restricted Subsidiaries (other than Subordinated Debt) and the valid release of the Lead Borrower or such Restricted Subsidiary, by all applicable creditors in writing, from all liability on such Indebtedness or other liability in connection with such Disposition, (B) securities, notes or other obligations received by the Lead Borrower or any of its Restricted Subsidiaries from the transferee that are converted by such Lead Borrower or any of its Restricted Subsidiaries into cash or cash equivalents within 180 days following the closing of such Disposition and (C) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Disposition, to the extent that the Lead Borrower and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Disposition, and provided further that the aggregate non-cash consideration received by the Lead Borrower and its Restricted Subsidiaries for all Dispositions under this clause (q) that shall be deemed to be cash shall have an aggregate fair market value (determined as of the closing of the applicable Disposition for which such non-cash consideration is received) not to exceed \$10,000,000);

(r) Dispositions of property to any Subsidiary; provided, that, if the transferor of such property is a Loan Party (i) the transferee thereof must be a Loan Party (or must become a Loan Party substantially simultaneously with such Disposition) or (ii) to the extent constituting an Investment in a non-Loan Party, such Disposition must be a Permitted Investment in a non-Loan Party Subsidiary;

(s) the partial or total unwinding of any Swap Contracts or any Bank Products;

(t) Dispositions of cash and Permitted Cash Equivalents in the ordinary course of business in a manner that is not otherwise prohibited by this Agreement;

(u) the issuance of directors' qualifying shares and shares issued to foreign nationals, in each case, as required by applicable Law; and

(v) other Dispositions (other than of ABL Priority Collateral, except to the extent incidental to the primary transaction) in an aggregate amount not to exceed \$5,000,000;

provided, no Dispositions of Related Intellectual Property made to any Person (other than a Loan Party) shall constitute a Permitted Disposition unless such Disposition is subject to a non-exclusive royalty-free license of such Related Intellectual Property in favor of the Agent for use in connection with the exercise of rights and remedies of the Secured Parties under the Loan Documents in respect of the ABL Priority Collateral, which license shall be substantially similar

to the license described in Section 9.6 of the Guaranty and Security Agreement (or otherwise reasonably satisfactory to the Agent); provided further that, in the case of a Disposition of Related Intellectual Property licensed by the Lead Borrower or one of its Restricted Subsidiaries from any Person (other than a Loan Party or any Restricted Subsidiary thereof), the transferee shall not be required to provide the license described in the foregoing proviso if not permitted to do so under the license from such other Person.

“Permitted Encumbrances” means:

- (a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 6.04;
- (b) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s and other like Liens, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 6.04;
- (c) pledges, deposits or security under workmen’s compensation laws, unemployment insurance, employers’ health tax, and other social security laws or similar legislation, or other insurance related obligations (including, but not limited to, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto) or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety, stay, customs or appeal bonds to which such Person is a party, or deposits as security for the payment of rent, performance and return of money bonds and other similar obligations (including letters of credit issued in lieu of any such bonds or to support the issuance thereof and including those to secure health, safety and environmental obligations), in each case incurred in the ordinary course of business;
- (d) pledges or deposits made in the ordinary course of business to secure the performance of tenders, bids, trade contracts and leases (other than Indebtedness for borrowed money), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- (e) Liens in respect of judgments that would not constitute an Event of Default hereunder;
- (f) easements, covenants, conditions, restrictions, building code laws, zoning restrictions, rights-of-way and similar encumbrances on real property and such other minor title defects or survey matters that are disclosed by current surveys that, in each case, do not individually or in the aggregate materially interfere with (i) the ordinary conduct of business of a Loan Party or (ii) the current use of the real property subject to such encumbrances and/or defects;
- (g) Liens existing on the Closing Date and listed on Schedule 7.01 and any Lien granted as a replacement or substitute therefor; provided that any such replacement or substitute Lien (i) does not secure an aggregate amount of Indebtedness or other obligations, if any, greater than that secured on the Closing Date and (ii) does not encumber any property other than the

property subject thereto on the Closing Date (plus improvements and accessions to such Property);

(h) Liens (other than on ABL Priority Collateral) which secure Indebtedness permitted under clause (c) of the definition of Permitted Indebtedness so long as (i) such Liens and the Indebtedness secured thereby are incurred prior to or within ninety (90) days after the acquisition thereof (or such Liens secure Permitted Refinancing of such Indebtedness), (ii) the Indebtedness secured thereby does not exceed the cost of acquisition of the applicable assets, and (iii) such Liens shall attach only to the assets acquired, improved or refinanced with such Indebtedness, and any replacements, additions or accessions thereto and any proceeds therefrom and shall not extend to any other property or assets of the Loan Parties;

(i) Liens in favor of the Agent securing the Obligations;

(j) landlords' and lessors' statutory Liens in respect of rent not in default;

(k) possessory Liens in favor of brokers and dealers arising in connection with the acquisition or disposition of Investments owned as of the Closing Date and other Permitted Investments, provided that such liens (a) attach only to such Investments and (b) secure only obligations incurred in the ordinary course and arising in connection with the acquisition or disposition of such Investments and not any obligation in connection with margin financing;

(l) Liens arising solely by virtue of any statutory or common law provisions or customary contractual provisions relating to banker's Liens, Liens in favor of securities intermediaries, rights of setoff or similar rights and remedies as to deposit accounts, securities accounts, commodity trading or other brokerage accounts, or other funds maintained with depository institutions or securities intermediaries, including rights of setoff relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness or relating to pooled deposit or sweep accounts of the Loan Parties to permit the satisfaction of overdraft or similar obligations incurred in the ordinary course of business;

(m) any interest of a lessor or sublessor under, and Liens arising from, precautionary UCC filings (or equivalent filings) regarding leases and subleases permitted under the Loan Documents;

(n) any interest of, and Liens granted to consignors in the ordinary course of business with respect to the consignment of goods to a Loan Party;

(o) Liens on property in existence at the time such property is acquired or on such property of a Subsidiary in existence at the time such Subsidiary is acquired; provided, that such Liens are not incurred in connection with or in anticipation of such acquisition and do not attach to any other assets of any Loan Party or any Subsidiary;

(p) Liens in favor of customs and revenues authorities imposed by applicable Laws arising in the ordinary course of business in connection with the importation of goods and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 6.04;

(q) ground leases in respect of real property on which facilities owned or leased by the Borrower or any of its Subsidiaries are located;

(r) Liens on property of the Loan Parties to secure Permitted Indebtedness under clauses (j) or (s) of the definition thereof, any cash management services and other bank products secured under the documentation governing such Indebtedness and any Permitted Refinancings thereof; provided that, (i) any Liens on the ABL Priority Collateral granted by the Loan Parties pursuant to this clause (r) shall be junior and subordinate to the Agent's Lien on the ABL Priority Collateral pursuant to the Intercreditor Agreement or another intercreditor agreement on terms substantially similar to those contained in the Intercreditor Agreement and otherwise reasonably satisfactory to the Agent, and (ii) if the Loan Parties grant Liens on both ABL Priority Collateral and on Term Priority Collateral pursuant to this clause (r), the Loan Parties shall grant a junior Lien on such Term Priority Collateral to the Agent, which Lien shall be subject to the Intercreditor Agreement or another intercreditor agreement on terms substantially similar to those contained in the Intercreditor Agreement with respect to Term Priority Collateral and otherwise reasonably satisfactory to the Agent;

(s) Liens securing obligations in an amount not to exceed \$15,000,000 in the aggregate;

(t) Liens in favor of Credit Card Issuers and Credit Card Processors arising in the ordinary course of business securing the obligation to pay customary fees and expenses in connection with credit card arrangements;

(u) Liens on premium rebates securing financing arrangements with respect to insurance premiums;

(v) Liens on securities that are the subject of repurchase agreements constituting Permitted Cash Equivalents;

(w) Liens on cash or Permitted Cash Equivalents posted as margin to secure Indebtedness incurred pursuant to clause (e) of the definition of Permitted Indebtedness;

(x) Liens solely on any cash earnest money deposits made by any Loan Party or any of its Subsidiaries in connection with any letter of intent or purchase agreement in respect of any Investment permitted hereunder

(y) any encumbrance or restriction (including put and call arrangements) with respect to capital stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(z) Liens on assets of a Subsidiary other than a Loan Party securing Permitted Indebtedness of such Subsidiary;

(aa) leases or subleases, licenses or sublicenses (including with respect to intellectual property and software) granted to others in the ordinary course of business not interfering in any material respect with the business of the Lead Borrower and its Subsidiaries, taken as a whole;

(bb) Liens on Equity Interests owned by, and Indebtedness or other securities of, an Unrestricted Subsidiary or any joint venture that is not a Subsidiary of a Loan Party (i) securing Indebtedness or other obligations of such Unrestricted Subsidiary or joint venture, or (ii) pursuant to the relevant joint venture agreement or arrangement;

(cc) Liens in favor of the Borrower or any Subsidiary (other than Liens on property or assets of any Loan Party in favor of any Subsidiary that is not a Subsidiary Guarantor);

(dd) Liens securing in an aggregate amount not to exceed \$5,000,000 under Swap Contracts;

(ee) Liens on up to \$25,000,000 in cash collateral in favor of Bank of America, N.A. to secure Existing BAML Indebtedness.

“Permitted Holder” means ESL Investments, Inc. and any of its Affiliates other than any of their portfolio companies.

“Permitted Indebtedness” means each of the following:

(a) Indebtedness outstanding on the Closing Date and listed on Schedule 7.03 and any Permitted Refinancing thereof;

(b) (i) Indebtedness of any Loan Party to any other Loan Party; and (ii) intercompany Indebtedness between a Loan Party and any Subsidiary that is not a Loan Party, provided that any such Indebtedness (1) of a Loan Party owing to any Subsidiary that is not a Loan Party must be subordinated to the Obligations on terms and conditions reasonably acceptable to the Agent (provided that the Agent agrees that the form of Intercompany Note attached hereto at Exhibit H shall be acceptable), and (2) any Investment resulting from any such Indebtedness of a Subsidiary that is not a Loan Party owing to any Loan Party must be a Permitted Investment under clause (c) of such definition;

(c) purchase money Indebtedness of the Lead Borrower or any Restricted Subsidiary to finance the acquisition of any real or personal property (other than ABL Priority Collateral), including Capital Lease Obligations, and any finance or capital leases of vehicles, plant, equipment or computers, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and Permitted Refinancings thereof, provided, however, that the aggregate principal amount of Indebtedness permitted by this clause (c) shall not exceed the greater of \$75,000,000 or 6.25% of the Lead Borrower’s consolidated total assets at any time outstanding and further provided that, if reasonably requested by the Agent with respect to property that is material to the realization on the ABL Priority Collateral, the Loan Parties shall use commercially reasonable efforts to cause the holders of such Indebtedness to enter into a Collateral Access Agreement on terms reasonably satisfactory to the Agent;

(d) contingent liabilities under surety bonds or similar instruments incurred in the ordinary course of business;

(e) obligations (contingent or otherwise) of any Loan Party or any Restricted Subsidiary thereof existing or arising under any Swap Contract, provided that such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of mitigating risks associated with fluctuations in interest rates, commodity prices or foreign exchange rates, and not for purposes of speculation;

(f) Indebtedness arising from agreements of the Lead Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase or acquisition price, deferred

purchase price or similar obligations with respect to any Acquisition permitted under Section 7.02 or Disposition permitted by Section 7.05;

(g) Indebtedness of any Person that becomes a Subsidiary of a Loan Party in connection with a Permitted Acquisition or other Permitted Investment, which Indebtedness is existing at the time such Person becomes a Subsidiary of a Loan Party (other than Indebtedness incurred solely in contemplation of such Person's becoming a Subsidiary of a Loan Party) and any Permitted Refinancing thereof;

(h) the Obligations;

(i) Subordinated Debt of any Loan Party and any Permitted Refinancing thereof;

(j) Indebtedness of a Borrower or a Guarantor in respect of the Term Facility; provided that the principal amount of the Indebtedness outstanding at any time pursuant to this clause (j) shall not exceed \$496,975,000 plus the Maximum Incremental Facilities Amount (as defined in the Term Credit Agreement as in effect on the date hereof), and any Permitted Refinancing of any of the foregoing, which Indebtedness, in each case, shall, to the extent secured by any Collateral, be subject to the Intercreditor Agreement;

(k) other Indebtedness not otherwise permitted hereunder in a principal amount not to exceed \$50,000,000 at any time outstanding;

(l) (i) Indebtedness of any Restricted Subsidiary of the Lead Borrower that is not a Loan Party to any other Restricted Subsidiary that is not a Loan Party, (ii) Indebtedness of any Loan Party to any Restricted Subsidiary that is not a Loan Party, provided such Indebtedness is subordinated to the Obligations on terms reasonably satisfactory to the Agent, and (iii) Indebtedness of any Restricted Subsidiary that is not a Loan Party to any Loan Party arising from a Permitted Investment by such Loan Party in such Restricted Subsidiary that is not a Loan Party;

(m) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations (including, in each case, letters of credit issued to provide such bonds, guaranties and similar obligations), in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(n) Indebtedness arising from overdraft facilities and/or the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or other cash management services (including, but not limited to, intraday, ACH and purchasing card/T&E services) in the ordinary course of business; provided, that (x) such Indebtedness (other than credit or purchase cards) is extinguished within ten Business Days of notification to the applicable Loan Party of its incurrence and (y) such Indebtedness in respect of credit or purchase cards is extinguished within 60 days from its incurrence;

(o) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take or pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(p) To the extent constituting Indebtedness, obligations incurred in the ordinary course of business in respect of private label trade letters of credit not constituting Obligations;

(q) [Reserved];

(r) Indebtedness arising from a Guarantee of any Indebtedness otherwise constituting Permitted Indebtedness to the extent the Person providing such Guarantee is not prohibited from directly incurring such Permitted Indebtedness;

(s) (i) other Indebtedness; provided that (A) if such Indebtedness is unsecured, after giving effect to such Indebtedness, the Total Leverage Ratio (calculated on a Pro Forma Basis) as of the end of the most recent Measurement Period is not greater than 4.75 to 1.00 and (B) if such Indebtedness is secured by any Lien, after giving effect to such secured Indebtedness, the Senior Secured Leverage Ratio (calculated on a Pro Forma Basis) as of the last day of the most recently ended Measurement Period would not be greater than 3.75 to 1.00; provided further that, any Indebtedness incurred under this clause (s) (1) shall not mature prior to the date that is 91 days after the Latest Maturity Date and (2) shall not have mandatory prepayment, redemption or offer to purchase events more onerous on the Borrowers than those applicable to the initial loans under the Term Facility; provided further the maximum aggregate principal amount of Indebtedness that may be incurred pursuant to this clause (s) by Restricted Subsidiaries that are not Loan Parties shall not exceed \$25,000,000 and (ii) any Permitted Refinancing thereof;

(t) Indebtedness of Subsidiaries other than Loan Parties not to exceed \$25,000,000;

(u) the Existing BAML Indebtedness; and

(v) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (u) above.

“Permitted Investments” means each of the following:

(a) cash and Permitted Cash Equivalents;

(b) Investments existing on the Closing Date and set forth on Schedule 7.02, but not any increase in the amount thereof or any other modification of the terms thereof, unless committed as of the Closing Date and set forth on Schedule 7.02;

(c) (i) Investments by any Loan Party and its Restricted Subsidiaries in their respective Restricted Subsidiaries outstanding on the Closing Date, (ii) additional Investments by any Loan Party and the Restricted Subsidiaries in Loan Parties, (iii) additional Investments by Restricted Subsidiaries of the Loan Parties that are not Loan Parties in other Restricted Subsidiaries that are not Loan Parties and (iv) additional Investments by the Loan Parties in Subsidiaries or joint ventures that are not Loan Parties in an aggregate amount invested after the Closing Date not to exceed \$25,000,000;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Guarantees constituting Permitted Indebtedness and Guarantees of operating leases or other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

- (f) [Reserved];
- (g) so long as no Default or Event of Default has occurred and is continuing or would result from such Investments, Investments by any Loan Party in Swap Contracts permitted hereunder;
- (h) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;
- (i) advances to officers, directors and employees of the Loan Parties and their Restricted Subsidiaries in the ordinary course of business in an amount not to exceed \$1,000,000 to any individual at any time outstanding or in an aggregate amount not to exceed \$2,500,000 at any time outstanding, for ordinary business purposes;
- (j) Investments constituting Permitted Acquisitions and Investments held by the Person acquired in such Acquisition at the time of such Acquisition (and not acquired in contemplation of the Acquisition);
- (k) Investments arising out of the receipt of non-cash consideration for the sale of assets otherwise permitted under this Agreement;
- (l) Investments in Swap Contracts not entered into for speculative purposes;
- (m) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the applicable Loan Party;
- (n) Investments consisting of the licensing or contribution of Intellectual Property pursuant to joint marketing arrangements with other Persons, provided that no such Investment shall impair in any manner the limited license granted to the Agent in such Intellectual Property pursuant to the Loan Documents;
- (o) Investments in joint ventures that solely own real properties (and ancillary assets) upon which Stores are located existing as of the Closing Date and entered into hereafter in the ordinary course of business in an amount not to exceed \$5,000,000 outstanding at any time;
- (p) as long as no Event of Default exists or would arise therefrom, other Investments not to exceed \$20,000,000 at any time outstanding irrespective of whether the Payment Conditions have been satisfied;
- (q) other Investments so long as the Payment Conditions have been satisfied;
- (r) Investments in exchange for Qualified Equity Interests;
- (s) any Investment in securities or other assets not constituting cash or Permitted Cash Equivalents and received in connection with a Disposition made pursuant to Section 7.05;
- (t) any Investment in any Subsidiary or joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business in an amount not to exceed \$5,000,000 outstanding at any time; and

(u) Investments arising directly out of the receipt by the Lead Borrower or any Restricted Subsidiary of non-cash consideration for any Permitted Disposition.

provided, however, with respect to any Permitted Investment consisting of (a) assets of the type included in the Borrowing Base, the Loan Parties shall, contemporaneously therewith, deliver to the Agent an updated Borrowing Base, giving effect to such Investment; and (b) Related Intellectual Property, such Investment of Related Intellectual Property in any Person (other than a Loan Party) shall not constitute a Permitted Investment unless such Investment is subject to a non-exclusive royalty-free license of such Related Intellectual Property in favor of the Agent for use in connection with the exercise of rights and remedies of the Secured Parties under the Loan Documents in respect of the ABL Priority Collateral, which license shall be substantially similar to the license described in Section 9.6 of the Guaranty and Security Agreement (or otherwise reasonably satisfactory to the Agent); provided further that, in the case of an Investment of Related Intellectual Property licensed by the Lead Borrower or one of its Restricted Subsidiaries from any Person (other than a Loan Party or any Restricted Subsidiary thereof), the transferee shall not be required to provide the license described in the foregoing proviso if not permitted to do so under the license from such other Person.

“Permitted Overadvance” means an Overadvance made by the Agent, in its discretion, which:

(a) (i) Is made to maintain, protect or preserve the Collateral and/or the Credit Parties’ rights under the Loan Documents or which is otherwise for the benefit of the Credit Parties; or

(ii) Is made to enhance the likelihood of, or to maximize the amount of, repayment of any Obligation; or

(iii) Is made to pay any other amount chargeable to any Loan Party hereunder; and

(b) Together with all other Permitted Overadvances then outstanding, shall not (i) exceed five percent (5%) of the Borrowing Base at any time or (ii) unless a Liquidation is occurring, remain outstanding for more than forty-five (45) consecutive Business Days, unless in each case, the Required Lenders otherwise agree;

provided however, that the foregoing shall not (i) modify or abrogate any of the provisions of Section 2.03 regarding the Lenders’ obligations with respect to Letters of Credit or Section 2.04 regarding the Lenders’ obligations with respect to Swing Line Loans, or (ii) result in any claim or liability against the Agent (regardless of the amount of any Overadvance) for Unintentional Overadvances, and such Unintentional Overadvances shall not reduce the amount of Permitted Overadvances allowed hereunder, and further provided that in no event shall the Agent make an Overadvance, if after giving effect thereto, the principal amount of the Credit Extensions (including any such Overadvance) would exceed the Aggregate Commitments (as in effect prior to any termination of the Commitments pursuant to Sections 2.06 or 8.02 hereof).

“Permitted Refinancing” means, with respect to any Person, any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to “Refinance”), the Indebtedness being Refinanced (or previous refinancings thereof constituting a Permitted Refinancing); provided, that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing does not exceed the principal amount (or accreted value, if

applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premiums thereon and underwriting discounts, defeasance costs, fees, commissions and expenses), (b) the Weighted Average Life to Maturity of such Permitted Refinancing is greater than or equal to the Weighted Average Life to Maturity of the Indebtedness being Refinanced (c) such Permitted Refinancing shall have a final maturity earlier than the final maturity of the Indebtedness being refinanced, (d) if the Indebtedness being Refinanced is subordinated in right of payment to the Obligations, such Permitted Refinancing shall be subordinated in right of payment to such Obligations on terms at least as favorable to the Agent and the Lenders as those contained in the documentation governing the Indebtedness being Refinanced and (e) no Permitted Refinancing shall have direct or indirect obligors that are not Loan Parties who were not also obligors of the Indebtedness being Refinanced, or greater guarantees or security, than the Indebtedness being Refinanced, and (f) such Permitted Refinancing shall be otherwise on terms not materially less favorable to the Credit Parties than those contained in the documentation governing the Indebtedness being Refinanced, including, without limitation, with respect to financial and other covenants and events of default.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, limited partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan but excluding a Multiemployer Plan) maintained for employees of the Lead Borrower or any ERISA Affiliate or any such Plan to which the Lead Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Platform” has the meaning specified in Section 6.02.

“Portal” has the meaning specified in Section 2.02.

“Pro Forma Adjustment” means, as to any Measurement Period, with respect to an Acquired Entity or Business or Converted Restricted Subsidiary acquired or converted during or following such Measurement Period, an adjustment to the Consolidated EBITDA of the Lead Borrower for such Measurement Period equal to the sum of, (a) (i) the applicable Acquired EBITDA and (ii) additional amounts that are factually supportable and expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act and (b) additional pro forma adjustments, determined by the Lead Borrower in good faith, arising out of synergies and cost savings initiatives attributable to such transaction and/or the combination of the operations of such Acquired Entity or Business or Converted Restricted Subsidiary with the operations of the Lead Borrower and its Restricted Subsidiaries, not to exceed 10.0% of Consolidated EBITDA (prior to giving effect to such non-S-X adjustments) in the aggregate for the relevant Measurement Period; provided, that (i) such cost savings have been realized or (ii) such initiatives will be implemented following such transaction and are supportable and quantifiable and expected to be realized within the succeeding twelve (12) months. Cost savings pursuant to the foregoing clause (b) may include, without limitation, (w) reduction in personnel expenses, (x) reduction of costs related to administrative functions, (y) reductions of costs related to leased or owned properties and (z) reductions from the consolidation of operations and streamlining of corporate overhead and shall, in any event, take into account the historical financial statements of the Acquired Entity or Business or Converted Restricted Subsidiary and the consolidated financial statements of the Lead Borrower and its Subsidiaries.

“Pro Forma Availability” shall mean, as of any date of calculation, after giving pro forma effect to the transaction then to be consummated or the payment then to be made, Availability as of the date of such transaction or payment and projected average monthly Availability for each month during the subsequent projected six (6) fiscal months.

“Pro Forma Availability Condition” shall mean, as of any date of calculation, Pro Forma Availability will be equal to or greater than the greater of (a) 15% of the Loan Cap and (b) \$20,000,000.

“Pro Forma Basis” and “Pro Forma Effect” mean, with respect to compliance of any Specified Transaction with any test hereunder for an applicable period of measurement, that in calculating such test (A) to the extent applicable, the Pro Forma Adjustment shall have been made and (B) such Specified Transaction, all other Specified Transactions occurring prior to such Specified Transaction, and the following transactions in connection therewith shall be deemed to have occurred as of the first day of the applicable period of measurement (or as of the last date in the case of a balance sheet item): (a) income statement items (whether positive or negative) attributable to the property or Person subject to such Specified Transaction, (i) in the case of a Disposition of all or substantially all Equity Interests in any Restricted Subsidiary of the Lead Borrower or any division, product line, or facility used for operations of the Lead Borrower or any of its Restricted Subsidiaries, shall be excluded, and (ii) in the case of a Permitted Acquisition or Investment, shall be included, (b) any retirement of Indebtedness, and (c) any Indebtedness incurred or assumed by the Lead Borrower or any of its Restricted Subsidiaries in connection therewith and if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination

“Public Lender” has the meaning specified in Section 6.02.

“Qualified Equity Interests” means Equity Interests of the Lead Borrower other than Disqualified Stock.

“Qualified ECP Guarantor” means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Real Estate” means all Leases and all land, together with the buildings, structures, parking areas, and other improvements thereon, now or hereafter owned by any Loan Party, including all easements, rights-of-way, and similar rights relating thereto and all leases, tenancies, and occupancies thereof.

“Receivables Reserves” means such Reserves as may be established from time to time by the Agent in the Agent’s Permitted Discretion with respect to the determination of the collectability in the ordinary course of Eligible Trade Receivables, including, without limitation, on account of dilution.

“Recipient” means the Agent, any Lender, the L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“Register” has the meaning specified in Section 10.06(c).

“Registered Public Accounting Firm” has the meaning specified by the Securities Laws and shall be independent of the Lead Borrower and its Subsidiaries as prescribed by the Securities Laws.

“Related Intellectual Property” means such rights with respect to the Intellectual Property of the Loan Parties as are reasonably necessary to permit the Agent to enforce its rights and remedies under the Loan Documents with respect to the ABL Priority Collateral, or the disposition of which would otherwise materially adversely affect the Appraised Value of the ABL Priority Collateral of the Loan Parties.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, counsel, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

“Reports” has the meaning provided in Section 9.13(c).

“Request for Credit Extension” means (a) with respect to a Committed Borrowing, conversion or continuation of Committed Loans, an electronic notice via the Portal or LIBOR Rate Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application and, if required by the L/C Issuer, a Standby Letter of Credit Agreement or Commercial Letter of Credit Agreement, as applicable, and (c) with respect to a Swing Line Loan, an electronic notice via the Portal.

“Required Lenders” means, as of any date of determination, Lenders holding in the aggregate more than 50% of the Aggregate Commitments or, if the Commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated, Lenders holding in the aggregate more than 50% of the Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition); provided, that if there are more than two unaffiliated Lenders, then at least two unaffiliated Lenders holding in the aggregate more than 50% of the Aggregate Commitments or, if the Commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated, at least two unaffiliated Lenders holding in the aggregate more than 50% of the Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition provided further that the Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Reserves” means all Inventory Reserves and Availability Reserves. The Agent shall have the right, at any time and from time to time after the Closing Date in its Permitted Discretion to establish, modify or eliminate Reserves.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, controller or assistant treasurer of a Loan Party or any of the other individuals designated in writing to the Agent by an existing Responsible Officer of a Loan Party as an authorized signatory of any certificate or other document to be delivered hereunder. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means (i) any dividend or other distribution (whether in cash, securities or other property and the amount of any Restricted Payment made other than in cash being deemed to be the fair market value, as reasonably determined by the Lead Borrower, of the property subject to such Restricted Payment as of the time of such Restricted Payment) with respect to any capital stock or other Equity Interest of any Person or any of its Subsidiaries, or (ii) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to such Person’s stockholders, partners or members (or the equivalent of any thereof).

“Restricted Subsidiary” means any Subsidiary of the Lead Borrower other than an Unrestricted Subsidiary.

“Reuters Screen LIBOR01 Page” means the display page LIBOR01 on the Reuters service or any successor display page, other published source, information vendor or provider that has been designated by the sponsor of Reuters Screen LIBOR01 page.

“S&P” means Standard & Poor’s Ratings Services, Standard & Poor’s Financial Services LLC business, and any successor thereto.

“Sanctioned Entity” means (a) a country or territory or a government of a country or territory, (b) an agency of the government of a country or territory, (c) an organization directly or indirectly controlled by a country or territory or its government, or (d) a Person resident in or determined to be resident in a country, in each case of clauses (a) through (d) that is a target of Sanctions, including a target of any country sanctions program administered and enforced by OFAC.

“Sanctioned Person” means, at any time, (a) any Person named on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, or any other Sanctions related list maintained by any relevant Sanctions authority, (b) a Person or legal entity that is a target of Sanctions, (c) any Person operating, organized or resident in a Sanctioned Entity, or (d) any Person directly or indirectly owned or controlled (individually or in the aggregate) by or acting on behalf of any such Person or Persons described in clauses (a) through (c) above.

“Sanctions” means individually and collectively, respectively, any and all economic, trade, financial or other sanctions laws, regulations or embargoes imposed, administered or enforced from time to time by: (a) the United States of America, including, without limitation, those administered by the Office of Foreign Assets Control (OFAC) of the U.S. Department of Treasury, the U.S. Department of State, (b) the United Nations Security Council, (c) the European Union or any European Union member state, (d) Her Majesty’s Treasury of the United Kingdom, or (d) any other governmental authority in any jurisdiction in which any Loan Party or any of its Subsidiaries is located or doing business.

“Sarbanes-Oxley” means the Sarbanes-Oxley Act of 2002.

“Sears Tri-Party Agreement” means the Tri-Party Agreement dated the Closing Date among the Agent, the Loan Parties and SHC and certain of its Subsidiaries, as the same may be amended and in effect from time to time.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Securities Laws” means the Securities Act of 1933, the Securities Exchange Act of 1934, Sarbanes-Oxley, and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the PCAOB.

“Security Documents” means the Guaranty and Security Agreement, the Blocked Account Agreements, the Credit Card Notifications, and each other security agreement or other instrument or document executed and delivered to the Agent pursuant to this Agreement or any other Loan Document granting a Lien to secure any of the Obligations.

“Senior Secured Leverage Ratio” means, with respect to any Measurement Period, the ratio of (a) Consolidated Total Debt (other than any portion of Consolidated Total Debt that is unsecured) as of the

last day of such Measurement Period to (b) Consolidated EBITDA of the Lead Borrower for such Measurement Period.

“Separation” means the spin-off by SHC on the April 4, 2014 of 100% of the Equity Interests of the Lead Borrower in accordance with Lead Borrower’s Form 10 filed with the SEC on December 6, 2013, as amended or replaced from time to time, as a result of which the Lead Borrower became a publicly traded company independent from SHC and its Subsidiaries.

“Separation Agreements” means each of (a) the Separation and Distribution Agreement dated April 4, 2014 between SHC and the Lead Borrower, (b) the Retail Operations Agreement dated April 4, 2014 between the Lead Borrower and Sears, Roebuck and Co., (c) the Master Lease Agreement dated April 4, 2014 between Sears, Roebuck and Co. and the Lead Borrower, (d) the First Amended and Restated Buying Agency Agreement dated July 1, 2017 between the Lead Borrower and International Sourcing & Logistics Limited, (e) the Financial Services Agreement dated April 4, 2014 between the Lead Borrower and Sears Holdings Management Corporation, (f) the Tax Sharing Agreement dated April 4, 2014 between, among others, SHC and the Lead Borrower, (g) the Shop Your Way Retail Establishment Agreement dated April 4, 2014 between Sears Holdings Management Corporation and the Lead Borrower, and (h) the Master Sublease Agreement dated April 4, 2014 between Sears, Roebuck and Co. and the Lead Borrower.

“Settlement Date” has the meaning provided in Section 2.14(a).

“Shareholders’ Equity” means, as of any date of determination, consolidated shareholders’ equity of the Lead Borrower and its Subsidiaries as of that date determined in accordance with GAAP.

“SHC” means Sears Holding Corporation, a Delaware corporation.

“Shrink” means Inventory which has been lost, misplaced, stolen, or is otherwise unaccounted for.

“Solvent” and “Solvency” means, with respect to any Person and its Subsidiaries on a Consolidated basis on a particular date, that on such date (a) at fair valuation, all of the properties and assets of such Person are greater than the sum of the debts, including contingent liabilities, of such Person, (b) the present fair saleable value of the properties and assets of such Person is not less than the amount that would be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person is able to realize upon its properties and assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts beyond such Person’s ability to pay as such debts mature, and (e) such Person is not engaged in a business or a transaction, and is not about to engage in a business or transaction, for which such Person’s properties and assets would constitute unreasonably small capital after giving due consideration to the prevailing practices in the industry in which such Person is engaged. The amount of all guarantees at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, can reasonably be expected to become an actual or matured liability.

“Specified Transaction” means any Investment, Disposition, incurrence or repayment of Indebtedness, Restricted Payment, Subsidiary designation or other transaction by the Lead Borrower or any Restricted Subsidiary that by the terms of this Agreement requires satisfaction of a financial test calculated on a “Pro Forma Basis” or after giving “Pro Forma Effect” thereto; provided that any Specified Transaction (other than a Restricted Payment) having an aggregate value of less than \$1,000,000 shall not be calculated in a “Pro Forma Basis” or after giving “Pro Forma Effect”.

“Spot Rate” has the meaning given to such term in Section 1.08 hereof.

“Standard Letter of Credit Practice” means, for the L/C Issuer, any domestic or foreign Law or letter of credit practices applicable in the city in which the L/C Issuer issued the applicable Letter of Credit or, for its branch or correspondent, such Laws and practices applicable in the city in which it has advised, confirmed or negotiated such Letter of Credit, as the case may be, in each case, (a) which letter of credit practices are of banks that regularly issue letters of credit in the particular city, and (b) which laws or letter of credit practices are required or permitted under ISP or UCP, as chosen in the applicable Letter of Credit.

“Standby Letter of Credit” means any Letter of Credit that is not a Commercial Letter of Credit (as well as similar instruments and other equivalents thereof issued in foreign jurisdictions, including, without limitation, bank guarantees) and that (a) is used in lieu or in support of performance guaranties or performance, surety or similar bonds (excluding appeal bonds) arising in the ordinary course of business, (b) is used in lieu or in support of stay or appeal bonds, (c) supports the payment of insurance premiums for reasonably necessary casualty insurance carried by any of the Loan Parties, or (d) supports payment or performance for identified purchases or exchanges of products or services in the ordinary course of business.

“Standby Letter of Credit Agreement” means the Standby Letter of Credit Agreement relating to the issuance of a Standby Letter of Credit in the form from time to time in use by the L/C Issuer.

“Stated Amount” means at any time the maximum amount for which a Letter of Credit may be honored.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the FRB to which the Agent is subject with respect to the Adjusted LIBOR Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. LIBOR Rate Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Store” means any retail store (which may include any real property, fixtures, equipment, inventory and other property related thereto) operated, or to be operated, by any Loan Party.

“Subordinated Debt” means Indebtedness incurred by a Loan Party that is subordinated in right of payment in full to the prior payment of all Obligations and which is otherwise in a manner reasonably satisfactory to the Agent.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Lead Borrower.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Obligations” means with respect to any Loan Party any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Swing Line Borrowing” means a borrowing of a Swing Line Loan pursuant to Section 2.04.

“Swing Line Lender” means Wells Fargo in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.04(a).

“Swing Line Note” means the promissory note of the Borrowers substantially in the form of Exhibit B-2, payable to the Swing Line Lender, evidencing the Swing Line Loans made by the Swing Line Lender.

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$20,000,000 and (b) the Aggregate Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property (including sale and leaseback transactions), in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Debtor Relief Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Agent” has the meaning assigned to such term in the Intercreditor Agreement.

“Term Credit Agreement” has the meaning assigned to the term “Term Loan Agreement” as defined in the Intercreditor Agreement.

“Term Facility” means the term loan facility pursuant to the Term Credit Agreement.

“Term Loan Document” has the meaning assigned to the term “Term Documents” as defined in the Intercreditor Agreement.

“Term Priority Collateral” has the meaning assigned to such term in the Intercreditor Agreement.

“Termination Date” means the earliest to occur of (i) the applicable Maturity Date, (ii) the date on which the maturity of the Obligations is accelerated (or deemed accelerated) and the Commitments are irrevocably terminated (or deemed terminated) in accordance with Article VIII, or (iii) the termination of the Commitments in accordance with the provisions of Section 2.06 hereof.

“Total Leverage Ratio” means, with respect to any Measurement Period, the ratio of (a) Consolidated Total Debt as of the last day of such Measurement Period to (b) Consolidated EBITDA of the Lead Borrower for such Measurement Period.

“Total Outstandings” means the aggregate Outstanding Amount of all Loans and all L/C Obligations.

“Trading with the Enemy Act” has the meaning set forth in Section 10.18.

“Transactions” means, collectively, (a) the entry into this Agreement and the Borrowings and issuances of Letters of Credit, as applicable, hereunder on the Closing Date, (b) the refinancing of the Existing ABL Facility and (c) the payment of the fees and expenses incurred in connection with the consummation of the foregoing.

“Type” means, (i) with respect to a Committed Loan, its character as a Base Rate Loan or a LIBOR Rate Loan, and (ii) when used with respect to commitments, refers to whether such commitment is a Commitment with a Maturity Date of the Initial Maturity Date or an Extended Commitment of a given Extension Series.

“UCC” or “Uniform Commercial Code” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that if a term is defined in Article 9 of the Uniform Commercial Code differently than in another Article thereof, the term shall have the meaning set forth in Article 9; provided further that, if by reason of mandatory provisions of law, perfection, or the effect of perfection or non-perfection, of a security interest in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “Uniform Commercial Code” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy, as the case may be.

“UCP 600” means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits 2007 Revision, International Chamber of Commerce Publication No. 600 and any subsequent revision thereof adopted by the International Chamber of Commerce on the date such Letter of Credit is issued.

“UFCA” has the meaning specified in Section 10.22(d).

“UFTA” has the meaning specified in Section 10.22(d).

“Uncommitted Increase” has the meaning specified in Section 2.15(b).

“Unintentional Overadvance” means an Overadvance which, to the Agent’s knowledge, did not constitute an Overadvance when made but which has become an Overadvance resulting from changed circumstances beyond the control of the Agent and the Lenders, including, without limitation, a reduction in the Appraised Value of property or assets included in the Borrowing Base, an increase in Reserves or misrepresentation by the Loan Parties.

“United States” and “U.S.” mean the United States of America.

“Unrestricted Subsidiary” means any Subsidiary of the Lead Borrower designated by the board of directors of the Lead Borrower as an Unrestricted Subsidiary pursuant to Section 6.15 subsequent to the date hereof, in each case, until such Person ceases to be an Unrestricted Subsidiary of Lead Borrower in accordance with Section 6.15 or ceases to be a Subsidiary of Lead Borrower. As of the Closing Date, there are no “Unrestricted Subsidiaries”.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e)(ii)(B)(3).

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness.

“Wells Fargo” means Wells Fargo Bank, National Association, including acting through its branches, and its successors.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed

to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(c) Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean the repayment in Dollars (other than L/C Obligations and fees payable under Section 2.03(m), in both cases, with respect to Letters of Credit denominated in Pounds Sterling, which amounts shall be paid in Pounds Sterling) in full in cash or immediately available funds (or, in the case of any contingent obligations, including contingent reimbursement obligations with respect to Letters of Credit and Bank Products (other than Swap Contracts) and asserted contingent indemnification obligations, providing Cash Collateral (or other collateral as may be requested by the Agent) in accordance with the terms of this Agreement (or any other arrangements (including the backstop of such Letters of Credit) satisfactory to the applicable L/C Issuer or Person providing such Bank Products or Cash Management Services) of all of the Obligations (including the payment of any termination amount then applicable, or which would or would reasonably be expected to become applicable as a result of the repayment of the other Obligations, under Swap Contracts), other than the following: (i) unasserted contingent indemnification Obligations, (ii) any Obligations relating to Swap Contracts that, at such time, are allowed by the applicable provider of such Swap Contracts to remain outstanding without being required to be repaid or Cash Collateralized or otherwise collateralized, and (iii) any Obligations relating to any other Bank Products or Cash Management Services that, at such time, are allowed by the applicable Bank Product provider or Cash Management Services provider to remain outstanding without being required to be repaid or Cash Collateralized or otherwise collateralized.

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with

that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) **Changes in GAAP.** If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Lead Borrower or the Required Lenders shall so request, the Agent, the Lenders and the Lead Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Lead Borrower shall provide to the Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. For the avoidance of doubt, notwithstanding any changes in GAAP after the Closing Date that would require lease obligations that would be treated as operating leases as of the Closing Date to be classified and accounted for as Capital Lease Obligations or otherwise reflected on the Lead Borrower's consolidated balance sheet, such obligations shall continue to be excluded from the definition of Indebtedness.

(c) **Pro Forma Basis.** Notwithstanding anything to the contrary herein, for purposes of determining compliance with any test contained in this Agreement with respect to any period during which (or after which, but on or prior to the date of determination) any Specified Transaction occurs, the Consolidated Fixed Charge Coverage Ratio, Senior Secured Leverage Ratio and Total Leverage Ratio shall be calculated with respect to such period and such Specified Transaction on a Pro Forma Basis; provided, that for purposes of Section 7.14 Pro Forma Effect shall not be given to any event occurring after the end of the applicable Measurement Period.

1.04 Reserved.

1.05 Rounding. Any financial ratios required to be maintained by the Loan Parties pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to two places more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding up if there is no nearest number).

1.06 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.07 Letter of Credit Amounts. Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to be the Stated Amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Documents related thereto, provides for one or more automatic increases in the Stated Amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum Stated Amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum Stated Amount is in effect at such time.

1.08 Currency Equivalents Generally. (a) For purposes of determining compliance with Sections 7.02 and 7.03 with respect to any amount of Indebtedness or Investment in a currency other than Dollars, no Default shall be deemed to have occurred solely as a result of changes in rates of currency exchange occurring after the time such Indebtedness or Investment is incurred (so long as such Indebtedness or Investment, at the time incurred, made or acquired, was permitted hereunder). (b) For purposes of calculating any financial ratio hereunder, amounts

denominated in a currency other than Dollars will be converted to Dollars at the currency exchange rates used in preparing the Borrowers' financial statements corresponding to the test period with respect to the applicable date of determination and will, in the case of Indebtedness, reflect the currency translation effects, determined in accordance with GAAP, of Swap Contracts permitted hereunder for currency exchange risks with respect to the applicable currency in effect on the date of determination of the Dollar equivalent (based on the Spot Rate) of such Indebtedness; *provided* that, notwithstanding anything to the contrary herein or in any other Loan Document, L/C Obligations and fees payable under Section 2.03(m), in both cases, with respect to Letters of Credit issued in a currency other than Dollars shall be converted into Dollars at the Spot Rate (other than with respect to L/C Obligations and fees payable under Section 2.03(m), in both cases, with respect to Letters of Credit issued in Pounds Sterling, which will accrue and be payable in Pounds Sterling).

For purposes of this Section 1.08, the "Spot Rate" for a currency means the rate determined by the Agent to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date of such determination; provided that the Agent may obtain such spot rate from another financial institution designated by the Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

ARTICLE II THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Committed Loans; Reserves.

(a) Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Committed Loan") to the Borrowers from time to time, on any Business Day during the Availability Period, in an aggregate principal amount not to exceed at any time outstanding the lesser of (x) the amount of such Lender's Commitment, or (y) such Lender's Applicable Percentage of the Borrowing Base; subject in each case to the following limitations:

(i) after giving effect to any Committed Borrowing, the Total Outstandings shall not exceed the Loan Cap,

(ii) after giving effect to any Committed Borrowing, the aggregate Outstanding Amount of the Committed Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment,

(iii) The Outstanding Amount of all L/C Obligations shall not at any time exceed the Letter of Credit Sublimit.

Within the limits of each Lender's Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01, prepay under Section 2.05, and reborrow under this Section 2.01. Committed Loans may be Base Rate Loans or LIBOR Rate Loans, as further provided herein.

(b) The Inventory Reserves and Availability Reserves as of the Closing Date are set forth in the Borrowing Base Certificate delivered pursuant to Section 4.01(c) hereof.

(c) The Agent shall have the right, at any time and from time to time after the Closing Date in its Permitted Discretion to establish, modify or eliminate Reserves upon three (3) Business Days' prior written notice to the Lead Borrower (during which period the Agent shall be available to discuss in good faith any such proposed Reserve with the Borrowers); provided that no such prior written notice shall be required (1) after the occurrence and during the continuance of a Default or Event of Default, (2) for changes to any Reserves resulting solely by virtue of mathematical calculations of the amount of the Reserve in accordance with the methodology of calculation previously utilized, or (3) for changes to Reserves or establishment of additional Reserves if a Material Adverse Effect has occurred or it would be reasonably likely that a Material Adverse Effect to the Lenders would occur were such Reserve not changed or established prior to the expiration of such three (3) Business Day period; provided, further, that no Borrowings shall be permitted (or Letters of Credit issued) against the newly proposed Reserves during any such three (3) Business Day period.

2.02 Borrowings, Conversions and Continuations of Committed Loans.

(a) Committed Loans (other than Swing Line Loans) shall be either Base Rate Loans or LIBOR Rate Loans as the Lead Borrower may request subject to and in accordance with this Section 2.02. All Swing Line Loans shall be only Base Rate Loans. Subject to the other provisions of this Section 2.02, Committed Borrowings of more than one Type may be incurred at the same time.

(b) Each request for a Committed Borrowing consisting of a Base Rate Loan shall be made by electronic request of the Lead Borrower through Administrative Agent's Commercial Electronic Office Portal or through such other electronic portal provided by Administrative Agent (the "Portal"), which must be received by the Agent not later than 1:00 p.m. on the requested date of any Borrowing of Base Rate Loans. The Borrowers hereby acknowledge and agree that any request made through the Portal shall be deemed made by a Responsible Officer of the Borrowers. Each request for a Committed Borrowing consisting of a LIBOR Rate Loan shall be made pursuant to the Lead Borrower's submission of a LIBOR Rate Loan Notice, which **must be received by the Agent not later than 11:00 a.m.** three (3) Business Days prior to the requested date of any Borrowing or continuation of LIBOR Rate Loans. Each LIBOR Rate Loan Notice shall specify (i) the requested date of the Borrowing or continuation, as the case may be (which shall be a Business Day), (ii) the principal amount of LIBOR Rate Loans to be borrowed or continued (which shall be in a principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof), and (iii) the duration of the Interest Period with respect thereto. If the Lead Borrower fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. On the requested date of any LIBOR Rate Loan, (i) in the event that Base Rate Loans are outstanding in an amount equal to or greater than the requested LIBOR Rate Loan, all or a portion of such Base Rate Loans shall be automatically converted to a LIBOR Rate Loan in the amount requested by the Lead Borrower, and (ii) if Base Rate Loans are not outstanding in an amount at least equal to the requested LIBOR Rate Loan, the Lead Borrower shall make an electronic request via the Portal for additional Base Rate Loans in an such amount, when taken with the outstanding Base Rate Loans (which shall be converted automatically at such time), as is necessary to satisfy the requested LIBOR Rate Loan. If the Lead Borrower fails to make such additional request via the Portal as required pursuant to clause (ii) of the foregoing sentence, then the Borrowers shall be responsible for all amounts due pursuant to Section 3.05 hereof arising on account of such failure. If the Lead Borrower fails to give a timely notice with respect to any continuation of a LIBOR Rate Loan, then the applicable Committed Loans shall be converted to Base Rate Loans effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Rate Loans.

(c) The Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Committed Loans, and if no timely notice of a conversion or continuation is provided by the Lead Borrower, the Agent shall notify each Lender of the details of any automatic conversion to Base

Rate Loans described in Section 2.02(b). In the case of a Committed Borrowing, each Lender shall make the amount of its Committed Loan available to the Agent in immediately available funds at the Agent's Office not later than 3:00 p.m. on the Business Day specified in the applicable notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Agent shall make all funds so received available to the Borrowers in like funds as received by the Agent either by (i) crediting the account of the Lead Borrower on the books of Wells Fargo with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Agent by the Lead Borrower.

(d) The Agent, without the request of the Lead Borrower, may advance any interest, fee, service charge (including direct wire fees), Credit Party Expenses, or other payment to which the Agent, the L/C Issuer or any Lender is entitled from the Loan Parties pursuant hereto or any other Loan Document and may charge the same to the Loan Account notwithstanding that an Overadvance may result thereby. The Agent shall advise the Lead Borrower of any such advance or charge promptly after the making thereof. Such action on the part of the Agent shall not constitute a waiver of the Agent's rights and the Borrowers' obligations under Section 2.05(c). Any amount which is added to the principal balance of the Loan Account as provided in this Section 2.02(d) shall bear interest at the interest rate then and thereafter applicable to Base Rate Loans.

(e) Except as otherwise provided herein, a LIBOR Rate Loan may be continued or converted only on the last day of an Interest Period for such LIBOR Rate Loan. During the existence of a Default or an Event of Default, Loans may be requested as, converted to or continued as LIBOR Rate Loans unless objected to by the Required Lenders.

(f) The Agent shall promptly notify the Lead Borrower and the Lenders of the interest rate applicable to any Interest Period for LIBOR Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Agent shall notify the Lead Borrower and the Lenders of any change in Wells Fargo's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(g) After giving effect to all Committed Borrowings, all conversions of Committed Loans from one Type to the other, and all continuations of Committed Loans as the same Type, there shall not be more than seven (7) Interest Periods in effect with respect to LIBOR Rate Loans.

(h) The Agent, the Lenders, the Swing Line Lender and the L/C Issuer shall have no obligation to make any Loan or to provide any Letter of Credit if an Overadvance would result. The Agent may, in its discretion, make Permitted Overadvances without the consent of the Borrowers, the Lenders, the Swing Line Lender and the L/C Issuer and the Borrowers and each Lender and L/C Issuer shall be bound thereby. Any Permitted Overadvance may constitute a Swing Line Loan. A Permitted Overadvance is for the account of the Borrowers and shall constitute a Base Rate Loan and an Obligation and shall be repaid by the Borrowers in accordance with the provisions of Section 2.05(c). The making of any such Permitted Overadvance on any one occasion shall not obligate the Agent or any Lender to make or permit any Permitted Overadvance on any other occasion or to permit such Permitted Overadvances to remain outstanding. The making by the Agent of a Permitted Overadvance shall not modify or abrogate any of the provisions of Section 2.03 regarding the Lenders' obligations to purchase participations with respect to Letter of Credits or of Section 2.04 regarding the Lenders' obligations to purchase participations with respect to Swing Line Loans. The Agent shall have no liability for, and no Loan Party or Credit Party shall have the right to, or shall, bring any claim of any kind whatsoever against the Agent with respect to Unintentional Overadvances regardless of the amount of any such Overadvance(s).

2.03 Letters of Credit.

(a) Subject to the terms and conditions of this Agreement, upon the request of the Lead Borrower made in accordance herewith, and prior to the Maturity Date, the L/C Issuer agrees to issue a requested Letter of Credit for the account of the Loan Parties or their Subsidiaries. By submitting a request to the L/C Issuer for the issuance of a Letter of Credit, the Borrowers shall be deemed to have requested that the L/C Issuer issue the requested Letter of Credit. Each request for the issuance of a Letter of Credit, or the amendment, renewal, or extension of any outstanding Letter of Credit, shall be irrevocable and shall be made in writing pursuant to a Letter of Credit Application by a Responsible Officer and delivered to the L/C Issuer and the Agent via telefacsimile or other electronic method of transmission reasonably acceptable to the L/C Issuer not later than 11:00 a.m. at least two Business Days (or such shorter date and time as the Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the requested date of issuance, amendment, renewal, or extension. Each such request shall be in form and substance reasonably satisfactory to the L/C Issuer and (i) shall specify (A) the amount of such Letter of Credit, (B) the date of issuance, amendment, renewal, or extension of such Letter of Credit, (C) the proposed expiration date of such Letter of Credit, (D) the name and address of the beneficiary of the Letter of Credit, and (E) such other information (including, the conditions to drawing, and, in the case of an amendment, renewal, or extension, identification of the Letter of Credit to be so amended, renewed, or extended) as shall be necessary to prepare, amend, renew, or extend such Letter of Credit, and (ii) shall be accompanied by such Issuer Documents as the Agent or the L/C Issuer may reasonably request or require, to the extent that such requests or requirements are consistent with the Issuer Documents that the L/C Issuer generally requests for Letters of Credit in similar circumstances. The Agent's records of the content of any such request will be conclusive.

(b) The L/C Issuer shall have no obligation to issue a Letter of Credit if, after giving effect to the requested issuance, (i) the Total Outstandings would exceed Loan Cap, (ii) the aggregate Outstanding Amount of the Committed Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans would exceed such Lender's Commitment, or (iii) the Outstanding Amount of the L/C Obligations would exceed the Letter of Credit Sublimit;

(c) In the event there is a Defaulting Lender as of the date of any request for the issuance of a Letter of Credit, the L/C Issuer shall not be required to issue or arrange for such Letter of Credit to the extent (i) the Defaulting Lender's participation with respect to such Letter of Credit may not be reallocated pursuant to Section 2.16 (ii) the L/C Issuer has not otherwise entered into arrangements reasonably satisfactory to it and the Borrowers to eliminate the L/C Issuer's risk with respect to the participation in such Letter of Credit of the Defaulting Lender, which arrangements may include the Borrowers cash collateralizing such Defaulting Lender's participation with respect to such Letter of Credit in accordance with Section 2.16. Additionally, the L/C Issuer shall have no obligation to issue and/or extend a Letter of Credit if (A) any order, judgment, or decree of any Governmental Authority or arbitrator shall, by its terms, purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of Law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit or request that the L/C Issuer refrain from the issuance of letters of credit generally or such Letter of Credit in particular, or (B) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally, or (C) if the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless either such Letter of Credit is Cash Collateralized on or prior to the date of issuance of such Letter of Credit (or such later date as to which the Agent may agree) or all the Lenders have approved such expiry date.

(d) Any L/C Issuer (other than Wells Fargo or any of its Affiliates) shall notify the Agent in writing no later than the Business Day immediately following the Business Day on which such L/C Issuer issued any Letter of Credit; provided that (i) until the Agent advises any such L/C Issuer that the provisions of Section 4.02 are not satisfied, or (ii) unless the aggregate amount of the Letters of Credit issued in any such week exceeds such amount as shall be agreed by the Agent and such L/C Issuer, such L/C Issuer shall be required to so notify the Agent in writing only once each week of the Letters of Credit issued by such L/C Issuer during the immediately preceding week as well as the daily amounts outstanding for the prior week, such notice to be furnished on such day of the week as the Agent and such L/C Issuer may agree. Each Letter of Credit shall be in form and substance reasonably acceptable to the L/C Issuer, including the requirement that the amounts payable thereunder must be payable in Dollars; provided that if the L/C Issuer, in its discretion, issues a Letter of Credit denominated in a currency other than Dollars, all reimbursements by the Borrowers of the honoring of any drawing under such Letter of Credit shall be paid in Dollars based on the Spot Rate (other than Letters of Credit denominated in Pounds Sterling, which shall be paid in Pounds Sterling). If the L/C Issuer makes a payment under a Letter of Credit, the Borrowers shall pay to Agent an amount equal to the applicable Letter of Credit Disbursement by 2:00 p.m. on the Business Day such Letter of Credit Disbursement is made and, in the absence of such payment, the amount of the Letter of Credit Disbursement immediately and automatically shall be deemed to be a Committed Loan hereunder (notwithstanding any failure to satisfy any condition precedent set forth in Section 4.02 hereof) and, initially, shall bear interest at the rate then applicable to Committed Loans that are Base Rate Loans. If a Letter of Credit Disbursement is deemed to be a Committed Loan hereunder, the Borrowers' obligation to pay the amount of such Letter of Credit Disbursement to the L/C Issuer (plus any incremental amounts due to any change in the applicable exchange rate) shall be automatically converted into an obligation to pay the resulting Committed Loan. Promptly following receipt by the Agent of any payment from the Borrowers pursuant to this paragraph, the Agent shall distribute such payment to the L/C Issuer or, to the extent that the Lenders have made payments pursuant to Section 2.03(e) to reimburse the L/C Issuer, then to such Lenders and the L/C Issuer as their interests may appear.

(e) Promptly following receipt of a notice of a Letter of Credit Disbursement pursuant to Section 2.03(d), each Lender agrees to fund its Applicable Percentage (which, for the avoidance of doubt, shall not exceed such Lender's Commitment) of any Committed Loan deemed made pursuant to Section 2.03(d) on the same terms and conditions as if the Borrowers had requested the amount thereof as a Committed Loan and the Agent shall promptly pay to the L/C Issuer the amounts so received by it from the Lenders. By the issuance of a Letter of Credit (or an amendment, renewal, or extension of a Letter of Credit) and without any further action on the part of the L/C Issuer or the Lenders, the L/C Issuer shall be deemed to have granted to each Lender, and each Lender shall be deemed to have purchased, a participation in each Letter of Credit issued by the L/C Issuer, in an amount equal to its Applicable Percentage of such Letter of Credit, and each such Lender agrees to pay to the Agent, for the account of the L/C Issuer, such Lender's Applicable Percentage of any Letter of Credit Disbursement made by the L/C Issuer under the applicable Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of the L/C Issuer, such Lender's Applicable Percentage of each Letter of Credit Disbursement made by the L/C Issuer and not reimbursed by Borrowers on the date due as provided in Section 2.03(d), or of any reimbursement payment that is required to be refunded (or that the Agent or the L/C Issuer elects, based upon the advice of counsel, to refund) to the Borrowers for any reason. Each Lender acknowledges and agrees that its obligation to deliver to the Agent, for the account of the L/C Issuer, an amount equal to its respective Applicable Percentage of each Letter of Credit Disbursement pursuant to this Section 2.03(e) shall be absolute and unconditional and such remittance shall be made notwithstanding the occurrence or continuation of a Default or Event of Default or the failure to satisfy any condition set forth in Section 4.02 hereof. If any such Lender fails to make available to the Agent the amount of such Lender's Applicable Percentage of a Letter of Credit Disbursement as provided in this Section, such Lender shall

be deemed to be a Defaulting Lender and the Agent (for the account of the L/C Issuer) shall be entitled to recover such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate until paid in full.

(f) Each Borrower agrees to indemnify, defend and hold harmless each Credit Party (including the L/C Issuer and its branches, Affiliates, and correspondents) and each such Person's respective directors, officers, employees, attorneys and agents (each, including the L/C Issuer, a "Letter of Credit Related Person") (to the fullest extent permitted by Law) from and against any and all claims, demands, suits, actions, investigations, proceedings, liabilities, fines, costs, penalties, and damages, and all reasonable fees and disbursements of attorneys, experts, or consultants and all other costs and expenses actually incurred in connection therewith or in connection with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought), which may be incurred by or awarded against any such Letter of Credit Related Person (other than Taxes, which shall be governed by Section 3.01) (the "Letter of Credit Indemnified Costs"), and which arise out of or in connection with, or as a result of:

- (i) any Letter of Credit or any pre-advice of its issuance;
- (ii) any transfer, sale, delivery, surrender or endorsement of any Drawing Document at any time(s) held by any such Letter of Credit Related Person in connection with any Letter of Credit;
- (iii) any action or proceeding arising out of, or in connection with, any Letter of Credit (whether administrative, judicial or in connection with arbitration), including any action or proceeding to compel or restrain any presentation or payment under any Letter of Credit, or for the wrongful dishonor of, or honoring a presentation under, any Letter of Credit;
- (iv) any independent undertakings issued by the beneficiary of any Letter of Credit;
- (v) any unauthorized instruction or request made to the L/C Issuer in connection with any Letter of Credit or requested Letter of Credit or error in computer or electronic transmission;
- (vi) an adviser, confirmer or other nominated person seeking to be reimbursed, indemnified or compensated;
- (vii) any third party seeking to enforce the rights of an applicant, beneficiary, nominated person, transferee, assignee of Letter of Credit proceeds or holder of an instrument or document;
- (viii) the fraud, forgery or illegal action of parties other than the Letter of Credit Related Person;
- (ix) the L/C Issuer's performance of the obligations of a confirming institution or entity that wrongfully dishonors a confirmation; or
- (x) the acts or omissions, whether rightful or wrongful, of any present or future de jure or de facto governmental or regulatory authority or cause or event beyond the control of the Letter of Credit Related Person;

in each case, including that resulting from the Letter of Credit Related Person's own negligence; provided, however, that such indemnity shall not be available to any Letter of Credit Related Person claiming indemnification under clauses (i) through (x) above to the extent that such Letter of Credit Indemnified Costs may be finally determined in a final, non-appealable judgment of a court of competent jurisdiction to have resulted directly from the gross negligence or willful misconduct of the Letter of Credit Related Person claiming indemnity. The Borrowers hereby agree to pay the Letter of Credit Related Person claiming indemnity on demand from time to time all amounts owing under this Section 2.03(f). If and to the extent that the obligations of the Borrowers under this Section 2.03(f) are unenforceable for any reason, the Borrowers agree to make the maximum contribution to the Letter of Credit Indemnified Costs permissible under applicable Law. This indemnification provision shall survive termination of this Agreement and all Letters of Credit.

(g) The liability of the L/C Issuer (or any other Letter of Credit Related Person) under, in connection with or arising out of any Letter of Credit (or pre-advice), regardless of the form or legal grounds of the action or proceeding, shall be limited to direct damages suffered by the Borrowers that are caused directly by the L/C Issuer's gross negligence or willful misconduct in (i) honoring a presentation under a Letter of Credit that on its face does not at least substantially comply with the terms and conditions of such Letter of Credit, (ii) failing to honor a presentation under a Letter of Credit that strictly complies with the terms and conditions of such Letter of Credit or (iii) retaining Drawing Documents presented under a Letter of Credit. The L/C Issuer shall be deemed to have acted with due diligence and reasonable care if the L/C Issuer's conduct is in accordance with Standard Letter of Credit Practice or in accordance with this Agreement. The Borrowers' aggregate remedies against the L/C Issuer and any Letter of Credit Related Person for wrongfully honoring a presentation under any Letter of Credit or wrongfully retaining honored Drawing Documents shall in no event exceed the aggregate amount paid by the Borrowers to the L/C Issuer in respect of the honored presentation in connection with such Letter of Credit under Section 2.03(d), plus interest at the rate then applicable to Base Rate Loans hereunder. The Borrowers shall take action to avoid and mitigate the amount of any damages claimed against the L/C Issuer or any other Letter of Credit Related Person, including by enforcing its rights against the beneficiaries of the Letters of Credit. Any claim by the Borrowers under or in connection with any Letter of Credit shall be reduced by an amount equal to the sum of (x) the amount (if any) saved by the Borrowers as a result of the breach or alleged wrongful conduct complained of; and (y) the amount (if any) of the loss that would have been avoided had the Borrowers taken all reasonable steps to mitigate any loss, and in case of a claim of wrongful dishonor, by specifically and timely authorizing the L/C Issuer to effect a cure.

(h)

(i) The Borrowers shall be responsible for preparing or approving the final text of the Letter of Credit as issued by the L/C Issuer, irrespective of any assistance the L/C Issuer may provide such as drafting or recommending text or by the L/C Issuer's use or refusal to use text submitted by the Borrowers. The Borrowers are solely responsible for the suitability of the Letter of Credit for the Borrowers' purposes. With respect to any Letter of Credit containing an "automatic amendment" to extend the expiration date of such Letter of Credit, the L/C Issuer, in its sole and absolute discretion, may give notice of nonrenewal of such Letter of Credit and, if the Borrowers do not at any time want such Letter of Credit to be renewed, the Borrowers will so notify the Agent and the L/C Issuer at least 15 calendar days before the L/C Issuer is required to notify the beneficiary of such Letter of Credit or any advising bank of such nonrenewal pursuant to the terms of such Letter of Credit.

(ii) If a Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Standby Letter of Credit that has automatic extension provisions (each, an “Auto-Extension Letter of Credit”); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Standby Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the “Non-Extension Notice Date”) in each such twelve-month period to be agreed upon at the time such Standby Letter of Credit is issued. Unless otherwise directed by the Agent or L/C Issuer, no Borrower shall be required to make a specific request to the Agent or L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Standby Letter of Credit at any time to an expiry date not later than (i) the Letter of Credit Expiration Date, or (ii) to a date later than the Letter of Credit Expiration Date, if the Borrowers Cash Collateralize such Letter of Credit on or prior to the date that is ten (10) Business Days prior to the Letter of Credit Expiration Date; provided, however, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Standby Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of Section 2.03 or otherwise), or (B) the L/C Issuer has received notice (which may be electronically or in writing) on or before the day that is twenty (20) Business Days before the Non-Extension Notice Date (1) from the Agent that the Required Lenders have elected not to permit such extension or (2) from the Agent, any Lender or the applicable Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

(i) The Borrowers’ reimbursement and payment obligations under this Section 2.03 are absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever, including:

(i) any lack of validity, enforceability or legal effect of any Letter of Credit or this Agreement or any term or provision therein or herein;

(ii) payment against presentation of any draft, demand or claim for payment under any Drawing Document that does not comply in whole or in part with the terms of the applicable Letter of Credit or which proves to be fraudulent, forged or invalid in any respect or any statement therein being untrue or inaccurate in any respect, or which is signed, issued or presented by a Person or a transferee of such Person purporting to be a successor or transferee of the beneficiary of such Letter of Credit;

(iii) the L/C Issuer or any of its branches or Affiliates being the beneficiary of any Letter of Credit;

(iv) the L/C Issuer or any correspondent honoring a drawing against a Drawing Document up to the amount available under any Letter of Credit even if such Drawing Document claims an amount in excess of the amount available under the Letter of Credit;

(v) the existence of any claim, set-off, defense or other right that the Lead Borrower or any of its Subsidiaries may have at any time against any beneficiary, any assignee of proceeds, the L/C Issuer or any other Person;

(vi) any other event, circumstance or conduct whatsoever, whether or not similar to any of the foregoing that might, but for this Section 2.03(j), constitute a legal or equitable defense to or discharge of, or provide a right of set-off against, any Borrower's or any of its Subsidiaries' reimbursement and other payment obligations and liabilities, arising under, or in connection with, any Letter of Credit, whether against the L/C Issuer, the beneficiary or any other Person; or

(vii) the fact that any Default or Event of Default shall have occurred and be continuing;

provided, however, that subject to Section 2.03(g) above, the foregoing shall not release the L/C Issuer from such liability to the Borrowers as may be finally determined in a final, non-appealable judgment of a court of competent jurisdiction against the L/C Issuer following reimbursement or payment of the obligations and liabilities, including reimbursement and other payment obligations, of the Borrowers to the L/C Issuer arising under, or in connection with, this Section 2.03 or any Letter of Credit.

(j) Without limiting any other provision of this Agreement, the L/C Issuer and each other Letter of Credit Related Person (if applicable) shall not be responsible to the Borrowers for, and the L/C Issuer's rights and remedies against the Borrowers and the obligation of the Borrowers to reimburse the L/C Issuer for each drawing under each Letter of Credit shall not be impaired by:

(i) honor of a presentation under any Letter of Credit that on its face substantially complies with the terms and conditions of such Letter of Credit, even if the Letter of Credit requires strict compliance by the beneficiary;

(ii) honor of a presentation of any Drawing Document that appears on its face to have been signed, presented or issued (A) by any purported successor or transferee of any beneficiary or other Person required to sign, present or issue such Drawing Document or (B) under a new name of the beneficiary;

(iii) acceptance as a draft of any written or electronic demand or request for payment under a Letter of Credit, even if nonnegotiable or not in the form of a draft or notwithstanding any requirement that such draft, demand or request bear any or adequate reference to the Letter of Credit;

(iv) the identity or authority of any presenter or signer of any Drawing Document or the form, accuracy, genuineness or legal effect of any Drawing Document (other than the L/C Issuer's determination that such Drawing Document appears on its face substantially to comply with the terms and conditions of the Letter of Credit);

(v) acting upon any instruction or request relative to a Letter of Credit or requested Letter of Credit that the L/C Issuer in good faith believes to have been given by a Person authorized to give such instruction or request;

(vi) any errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document (regardless of how sent or transmitted) or for errors

in interpretation of technical terms or in translation or any delay in giving or failing to give notice to the Borrowers;

(vii) any acts, omissions or fraud by, or the insolvency of, any beneficiary, any nominated person or entity or any other Person or any breach of contract between any beneficiary and any Borrower or any of the parties to the underlying transaction to which the Letter of Credit relates;

(viii) assertion or waiver of any provision of the ISP or UCP that primarily benefits an issuer of a letter of credit, including any requirement that any Drawing Document be presented to it at a particular hour or place;

(ix) payment to any paying or negotiating bank (designated or permitted by the terms of the applicable Letter of Credit) claiming that it rightfully honored or is entitled to reimbursement or indemnity under Standard Letter of Credit Practice applicable to it;

(x) acting or failing to act as required or permitted under Standard Letter of Credit Practice applicable to where the L/C Issuer has issued, confirmed, advised or negotiated such Letter of Credit, as the case may be;

(xi) honor of a presentation after the expiration date of any Letter of Credit notwithstanding that a presentation was made prior to such expiration date and dishonored by the L/C Issuer if subsequently the L/C Issuer or any court or other finder of fact determines such presentation should have been honored;

(xii) dishonor of any presentation that does not strictly comply or that is fraudulent, forged or otherwise not entitled to honor; or

(xiii) honor of a presentation that is subsequently determined by the L/C Issuer to have been made in violation of international, federal, state or local restrictions on the transaction of business with certain prohibited Persons.

(k) Upon the request of the Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Obligation that remains outstanding, or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the Borrowers shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations. Sections 2.05 and 8.02(c) set forth certain additional requirements to deliver Cash Collateral hereunder. For purposes of this Section 2.03, Section 2.05 and Section 8.02(c), "Cash Collateralize" means to pledge and deposit with or deliver to the Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances in an amount equal to 103% of the Outstanding Amount of all L/C Obligations (other than L/C Obligations with respect to Letters of Credit denominated in a currency other than Dollars, which L/C Obligations shall be Cash Collateralized in an amount equal to 110% of the Outstanding Amount of such L/C Obligations), pursuant to documentation in form and substance reasonably satisfactory to the Agent and the L/C Issuer (which documents are hereby consented to by the Lenders). The Borrowers hereby grant to the Agent a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Wells Fargo except that Permitted Investments of the type listed in clauses (a) and (b) of the definition thereof may be made at the request of the Lead Borrower at the option and in the sole discretion of the Agent (and at the Borrowers' risk and expense); interest or profits, if any, on such

investments shall accumulate in such account. If at any time the Agent reasonably determines that any funds held as Cash Collateral are subject to any right or claim of any Person other than the Agent or that the total amount of such funds is less than the aggregate Outstanding Amount of all L/C Obligations, the Borrowers will, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited as Cash Collateral, an amount equal to the excess of (x) such aggregate Outstanding Amount over (y) the total amount of funds, if any, then held as Cash Collateral that the Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit for which funds are on deposit as Cash Collateral, such funds shall be applied, to the extent permitted under applicable Laws, to reimburse the L/C Issuer and, to the extent not so applied, shall thereafter be applied to satisfy other Obligations then due and owing in accordance with Section 2.05 or 8.03, as applicable.

(l) The Borrowers shall pay to the Agent for the account of each Lender in accordance with its Applicable Percentage a Letter of Credit fee (the “Letter of Credit Fee”) for each Letter of Credit equal to the Applicable Margin times the daily Stated Amount under each such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit). For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of the Letter of Credit shall be determined in accordance with Section 1.07, and, to the extent any Letter of Credit is issued under a foreign currency, such Stated Amount shall be based on the Spot Rate as of such date of determination. Letter of Credit Fees shall be (i) due and payable on the fifth (5th) day after the end of April, July, October and January commencing with the first such date to occur after the issuance of such Letter of Credit, and after the Letter of Credit Expiration Date, on demand, and (ii) computed quarterly in arrears. Notwithstanding anything to the contrary contained herein, upon request of the Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate as provided in Section 2.08(b).

(m) In addition to the Letter of Credit Fees as set forth in Section 2.03(l) above, the Borrowers shall pay to the Agent for the account of the L/C Issuer as non-refundable fees, commissions, and charges (it being acknowledged and agreed that the Agent shall be permitted to charge such fees, commissions, and charges to the Loan Account pursuant to the provisions of Section 2.02(d)): (i) a fronting fee which shall be imposed by the L/C Issuer upon the issuance of each Letter of Credit of 0.125% per annum of the face amount thereof, plus (ii) any and all other customary commissions, fees and charges then in effect imposed by, and any and all expenses incurred by, the L/C Issuer, or by any adviser, confirming institution or entity or other nominated person, relating to Letters of Credit, at the time of issuance of any Letter of Credit and upon the occurrence of any other activity with respect to any Letter of Credit (including transfers, assignments of proceeds, amendments, drawings, renewals or cancellations). Such fees shall be (i) due and payable on the fifth (5th) day after the end of April, July, October and January commencing with the first such date to occur after the issuance of such Letter of Credit, and after the Letter of Credit Expiration Date, on demand, (ii) computed quarterly in arrears, and, to the extent any Letter of Credit is issued in Pounds Sterling, such amounts shall be payable and paid to the Agent for the benefit of the applicable L/C Issuer in Pounds Sterling.

(n) Unless otherwise expressly agreed by the L/C Issuer and the Borrowers when a Letter of Credit is issued, (i) the rules of the ISP and the UCP shall apply to each Standby Letter of Credit as applicable, and (ii) the rules of the UCP shall apply to each Commercial Letter of Credit.

(o) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Agent in Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term “Agent” as used in Article IX

included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(p) In the event of a direct conflict between the provisions of this Section 2.03 and any provision contained in any Issuer Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.03 shall control and govern.

2.04 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender may, in its discretion, in reliance upon the agreements of the other Lenders set forth in this Section 2.04, make loans (each such loan, a "Swing Line Loan") to the Borrowers from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Committed Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Commitment; provided, however, that after giving effect to any Swing Line Loan, (i) the Total Outstandings shall not exceed Loan Cap, and (ii) the aggregate Outstanding Amount of the Committed Loans of any Lender (other than the Swing Line Lender) at such time, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations at such time, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans at such time shall not exceed such Lender's Commitment, and provided, further, that the Borrowers shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage *multiplied* by the amount of such Swing Line Loan. The Swing Line Lender shall have all of the benefits and immunities (A) provided to the Agent in Article IX with respect to any acts taken or omissions suffered by the Swing Line Lender in connection with Swing Line Loans made by it or proposed to be made by it as if the term "Agent" as used in Article IX included the Swing Line Lender with respect to such acts or omissions, and (B) as additionally provided herein with respect to the Swing Line Lender.

(b) Borrowing Procedures. Each request for a Swing Line Borrowing shall be made by electronic request of the Lead Borrower through the Portal. The Borrowers hereby acknowledge and agree that any request made through the Portal shall be deemed made by a Responsible Officer of the Borrowers. Each such request must be made in the Portal and received by the Swing Line Lender and the Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000, and (ii) the requested borrowing date, which shall be a Business Day. Unless the Swing Line Lender has received written notice from the Agent at the request of the Required Lenders prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Section 4.02 (and, if being made on the Closing Date, Section 4.01) is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender may, not later than 3:00 p.m. on the borrowing date specified in such request made on the Portal, make the amount of its Swing Line Loan available to the Borrowers at its office by crediting the account of the Lead Borrower on the books of the

Swing Line Lender in immediately available funds the account of the Lead Borrower on the books of the Swing Line Lender in immediately available funds.

(c) Refinancing of Swing Line Loans.

(i) In addition to settlements required under Section 2.14 hereof, the Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrowers (which hereby irrevocably authorize the Swing Line Lender to so request on their behalf), that each Lender make a Base Rate Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Loan Cap and the conditions set forth in Section 4.02. Each Lender shall make an amount equal to its Applicable Percentage of the amount of such outstanding Swing Line Loan available to the Agent in immediately available funds for the account of the Swing Line Lender at the Agent's Office not later than 1:00 p.m. on the day specified by the Swing Line Lender, whereupon, subject to Section 2.04(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrowers in such amount. The Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Committed Borrowing in accordance with Section 2.04(c)(i), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation plus any administrative, processing or similar fees customarily charged by the Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed Loan included in the relevant Committed Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Lender submitted to any Lender (through the Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Committed Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrowers or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default or an Event of Default, or (C)

any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Committed Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrowers to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Percentage of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender, in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrowers for interest on the Swing Line Loans. Until each Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The Borrowers shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Prepayments.

(a) The Borrowers may, upon irrevocable (except as set forth in the remainder of this paragraph) notice from the Lead Borrower to the Agent, at any time or from time to time voluntarily prepay Committed Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Agent not later than (A) 5:00 p.m. three Business Days prior to any date of prepayment of LIBOR Rate Loans and (B) 1:00 p.m. on the date of prepayment of Base Rate Loans; and (ii) any prepayment of LIBOR Rate Loans by the Borrowers shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if LIBOR Rate Loans, the Interest Period(s) of such Loans. The Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by the Lead Borrower, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein (except that any such notice may be conditioned on the receipt of proceeds from any refinancing indebtedness or the consummation of a Change of Control that results in a

refinancing and payment in full of the Obligations). Any prepayment of a LIBOR Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.16, each such prepayment shall be applied to the Committed Loans of the Lenders in accordance with their respective Applicable Percentages.

(b) The Borrowers may, upon irrevocable notice from the Lead Borrower to the Swing Line Lender (with a copy to the Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that such notice must be received by the Swing Line Lender and the Agent not later than 1:00 p.m. on the date of the prepayment. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Lead Borrower, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(c) If for any reason the Total Outstandings at any time exceed the Loan Cap as then in effect, the Borrowers shall promptly prepay the Loans and Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that the Borrowers shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(c) unless after the prepayment in full of the Loans the Total Outstandings exceed the Loan Cap as then in effect.

(d) Upon the occurrence and during the continuance of a Cash Dominion Event, the Borrowers shall prepay the Loans and, if an Event of Default has occurred and is continuing, Cash Collateralize the L/C Obligations with the proceeds and collections received by the Loan Parties, in each case to the extent required pursuant to the provisions of Section 6.12 hereof.

(e) Prepayments made pursuant to Section 2.05(c), first, shall be applied to the Swing Line Loans, second, shall be applied ratably to the outstanding Committed Loans, third, after the occurrence and during the continuance of an Event of Default, shall be used to Cash Collateralize the remaining L/C Obligations; fourth, shall be applied ratably to any other Obligations that are then due and owing, and, fifth, the amount remaining, if any, after the application of prepayments pursuant to clauses first through fourth above shall be deposited by the Agent in a deposit account of the Borrowers and may be utilized by the Borrowers in the ordinary course of its business to the extent otherwise permitted hereunder. Upon the drawing of any Letter of Credit that has been Cash Collateralized, the funds held as Cash Collateral shall be applied (without any further action by or notice to or from the Borrowers or any other Loan Party) to reimburse the L/C Issuer or the Lenders, as applicable, and, to the extent not so applied, shall thereafter be applied to satisfy other Obligations that are then due and owing.

2.06 Termination or Reduction of Commitments.

(a) The Lead Borrower may, upon irrevocable notice from the Lead Borrower to the Agent, terminate the Aggregate Commitments, the Swing Line Sublimit or the Letter of Credit Sublimit or from time to time permanently reduce in part the Aggregate Commitments, the Swing Line Sublimit or the Letter of Credit Sublimit; provided that (i) any such notice shall be received by the Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction (or such later date as the Agent may agree), (ii) any such partial reduction shall (A) be in an aggregate amount of \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof, and (B) except in connection with any payment in full of the Obligations, not result in the Aggregate Commitments being less than \$100,000,000 after giving effect thereto, and (iii) the Borrowers shall not terminate or reduce (A) the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Outstandings would exceed the Aggregate Commitments, (B) the Letter of Credit Sublimit if, after giving effect thereto, the Outstanding Amount of L/C Obligations not fully Cash Collateralized hereunder would exceed the Letter of Credit Sublimit, or (C) the Swing Line Sublimit if, after giving effect thereto, and to any concurrent

payments hereunder, the Outstanding Amount of Swing Line Loans made to the Borrowers hereunder would exceed the Swing Line Sublimit.

(b) If, after giving effect to any reduction of the Aggregate Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Commitments, such Letter of Credit Sublimit or Swing Line Sublimit shall be automatically reduced by the amount of such excess.

(c) The Agent will promptly notify the Lenders of any termination or reduction made pursuant to this Section 2.06. Upon any reduction of the Aggregate Commitments, the Commitment of each Lender shall be reduced by such Lender's Applicable Percentage of such reduction amount.

2.07 Repayment of Obligations. The Borrowers shall repay in full to the Lenders on the Termination Date all Obligations outstanding on such date as contemplated by Section 1.02(c).

2.08 Interest.

(a) Subject to the provisions of Section 2.08(b) below, (i) each LIBOR Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Adjusted LIBOR Rate for such Interest Period plus the Applicable Margin for LIBOR Rate Loans, (ii) each Base Rate Loan made to the Borrowers shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin for Base Rate Loans; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate, plus the Applicable Margin for Base Rate Loans.

(b) If any Event of Default exists, then the Agent may, and upon the request of the Required Lenders shall, notify the Lead Borrower that all outstanding Obligations shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate and thereafter (for so long as such Event of Default is continuing) such Obligations shall bear interest at the Default Rate to the fullest extent permitted by Law. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Except as provided in Section 2.08(b), interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees. In addition to certain fees described in subsections (l) and (m) of Section 2.03:

(a) Commitment Fee. The Borrowers shall pay to the Agent for the account of each Lender in accordance with its Applicable Percentage, a commitment fee equal to 0.25% per annum *multiplied by* the actual daily amount by which the Aggregate Commitments exceed the Total Outstandings (subject to adjustment as provided in Section 2.16) during the immediately preceding quarter. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the 5th day subsequent to the last day of each April, July, October and January, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. Solely for purposes of calculating the commitment fees owing pursuant to this Section 2.09(a), Swing Line Loans shall not be included in determining Total Outstandings.

(b) Other Fees. The Borrowers shall pay to the Arranger and the Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 Computation of Interest and Fees. All computations of interest for Base Rate Loans when the Base Rate is determined by the Agent's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.11 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by the Agent (the "Loan Account") in the ordinary course of business. In addition, each Lender may record in such Lender's internal records, an appropriate notation evidencing the date and amount of each Loan from such Lender, each payment and prepayment of principal of any such Loan, and each payment of interest, fees and other amounts due in connection with the Obligations due to such Lender. The accounts or records maintained by the Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Agent in respect of such matters, the accounts and records of the Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Agent, the Borrowers shall execute and deliver to such Lender (through the Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto. Upon receipt of an affidavit of a Lender as to the loss, theft, destruction or mutilation of such Lender's Note and upon cancellation of such Note, the Borrowers will issue, in lieu thereof, a replacement Note in favor of such Lender, in the same principal amount thereof and otherwise of like tenor.

(b) In addition to the accounts and records referred to in Section 2.11(a), each Lender and the Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Agent shall control in the absence of manifest error.

2.12 Payments Generally; Agent's Clawback.

(a) General. All payments to be made by the Borrowers shall be made without deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder shall be made to the Agent, for the account of the respective Lenders to which such payment is owed, at the Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Agent will promptly distribute to each

Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in Dollars by wire transfer to such Lender's Lending Office. All payments received by the Agent after 2:00 p.m. shall, at the option of the Agent, be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrowers shall come due on a day other than a Business Day, payment shall be made on the next following Business Day (other than with respect to payment of a LIBOR Rate Loan), and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Agent. Unless the Agent shall have received notice from a Lender prior to (A) the proposed date of any Borrowing of LIBOR Rate Loans (or in the case of any Borrowing of Base Rate Loans, prior to 2:00 p.m. on the date of such Borrowing), or (B) the date that such Lender's participation in a Letter of Credit or Swing Line Loan is required to be funded, that such Lender will not make available to the Agent such Lender's share of such Borrowing or participation, the Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02), Section 2.03 or Section 2.05, as applicable, and may, in reliance upon such assumption, make available to the Borrowers, the L/C Issuer or the Swing Line Lender, as applicable, a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Committed Borrowing or participation available to the Agent, then the applicable Lender and the Borrowers severally agree to pay to the Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation plus any administrative processing or similar fees customarily charged by the Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrowers, the interest rate applicable to Base Rate Loans. If the Borrowers and such Lender shall pay such interest to the Agent for the same or an overlapping period, the Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays its share of the applicable Committed Borrowing or participation to the Agent, then the amount so paid shall constitute such Lender's Committed Loan included in such Committed Borrowing or participation in such Letter of Credit or Swing Line Loan. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the Agent.

(i) Payments by Borrowers; Presumptions by Agent. Unless the Agent shall have received notice from the Lead Borrower prior to the time at which any payment is due to the Agent for the account of any of the Lenders or the L/C Issuer hereunder that the Borrowers will not make such payment, the Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuer, as the case may be, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders or the L/C Issuer, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or the L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation. A notice of the Agent to any Lender or the Lead Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof (subject to the provisions of the last paragraph of Section 4.02 hereof), the Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Committed Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments hereunder are several and not joint. The failure of any Lender to make any Committed Loan, to fund any such participation or to make any payment hereunder on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, to purchase its participation or to make its payment hereunder.

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders. If any Credit Party shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of, interest on, or other amounts with respect to, any of the Obligations resulting in such Credit Party's receiving payment of a proportion of the aggregate amount of such Obligations greater than its pro rata share thereof as provided herein (including as in contravention of the priorities of payment set forth in Section 8.03), then the Credit Party receiving such greater proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Obligations of the other Credit Parties, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Credit Parties ratably and in the priorities set forth in Section 8.03, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by the Loan Parties pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Committed Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than to the Borrowers or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 Settlement Amongst Lenders.

(a) The amount of each Lender's Applicable Percentage of outstanding Loans (including, for clarity, outstanding Swing Line Loans), shall be computed weekly (or more frequently in the Agent's discretion) and shall be adjusted upward or downward based on all Loans and repayments of Loans received by the Agent as of 3:00 p.m. on the first Business Day (such date, the "Settlement Date") following the end of the period specified by the Agent.

(b) The Agent shall deliver to each of the Lenders promptly after a Settlement Date a summary statement of the amount of outstanding Loans for the period and the amount of repayments received for the period. As reflected on the summary statement, (i) the Agent shall transfer to each Lender its Applicable Percentage of repayments, and (ii) each Lender shall transfer to the Agent (as provided below) or the Agent shall transfer to each Lender, such amounts as are necessary to insure that, after giving effect to all such transfers, the amount of Loans made by each Lender shall be equal to such Lender's Applicable Percentage of all Loans outstanding as of such Settlement Date. If the summary statement requires transfers to be made to the Agent by the Lenders and is received prior to 1:00 p.m. on a Business Day, such transfers shall be made in immediately available funds no later than 3:00 p.m. that day; and, if received after 1:00 p.m., then no later than 3:00 p.m. on the next Business Day. The obligation of each Lender to transfer such funds is irrevocable, unconditional and without recourse to or warranty by the Agent. If and to the extent any Lender shall not have so made its transfer to the Agent, such Lender agrees to pay to the Agent, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Agent, equal to the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation plus any administrative, processing, or similar fees customarily charged by the Agent in connection with the foregoing.

2.15 Increase in Commitments.

(a) Committed Increase. Provided no Default or Event of Default then exists or would arise therefrom, upon notice to the Agent, the Lead Borrower may from time to time, demand an increase in the Aggregate Commitments by an amount (for all such requests under this clause (a)) not exceeding \$25,000,000 (the "Committed Increase"); provided that (i) any such Committed Increase shall be in a minimum amount of \$5,000,000, (ii) the amount of the Aggregate Commitments, as the same may be increased pursuant to any Committed Increase and/or Uncommitted Increase, shall not exceed \$275,000,000 at any time, and (iii) the Lead Borrower may make a maximum of three (3) such demands. Any such Committed Increase shall be effectuated as soon as reasonably practicable after the request of the Lead Borrower therefor, and in all cases, prior to the Initial Maturity Date. Any such Committed Increase shall be provided solely by Wells Fargo (or any Participant of Wells Fargo, or in the sole discretion of Wells Fargo, any Eligible Assignee of Wells Fargo) and shall otherwise be on the same terms as the existing facility under this Agreement; provided that the upfront fees payable in connection with any such Committed Increase shall be in an amount equal to the upfront fees payable to Wells Fargo under the Fee Letter. Upon the effective date of any such Committed Increase (i) the Aggregate Commitments under, and for all purposes of, this Agreement shall be increased by the aggregate amount of such Committed Increase, and (ii) Schedule 2.01 shall be deemed modified, without further action, to reflect the revised Commitments and Applicable Percentages of the Lenders.

(b) Uncommitted Increase.

(i) Request for Increase. Provided no Event of Default then exists or would arise therefrom, upon notice to the Agent (which shall promptly notify the Lenders), the Borrowers may from time to time, request an increase in the Aggregate Commitments by

an amount (for all such requests under this clause (b)) not exceeding \$75,000,000 (the “Uncommitted Increases” and, together with all Committed Increases, collectively, the “Commitment Increases”); provided that (i) any such request for an increase shall be in a minimum amount of \$10,000,000, (ii) the Borrowers may make a maximum of three (3) such requests, (iii) the amount of the Aggregate Commitments, as the same may be increased pursuant to any Committed Increase and/or Uncommitted Increase, shall not exceed \$275,000,000 at any time, and (iv) the Borrowers shall have previously fully exercised the Committed Accordion in accordance with clause (a) above. At the time of sending such notice, the Borrowers (in consultation with the Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders unless the Borrowers, in their discretion, specify a longer time period).

(ii) Lender Elections to Increase. Each Lender shall notify the Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment. For the avoidance of doubt, no Lender shall have any obligation to increase its Commitment under this Section 2.15.

(iii) Notification by Agent; Additional Lenders. The Agent shall notify the Lead Borrower and each Lender of the Lenders’ responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Agent and the Lead Borrower (whose approval shall not be unreasonably withheld), to the extent that the existing Lenders decline to increase their Commitments, or decline to increase their Commitments to the amount requested by the Borrowers, the Lead Borrower may arrange for other Eligible Assignees to become a Lender hereunder (each such Lender a “New Commitment Lender”, and together with each existing Lender that provides and additional commitment pursuant to a request by the Borrowers under this Section 2.15, an “Additional Commitment Lender”) and to issue commitments in an amount equal to the amount of the increase in the Aggregate Commitments requested by the Borrowers and not accepted by the existing Lenders, *provided, however*, that without the consent of the Agent, at no time shall the Commitment of any New Commitment Lender be less than \$5,000,000.

(iv) Effective Date and Allocations. If the Aggregate Commitments are increased in accordance with this Section, the Agent, in consultation with the Borrowers, shall reasonably determine the effective date (the “Increase Effective Date”) and the final allocation of such increase. The Agent shall promptly notify the Borrowers and the Lenders of the final allocation of such increase and the Increase Effective Date and on the Increase Effective Date (i) the Aggregate Commitments under, and for all purposes of, this Agreement shall be increased by the aggregate amount of such Commitment Increases, (ii) Schedule 2.01 shall be deemed modified, without further action, to reflect the revised Commitments and Applicable Percentages of the Lenders, and (iii) all dollar thresholds contained in the definitions of “Cash Dominion Event”, “Payment Conditions”, “Accelerated Borrowing Base Delivery Event”, and Section 6.10(b) and (c) shall be deemed to be proportionately increased in accordance with the amount of each such Commitment Increase, without further action by any party. Each of the parties hereto hereby agrees that this Agreement and the other Loan Documents may be amended pursuant by the Agent and the Lead Borrower, without the consent of any other Lenders, to the extent (but only to the extent) necessary to (i) reflect the existence

and terms of the additional commitments incurred pursuant to this section, (ii) make such other changes to this Agreement and the other Loan Documents (without the consent of the Required Lenders) and (iii) effect such other amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Agent and the Lead Borrower, to effect the provisions of this Section, and the Required Lenders hereby expressly authorize the Agent to enter into any such amendment.

(c) Conditions to Effectiveness of Increase. As a condition precedent to such increase, (i) the Lead Borrower shall deliver to the Agent (a) a certificate of each Lead Borrower dated as of the Increase Effective Date signed by a Responsible Officer of such Borrower certifying and attaching the resolutions adopted by such Borrower approving or consenting to such increase, (b) a certificate of the Lead Borrower that (1) the representations and warranties contained in Article V and the other Loan Documents are true and correct in all material respects on and as of the Increase Effective Date, except (A) to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, (B) in the case of any representation and warranty qualified by materiality, in which case they shall be true and correct in all respects, and (C) except that for purposes of this Section 2.15, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01, and (2) before and after giving effect to such increase, no Event of Default exists or would arise therefrom, (ii) the Borrowers shall have paid such fees and other compensation to the Additional Commitment Lenders as the Lead Borrower and such Additional Commitment Lenders shall agree; (iii) no Event of Default exists; and (iv) in the case of an increase under clause (b) above, (1) the Loan Parties, the Agent, and any Additional Commitment Lender shall have executed and delivered a joinder to the Loan Documents in such form as the Agent shall reasonably require; (2) if requested by the Agent, the Borrowers shall deliver an opinion or opinions, in form and substance reasonably satisfactory to the Agent, from counsel to the Borrowers reasonably satisfactory to the Agent and dated such date; and (3) the Borrowers and the Additional Commitment Lender shall have delivered such other instruments, documents and agreements as the Agent may reasonably have requested, including, without limitation, an amendment to the Term Facility in connection with such increase if required. Any Committed Loans outstanding on the Increase Effective Date shall be automatically adjusted to the extent necessary to keep the outstanding Committed Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this Section. Any increase under this Section 2.15 shall be on terms identical to those applicable to the existing Commitments, except with respect to any commitment, arrangement, upfront or similar fees that may be agreed to among the Loan Parties and the Lenders and Additional Commitment Lenders agreeing to participate in such increase.

(d) Conflicting Provisions. This Section shall supersede any provisions in Sections 2.13 or 10.01 to the contrary.

2.16 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 10.01.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Agent from a Defaulting Lender pursuant to Section 10.08 shall be applied at such time or times as may be determined by the Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the L/C Issuer or Swing Line Lender hereunder; third, to Cash Collateralize the L/C Issuer's Fronting Exposure with respect to such Defaulting Lender (after giving effect to Section 2.16(a)(iv)); fourth, as the Lead Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent; fifth, if so determined by the Agent and the Lead Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement (after giving effect to Section 2.16(a)(iv)); sixth, to the payment of any amounts owing to the Non-Defaulting Lenders, the L/C Issuer or the Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the L/C Issuer or the Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Obligations in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to Section 2.16(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.16(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any fee payable under Section 2.09(a) for any period during which that Lender is a Defaulting Lender (and the Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent

allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.03(g).

(C) With respect to any fee payable under Section 2.09(a) or any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrowers shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations or Swing Line Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the L/C Issuer and Swing Line Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's or Swing Line Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Outstanding Amount of Obligations of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swing Line Loans. If the reallocation described in clause (a)(iv) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to them hereunder or under applicable Law, (x) first, prepay Swing Line Loans in an amount equal to the Swing Line Lenders' Fronting Exposure (provided that such prepayment shall be applied to reduce such Defaulting Lender's participation in such Swing Line Loans, and shall not reduce the participation of any Non-Defaulting Lender in such Swing Line Loans) and (y) second, Cash Collateralize the L/C Issuers' Fronting Exposure in accordance with the procedures set forth in Section 2.03(g).

(b) Defaulting Lender Cure. If the Lead Borrower, the Agent, the Swing Line Lender and the L/C Issuer agree in writing that a Lender is no longer a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Committed Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.16(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to

Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

2.17 Extensions of Loans.

(a) Extension of Commitments. The Borrowers may at any time and from time to time request that all or a portion of the Commitments of a given Type (each, an "Existing Revolver Tranche") be amended to extend the Maturity Date with respect to all or a portion of any principal amount of such Commitments (any such Commitments which have been so amended, "Extended Commitments") and to provide for other terms consistent with this Section 2.17; provided that there shall be no more than three (3) Types of Commitments outstanding at any time; provided further, that, in all cases, any such Extended Commitments shall mature at the earlier of (a) at date to be mutually agreed upon, and (b) the date that is three (3) months prior to the maturity date of the Term Facility if, on or prior to October 4, 2020, (i) the Term Facility has not been refinanced with Indebtedness having a maturity date that is more than three (3) months after November 16, 2022, (ii) the maturity date of the Term Facility has not been extended to a date that is more than three (3) months after November 16, 2022, or (iii) the Term Facility has not been repaid in full in accordance with the terms thereof. In order to establish any Extended Commitments, the Borrowers shall provide a notice to the Agent (who shall provide a copy of such notice to each of the Lenders under the applicable Existing Revolver Tranche) (each, an "Extension Request") setting forth the proposed terms (which shall be determined in consultation with the Agent) of the Extended Commitments to be established, which shall (x) be identical as offered to each Lender under such Existing Revolver Tranche (including as to the proposed interest rates and fees payable) and offered pro rata to each Lender under such Existing Revolver Tranche and (y) be identical to the Commitments under the Existing Revolver Tranche from which such Extended Commitments are to be amended, except that: (i) the Maturity Date of the Extended Commitments shall be later than the Maturity Date of the Commitments of such Existing Revolver Tranche, (ii) the Extension Amendment may provide for other covenants and terms that apply solely to any period after the Latest Maturity Date that is in effect on the effective date of the Extension Amendment (immediately prior to the establishment of such Extended Commitments); (iii) the Extension Amendment may provide for different fees and interest rates with respect to the Extended Commitments; and (iv) all borrowings under the Commitments and repayments thereunder shall be made on a pro rata basis (except for (I) payments of interest and fees at different rates on Extended Commitments (and related outstandings) in accordance with clause (iii) and (II) repayments required upon the termination date of the non-extending Commitments); provided further, that (A) the conditions precedent to a Borrowing set forth in Section 4.02 shall be satisfied as of the date of such Extension Amendment, (B) in no event shall the final maturity date of any Extended Commitments of a given Extension Series at the time of establishment thereof be earlier than the then Latest Maturity Date of any other Revolving Commitments hereunder, (C) any such Extended Commitments (and the Liens securing the same) shall be permitted by the terms of the Intercreditor Agreement (to the extent then in effect) and (D) all documentation in respect of the such Extension Amendment shall be consistent with the foregoing. Any Extended Commitments created pursuant to any Extension Request shall be designated a series (each, an "Extension Series") of Extended Commitments for all purposes of this Agreement; provided that any Extended Commitments may, to the extent provided in the applicable Extension Amendment, be designated as an increase in any previously established Extension Series. Each Extension Series of Extended Commitments incurred under this Section 2.17 shall be in an aggregate principal amount equal to not less than \$75,000,000.

(b) Extension Request. The Lead Borrower shall provide the applicable Extension Request at least five (5) Business Days (or such shorter period as may be agreed by the Agent) prior to the date on which Lenders under the Existing Revolver Tranche are requested to respond, and shall agree to such other procedures, if any, as may be established by the Agent, acting reasonably, to accomplish the purposes of this Section 2.17. No Lender shall have any obligation to agree to provide any Extended

Commitment pursuant to any Extension Request. Any Lender (each, an “Extending Lender”) wishing to have all or a portion of its Commitments under the Existing Revolver Tranche subject to such Extension Request amended into Extended Commitments shall notify the Agent (each, an “Extension Election”) on or prior to the date specified in such Extension Request of the amount of its Commitments under the Existing Revolver Tranche which it has elected to request be amended into Extended Commitments (subject to any minimum denomination requirements imposed by the Agent). In the event that the aggregate principal amount of Commitments under the Existing Revolver Tranche in respect of which applicable Lenders shall have accepted the relevant Extension Request exceeds the amount of Commitments requested to be extended pursuant to the Extension Request, Commitments subject to Extension Elections shall be accepted ratably in accordance with the amount of Commitments offered to be subject to extension.

(c) New Revolving Commitment Lenders. Following any Extension Request made by the Borrowers in accordance with Sections 2.17(a) and 2.17(b), if the Lenders shall have declined to agree during the period specified in Section 2.17(b) above to provide Extended Commitments in an aggregate principal amount equal to the amount requested by the Borrowers in such Extension Request, the Borrowers may request that existing Lenders and/or banks, financial institutions or other institutional lenders or investors other than the Lenders which qualify as Eligible Assignees (each such Lender or other Person, the “New Commitment Extending Lenders”), provide an Extended Commitment hereunder (each such Extended Commitment provided by a New Commitment Extending Lender pursuant to this sentence, a “New Extended Commitment”); provided that such Extended Commitments of such New Commitment Extending Lenders (i) shall be in an aggregate principal amount for all such New Commitment Extending Lenders not to exceed the aggregate principal amount of Extended Commitments so declined to be provided by the existing Lenders and (ii) shall be on the terms specified in the applicable Extension Request (and any Extended Commitments provided by existing Lenders in respect thereof); provided further that, as a condition to the effectiveness of any Extended Commitment of any New Commitment Extending Lender, the Agent, the L/C Issuer and the Swing Line Lender shall have consented (such consent not to be unreasonably withheld) to each New Commitment Extending Lender if such consent would be required under Section 10.06(b) for an assignment of Commitments to such Person. Upon effectiveness of the Extension Amendment to which each such New Commitment Extending Lender is a party, (a) the Commitments of all existing Lenders of each Type specified in the Extension Amendment in accordance with this Section 2.17 will be permanently reduced pro rata by an aggregate amount equal to the aggregate principal amount of the Extended Commitments of such New Commitment Extending Lenders and (b) the Commitment of each such New Commitment Extending Lender will become effective. The Extended Commitments of New Commitment Extending Lenders will be incorporated as Commitments hereunder in the same manner in which Extended Commitments of existing Lenders are incorporated hereunder pursuant to this Section 2.17, and for the avoidance of doubt, all Borrowings and repayments of Loans from and after the effectiveness of such Extension Amendment shall be made pro rata across all Types of Commitments including the Commitments of such New Commitment Extending Lenders (based on the outstanding principal amounts of the respective Types of Commitments) except for (x) payments of interest and fees at different rates for each Type of Commitments and (y) repayments required on the Maturity Date for any particular Type of Commitments. Upon the effectiveness of each New Extended Commitment pursuant to this Section 2.17(c), (a) each Lender of all applicable existing Types of Commitments immediately prior to such effectiveness will automatically and without further act be deemed to have assigned to each New Commitment Extending Lender, and each such New Commitment Extending Lender will automatically and without further act be deemed to have assumed, a portion of such Lender’s participations hereunder in outstanding Letters of Credit and Swing Line Loans such that, after giving effect to each such deemed assignment and assumption of participations, the percentage of the outstanding (i) participations hereunder in Letters of Credit and (ii) participations hereunder in Swing Line Loans held by each Lender of each Type of Commitments (including each such New Commitment Extending Lender) will equal the

percentage of the aggregate Commitments of all Types of Lenders represented by such Lender's Commitment and (b) if, on the date of such effectiveness, there are any Loans outstanding, such Loans shall on or prior to the effectiveness of such New Extended Commitment be prepaid from the proceeds of Loans outstanding after giving effect to such New Extended Commitments, which prepayment shall be accompanied by accrued interest on the Loans being prepaid and any costs incurred by any Lender in accordance with Section 3.04. The Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(d) Extension Amendment. Extended Commitments and New Extended Commitments shall be established pursuant to an amendment (each, an "Extension Amendment") to this Agreement among the Borrowers, the Agent and each Extending Lender and each New Commitment Extending Lender, if any, providing an Extended Commitment or a New Extended Commitment, as applicable, thereunder, which shall be consistent with the provisions set forth in Sections 2.17(a), (b) and (c) above (but which shall not require the consent of any other Lender). As a condition precedent to the effectiveness of any Extension Amendment, (i) the Lead Borrower shall deliver to the Agent (a) a certificate of the applicable Borrower dated as of the effective date of such Extension Amendment signed by a Responsible Officer of such Borrower certifying and attaching the resolutions adopted by such Borrower approving or consenting to such extension, (b) a certificate of the Lead Borrower that (1) the representations and warranties contained in Article V and the other Loan Documents are true and correct in all material respects on and as of such effective date, except (A) to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, (B) in the case of any representation and warranty qualified by materiality, in which case they shall be true and correct in all respects, and (C) except that for purposes of this Section 2.17, the representations and warranties contained in subsections (a) and (b) of Section 5.07 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a), (b) and (c), respectively, of Section 6.01, and (2) before and after giving effect to such extension, no Event of Default exists or would arise therefrom, (ii) the Borrowers shall have paid such fees and other compensation to the Extending Lenders as the Lead Borrower and such Extending Lenders shall agree; (iii) if requested by the Agent, the Borrowers shall deliver an opinion or opinions, in form and substance reasonably satisfactory to the Agent, from counsel to the Borrowers reasonably satisfactory to the Agent and dated such date; (iv) the Loan Parties and the Extending Lenders shall have delivered such other instruments, documents and agreements as the Agent may reasonably have requested (including, without limitation, reaffirmation agreements and/or such amendments to the Collateral Documents as may be reasonably requested by the Agent in order to ensure that the Extended Commitments or the New Extended Commitments, as the case may be, are provided with the benefit of the applicable Loan Documents); and (v) no Default or Event of Default exists. The Agent shall promptly notify each Lender as to the effectiveness of each Extension Amendment. Each of the parties hereto hereby agrees that this Agreement and the other Loan Documents may be amended pursuant to an Extension Amendment, without the consent of any other Lenders, to the extent (but only to the extent) necessary to (i) reflect the existence and terms of the Extended Commitments or the New Extended Commitments, as the case may be, incurred pursuant thereto, and (ii) effect such other amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Agent and the Lead Borrower, to effect the provisions of this Section, and the Required Lenders hereby expressly authorize the Agent to enter into any such Extension Amendment.

(e) No conversion of Loans pursuant to any Extension in accordance with this Section 2.17 shall constitute a voluntary or mandatory payment or prepayment for purposes of this Agreement.

**ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY**

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Agent) require the deduction or withholding of any Tax from any such payment by the Agent or a Loan Party, then the Agent or such Loan Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any Loan Party or the Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Loan Party or the Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrowers. Without limitation or duplication of the provisions of subsection (a) above, the Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications.

(i) In respect of the Loans, the Loan Parties shall, and each Loan Party does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Lead Borrower by a Lender or the L/C Issuer (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender or the L/C Issuer, shall be conclusive absent manifest error.

(ii) Each Lender and the L/C Issuer shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand

therefor, (x) the Agent against any Indemnified Taxes attributable to such Lender or the L/C Issuer (but only to the extent that any Loan Party has not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (y) the Agent and the Loan Parties, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (z) the Agent and the Loan Parties, as applicable, against any Excluded Taxes attributable to such Lender or the L/C Issuer, in each case, that are payable or paid by the Agent or a Loan Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender and the L/C Issuer hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender or the L/C Issuer, as the case may be, under this Agreement or any other Loan Document against any amount due to the Agent under this clause (ii).

(d) Evidence of Payments. Upon request by the Lead Borrower or the Agent, as the case may be, after any payment of Taxes by any Borrower or by the Agent to a Governmental Authority as provided in this Section 3.01, the Lead Borrower shall deliver to the Agent or the Agent shall deliver to the Lead Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Lead Borrower or the Agent, as the case may be.

(e) Status of Recipients; Tax Documentation.

(i) Any Recipient that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Lead Borrower and the Agent, at the time or times reasonably requested by the Lead Borrower or the Agent, such properly completed and executed documentation reasonably requested by the Lead Borrower or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Recipient, if reasonably requested by the Lead Borrower or the Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Lead Borrower or the Agent as will enable the Lead Borrower or the Agent to determine whether or not such Recipient is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Recipient's reasonable judgment such completion, execution or submission would subject such Recipient to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Recipient.

(ii) Without limiting the generality of the foregoing, in the event that any Borrower is organized in the United States,

(A) any Lender that is not a Foreign Lender shall deliver to the Lead Borrower and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Lead

Borrower or the Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Lead Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Lead Borrower or the Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of a tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN-E; or

(4) (IV) to the extent that the Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Lead Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Lead Borrower or the Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Lead Borrower or the Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Lead

Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Lead Borrower or the Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Lead Borrower or the Agent as may be necessary for the Lead Borrower and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Lead Borrower and the Agent in writing of its legal inability to do so.

(iv) The Agent shall comply with this Section 3.01(e) as if it were a Lender and provide any applicable tax forms to the Lead Borrower.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Agent have any obligation to file for or otherwise pursue on behalf of a Lender or the L/C Issuer, or have any obligation to pay to any Lender or the L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or the L/C Issuer, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to the Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to the Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the Loan Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender or the L/C Issuer, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund LIBOR Rate Loans, or to determine or charge interest rates based upon the LIBOR Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Lead Borrower through the Agent, (i) any obligation of such Lender to make or continue LIBOR Rate Loans or to Convert Base Rate Loans to LIBOR Rate Loans shall be

suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans, the interest rate on which is determined by reference to the LIBOR Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Agent without reference to the LIBOR Rate component of the Base Rate, in each case, until such Lender notifies the Agent and the Lead Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrowers shall, upon demand from such Lender (with a copy to the Agent), prepay or, if applicable, Convert all LIBOR Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Agent without reference to the LIBOR Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBOR Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the LIBOR, the Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the LIBOR Rate component thereof until the Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the LIBOR Rate. Upon any such prepayment or Conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or Converted.

3.03 Inability to Determine Rates. If the Required Lenders determine that for any reason in connection with any request for a LIBOR Rate Loan or a Conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank market for the applicable amount and Interest Period of such LIBOR Rate Loan, (b) adequate and reasonable means do not exist for determining the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Rate Loan, or (c) the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Agent will promptly so notify the Lead Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain LIBOR Rate Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the LIBOR Rate component of the Base Rate, the utilization of the LIBOR Rate component in determining the Base Rate shall be suspended, in each case until the until the Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Lead Borrower may revoke any pending request for a Borrowing of, Conversion to or continuation of LIBOR Rate Loans or, failing that, will be deemed to have Converted such request into a request for a Committed Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Costs; Reserves on LIBOR Rate Loans.

(a) Increased Costs Generally. If any Change in Law occurring after the date that such Lender or L/C Issuer first became a Lender or L/C Issuer, as applicable, shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e) or otherwise reflected in the LIBOR Rate;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Excluded Taxes, and (C) Other Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

(iii) [reserved]; or

(iv) impose on any Lender or the L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or LIBOR Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any LIBOR Rate Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or the L/C Issuer, the Borrowers will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or the L/C Issuer determines that any Change in Law occurring after the date that such Lender or L/C Issuer first became a Lender or L/C Issuer, as applicable, affecting such Lender or the L/C Issuer or any Lending Office of such Lender or such Lender's or L/C Issuer's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the L/C Issuer's capital or on the capital or liquidity of such Lender's or the L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swing Line Loans held by, such Lender, or the Letters of Credit issued by the L/C Issuer, to a level below that which such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the L/C Issuer's policies and the policies of such Lender's or the L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or the L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or the L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Lead Borrower shall include a written statement setting forth in reasonable detail the basis for calculating such amount or amounts and be conclusive absent manifest error. The Borrowers shall pay such Lender or the L/C Issuer, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section 3.04 shall not constitute a waiver of such Lender's or the L/C Issuer's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender or the L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender or the L/C Issuer, as the case may be, notifies the Lead Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Reserves on LIBOR Rate Loans. The Borrowers shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or

including Eurocurrency funds or deposits (currently known as “Eurocurrency liabilities”), additional interest on the unpaid principal amount of each LIBOR Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Lead Borrower shall have received at least 10 days’ prior notice (with a copy to the Agent) of such additional interest from such Lender, together with a written statement setting forth in reasonable detail the basis for calculating the additional amounts owed to such Lender under this Section 3.04(e). If a Lender fails to give notice 10 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 10 days from receipt of such notice.

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Agent), which demand shall include a written statement, setting forth in reasonable detail the basis for calculating amounts owed to such Lender pursuant to this Section 3.05, from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense actually incurred, without duplication of any amounts to which a Lender is otherwise entitled pursuant to the other provisions of this Article III, by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrowers (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Lead Borrower; or

(c) any assignment of a LIBOR Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Lead Borrower pursuant to Section 10.13;

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained (but excluding any loss of anticipated profits). The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each LIBOR Rate Loan made by it at the LIBOR Rate for such Loan by a matching deposit or other borrowing in the London interbank market for a comparable amount and for a comparable period, whether or not such LIBOR Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender or L/C Issuer requests compensation under Section 3.04, or requires the Borrowers to pay any additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender or L/C Issuer shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or L/C Issuer to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or L/C Issuer.

The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender or L/C Issuer in connection with any such designation or assignment.

(b) **Replacement of Lenders.** If any Lender requests compensation under Section 3.04, has invoked the provisions of Section 3.02, or if the Borrowers are required to pay any additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 and, in each case, such Lender has declined or is unable to designate a different Lending Office in accordance with Section 3.06(a) that eliminates such increased compensation or other additional amounts, the Borrowers may replace such Lender in accordance with Section 10.13.

3.07 Designation of Lead Borrower as Borrowers' Agent.

(a) Each Borrower hereby irrevocably designates and appoints the Lead Borrower as such Borrower's agent to obtain Credit Extensions, the proceeds of which shall be available to each Borrower for such uses as are permitted under this Agreement. As the disclosed principal for its agent, each Borrower shall be obligated to each Credit Party on account of Credit Extensions so made as if made directly by the applicable Credit Party to such Borrower, notwithstanding the manner by which such Credit Extensions are recorded on the books and records of the Lead Borrower and of any other Borrower. In addition, each Loan Party other than the Borrowers hereby irrevocably designates and appoints the Lead Borrower as such Loan Party's agent to represent such Loan Party in all respects under this Agreement and the other Loan Documents.

(b) Each Borrower recognizes that credit available to it hereunder is in excess of and on better terms than it otherwise could obtain on and for its own account and that one of the reasons therefor is its joining in the credit facility contemplated herein with all other Borrowers. Consequently, each Borrower hereby assumes and agrees to discharge all Obligations of each of the other Borrowers.

(c) The Lead Borrower shall act as a conduit for each Borrower (including itself, as a "Borrower") on whose behalf the Lead Borrower has requested a Credit Extension. Neither the Agent nor any other Credit Party shall have any obligation to see to the application of such proceeds therefrom.

3.08 Survival. All of the Borrowers' obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of the Agent.

ARTICLE IV CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions of Initial Credit Extension. The obligation of the L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Agent's receipt of the following, each of which shall be originals, telecopies or other electronic image scan transmission (e.g., "pdf" or "tif" via e-mail) (followed promptly by originals) unless otherwise specified, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date):

(i) counterparts of this Agreement each properly executed by a Responsible Officer of the signing Loan Party and the Lenders in such number as the Agent may request;

- (ii) a Note executed by the Borrowers in favor of each Lender requesting a Note;
- (iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Agent may require evidencing (A) the authority of each Loan Party to enter into this Agreement and the other Loan Documents to which such Loan Party is a party or is to become a party and (B) the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to become a party and each in form and substance reasonably satisfactory to the Agent;
- (iv) copies of each Loan Party's Organization Documents and such other documents and certifications as the Agent may reasonably request as to good standing in its jurisdiction of organization;
- (v) a favorable opinion of Latham & Watkins LLP addressed to the Agent and each Lender on the Closing Date, as to such matters concerning the Loan Parties and the Loan Documents as the Agent may reasonably request, in form and substance reasonably satisfactory to the Agent;
- (vi) a certificate of a Responsible Officer of the Lead Borrower certifying (A) that the conditions specified in Sections 4.01 and 4.02 have been satisfied, (B) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (C) to the Solvency of the Loan Parties, on a Consolidated basis, as of the Closing Date after giving effect to the transactions contemplated hereby, (D) to the knowledge of such Responsible Officer, that all consents, licenses or approvals required in connection with the execution, delivery and performance by the Loan Parties of the Loan Documents to which they are party, if any, have been obtained and are in full force and effect; and (E) that true, correct and complete executed copies of each Separation Agreement have been furnished to the Agent, which Separation Agreements are in full force and effect;
- (vii) evidence reasonably satisfactory to the Agent that all insurance required to be maintained pursuant to the Loan Documents and, subject to Section 6.11, all endorsements in favor of the Agent required under the Loan Documents have been obtained and are in effect;
- (viii) a payoff letter from the agent under the existing revolving credit facility reasonably satisfactory in form and substance to the Agent evidencing that such loan facility has been terminated, all obligations paid in full, and all Liens securing obligations of the Loan Parties under such facility have been or concurrently with the Closing Date are being released;
- (ix) subject to Section 6.16, the Security Documents and all other Loan Documents (to the extent to be executed on the Closing Date), each duly executed by the applicable Loan Parties;
- (x) (A) an appraisal (based on net liquidation value) by a third party appraiser acceptable to the Agent of all Inventory of the Loan Parties, the results of which

are satisfactory to the Agent, and (B) a written report regarding the results of commercial finance examinations of the Loan Parties, which shall be reasonably satisfactory to the Agent;

(xi) results of searches or other evidence reasonably satisfactory to the Agent (in each case dated as of a date reasonably satisfactory to the Agent) indicating the absence of Liens on the assets of the Loan Parties, except for Liens permitted by Section 7.01 and Liens for which termination statements and releases, satisfactions and discharges of any mortgages, in each case satisfactory to the Agent, are being tendered concurrently with such extension of credit or other arrangements satisfactory to the Agent for the delivery of such termination statements have been made;

(xii) (A) all documents and instruments (including Uniform Commercial Code financing statements) reasonably requested by the Agent to be filed, registered or recorded to create or perfect the first priority Liens (subject to the Intercreditor Agreement) intended to be created under the Loan Documents shall have been so filed, registered or recorded to the satisfaction of the Agent and (B) the Credit Card Notifications and Blocked Account Agreements to the extent required pursuant to Section 6.12 hereof shall have been obtained;

(xiii) the Sears Tri-Party Agreement, fully executed by the Agent, the applicable Loan Parties, SHC and certain of its Subsidiaries;

(xiv) the Intercreditor Agreement Joinder, fully executed by Agent and Term Agent, and acknowledged by the Loan Parties; and

(xv) the Agent shall have received such other assurances, certificates, documents, consents or opinions as the Agent reasonably may require.

(b) After giving effect to the initial Credit Extensions hereunder, Availability shall be not less than \$150,000,000.

(c) The Agent shall have received a Borrowing Base Certificate dated the Closing Date, relating to the month ended on October 27, 2017, and executed by a Responsible Officer of each Borrower.

(d) [Reserved].

(e) The Agent shall have received and be satisfied with (i) a Borrowing Base Availability analysis prepared on a monthly basis for December 2017, January 2018 and the Fiscal Year 2018, and (ii) a detailed forecast prepared on a monthly basis for December 2017, January 2018 and the Fiscal Year 2018, and on an annual basis thereafter through the Maturity Date, which shall include Consolidated income statement, balance sheet, and statement of cash flow, in each case prepared in conformity with GAAP and consistent with the Loan Parties' then current practices.

(f) [Reserved].

(g) All fees and expenses required to be paid to the Agent or the Arranger on or before the Closing Date shall have been paid in full, and all fees and expenses required to be paid to the Lenders on or before the Closing Date shall have been paid in full.

(h) The Borrowers shall have paid all fees, charges and disbursements of counsel to the Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the Closing Date (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Agent).

(i) The Agent and the Lenders shall have received, at least four (4) Business Days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act requested by the Agent or Lenders seven (7) Business Days prior to the Closing Date.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension (other than a LIBOR Rate Loan Notice requesting only a continuation of LIBOR Rate Loans) and of each L/C Issuer to issue each Letter of Credit is subject to satisfaction of the following conditions precedent:

(a) The representations and warranties of each Loan Party contained in Article V or in any other Loan Document, shall be true and correct in all material respects on and as of the date of such Credit Extension, except (i) to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, (ii) in the case of any representation and warranty qualified by materiality, in which case they shall be true and correct in all respects and (iii) for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01.

(b) No Default or Event of Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) The Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) After giving effect to the Credit Extension requested to be made on any such date and the use of proceeds thereof, Availability shall not be less than zero.

(e) In the case of any Credit Extension the proceeds of which will be used to fund a Restricted Payment, the Lead Borrower and its Restricted Subsidiaries, taken as a whole on a Consolidated basis, shall be Solvent.

Each Request for Credit Extension (other than a LIBOR Rate Loan Notice requesting only a continuation of LIBOR Rate Loans) submitted by any Borrower shall be deemed to be a representation and warranty by the Borrowers that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension. The conditions set forth in this Section 4.02 are for the sole benefit of the Agent, the L/C Issuer and the Lenders, but until the Required Lenders otherwise direct the

Agent to cease making Loans and issuing Letters of Credit, the Lenders will fund their Applicable Percentage of all Loans and L/C Advances and participate in all Swing Line Loans and Letters of Credit whenever made or issued, which are requested by any Borrower and which, notwithstanding the failure of the Loan Parties to comply with the provisions of this Article IV, agreed to by the Agent, provided, however, the making of any such Loans or the issuance of any Letters of Credit shall not be deemed a modification or waiver by the Agent, the L/C Issuer or any Lender of the provisions of this Article IV on any future occasion or a waiver of any rights or the Agent, the L/C Issuer or any Lender as a result of any such failure to comply.

ARTICLE V REPRESENTATIONS AND WARRANTIES

To induce the Agent, the L/C Issuer and the Lenders to enter into this Agreement and to make Loans and to issue Letters of Credit hereunder, the Borrowers, on behalf of each Loan Party, represent and warrant to the Agent, the L/C Issuer and the Lenders (on the Closing Date and each other date when the Loan Parties are required to bring down the representations and warranties in a Loan Document) that:

5.01 Existence, Qualification and Power. Each Loan Party (i) is a corporation, limited liability company, partnership or limited partnership, duly incorporated, organized or formed, validly existing and, where applicable, in good standing under the Laws of the jurisdiction of its incorporation, organization or formation, (ii) has all requisite power and authority and all requisite governmental licenses, permits, authorizations, consents and approvals to (1) own or lease its assets and carry on its business and (2) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (iii) is duly qualified and is licensed and, where applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (iii), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect. The Perfection Certificate sets forth, as of the Closing Date, each Loan Party's name as it appears in official filings in its state of incorporation or organization, its state of incorporation or organization, organization type, organization number, if any, issued by its state of incorporation or organization, and if applicable, its federal employer identification number.

5.02 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is or is to be a party, has been duly authorized by all necessary corporate or other organizational action, and does not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) except where such conflict would not reasonably be expected to have a Material Adverse Effect, conflict with or result in any breach, termination, or contravention of, or constitute a default under (i) any Material Contract or any Material Indebtedness to which such Person is a party or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; (c) result in or require the creation of any Lien upon any asset of any Loan Party (other than Liens in favor of the Agent under the Security Documents and Liens permitted by Section 7.01); or (d) except where such violation would not reasonably be expected to have a Material Adverse Effect, violate any Law.

5.03 Governmental Authorization; Other Consents. No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, except for (a) the perfection or maintenance of the Liens created under the Security Documents, or (b) such as have been obtained or made and are in full force and effect.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and (ii) fairly present the financial condition of the Lead Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) The unaudited Consolidated balance sheet of the Lead Borrower and its Subsidiaries dated July 28, 2017, and the related Consolidated statements of income or operations, Shareholders' Equity and cash flows for the Fiscal Quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present the financial condition of the Lead Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(d) To the knowledge of the Loan Parties, no Internal Control Event has occurred and is continuing that could reasonably be expected to materially impair the calculation of the Borrowing Base.

(e) The Consolidated forecasted balance sheet and statements of income and cash flows of the Lead Borrower and its Subsidiaries delivered pursuant to Section 6.01(d) were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts.

5.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any of its Restricted Subsidiaries or against any of its properties or revenues that (a) purport to materially adversely affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby, or (b) either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

5.07 Reserved.

5.08 Ownership of Property; Liens.

(a) Each of the Loan Parties has good record and marketable title in fee simple to or valid leasehold interests in, all Real Estate necessary or used in the ordinary conduct of its business, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each of the Loan Parties has good and marketable title to, valid leasehold interests in, or valid licenses to

use all personal property and assets used in the conduct of its business except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) As of the Closing Date, the Perfection Certificate sets forth the address of all Real Estate (excluding Leases) that is owned by the Loan Parties. The Perfection Certificate sets forth the address of all Leases of the Loan Parties, together with the name of each lessor and its contact information with respect to each such Lease as of the Closing Date. As of the Closing Date, each of such Leases is in full force and effect and the Loan Parties are not in default of the terms thereof, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.09 Environmental Compliance.

(a) No Loan Party (i) has failed, within the preceding five (5) years, to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect: none of the properties currently or formerly owned or operated by any Loan Party is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; there are no and, to the best knowledge of the Loan Parties, never have been any underground or above-ground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned or operated by any Loan Party or, to the best of the knowledge of the Loan Parties, on any property formerly owned or operated by any Loan Party; there is no asbestos or asbestos-containing material on any property currently owned or operated by any Loan Party; and Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by any Loan Party.

(c) Except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, no Loan Party is undertaking, and no Loan Party has completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law. All Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or, to the best knowledge of the Loan Parties, formerly owned or operated by any Loan Party have been disposed of in a manner not reasonably expected to result in a Material Adverse Effect.

5.10 Insurance. The properties of the Loan Parties are insured in accordance with Section 6.07 hereof with financially sound and reputable insurance companies which are not Affiliates of the Loan Parties, in such amounts (after giving effect to any self-insurance compatible with the following standards), with such deductibles and covering such risks (including, without limitation, worker's compensation, commercial general liability, insurance on real and personal property and directors and officers liability insurance) as are reasonably determined by the Lead Borrower and customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Loan Parties operate. The Perfection Certificate sets forth a description of all insurance maintained by or on behalf of the Loan Parties as of the Closing Date. As of the Closing Date, each insurance policy listed in

the Perfection Certificate is in full force and effect and all premiums in respect thereof that are due and payable have been paid.

5.11 Taxes. The Loan Parties have filed all United States Federal, state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings being diligently conducted, for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Loan Party that would, if made, have a Material Adverse Effect. As of the Closing Date, no Loan Party or any Subsidiary thereof is a party to any tax sharing agreement other than in connection with the Separation Agreements.

5.12 ERISA Compliance.

(a) Except as would not reasonably be expected to have a Material Adverse Effect, (i) each Plan and, to the knowledge of the Loan Parties, any Multiemployer Plan is in compliance with the applicable provisions of ERISA, the Code and other Federal or state laws, and (ii) each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the Internal Revenue Service. To the best knowledge of the Loan Parties, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan and, to the knowledge of the Loan Parties, any Multiemployer Plan that would reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or would reasonably be expected to result in a Material Adverse Effect.

(c) Except as would not reasonably be expected to have a Material Adverse Effect, (i) no ERISA Event has occurred, and neither the Lead Borrower nor any ERISA Affiliate is aware of any fact, event or circumstance that would reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan or Multiemployer Plan; (ii) the Lead Borrower and each ERISA Affiliate meet all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 80% or higher; (iv) neither the Lead Borrower nor any ERISA Affiliate has incurred any unsatisfied liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (v) neither the Lead Borrower nor any ERISA Affiliate has engaged in a transaction described in Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that would reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) With respect to any Pension Plan under the laws of any foreign jurisdiction, none of the following events or conditions exists and is continuing that, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect: (a) substantial non-compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders; (b) failure to be maintained, where required, in good standing with applicable regulatory authorities; (c) any

obligation of the Lead Borrower or its Restricted Subsidiaries in connection with the termination or partial termination of, or withdrawal from, any such foreign plan; (d) any Lien on the property of the Lead Borrower or its Restricted Subsidiaries in favor of a Governmental Authority as a result of any action or inaction regarding such a foreign plan; (e) for each such foreign plan which is a funded or insured plan, failure to be funded or insured on an ongoing basis to the extent required by applicable non-U.S. law (using actuarial methods and assumptions which are consistent with the valuations last filed with the applicable Governmental Authorities); (f) any facts that, to the knowledge of the Lead Borrower or any of its Restricted Subsidiaries, exist that would reasonably be expected to give rise to a dispute and any pending or threatened disputes that, to the knowledge of the Lead Borrower or any of its Restricted Subsidiaries, would reasonably be expected to result in a material liability to the Lead Borrower or any of its Restricted Subsidiaries concerning the assets of any such foreign plan (other than individual claims for the payment of benefits); and (g) failure to make all contributions in a timely manner to the extent required by applicable non-U.S. law.

5.13 Subsidiaries; Equity Interests. As of the Closing Date, the Loan Parties have no Subsidiaries other than those disclosed in the Perfection Certificate, which sets forth the legal name, jurisdiction of incorporation or formation and authorized Equity Interests of each such Subsidiary. All of the outstanding Equity Interests in the Loan Parties (other than the Lead Borrower) and such Subsidiaries have been validly issued, are fully paid and non-assessable (to the extent such terms are applicable in the relevant jurisdiction) and, as of the Closing Date, are owned by the Persons specified and in the amounts specified in the Perfection Certificate free and clear of all Liens other than Liens permitted by Section 7.01. Except as set forth in the Perfection Certificate, there are no outstanding rights to purchase any Equity Interests in any Subsidiary as of the Closing Date. As of the Closing Date, the Loan Parties have no equity investments in any other corporation or entity other than those specifically disclosed in the Perfection Certificate. The copies of the Organization Documents of each Loan Party and each amendment thereto provided pursuant to Section 4.01 are true and correct copies of each such document as of the Closing Date, each of which was valid and in full force and effect as of the Closing Date.

5.14 Margin Regulations; Investment Company Act.

(a) No Loan Party is engaged or will be engaged, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. None of the proceeds of the Credit Extensions shall be used directly or indirectly for the purpose of purchasing or carrying any margin stock, for the purpose of reducing or retiring any Indebtedness that was originally incurred to purchase or carry any margin stock or for any other purpose that might cause any of the Credit Extensions to be considered a “purpose credit” within the meaning of Regulations T, U, or X issued by the FRB.

(b) None of the Loan Parties or any Restricted Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

5.15 Disclosure. The reports, financial statements, certificates and other written information (other than projections, estimates, other forward looking information and information of a general economic or industry nature) concerning the Lead Borrower or any of the Loan Parties and the Transactions furnished by or on behalf of any Loan Party to the Agent or any Lender in connection with the Transactions and the negotiation of this Agreement or delivered hereunder or under any other Loan Document, when taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided, that, with respect to projected financial information, and pro forma financial information, estimates and other forward looking information, the Lead Borrower

represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time; it being understood that such financial information as it relates to future events is not to be viewed as fact and that such projections may vary from actual results and that such variances may be material.

5.16 Compliance with Laws. Each of the Loan Parties is in compliance (a) in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) the failure to comply therewith, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and (b) with Sections 10.17 and 10.18.

5.17 Intellectual Property; Licenses, Etc. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, the Loan Parties own, or possess the right to use, all of the Intellectual Property, licenses, permits and other authorizations that are reasonably necessary for the operation of their respective businesses, without, to the knowledge of the Loan Parties, conflict with the rights of any other Person or infringement upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Loan Parties, threatened, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

5.18 Labor Matters.

Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, (i) there are no strikes, lockouts, slowdowns or other labor disputes against any Loan Party pending or, to the knowledge of any Loan Party, threatened; (ii) the hours worked by and payments made to employees of the Loan Parties comply with the Fair Labor Standards Act (where applicable) and any other applicable federal, state, local or foreign Law dealing with such matters; (iii) no Loan Party has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar state Law; and (iv) all payments due from any Loan Party, or for which any claim may be made against any Loan Party, on account of wages and employee health and welfare insurance and other benefits, have been paid or properly accrued in accordance with GAAP as a liability on the books of such Loan Party. Except as set forth on Schedule 5.18, as of the Closing Date, no Loan Party is a party to or bound by any collective bargaining agreement. As of the Closing Date, there are no representation proceedings pending or, to any Loan Party's knowledge, threatened to be filed with the National Labor Relations Board, and no labor organization or group of employees of any Loan Party has made a pending demand for recognition. There are no complaints, unfair labor practice charges, grievances, arbitrations, unfair employment practices charges or any other claims or complaints against any Loan Party pending or, to the knowledge of any Loan Party, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any employee of any Loan Party which would individually or in the aggregate reasonably be expected to result in a Material Adverse Effect. The consummation of the transactions contemplated by the Loan Documents will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Loan Party is bound.

5.19 Security Documents.

(a) The Guaranty and Security Agreement creates in favor of the Agent, for the benefit of the Credit Parties referred to therein, a legal, valid, continuing and enforceable security interest in the Collateral (as defined in the Guaranty and Security Agreement), subject to applicable bankruptcy,

insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. Upon the making of the filings contemplated in the Guaranty and Security Agreement and/or the obtaining of "control" (as defined in the UCC) of the Collateral under the Guaranty and Security Agreement, the Agent will have a perfected Lien on, and security interest in, to and under all right, title and interest of the Loan Parties thereunder in all Collateral that may be perfected under the UCC (in effect on the date this representation is made) by filing, recording or registering a financing statement or analogous document (including without limitation the proceeds of such Collateral subject to the limitations relating to such proceeds in the UCC) or by obtaining control, in each case prior and superior in right to any other Person (other than Permitted Encumbrances).

5.20 Solvency.

As of the Closing Date, and after giving effect to the Transactions, the Lead Borrower and its Restricted Subsidiaries, taken as a whole on a Consolidated basis, are Solvent.

5.21 Deposit Accounts; Credit Card Arrangements.

(a) The Perfection Certificate sets forth a list of all DDAs maintained by the Loan Parties as of the Closing Date, which Schedule includes, with respect to each DDA (i) the name and address of the depository; (ii) the account number(s) maintained with such depository; (iii) a contact person at such depository, and (iv) the identification of each Blocked Account Bank.

(b) The Perfection Certificate sets forth all arrangements as of the Closing Date to which any Loan Party is a party with respect to the processing and/or payment to such Loan Party of the proceeds of any credit card charges and debit card charges for sales made by such Loan Party.

5.22 Brokers. No Loan Party or Affiliate thereof has any obligation to any Person in respect of any finder's or brokerage fees in connection with the entry into this Agreement, other than as set forth in the Fee Letter.

5.23 Customer and Trade Relations. There exists no actual or, to the knowledge of any Loan Party, threatened, termination or cancellation of, or any adverse modification or change in the business relationship of any Loan Party with any supplier that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

5.24 Material Contracts. The Loan Parties have delivered to the Agent true, correct and complete copies of the Material Contracts, as in effect on the Closing Date. As of the Closing Date, the Loan Parties are not in breach or in default in any material respect of or under any Material Contract and have not received any notice of material default under, or of the intention of any other party thereto to terminate, any Material Contract. Following the Closing Date, except as would not reasonably be expected to result in a Material Adverse Effect, the Loan Parties are not in breach or in default in any material respect of or under any Material Contract and have not received any notice of material default under, or of the intention of any other party thereto to terminate, any Material Contract.

5.25 Casualty. Since the date of the Audited Financial Statements, the businesses and properties of the Loan Parties and their Restricted Subsidiaries, considered as a whole, have not been affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty event (whether or not covered by insurance) that, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

5.26 OFAC/Sanctions.

No Loan Party nor any of its Subsidiaries is in violation of any Sanctions. No Loan Party nor any of its Subsidiaries nor, to the knowledge of such Loan Party, any director, officer, employee, agent or Affiliate of such Loan Party or such Subsidiary (a) is a Sanctioned Person or a Sanctioned Entity, (b) has any assets located in Sanctioned Entities, or (c) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. Each of the Loan Parties and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Loan Parties and their Subsidiaries and their respective directors, officers, employees, agents and Affiliates with the applicable anti-corruption Laws. Each of the Loan Parties and its Subsidiaries, and to the knowledge of each such Loan Party, each director, officer, employee, agent and Affiliate of each such Loan Party and each such Subsidiary, is in compliance with the applicable anti-corruption Laws in all material respects. No proceeds of any loan made or Letter of Credit issued hereunder will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity, or otherwise used in any manner that would result in a violation of any applicable sanction by any Person (including any Credit Party or other individual or entity participating in any transaction).

ARTICLE VI AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied (except to the extent otherwise contemplated by Section 1.02(c)), or any Letter of Credit shall remain outstanding (except to the extent otherwise contemplated by Section 1.02(c)), the Lead Borrower shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, and 6.03) cause each of its Restricted Subsidiaries to:

6.01 Financial Statements. Deliver to the Agent, in form and detail reasonably satisfactory to the Agent:

(a) as soon as available, but in any event within 95 days after the end of each Fiscal Year of the Lead Borrower (commencing with the Fiscal Year ended February 2, 2018), a Consolidated balance sheet of the Lead Borrower and its Subsidiaries as at the end of such Fiscal Year, and the related Consolidated statements of income or operations, Shareholders' Equity and cash flows for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, such Consolidated statements to be audited and accompanied by a report and opinion of a Registered Public Accounting Firm of nationally recognized standing reasonably acceptable to the Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit other than any such qualification or exception that is solely with respect to, or resulting solely from, an upcoming maturity date under this Agreement, the Term Loan Facility or any other Indebtedness occurring within one year from the time such report is delivered;

(b) as soon as available, but in any event within 50 days after the end of Fiscal Quarter of each Fiscal Year of the Lead Borrower (commencing with the Fiscal Quarter ended February 2, 2018), a Consolidated balance sheet of the Lead Borrower and its Subsidiaries as at the end of such Fiscal Quarter, and the related consolidated statements of income or operations, Shareholders' Equity, cash flows and borrowing base availability for such Fiscal Quarter and for the portion of the Lead Borrower's Fiscal Year then ended, setting forth in each case in comparative form the figures for (A) the corresponding Fiscal Quarter of the previous Fiscal Year and (B) the corresponding portion of the previous Fiscal Year, all in

reasonable detail, such Consolidated statements to be certified by a Responsible Officer of the Lead Borrower as fairly presenting the financial condition, results of operations, Shareholders' Equity, cash flows and borrowing base availability of the Lead Borrower and its Subsidiaries as of the end of such Fiscal Quarter in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) as soon as available, but in any event within 30 days after the end of each fiscal month (commencing with the fiscal month ended November 24, 2017) during which Availability is, at any time, less than the greater of (i) \$131,250,000 and (ii) eighty percent (80%) of the Loan Cap, a Consolidated balance sheet of the Lead Borrower and its Subsidiaries as at the end of such month, and the related Consolidated statements of income or operations, Shareholders' Equity, cash flows and borrowing base availability for such month, and for the portion of the Lead Borrower's Fiscal Year then ended, setting forth in each case in comparative form the figures for (A) the corresponding month of the previous Fiscal Year and (B) the corresponding portion of the previous Fiscal Year, all in reasonable detail, such Consolidated statements to be certified by a Responsible Officer of the Lead Borrower as, to its knowledge, fairly presenting the financial condition, results of operations, Shareholders' Equity, cash flows and borrowing base availability of the Lead Borrower and its Subsidiaries as of the end of such month in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(d) as soon as available, but in any event no more than 60 days after the end of each Fiscal Year of the Lead Borrower (commencing with the Fiscal Year ended February 2, 2018), forecasts prepared by management of the Lead Borrower, in form reasonably satisfactory to the Agent, consisting of a projected balance sheet, income statement, cash flows and Availability on a monthly basis for the immediately following Fiscal Year (including the Fiscal Year in which the Maturity Date occurs);

(e) simultaneously with the delivery of each set of Consolidated financial statements pursuant to Section 6.01(a), (b) and (c) above, the related consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such Consolidated financial statements in reasonable detail (it being understood that full financial statements for any applicable Unrestricted Subsidiaries shall not be required).

6.02 Certificates; Other Information. Deliver to the Agent:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(a), (b) and (c), a duly completed Compliance Certificate signed by a Responsible Officer of Lead Borrower, and in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, a statement of reconciliation conforming such financial statements to GAAP;

(b) within ten (10) Business Days after the end of each fiscal month, a Borrowing Base Certificate showing the Borrowing Base as of the close of business as of the last day of the immediately preceding month, each Borrowing Base Certificate to be certified as complete and correct by a Responsible Officer of each Borrower; provided that at any time that an Accelerated Borrowing Base Delivery Event has occurred and is continuing, such Borrowing Base Certificate shall be delivered on Friday of each week (or, if Friday is not a Business Day, on the next succeeding Business Day), as of the close of business on the immediately preceding Friday (it being understood that any weekly Borrowing Base Certificate shall constitute the results of rolled forward information regarding Eligible Inventory and other items, as applicable);

(c) promptly upon receipt, copies of any report submitted to the board of directors (or the audit committee of the board of directors) of any Loan Party by its Registered Public Accounting Firm in

connection with any Internal Control Event or any other event that would reasonably be expected, individually or in the aggregate with other events, to result in a Material Adverse Effect;

(d) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Loan Parties, and copies of all annual, regular, periodic and special reports and registration statements which any Loan Party may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934 or with any national securities exchange;

(e) the financial and collateral reports described on Schedule 6.02 hereto, at the times set forth in such Schedule;

(f) promptly upon renewal or replacement thereof, certificates and, in the case of replacement, endorsements evidencing insurance renewals as required under Section 6.07 hereof;

(g) (i) promptly after the Agent's reasonable request therefor, copies of all documents evidencing Material Indebtedness, (ii) promptly after receipt thereof by any Loan Party, copies of all notices (other than notices delivered in the ordinary course) received from SHC and its Subsidiaries in respect of the Material Contracts, and (iii) prompt notice of any transaction or series of transactions which are part of a common plan whereby 25% or more of the number of LE Shops (as defined in the Separation Agreement referenced in clause (b) of the definition thereof) in existence on the Closing Date operated by the Loan Parties under the Separation Agreements referenced in clauses (c) and (j) of the definition thereof immediately prior to such closings are closed;

(h) Concurrently with the delivery of the financial statements referred to in Section 6.01(a), a report summarizing the insurance coverage (specifying type, amount and carrier) in effect for each Loan Party and its Subsidiaries and containing such additional information as the Agent, or any Lender through the Agent, may reasonably specify; and

(i) promptly, such additional information regarding the business affairs, financial condition or operations of any Loan Party or any Restricted Subsidiary, or compliance with the terms of the Loan Documents, as the Agent (on its own behalf or on behalf of any Lender) may from time to time reasonably request.

Documents required to be delivered pursuant to Section 6.01 or Section 6.02 may be delivered by electronic mail or by posting to a website and, if so delivered by posting to a website, shall be deemed to have been delivered on the date (i) on which the Lead Borrower posts such documents, or provides a link thereto on the Borrowers' website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents are posted on the Borrowers' behalf on an Internet or intranet website, if any, to which each Lender and the Agent have access (whether a commercial, third-party website or whether sponsored by the Agent and including, without limitation, the website of the SEC). The Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Loan Parties with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Loan Parties hereby acknowledge that (a) the Agent and/or the Arranger will make available to the Lenders and the L/C Issuer materials and/or information provided by or on behalf of the Loan Parties hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on Debt Domain, IntraLinks, Syndtrak or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public

information with respect to the Loan Parties or their securities) (each, a “Public Lender”). The Loan Parties hereby agree that so long as any Loan Party is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities they will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Loan Parties shall be deemed to have authorized the Agent, the Arranger, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Loan Parties or their securities for purposes of the Securities Laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor”; and (z) the Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.”

6.03 Notices. Promptly notify the Agent upon obtaining knowledge:

- (a) of the occurrence of any Default or Event of Default;
- (b) of any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect,
- (c) of any breach or non-performance of, or any default under, a Material Contract or with respect to Material Indebtedness (including, without limitation, the Term Facility) of any Loan Party or any Restricted Subsidiary thereof, in each case, to the extent such breach, non-performance or default is material or would otherwise give the other party to such Material Contract or Material Indebtedness the right to terminate such agreement;
- (d) of receipt by any Loan Party or any Restricted Subsidiary thereof of a notice or other correspondence received from any Governmental Authority (including, without limitation, the SEC (or comparable agency in any applicable non-U.S. jurisdiction)) concerning any proceeding with, or investigation or possible investigation or other inquiry by such Governmental Authority regarding financial or other operational results of any Loan Party or any Restricted Subsidiary thereof or any other matter which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;
- (e) of any dispute, litigation, investigation, proceeding or suspension between any Loan Party or any Restricted Subsidiary thereof and any Governmental Authority; or the commencement of, or any material development in, any litigation or proceeding affecting any Loan Party or any Restricted Subsidiary thereof, including pursuant to any applicable Environmental Laws, in each case which would be reasonably expected to result in a Material Adverse Effect;
- (f) of the occurrence of any ERISA Event;
- (g) of any material change in accounting policies or financial reporting practices by any Loan Party or any Restricted Subsidiary thereof;
- (h) of any change in the Lead Borrower’s senior executive officers (which notice may be accomplished by the filing of a Form 8-K in connection with such change);

(i) of the discharge by the Lead Borrower of its present Registered Public Accounting Firm or any withdrawal or resignation by such Registered Public Accounting Firm (which notice may be accomplished by the filing of a Form 8-K in connection with such discharge, withdrawal or resignation);

(j) of the filing of any Lien for unpaid Taxes against any Loan Party in excess of \$5,000,000;

(k) of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any interest in a material portion of the Collateral under power of eminent domain or by condemnation or similar proceeding or if any material portion of the Collateral is damaged or destroyed;

(l) of any failure by any Loan Party to pay rent when due at any of the Loan Parties' distribution centers or warehouses; and

(m) any material changes in the payment of credit card proceeds or any other payments from any Credit Card Issuer or Credit Card Processor to any Loan Party outside the ordinary course of business (including, without limitation, any material changes to holdbacks, chargebacks or other any setoff rights asserted by any Credit Card Issuer or Credit Card Processor against any Loan Party).

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Lead Borrower setting forth details of the occurrence referred to therein and stating what action the Borrowers have taken and propose to take with respect thereto.

6.04 Payment of Obligations. Pay and discharge before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property (ii) all payments required to be made to any Pension Plan, and (iii) all lawful claims that, if unpaid, might by law become a Lien upon its property and any other obligations and liabilities; provided that neither the Lead Borrower, nor any of its Subsidiaries, shall be required to pay or discharge any such tax, assessment, charge or claim (x) that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors or (y) if such non-payments, either individually or in the aggregate, would not be reasonably expected to have a Material Adverse Effect.

6.05 Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization or formation except in a transaction permitted by Section 7.04 or 7.05; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its Intellectual Property, except to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.06 Maintenance of Properties. Except, in each case, where the failure to do so would not reasonably be expected to have a Material Adverse Effect: (a) maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof.

6.07 Maintenance of Insurance. (a) Maintain or cause to be maintained with financially sound and reputable insurance companies and not Affiliates of the Loan Parties, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons

engaged in the same or similar business and operating in the same or similar locations or as is required by Law, of such types and in such amounts (after giving effect to any self-insurance compatible with the following standards) as are customarily carried under similar circumstances by such other Persons.

(a) Maintain for themselves and their Restricted Subsidiaries, a Directors and Officers insurance policy, and, in respect of the Loan Parties, a “Blanket Crime” policy or in respect of any other Restricted Subsidiary an equivalent policy in the relevant jurisdiction, in each case with responsible companies in such amounts as are customarily carried by business entities engaged in similar businesses similarly situated, and will upon request by the Agent furnish the Agent certificates evidencing renewal of each such policy.

(b) Cause marine cargo, fire and extended coverage policies maintained with respect to any ABL Priority Collateral to be endorsed or otherwise amended to include (i) a lenders’ loss payable clause (regarding personal property), in form and substance reasonably satisfactory to the Agent, which endorsements or amendments shall provide that the insurer shall pay all proceeds otherwise payable to the Loan Parties under the policies directly to the Agent and (ii) a provision to the effect that none of the Loan Parties, Credit Parties or any other Person shall be a co-insurer.

(c) Cause commercial general liability policies to be endorsed to name the Agent as an additional insured.

(d) Cause business interruption policies, if any, to name the Agent as a loss payee and to be endorsed or amended to include (i) a provision that, from and after the Closing Date, the insurer shall pay all proceeds otherwise payable to the Loan Parties under the policies directly to the Agent, and (ii) a provision to the effect that none of the Loan Parties, the Agent, the Agent or any other party shall be a co-insurer.

(e) Use commercially reasonable efforts to cause each such policy referred to in this Section 6.07 to also provide that it shall not be canceled, modified or non-renewed (i) by reason of nonpayment of premium except upon not less than ten (10) days’ prior written notice thereof by the insurer to the Agent (giving the Agent the right to cure defaults in the payment of premiums) or (ii) for any other reason except upon not less than thirty (30) days’ prior written notice thereof by the insurer to the Agent.

(f) Deliver to the Agent, prior to the cancellation or non-renewal of any such policy of insurance, evidence of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Agent, including an insurance binder), together with evidence reasonably satisfactory to the Agent of payment of the premium therefor.

6.08 Compliance with Laws. Comply (a) in all material respects with the requirements of all Laws (including all Environmental Laws) and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been set aside and maintained by the Loan Parties in accordance with GAAP; and (ii) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect, and (b) with Sections 10.17 and 10.18.

6.09 Books and Records; Accountants.

(a) Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Loan Parties or such Restricted Subsidiary, as the case may be;

and (ii) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Loan Parties or such Restricted Subsidiary, as the case may be.

(b) at all times retain a Registered Public Accounting Firm and, on request of the Agent, instruct such Registered Public Accounting Firm to cooperate with, and be available to, the Agent or its representatives to discuss the Loan Parties' financial performance, financial condition, operating results, controls, and such other matters, within the scope of the retention of such Registered Public Accounting Firm, as may be raised by the Agent.

6.10 Inspection Rights.

(a) Permit representatives and independent contractors of the Agent to visit and inspect any of its properties, to examine its corporate, financial and operating records, the insurance policies maintained by or on behalf of the Loan Parties and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and Registered Public Accounting Firm, at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Lead Borrower; provided, that, so long as no Default or Event of Default shall have occurred and be continuing, the Agent shall be limited to one (1) such visit at the Loan Parties' expense in any Fiscal Year; provided, however, that when a Default or an Event of Default exists the Agent (or any of its representatives or independent contractors) may do any of the foregoing at the expense of the Loan Parties at any time during normal business hours and without advance notice.

(b) Upon the request of the Agent after reasonable prior notice, permit the Agent or professionals (including investment bankers, consultants, accountants, and lawyers) retained by the Agent to conduct commercial finance examinations and other evaluations, including, without limitation, of (i) the Borrowers' practices in the computation of the Borrowing Base (ii) the assets included in the Borrowing Base and related financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves, and (iii) the Loan Parties' business plan, forecasts and cash flows. The Loan Parties shall pay the reasonable fees and expenses of the Agent and such professionals for one (1) commercial finance examination during each twelve month period, *provided* that if Availability is less than the greater of 22.5% of the Loan Cap or \$35,000,000, the Loan Parties shall pay the reasonable fees and expenses of the Agent and such professionals for up to two (2) commercial finance examinations in any twelve month period. Notwithstanding the foregoing, the Agent may cause additional commercial finance examinations to be undertaken (i) as it in its discretion deems necessary or appropriate, at the Credit Parties' expense or, (ii) if required by law or if a Default or Event of Default shall have occurred and be continuing, at the expense of the Loan Parties.

(c) Upon the request of the Agent after reasonable prior notice, permit the Agent or professionals (including appraisers) retained by the Agent to conduct appraisals of the ABL Priority Collateral, including, without limitation, the assets included in the Borrowing Base. The Loan Parties shall pay the reasonable fees and expenses of the Agent and such professionals for one (1) appraisal during each twelve month period, *provided* that if Availability is less than the greater of 22.5% of the Loan Cap or \$35,000,000, the Loan Parties shall pay the reasonable fees and expenses of the Agent and such professionals for up to two (2) appraisals in any twelve month period. Notwithstanding the foregoing, the Agent may cause additional appraisals to be undertaken (i) as it in its discretion deems necessary or appropriate, at the Credit Parties' expense or, (ii) if required by law or if a Default or Event of Default shall have occurred and be continuing, at the expense of the Loan Parties.

6.11 Additional Loan Parties. Promptly notify the Agent at the time that any Person becomes a Subsidiary or any Person that is an Unrestricted Subsidiary becomes a Restricted Subsidiary,

and cause any such Person that is a wholly-owned Domestic Subsidiary of the Lead Borrower that is a Restricted Subsidiary (other than a Domestic Subsidiary that is a Subsidiary of a Foreign Subsidiary or a Domestic Subsidiary that owns (directly or indirectly) no material assets other than debt or Equity Interests in one or more Foreign Subsidiaries) to (a) promptly thereafter (and in any event within fifteen (15) Business Days of such Person becoming a Subsidiary or a Restricted Subsidiary, as the case may be, or such later date as the Agent may agree), (i) become a Loan Party (including, if acceptable to the Agent, an additional borrower) by executing and delivering to the Agent a Joinder Agreement or such other documents as the Agent shall reasonably deem appropriate for such purpose, (ii) grant a Lien to the Agent on such Person's assets of the same type that constitute Collateral to secure the Obligations and take such actions as may be required under the Security Documents to perfect such Lien, and (iii) deliver to the Agent documents of the types referred to in clauses (ii) and (iv) of Section 4.01(a); and (b) if reasonably requested by the Agent, deliver customary opinions of counsel to such Person in connection with the foregoing clause (a) in form, content and scope reasonably satisfactory to the Agent; provided that, for the avoidance of doubt, in no event shall any Subsidiary that is not a Domestic Subsidiary be required to guarantee or provide Collateral to secure any Obligations. In no event shall compliance with this Section 6.11 waive or be deemed a waiver or consent to any transaction giving rise to the need to comply with this Section 6.11 if such transaction was not otherwise expressly permitted by this Agreement or permit the inclusion of any acquired assets in the computation of the Borrowing Base until such time as the Agent has conducted its diligence with respect thereto.

6.12 Cash Management.

(a) (i) On the Closing Date (as such time period may be extended by the Agent in its sole discretion), deliver to the Agent copies of notifications in the form of Exhibit G hereto (each, a "Credit Card Notification"), or otherwise reasonably satisfactory in form and substance to the Agent which have been executed by the applicable Loan Parties and delivered to such Loan Party's Credit Card Issuers and Credit Card Processors listed in the Perfection Certificate, and (ii) other than with respect to Bank of Montreal (which shall be delivered on the Closing Date), on or prior to the date that is sixty (60) days following the Closing Date (as such time period may be extended by the Agent in its sole discretion), enter into a Blocked Account Agreement with each Blocked Account Bank set forth on Schedule 6.12.

(b) Cause the ACH or wire transfer no less frequently than daily, or, so long as no Cash Dominion Event has occurred and is continuing, as to the DDAs identified as "Inlet Accounts" on the Perfection Certificate, monthly (provided that the Loan Parties shall not maintain an amount greater than \$1,000,000 in the aggregate with respect to such Inlet Accounts at any time outstanding), and as to additional DDAs that are not Blocked Accounts, weekly (provided that the Loan Parties shall not maintain an amount greater than \$50,000 in the aggregate at any time in such additional DDAs that are not Blocked Accounts) (and in each case, whether or not there are then any outstanding Obligations) to a Blocked Account all amounts on deposit in each DDA net of any minimum balance as may be required to be kept in the subject DDA by the depository institution at which such DDA is maintained) and all payments received from all Credit Card Issuers and Credit Card Processors and from SHC and its Subsidiaries pursuant to the Separation Agreements.

(c) After the occurrence and during the continuance of a Cash Dominion Event, subject to the Intercreditor Agreement with respect to Term Loan Priority Accounts (as defined therein), upon the request from the Agent, cause the ACH or wire transfer to the collection account maintained by the Agent at Wells Fargo or with another financial institution acceptable to the Agent in its sole discretion (the "Collection Account"), no less frequently than daily (and whether or not there are then any outstanding Obligations), all cash receipts and collections from all sources, including, without limitation, the following:

(i) all available cash receipts from the sale of Inventory (including without limitation, proceeds of credit card charges) and other assets (whether or not constituting Collateral);

(ii) all proceeds of collections of Accounts;

(iii) all net proceeds received by a Loan Party from any Person or from any source or on account of any Disposition of ABL Priority Collateral;

(iv) the then contents of each DDA (other than, so long as the Term Facility is in effect, Term Loan Priority Accounts) (net of any minimum balance, not to exceed \$2,500.00, as may be required to be kept in the subject DDA by the depository institution at which such DDA is maintained); and

(v) the then entire ledger balance of each Blocked Account (net of any minimum balance, not to exceed \$50,000.00, as may be required to be kept in the subject Blocked Account by the Blocked Account Bank);

All funds in each DDA and each Blocked Account shall be conclusively presumed to be Collateral and proceeds of Collateral and the Agent and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in any DDA or Blocked Account.

(d) Each Collection Account shall at all times during the continuance of a Cash Dominion Event be under the sole dominion and control of the Agent. The Loan Parties hereby acknowledge and agree that (i) during the continuance of a Cash Dominion Event, the Loan Parties have no right of withdrawal from the Collection Accounts, (ii) the funds on deposit in the Collection Account shall at all times be collateral security for all of the Obligations, and (iii) during the continuance of a Cash Dominion Event, (A) unless the Obligations have been accelerated pursuant to Section 8.02 hereof, the funds on deposit in the Collection Account shall be applied to the Obligations as provided in Section 2.05(e) hereof, and (B) if the Obligations have been accelerated pursuant to Section 8.02 hereof, the funds on deposit in the Collection Accounts shall be applied to the Obligations as provided in Section 8.03 hereof. In the event that, notwithstanding the provisions of this Section 6.12, any Loan Party receives or otherwise has dominion and control of any such cash receipts or collections while a Cash Dominion Event exists, such receipts and collections shall be held in trust by such Loan Party for the Agent, shall not be commingled with any of such Loan Party's other funds or deposited in any account of such Loan Party and shall, not later than the Business Day after receipt thereof, be deposited into the Collection Account or dealt with in such other fashion as such Loan Party may be instructed by the Agent.

(e) Upon entering into any agreements with any new Credit Card Issuer or Credit Card Processor (or no later than such later date as may be agreed to by the Agent), the Loan Parties shall deliver to the Agent a Credit Card Notification as set forth in Section 6.12(a) hereof with respect to such agreement.

(f) The Agent agrees that (1) it shall (i) not direct any Credit Card Issuer or Credit Card Processor to transfer any proceeds pursuant to any Credit Card Notification unless a Cash Dominion Event has occurred and is continuing and (ii) upon the termination of a Cash Dominion Event, if the Agent has previously delivered a notice to such person to modify the transfer of funds, direct the applicable Credit Card Issuer or Credit Card Processor to transfer any proceeds to the DDA immediately prior to the Cash Dominion Event (or such other DDA as the Lead Borrower directs) and (2) if any Loan Party shall so request, unless a Cash Dominion Event has occurred and is continuing, the Agent shall countersign any notification, request, order or direction from such Loan Party to any Credit Card Issuer or

Credit Card Processor directing payments from such Credit Card Issuer or Credit Card Processor to be made to a new or different DDA, provided such DDA is a Blocked Account.

(g) Upon the request of the Agent, cause bank statements and/or other reports to be delivered to the Agent not less often than monthly, accurately setting forth all amounts deposited in each Blocked Account to ensure the proper transfer of funds as set forth above.

6.13 Information Regarding the Collateral.

Furnish to the Agent at least seven (7) Business Days' prior written notice of any change in: (i) any Loan Party's name; (ii) the location of any Loan Party's chief executive office, registered office, its principal place of business, any office in which it maintains books or records relating to ABL Priority Collateral (including the establishment of any such new office); (iii) any Loan Party's organizational structure or jurisdiction of incorporation or formation; or (iv) any Loan Party's Federal Taxpayer Identification Number or organizational identification number assigned to it by its state of organization or incorporation.

6.14 Physical Inventories.

(a) Cause one physical inventory to be undertaken, at the expense of the Loan Parties, in each Fiscal Year and periodic cycle counts, in each case consistent with past practices, conducted by such inventory takers as are reasonably satisfactory to the Agent and following such methodology as is consistent with past practice or as otherwise may be reasonably satisfactory to the Agent. The Agent, at the expense of the Loan Parties, may participate in and/or observe each scheduled physical count of Inventory which is undertaken on behalf of any Loan Party. The Lead Borrower, within 45 days following the completion of such inventory, shall provide the Agent with a reconciliation of the results of such inventory (as well as of any other physical inventory or cycle counts undertaken by a Loan Party) and shall post such results to the Loan Parties' stock ledgers and general ledgers, as applicable.

(b) Permit the Agent, in its discretion, if any Default or Event of Default exists, to cause additional such inventories to be taken as the Agent reasonably requests (each, at the expense of the Loan Parties).

6.15 Designation of Subsidiaries.

The board of directors of the Lead Borrower may at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; *provided* that (i) immediately before and after such designation, no Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, the Payment Conditions shall have been satisfied (and, as a condition precedent to the effectiveness of any such designation, the Lead Borrower shall deliver to the Administrative Agent a certificate setting forth in reasonable detail the calculations demonstrating satisfaction thereof), (iii) no Borrower may be designated as an Unrestricted Subsidiary, (iv) no Subsidiary may be designated as an Unrestricted Subsidiary if, after such designation, it would be a "Restricted Subsidiary" for the purpose of the Term Facility or any other Indebtedness of any Loan Party that contemplates "unrestricted" subsidiaries, (v) no Unrestricted Subsidiary shall own any Equity Interests in the Loan Parties or their Restricted Subsidiaries, (vi) no Unrestricted Subsidiary shall hold any Indebtedness of, or any Lien on any property of, the Loan Parties and their Restricted Subsidiaries, (vii) the holder of any Indebtedness of any Unrestricted Subsidiary shall not have any recourse to the Loan Parties and their Restricted Subsidiaries with respect to such Indebtedness, and (viii) no Unrestricted Subsidiary shall be a party to any transaction or arrangement with the Loan Parties and their Restricted Subsidiaries that would not be permitted by Section 7.09. The designation of any Subsidiary as an

Unrestricted Subsidiary shall constitute an Investment by the Lead Borrower and its Restricted Subsidiaries therein at the date of designation in an amount equal to the fair market value as determined by the Lead Borrower in good faith of the Lead Borrower's or Restricted Subsidiary's (as applicable) Investment therein. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute the incurrence at the time of designation of any Indebtedness or Liens of such Subsidiary existing at such time and a return on any Investment by the Lead Borrower and its Restricted Subsidiaries in Unrestricted Subsidiaries pursuant to the preceding sentence in an amount equal to the fair market value as determined by the Lead Borrower in good faith at the date of such designation of the Lead Borrower's or its Restricted Subsidiary's (as applicable) Investment in such Subsidiary.

6.16 Further Assurances.

(a) Take the actions specified in Schedule 6.16 as promptly as reasonably practicable, and in any event within the periods after the Closing Date specified in Schedule 6.16 (as such time periods may be extended by the Agent in its sole discretion). The provisions of Schedule 6.16 shall be deemed incorporated by reference herein as fully as if set forth herein in their entirety.

(b) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), that may be required under any Law, or which the Agent may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties; provided, notwithstanding any other provision hereof or in any Loan Document, the Loan Parties shall not be required to take any action with respect to Real Estate, including without limitation in respect of Mortgages, title insurance, surveys and other matters.

(c) If any material assets of the type which constitute Collateral under the Security Documents are acquired by any Loan Party after the Closing Date (other than assets constituting Collateral under the Security Documents that become subject to the perfected Lien under the Security Documents upon acquisition thereof), notify the Agent thereof, and the Loan Parties will cause such assets to be subjected to a Lien securing the Obligations and will take such actions as shall be necessary or shall be reasonably requested by the Agent to grant and perfect such Liens, including actions described in paragraph (a) of this Section 6.16, all at the expense of the Loan Parties. In no event shall compliance with this Section 6.16(b) waive or be deemed a waiver or consent to any transaction giving rise to the need to comply with this Section 6.16(b) if such transaction was not otherwise expressly permitted by this Agreement or constitute or be deemed to constitute consent to the inclusion of any acquired assets in the computation of the Borrowing Base.

(d) Upon the reasonable request of the Agent, use commercially reasonable efforts to cause each of its customs brokers, freight forwarders, consolidators and/or carriers having possession of any ABL Priority Collateral of any material amount (average daily fair market value in excess of \$1,000,000) to deliver an agreement to the Agent covering such matters and in such form as the Agent may reasonably require.

6.17 Compliance with Terms of Leaseholds. Except as otherwise expressly permitted hereunder, and except where the failure to do so, either individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect (a) make all payments and otherwise perform all obligations in respect of all Leases to which any Loan Party or any of its Subsidiaries is a party, to the extent necessary to keep such Leases in full force and effect (b)

not allow such Leases to lapse or be terminated or any rights to renew such Leases to be forfeited or cancelled except in the ordinary course of business, consistent with past practices, (c) notify the Agent of any default by any party with respect to such Leases and cooperate with the Agent in all respects to cure any such default, and (d) cause each of its Subsidiaries to do the foregoing.

6.18 Material Contracts. Except, in any case, where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a Material Adverse Effect, perform and observe all the terms and provisions of each Material Contract to be performed or observed by it to the extent required to maintain each such Material Contract in full force and effect and enforce each such Material Contract in accordance with its terms.

ARTICLE VII NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied (except to the extent otherwise contemplated under Section 1.02(c)), or any Letter of Credit shall remain outstanding (except to the extent otherwise contemplated by Section 1.02(c)), Lead Borrower shall not, nor shall it permit any of its Restricted Subsidiaries to, directly or indirectly:

7.01 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, other than Permitted Encumbrances.

7.02 Investments. Make any Investments, except Permitted Investments.

7.03 Indebtedness.

Create, incur, assume, guarantee, suffer to exist or otherwise become or remain liable with respect to, any Indebtedness, except Permitted Indebtedness.

7.04 Fundamental Changes. Merge, dissolve, liquidate or consolidate with or into another Person, except that:

(a) any Subsidiary which is not a Loan Party may merge or consolidate with (i) a Loan Party, provided that the Loan Party shall be the continuing or surviving Person or the non-Loan Party surviving such merger shall execute such documentation as the Agent may reasonably request to confirm its assumption of the obligations of such Loan Party under the Loan Documents, or (ii) any one or more other Restricted Subsidiaries which are not Loan Parties, provided that when any Restricted Subsidiary is merging with another Subsidiary, the continuing or surviving Person shall be a Restricted Subsidiary;

(b) any Loan Party may merge into or consolidate with another Loan Party, provided that in any merger involving a Borrower, a Borrower shall be the continuing or surviving Person;

(c) in connection with a Permitted Acquisition, any Subsidiary of a Loan Party may merge with or into or consolidate with any other Person or permit any other Person to merge with or into or consolidate with it; provided that (i) the Person surviving such merger shall be a wholly-owned Subsidiary of a Loan Party and such Person shall become a Loan Party to the extent required in accordance with the provisions of Section 6.11 hereof, and (ii) in the case of any such merger to which any Loan Party is a party, such Loan Party is the surviving Person or the Person surviving such merger shall execute such documentation as the Agent may reasonably request to confirm its assumption of the obligations of such Loan Party under the Loan Documents;

(d) any Restricted Subsidiary may liquidate or dissolve into its parent entity to the extent the Lead Borrower reasonably determines that the continued existence of such Subsidiary is no longer in the best interests of the Lead Borrower and its Restricted Subsidiaries; and

(e) so long as no Default or Event of Default shall have occurred and be continuing prior to or immediately after giving effect thereto, in connection with a Permitted Disposition of a Restricted Subsidiary, such Subsidiary may merge or consolidate into any Person that is not a Subsidiary.

7.05 Dispositions. Make any Disposition, except Permitted Dispositions.

7.06 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except the following:

(a) each Restricted Subsidiary of a Loan Party may make Restricted Payments to the holder of its Equity Interests, provided that any such Restricted Payment to a Person that is not a Loan Party shall not exceed such Person's ratable share of the Restricted Payments so made;

(b) the Loan Parties and each Restricted Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other Equity Interests of such Person, other than Disqualified Stock;

(c) if and for so long as the Lead Borrower is a member of a group filing a consolidated or combined Tax return with any parent entity, Lead Borrower may pay to any parent entity amounts to fund any income Taxes for which such parent entity is liable up to an amount not to exceed the amount of any such Taxes that the Borrower and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis (provided that payments with respect to any Taxes attributable to any Unrestricted Subsidiary for any taxable period shall be limited to the amount actually paid with respect to such period by such Unrestricted Subsidiary to the Lead Borrower or its Restricted Subsidiaries for the purposes of paying such consolidated or combined income Taxes);

(d) the Lead Borrower or any Restricted Subsidiary may pay (or make Restricted Payments to allow any direct or indirect parent thereof to pay) for the repurchase, retirement or other acquisition or retirement for value of Equity Interests of it or any direct or indirect parent thereof held by any future, present or former employee, director, manager, officer or consultant (or any Affiliates, spouses, former spouses, other immediate family members, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) of the Lead Borrower (or any direct or indirect parent of the Lead Borrower) or any of its Subsidiaries pursuant to any employee, management, director or manager equity plan, employee, management, director or manager stock option plan or any other employee, management, director or manager benefit plan or any agreement (including any stock subscription or shareholder agreement) with any employee, director, manager, officer or consultant of the Lead Borrower or any Subsidiary; provided that such payments do not exceed \$2,000,000 in any calendar year, provided that any unused portion of the preceding basket for any calendar year may be carried forward to succeeding calendar years, so long as the aggregate amount of all Restricted Payments made pursuant to this Section 7.06(d) in any calendar year (after giving effect to such carry forward) shall not exceed \$5,000,000; provided further that cancellation of Indebtedness owing to the Lead Borrower (or any direct or indirect parent thereof) or any of its Subsidiaries from members of management of the Lead Borrower, any of the Lead Borrower's direct or indirect parent companies or any of the Lead Borrower's Restricted Subsidiaries in connection with a repurchase of Equity Interests of any of the Lead Borrower's direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of this Agreement;

(e) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Lead Borrower in exchange for, or out of the proceeds of the substantially concurrent issuance or sale (other than to a Restricted Subsidiary or to an employee stock ownership plan) of Equity Interests of the Lead Borrower (other than Disqualified Stock);

(f) repurchases of Equity Interests deemed to occur (i) upon exercise of stock options, stock appreciation rights or warrants if such Equity Interests represent a portion of the exercise price of such options, stock appreciation rights or warrants or (ii) for purposes of satisfying any required tax withholding obligation upon the exercise or vesting of a grant or award that was granted or awarded to an employee or director;

(g) the repurchase, redemption or other acquisition for value of Equity Interests of the Lead Borrower deemed to occur in connection with paying cash in lieu of fractional shares of such Equity Interests in connection with a share dividend, distribution, share split, reverse share split, merger, consolidation, amalgamation or other business combination of the Lead Borrower or its Subsidiaries, in each case, permitted under this Agreement;

(h) so long as clauses (a) and (b)(x)(i) of the Payment Conditions are satisfied, other Restricted Payments, in cash or in kind, not to exceed \$25,000,000 in the aggregate (minus any amounts used for prepayments of Permitted Indebtedness under Section 7.07(b)(y)); and

(i) if the Payment Conditions are satisfied, the Lead Borrower may make other Restricted Payments, including, without limitation, (i) the purchase, redemption or otherwise acquisition of Equity Interests issued by it and (ii) declaration of dividends to its stockholders in cash or in kind.

7.07 Prepayments of Indebtedness. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof, or, as applicable, the time of any otherwise applicable mandatory payment thereof in accordance with the terms thereof (including as a result of the Permitted Disposition of any collateral thereof) (it being understood that payments of regularly scheduled principal and interest and mandatory prepayments of principal and interest shall be permitted), in any manner any (1) Subordinated Indebtedness or any other Indebtedness secured by a Lien that is junior in priority to the Lien securing the Obligations or is unsecured, or (2) any Material Indebtedness (including, without limitation, the Term Loan Obligations), except (a) so long as no Change of Control would result therefrom, the conversion (or exchange) of any Indebtedness to, or the payment of any Indebtedness from the proceeds of the issuance of, Equity Interests, (b) voluntary prepayments, repurchases, redemptions or defeasances of Permitted Indebtedness in an amount equal to the sum of (x) \$10,000,000 per year so long as no Event of Default has occurred or would result therefrom, (y) any unused amounts under Section 7.06(h), and (z) in unlimited amounts provided the Payment Conditions are then satisfied, (c) payment or prepayment of Indebtedness owed to (x) the Lead Borrower or any Restricted Subsidiary that is a Loan Party or (y) any other Restricted Subsidiary so long as in the case of this clause (y) either (1) such payment or prepayment is of Indebtedness having a term not in excess of sixty (60) days, (2) such payment is made by a Restricted Subsidiary that is not a Loan Party or (3) after giving effect to such payment or prepayment, clauses (a) and (b)(x)(i) of the Payment Conditions will be satisfied, (d) prepayment of Permitted Indebtedness of the type set forth in clause (c) of the definition thereof, (e) prepayment of Permitted Indebtedness of the type set forth in clause (g) of the definition thereof, so long as such prepayment is made within ninety (90) days following the date of the consummation of the applicable Permitted Acquisition, and (f) Permitted Refinancings of any such Indebtedness; provided that any payments or prepayments of Subordinated Debt hereunder shall be made in accordance with the subordination terms applicable thereto.

7.08 Change in Nature of Business. Engage in any line of business substantially different from the business conducted by the Loan Parties and their Restricted Subsidiaries on the Closing Date or any business reasonably related, incidental, ancillary, or complementary to, or a reasonable extension, development or expansion of, the businesses conducted or proposed to be conducted by the Loan Parties and their Restricted Subsidiaries on the Closing Date.

7.09 Transactions with Affiliates. Enter into, renew, extend or be a party to any transaction of any kind with any Affiliate of any Loan Party, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Loan Parties or such Restricted Subsidiary as would be obtainable by the Loan Parties or such Restricted Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate, provided that the foregoing restriction shall not apply to

- (a) (i) transactions between or among the Loan Parties and (ii) transactions between or among Restricted Subsidiaries that are not Loan Parties,
- (b) transactions described in the Separation Agreements,
- (c) transactions described in the Lead Borrower's Form 10 under the Section titled "Certain Relationships and Related Party Transactions",
- (d) advances for commissions, travel and other similar purposes in the ordinary course of business to directors, officers and employees,
- (e) the payment of reasonable fees and out-of-pocket costs to directors, and compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of the Lead Borrower or any of its Restricted Subsidiaries,
- (f) the provision of ordinary course administrative services to the Subsidiaries that are not Loan Parties,
- (g) Restricted Payments otherwise permitted under this Agreement,
- (h) as long as no Change of Control results therefrom, any issuances of securities of the Lead Borrower (other than Disqualified Stock) or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans (in each case in respect of Equity Interests in the Lead Borrower) of the Lead Borrower or any of its Restricted Subsidiaries,
- (i) payments by Lead Borrower or any of its Loan Parties pursuant to tax sharing agreements among the Lead Borrower and any of its Subsidiaries that are Loan Parties on customary terms that require each party to make payments when such taxes are due or refunds received of amounts equal to the income tax liabilities and refunds generated by each such party calculated on a separate return basis and payments to the party generating tax benefits and credits of amounts equal to the value of such tax benefits and credits made available to the group by such party;
- (j) intercompany transactions undertaken in good faith (as determined by a Responsible Officer of the Lead Borrower in good faith) for the purpose of improving the consolidated tax efficiency of the Lead Borrower and its Subsidiaries and not for the purpose of circumventing any covenant set forth herein and not materially adverse to the interests of any Credit Party;

(k) payments to and from and transactions with any joint venture in the ordinary course of business; provided such joint venture is not controlled by an Affiliate (other than a Restricted Subsidiary) of the Lead Borrower;

(l) the existence of, or the performance by the Loan Parties or any Restricted Subsidiary of, the obligations under the terms of any agreement to which it is a party as of the Closing Date, as set forth on Schedule 7.09;

(m) (i) any transaction or series of related transactions involving one or more payments by the Lead Borrower or its Restricted Subsidiaries of less than \$1,000,000 in the aggregate; and (ii) additional transactions between or among Loan Parties and Restricted Subsidiaries that are not Loan Parties entered into in the ordinary course of business for cash management or operational purposes, so long as the aggregate value of all payments made, services provided, or other value given, by the Loan Parties to any Restricted Subsidiaries that are not Loan Parties is less than \$5,000,000 in the aggregate; and

(n) guarantees by the Loan Parties of operating leases of Restricted Subsidiaries in the ordinary course of business; and

(o) transactions (i) in which the Lead Borrower or any of its Subsidiaries, as the case may be, delivers to the Agent a letter from an independent financial advisor stating that such transaction is fair to the Parent or such Subsidiary from a financial point of view or (ii) approved by a majority of the Disinterested Directors of the board of directors of the Lead Borrower or such Subsidiary, as applicable.

7.10 Burdensome Agreements. Enter into or permit to exist any Contractual Obligation (other than this Agreement, any other Loan Document, the Material Contracts as in effect on the Closing Date, the Term Credit Agreement or any other Term Loan Document) that limits the ability (a) of any Restricted Subsidiary to make Restricted Payments or other distributions to any Loan Party or to otherwise transfer property to or invest in a Loan Party, (b) of any Restricted Subsidiary which is a wholly owned Domestic Subsidiary to Guarantee the Obligations in accordance with the terms hereof or (c) of the Loan Parties or any Restricted Subsidiary which is a wholly owned Domestic Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person in favor of the Agent, in each case, except for encumbrances and restrictions under Contractual Obligations existing under or by reason of (i) this Agreement, the Term Credit Agreement, the other Loan Documents, the other Term Loan Documents and the documents governing the Other Liabilities; (ii) any restrictions with respect to a Borrower or Restricted Subsidiary imposed pursuant to (A) an agreement that has been entered into in connection with the disposition of all or any portion of the equity interests or assets of such Borrower or Restricted Subsidiary or (B) contracts for the sale of assets that impose restrictions solely on the assets to be sold; (iii) the provisions contained in any Permitted Indebtedness (and in any refinancing of such indebtedness so long as no more restrictive than those contained in the respective Indebtedness so refinanced); (iv) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of any Borrower or a Restricted Subsidiary of any Borrower entered into in the ordinary course of business and customary provisions contained in other leases, sub-leases, licenses or sub-licenses and other agreements, in each case, entered into in the ordinary course of business; (v) customary provisions restricting assignment of any contract entered into by any Borrower or any Restricted Subsidiary of any Borrower in the ordinary course of business; (vi) any agreement or instrument of a Person acquired as permitted hereunder, which restriction is not applicable to any Person or the properties or assets of any Person, other than the Person or the properties or assets of the Person acquired pursuant to the respective acquisition and so long as the respective encumbrances or restrictions were not created (or made more restrictive) in connection with or in anticipation of the respective acquisition; (vii) customary provisions restricting the assignment of licensing agreements, management agreements or franchise agreements entered into by any Borrower or any of its Subsidiaries in the ordinary course of business;

(viii) restrictions on the transfer of assets securing purchase money obligations and capitalized lease obligations which are permitted hereunder; (ix) customary net worth provisions contained in real property leases entered into by Subsidiaries of any Borrower, so long as the Lead Borrower has determined in good faith that such net worth provisions could not reasonably be expected to impair the ability of the Borrowers and their Restricted Subsidiaries to meet their ongoing obligations, (x) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and (xi) customary provisions in joint venture agreements or arrangements and other similar agreements or arrangements relating solely to such joint venture.

7.11 Use of Proceeds. Use the proceeds of any Credit Extension, whether immediately, incidentally or ultimately, (a) to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund Indebtedness originally incurred for such purpose, (b) in violation of Sections 5.26, 10.17 or 10.18, or (c) for any purposes other than (i) the acquisition of working capital assets in the ordinary course of business, (ii) to finance Capital Expenditures of the Loan Parties, (iii) the refinancing of the Existing ABL Facility, and (iv) for general corporate purposes (including, for the avoidance of doubt, to finance Permitted Acquisitions), in each case to the extent permitted under Law and the Loan Documents.

7.12 Amendment of Organization Documents and Material Indebtedness.

Amend, modify or waive any of a Loan Party's rights under (a) its Organization Documents in a manner materially adverse to the Agent and the Lenders, or (b) any Material Indebtedness if such amendment, modification or waiver would be in violation of any intercreditor agreement among the Agent and the holder of such Material Indebtedness (including, without limitation, the Intercreditor Agreement).

7.13 Fiscal Year; Accounting Policies.

(a) Change the Fiscal Year of any Loan Party, except as required by GAAP or to coincide with the calendar year; provided, however, that the Lead Borrower may, upon written notice to the Agent, change its Fiscal Year to any other fiscal year reasonably acceptable to the Agent, in which case the Lead Borrower and the Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary to reflect such change in Fiscal Year.

(b) Change the accounting policies or reporting practices of the Loan Parties relating to calculation of the Borrowing Base except upon thirty (30) days prior notice to the Agent, upon which Agent may impose Reserves relating thereto as determined in its Permitted Discretion.

7.14 Financial Covenant.

Consolidated Fixed Charge Coverage Ratio. During the continuance of a Covenant Compliance Event, permit the Consolidated Fixed Charge Coverage Ratio, calculated on a trailing twelve month basis, to be less than 1.0:1.0, commencing with the month ending immediately preceding the date on which a Covenant Compliance Event first occurred.

**ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES**

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrowers or any other Loan Party fails to pay (i) when and as required to be paid, any amount of principal of, any Loan or any L/C Obligation, or deposit any funds as Cash Collateral in respect of L/C Obligations, or (ii) within three (3) days after the same is due, any amount of interest due on any Loan or any L/C Obligation, or any fee due hereunder, or any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. (i) Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Sections 6.01 (other than clauses (a) and (b) thereof), 6.02(b), 6.03(a), 6.05, 6.07 (with respect to property of the type included in the Borrowing Base), 6.10, or 6.12 or Article VII; or

(c) Other Defaults. Any Loan Party fails to perform or observe (i) any term, covenant or agreement contained in any of Sections 6.03(b), (j) or (k) and such failure continues for fifteen (15) days; or (ii) any other covenant or agreement (not specified in subsection (a), (b) or (c)(i) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days; or

(d) Representations and Warranties. Any representation, warranty, or certification made or deemed made by or on behalf of any Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith (including, without limitation, any Borrowing Base Certificate) or in completing any request for a borrowing under the Portal (as and to the extent such representations and warranties or other certifications made under the Portal are required to be made in accordance with Sections 4.01 and 4.02 of this Agreement), shall be incorrect in any material respect when made or deemed made (or, in the case of any representation and warranty qualified by materiality, in any respect when made or deemed made); or

(e) Cross-Default. Any Loan Party (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Material Indebtedness, or (B) fails to observe or perform any other agreement or condition relating to any such Material Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Material Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), become payable or cash collateral in respect thereof to be demanded prior to its stated maturity; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any Restricted Subsidiary thereof (except to the extent the aggregate assets or revenue of all Restricted Subsidiaries who are not Loan Parties subject to such an event is not in excess of 5% of all of the Lead Borrower's consolidated total revenue or consolidated total assets) institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or a proceeding shall be commenced or a petition filed, without the application or consent of such Person, seeking or requesting the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed and the appointment continues undischarged, undismissed or unstayed for 60 calendar days or an order or decree approving or ordering any of the foregoing shall be entered; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Judgments. There is entered against any Loan Party or any Restricted Subsidiary thereof (except to the extent the aggregate assets or revenue of all Restricted Subsidiaries who are not Loan Parties subject to such an event is not in excess of 5% of all of the Lead Borrower's consolidated total revenue or consolidated total assets) one or more judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding \$35,000,000 (to the extent not covered by independent third-party insurance as to which the insurer is rated at least "A" by A.M. Best Company, has been notified of the potential claim and does not dispute coverage), and (i) enforcement proceedings are commenced by any creditor upon such judgment or order, or (ii) there is a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, is not in effect; or

(h) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which would reasonably be expected to result in a Material Adverse Effect, or (ii) a Loan Party or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan which would reasonably be expected to result in a Material Adverse Effect; or

(i) [Reserved];

(j) Invalidity of Loan Documents. (i) Any material provision of any Loan Document, at any time after its execution and delivery and for any reason, ceases to be in full force and effect; or any Loan Party or any Affiliate contests in any manner the validity or enforceability of any material provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any material provision of any Loan Document, or purports to revoke, terminate or rescind any material provision of any Loan Document or seeks to avoid, limit or otherwise adversely affect any Lien purported to be created under any Security Document; or (ii) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by any Loan Party or any other Person not to be, a valid and perfected Lien on any portion of the Collateral with an aggregate fair market value exceeding \$15,000,000, with the priority required by the applicable Security Document; or

(k) Change of Control. There occurs any Change of Control; or

(l) [Reserved]; or

(m) Material Contracts. Any Material Contract is terminated prior to its stated term if such termination would reasonably be expected to result in a Material Adverse Effect; or

(n) Guaranty. The termination or attempted termination by any Loan Party of any guaranty set forth in the Guaranty and Security Agreement or any Joinder Agreement except as expressly permitted hereunder or under any other Loan Document.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Agent may, or, at the request of the Required Lenders shall, take any or all of the following actions:

(a) declare the Commitments of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such Commitments and obligations shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Loan Parties;

(c) require that the Loan Parties Cash Collateralize the L/C Obligations; and

(d) whether or not the maturity of the Obligations shall have been accelerated pursuant hereto, proceed to protect, enforce and exercise all rights and remedies of the Agent under this Agreement, any of the other Loan Documents or Law, including, but not limited to, by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement and the other Loan Documents or any instrument pursuant to which the Obligations are evidenced, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Agent;

provided, however, that upon the occurrence of any Default or Event of Default with respect to any Loan Party thereof under Section 8.01(f), the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans, all interest accrued thereon and all other Obligations shall automatically become due and payable, and the obligation of the Loan Parties to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Agent or any Lender.

No remedy herein is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of Law.

Each of the Lenders agrees that it shall not, unless specifically requested to do so in writing by Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings to enforce any Loan Document against any Loan Party or to foreclose any Lien on, or otherwise enforce any security interest in, or other rights to, any of the Collateral.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Obligations have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received from or on account of the Loan Parties (including, without limitation, any Collateral furnished by any of them) on account of the Obligations shall, subject to the provisions of Section 2.16, be applied by the Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, Credit Party Expenses and other amounts (including fees, charges and disbursements of counsel to the Agent and amounts payable under Article III) payable to the Agent;

Second, to payment of that portion of the Obligations constituting indemnities (including indemnities due under Section 10.03 hereof), Credit Party Expenses, and other amounts payable to the Lenders and the L/C Issuer (including Credit Party Expenses to the respective Lenders and the L/C Issuer and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to the extent not previously reimbursed by the Lenders, to payment to the Agent of that portion of the Obligations constituting principal and accrued and unpaid interest on any Permitted Overadvances made to or for the benefit of the Loan Parties;

Fourth, to the extent that Swing Line Loans have not been refinanced by a Committed Loan, payment to the Swing Line Lender of that portion of the Obligations constituting principal and accrued and unpaid interest on the Swing Line Loans;

Fifth, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Committed Loans, L/C Obligations and other Obligations, and fees (including Letter of Credit Fees), ratably among the Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Fifth payable to them;

Sixth, to payment of that portion of the Obligations constituting unpaid principal of the Committed Loans and L/C Obligations, ratably among the Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Sixth held by them;

Seventh, to the Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit;

Eighth, to payment of all other Obligations (including without limitation the cash collateralization of unliquidated indemnification obligations, but excluding any Other Liabilities), ratably among the Credit Parties in proportion to the respective amounts described in this clause Eighth held by them;

Ninth, to payment of that portion of the Other Liabilities arising from Cash Management Services, ratably among the Credit Parties in proportion to the respective amounts described in this clause Ninth held by them;

Tenth, to payment of all Other Liabilities arising from Bank Products, ratably among the Credit Parties in proportion to the respective amounts described in this clause Tenth held by them;

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Loan Parties or as otherwise required by Law.

Subject to Section 2.03(k), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Seventh above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE IX THE AGENT

9.01 Appointment and Authority.

Each of the Lenders (in its capacity as a Lender), the Swing Line Lender and the L/C Issuer hereby irrevocably appoints Wells Fargo to act on its behalf as the administrative agent and collateral agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof (including, without limitation, acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations), together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Agent and the other Credit Parties, and no Loan Party or any Subsidiary thereof shall have rights as a third party beneficiary of any of such provisions (other than Sections 9.07 and 9.11). It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market

custom, and is intended to create or reflect only an administrative relationship between contracting parties.

9.02 [Reserved].

9.03 Rights as a Lender. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Loan Parties or any Subsidiary or other Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Lenders.

9.04 Exculpatory Provisions. The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Applicable Lenders, provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Loan Parties or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Applicable Lenders (as the Agent shall believe in good faith shall be necessary under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a final and non-appealable judgment of a court of competent jurisdiction.

The Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Agent by a Loan Party, a Lender or the L/C Issuer. In the event that the Agent obtains such actual knowledge or receives such a notice, the Agent shall give prompt notice thereof to the L/C Issuer and the Lenders. Upon the occurrence of a Default or an Event of Default, the Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Applicable Lenders. Unless and until the Agent shall have received such direction, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to any such Default or Event of Default as it shall deem advisable in the best interest of the Credit Parties. In no event shall the Agent be required to comply with any such

directions to the extent that the Agent believes that its compliance with such directions would be unlawful.

The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

9.05 Reliance by Agent.

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including, but not limited to, any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally, electronically or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer unless the Agent shall have received written notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Agent may consult with legal counsel (who may be counsel for any Loan Party), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.06 Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agent. The Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

9.07 Resignation of Agent. The Agent may at any time give written notice of its resignation to the Lenders, the L/C Issuer and the Lead Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Lead Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders and the L/C Issuer, appoint a successor Agent meeting the qualifications set forth above; provided that if the Agent shall notify the Lead Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall

nonetheless become effective in accordance with such notice and (1) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by the Agent on behalf of the Lenders or the L/C Issuer under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Lead Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent hereunder.

9.08 Non-Reliance on Agent and Other Lenders. Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. Except as provided in Section 9.12, the Agent shall not have any duty or responsibility to provide any Credit Party with any other credit or other information concerning the affairs, financial condition or business of any Loan Party that may come into the possession of the Agent.

9.09 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers, Syndication Agent or Documentation Agent listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity as the Agent, a Lender or the L/C Issuer hereunder.

9.10 Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on the Loan Parties) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer, the Agent and the other Credit Parties (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer, the Agent, such Credit Parties and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer the Agent and such Credit Parties under Sections 2.03(i), 2.03(j), 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C Issuer to make such payments to the Agent and to pay to the Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agent and its agents and counsel, and any other amounts due the Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Agent to authorize or consent to or accept or adopt on behalf of any Credit Party any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Credit Party or to authorize the Agent to vote in respect of the claim of any Credit Party in any such proceeding.

9.11 Collateral and Guaranty Matters. The Credit Parties irrevocably authorize the Agent,

(a) to release any Lien on any property granted to or held by the Agent under any Loan Document (i) upon termination of the Aggregate Commitments and payment in full of all Obligations in accordance with Section 1.02(c), and/or the expiration, termination or Cash Collateralization of all Letters of Credit (or other arrangements acceptable to the L/C Issuer), (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of (to a Person that is not a Loan Party) as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, or (iii) if approved, authorized or ratified in writing by the Applicable Lenders in accordance with Section 10.01;

(b) to subordinate, make senior or make pari passu any Lien on any Term Priority Collateral granted to or held by the Agent under any Loan Document to or with the Lien of any other Person on such property, as contemplated by clauses (q) or (r) of the definition of Permitted Encumbrances and to enter into the applicable Intercreditor Agreement and other intercreditor arrangements contemplated under clause (r) of the definition of Permitted Encumbrances or otherwise under this Agreement; and

(c) to release any Guarantor from its obligations under the Loan Documents if such Person ceases to be a Restricted Subsidiary, becomes an Unrestricted Subsidiary as a result of a transaction permitted hereunder or to release any Loan Party from its obligations under the Loan Documents in the event that such Loan Party shall dispose of all or substantially all of its assets and shall cease to own any Collateral in a transaction permitted hereunder.

Upon request by the Agent at any time, the Applicable Lenders will confirm in writing the Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty and Security Agreement pursuant to this Section 9.11 and its authority to give the releases set forth in Section 10.21. The Agent agrees upon the request of the Lead Borrower and at the Borrowers' expense to negotiate in good faith and enter into any Intercreditor Agreement or customary intercreditor agreement permitted under this Agreement in connection with the incurrence by the Lead Borrower or any Restricted Subsidiary of the applicable secured Indebtedness.

Notwithstanding anything to the contrary herein, the provisions of this Section 9.11 shall be in addition to, and not a limitation upon, the provisions of Section 10.21.

9.12 Notice of Transfer.

The Agent may deem and treat a Lender party to this Agreement as the owner of such Lender's portion of the Obligations for all purposes, unless and until, and except to the extent, an Assignment and Acceptance shall have become effective as set forth in Section 10.06.

9.13 Reports and Financial Statements.

By signing this Agreement, each Lender:

(a) agrees to furnish the Agent after the occurrence and during the continuance of a Cash Dominion Event (and thereafter at such frequency as the Agent may reasonably request) with a summary of all Other Liabilities due or to become due to such Lender upon Agent's request. In connection with any distributions to be made hereunder, the Agent shall be entitled to assume that no amounts are due to any Lender on account of Other Liabilities unless the Agent has received written notice thereof from such Lender and if such notice is received, the Agent shall be entitled to assume that the only amounts due to such Lender on account of Other Liabilities is the amount set forth in such notice;

(b) is deemed to have requested that the Agent furnish, and the Agent agrees to furnish, such Lender, promptly after they become available, copies of all Borrowing Base Certificates and financial statements required to be delivered by the Borrowers hereunder;

(c) is deemed to have requested that the Agent furnish, and the Agent agrees to furnish, such Lender, promptly after they become available, copies of all commercial finance examinations and appraisals of the Collateral received by the Agent (collectively, the "Reports");

(d) expressly agrees and acknowledges that the Agent makes no representation or warranty as to the accuracy of the Borrowing Base Certificates, financial statements or Reports, and shall not be liable for any information contained in any Borrowing Base Certificate, financial statement or Report;

(e) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that the Agent or any other party performing any audit or examination will inspect only specific information regarding the Loan Parties and will rely significantly upon the Loan Parties' books and records, as well as on representations of the Loan Parties' personnel;

(f) agrees to keep all Borrowing Base Certificates, financial statements and Reports confidential in accordance with the provisions of Section 10.07 hereof; and

(g) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold the Agent and any such other Person preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any Credit Extensions that the indemnifying Lender has made or may make to the Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a Loan or Loans; and (ii) to pay and protect, and indemnify, defend, and hold the Agent and any such other Person preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including attorney costs) incurred by the Agent and any such other Person preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

9.14 Agency for Perfection.

Each Credit Party hereby appoints each other Credit Party as agent for the purpose of perfecting Liens for the benefit of the Credit Parties, in assets which, in accordance with Article 9 of the UCC or any other applicable Law can be perfected only by possession or control. Should any Credit Party (other than the Agent) obtain possession or control of any such Collateral, such Credit Party shall notify the Agent thereof, and, promptly upon the Agent's request therefor shall deliver such Collateral to the Agent or otherwise deal with such Collateral in accordance with the Agent's instructions.

9.15 Indemnification of Agent. Without limiting the obligations of Loan Parties hereunder, to the extent that the Loan Parties for any reason fails to indefeasibly pay any amount required under Section 10.04 to be paid by them to the Agent (or any sub-agent thereof), the Lenders shall indemnify the Agent, any sub-agent thereof, the L/C Issuer and any Related Party, as the case may be ratably according to their Applicable Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent, any sub-agent thereof, the L/C Issuer and their Related Parties in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted to be taken by the Agent, any sub-agent thereof, the L/C Issuer and their Related Parties in connection therewith; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's, any sub-agent's, the L/C Issuer's and their Related Parties' gross negligence or willful misconduct as determined by a final and nonappealable judgment of a court of competent jurisdiction.

9.16 Relation among Lenders. The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Agent) authorized to act for, any other Lender.

ARTICLE X MISCELLANEOUS

10.01 Amendments, Etc.

(a) No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders or by the Agent (with the consent of the Required Lenders) and the Borrowers or the applicable Loan Party, as the case may be, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(i) increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(ii) as to any Lender, postpone any date fixed by this Agreement or any other Loan Document for (i) any scheduled payment (including on the Maturity Date) of principal, interest, fees or other amounts due hereunder or under any of the other Loan Documents without the written consent of such Lender, or (ii) any scheduled or mandatory reduction or termination of the Aggregate Commitments hereunder or under any other Loan Document, without the written consent of such Lender;

(iii) as to any Lender, reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Obligation held by such Lender, or (subject to clause (iv) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document to or for the account of such Lender, without the written consent of such Lender; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of “Default Rate” or to waive any obligation of the Borrowers to pay interest or Letter of Credit Fees at the Default Rate;

(iv) as to any Lender, change Section 2.13 or Section 8.03 in a manner that would alter the priorities set forth therein or the pro rata sharing of payments required thereby without the written consent of such Lender;

(v) change any provision of this Section 10.01 or the definition of “Required Lenders”, or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(vi) except as expressly permitted hereunder or under any other Loan Document, release or limit the liability of any Borrower, or release all or substantially all of the value of the Guarantees of the Obligations by the Guarantors without the written consent of each Lender;

(vii) except for Permitted Dispositions or as provided in Section 9.10, release all or substantially all of the Collateral from the Liens of the Security Documents without the written consent of each Lender;

(viii) change the definition of the term “Borrowing Base” or any component definition thereof if, as a result thereof, the amounts available to be borrowed by the Borrowers would be increased without the written consent of each Lender, *provided that* the foregoing shall not limit the discretion of the Agent to change, establish or eliminate any Reserves;

(ix) modify the definition of Permitted Overadvance so as to increase the amount thereof or, except as otherwise provided in such definition, the time period for which a Permitted Overadvance may remain outstanding without the written consent of each Lender; and

(x) except as expressly permitted herein or in any other Loan Document, subordinate the Obligations to any other Indebtedness, without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above, affect the rights or duties of any Agent under this Agreement or any other Loan Document; and (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no

Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

(b) Notwithstanding anything to the contrary in this Agreement or any other Loan Document, (x) no provider or holder of any Bank Products or Cash Management Services shall have any voting or approval rights hereunder (or be deemed a Lender) solely by virtue of its status as the provider or holder of such agreements or products or the Other Liabilities owing thereunder, nor shall the consent of any such provider or holder be required (other than in their capacities as Lenders, to the extent applicable) for any matter hereunder or under any of the other Loan Documents, including as to any matter relating to the Collateral or the release of Collateral or any Loan Party, and (y) any Loan Document may be amended and waived with the consent of the Agent at the request of the Borrowers without the need to obtain the consent of any other Lender if such amendment or waiver is delivered in order (i) to comply with local Law or advice of local counsel, (ii) to cure ambiguities or defects, or (iii) to cause any Loan Document to be consistent with this Agreement and the other Loan Documents.

(c) If any Lender does not consent (a “Non-Consenting Lender”) to a proposed amendment, waiver, consent or release with respect to any Loan Document that requires the consent of each Lender or each affected Lender, as applicable, and that has been approved by the Required Lenders, the Borrowers may replace such Non-Consenting Lender in accordance with Section 10.13; provided that such amendment, waiver, consent or release can be effected as a result of the assignment contemplated by such Section (together with all other such assignments required by the Borrowers to be made pursuant to this paragraph).

(d) Notwithstanding and in addition to the foregoing, the Agent may, with the consent of Borrowers only, amend, modify or supplement any Loan Document to cure any ambiguity, omission, defect or inconsistency therein, so long as such amendment, modification or supplement does not adversely affect the rights of any Credit Party.

10.02 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given electronically (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier or electronic mail as follows, and all notices and other communications expressly permitted hereunder to be given electronically shall be made to the applicable electronic mail address, as follows:

(i) if to a Loan Party, the Agent, the L/C Issuer or the Swing Line Lender, to the address, telecopier number or electronic mail address specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, telecopier number or electronic mail address specified in its Administrative Questionnaire.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications

sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable, has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. Each of the Agent and the Borrowers may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Loan Party, any Lender, the L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Loan Parties' or the Agent's transmission of Borrower Materials through the Internet.

(d) Change of Address, Etc. Each of the Loan Parties, the Agent, the L/C Issuer and the Swing Line Lender may change its address, telecopier or electronic mail address for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or electronic mail address for notices and other communications hereunder by notice to the Borrowers, the Agent, the L/C Issuer and the Swing Line Lender. In addition, each Lender agrees to notify the Agent from time to time to ensure that the Agent has on record (i) an effective address, contact name, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in

order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrowers or their securities for purposes of the Securities Laws.

(e) Reliance by Agent, L/C Issuer and Lenders. The Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including, without limitation, all Requests for Credit Extensions) purportedly given by or on behalf of the Loan Parties even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Loan Parties (including, without limitation, pursuant to any Requests for Credit Extensions). All electronic notices to and other electronic and telephonic communications with the Agent may be recorded by the Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies. No failure by any Credit Party to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein and in the other Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether any Credit Party may have had notice or knowledge of such Default or Event of Default at the time.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at Law in connection with such enforcement shall be instituted and maintained exclusively by, the Agent in accordance with Section 8.02 for the benefit of all the Lenders and the L/C Issuer; provided, however, that the foregoing shall not prohibit (a) the Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Agent) hereunder and under the other Loan Documents, (b) the L/C Issuer or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, or (c) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.13); and provided, further, that if at any time there is no Person acting as Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b) and (c) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay all Credit Party Expenses.

(b) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Agent (and any sub-agent thereof), the L/C Issuer, the Lenders, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, causes of action, damages, liabilities, settlement payments, costs, and related expenses (including the reasonable fees, charges and out-of-pocket disbursements of one counsel for all Indemnitees, one specialty counsel and one local counsel in each relevant jurisdiction (which may include a single counsel acting in multiple jurisdictions) for all indemnified persons (and, in the case of an actual or perceived conflict of interest, where the Indemnitee affected by such conflict informs the Lead Borrower of such conflict and thereafter retains its own counsel, of another firm of counsel for such affected Indemnitee)), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit or the actions of any other Person seeking to enforce the rights of a Borrower, beneficiary, transferee, or assignee of Letter of Credit proceeds), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Loan Party or any of its Subsidiaries, or any Environmental Liability related in any way to any Loan Party or any of its Subsidiaries, (iv) any claims of, or amounts paid by any Indemnitee to, a Blocked Account Bank or other Person in connection with or arising under a control agreement entered into in connection with this Agreement with any Indemnitee hereunder, or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower or any other Loan Party or any of the Loan Parties' directors, shareholders or creditors, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from (1) the gross negligence, bad faith, or willful misconduct of such Indemnitee or any of its Related Persons, (2) disputes solely among Indemnitees (other than any claims against an Indemnitee in its capacity or in fulfilling its role as an agent or arranger or any similar role hereunder or under any Loan Document and other than any claims arising from an act or omission of a Loan Party) or (3) a claim brought by the Lead Borrower or any other Loan Party against an Indemnitee for a material intentional breach of such Indemnitee's (or its Related Persons') obligations hereunder. Without limiting the provisions of Section 3.01(c), this Section 10.4(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Law, the Loan Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof.

(d) Payments. All amounts due under this Section shall be payable on demand therefor.

(e) Limitation of Liability. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated

hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(f) Survival. The agreements in this Section and the indemnity provisions of Section 10.02(e) shall survive the resignation of any Agent, the L/C Issuer or the Swing Line Lender, the assignment of any Commitment or Loan by any Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of the Loan Parties is made to any Credit Party, or any Credit Party exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Credit Party in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the L/C Issuer severally agrees to pay to the Agent upon demand its Applicable Percentage (without duplication) of any amount so recovered from or repaid by the Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuer under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder or under any other Loan Document without the prior written consent of the Agent and each Lender (unless otherwise permitted pursuant to this Agreement), and, subject to Section 10.07, no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of Section 10.06(b), (ii) by way of participation in accordance with the provisions of subsection Section 10.06(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.06(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Credit Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment(s) and the Loans (including for purposes of this Section 10.06(b)), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an

assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans and participations in the L/C Obligations and Swing Line Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrowers otherwise consent (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrowers (such consent not to be unreasonably withheld or delayed) shall be required unless (1) a Default or Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund with respect to such Lender; provided that, to the extent the consent of the Borrowers is required, it shall be reasonable for the Borrowers to withhold consent based on the nature of the proposed assignee's business; and provided further that, to the extent the consent of the Borrowers is required, the Borrowers shall be deemed to have consented to such assignment if the Borrowers have been given ten (10) Business Days' prior notice of such assignment and have not objected to such assignment within such period; and

(B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Commitment if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, provided, however, that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it shall not be a Lender, shall deliver to the Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the Loan Parties or any of the Loan Parties' Subsidiaries or Affiliates (including any Permitted Holder), (B) to any Defaulting Lender or any of its Subsidiaries or

Affiliates, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural Person.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or sub-participations, or other compensating actions, including funding, with the consent of the Borrowers and the Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Agent, the L/C Issuer or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrowers (at their expense) shall execute and deliver Notes to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.06(d).

(c) Register. The Agent, acting solely for this purpose as an agent of the Borrowers (and such agency being solely for tax purposes), shall maintain at the Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Loan Parties, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. (i) Any Lender may at any time, without the consent of, or notice to, the Loan Parties or the Agent, sell participations to any Person (other than a Defaulting Lender, a natural person or the Loan Parties or any of the Loan Parties' Affiliates or Subsidiaries (including any Permitted Holder)) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Loan Parties, the Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any Participant shall agree in writing to comply with all confidentiality obligations set forth in Section 10.07 as if such Participant was a Lender hereunder.

(i) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clauses (i) through (iv) of the first proviso to Section 10.01 that affects such Participant. Subject to subsection (e) of this Section, the Loan Parties agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.06(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other Obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other Obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations (or any amended or successor version). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrowers' prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrowers are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Loan Parties, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Resignation as L/C Issuer or Swing Line Lender after Assignment or Resignation. Any resignation or assignment by Wells Fargo as Agent under this Agreement shall also constitute its resignation as L/C Issuer and Swing Line Lender. Upon the appointment by the Lead Borrower of a successor L/C Issuer or Swing Line Lender hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as applicable, (b) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements reasonably satisfactory to Wells Fargo to effectively assume the obligations of Wells Fargo with respect to such Letters of Credit.

10.07 Treatment of Certain Information; Confidentiality. Each of the Credit Parties agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates, Approved Funds, and to its and its Affiliates' and Approved Funds' respective partners, directors, officers, employees, agents, funding sources, attorneys, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Laws or regulations or by any subpoena or similar legal process; provided that any Person that discloses any Information pursuant to this clause (c) shall notify the Borrowers in advance of such disclosure (if permitted by Law) or shall provide the Borrowers with prompt written notice of such disclosure, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement (including any electronic agreement contained in any Platform) containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any Swap Contract relating to any Loan Party and its obligations, (g) with the consent of the Borrowers or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to any Credit Party or any of their respective Affiliates on a non-confidential basis from a source other than the Loan Parties not known by such source to be in breach of any duty of confidentiality with respect to such Information.

For purposes of this Section, "Information" means all information received from the Loan Parties or any Subsidiary thereof relating to this Agreement, the Transactions, the Loans and Commitments hereunder, Loan Parties or any Subsidiary thereof or their respective businesses, other than any such information that is available to any Credit Party on a non-confidential basis prior to disclosure by the Loan Parties or any Subsidiary thereof. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Credit Parties acknowledges that (a) the Information may include material non-public information concerning the Loan Parties or a Subsidiary, as the case may be, (b) it has developed

compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with Law, including Federal and state securities Laws.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing or if any Lender shall have been served with a trustee process or similar attachment relating to property of a Loan Party, each Lender, the L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Agent or the Required Lenders, to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) or other property at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of the Borrowers or any other Loan Party against any and all of the Obligations now or hereafter existing under this Agreement or any other Loan Document to such Lender or the L/C Issuer, regardless of the adequacy of the Collateral, and irrespective of whether or not such Lender or the L/C Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrowers or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or the L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Agent for further application in accordance with the provisions of Section 2.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agent and the other Credit Parties, and (y) the Defaulting Lender shall provide promptly to the Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuer or their respective Affiliates may have. Each Lender and the L/C Issuer agrees to notify the Borrowers and the Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Law (the "Maximum Rate"). If the Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans and other Obligations (other than Other Liabilities not then due and owing) or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by the Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, pdf or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

10.11 Survival. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Credit Parties, regardless of any investigation made by any Credit Party or on their behalf and notwithstanding that any Credit Party may have had notice or knowledge of any Default or Event of Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding. Further, the provisions of Sections 3.01, 3.04, 3.05 and 10.04 and Article IX shall survive and remain in full force and effect regardless of the repayment of the Obligations, the expiration of the Letters of Credit or the termination of the Commitments or the termination of this Agreement or any provision hereof. In connection with the termination of this Agreement and the release and termination of the security interests in the Collateral, the Agent may require such indemnities and collateral security as they shall reasonably deem necessary or appropriate to protect the Credit Parties against (x) loss on account of credits previously applied to the Obligations that may subsequently be reversed or revoked, (y) any obligations that may thereafter arise with respect to the Other Liabilities and (z) any Obligations that may thereafter arise under Section 10.04.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Agent, the L/C Issuer or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

10.13 Replacement of Lenders. If the Borrowers are entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender (if permitted by Law) and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06; provided that the consent of the assigned Lender shall not be required in connection with any such assignment and delegation), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrowers shall have paid to the Agent the assignment fee specified in Section 10.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with Laws; and

(e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

10.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE AGENT, ANY LENDER, THE L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY CREDIT PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY PARTY OR ANY LOAN PARTY'S PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN **SECTION 10.02**. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

10.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, the Loan Parties each acknowledge and agree that: (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Loan Parties, on the one hand, and the Credit Parties, on the other hand, and each of the Loan Parties is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each Credit Party is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Loan Parties or any of their respective Affiliates, stockholders, creditors or employees or any other Person; (iii) none of the Credit Parties has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Loan Parties with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether any of the Credit Parties has advised or is currently advising any Loan Party or any of its Affiliates on other matters) and none of the Credit Parties has any obligation to any Loan Party or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Credit Parties and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their respective Affiliates, and none of the Credit Parties has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Credit Parties have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each of the Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of the Loan Parties hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against each of the Credit Parties with respect to any breach or alleged breach of agency or fiduciary duty.

10.17 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each Loan

Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Agent, as applicable, to identify each Loan Party in accordance with the Act. Each Loan Party is in compliance, in all material respects, with the Act. No part of the proceeds of the Loans will be used by the Loan Parties, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended. The Loan Parties shall, promptly following a request by the Agent or any Lender, provide all documentation and other information that the Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

10.18 Foreign Asset Control Regulations. Neither of the advance of the Loans nor the use of the proceeds of any thereof will violate the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended) (the “Trading With the Enemy Act”) or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) (the “Foreign Assets Control Regulations”) or any enabling legislation or executive order relating thereto (which for the avoidance of doubt shall include, but shall not be limited to (a) Executive Order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the “Executive Order”) and (b) the Act. Furthermore, none of the Borrowers or their Affiliates (a) is or will become a “blocked person” as described in the Executive Order, the Trading With the Enemy Act or the Foreign Assets Control Regulations or (b) engages or will engage in any dealings or transactions, or be otherwise associated, with any such “blocked person” or in any manner violative of any such order.

10.19 Time of the Essence. Time is of the essence of the Loan Documents.

10.20 Press Releases.

(a) Each Credit Party executing this Agreement agrees that neither it nor its Affiliates will in the future issue any press releases or other public disclosure using the name of the Agent or its Affiliates or referring to this Agreement or the other Loan Documents without at least two (2) Business Days’ prior notice to the Agent and without the prior written consent of the Agent unless (and only to the extent that) such Credit Party or Affiliate is required to do so under Law and then, in any event, such Credit Party or Affiliate will consult with the Agent before issuing such press release or other public disclosure.

(b) Each Loan Party consents to the publication by the Agent, any Lender or their respective representatives of advertising material, including any “tombstone,” press release or comparable advertising, on its website or in other marketing materials of Agent, relating to the financing transactions contemplated by this Agreement using any Loan Party’s name, product photographs, logo, trademark or other insignia. The Agent or such Lender shall provide a draft reasonably in advance of any advertising material, “tomb stone” or press release to the Lead Borrower for review and comment prior to the publication thereof. The Agent reserves the right to provide to industry trade organizations and loan syndication and pricing reporting services information necessary and customary for inclusion in league table measurements.

10.21 Releases.

(a) Any Lien on any property granted to or held by the Agent under any Loan Document shall terminate upon termination of the Aggregate Commitments and payment in full of all Obligations in accordance with Section 1.02(c) of this Agreement. At the request and sole expense of any Loan Party

following any such termination, the Agent shall deliver to such Loan Party any Collateral held by the Agent under any Loan Document, and execute and deliver to such Loan Party such terminations or other documents as such Loan Party shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Loan Party to a Person that is not a Loan Party in a transaction permitted by this Agreement (including any such transaction approved, authorized or ratified in writing by the Applicable Lenders in accordance with Section 10.01), then such Collateral shall be automatically released from the Liens created by the Loan Documents without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert automatically to such Loan Party or its transferee, as the case may be, and the Agent, at the request and sole expense of such Loan Party, shall execute and deliver to such Loan Party all releases or other documents reasonably necessary or desirable to evidence the release of the Liens created by the Loan Documents on such Collateral. At the request and sole expense of the Borrowers, the Agent shall release any Loan Party from its obligations under the Loan Documents, including the Guaranty and Security Agreement, and shall execute and deliver to the Loan Parties all releases or other documentation reasonably necessary or desirable to evidence any release permitted hereunder, in the event that all the equity interests of such Loan Party shall be sold, transferred or otherwise disposed of to a Person that is not a Loan Party, or such Loan Party shall otherwise cease to be a Subsidiary or shall be designated an Unrestricted Subsidiary, in a transaction permitted by this Agreement.

Notwithstanding anything to the contrary herein, the provisions of this Section 10.21 shall be in addition to, and not a limitation upon, the provisions of Section 9.11.

10.22 No Strict Construction.

The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

10.23 Attachments.

The exhibits, schedules and annexes attached to this Agreement are incorporated herein (including, to the extent incorporated herein, the Perfection Certificate) and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail.

10.24 Electronic Execution of Assignments and Certain Other Documents.

The words "execute," "execution," "signed," "signature," and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

10.25 Intercreditor Agreement.

The Loan Parties, the Agent, the Lenders and the other Credit Parties agree and acknowledge that the exercise of certain of the Agent's rights and remedies hereunder shall be subject to, and restricted by, the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of this Agreement and the Intercreditor Agreement, the terms of the Intercreditor Agreement shall govern and control.

10.26 Additional Waivers.

(a) The Obligations are the joint and several obligation of each Loan Party. To the fullest extent permitted by Applicable Law, the obligations of each Loan Party shall not be affected by (i) the failure of any Credit Party to assert any claim or demand or to enforce or exercise any right or remedy against any other Loan Party under the provisions of this Agreement, any other Loan Document or otherwise, (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, this Agreement or any other Loan Document, or (iii) the failure to perfect any security interest in, or the release of, any of the Collateral or other security held by or on behalf of the Agent or any other Credit Party.

(b) The obligations of each Loan Party shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations after the termination of the Commitments), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Obligations or otherwise (other than the payment in full in cash of the Obligations after the termination of the Commitments). Without limiting the generality of the foregoing, the obligations of each Loan Party hereunder shall not be discharged or impaired or otherwise affected by the failure of the Agent or any other Credit Party to assert any claim or demand or to enforce any remedy under this Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, any default, failure or delay, willful or otherwise, in the performance of any of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Loan Party or that would otherwise operate as a discharge of any Loan Party as a matter of law or equity (other than the payment in full in cash of all the Obligations after the termination of the Commitments).

(c) To the fullest extent permitted by applicable Law, each Loan Party waives any defense based on or arising out of any defense of any other Loan Party or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any other Loan Party, other than the indefeasible payment in full in cash of all the Obligations and the termination of the Commitments. The Agent and the other Credit Parties may, at their election upon the occurrence and during the continuance of an Event of Default, foreclose on any security held by one or more of them by one or more judicial or non-judicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with any other Loan Party, or exercise any other right or remedy available to them against any other Loan Party, without affecting or impairing in any way the liability of any Loan Party hereunder except to the extent that all the Obligations have been indefeasibly paid in full in cash and the Commitments have been terminated. To the fullest extent permitted by applicable Law, each Loan Party waives any defense arising out of any such election even though such election operates, pursuant to applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Loan Party against any other Loan Party, as the case may be, or any security.

(d) Each Borrower is obligated to repay the Obligations as joint and several obligors under this Agreement. Upon payment by any Loan Party of any Obligations, all rights of such Loan Party against any other Loan Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations and the termination of the Commitments. In addition, any indebtedness of any Loan Party now or hereafter held by any other Loan Party is hereby subordinated in right of payment to the prior indefeasible payment in full of the Obligations and no Loan Party will demand, sue for or otherwise attempt to collect any such indebtedness. If any amount shall erroneously be paid to any Loan Party on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of any Loan Party, such amount shall be held in trust for the benefit of the Credit Parties and shall forthwith be paid to the Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of this Agreement and the other Loan Documents. Subject to the foregoing, to the extent that any Borrower shall, under this Agreement as a joint and several obligor, repay any of the Obligations constituting Loans made to another Borrower hereunder or other Obligations incurred directly and primarily by any other Borrower (an "Accommodation Payment"), then the Borrower making such Accommodation Payment shall be entitled to contribution and indemnification from, and be reimbursed by, each of the other Borrowers in an amount, for each of such other Borrowers, equal to a fraction of such Accommodation Payment, the numerator of which fraction is such other Borrower's Allocable Amount and the denominator of which is the sum of the Allocable Amounts of all of the Borrowers. As of any date of determination, the "Allocable Amount" of each Borrower shall be equal to the maximum amount of liability for Accommodation Payments which could be asserted against such Borrower hereunder without (a) rendering such Borrower "insolvent" within the meaning of Section 101 (31) of the Bankruptcy Code, Section 2 of the Uniform Fraudulent Transfer Act ("UFTA") or Section 2 of the Uniform Fraudulent Conveyance Act ("UFCA"), (b) leaving such Borrower with unreasonably small capital or assets, within the meaning of Section 548 of the Bankruptcy Code, Section 4 of the UFTA, or Section 5 of the UFCA, or (c) leaving such Borrower unable to pay its debts as they become due within the meaning of Section 548 of the Bankruptcy Code or Section 4 of the UFTA, or Section 5 of the UFCA.

10.27 Keepwell.

Each Qualified ECP Guarantor hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under the Loan Documents in respect of Swap Obligations (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Section 10.27 or otherwise under the Guaranty and Security Agreement voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the Aggregate Commitments have been terminated and the Obligations have been indefeasibly paid and performed in full. Each Qualified ECP Guarantor intends this Section 10.27 to constitute, and this Section shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Loan Party for all purposes of the Commodity Exchange Act.

10.28 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder that may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable;

(i) a reduction in full or in part or cancellation of any such liability

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

LANDS' END, INC., as Lead Borrower and a Borrower

By: /s/ James F. Gooch

Name: James F. Gooch

Title: Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer

LANDS' END DIRECT MERCHANTS, INC. as a Guarantor

By: /s/ James F. Gooch

Name: James F. Gooch

Title: President, Chief Financial Officer and Treasurer

LANDS' END INTERNATIONAL, INC. as a Guarantor

By: /s/ James F. Gooch

Name: James F. Gooch

Title: President and Treasurer

LANDS' END JAPAN, INC. as a Guarantor

By: /s/ James F. Gooch

Name: James F. Gooch

Title: President and Treasurer

LANDS' END PUBLISHING, LLC as a Guarantor

By: /s/ James F. Gooch

Name: James F. Gooch

Title: Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer

LEGC, LLC as a Guarantor

By: /s/ James F. Gooch

Name: James F. Gooch

Title: Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer

[Signature Page to Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent, L/C
Issuer, Swing Line Lender and as a Lender

By: /s/ Y. Sonia Anandraj

Name: Y. Sonda Anandraj

Title: Authorized Officer

[Signature Page to Credit Agreement]

CITIZENS BANK, N.A., as a Lender

By: /s/ Christine Scott

Name: Christine Scott

Title: Senior Vice President

[Signature Page to ABL Credit Agreement]

SUNTRUST BANK, as a Lender

By: /s/ Matney Gornall

Name: Matney Gornall

Title: Vice President

[Signature Page to ABL Credit Agreement]

BMO HARRIS BANK N.A., as a Lender

By: /s/ Jason Hoefler

Name: Jason Hoefler

Title: Managing Director

[Signature Page to ABL Credit Agreement]

JPMORGAN CHASE BANK N.A., as a Lender

By: /s/ Robert S. Sheppard

Name: Robert S. Sheppard

Title: Executive Director

[Signature Page to ABL Credit Agreement]

Lands' End, Inc.

ABL Schedules

- 1.01 Borrowers
- 1.02 Guarantors
- 1.03 Existing BAML Indebtedness
- 1.05 Account Debtors
- 2.01 Commitments and Applicable Percentages
- 5.18 Collective Bargaining Agreements
- 6.02 Financial and Collateral Reporting
- 6.12 Blocked Account Banks
- 6.16 Post-Closing Actions
- 7.01 Existing Liens
- 7.02 Existing Investments
- 7.03 Existing Indebtedness
- 7.09 Affiliate Transactions
- 10.02 Agent's Office; Certain Addresses for Notice

Schedule 1.01

Borrowers

Borrowers

Lands' End, Inc.

Schedule 1.02

Guarantors

Guarantors of All Obligations

Lands' End, Inc.
Lands' End Direct Merchants, Inc.
Lands' End International, Inc.
LEGC, LLC
Lands' End Publishing, LLC
Lands' End Japan, Inc.

Schedule 1.03
Existing BAML Indebtedness

Letters of Credit

Standby

Instrument #	L/C Issuer	Account Party	Beneficiary	Outstanding Amount	Liability (In USD)	Issue Date	Letter of Credit Amount	Expiry Date
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Lameirinho-Industrias Textile SA	1,500,000.00	1,500,000.00	06/26/2017	2,200,000.00	01/30/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Bank of America	757,000.00	757,000.00	09/12/2017	757,000.00	01/31/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Sentry Insurance A Mutual Company	3,100,000.00	3,100,000.00	04/18/2017	3,100,000.00	02/02/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	The Travelers Indemnity Company	2,300,000.00	2,300,000.00	04/22/2017	2,300,000.00	04/19/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Aspen American Insurance Company	2,200,000.00	2,200,000.00	07/30/2018	1,500,000.00	07/30/2018

Total Standby
Letters of Credit 9,857,000.00

Documentary

[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	2,197.66	2,197.66	08/24/2017		11/06/2017
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	7,063.13	7,063.13	08/31/2017		11/20/2017
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	85,746.72	85,746.72	08/24/2017		11/27/2017
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	476,991.30	476,991.30	09/12/2017		11/27/2017
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	17,700.19	17,700.19	09/12/2017		11/27/2017
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	1,419.61	1,419.61	09/12/2017		12/4/2017

[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	97,805.01	97,805.01	10/04/2017	12/27/2017
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	1,132,603.79	1,132,603.79	10/04/2017	12/27/2017
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	46,055.63	46,055.63	10/20/2017	1/8/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	1,309,242.03	1,309,242.03	08/30/2017	1/10/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	265,005.07	265,005.07	10/20/2017	1/10/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	56,914.23	56,914.23	11/03/2017	1/24/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	14,038.98	14,038.98	10/11/2017	1/29/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	69,989.23	69,989.23	10/12/2017	1/29/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	109,594.14	109,594.14	10/17/2017	1/29/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	16,502.84	16,502.84	10/25/2017	1/29/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	166,127.65	166,127.65	11/07/2017	1/29/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	1,111,051.93	1,111,051.93	11/07/2017	1/29/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	957,195.55	957,195.55	11/07/2017	1/31/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	101,579.54	101,579.54	10/11/2017	2/5/2018
[Account Number Omitted]	Bank of America, N.A.	Lands' End, Inc.	Legend Swimwear Factory	293,912.98	293,912.98	11/03/2017	2/19/18

**Total Documentary
Letters of Credit 6,338,737.21**

Bank Guarantees

Instrument #	Product	Account Party	Beneficiary	Outstanding Amount	Liability (In USD)	Issue Date	Expiry Date
[Account Number Omitted]	Non Tradeline	Lands' End, Inc.	H M REVENUE AND CUSTOMS	1,842,680.00	1,842,680.00	10/14/2015	04/04/2019

Total Guarantees 1,842,680.00

Cash Management Services

Indebtedness incurred under that certain Bank of America Corporate Card Service Agreement dated March 27, 2014 between Lands' End, Inc. and Bank of America, N.A. (f/k/a FIA Card Services, N.A., a Bank of America company).

Schedule 1.05
Account Debtors

Alaska Airlines, Inc
AT&T, Inc
Avis Budget Group, Inc
JPMorgan Chase Bank, National Association
Southwest Airlines Co
Verizon Sourcing LLC
Delta Air Lines, Inc
Caterpillar Inc
Discover Financial Services
State Farm Mutual Automobile Insurance Company
United Parcel Service Inc

Schedule 2.01

Commitments and Applicable Percentages

<u>Lender</u>	<u>Commitment</u>	<u>Applicable Percentage</u>
Wells Fargo Bank, National Association	\$ 67,000,000	38.285714286%
SunTrust Bank	\$ 32,000,000	18.285714286%
BMO Harris Bank, N.A.	\$ 32,000,000	18.285714286%
JPMorgan Chase Bank, N.A.	\$ 22,000,000	12.571428571%
Citizens Bank, N.A.	\$ 22,000,000	12.571428571%
Total:	\$ 175,000,000	100.000000000%

Schedule 5.18

Collective Bargaining Agreements

None.

Schedule 6.02

Financial and Collateral Reporting

[see attached]

Lands' End, Inc. Reporting Requirements

A. Due on 10th Business Day of each Fiscal Month⁽¹⁾

1. Borrowing Base Certificate showing the Borrowing Base for the prior month:

--

Borrowing Base backup to be received with the BBC:

- Summary source document of Inventory by category
- Summary source document of In-Transit Inventory
- Summary source document of Inventory ineligible
- Summary source document of Credit Card Receivables
- Summary source document of Credit Card Receivables ineligible
- Summary source document of Availability Reserves
- Summary source document of accounts receivable aging

B. Within 30 days after the end of each fiscal month during which Availability is, at any time, less than the greater of (i) \$131,250,000 and (ii) 80% of the Loan Cap

1. Unaudited Financial statements including:

- Consolidated balance sheets of the Lead Borrower and its Subsidiaries
- Consolidated statements of income or Operations of the Lead Borrower its Subsidiaries
- Consolidated cash flows of Lead Borrower and its Subsidiaries
- Consolidated Shareholders' Equity of Lead Borrower and its Subsidiaries
- Consolidating financial statements reflecting adjustments necessary to eliminate accounts of Unrestricted Subsidiaries (if any) from Consolidated financial statements

Borrowing Base Availability

2. Compliance Certificate

C. Within 50 days after the end of each Fiscal Quarter of each Fiscal Year

1. Financial statements including:

- Consolidated balance sheets of the Lead Borrower and its Subsidiaries
- Consolidated statements of income or Operations of the Lead Borrower and its Subsidiaries
- Consolidated cash flows of the Lead Borrower and its Subsidiaries
- Consolidated Shareholders' Equity of the Lead Borrower and its Subsidiaries
- Consolidating financial statements reflecting adjustments necessary to eliminate accounts of Unrestricted Subsidiaries (if any) from Consolidated financial statements

Borrowing Base Availability

2. Compliance Certificate

D. Within 60 days after the end of each Fiscal Year

1. Forecasts of:

- Projected Monthly Availability
- Consolidated forecasted balance sheets of the Lead Borrower and its Subsidiaries
- Consolidated statements of income or operations of the Lead Borrower and its Subsidiaries
- Consolidated cash flows of the Lead Borrower and its Subsidiaries

E. Within 95 days after the end of each Fiscal Year

1. Audited financial statements including:

- Consolidated balance sheet of the Lead Borrower and its Subsidiaries
- Consolidated statements of income or operations of the Lead Borrower and its Subsidiaries
- Consolidated Shareholders' Equity of the Lead Borrower and its Subsidiaries
- Consolidated cash flows of the Lead Borrower and its Subsidiaries

=- Consolidating financial statements reflecting adjustments necessary to eliminate accounts of Unrestricted Subsidiaries (if any) from Consolidated financial statements

2. Compliance Certificate

3. Certificate of Registered Public Accounting Firm

4. Insurance coverage summary report

⁽¹⁾ Provided that if Accelerated Borrowing Base Delivery Event has occurred and is continuing, due on Friday (or, if Friday is not a Business Day, on the next succeeding Business Day) of each week, as of the close of business on the immediately preceding Friday.

Schedule 6.12

Blocked Account Banks

<u>Account Owner</u>	<u>Account Number</u>	<u>Type of Account</u>	<u>Name & Address of Financial Institutions</u>	<u>Blocked Account</u>
Lands' End, Inc.	[Account Number Omitted]	Master Account - Inlet Account	BMO/Harris One West Main Street Madison, WI 53703	Yes
Lands' End, Inc.	[Account Number Omitted]	Core and retail sales deposit - ZBA Account	BMO/Harris One West Main Street Madison, WI 53703	Yes
Lands' End, Inc.	[Account Number Omitted]	LEBO deposits - ZBA Account	BMO/Harris One West Main Street Madison, WI 53703	Yes
Lands' End, Inc.	[Account Number Omitted]	MMDA Account	Citizens 71 S. Wacker Drive 29th Floor Chicago, IL 60606	Yes
Lands' End, Inc.	[Account Number Omitted]	Retail depository account	Citizens 71 S. Wacker Drive 29th Floor Chicago, IL 60606	Yes
Lands' End, Inc.	[Account Number Omitted]	MMDA Account	Suntrust Mail Code: FL-Tampa-4191, 401 E. Jackson Street Tampa, FL 33602	Yes

Schedule 6.16

Post-Closing Actions

1. On or prior to the date that is twenty (20) Business Days following the Closing Date, the Lead Borrower shall deliver, or cause to be delivered, to the Agent, the signature page of Sears Holdings Global Sourcing Ltd. to the Sears Tri-Party Agreement.
2. On or prior to the date that is thirty (30) days following the Closing Date, the Lead Borrower shall deliver, or cause to be delivered, to the Agent, an executed Credit Card Notification to Citibank (South Dakota), N.A.
3. On or prior to the date that is sixty (60) days following the Closing Date, the Lead Borrower shall deliver, or cause to be delivered, to the Agent: a Blocked Account Agreement with the Blocked Account Banks listed below with respect to the accounts listed below:

<u>Blocked Account Bank</u>	<u>Account Number(s) ending in:</u>
Citizens Bank, National Association	[Account Number Omitted]
SunTrust Bank	[Account Number Omitted]

4. Notwithstanding that the Borrowers have not delivered any Customs Broker/Carrier Agreements pursuant to clause (c) of the definition of "Eligible In-Transit Inventory" as of the date hereof, the Agent agrees that In-Transit Inventory which otherwise satisfies the eligibility requirements set forth in the definition of "Eligible In-Transit Inventory" shall be deemed Eligible In-Transit Inventory; provided, however, that if the Borrowers are unable to deliver any such Customs Broker/Carrier Agreements within a period of ninety (90) days after the Closing Date, the Agent shall be permitted to deem the applicable In-Transit Inventory not eligible for inclusion in the calculation of the Borrowing Base until such time as such In-Transit Inventory complies with the definition of "Eligible In-Transit Inventory" (but it shall not constitute a Default or an Event of Default under the Credit Agreement).

Schedule 7.01

Existing Liens

<u>Restricted Subsidiary</u>	<u>Beneficiary of Lien</u>	<u>Date of Creation</u>	<u>Instrument Creating Charge</u>	<u>Property Mortgaged or Charged</u>	<u>Amount Secured by Mortgage or Charge</u>
Lands' End Europe Limited	Britannia Life Limited	July 7, 1999	Rent Deposit Deed	All money standing to the credit of the charged account	All monies due and obligations to be performed pursuant to a lease dated Dec. 15th, 1997 between London and Regional (Bond Street) Limited and Lands' End Europe Limited

Schedule 7.02

Existing Investments

None.

Schedule 7.03

Existing Indebtedness

None.

Schedule 7.09

Affiliate Transactions

Trademark and Trademark and Customer List License Agreement, between Lands' End, Inc. and Lands' End Direct Merchants U.K. Ltd, dated January 29, 2000.

Intercompany Purchasing Arrangement: Lands' End Europe Limited and Lands' End Japan KK (the "PO Entities") each maintain control of their own purchasing arrangements and purchase orders. Pursuant to a shared services arrangement, Lands' End, Inc. processes the purchase orders of the PO Entities, settles all payments on behalf of the PO Entities and invoices the PO Entities for such settled amounts, as applicable.

Schedule 10.02

Agent's Office; Certain Addresses for Notices

Agent, L/C Issuer and Swing Line Lender

Wells Fargo Bank, National Association
One Boston Place, 18th Floor
Boston, Massachusetts 02108
Attention: Y. Sonia Anandraj
Telephone: 617-854-4353
Facsimile: 855-842-6361
Y.S.Anandraj@wellsfargo.com

with a copy to:

Choate Hall & Stewart LLP
Two International Place
Boston, MA 02110
Attention: Jennifer Conway Fenn, Esquire
Telephone: (617) 248-4845
Facsimile: (617) 502-4845
E-mail: jfenn@choate.com

the Lead Borrower and the Other Loan Parties

c/o Lands' End, Inc.
1 Lands' End Lane
Dodgeville, Wisconsin 53595
Attention: Robert C. Diamond, Assistant Treasurer
Telephone: (608) 935-6558
E-mail: bob.diamond@landsend.com

Website: www.landsend.com

with a copy to:

c/o Lands' End, Inc.
1 Lands' End Lane
Dodgeville, Wisconsin 53595
Attention: Peter L. Gray, Executive Vice President, Chief Administrative Officer and General Counsel
Telephone: (608) 935-4041
E-mail: peter.gray@landsend.com

EXHIBIT A
FORM OF LIBOR RATE LOAN NOTICE¹

Date: _____

To: Wells Fargo Bank, National Association, as Agent

Ladies and Gentlemen:

Reference is made to the ABL Credit Agreement dated as of November 16, 2017 (as amended, modified, supplemented or restated from time to time, the “**Credit Agreement**”) by, among others, (i) Lands’ End, Inc., a Delaware corporation (the “**Lead Borrower**”), (ii) the other borrowers from time to time thereto (together with the Lead Borrower, each, individually, a “**Borrower**” and, collectively, the “**Borrowers**”), (iii) the guarantors from time to time party thereto (individually, each a “**Guarantor**” and, collectively, the “**Guarantors**”), (iv) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the “**Agent**”) for the benefit of the Credit Parties referred to therein, (v) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (vi) the lenders from time to time party thereto (individually, a “**Lender**” and, collectively, the “**Lenders**”). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

The Lead Borrower hereby requests [a Committed Borrowing][a continuation of LIBOR Rate Loans]²:

- (a) On _____ (a Business Day)³
- (b) In the principal amount of \$ _____⁴
- (c) With an Interest Period of _____ month(s)⁵

The Lead Borrower hereby represents and warrants (a) the Committed Borrowing requested herein satisfies the requirements of Sections 2.02(b)⁶ and 2.02(g)⁷ of the Credit Agreement, and

¹Base Rate Loans to be requested by electronic notice via the Portal, in accordance with Section 2.02 of the Credit Agreement.

²A Committed Borrowing must have the same Interest Period

³Each notice of a Committed Borrowing or a continuation of LIBOR Rate Loans must be received by the Agent not later than 11:00 a.m. Local Time three (3) Business Days prior to the requested date of any Borrowing or continuation of LIBOR Rate Loans.

⁴Each Committed Borrowing, conversion to, or continuation of LIBOR Rate Loans must be in a principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof.

⁵The Lead Borrower may request a Committed Borrowing of LIBOR Rate Loans with an Interest Period of one, two, three or six months. If no election of Interest Period is specified, then the Lead Borrower will be deemed to have specified an Interest Period of one month.

⁶In addition to the requirements set forth on this LIBOR Loan Notice, on the requested date of any LIBOR Rate Loan, (i) in the event that Base Rate Loans are outstanding in an amount equal to or greater than the requested LIBOR Rate Loan, all or a portion of such Base Rate Loans shall

(b) the conditions specified in Section 4.02 of the Credit Agreement have been satisfied (or waived) on and as of the date specified in Item (a) above.

be automatically converted to a LIBOR Rate Loan in the amount requested by the Lead Borrower, and (ii) if Base Rate Loans are not outstanding in an amount at least equal to the requested LIBOR Rate Loan, the Lead Borrower shall make an electronic request via the Portal for additional Base Rate Loans in an such amount, when taken with the outstanding Base Rate Loans (which shall be converted automatically at such time), as is necessary to satisfy the requested LIBOR Rate Loan. If the Lead Borrower fails to make such additional request via the Portal as required pursuant to clause (ii) of the foregoing sentence, then the Borrowers shall be responsible for all amounts due pursuant to Section 3.05 of the Credit Agreement arising on account of such failure. If the Lead Borrower fails to give a timely notice with respect to any continuation of a LIBOR Rate Loan, then the applicable Committed Loans shall be converted to Base Rate Loans effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Rate Loans.

⁷After giving effect to all Committed Borrowings, all conversions of Committed Loans from one Type to the other, and all continuations of Committed Loans as the same Type, there shall not be more than seven (7) Interest Periods in effect with respect to LIBOR Rate Loans.

LANDS' END, INC., as Lead Borrower

By: _____
Name: _____
Title: _____

[Signature page to LIBOR Rate Loan Notice]

EXHIBIT B-1

FORM OF REVOLVING NOTE

REVOLVING NOTE

[\$ _____]

[_____, 20__]

FOR VALUE RECEIVED, Lands' End, Inc., a Delaware corporation (the "**Lead Borrower**") and the other borrowers from time to time thereto (together with the Lead Borrower, each, individually, a "**Borrower**" and, collectively, the "**Borrowers**"), promise to pay to (hereinafter, with any subsequent permitted holders, the "**Revolving Lender**"), c/o Wells Fargo Bank, National Association, One Boston Place, 18th Floor, Boston, Massachusetts 02108, the principal sum of (\$ _____), or, if less, the aggregate unpaid principal balance of Committed Loans made by the Revolving Lender to or for the account of the Borrowers pursuant to the ABL Credit Agreement dated as of November 16, 2017 (as amended, modified, supplemented or restated and in effect from time to time, the "**Credit Agreement**") by, among others, (i) the Borrowers, (ii) the guarantors from time to time party thereto (individually, each a "**Guarantor**" and, collectively, the "**Guarantors**"), (iii) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the "**Agent**") for its own benefit and the benefit of the other Credit Parties referred to therein, (iv) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (v) the lenders from time to time party thereto (individually, a "**Lender**" and, collectively, the "**Lenders**"), with interest at the rate and payable in the manner stated therein.

This is a "**Revolving Note**" to which reference is made in the Credit Agreement and is subject to all terms and provisions thereof. The principal of, and interest on, this Revolving Note shall be payable at the times, in the manner, and in the amounts as provided in the Credit Agreement and shall be subject to prepayment and acceleration as provided therein. Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Agent's books and records concerning the Committed Loans, the accrual of interest thereon, and the repayment of such Committed Loans, shall be prima facie evidence of the indebtedness to the Revolving Lenders hereunder.

No delay or omission by the Agent or the Revolving Lender in exercising or enforcing any of the Agent's or such Revolving Lender's powers, rights, privileges, remedies, or discretions hereunder shall operate as a waiver thereof on that occasion nor on any other occasion. No waiver of any Event of Default shall operate as a waiver of any other Event of Default, nor as a continuing waiver of any such Event of Default.

Each Borrower waives presentment, demand, notice, and protest, and also waives any

delay on the part of the holder hereof.

This Revolving Note shall be binding upon the Borrowers and upon each of their respective successors, assigns, and representatives, and shall inure to the benefit of the Revolving Lender and each of its successors, endorsees, and assigns.

The liabilities of each Borrower, and of any guarantor of this Revolving Note, are joint and several, provided, however, the release by the Agent or the Revolving Lender of any one or more such Persons shall not release any other Person obligated on account of this Revolving Note. Each reference in this Revolving Note to any Borrower, and any guarantor, is to such Person individually and also to all such Persons jointly. ***No Person obligated on account of this Revolving Note may seek contribution from any other Person also obligated unless and until all of the Obligations have been paid in full in cash.***

THIS REVOLVING NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

EACH BORROWER AND THE REVOLVING LENDER IRREVOCABLY AND UNCONDITIONALLY SUBMIT, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND ANY FEDERAL COURT SITTING THEREIN, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, LITIGATION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS REVOLVING NOTE OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH BORROWER AND THE REVOLVING LENDER IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH BORROWER AND THE REVOLVING LENDER AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS REVOLVING NOTE OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT, THE REVOLVING LENDER OR EACH BORROWER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS REVOLVING NOTE OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWERS, THEIR PROPERTIES OR THE REVOLVING LENDER IN THE COURTS OF ANY JURISDICTION.

EACH BORROWER AND THE REVOLVING LENDER IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS REVOLVING NOTE OR ANY OTHER LOAN DOCUMENT IN ANY

COURT REFERRED TO ABOVE. EACH BORROWER AND THE REVOLVING LENDER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

Each Borrower makes the following waiver knowingly, voluntarily, and intentionally, and understands that the Agent and the Revolving Lender, in the establishment and maintenance of their respective relationships with the Borrowers contemplated by this Revolving Note, are each relying thereon. EACH BORROWER AND THE REVOLVING LENDER, BY ITS ACCEPTANCE HEREOF, HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS REVOLVING NOTE OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH BORROWER AND THE REVOLVING LENDER (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT THE AGENT, THE REVOLVING LENDER AND EACH BORROWER HAVE BEEN INDUCED TO ENTER INTO THE CREDIT AGREEMENT AND THIS REVOLVING NOTE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS HEREIN.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrowers have each caused this Revolving Note to be duly executed as of the date set forth above.

BORROWERS:

LANDS' END, INC., as Lead Borrower

By: _____
Name: _____
Title: _____

[Signature Page to Revolving Note]

EXHIBIT B-2

FORM OF SWING LINE NOTE

SWING LINE NOTE

\$20,000,000

[_____, 20__]

FOR VALUE RECEIVED, Lands' End, Inc., a Delaware corporation (the "**Lead Borrower**") and the other borrowers from time to time thereto (together with the Lead Borrower, each, individually, a "**Borrower**" and, collectively, the "**Borrowers**"), promise to pay to **WELLS FARGO BANK, NATIONAL ASSOCIATION** (hereinafter, with any subsequent permitted holders, the "**Swing Line Lender**"), the principal sum of TWENTY MILLION DOLLARS (\$20,000,000), or, if less, the aggregate unpaid principal balance of Swing Line Loans made by the Swing Line Lender to or for the account of the Borrowers pursuant to the ABL Credit Agreement dated as of November 16, 2017 (as amended, modified, supplemented or restated and in effect from time to time, the "**Credit Agreement**") by, among others, (i) the Borrowers, (ii) the guarantors from time to time party thereto (individually, each a "**Guarantor**" and, collectively, the "**Guarantors**"), (iii) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the "**Agent**") for its own benefit and the benefit of the other Credit Parties referred to therein, (iv) Wells Fargo Bank, National Association, as the Swing Line Lender and an L/C Issuer, and (v) the lenders from time to time party thereto (individually, a "**Lender**" and, collectively, the "**Lenders**"), with interest at the rate and payable in the manner stated therein.

This is a "**Swing Line Note**" to which reference is made in the Credit Agreement and is subject to all terms and provisions thereof. The principal of, and interest on, this Swing Line Note shall be payable at the times, in the manner, and in the amounts as provided in the Credit Agreement and shall be subject to prepayment and acceleration as provided therein. Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Agent's books and records concerning the Swing Line Loans, the accrual of interest thereon, and the repayment of such Swing Line Loans, shall be prima facie evidence of the indebtedness to the Swing Line Lender hereunder.

No delay or omission by the Agent or the Swing Line Lender in exercising or enforcing any of the Agent's or such Swing Line Lender's powers, rights, privileges, remedies, or discretions hereunder shall operate as a waiver thereof on that occasion nor on any other occasion. No waiver of any Event of Default shall operate as a waiver of any other Event of Default, nor as a continuing waiver of any such Event of Default.

Each Borrower waives presentment, demand, notice, and protest, and also waives any delay on the part of the holder hereof.

This Swing Line Note shall be binding upon the Borrowers and upon each of their successors, assigns, and representatives, and shall inure to the benefit of the Swing Line Lender and each of its respective successors, endorsees, and assigns.

The liabilities of each Borrower, and of any guarantor of this Swing Line Note, are joint and several, provided, however, the release by the Agent or the Swing Line Lender of any one or more such Persons shall not release any other Person obligated on account of this Swing Line Note. Each reference in this Swing Line Note to any Borrower, and any guarantor, is to such Person individually and also to all such Persons jointly. ***No Person obligated on account of this Swing Line Note may seek contribution from any other Person also obligated unless and until all of the Obligations have been paid in full in cash.***

THIS SWING LINE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

EACH BORROWER AND THE SWING LINE LENDER IRREVOCABLY AND UNCONDITIONALLY SUBMIT, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND ANY FEDERAL COURT SITTING THEREIN, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, LITIGATION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SWING LINE NOTE OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH BORROWER AND THE SWING LINE LENDER IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH BORROWER AND THE SWING LINE LENDER AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SWING LINE NOTE OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT, THE SWING LINE LENDER OR EACH BORROWER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SWING LINE NOTE OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWERS, THEIR PROPERTIES OR THE SWING LINE LENDER IN THE COURTS OF ANY JURISDICTION.

EACH BORROWER AND THE SWING LINE LENDER IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SWING LINE NOTE OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO ABOVE. EACH BORROWER AND THE SWING LINE LENDER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY

APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

Each Borrower makes the following waiver knowingly, voluntarily, and intentionally, and understands that the Agent and the Swing Line Lender, in the establishment and maintenance of their respective relationships with the Borrowers contemplated by this Swing Line Note, are each relying thereon. EACH BORROWER AND THE SWING LINE LENDER, BY ITS ACCEPTANCE HEREOF, HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SWING LINE NOTE OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH BORROWER AND THE SWING LINE LENDER (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT THE AGENT, THE SWING LINE LENDER AND EACH BORROWER HAVE BEEN INDUCED TO ENTER INTO THE CREDIT AGREEMENT AND THIS SWING LINE NOTE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS HEREIN.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrowers have each caused this Swing Line Note to be duly executed as of the date set forth above.

BORROWERS:

LANDS' END, INC., as Lead Borrower

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

To: Wells Fargo Bank, National Association, as Agent

Date: _____

One Boston Place, 18th Floor

Boston, Massachusetts 02108

Attention: Y. Sonia Anandraj

Re: ABL Credit Agreement dated as of November 16, 2017 (as amended, modified, supplemented or restated from time to time, the “**Credit Agreement**”) by, among others, (i) Lands’ End, Inc., a Delaware corporation (the “**Lead Borrower**”), (ii) the other borrowers from time to time party thereto (together with the Lead Borrower, each, individually, a “**Borrower**” and, collectively, the “**Borrowers**”), (iii) the guarantors from time to time party thereto (individually, each a “**Guarantor**” and, collectively, the “**Guarantors**”), (iv) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the “**Agent**”) for the benefit of the Credit Parties referred to therein, (v) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (vi) the lenders from time to time party thereto (individually, a “**Lender**” and, collectively, the “**Lenders**”). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

The undersigned, a duly authorized and acting Responsible Officer of the Lead Borrower, hereby certifies to you as follows:

1. No Default.
 - (a) To the knowledge of the undersigned Responsible Officer, as of the date hereof and except as set forth in Appendix I, no Default or Event of Default has occurred and is continuing.
 - (b) If a Default or Event of Default has occurred and is continuing, the Lead Borrower proposes to take action as set forth in Appendix I with respect to such Default or Event of Default.
2. Financial Calculations. Attached hereto as Appendix II are reasonably detailed calculations demonstrating the Consolidated Fixed Charge Coverage Ratio (whether or not compliance therewith is then required under Section 7.14 of the Credit Agreement).
3. Financial Statements.

Use following paragraph (a) for fiscal month-end financial statements, to the extent required by the Credit Agreement.

- (a) Attached hereto as Appendix III (or, if not attached, delivered to the Agent in accordance with the penultimate paragraph of Section 6.02 of the Credit Agreement) are a Consolidated balance sheet of the Lead Borrower and its Subsidiaries as at the end of the Fiscal Quarter ended _____, and the related Consolidated statements of income or operations, Shareholders’ Equity, cash flows, and borrowing base availability for such Fiscal Quarter and for the portion of the Lead Borrower’s Fiscal Year then ended, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and (B) the corresponding portion

of the previous Fiscal Year, all in reasonable detail, which Consolidated statements fairly present the financial condition, results of operations, Shareholders' Equity and cash flows of the Lead Borrower and its Subsidiaries as of the end of such Fiscal Quarter in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes.

[Use following paragraph (b) for fiscal quarter-end financial statements]

- (b) Attached hereto as Appendix III (or, if not attached, delivered to the Agent in accordance with the penultimate paragraph of Section 6.02 of the Credit Agreement) are a Consolidated balance sheet of the Lead Borrower and its Subsidiaries as at the end of the Fiscal Quarter ended _____, and the related Consolidated statements of income or operations, Shareholders' Equity, cash flows, and borrowing base availability for such Fiscal Quarter and for the portion of the Lead Borrower's Fiscal Year then ended, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and (B) the corresponding portion of the previous Fiscal Year, all in reasonable detail, which Consolidated statements fairly present the financial condition, results of operations, Shareholders' Equity and cash flows of the Lead Borrower and its Subsidiaries as of the end of such Fiscal Quarter in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes.

[Attached hereto as Appendix III-1 (or, if not attached, delivered to the Agent in accordance with the penultimate paragraph of Section 6.02 of the Credit Agreement) are the related consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such Consolidated financial statements in reasonable detail (it being understood that full financial statements for any applicable Unrestricted Subsidiaries shall not be required).]¹

[Use following paragraph (c) for fiscal year-end financial statements]

Attached hereto as Appendix III (or, if not attached, delivered to the Agent in accordance with the penultimate paragraph of Section 6.02 of the Credit Agreement) are a Consolidated balance sheet of the Lead Borrower and its Subsidiaries as of the end of the Fiscal Year ended _____, and the related Consolidated statements of income or operations, Shareholders' Equity, cash flows, and borrowing base availability for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and unqualified opinion of a Registered Public Accounting Firm of nationally recognized standing reasonably acceptable to the Agent, which report and opinion have been prepared in accordance with generally accepted auditing standards and are not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit other than any such qualification or exception that is solely with respect to, or resulting solely from, an upcoming maturity date under this Agreement, the Term Loan Facility or any other Indebtedness occurring within one year from the time such report is delivered.

¹ To be included only if any Unrestricted Subsidiaries.

Attached hereto as Appendix III-1 (or, if not attached, delivered to the Agent in accordance with the penultimate paragraph of Section 6.02 of the Credit Agreement) is a report summarizing the insurance coverage (specifying type, amount and carrier) in effect for each Loan Party and its Subsidiaries and containing such additional information as the Agent, or any Lender through the Agent, may reasonably specify.

[Attached hereto as Appendix III-2 (or, if not attached, delivered to the Agent in accordance with the penultimate paragraph of Section 6.02 of the Credit Agreement) are the related consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such Consolidated financial statements in reasonable detail (it being understood that full financial statements for any applicable Unrestricted Subsidiaries shall not be required).]²

4. [No Material Accounting Changes. There has been a material change in GAAP or the application thereof as disclosed on Appendix [IV] hereto that would affect the computation of any financial ratio or requirement set forth in any Loan Document, and the Lead Borrower hereby requests, the Agent, the Lenders and the Lead Borrower negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders), as further described in Section 1.03(b).]
5. [Intellectual Property. Set forth on Appendix [V] hereto is a supplement required pursuant to Section 7.4 of the Guaranty and Security Agreement listing Intellectual Property that has been federally registered during the preceding fiscal quarter, if any, in each case executed by the applicable Loan Parties.]³
6. [Commercial Tort Claims. Set forth on Appendix [VI] hereto is a copy of the written notice to the Agent required pursuant to Section 4.4(d) of the Guaranty and Security Agreement, if the Loan Parties have acquired any Commercial Tort Claim not previously identified to the Agent having a nominal value in excess of \$500,000 individually. This Appendix VI serves as supplement to Section IV of the applicable Perfection Certificate and satisfies the requirements of Section 4.4(d) of the Guaranty and Security Agreement in full.]⁴

²To be included only if any Unrestricted Subsidiaries.

³To be included only if applicable.

[Remainder of page intentionally left blank.]

⁴To be included only if applicable.

IN WITNESS WHEREOF, I have executed this certificate as of the date first written above.

By: _____
Name: _____
Title: [Responsible Officer of the Lead Borrower]

[Signature Page to Compliance Certificate]

APPENDIX I

Except as set forth below, no Default or Event of Default presently exists. [If a Default or Event of Default exists, describe the nature of the Default or Event of Default in reasonable detail and the steps being taken or contemplated by the Borrowers to be taken on account thereof.]

APPENDIX II

Calculation of Consolidated Fixed Charge Coverage Ratio

- A.** Calculation of Consolidated Fixed Charge Coverage Ratio for trailing twelve month period ending _____
- 1.** Consolidated EBITDA for such period from Line C.5: _____
- 2.** Minus the following:
- (a)** Capital Expenditures made during such period (other than Financed Capital Expenditures): _____
- (b)** the aggregate amount of Federal, state, local and foreign income taxes paid in cash during such period net of refunds of such Taxes received during such period (but in no event shall the amounts calculated under this clause (2)(b) be less than zero): _____
- 3.** Line 1, minus the sum of Lines 2(a) and 2(b): _____
- 4.** The sum of the following:
- (a)** Consolidated Interest Charges paid or required to be paid in cash during such period: _____
- plus
- (b)** scheduled principal payments made or required to be made on account of Indebtedness (excluding the Obligations and any Synthetic Lease Obligations but including, without limitation, principal payments made in respect of Capital Lease Obligations) during such period: _____
- (c)** The sum of Lines 4(a) and 4(b): _____
- 5.** CONSOLIDATED FIXED CHARGE COVERAGE RATIO AS OF THE LAST TWELVE MONTH PERIOD ENDED (Line 3 divided by Line 4(c)): _____
- B.** Consolidated Fixed Charge Coverage Ratio Covenant: During the continuance of a Covenant Compliance Event, the Lead Borrower shall not, nor shall it permit any of its Restricted Subsidiaries to, directly or indirectly, permit the Consolidated Fixed Charge Coverage Ratio, calculated on a trailing twelve month basis, to be less than 1.0:1.0, commencing with the month ending immediately preceding the date on which a Covenant Compliance Event first occurred.

1.	Is a Covenant Compliance Event ¹ Continuing?	Yes	No
2.	If yes (covenant required to be tested), in compliance?		

C. Calculation of Consolidated EBIDTA

Calculation of Consolidated EBIDTA

For the period Ending:

- | | | |
|----|--|--|
| 1. | Consolidated Net Income: | |
| | | |
| 2. | The sum of the following (to the extent deducted in calculating such Consolidated Net Income): | |
| | (a) Provision for Federal, state, local and foreign income Taxes: | |
| | (b) Consolidated Interest Charges: | |
| | (c) Depreciation and amortization expense: | |
| | (d) other expenses reducing such Consolidated Net Income which do not represent a cash item in such period or any future period (in each case of or by the Lead Borrower and its Restricted Subsidiaries for such Measurement Period): | |
| | (e) any items of loss resulting from the sale of assets other than in the ordinary course of business (it being understood that gains and losses on sales of Inventory pursuant to "going out of business" or similar sales with | |

¹“Covenant Compliance Event” means, at any time, Availability is less than the greater of (i) ten percent (10%) of the Loan Cap and (ii) \$15,000,000. The termination of a Covenant Compliance Event shall in no way limit, waive or delay the occurrence of a subsequent Covenant Compliance Event in the event that the conditions set forth in this definition again arise.

respect to 10.0% of the Lead Borrower's and its Restricted Subsidiaries' Stores (measured at the commencement of the relevant period) shall not be excluded pursuant to this clause):

(f) one-time costs incurred in connection with acquisitions, divestitures or debt or equity financings after the Closing Date or in connection with the Transactions contemplated hereby:

(g) any restructuring charge or reserve, integration cost or other business optimization expense or cost that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs related to the closure and/or consolidation of facilities and to exiting lines of business; provided, all such amounts pursuant to this clause, when aggregated with the amount of increases pursuant to clause (b) of the definition of Pro Forma Adjustment for such Measurement Period, shall not exceed 10.0% of Consolidated EBITDA prior to giving effect to any add-back pursuant to this clause:

3. Line 1 plus the sum of lines 2(a) - 2(g):

4. The sum of the following:

(a) Federal, state, local and foreign income tax credits:

(b) any items of gain resulting from the sale of assets other than in the ordinary course of business (it being understood that gains and losses on sales of Inventory pursuant to "going out of business" or similar sales with respect to 10% of the Lead Borrower's and its Restricted Subsidiaries' Stores (measured at the commencement of the relevant period) shall not be excluded pursuant to this clause):

(c) all non-cash items increasing Consolidated Net Income (in each case of or by the Lead Borrower and its Restricted Subsidiaries for such Measurement Period), all as determined on a Consolidated basis in accordance with GAAP:

5.

Consolidated EBIDTA is line 3 minus the sum of lines 4(a) - 4(c):

APPENDIX III

[Attach financial statements]

APPENDIX IV

[To be included if there is a request pursuant to Section 1.03(b). If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Lead Borrower or the Required Lenders shall so request, the Agent, the Lenders and the Lead Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders), as further described in Section 1.03(b).]¹

¹For the avoidance of doubt, notwithstanding any changes in GAAP after the Closing Date that would require lease obligations that would be treated as operating leases as of the Closing Date to be classified and accounted for as Capital Lease Obligations or otherwise reflected on the Lead Borrower's consolidated balance sheet, such obligations shall continue to be excluded from the definition of Indebtedness.

APPENDIX V

Intellectual Property

APPENDIX VI

Commercial Tort Claims

NOTICE AND GRANT OF SECURITY INTEREST IN COMMERCIAL TORT CLAIM

[_____] , 20[___]

Reference is made to the Guaranty and Security Agreement, dated as of November 16, 2017, by and among Lands' End, Inc., a Delaware corporation (the "Lead Borrower"), certain affiliates of the Lead Borrower party thereto from time to time as grantors, and Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the "Agent") for the Credit Parties (as defined in the ABL Credit Agreement referenced therein) (as amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the "Guaranty and Security Agreement"). Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the Guaranty and Security Agreement.

Pursuant to Section 4.4(d) of the Guaranty and Security Agreement, the undersigned grantors hereby notify the Agent that the undersigned grantors hold a commercial tort claim (as defined in the UCC) having a nominal value in excess of \$500,000 based on the facts and circumstances of the following litigation: [_____, Case No. _____ (_____)] (collectively, the "Commercial Tort Claim").

Each of the undersigned grantors hereby pledges and grants to the Agent, for itself and for the benefit of the Credit Parties, and grants to the Agent, for itself and for the benefit of the Credit Parties, a lien on and security interest in the Commercial Tort Claim and all Proceeds (as defined in the UCC) thereof, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations.

This notice serves as a supplement to Section IV to the Perfection Certificate, and the description of the Commercial Tort Claim set forth herein shall automatically become part of such Section IV.

[Signature page follows]

GRANTORS:

[LANDS' END, INC.]

By: _____
Name:
Title:

[OTHER GRANTORS]

By: _____
Name:
Title:

ACKNOWLEDGED AND AGREED:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent

By: _____
Name:
Title:

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [the][each]¹ Assignor identified in item 1 below ([the][each, an] “Assignor”) and [the][each]² Assignee identified in item 2 below ([the][each, an] “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees]³ hereunder are several and not joint.]⁴ Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, modified, supplemented or restated from time to time, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by [each, the] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees] without recourse to the Assignor, and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors] without recourse to the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of [the Assignor’s][the respective Assignors’] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement, the other Loan Documents, and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including, without limitation, participations in L/C Obligations and Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable Law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, the other Loan Documents, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the] [any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] “Assigned Interest”). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

¹For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

²For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

³Select as appropriate.

⁴Include bracketed language if there are either multiple Assignors or multiple Assignees.

1. Assignor[s]:
2. Assignee[s]:
3. Borrowers: Lands' End, Inc., a Delaware corporation (the "Lead Borrower") and the other borrowers from time to time to the Credit Agreement (together with the Lead Borrower, each, individually, a "Borrower" and, collectively, the "Borrowers").
4. Agent: Wells Fargo Bank, National Association, as the Agent under the Credit Agreement.
5. Credit Agreement: ABL Credit Agreement dated as of [November __], 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") by, among others, (i) the Borrowers, (ii) the guarantors from time to time party thereto (individually, each a "Guarantor" and, collectively, the "Guarantors"), (iii) Wells Fargo Bank, National Association, as Agent for its own benefit and the benefit of the other Credit Parties referred to therein, (iv) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (v) the lenders from time to time party thereto.

6. Assigned Interest[s]:

Assignor[s] ⁵	Assignee[s] ⁶	Initial Amount of Assignor's Commitment /Loans ⁷	Amount of Assignor's Commitment /Loans Assigned ⁸	Percentage of Assignor's Commitment /Loans Assigned ⁹	Resulting Commitment/Loans Amount for Assignor	Resulting Commitment/Loans Amount for Assignee
		\$ _____	\$ _____	_____ %	\$ _____	\$ _____
		\$ _____	\$ _____	_____ %	\$ _____	\$ _____

7. [Trade Date:]¹⁰

⁵List each Assignor, as appropriate.

⁶List each Assignee, as appropriate.

⁷Amounts in this column and in the column immediately to the right to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

⁸Subject to minimum amount requirements pursuant to Section 10.06(b) of the Credit Agreement and subject to proportionate amount requirements pursuant to Section 10.06(b) of the Credit Agreement.

⁹Set forth, to at least 9 decimals, as a percentage of the Commitments/Loans of all Lenders thereunder.

¹⁰To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: , 20 [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE DATE OF DELIVERY OF THIS ASSIGNMENT AND ASSUMPTION FOR RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

[Consented to and]¹ Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent

By: _____
Name: _____
Title: _____

[Consented to:

LANDS' END, INC., as the Lead Borrower

By: _____
Name: _____
Title: _____]²

¹To the extent that the Agent's consent is required under Section 10.06 of the Credit Agreement.

²To the extent that the Borrower's consent is required under Section 10.06 of the Credit Agreement.

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

Reference is made to the ABL Credit Agreement dated as of November 16, 2017 (as amended, modified, supplemented or restated from time to time, the "Credit Agreement") by, among others, (i) Lands' End, Inc., a Delaware corporation (the "Lead Borrower"), (ii) the borrowers from time to time thereto (individually, a "Borrower" and, collectively, the "Borrowers"), (iii) the guarantors from time to time party thereto (individually, each a "Guarantor" and, collectively, the "Guarantors"), (iv) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the "Agent") for its own benefit and the benefit of the other Credit Parties referred to therein, (v) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (vi) the lenders from time to time party thereto (individually, a "Lender" and, collectively, the "Lenders"). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

a. Assignor. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Loan Parties or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Loan Parties or any other Person of any of their respective obligations under any Loan Document.

b. Assignee. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an Eligible Assignee under the Credit Agreement (subject to such consents, if any, as may be required by Section 10.06 of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by [the][such] Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire [the][such] Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to

purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) attached hereto is any documentation required to be delivered by it pursuant to the terms of Section 3.01 of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued up to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

4. Fees. Unless waived by the Agent in accordance with Section 10.06(b) of the Credit Agreement, this Assignment and Assumption shall be delivered to the Agent with a processing and recordation fee of \$3,500.

EXHIBIT E
FORM OF BORROWING BASE CERTIFICATE

Lands' End, Inc.
Borrowing Base Certificate

Certificate No. _____
Certificate Date _____
Collateral Date _____

Domestic

In USD

Inventory as of: _____

At Cost

Add: Mail order stock ledger
Inlet stock ledger
Liquidation inventory
Shops at Sears
In-transit inventory
Shops at Sears In-transit inventory

Total On Hand Inventory

\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -

Shrink -Inlet locations
Shrink -Mail order (last 6 months of cycle count results)
Shrink -Lands' End Shops (per gl account)
Retail dummy locations
Damaged/Unsaleable Inventory
Ineligible Inventory at closed locations (excluding pop-up, temp locations)
Inventory at closed pop-ups and temp locations >\$50M
Embroidery Inventory in excess of \$2.5MM
In-transit inventory >50 days from ship date
In-transit error-test reserve (7.7% of in-transit inventory)
In-transit error rate for Shops at Sears (5.0%)
In-transit UPS reserve
Other Ineligible Inventory

Total Inventory Ineligibles

\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -

Eligible Inventory

\$ -

NOLV
LTV (Jan1 - Sept 30: 90%; Oct 1 -Dec 31: 92.5%)
Advance Rate

Total Domestic Inventory Availability

\$ -

Trade Receivables as of: 1-0-1900
LESS: Accounts more than 60 days past due date
Accounts more than 90 days from invoice date (120 days on investment grade)
Aged credit balance
Cross age (past due > 50%)
Affiliates/Intercompany
Foreign accounts
Government accounts
Concentration
Receivables for sale of gift cards
Other Ineligible Trade Receivables

Total Ineligible Trade Receivables

\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -
\$ -

Eligible Trade Receivables

\$ -

Advance Rate

Total Trade Receivables Availability (Capped at 20% of the Borrowing Base)

\$ -

Credit Card Receivables as of: 1-0-1900
LESS: Outstanding Fees (2.3%)
Amounts Older Than Five Business Days
Other Ineligible Credit Card Receivables

Total Ineligible Credit Card Receivables

\$ -
\$ -
\$ -
\$ -
\$ -

Eligible Credit Card Receivables

\$ -

Advance Rate:

90.0%

Credit Card Receivables Availability

\$ -

LESS: Availability Reserves in respect of Domestic Loan Parties:	
Dilution reserve (3.22% of Eligible Trade Receivables)	\$ -
Landing costs on import in-transit Mail Order (15.43%)	\$ -
Landing costs on import in-transit LES (17.0%) (calculation)	\$ -
Gift certificates and merchandise credits (Face Value x 50%)	\$ -
Gift certificates -LEO (Face Value x product margin x 50%)	\$ -
Customer deposits (100%)	\$ -
Shopes at Sears (one week sales (last week's sales)	\$ -
Total Availability Reserves	\$ -

Total Uncapped Borrowing Base	\$ -
Total Borrowing Base (Capped at \$175,000,000)	\$ -
Suppressed Availability	\$ -

<u>Availability Calculation</u>	
Beginning Principal Balance	as of: 1/0/1900 \$ -
ADD:	LCs Debited \$ -
ADD:	Interest Charged \$ -
ADD:	Fees Charged \$ -
ADD:	Prior Day's Requested Lending \$ -
LESS:	Prior Day's Paydown \$ -
Ending principal balance prior to advance request	\$ -

ADVANCE REQUEST	
Ending Principal Balance	\$ -
ADD:	LIBOR Loans \$ -
ADD:	Standby Letters of Credit \$ -
ADD:	Documentary Letters of Credit \$ -
Total exposure	\$ -
Total Net Availability	\$ -

Availability as Percentage of Loan Cap		#DIV/0!
Monthly Financial Reporting (If availability is less than the greater of (i) \$131,250,000 and (i) 80% of the Loan Cap)	\$ 131,250,000	80.0% Trigger
Appraisal/Exam Cadence (to 2x/yr if availability is less than the greater of (i) \$35,000,000 and (ii) 22.5% of the Loan Cap)	\$ 35,000,000	22.5% Trigger
Accelerated Borrowing Base Reporting (weekly if availability is less than the greater of (i) 22,500,000 and (ii) 15% of the Loan Cap)	\$ 22,500,000	15.0% Trigger
Springing FCCR Test (If availability is less than the greater of (i) \$15,000,000 and (ii) 10% Loan Cap; FCCR of 1.0:1.0 required)	\$ 15,000,000	10.0% Trigger

The undersigned, a Responsible Officer (as defined in the Credit Agreement referred to below) of Lands' End, Inc. (the "Lead Borrower"), represents and warrants that (A) the information set forth above and the supporting documentation and information delivered herewith (i) is complete and correct in all respects, (ii) has been prepared in accordance with the requirements of that certain Credit Agreement dated November 16, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by, among others, (1) the Lead Borrower, (2) the other Borrowers party thereto, (3) the Guarantors party thereto, (4) the Lenders party thereto, and (5) Wells Fargo Bank, National Association, as agent for the Lenders (in such capacity, the "Agent"), and (iii) is based on supporting documentation pursuant to the Credit Agreement, (B) no Default or Event of Default (as such terms are defined in the Credit Agreement) has occurred and is continuing, and (C) the representations and warranties of each Loan Party contained in Article V of the Credit Agreement, or in any other Loan Document, are true and correct in all material respects on and as of the date of the date hereof, except (i) to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, (ii) in the case of any representation and warranty qualified by materiality, in which case they shall be true and correct in all respects and (iii) the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished to clauses (a) and (b), respectively, of Section 6.01 of the Credit Agreement.

Responsible Officer _____
[Insert name/title] _____ Date _____

EXHIBIT F-1

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the ABL Credit Agreement dated as of November 16, 2017 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the “**Credit Agreement**”) by, among others, Lands’ End, Inc., a Delaware corporation (the “**Lead Borrower**”), (ii) the other borrowers from time to time thereto (together with the Lead Borrower, each, individually, a “**Borrower**” and, collectively, the “**Borrowers**”), (iii) the guarantors from time to time party thereto (individually, each a “**Guarantor**” and, collectively, the “**Guarantors**”), (iv) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the “**Agent**”) for the benefit of the Credit Parties referred to therein, (v) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (vi) the lenders from time to time party thereto (individually, a “**Lender**” and, collectively, the “**Lenders**”). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

Pursuant to the provisions of Section 3.01(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a “ten percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code and (iv) it is not a “controlled foreign corporation” related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Lead Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN/W-8BEN-E. By executing this certificate, the undersigned agrees that if the information provided in this certificate changes, the undersigned shall promptly so inform the Lead Borrower and the Agent, and (2) the undersigned shall have at all times furnished the Lead Borrower and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name: _____
Title: _____
Date: _____, 20[]

EXHIBIT F-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S.
Federal Income Tax Purposes)

Reference is hereby made to the ABL Credit Agreement dated as of November 16, 2017 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the “**Credit Agreement**”) by, among others, Lands’ End, Inc., a Delaware corporation (the “**Lead Borrower**”), (ii) the other borrowers from time to time thereto (together with the Lead Borrower, each, individually, a “**Borrower**” and, collectively, the “**Borrowers**”), (iii) the guarantors from time to time party thereto (individually, each a “**Guarantor**” and, collectively, the “**Guarantors**”), (iv) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the “**Agent**”) for the benefit of the Credit Parties referred to therein, (v) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (v) the lenders from time to time party thereto (individually, a “**Lender**” and, collectively, the “**Lenders**”). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

Pursuant to the provisions of Section 3.01(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a “ten percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, and (iv) it is not a “controlled foreign corporation” related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN/W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name: _____
Title: _____
Date: _____, 20[]

EXHIBIT F-3

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the ABL Credit Agreement dated as of November 16, 2017 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the “**Credit Agreement**”) by, among others, Lands’ End, Inc., a Delaware corporation (the “**Lead Borrower**”), (ii) the other borrowers from time to time thereto (together with the Lead Borrower, each, individually, a “**Borrower**” and, collectively, the “**Borrowers**”), (iii) the guarantors from time to time party thereto (individually, each a “**Guarantor**” and, collectively, the “**Guarantors**”), (iv) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the “**Agent**”) for the benefit of the Credit Parties referred to therein, (v) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (v) the lenders from time to time party thereto (individually, a “**Lender**” and, collectively, the “**Lenders**”). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

Pursuant to the provisions of Section 3.01(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a “bank” extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a “ten percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a “controlled foreign corporation” related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) and IRS Form W-8BEN/W-8BEN-E, or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN/W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name: _____
Title: _____
Date: _____, 20[]

EXHIBIT F-4

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)**

Reference is hereby made to the ABL Credit Agreement dated as of November 16, 2017 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the “**Credit Agreement**”) by, among others, Lands’ End, Inc., a Delaware corporation (the “**Lead Borrower**”), (ii) the other borrowers from time to time thereto (together with the Lead Borrower, each, individually, a “**Borrower**” and, collectively, the “**Borrowers**”), (iii) the guarantors from time to time party thereto (individually, each a “**Guarantor**” and, collectively, the “**Guarantors**”), (iv) Wells Fargo Bank, National Association, as administrative agent and collateral agent (in such capacities, the “**Agent**”) for the benefit of the Credit Parties referred to therein, (v) Wells Fargo Bank, National Association, as an L/C Issuer and the Swing Line Lender, and (vi) the lenders from time to time party thereto (individually, a “**Lender**” and, collectively, the “**Lenders**”). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

Pursuant to the provisions of Section 3.01(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a “bank” extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881 (c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a “ten percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a “controlled foreign corporation” related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Lead Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN/W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN/W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Lead Borrower and the Agent, and (2) the undersigned shall have at all times furnished the Lead Borrower and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name: _____

Title: _____
Date: _____, 20[]

EXHIBIT G

FORM OF CREDIT CARD NOTIFICATION

PREPARE ON LOAN PARTY LETTERHEAD - ONE FOR EACH PROCESSOR

To: [Name and Address of Credit Card Processor] (The "Processor")

[] (the "Company")
Re:

Merchant Account Number: _____

Dear Sir/Madam:

In connection with that certain ABL Credit Agreement dated as of November 16, 2017 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "**Credit Agreement**") between, among others, the Company, certain affiliates of the Company, and **Wells Fargo Bank, National Association**, a national banking association with offices at One Boston Place, 18th Floor, Boston, MA 02108, as administrative agent and collateral agent (in such capacities, the "**Agent**") for a syndicate of lenders and other credit parties (together with the Agent, collectively, the "**Credit Parties**"), the Company has granted to the Agent, for its own benefit and the benefit of the other Credit Parties, a security interest in and to certain assets of the Company, including, without limitation, all amounts due or to become due from the Processor to the Company, including, without limitation, all payments with respect to credit card charges (the "**Charges**") submitted by the Company to the Processor for processing and the amounts which the Processor owes to the Company on account thereof (the "**Credit Card Proceeds**").

1. The undersigned hereby instructs the Processor that, until the Processor receives written notification (i) executed by the Company and the Agent to the contrary, or (ii) executed by Agent to the contrary, all amounts as may become due from time to time from the Processor to the Company shall [continue to] be transferred only by ACH, Depository Transfer Check, or Electronic Depository Transfer to:

[_____]

ABA#

Account No. _____

Re: Lands' End, Inc.

The Company further instructs the Processor to follow any subsequent instructions received in writing and (i) executed by the Company and the Agent, or (ii) executed by Agent, in each case with respect to the transfer of amounts as may become due from time to time from the Processor to the Company.

2. Upon request of the Agent, a copy of each periodic statement provided by the Processor to the Company should be provided to the Agent at the following address (which address may be changed upon seven (7) days' written notice given to the Processor by the Agent):

Wells Fargo Bank, National Association

One Boston Place, 18th Floor
Boston, Massachusetts 02108
Attention: [Y. Sonia Anandraj]

Re: Lands' End, Inc.

3. The Processor shall be fully protected in acting on any written order or direction executed (i) by the Company and the Agent, or (ii) by the Agent, in each case respecting the Charges and the Credit Card Proceeds without making any inquiry whatsoever as to the Company's right or authority (so long as such order or direction is also executed by the Agent) or Agent's right or authority to give such order or direction or as to the application of any payment made pursuant thereto.

This letter may be amended only by the written agreement of the Processor, the Company, and an officer of the Agent and may be terminated solely by written notice signed by an officer of the Agent.

[remainder of page intentionally left blank]

Very truly yours,

[], as the Company

By: _____

Name: _____

Title: _____

cc: Wells Fargo Bank, National Association

[Signature Page to Credit Card Notification]

EXHIBIT H

FORM OF INTERCOMPANY NOTE

FOR VALUE RECEIVED, each of the entities set forth on the signature pages hereto (together with their registered assigns, each a “Payor”), hereby severally, and not jointly, promises to pay to each entity identified as a lender or Payee (together with their registered assigns, each a “Payee”), in lawful money of the United States of America in immediately available funds, at such location as Payee shall from time to time designate, the unpaid principal amount of all loans and advances made by Payee to or on behalf of the applicable Payor and such interest as the parties have determined and established on their respective books and records. Notwithstanding anything to the contrary contained herein or in any other promissory note, instrument, or other agreement, this Intercompany Note shall evidence all loans and advances from each Payee to each Payor, regardless of whether evidenced by another note, instrument or writing.

The principal balance of all loans and advances made by each Payee to each Payor, together with all accrued interest thereon, shall be due and payable in full on demand, unless otherwise agreed in writing by such Payor and Payee, as applicable. Each Payor may prepay all or any part of the principal or accrued interest at any time and from time to time, without premium or penalty. All partial prepayments shall be applied first to accrued and unpaid interest and then to the unpaid principal amount of the loans.

Upon the commencement of any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding of any jurisdiction relating to any Payor, the unpaid principal amount hereof with respect to the applicable Payor shall become immediately due and payable without presentment, demand, protest or notice of any kind in connection with this Intercompany Note (“Intercompany Note”).

This Intercompany Note is subject to the terms of each of the Credit Agreements (defined below) and is to be pledged by each Payee that is a Loan Party (as defined in the Term Loan Agreement (defined below), a “Term Loan Party” and as defined in the ABL Credit Agreement (defined below), an “ABL Loan Party” and, together with the Term Loan Parties, collectively, the “Loan Parties”) pursuant to the applicable Guaranty and Security Agreement (as defined in each Credit Agreement). Each Payor hereby acknowledges and agrees that, upon the occurrence and during the continuance of an Event of Default (as defined in each Credit Agreement), each of the ABL Agent (defined below) and the Term Agent (defined below), as the case may be, may, subject to the terms of the Intercreditor Agreement, dated as of April 4, 2014 among the ABL Agent, the Term Agent and the other parties thereto (as modified by that certain Intercreditor Agreement Joinder dated as of November 16, 2017 and as further amended, restated, modified, or otherwise supplemented from time to time, the “Intercreditor Agreement”), exercise all the rights and remedies provided in each such Guaranty and Security Agreement (as such term is defined in each Credit Agreement) to which it is a party with respect to this Intercompany Note.

Each Payee agrees that any and all claims of such Payee against any Payor that is a Loan Party or any endorser of the obligations of any Payor that is a Loan Party under this Intercompany Note, or against any of their respective properties, shall be subordinate and subject in right of payment to the applicable Senior Indebtedness (as defined below) until all of the obligations have been paid in full (in the case of the Senior Indebtedness under clause (i) below, other than the Excluded Obligations (as defined below), and, in the case of the Senior Indebtedness under clause (ii) below, in accordance with Section

1.02(c) of the ABL Credit Agreement); provided, that each Payor may make payments to the applicable Payee so long as such payments are permitted pursuant to each of the Credit Agreements.

This Intercompany Note shall be binding upon each Payor and its successors and assigns, and the terms and provisions of this Intercompany Note shall inure to the benefit of each Payee and their respective successors and assigns, including subsequent holders hereof. Notwithstanding anything to the contrary contained herein, in any other Loan Document (as defined in each Credit Agreement) or in any other promissory note or other instrument, (i) any and all promissory notes, instruments or other arrangements or agreements which create or evidence any loans or advances made at any time by any Payee that is not a Loan Party to the Lead Borrower or any of its Subsidiaries that are Loan Parties under the Credit Agreements shall be subject to the terms and conditions of this Intercompany Note, (ii) this Intercompany Note supersedes any and all promissory notes or other instruments which create or evidence any loans or advances made on or before the date hereof by any Payee that is not a Loan Party to Lead Borrower or any of its Subsidiaries that are Loan Parties, which shall be null and void as of the effective date of this Intercompany Note, and (iii) this Intercompany Note shall not be deemed replaced, superseded or in any way modified by any promissory note or other instrument entered into on or after the date hereof which purports to create or evidence any loan or advance by any Payee that is not a Loan Party to the Lead Borrower or any of its Subsidiaries that are Loan Parties unless such replacement or modification is not prohibited under each Credit Agreement and such promissory note is delivered to the Term Agent pursuant to the Term Credit Agreement (defined below) and Guaranty and Security Agreement (as defined in the Term Credit Agreement), and, upon payment in full of such obligations (other than (A) contingent obligations for which claims have not been asserted and (B) unless the Obligations (as defined in the Term Credit Agreement) have been accelerated as a result of the occurrence of any Event of Default (as defined in the Term Credit Agreement) or the Term Loan Parties are liquidating substantially all of their assets (provided, however, that in connection with the termination of the Commitments (as defined in the Term Credit Agreement) and satisfaction of the Loan Agreement Obligations (as defined in the Term Credit Agreement), the Term Agent may require such unsecured indemnities it shall reasonably deem necessary or appropriate to protect the Credit Parties (as defined in the Term Credit Agreement) against loss on account of credits previously applied to the Obligations (as defined in the Term Credit Agreement) that may subsequently be reversed or revoked), Obligations (as defined in the Term Credit Agreement) in respect of Bank Products and Cash Management Services (in each case, as defined in the Term Credit Agreement), except as to amounts that are due and payable thereunder for which the Term Agent has received a written notice from the applicable Lender or Affiliate of a Lender (clauses (A) and (B), collectively, the "Excluded Obligations")), to the ABL Agent pursuant to the ABL Credit Agreement (defined below) and Guaranty and Security Agreement (as defined in the ABL Credit Agreement).

From time to time after the date hereof, additional subsidiaries of the Lead Borrower may become parties hereto (as Payor and/or Payee, as the case may be) by executing a counterpart signature page to this Intercompany Note (each additional Subsidiary, an "Additional Party"). Upon delivery of such counterpart signature page to the Payees, notice of which is hereby waived by the other Payors, each Additional Party shall be a Payor and/or a Payee, as the case may be, and shall be as fully a party hereto as if such Additional Party were an original signatory hereof. Each Payor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Payor or Payee hereunder. This Intercompany Note shall be fully effective as to any Payor or Payee that is or becomes a party hereto regardless of whether any other person becomes or fails to become or ceases to be a Payor or Payee hereunder.

As used herein, "Credit Agreement" shall mean each of: (i) that certain Term Loan Credit Agreement, dated as of April 4, 2014, among Lands' End, Inc. ("Lead Borrower"), the other parties thereto from time to time as borrowers and guarantors, the lenders from time to time party thereto, Bank of America, N.A., as administrative agent and as collateral agent (in such capacities, the "Term Agent"), and the other parties thereto (as amended, restated, refinanced, modified and/or supplemented from time to time, the "Term Credit Agreement"), and (ii) that certain ABL Credit Agreement, dated as of November 16, 2017, among the Lead Borrower, the other parties thereto from time to time as borrowers and guarantors, the lenders party thereto from time to time, Wells Fargo Bank, National Association, as administrative agent and as collateral agent (in such capacities, the "ABL Agent"), and the other parties thereto (as amended, restated, refinanced, modified and/or supplemented from time to time, the "ABL Credit Agreement").

As used herein, "Senior Indebtedness" shall mean:

(i) all Obligations (as defined in the Term Credit Agreement) (including, without limitation, (x) all interest accruing after the filing of a petition in bankruptcy or any other act which constitutes a default or event of default pursuant to Section 8.1(f) of the Term Credit Agreement, at the stated contract rate, regardless of whether allowed or allowable in the respective bankruptcy or other proceeding, and (y) Obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon that are due and payable in accordance with the terms of the Term Credit Agreement) of each Term Loan Party (whether as obligor, guarantor or otherwise) to the Credit Parties under the Term Credit Agreement (other than the Excluded Obligations), whether now existing or hereafter incurred under, arising out of or in connection with each Loan Document (as defined in the Term Credit Agreement), and the due performance and compliance by each Term Loan Party with the terms of each such Loan Document (as defined in the Term Credit Agreement); and

(ii) all Obligations (as defined in the ABL Credit Agreement) (including, without limitation, (x) all interest accruing after the filing of a petition in bankruptcy or any other act which constitutes a default or event of default pursuant to Section 8.01(f) of the ABL Credit Agreement, at the stated contract rate, regardless of whether allowed or allowable in the respective bankruptcy or other proceeding, and (y) Obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code of the United States, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon that are due and payable in accordance with the terms of the ABL Credit Agreement) of each ABL Loan Party (whether as obligor, guarantor or otherwise) to the Credit Parties (as defined in the ABL Credit Agreement) (other than any exceptions contemplated under, and in accordance with, Section 1.02(c)), whether now existing or hereafter incurred under, arising out of or in connection with each Loan Document (as defined in the ABL Credit Agreement), Bank Products or Cash Management Services (each as defined in the ABL Credit Agreement) and any related agreements to which it is at any time a party (including, without limitation, all such obligations and liabilities of each ABL Loan Party under the ABL Credit Agreement (if a party thereto) and under any guarantee by it of obligations pursuant to the Guaranty and Security Agreement (as defined in the ABL Credit Agreement) and the due performance and compliance by each ABL Loan Party with the terms of each such Loan Document, Bank Products, Cash Management Services and related agreements.

All payments under this Intercompany Note shall be made without offset, counterclaim or deduction of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Intercompany Note and all of the rights of each Payee that is a Loan Party, hereunder have been collaterally assigned to (i) in the case of each Term Loan Party, Bank of America,

N.A., as Term Agent, pursuant to the terms of the Guaranty and Security Agreement (as defined in the Term Credit Agreement by, among others, certain Payees and Term Agent), and (ii) in the case of each ABL Loan Party, Wells Fargo Bank, National Association, as ABL Agent, pursuant to the terms of the Guaranty and Security Agreement (as defined in the ABL Credit Agreement by, among others, certain Payees and ABL Agent) subject to the terms of the Intercreditor Agreement.

This Intercompany Note may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Intercompany Note by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Intercompany Note.

THIS INTERCOMPANY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

[Signature Page Follows]

This Intercompany Note is dated as of _____, ____.

[SIGNATURE BLOCKS FOR THE LEAD BORROWER AND ITS SUBSIDIARIES AND NON-
LOAN PARTY PAYEES TO BE INSERTED]

Signature Page to Intercompany Note

***** Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as [*****]. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

SECOND AMENDMENT TO MASTER LEASE AGREEMENT

This Second Amendment to Master Lease Agreement (this "Amendment") is made and entered into by and between **SEARS, ROEBUCK AND CO.**, a New York corporation, as the landlord ("Landlord"), and **LANDS' END, INC.**, a Delaware corporation, as the tenant ("Tenant"), to be effective on February 1, 2018 (the "Effective Date").

WITNESSETH

WHEREAS, Landlord and Tenant previously entered into that certain Master Lease Agreement dated as of April 4, 2014, but effective as of February 1, 2014, as amended (the "Lease").

WHEREAS, Landlord and Tenant desire to amend the terms of the Lease as set forth herein.

NOW, THEREFORE, pursuant to the foregoing, and in consideration of the mutual covenants and agreements contained in the Lease and herein, the Lease, as of the Effective Date of this Amendment, is hereby modified and amended as set out below:

1. Defined Terms. All capitalized terms used herein shall have the same meaning as defined in the Lease, unless otherwise defined in this Amendment.
2. Recitals. The Recitals of the Lease are hereby deleted and replaced with:
"Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, that certain premises within a building, which building location is set forth on **Annex A**, under the column heading "Store Name" (each, a "**Building**"), consisting of approximately the rentable square feet opposite each Building location on **Annex A** under the column describing square feet ("Sq Ft"), (each, a "**Leased Premises**"), upon the terms and conditions provided herein."
3. Annex A. **Annex A** of the Lease is deleted in its entirety and replaced with **Annex A** attached hereto.
4. Annex C. **Annex C** of the Lease is deleted in its entirety and replaced with **Annex C** attached hereto.
5. Miscellaneous. With the exception of those terms and conditions specifically modified and amended herein, the herein referenced Lease shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this Amendment and the terms and provisions of the Lease, the terms and provisions of this Amendment shall supersede and control.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this Amendment, the parties may execute and exchange facsimile or e-mailed pdf counterparts of the signature pages and such counterparts shall serve as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the dates set forth below, to be effective for all purposes, however, as of the Effective Date.

LANDLORD:

SEARS, ROEBUCK AND CO., a New York corporation

By: /s/ Robert A. Riecker
Robert A. Riecker
Name: _____
Title: Chief Financial Officer
Date: January 31, 2018

TENANT:

LANDS' END, INC., a Delaware corporation

By: /s/ James F. Gooch
Name: James F. Gooch
Title: Chief Operating Officer/
Chief Financial Officer
Date: January 31, 2018

Annex A to Master Lease Agreement dated April 4, 2014 effective as of February 1, 2018

% Rent Location
 [*****] Gross Sales

Store Num	Store Name	Leased/Owned	Sq. Ft.	Rent PSF	Full Year	Monthly	Expiration Date	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Full Year	FY2019	
1004	1004 GARDEN CITY	Ground Lease	15,343	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1011	1011 GRANDVILLE	Owned	4,621	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1012	1012 DES MOINES	Owned	4,841	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1013	1013 GLEN BURNIE	Ground Lease	8,050	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1022	1022 OMAHA	Owned	4,760	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1023	1023 DULLES/LOUDOUN CNTY	Owned	9,535	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1029	1029 SPOKANE	Owned	6,049	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1033	1033 N ATTLEBORO	Owned	10,327	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1043	1043 MERIDEN	Owned	6,910	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1044	1044 JERSEY CTY/NEWPORT	Ground Lease	5,411	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1048	1048 PASADENA	Ground Lease	7,168	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1051	1051 STRONGSVILLE	Owned	5,833	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1073	1073 EXTON	Ground Lease	9,039	[*****]	[*****]	[*****]	10/5/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1074	1074 WALDORF/ST CHARLES	Owned	8,771	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1104	1104 MARLBOROUGH	Owned	9,950	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1110	1110 PORTAGE	Owned	5,178	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1120	1120 COLUMBUS	Owned	8,374	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1136	1136 BIRMINGHAM/RIVERCHASE	Owned	4,215	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1139	1139 TUKWILA	Ground Lease	7,216	[*****]	[*****]	[*****]	7/31/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1155	1155 KENNESAW	Owned	8,086	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1171	1171 SPRINGFIELD	Owned	4,748	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1182	1182 ST PETERS	Owned	8,004	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

1192	1192 MUSKEGON	Owned	4,261	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1210	1210 COLUMBUS/POLARIS	Owned	6,611	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1221	1221 COLORADO SPRINGS	Owned	5,076	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1224	1224 HARRISBURG	Owned	7,435	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1253	1253 PEABODY	Ground Lease	13,313	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1263	1263 WATERBURY	Owned	7,176	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1271	1271 LITTLETON/DENVER SW	Owned	5,885	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1274	1274 RICHMOND/CHESTERFIELD	Ground Lease	7,551	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1278	1278 TORRANCE	Ground Lease	7,489	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1280	1280 SPRINGDALE	Ground Lease	16,506	[*****]	[*****]	[*****]	7/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1283	1283 BRAINTREE	Ground Lease	8,694	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1290	1290 NILES	Owned	7,305	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1304	1304 SILVER SPRING	Ground Lease	4,973	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1314	1314 NEW BRUNSWICK	Owned	7,107	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1333	1333 POUGHKEEPSIE	Ground Lease	5,523	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1335	1335 GREENSBORO	Ground Lease	5,856	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1337	1337 PLANO	Owned	4,196	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1353	1353 DE WITT/SYRACUSE	Owned	8,801	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1354	1354 WILLOW GROVE	Owned	8,635	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1364	1364 LAKE GROVE	Owned	7,133	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1368	1368 CONCORD	Ground Lease	9,947	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1374	1374 BEL AIR	Ground Lease	6,517	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1375	1375 WINSTON SALEM	Owned	10,406	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1404	1404 MASSAPEQUA	Ground Lease	6,997	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1443	1443 MANCHESTER	Owned	6,482	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1447	1447 FT WORTH	Owned	4,387	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

1460	1460 LIVONIA	Owned	5,116	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1463	1463 BURLINGTON	Ground Lease	7,315	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1475	1475 DURHAM	Owned	7,596	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1494	1494 MOORESTOWN	Ground Lease	8,126	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1504	1504 WILLIAMSVILLE/BUFFALO	Owned	6,946	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1570	1570 SCHAUMBURG	Owned	6,552	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1595	1595 GREENVILLE	Owned	5,742	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1600	1600 INDIANAPOLIS CASTLETON SQ	Owned	15,291	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1605	1605 RALEIGH	Owned	7,204	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1610	1610 CINCINNATI NORTHGATE	Owned	5,933	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1614	1614 LIVINGSTON	Owned	8,270	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1620	1620 VERNON HILLS	Owned	7,853	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1644	1644 LANCASTER	Ground Lease	8,635	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1654	1654 MEDIA	Ground Lease	8,919	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1685	1685 DULUTH	Owned	6,545	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1690	1690 CHESTERFIELD	Owned	8,489	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1710	1710 NO OLMSTED	Owned	8,789	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1720	1720 STERLING HTS	Owned	8,167	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1722	1722 BLOOMINGTON	Ground Lease	8,564	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1730	1730 FLORENCE	Owned	6,338	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1734	1734 LAWRENCEVILLE	Owned	10,295	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1744	1744 OCEAN	Owned	8,224	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1754	1754 GAITHERSBURG	Owned	8,839	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1760	1760 NOVI	Owned	8,769	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1765	1765 PALM BEACH GARDENS	Ground Lease	6,188	[*****]	[*****]	[*****]	10/31/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1800	1800 MISHAWAKA	Owned	5,927	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

1804	1804 BARBOURSVILLE	Owned	8,441	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1805	1805 RALEIGH	Owned	7,318	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1834	1834 NORTH WALES	Ground Lease	9,819	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1853	1853 WILMINGTON	Owned	8,415	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1854	1854 PARKVILLE	Owned	7,928	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1958	1958 SAN JOSE/OAK RIDGE	Ground Lease	7,547	[*****]	[*****]	[*****]	3/23/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2027	2027 WASILLA	Ground Lease	7,063	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2092	2092 APPLETON	Owned	5,792	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2183	2183 SO PORTLAND	Owned	5,564	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2309	2309 SILVERDALE	Owned	4,226	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2395	2395 MANASSAS	Ground Lease	7,407	[*****]	[*****]	[*****]	6/14/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

Total [*****]

Count 85 85 84 84 84 84 83 83 83 82 82 82

Adjustment
1
Adjustment
2
Adjustment
3

Revised Totals [*****]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

ANNEX C

PERCENTAGE RENT

Commencing on February 1, 2018, with respect to the Leased Premises listed below (the “**Contingent Rent Locations**”), Tenant shall pay as Rent the greater of (i) the Rent set forth on **Annex A** or (ii) [*****] of Tenant’s Gross Sales for each applicable location as described on this **Annex C**. With respect to each Contingent Rent Location, Tenant shall pay to Landlord each month throughout the Term the Rent set forth on **Annex A**, subject to reconciliation as set forth below.

Contingent Rent Locations:

The locations as indicated on Annex A.

With respect to each Contingent Rent Location, the term “**Gross Sales**”, shall mean all cash, check, charge account or credit sales of Tenant’s merchandise (excluding sales of gift cards until time of redemption) made in or from the applicable Leased Premises, and sales or service by any sublessee, assignee, concessionaire or licensee in such Leased Premises, as determined in accordance with GAAP, as amended, after deductions for refunds and merchandise returned by customers. No deduction shall be allowed for uncollected or uncollectible credit accounts. Gross Sales shall not include (i) any sums collected and paid out for any sales or excise tax imposed by any duly constituted governmental authority, (ii) the exchange of merchandise between the stores of Tenant, if any, where such exchanges of goods or merchandise are made solely for the convenient operation of the business of Tenant and not for the purpose of consummating a sale which has theretofore been made at, in, from or upon the applicable Leased Premises, and/or for the purpose of depriving Landlord of the benefit of a sale which otherwise would be made at, in, from or upon such Leased Premises, (iii) the amount of returns to shippers or manufacturers, (iv) the amount of any cash or credit refund made upon any sale where the merchandise sold, or some part thereof, is thereafter returned by the customer and accepted by Tenant, (v) receipts from customers for carrying charges or other credit charges, or (vi) the sale of fixtures after their use in the conduct of business in such Leased Premises.

Within thirty (30) days after the close of each fiscal year, Tenant shall, for each Contingent Rent Location, deliver to Landlord a statement of Gross Sales for each such fiscal year showing the Gross Sales made during such fiscal year, certified by a duly qualified officer of Tenant as being true, complete and correct. For any Contingent Rent Location at which the calculation of [*****] of Tenant’s Gross Sales (the “**Percentage Rent Payment**”) is greater than the amount of Rent which was paid for such location pursuant to **Annex A**, Tenant’s statement of Gross Sales shall also be accompanied by a payment of the difference between the Percentage Rent Payment and the Rent which was paid pursuant to **Annex A**.

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

***** Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as [*****]. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

MASTER SUBLEASE AGREEMENT

THIS MASTER SUBLEASE AGREEMENT (hereinafter “**Sublease**”) is made and entered into as of February 1, 2018, (the “**Commencement Date**”), by and between Sears Operations LLC, a Delaware limited liability company (“**Sublandlord**”), and Lands’ End, Inc., a Delaware corporation as the subtenant (“**Subtenant**”).

RECITALS:

A. Subtenant is a party to that certain Master Lease Agreement dated as of April 4, 2014 between Subtenant and Sears, Roebuck and Co., as amended on July 6, 2015 (the “**2014 Master Lease**”). The 2014 Master Lease applies to numerous premises and provides that the premises covered thereby have individual expiration dates. The premises covered by this Sublease are comprised of premises whose lease terms under the 2014 Master Lease have expired prior to the Commencement Date hereof and therefor, as of the Commencement Date, are not subject to the 2014 Master Sublease.

B. Sublandlord, pursuant to the lease set forth on **Annex B** (including any amendments thereto) (the “**Master Lease**”), by and between Sublandlord and the landlord under such Master Lease (“**Landlord**”), desires to sublease to Subtenant and Subtenant desires to sublease from Sublandlord that certain premises within a building, which building location is set forth on **Annex A** under the column heading “Store Name” (each, a “**Building**”), consisting of approximately the rentable square feet set opposite each Building location on **Annex A** under the column describing square feet (“Sq Ft”), (each, a “**Subleased Premises**”), upon the terms and conditions provided hereinafter.

NOW, THEREFORE, for and in consideration of and subject to the premises, covenants and agreements hereinafter mentioned, the parties do hereby agree as follows:

1. **Subleased Premises**

Subject to all of the terms and conditions of the Master Lease and subject to the terms and conditions hereof, Sublandlord subleases to Subtenant and Subtenant subleases from Sublandlord, the Subleased Premises.

Subject to any Third Party Agreements (as defined in Section 22(a) below) and temporary closures or restrictions due to casualty, condemnation, or Sublandlord’s maintenance and repair activities in the Building, Sublandlord further grants to Subtenant, in common with other occupants of the applicable Building and subject to the provisions of this Sublease, the Master Lease and all applicable legal requirements: the right of ingress and egress to public roadways and a non-exclusive easement for parking the vehicles of Subtenant, its customers, employees and business invitees, and for access, use of, ingress and egress for vehicles and pedestrians in common with the other occupants of such Building, over all parking areas, alleys, roadways, sidewalks, walkways, landscaped areas and surface water drainage systems and for use of parking lot lighting; and a non-exclusive use of the hallways, entryways, elevators, restrooms, adequate storage space (and where provided prior to the Commencement Date, of similar type and size to such space), trash facilities and all other areas and facilities in the applicable Building that are provided and designated from time to time by Sublandlord for the non-exclusive use of occupants of such Building and their respective customers, employees and business invitees. The facilities and areas set forth above shall be deemed “**Common Areas**”.

2. **Term.**

- (a) Unless earlier terminated as to all or any of the Subleased Premises pursuant to the express terms and conditions of this Sublease and subject to all of the terms and conditions of the Master Lease, including, without limitation, the extension, expiration, rejection or earlier termination provisions thereof, and subject to the terms and conditions hereof, the term ("**Term**") of this Sublease with respect to each Subleased Premises shall commence on the Commencement Date and shall expire on the earlier to occur of (i) the expiration, rejection or earlier termination of the Master Lease or (ii) the date set forth set forth on **Annex A** under the column heading "Expiration Date" (each, an "**Expiration Date**"). In the event that the Master Lease shall terminate early, the Sublandlord shall provide notice to the Subtenant.
- (b) Subtenant shall have no right to extend the Term of the this Sublease with respect to any of the Subleased Premises, except that by the date which is referenced on **Annex A** under the column heading "Expiration Date" for each Subleased Premises, Subtenant may send written notice to Sublandlord of its desire to negotiate extending the Term with respect to such Subleased Premises, and Sublandlord may (but shall not be obligated to), in its sole discretion, agree to negotiate such an extension on terms and conditions mutually agreeable to Sublandlord and Subtenant.

3. **Rent.**

- (a) Rent shall begin to accrue and shall be due to Sublandlord on the Commencement Date. Subtenant agrees to pay rent for the Subleased Premises in the annual amount set forth on **Annex A** under the column heading "Rent PSF" for the applicable fiscal year (the "**Rent**"); provided, however, that the terms and provisions of **Annex C** ("**Percentage Rent**") shall apply with respect to the locations listed thereon. Subtenant shall pay one-twelfth (1/12) of the annual Rent (or a prorated amount during partial months), in advance, on the first day of each month, without notice, offset or deductions except as otherwise set forth herein. Rent is inclusive of third-party common area maintenance costs, real estate taxes and utilities but does not cover any other costs or services.
- (b) All Rent (as defined below) shall be made payable to Sublandlord and mailed to Sublandlord's address as outlined in the "Notice" Section of this Sublease until the payee or address is changed by written notice from Sublandlord.

4. **Hold Over.**

If Subtenant does not vacate a Subleased Premises upon the expiration of this Sublease with respect to such Subleased Premises, such holdover shall result in a tenancy at sufferance, and in addition to Subtenant paying all damages incurred by Sublandlord as a result of Subtenant holding over (including, but without limitation, all loss, costs, damages and expenses arising under the Master Lease), Subtenant shall also pay to Sublandlord, as Rent for the period of such holdover (calculated based on the number of days of the holdover), 150% of the Rent PSF in effect immediately prior to such holdover.

5. **Subtenant's Taxes.**

Subtenant shall pay to Sublandlord, promptly upon demand, a sum equal to the aggregate of any municipal, county, state, or federal excise, sales, use, margin or transaction privilege taxes (but not including any taxes paid by Sublandlord based on its net income) now or hereafter legally levied

or imposed against, or on account of, any amounts payable under this Sublease by Subtenant or the receipt thereof by Sublandlord. Subtenant shall pay all taxes and assessments of every nature, kind and description, levied and assessed against Subtenant's fixtures, equipment, merchandise and goods stored in or about the Subleased Premises.

6. **Late Charges/Interest.**

In the event any installment of Rent is more than three (3) days past due or any other amount payable by Subtenant to Sublandlord is more than ten (10) days past due, Subtenant shall pay to Sublandlord, as additional rent (i) a late fee equal to five percent (5%) of the amount unpaid to cover Sublandlord's administrative costs for collection and loss of income plus (ii) interest at the Default Rate, calculated from the date such unpaid amounts were due. For the purposes of this Sublease the Default Rate shall be the rate of eight percent (8%) per annum, compounded monthly.

7. **Use; Operations; and Radius Restriction.**

- (a) Subtenant shall use the Subleased Premises only as a Lands' End retail shop consistent with the current format Subtenant is currently operating in each Subleased Premises and for no other purpose ("**Permitted Use**"). Subtenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from any Subleased Premises, nor take any other action which would constitute a nuisance or which would disturb or endanger any other occupants (including Sublandlord's retail operations) of the Building, or unreasonably interfere with such other occupants' use of their respective space.
- (b) Subtenant agrees to continuously operate its business in the entirety of each Subleased Premises under the name "Lands' End" throughout the Term of this Sublease and for the same operating hours of Sublandlord's store in which the Subleased Premises are located. If Subtenant violates this Section, then in addition to all rights and remedies available to Sublandlord pursuant to Section 15, Subtenant shall also pay to Sublandlord, upon demand, for each non-compliant Subleased Premises, liquidated damages in an amount equal to Five Hundred and No/100 Dollars (\$500.00) for each day such violation continues; provided, however, that this provision shall not apply if the Subleased Premises should be closed and the business of Subtenant temporarily discontinued therein on account of remodeling or renovation which is completed within ten (10) business days. Subtenant acknowledges and agrees that if it breaches this Section, Sublandlord shall be deprived of an important right under this Sublease, and as a result thereof, will suffer damages in an amount which is not readily ascertainable, and that the foregoing is a reasonable and equitable determination of the actual damages Sublandlord shall suffer as a result of Subtenant's breach of its obligations under this Section.
- (c) Subtenant covenants and agrees that during the Term, Subtenant (and if Subtenant is a corporation, membership entity or partnership, its officers, directors, stockholders, members, managers, affiliates or partners) shall not directly or indirectly, operate or manage any other store or business similar to or in competition with the use for which the Subleased Premises are let (including, without limitation, any concession or department operated within another store or business), within the same shopping center or retail center development of which the Building is a part.

8. **Hazardous Materials.**

No Hazardous Material (as hereinafter defined) shall be created, handled, placed, stored, used, transported or disposed of by either party on the Subleased Premises. Sublandlord and Subtenant

hereby indemnify, defend and hold the other party and its directors, officers, employees and agents (including any successor to Sublandlord's interest in the Subleased Premise) harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which result from either party's breach of this Section. As used herein, "Hazardous Material" shall mean any substance that is toxic, ignitable, reactive, corrosive and that is regulated by any local government, the respective state each Subleased Premises is located in, or the United States Government. "Hazardous Material" includes any and all material or substances that are defined as "hazardous waste", "extremely hazardous waste" or a "hazardous substance" pursuant to state, federal or local governmental law. "Hazardous Material" includes, but is not restricted to, asbestos, polychlorobiphenyls ("PCBs") and petroleum.

9. **Repairs, Maintenance, Utilities and Other Services.**

- (a) Subtenant shall accept each Subleased Premises in its "AS-IS", "WHERE IS" and "WITH ALL FAULTS" condition. Sublandlord makes no representations or warranties as to the conditions of any Subleased Premises, and Subtenant acknowledges that it is fully aware of the existing conditions of each Subleased Premises since it has occupied and operated in such Subleased Premises prior to the date of this Sublease. Sublandlord shall have no responsibility or obligation to make repairs or replacements to or upon a Subleased Premises or to perform any maintenance which becomes necessary during Subtenant's occupancy of such Subleased Premises. Subtenant shall comply with all laws, statutes, governmental regulations and local ordinances (including, without limitation, the Americans with Disabilities Act) and the direction of the proper public officials concerning its use of each Subleased Premises. Subtenant shall return each Subleased Premises to Sublandlord "broom clean" and in the same condition as it exists as of the beginning of the Term, excluding ordinary wear and tear.
- (b) Sublandlord shall not be liable to Subtenant for damages or otherwise if the utilities serving the Subleased Premises or Building of which the Subleased Premises are a part are interrupted or terminated for any cause; provided, however, the foregoing shall not limit Subtenant's remedies expressly set forth in Section 19.
- (c) Sublandlord and Subtenant agree that Sublandlord is not providing any services to Subtenant at any Subleased Premises which are not expressly set forth herein; by way of example and without limitation of the foregoing disclaimer, Sublandlord is expressly not providing the following services to Subtenant: cleaning or maintenance of the Subleased Premises, loss prevention, general liability or property insurance, stock room replenishment, use of Sublandlord's Point of Sale system, shipping/receiving, wi-fi or accepting returns of Subtenant's merchandise. Sears, Roebuck and Co. and Subtenant have entered into that certain Retail Operations Agreement dated as of April 4, 2014 (the "RSA") providing for additional services and/or for rules and restrictions governing Subtenant's use of the Subleased Premises and other portions of Sublandlord's Buildings.

10. **Fixtures/Alterations.**

Subtenant shall only be permitted to make cosmetic changes to the Subleased Premises. Subtenant shall not have the right to install permanent fixtures, or in any way alter the structure of any Building or alter any non-structural portion of any Subleased Premises, without the prior written consent of Sublandlord, which shall be in Sublandlord's sole discretion.

11. **Access to Subleased Premises.**

Sublandlord shall have free access to any Subleased Premises for the purpose of examining the same during business hours and for any other reasonable purpose, including, by way of example only and without limitation, in furtherance of the terms and provisions of the RSA; provided, however, Sublandlord shall not unreasonably interfere with the business of Subtenant in exercising such rights.

12. **Assignment / Sublease.**

Subtenant shall not have the right to assign this Sublease, or to license or sublet any Subleased Premises, or any part thereof.

13. **Surrender.**

Upon the Expiration Date, Subtenant shall surrender and vacate a Subleased Premises immediately and deliver possession thereof to Sublandlord in the condition required by Subtenant under Section 9(a) hereof and shall deliver to Sublandlord all keys to such Subleased Premises. Subtenant shall remove from the Subleased Premises all personal property of Subtenant and Subtenant's trade fixtures, including, cabling for any of the foregoing at its sole cost and expense. Subtenant immediately shall repair all damage resulting from removal of any of Subtenant's property at its sole cost and expense. In the event possession of such Subleased Premises is not delivered to Sublandlord when required hereunder, or if Subtenant shall fail to remove those items described above, Subtenant shall be deemed to have abandoned such property and Sublandlord may (but shall not be obligated to), at Subtenant's expense, remove any of such property and undertake at Subtenant's expense such restoration work as Sublandlord deems necessary or advisable. Subtenant's obligations under this Section shall survive the Expiration Date or earlier termination of this Sublease.

14. **Right to Relocate.**

Sublandlord may, at any time, relocate any of Subtenant's Subleased Premises to another area of the Building in which such Subleased Premises are located ("**New Premises**"), provided the New Premises shall have, if possible, approximately the same rentable square footage of space; notwithstanding the foregoing, Sublandlord shall have the right to offer Subtenant New Premises with lesser square footage than the original Subleased Premises (but in no event lesser than 70% of the original Subleased Premises) if Sublandlord's store size has been or is in the process of being reduced. Provided that Subtenant is open and operating at the applicable Subleased Premises at the time Sublandlord exercises the rights granted by this Section, Sublandlord agrees to pay all reasonable moving expenses incurred by Subtenant incident to such relocation and for improving the New Premises so that the New Premises are similar to the then existing Subleased Premises. Sublandlord shall provide Subtenant with at least sixty (60) days prior written notice before making such relocation demand. Subtenant shall cooperate with Sublandlord in all reasonable ways to facilitate the move and shall be responsible for moving all of its inventory and other goods to the New Premises. If Subtenant fails to so cooperate, Sublandlord shall be relieved of all responsibility for damage or injury to Subtenant or its property during such move, except as may be caused by Sublandlord's actual negligence. Notwithstanding the foregoing, if the New Premises identified by Sublandlord is not acceptable to Subtenant, then Subtenant may elect to terminate this Sublease solely with respect to such Subleased Premises by written notice to Sublandlord within thirty (30) calendar days after receipt of Sublandlord's written notice of such relocation, with such termination to be effective sixty (60) days after Subtenant's election. Upon the completion of a relocation, the Rent shall be adjusted to reflect the actual square footage of the New Premises and the New

Premises shall be deemed to have replaced the applicable Subleased Premises for all purposes under this Sublease.

15. **Default.**

- (a) If Subtenant (i) defaults in any of its monetary obligations under this Sublease or (ii) materially defaults in any of its non-monetary obligations under this Sublease, and Subtenant fails to cure such default within ten (10) business days after receipt of written notice thereof, then, in addition to all other rights which Sublandlord has at law or in equity, Sublandlord shall have the following rights and remedies: (x) to terminate this Sublease with respect to the applicable Subleased Premises in which event Subtenant shall immediately surrender such Subleased Premises to Sublandlord and, if Subtenant fails to do so, Sublandlord may, without prejudice to any other remedy which Sublandlord may have for possession or arrearages in Rent, enter upon and take possession of the applicable Subleased Premises and expel or remove Subtenant and any other person who may be occupying such Subleased Premises or any part thereof, by any legal means, without being liable for prosecution for any claim of damages therefore; (y) to enter upon and take possession of the applicable Subleased Premises and expel or remove Subtenant and any other person who may be occupying such Subleased Premises or any part thereof, by any legal means, without being liable for prosecution of any claim for damages therefore with or without having terminated this Sublease; (z) do whatever Subtenant is obligated to do under the terms of this Sublease (and enter upon the applicable Subleased Premises in connection therewith if necessary) without being liable for prosecution or any claim for damages therefore, and Subtenant agrees to reimburse Sublandlord on demand for any expenses which Sublandlord may incur in thus effecting compliance with Subtenant's obligations under this Sublease with respect to a Subleased Premises, plus interest thereon at the Default Rate, and Subtenant further agrees that Sublandlord shall not be liable for any damages resulting to Subtenant from such action.
- (b) In the event Sublandlord elects to terminate this Sublease with respect to a Subleased Premises in accordance with the foregoing, then notwithstanding such termination, Subtenant shall be liable for and shall pay to Sublandlord the sum of all Rent and other amounts payable to Sublandlord pursuant to the terms of this Sublease with respect to such Subleased Premises which have accrued to the date of such termination, plus, as damages, an amount equal to the net present value of the difference between (i) total Rent reserved by this Sublease for the remaining portion of the Term (had such Term not been terminated by Sublandlord prior to the Expiration Date) less (ii) the net amount Subtenant proves Sublandlord would have received during such remaining portion of the Term through reletting of the applicable Subleased Premises. For the purposes hereof, "net present value" shall be determined using a discount rate equal to four percent (4%) per annum.
- (c) In the event Sublandlord elects to repossess the applicable Subleased Premises without terminating this Sublease with respect to such Subleased Premises, then Subtenant shall be liable for and shall pay to Sublandlord all rental and other amounts payable to Sublandlord (including, without limitation, the damages amount set forth in Section 7(b)) pursuant to the terms of this Sublease which have accrued to the date of such repossession, plus, from time to time throughout the remaining Term, total Rent required to be paid by Subtenant to Sublandlord during the remainder of the Term diminished by any net sums thereafter received by Sublandlord through reletting of the applicable Subleased Premises during said period. In no event shall Subtenant be entitled to any excess of any rental obtained by reletting over and above the rental herein reserved. Actions to collect amounts due by Subtenant to Sublandlord

as provided in this paragraph may be brought from time to time, on one or more occasions, without the necessity of Sublandlord's waiting until expiration of the Term.

16. **Notices.**

All notices herein provided for shall be in writing and shall be sent by (a) registered or certified mail, postage prepaid, return receipt requested, or (b) reputable overnight air courier, and shall be deemed to have been given (i) five (5) business days after deposit in the mail postage prepaid if sent via mail, and (ii) one (1) business day after being deposited with a reputable overnight air courier for guaranteed next day delivery. Notices shall be addressed to:

Sublandlord:

c/o Sears Holding Corporation
3333 Beverly Road
Department 824RE
Hoffman Estates, Illinois 60179
Attn: President - Real Estate

With a copy to:

Sears Holding Corporation
3333 Beverly Road
Department 824RE
Hoffman Estates, Illinois 60179
Attn: Associate General Counsel - Real Estate

Subtenant:

Lands' End, Inc.
5 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn: Senior Vice President

With a copy to:

Lands' End, Inc.
5 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn: General Counsel

or to any other address furnished in writing by either of the respective parties. However, any change of address furnished shall comply with the notice requirements of this Section and shall include a complete outline of all current notice addresses to be used for the party requesting the change.

17. **Indemnity.**

Subtenant shall indemnify Sublandlord against, and save Sublandlord harmless of and from, any and all loss, cost, damage, expense or liability (including, but not limited to, attorney's fees and disbursements) incurred by Sublandlord by reason of, and defend Sublandlord against all claims, actions, proceedings and suits relating to: (i) the conduct of Subtenant's business in, or use, occupancy and management of, each Subleased Premises; (ii) any injuries to persons or damages to property occurring in, on or about each Subleased Premises; (iii) any work or thing whatsoever

done, or any condition created, in, on or about each Subleased Premises during the Term hereof; (iv) any act or omission of Subtenant, its agents, contractors, servants, employees, invitees, guests or tenants; (v) a breach of this Sublease; (vi) any breach or default in the performance by Subtenant of any term, provision or covenant under this Sublease or any Master Lease. Subtenant's obligations under this Section shall survive the Expiration Date or earlier termination of this Sublease with respect to each Subleased Premises.

18. **Insurance.**

- (a) Subtenant shall maintain, or cause to be maintained on its behalf, during the Term:
- (i) Commercial General Liability including Premises Operations, Products and Completed Operations Liability, Contractual Liability covering the Subtenant and naming Sears Holdings Management Corporation as additional insured with limits of no less than Two Million Dollars (\$2,000,000) combined single limit primary and non-contributory to any liability insurance maintained by Sublandlord.
 - (ii) Workers' Compensation at statutory limits, as required by the state where the work is being performed, and Employer's Liability with limits of no less than \$500,000 each accident or occupational disease.
 - (iii) Comprehensive Automobile Liability Insurance, which shall include bodily injury and property damage liability, including the ownership, maintenance and operation of any automobile equipment owned, hired and non-owned including the loading and unloading thereof, with limits of at least \$2,000,000 for each accident.
 - (iv) "All-risk" property damage insurance ("**Subtenant's Hazard Insurance**") including Builders' Risk protecting against all risk of physical loss or damage, including without limitation, and sprinkler leakage coverage in amounts not less than the actual replacement cost, covering all of Subtenant's inventory, trade fixtures, furnishing, wall covering, floor covering, carpeting, drapes, equipment and all items of personal property of Subtenant located within the Subleased Premises and within 100 feet of the Subleased Premises, against all risks of physical loss or damage.
- (b) In addition to the insurance coverage to be maintained by Subtenant above, Subtenant will require each contractor (if any) performing the services under the direction of Subtenant to obtain insurance coverage in the same form and amounts as detailed above ("**Contractor Insurance**"). The Contractor Insurance shall name Sears Holdings Corporation its subsidiaries and affiliates as additional insured, and shall stipulate that such insurance is primary to, and not contributing with, any other insurance carried by, or for the benefit of, Sears, Roebuck and Co., Kmart Corporation, or the other additional insured. Subtenant warrants that its contractors will maintain Workers' Compensation and Employer's Liability insurance. It is the responsibility of Subtenant to obtain and maintain a certificate of insurance from each contractor and make the certificate available to Sears Operations LLC upon request.
- (c) Such insurance set forth in subsection (a) above shall be obtained from insurers of recognized financial responsibility who shall be licensed in the state in which each Subleased Premises is located. Subtenant shall provide Sublandlord with certificates evidencing the coverage required hereunder. Sublandlord and others designated by Sublandlord in being additional insureds, shall be named as additional insureds under the insurance policies described in this Section 18. The certificates of insurance, to the extent the same is standard in the industry, shall

provide that the coverage shall not be changed or cancelled, without at least ten (10) days notice to Sublandlord, provided that if contractor's insurance company in its certificate to Sublandlord will state only that (i) the coverage will not be "materially" changed (as opposed to simply "changed") without prior notice to Sublandlord, and/or (ii) it will "endeavor to give" at least ten (10) days prior written notice to Sublandlord (as opposed to simply agreeing to give such notice), and it is standard in the insurance industry that an insurance company would provide only such wording, the contractor's insurer may provide such wording in the certificate of insurance to Sublandlord.

- (d) **Waiver of Subrogation Rights.** Each party hereto has hereby remised, released, and discharged and does remise, release, and discharge the other party hereto and any officer, agent, employee, or representative of such party of and from any claims, rights of recovery, or liability whatsoever (and each party hereby waives all rights of subrogation) hereafter arising from loss, damage, or injury caused by fire or other casualty of the type which is required to be insured under the policies of insurance required to be maintained by the releasing party as of the date of any casualty, SUCH WAIVER TO BE EFFECTIVE REGARDLESS OF THE CAUSE OR ORIGIN OF SUCH DAMAGE OR LOSS INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF A PARTY HERETO OR ANY OF ITS OFFICERS, AGENTS, EMPLOYEES OR REPRESENTATIVES. Subtenant shall procure an appropriate clause in or endorsement to any policy of insurance covering Subtenant's personal property, inventory, fixtures, furnishing and equipment located in the Subleased Premises, wherein the insurer waives subrogation or consents to a waiver of its right of recovery.

19. **Casualty.**

If a Building is damaged or destroyed by fire or other casualty, or if it becomes uninhabitable due to the termination of utilities or other services serving the Building, then Sublandlord shall have the right, in Sublandlord's sole discretion, to terminate this Sublease with respect to all or any portion of the applicable Subleased Premises located in such affected Building upon thirty (30) days prior written notice to Subtenant. If Sublandlord does not so elect to terminate this Sublease with respect to such affected Subleased Premises, then (i) Subtenant's obligations under this Sublease with respect to such Subleased Premises, including but not limited to the payment of Rent, shall be suspended beginning on the third day of such damage or uninhabitability and continuing until such time as the Subleased Premises are returned to a habitable condition and (ii) if Sublandlord is unable to restore the Subleased Premises to a habitable condition within six months of the date of the damage or uninhabitability first occurred, Subtenant may terminate the Sublease for the affected Subleased Premises by written notice to Sublandlord. In no event shall Subtenant be entitled to any portion of insurance proceeds available under any policies maintained by Sublandlord nor shall Sublandlord have any obligation to restore or repair the affected Building or the applicable Subleased Premises.

20. **Condemnation.**

If a Building, or any portion of a Building, is taken under the power of eminent domain, or sold under the threat of the exercise of said power (any of the foregoing, a "condemnation") then Sublandlord shall have the right to terminate this Sublease with respect to all or any portion of the Subleased Premises contained in such affected Building upon thirty (30) days prior written notice to Subtenant. In no event shall Subtenant be entitled to any portion of any proceeds awarded in connection with such condemnation nor shall Sublandlord have any obligation to restore or repair the affected Building or the Subleased Premises contained therein.

21. **No Liens.**

Sublandlord's title always is and shall be paramount to the title of Subtenant, and nothing in this Sublease shall empower Subtenant to do any act which can, shall or may encumber the title of Sublandlord to any portion of any Subleased Premises. Subtenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Subtenant, operation of law or otherwise, to attach to or be placed on any part of any Subleased Premises or the Building of which the Subleased Premises are a part. Subtenant covenants and agrees not to suffer or permit any lien of mechanics, materialmen or other lien to be placed against any part of a Subleased Premises or any fixture filing or other financing statement to be recorded against any portion of a Subleased Premises and in case any such lien or filing attaches or claim of lien is asserted Subtenant covenants and agrees to cause such lien, filing or claim to be immediately released and removed of record.

22. **Sublease Subject to Possible Third Party Interests.**

(a) Notwithstanding Subtenant's rights under this Sublease, Subtenant hereby acknowledges that Sublandlord makes no representations or warranties with respect to whether or not Subtenant's use of a Subleased Premises for its Permitted Use is permitted under any documents encumbering or otherwise affecting Sublandlord's interest in the applicable Subleased Premises (each, a "**Third Party Agreement**"). Subtenant understands and agrees that Sublandlord has not requested the consent of any third party to this Sublease with respect to any Subleased Premises, which third party may or may not have a right to grant or withhold such consent, and that if Subtenant desires to obtain any such consent, then Subtenant may seek to obtain such consent at its own cost, risk and expense. Subtenant's rights with respect to this Sublease, are subject and subordinate to all applicable Third Party Agreements.

(b) Subtenant acknowledges and agrees that Sublandlord has made available to Subtenant for copying and review (including by means of any website or other electronic means which have been made available to Subtenant prior to the execution of this Sublease) all Third Party Agreements in Sublandlord's possession or control. As such, Subtenant shall be deemed to know of the existence of any fact or circumstance as disclosed by any Third Party Agreement for the purposes of this Section 22. Notwithstanding the foregoing, in making such Third Party Agreements available to the Subtenant, Subtenant acknowledges that Sublandlord makes no representation or warranty as to the completeness or accuracy of the information provided.

23. **Limitation on Sublandlord's Liability.**

With respect to collection of any judgment (or other judicial process) requiring the payment of money by Sublandlord in the event of any default or breach by Sublandlord with respect to any of the terms, covenants and conditions of this Sublease or the Master Lease as affecting a Subleased Premises, Subtenant agrees that it shall look solely to the estate of Sublandlord in the Building (together with the land on which such Building is located) in which the applicable Subleased Premises is located, subject to the prior rights of any mortgagee of such Building or any underlying lessor, and no other assets of each Sublandlord shall be subject to levy, garnishment, attachment, execution or other procedures for the satisfaction of Subtenant's remedies.

24. **Additional Documentation.**

From time to time throughout the Term, Subtenant shall execute and deliver to Sublandlord, within ten (10) business days following request therefor, any reasonable document required by

Sublandlord in connection with this Sublease or any portion of any Subleased Premises including, by way of example and without limitation, tenant estoppel certificates addressed to Sublandlord and/or Sublandlord's prospective lender and/or purchaser and Subordination, Non-Disturbance and Attornment Agreements with Sublandlord's or its purchaser's lender or prospective lender.

25. **Rules and Regulations.**

Subtenant agrees to comply with reasonable rules and regulations issues by Sublandlord governing the conduct of businesses on or about the Subleased Premises and any rules and regulations issued by Sublandlord for the Building.

26. **Signage.**

Subtenant shall not install any signage on or about any of the Subleased Premises without the prior written consent of Sublandlord or the applicable Landlord, if applicable, which consent may be granted or withheld in Sublandlord's or such Landlord's sole discretion.

27. **Master Lease**

This Sublease is and shall be at all times subject and subordinate to Master Lease. The terms, conditions and respective obligations of Sublandlord and Subtenant to each other under this Sublease shall be the terms and conditions of the Master Lease with respect to each Subleased Premises except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease shall control over the Master Lease. During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Subtenant does hereby expressly assume and agree to perform and comply with, for the benefit of Sublandlord and the applicable Landlord, each and every obligation of tenant under the Master Lease. In the event of the expiration or termination of the Master Lease for any reason whatsoever, this Sublease shall automatically terminate on the date of the expiration or termination of the Master Lease, and Subtenant shall have no claim against Sublandlord of any kind whatsoever on account thereof, and the parties hereto shall thereupon be relieved of all liability and obligation hereunder, excepting liabilities and obligations which accrued or arose prior to the date of such termination or expiration. Subtenant shall not violate or breach any of the terms, covenants or conditions of the Master Lease nor do or fail to do or permit anything to be done which would violate, breach or be contrary to the Master Lease or cause the Master Lease to be terminated or forfeited. Subtenant is not hereby granted any of the rights granted to Sublandlord, as tenant under the Master Lease, including, without limitation, Sublandlord's right to exercise renewal term options.

28. **Risk of Loss.**

Subtenant assumes all risk of damage or loss of any fixtures, equipment, merchandise or goods located in or about the Subleased Premises from any cause whatsoever and for all damage or loss that may arise from, without limitation, the following: delivery, receipt, piling, stacking, storage, or handling the goods and merchandise of Subtenant, whether within the Subleased Premises or otherwise. Subtenant shall be liable for any new installation (subject to Sublandlord's consent which shall not be unreasonably withheld), repair, maintenance, and payment of all costs associated with new or existing security systems, if any, in the Subleased Premises. Sublandlord shall have no obligation to provide security for any Subleased Premises, except as any security measure may be generally available for Sublandlord's retail operations in the Building where such Subleased

Premises are located. In no event shall Sublandlord be responsible for shrinkage experienced by Subtenant at any Subleased Premises.

29. **Sublandlord's Early Termination Option.**

Notwithstanding anything in this Sublease to the contrary, this Sublease shall be terminated with respect to an applicable Subleased Premises at any time upon prior written notice to Subtenant in the following events:

- (i) If Sublandlord is selling or has sold the Building in which the Subleased Premises are located or if Sublandlord ceases to operate a retail facility in the Building in which the Subleased Premises are located in substantially the same manner as existing on the date of this Sublease, then Sublandlord shall terminate this Sublease with respect to the applicable Subleased Premises by delivery of written notice to Subtenant, with such termination to be effective ninety (90) days after the date of such notice; or
- (ii) If any third party under a Third Party Agreement objects to this Sublease with respect to a Subleased Premises, then Sublandlord shall, in Sublandlord's sole discretion, either (a) terminate this Sublease with respect to the applicable Subleased Premises by delivery of written notice to Subtenant, with such termination to be effective thirty (30) days after the date of such notice or (b) procure the third party's agreement to permit Subtenant to continue to occupy the applicable Subleased Premises as provided for under the terms of this Sublease.

On or before the effective date of a termination of this Sublease with respect to the applicable Subleased Premises ("**Termination Date**") as described in either subparagraphs (i) or (ii) above, Subtenant shall surrender and vacate the Subleased Premises in accordance with Section 13. Subtenant covenants and agrees to pay Sublandlord all sums accruing and/or required to be paid by Subtenant pursuant to the provisions of this Sublease with respect to such Subleased Premises through the Termination Date, as and when any of such sums become due and payable. Subtenant's obligations under this Section shall survive the Expiration Date or earlier termination of this Sublease.

30. **Quiet Enjoyment.**

Provided that Subtenant pays the Rent and fully and faithfully observes and performs all of the terms, covenants and conditions set forth in this Sublease on Subtenant's part to be observed and performed, Sublandlord shall not do anything during the Term as to unlawfully interfere with Subtenant's peaceful and quiet enjoyment of the Subleased Premises, subject, nevertheless, to the terms and conditions of this Sublease and the RSA. Subtenant shall not interfere with the quiet enjoyment of the other tenants of the Building.

31. **Encroachments.**

Notwithstanding any provision in this Sublease to the contrary, in the event Subtenant operates, occupies or uses any portion of a Building other than the Subleased Premises contained in such Building (and other than the non-exclusive use of the Common Areas as provided in Section 1 hereof), Subtenant shall have ten (10) days to cure after notice thereof. If Subtenant fails to cure such an encroachment within the ten (10) day period, Subtenant shall: (a) pay an amount equal to the per square foot Gross Rent for the applicable Subleased Premises set forth on **Annex A** under the column "Rent PSF" for the particular location where the encroachment occurred, multiplied by the amount of space that is encroached upon, and such increase in Rent shall be retroactive to the date that such operation, occupation or use commenced. If such an encroachment occurs more than

twice within any twelve (12) month period, Sublandlord may terminate this Sublease with respect to its Subleased Premises immediately upon Sublandlord's written notice to Subtenant.

32. **Choice of Law, Litigation, Court Costs and Attorney's Fees.**

In the event that at any time either Sublandlord or Subtenant institutes any action or proceeding against the other relating to the provisions of this Sublease or any default hereunder, the prevailing party in such action or proceeding will be entitled to recover from the other party reasonable attorneys' fees and costs. This Sublease with respect to each Subleased Premises shall be construed in accordance with and governed by the laws of the state in which such Subleased Premises are located. Sublandlord and Subtenant waive all rights to (i) trial by jury in any litigation arising under this Sublease and (ii) resort to arbitration in the event of any dispute under this Sublease.

33. **Counterparts**

This Sublease may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

34. **Acknowledgement of Representation by Legal Counsel.**

Each party hereto warrants and represents that it has reviewed and negotiated the terms and conditions of this Sublease with legal counsel of its own choosing, or has had an opportunity to do so, and that it knowingly and voluntarily enters into this Sublease having had the opportunity to consult with legal counsel.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Sublease as of the day and year first above written.

SUBLANDLORD:

SEARS OPERATIONS LLC, A Delaware limited liability company

By: /s/ Robert A. Riecker
Robert A. Riecker
Name: _____
Title: Chief Financial Officer

SUBTENANT:

**LANDS' END, INC.,
a Delaware corporation**

By: /s/ James F. Gooch
James F. Gooch
Name: _____
Title: COO/CFO

Annex A to Master Sublease Agreement dated February 1, 2018, effective as of February 1, 2018

Store Num	Store Name	Leased/Owned	Sq. Ft.	% Rent Location		Full Year	Monthly	Expiration Date	[*****] Gross Sales												Full Year	FY2019						
				Rent PSF	[*****]				Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan								
1067	1067 HOUSTON/MEMORIAL	Lease	4,941	[*****]	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
1069	1069 REDMOND OVERLAKE PARK	Lease	11,458	[*****]	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
1119	1119 PORTLAND	Lease	6,442	[*****]	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
1146	1146 CORDOVA/MEMPHIS/GERMANTWN	Lease	4,754	[*****]	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
1264	1264 HICKSVILLE	Lease	8,369	[*****]	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
1313	1313 NASHUA	Lease	7,573	[*****]	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
1814	1814 FAIRFAX	Lease	6,061	[*****]	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
1944	1944 YORKTOWN HEIGHTS	Lease	6,334	[*****]	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
2514	2514 WARRENTON	Lease	7,130	[*****]	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]			
Total									[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]				
Count									9	9	9	8	8	8	8	8	8	8	8	8	8	8	8					
Adjustment 1																												
Adjustment 2																												
Adjustment 3																												
Revised Totals									[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

ANNEX B

MASTER LEASE

That certain Master Lease dated as of July 7, 2015 by and among Sears Operations LLC and Kmart Operations LLC (collectively “Tenant”) and Seritage SRC Finance LLC and Seritage KMT Finance LLC (collectively, “Landlord”).

ANNEX C

PERCENTAGE RENT

Commencing on February 1, 2018, with respect to the Subleased Premises listed below (the “**Contingent Rent Locations**”), Subtenant shall pay as Rent the greater of (i) the Rent set forth on **Annex A** or (ii) [*****] of Subtenant’s Gross Sales for each applicable location as described on this **Annex C**. With respect to each Contingent Rent Location, Subtenant shall pay to Sublandlord each month throughout the Term the Rent set forth on **Annex A**, subject to reconciliation as set forth below.

Contingent Rent Locations:

The locations as indicated on Annex A.

With respect to each Contingent Rent Location, the term “**Gross Sales**”, shall mean all cash, check, charge account or credit sales of Subtenant’s merchandise (excluding sales of gift cards until time of redemption) made in or from the applicable Subleased Premises, and sales or service by any sublessee, assignee, concessionaire or licensee in such Subleased Premises, as determined in accordance with GAAP, as amended, after deductions for refunds and merchandise returned by customers. No deduction shall be allowed for uncollected or uncollectible credit accounts. Gross Sales shall not include (i) any sums collected and paid out for any sales or excise tax imposed by any duly constituted governmental authority, (ii) the exchange of merchandise between the stores of Subtenant, if any, where such exchanges of goods or merchandise are made solely for the convenient operation of the business of Subtenant and not for the purpose of consummating a sale which has theretofore been made at, in, from or upon the applicable Subleased Premises, and/or for the purpose of depriving Sublandlord of the benefit of a sale which otherwise would be made at, in, from or upon such Subleased Premises, (iii) the amount of returns to shippers or manufacturers, (iv) the amount of any cash or credit refund made upon any sale where the merchandise sold, or some part thereof, is thereafter returned by the customer and accepted by Subtenant, (v) receipts from customers for carrying charges or other credit charges, or (vi) the sale of fixtures after their use in the conduct of business in such Subleased Premises.

Within thirty (30) days after the close of each fiscal year, Subtenant shall, for each Contingent Rent Location, deliver to Sublandlord a statement of Gross Sales for each such fiscal year showing the Gross Sales made during such fiscal year, certified by a duly qualified officer of Subtenant as being true, complete and correct. For any Contingent Rent Location at which the calculation of [*****] of Subtenant’s Gross Sales (the “**Percentage Rent Payment**”) is greater than the amount of Rent which was paid for such location pursuant to **Annex A**, Subtenant’s statement of Gross Sales shall also be accompanied by a payment of the difference between the Percentage Rent Payment and the Rent which was paid pursuant to **Annex A**.

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

***** Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as [*****]. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

SECOND AMENDMENT TO MASTER SUBLEASE AGREEMENT

This Second Amendment to Master Sublease Agreement (this "Amendment") is made and entered into by and between **SEARS, ROEBUCK AND CO.**, a New York corporation and **KMART CORPORATION**, a Michigan corporation (as their interests may appear), each as a sublandlord (collectively, "Sublandlord"), and **LANDS' END, INC.**, a Delaware corporation, as the subtenant ("Subtenant"), to be effective on February 1, 2018 (the "Effective Date").

WITNESSETH

WHEREAS, Sublandlord and Subtenant previously entered into that certain Master Sublease Agreement dated as of April 4, 2014, but effective as of February 1, 2014, as amended (the "Sublease").

WHEREAS, Sublandlord and Subtenant desire to amend the terms of the Sublease as set forth herein.

NOW, THEREFORE, pursuant to the foregoing, and in consideration of the mutual covenants and agreements contained in the Sublease and herein, the Sublease, as of the Effective Date of this Amendment, is hereby modified and amended as set out below:

1. Defined Terms. All capitalized terms used herein shall have the same meaning as defined in the Sublease, unless otherwise defined in this Amendment.
2. Recitals. The Recitals of the Lease are hereby deleted and replaced with:

“Sublandlord, pursuant to the leases set forth on **Annex B** (including any amendments thereto, but except to the extent no longer applicable) (each lease, a “**Master Lease**”), by and between Sublandlord and the applicable landlord under each Master Lease (each, a “**Landlord**”), desires to sublease to Subtenant, and Subtenant desires to sublease from Sublandlord that certain premises within a building, which building location is set forth on **Annex A**, under the column heading “Store Name” (each, a “**Building**”), consisting of approximately the rentable square feet opposite each Building location on **Annex A** under the column describing square feet (“Sq Ft”), (each, a “**Subleased Premises**”), upon the terms and conditions provided herein.”
3. Annex A. **Annex A** of the Sublease is deleted in its entirety and replaced with **Annex A** attached hereto.
4. Annex C. **Annex C** of the Sublease is deleted in its entirety and replaced with **Annex C** attached hereto.
5. Miscellaneous. With the exception of those terms and conditions specifically modified and amended herein, the herein referenced Sublease shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this Amendment and the terms

and provisions of the Sublease, the terms and provisions of this Amendment shall supersede and control.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this Amendment, the parties may execute and exchange facsimile or e-mailed pdf counterparts of the signature pages and such counterparts shall serve as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the dates set forth below, to be effective for all purposes, however, as of the Effective Date.

SUBLANDLORD:

SEARS, ROEBUCK AND CO., a New York corporation

By: /s/ Robert A. Riecker
Name: Robert A. Riecker
Title: Chief Financial Officer
Date: January 31, 2018

KMART CORPORATION, a Michigan corporation

By: /s/ Robert A. Riecker
Name: Robert A. Riecker
Title: Chief Financial Officer
Date: January 31, 2018

SUBTENANT:

LANDS' END, INC., a Delaware corporation

By: /s/ James F. Gooch
Name: James F. Gooch
Title: Chief Operating Officer/
Chief Financial Officer
Date: January 31, 2018

Annex A to Master Sublease Agreement dated April 4, 2014, effective as of February 1, 2018

		% Rent Location [*****] Gross Sales																			
Store Num	Store Name	Leased/Owned	Sq. Ft.	Rent PSF	Full Year	Monthly	Expiration Date	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Full Year	FY2019
1003	1003 SALEM	Lease	8,532	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1019	1019 PLEASANTON	Lease	8,166	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1024	1024 FALLS CHURCH	Lease	7,472	[*****]	[*****]	[*****]	11/30/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1034	1034 PITTSBURGH/ROSS PARK	Lease	16,979	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1053	1053 SAUGUS	Lease	5,565	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1059	1059 SEATTLE/SHORELINE	Lease	6,575	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1062	1062 BROOKFIELD	Lease	9,484	[*****]	[*****]	[*****]	3/23/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1064	1064 LANGHORNE/OXFORD VLY	Lease	8,103	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1079	1079 PORTLAND WASHINGTON SQ	Lease	14,142	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1089	1089 ANCHORAGE(SUR)	Lease	7,930	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1112	1112 MINNETONKA	Lease	5,712	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1122	1122 MAPLEWOOD	Lease	6,421	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1131	1131 LITTLETON DENVER	Lease	6,372	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1133	1133 LEOMINSTER	Lease	7,483	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1134	1134 MILFORD	Lease	9,130	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1148	1148 VENTURA	Lease	6,691	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1154	1154 WHITEHALL	Lease	7,401	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1156	1156 ROSEVILLE	Lease	7,565	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1163	1163 BURLINGTON	Lease	12,899	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1170	1170 LANSING	Lease	9,553	[*****]	[*****]	[*****]	11/30/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1185	1185 ASHEVILLE	Lease	8,263	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

1193	1193 WATERFORD	Lease	7,484	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1202	1202 BEAVERCREEK/DAYTON	Lease	7,316	[*****]	[*****]	[*****]	10/26/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1213	1213 AUBURN	Lease	9,695	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1243	1243 HANOVER	Lease	15,329	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1244	1244 YORK/GALLERIA	Lease	9,706	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1254	1254 WILMINGTON	Lease	7,863	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1273	1273 HOLYOKE	Lease	7,635	[*****]	[*****]	[*****]	10/24/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1275	1275 ATLANTA/NORTHLAKE	Lease	7,993	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1284	1284 ALEXANDRIA	Lease	9,608	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1330	1330 EVANSVILLE	Lease	4,495	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1334	1334 PITTSBURGH SOUTH HILLS	Lease	7,909	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1385	1385 ATLANTA	Lease	7,587	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1388	1388 COSTA MESA	Lease	8,042	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1390	1390 ANN ARBOR	Lease	14,168	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1395	1395 KNOXVILLE WEST TOWN	Lease	7,705	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1403	1403 NATICK	Lease	14,466	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1410	1410 CANTON	Lease	8,979	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1414	1414 NANUET	Lease	7,562	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1415	1415 CLEARWATER/COUNTRYSIDE	Lease	6,012	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1424	1424 BETHESDA	Lease	11,680	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1438	1438 EL CAJON	Lease	6,511	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1454	1454 BENSALAM/CORNWELLS HTS	Lease	7,123	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1455	1455 WILMINGTON	Lease	5,047	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1464	1464 DEPTFORD	Lease	7,995	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1478	1478 SAN BRUNO	Lease	7,017	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1490	1490 TROY	Lease	9,074	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

1528	1528 SAN RAFAEL	Lease	6,922	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1538	1538 CITRUS HTS SUNRISE	Lease	8,827	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1560	1560 DAYTON DAYTON MALL	Lease	8,969	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1574	1574 MIDDLETOWN	Lease	8,471	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1584	1584 VICTOR	Lease	7,688	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1623	1623 CLAY (SYRACUSE)	Lease	8,542	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1645	1645 BOCA RATON	Lease	6,696	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1646	1646 PINEVILLE	Lease	5,894	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1658	1658 SANTA ROSA	Lease	3,871	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1674	1674 WHITE PLAINS	Lease	8,729	[*****]	[*****]	[*****]	8/31/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1695	1695 ALPHARETTA	Lease	12,110	[*****]	[*****]	[*****]	10/19/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1725	1725 ANNAPOLIS	Lease	12,398	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1733	1733 YONKERS	Lease	6,664	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1750	1750 ORLAND PARK	Lease	7,154	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1810	1810 CINCINNATI	Lease	8,305	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1830	1830 FT WAYNE	Lease	6,455	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1844	1844 COLUMBIA	Lease	7,098	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
1984	1984 BUFFALO/HAMBURG	Lease	8,118	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2023	2023 CONCORD	Lease	6,718	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2071	2071 CINCINNATI WESTERN HILLS	Lease	5,937	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2138	2138 SANTA BARBARA	Lease	5,841	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2173	2173 SARATOGA	Lease	6,281	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2212	2212 CEDAR RAPIDS	Lease	4,876	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2239	2239 VANCOUVER	Lease	4,750	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2323	2323 HYANNIS	Lease	7,915	[*****]	[*****]	[*****]	11/30/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2353	2353 KINGSTON	Lease	6,207	[*****]	[*****]	[*****]	4/13/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

2373	2373 NO DARTMOUTH	Lease	4,076	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2435	2435 CHARLOTTESVILLE	Lease	6,125	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2443	2443 MANCHESTER	Lease	8,961	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2453	2453 GLENS FALLS	Lease	5,266	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2663	2663 NEWINGTON/PORTSMOUTH	Lease	6,938	[*****]	[*****]	[*****]	1/31/2019	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2664	2664 FREDERICK	Lease	7,829	[*****]	[*****]	[*****]	7/31/2018	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
2694	2694 FREDERICKSBURG	Lease	5,347	[*****]	[*****]	[*****]	1/31/2020	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

Total				[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
Count				80	80	79	68	68	68	67	66	66	64	63	63								

Adjustment 1

Adjustment 2

Adjustment 3

Revised Totals	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
-----------------------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

ANNEX C

PERCENTAGE RENT

Commencing on February 1, 2018, with respect to the Subleased Premises listed below (the “**Contingent Rent Locations**”), Subtenant shall pay as Rent the greater of (i) the Rent set forth on **Annex A** or (ii) [*****] of Subtenant’s Gross Sales for each applicable location as described on this **Annex C**. With respect to each Contingent Rent Location, Subtenant shall pay to Sublandlord each month throughout the Term the Rent set forth on **Annex A**, subject to reconciliation as set forth below.

Contingent Rent Locations:

The locations as indicated on Annex A.

With respect to each Contingent Rent Location, the term “**Gross Sales**”, shall mean all cash, check, charge account or credit sales of Subtenant’s merchandise (excluding sales of gift cards until time of redemption) made in or from the applicable Subleased Premises, and sales or service by any sublessee, assignee, concessionaire or licensee in such Subleased Premises, as determined in accordance with GAAP, as amended, after deductions for refunds and merchandise returned by customers. No deduction shall be allowed for uncollected or uncollectible credit accounts. Gross Sales shall not include (i) any sums collected and paid out for any sales or excise tax imposed by any duly constituted governmental authority, (ii) the exchange of merchandise between the stores of Subtenant, if any, where such exchanges of goods or merchandise are made solely for the convenient operation of the business of Subtenant and not for the purpose of consummating a sale which has theretofore been made at, in, from or upon the applicable Subleased Premises, and/or for the purpose of depriving Sublandlord of the benefit of a sale which otherwise would be made at, in, from or upon such Subleased Premises, (iii) the amount of returns to shippers or manufacturers, (iv) the amount of any cash or credit refund made upon any sale where the merchandise sold, or some part thereof, is thereafter returned by the customer and accepted by Subtenant, (v) receipts from customers for carrying charges or other credit charges, or (vi) the sale of fixtures after their use in the conduct of business in such Subleased Premises.

Within thirty (30) days after the close of each fiscal year, Subtenant shall, for each Contingent Rent Location, deliver to Sublandlord a statement of Gross Sales for each such fiscal year showing the Gross Sales made during such fiscal year, certified by a duly qualified officer of Subtenant as being true, complete and correct. For any Contingent Rent Location at which the calculation of [*****] of Subtenant’s Gross Sales (the “**Percentage Rent Payment**”) is greater than the amount of Rent which was paid for such location pursuant to **Annex A**, Subtenant’s statement of Gross Sales shall also be accompanied by a payment of the difference between the Percentage Rent Payment and the Rent which was paid pursuant to **Annex A**.

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

***** Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as [*****]. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

AMENDMENT 2
TO THE
SHOP YOUR WAY RETAIL ESTABLISHMENT AGREEMENT
BETWEEN
LANDS' END, INC.
AND
SEARS HOLDINGS MANAGEMENT CORPORATION

AND

EXTENSION TO SURPRISE POINT FEE REDUCTION

This Amendment 2 (this "**Amendment**") to the Shop Your Way Retail Establishment Agreement (described below) and Extension (this "**Extension**", and together with this Amendment, this "**Amendment and Extension**") is made and effective as of April 4, 2017 (the "**Effective Date**") by and between Lands' End, Inc., ("**LE**") and Sears Holdings Management Corporation ("**SHMC**"). Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Shop Your Way Retail Establishment Agreement.

RECITALS

A. LE and SHMC are parties to that certain Shop Your Way Retail Establishment Agreement effective as of April 4, 2014 (the "**Agreement**"), which was amended on October 31, 2014 pursuant to that certain "First Amendment to Shop Your Way Retail Establishment Agreement" pursuant to which an "Extension of Surprise Point Fee Reduction" letter confirmation dated February 3, 2015 was issued by SHMC.

B. The Parties desire to amend the Agreement and extend the Extension of Surprise Point Fee Reduction as set forth herein.

In consideration of the mutual covenants and promises herein and other good and valuable consideration, the receipt and sufficiency of which each Party hereby acknowledges, the Parties agree as follows:

I. AMENDMENT

1. Amendment to Term. Effective April 4, 2017, Section 2 of the Agreement is replaced in its entirety with the following:

"The term of this Agreement (the "**Term**") will begin immediately following the "Effective Time" specified in the Separation and Distribution Agreement (the "**Separation Agreement**") to be executed and delivered by LE and Sears Holdings Corporation ("**SHLD**") (the date on which the Effective Time occurs, the "**Effective Date**") and will end, unless terminated earlier, on May 2, 2017. The day that becomes the Effective Date will be inserted in the recitals once the Effective Date has occurred."

2. Confirmation of Agreement. Except as specifically amended herein, the terms and conditions of the Agreement are confirmed as originally written shall remain in full force and effect. This Amendment supersedes all oral negotiations and prior and contemporaneous writings with respect to the subject matter hereof and is intended by the Parties as the final expression of the agreement with respect to the terms and conditions set forth herein and as the complete and exclusive statement of the terms agreed to by the Parties. If there is any conflict between the terms, conditions and provisions of this Amendment and those of any other agreement or instrument, the terms, conditions and provisions of this Amendment shall prevail. This Amendment may be executed in counterparts,

each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Amendment by facsimile or electronic mail shall be equally effective as delivery of an original executed counterpart of this Amendment.

II. EXTENSION

1. SHMC agrees to maintain the current Surprise Point Fee level under the Agreement of [*****] per 1,000 Surprise Points redeemed in LE Formats until May 2, 2017.

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Amendment and Extension effective as of the Effective Date.

LANDS' END, INC.

By (sign): /s/Michael A. Holahan

Title: SVP, Multichannel Marketing

Date: April 19, 2017

SEARS HOLDINGS MANAGEMENT CORPORATION

By (sign): /s/Eric Jaffe

Title: SVP, Shop Your Way

Date: April 18, 2017

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

***** Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as [*****]. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

AMENDMENT 3
TO THE
SHOP YOUR WAY RETAIL ESTABLISHMENT AGREEMENT
BETWEEN
LANDS' END, INC.
AND
SEARS HOLDINGS MANAGEMENT CORPORATION

AND

EXTENSION TO SURPRISE POINT FEE REDUCTION

This Amendment 3 (this "**Amendment**") to the Shop Your Way Retail Establishment Agreement (described below) and Extension (this "**Extension**", and together with this Amendment, this "**Amendment and Extension**") is made and effective as of May 2, 2017 (the "**Effective Date**") by and between Lands' End, Inc., ("**LE**") and Sears Holdings Management Corporation ("**SHMC**"). Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Shop Your Way Retail Establishment Agreement.

RECITALS

A. LE and SHMC are parties to that certain Shop Your Way Retail Establishment Agreement effective as of April 4, 2014, which was amended on October 31, 2014 pursuant to that certain "First Amendment to Shop Your Way Retail Establishment Agreement" (pursuant to which an "Extension of Surprise Point Fee Reduction" letter confirmation dated February 3, 2015 was issued by SHMC), and amended again on April 4, 2017 pursuant to that certain "Amendment 2 to the You're your Way Retail Establishment Agreement" (collectively, the "**Agreement**").

B. The Parties desire to amend the Agreement and extend the Extension of Surprise Point Fee Reduction as set forth herein.

In consideration of the mutual covenants and promises herein and other good and valuable consideration, the receipt and sufficiency of which each Party hereby acknowledges, the Parties agree as follows:

I. AMENDMENT

1. Amendment to Term. Effective May 2, 2017, Section 2 of the Agreement is replaced in its entirety with the following:

"The term of this Agreement (the "**Term**") will begin immediately following the "Effective Time" specified in the Separation and Distribution Agreement (the "**Separation Agreement**") to be executed and delivered by LE and Sears Holdings Corporation ("**SHLD**") (the date on which the Effective Time occurs, the "**Effective Date**") and will end, unless terminated earlier, on June 5, 2017. The day that becomes the Effective Date will be inserted in the recitals once the Effective Date has occurred."

2. Confirmation of Agreement. Except as specifically amended herein, the terms and conditions of the Agreement are confirmed as originally written shall remain in full force and effect. This Amendment supersedes all oral negotiations and prior and contemporaneous writings with respect to the subject matter hereof and is intended by the Parties as the final expression of the agreement with respect to the terms and conditions set forth herein and as the complete and exclusive statement of the terms agreed to by the Parties. If there is any conflict between the terms, conditions and provisions of this Amendment and those of any other agreement or instrument, the terms, conditions and provisions of this Amendment shall prevail. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Amendment by facsimile or electronic mail shall be equally effective as delivery of an original executed counterpart of this Amendment.

II. EXTENSION

1. SHMC agrees to maintain the current Surprise Point Fee level under the Agreement of [*****] per 1,000 Surprise Points redeemed in LE Formats until June 5, 2017.

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Amendment and Extension effective as of the Effective Date.

LANDS' END, INC.

By (sign): /s/Michael A. Holahan

Title: SVP, Multichannel Marketing

Date: May 24, 2017

SEARS HOLDINGS MANAGEMENT CORPORATION

By (sign): /s/Eric Jaffe

Title: SVP, Shop Your Way

Date: May 2, 2017

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

***** Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as [*****]. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

AMENDMENT 4
TO THE
SHOP YOUR WAY RETAIL ESTABLISHMENT AGREEMENT
BETWEEN
LANDS' END, INC.
AND
SEARS HOLDINGS MANAGEMENT CORPORATION

AND
EXTENSION TO SURPRISE POINT FEE REDUCTION

This Amendment 4 (this "**Amendment**") to the Shop Your Way Retail Establishment Agreement (described below) and Extension (this "**Extension**", and together with this Amendment, this "**Amendment and Extension**") is made and effective as of June 5, 2017 (the "**Effective Date**") by and between Lands' End, Inc., ("**LE**") and Sears Holdings Management Corporation ("**SHMC**"). Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Shop Your Way Retail Establishment Agreement.

RECITALS

A. LE and SHMC are parties to that certain Shop Your Way Retail Establishment Agreement effective as of April 4, 2014, as amended (collectively, the "**Agreement**").

B. The Parties desire to amend the Agreement and extend the Extension of Surprise Point Fee Reduction as set forth herein.

In consideration of the mutual covenants and promises herein and other good and valuable consideration, the receipt and sufficiency of which each Party hereby acknowledges, the Parties agree as follows:

I. AMENDMENT

1. Amendment to Term. Effective June 5, 2017, Section 2 of the Agreement is replaced in its entirety with the following:

"The term of this Agreement (the "**Term**") will begin immediately following the "Effective Time" specified in the Separation and Distribution Agreement (the "**Separation Agreement**") to be executed and delivered by LE and Sears Holdings Corporation ("**SHLD**") (the date on which the Effective Time occurs, the "**Effective Date**") and will end, unless terminated earlier, on June 29, 2017. The day that becomes the Effective Date will be inserted in the recitals once the Effective Date has occurred."

2. Confirmation of Agreement. Except as specifically amended herein, the terms and conditions of the Agreement are confirmed as originally written shall remain in full force and effect. This Amendment supersedes all oral negotiations and prior and contemporaneous writings with respect to the subject matter hereof and is intended by the Parties as the final expression of the agreement with respect to the terms and conditions set forth herein and as the complete and exclusive statement of the

terms agreed to by the Parties. If there is any conflict between the terms, conditions and provisions of this Amendment and those of any other agreement or instrument, the terms, conditions and provisions of this Amendment shall prevail. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Amendment by facsimile or electronic mail shall be equally effective as delivery of an original executed counterpart of this Amendment.

II. EXTENSION

1. SHMC agrees to maintain the current Surprise Point Fee level under the Agreement of [*****] per 1,000 Surprise Points redeemed in LE Formats until June 29, 2017.

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Amendment and Extension effective as of the Effective Date.

LANDS' END, INC.

By (sign): /s/Michael A. Holahan

Title: SVP, Marketing

Date: June 14, 2017

SEARS HOLDINGS MANAGEMENT CORPORATION

By (sign): /s/Robert Naedele

Title: Chief Commercial Officer, SYW

Date: June 14, 2017

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

***** Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as [*****]. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

AMENDMENT 5
TO THE
SHOP YOUR WAY RETAIL ESTABLISHMENT AGREEMENT
BETWEEN
LANDS' END, INC.
AND
SEARS HOLDINGS MANAGEMENT CORPORATION

This Amendment 5 (this "**Amendment**") to the Shop Your Way Retail Establishment Agreement (described below) is made and effective as of June 29, 2017 (the "**Effective Date**") by and between Lands' End, Inc., ("**LE**") and Sears Holdings Management Corporation ("**SHMC**"). Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the "Agreement" (as defined below).

RECITALS

A. LE and SHMC are parties to that certain Shop Your Way Retail Establishment Agreement effective as of April 4, 2014, as amended (collectively, the "**Agreement**").

B. The Parties desire to further amend the Agreement as set forth herein.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and promises herein and other good and valuable consideration, the receipt and sufficiency of which each Party hereby acknowledges, the Parties agree as follows:

1. Amendment to Section 2 (Term). Effective June 29, 2017, Section 2 of the Agreement is replaced in its entirety with the following:

"2. Term. The term of this Agreement (the "**Term**") is hereby extended and will end, unless terminated earlier, on April 4, 2018."

2. Amendment to Section 6d (Redemption of Points). Effective June 29, 2017, Section 6d of the Agreement is replaced in its entirety with the following:

"d. Redemption of Points. So long as this Agreement has not expired or been terminated, LE will, on a non-exclusive basis, accept Points from all Members as partial or full payment for all Program-Eligible Purchases in accordance with the Program Terms and Conditions and this Agreement and regardless of the means of payment tendered by Members for any portion of Program-Eligible Purchases that are not paid for with Points and regardless of the merchandise and services purchased. SHMC may authorize, upon terms and conditions determined by SHMC in its sole discretion, additional third parties to redeem Points, including new Redeeming Retailers."

3. Amendment to Section 6e (Reimbursement or Payment Upon Redemption). Effective June 29, 2017, Section 6e of the Agreement is replaced in its entirety with the following:

“e. Reimbursement or Payment Upon Redemption. SHMC will reimburse LE or LE will pay SHMC (as applicable) for Points that LE, in accordance with the Program Terms and Conditions and this Agreement, accepts from its customers that are Members as payment for Program-Eligible Purchases at the rate or rates specified on Exhibit 2. Notwithstanding any expiration or termination of this Agreement, SHMC will continue to reimburse LE, or LE will pay SHMC (as applicable) for all Points earned and/or redeemed by Members for Program-Eligible Purchases at LE prior to such expiration or termination. Subject to SHMC’s prior commercially reasonable review and approval of the form of communication to Members, LE agrees to provide notice to Members in LE Formats at least thirty (30) days prior to any expiration or termination of this Agreement that they will no longer be able to earn or redeem Points in LE Formats after the applicable expiration or termination date, and LE will make all commercially reasonable efforts to cancel, subsidize or otherwise cease offering any Additional Point offers from the date such notice is given.”

4. Amendment to Section 6g (Reconciliation and Payment of Points Fees). Effective June 29, 2017, Section 6g of the Agreement is replaced in its entirety with the following:

“g. Reconciliation and Payment of Points Fees. Subject to Section 6.k below, the amount or amounts of Points fees that LE owes to SHMC in accordance with this Agreement, and the amount or amounts of Points reimbursement that SHMC owes to LE in accordance with this Agreement, will be determined by SHMC on a monthly basis and netted against each other. Subject to the remaining provisions of this subsection, the net amount owed by a Party shall be remitted to the other Party within five days thereafter. Unless otherwise mutually agreed in writing, all amounts payable under this Agreement shall be reduced by and netted against the aggregate amount, if any, that the other Party and its Affiliates owe under all of the other Ancillary Agreements, as defined in the Separation and Distribution Agreement by and between Sears Holdings Corporation and Lands’ End, Inc., dated as of April 4, 2014 (“**Separation Agreement**”) as well as any other agreements between LE and SHMC, including their respective Affiliates (collectively, the “**Additional Agreements**”). After netting all amounts due under the Additional Agreements as provided for herein, the Parties will make payments (to the Party who is owed the net amount) by electronic transfer of immediately available funds to a bank account designated by such Party from time to time. All amounts remaining unpaid for more than 15 days after their respective due date(s) will accrue interest as set forth in Section 14.19 (Payment Terms) of the Separation Agreement, until paid in full.”

5. Amendment to Section 10d (LE Opt-In Data). Effective April 4, 2014, Section 10 of the Agreement is replaced in its entirety with the following:

“d. LE Opt-In Data. At LE Shops, SHMC shall, upon the reasonable request of LE, offer customers the ability to opt-in to receive emails directly from LE (“**LE Shop Opt-Ins**”). With respect to each LE Shop Opt-In, SHMC will provide LE with the email address and name of the individual opting in as well as the physical address if available (“**LE Shop Opt-In Data**”). LE and SHMC are joint owners of the LE Shop Opt-In Data; provided that, SHMC is the sole and

exclusive owner of Program Data that does not consist of the LE Shop Opt-In Data notwithstanding anything to the contrary in this Agreement. LE Shop Opt-In Data will be delivered to LE in the format and with the frequency, and using the secure delivery methods, in effect as of the Effective Date. LE may revise the format, frequency, and methods related to the delivery of the LE Shop Opt-In Data from time to time upon 30-days' advance written notice to SHMC, except that security related changes shall be made as soon as possible and without unreasonable delay. Each Party may use LE Shop Opt-in Data in accordance with its respective privacy policy and Applicable Law provided LE posts clear and prominent notice of its own privacy policy at the point of collection subject to SHMC approval. Except for LE-Collected Program Data, LE is the sole and exclusive owner of any email opt-in information collected in an LE Format other than LE Shops."

6. Amendment to Section 17b (Notice). Effective June 29, 2017, the contact information portion of Section 17b of the Agreement is replaced with:

If to SHMC, to: Sears Holdings Management Corporation
3333 Beverly Road
Hoffman Estates, Illinois 60179
Attn.: Chief Commercial Officer, SYW
Email: Robert.Naedele@searshc.com

With a Copy to: Sears Holdings Corporation
3333 Beverly Road
Hoffman Estates, Illinois 60179
Attn.: General Counsel
Facsimile: 847-747-1610
Email: counsel@searshc.com

If to LE, to: Lands' End, Inc.
5 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn.: VP, Multi-Channel Marketing
Facsimile: (608) 935-6884
Email: mike.holahan@landsend.com

With a Copy to: Lands' End, Inc.
5 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn.: General Counsel
Email: lawdepartment@landsend.com

7. Amendment to Exhibit 2 Section A1 (base Points Fee). Effective April 4, 2017, Exhibit 2 Section A1 of the Agreement is replaced in its entirety with the following:

“**1. Base Points Fee.** The Base Points Fee will be [*****] for every thousand (1,000) Base Points issued to Members as a result of Program-Eligible Purchases in LE Formats.”

8. Amendment to Exhibit 2 Section B (Surprise Points Fee). Effective April 4, 2017, Exhibit 2 Section B of the Agreement is replaced in its entirety with the following:

“**B. Surprise Points Fee.** The Surprise Points Fee will be [*****] for every thousand (1,000) Surprise Points redeemed in LE Formats; provided that, SHMC shall pay to LE a volume credit based on the redemption volume per each fiscal year as set forth in the table below:

Redemption Volume per Fiscal Year (beginning FY 2017)	Volume Credit
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]

Example: If the redemption volume for FY 2017 is [*****], the volume credit SHMC shall owe LE shall be [*****].”

9. Confirmation of Agreement. Except as specifically amended herein, the terms and conditions of the Agreement are confirmed as originally written shall remain in full force and effect. This Amendment supersedes all oral negotiations and prior and contemporaneous writings with respect to the subject matter hereof and is intended by the Parties as the final expression of the agreement with respect to the terms and conditions set forth herein and as the complete and exclusive statement of the terms agreed to by the Parties. If there is any conflict between the terms, conditions and provisions of this Amendment and those of any other agreement or instrument, the terms, conditions and provisions of this Amendment shall prevail. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Amendment by facsimile or electronic mail shall be equally effective as delivery of an original executed counterpart of this Amendment.

[Signature Page Follows]

[*****] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Amendment effective as of the Effective Date.

LANDS' END, INC.

By (sign): /s/Michael A. Holahan

Title: SVP, Multichannel Marketing

Date: 9-6-17

SEARS HOLDINGS MANAGEMENT CORPORATION

By (sign): /s/Jonathan Babb

Title: Vice President, Deputy General Counsel and Secretary

Date: September 1, 2017

LANDS' END, INC.
TIME-BASED RESTRICTED STOCK UNIT AGREEMENT

Name of Grantee: _____ (the "Grantee")

No. of Restricted Stock Units: _____

Issuance Date: _____ (the "Issuance Date")

WHEREAS, the Grantee is currently an employee of Lands' End, Inc. (the "Company"), a Delaware corporation, or one of its Subsidiaries (collectively, "Lands' End");

WHEREAS, the Company desires to (i) provide the Grantee with an incentive to remain in the employ of Lands' End and (ii) increase the Grantee's interest in the success of Lands' End by granting restricted stock units (the "Restricted Stock Units") payable in the form of common stock par value \$.01 per share of the Company (each, a "Share") to the Grantee; and

WHEREAS, the issuance of the Restricted Stock Units is made pursuant to the [INSERT PLAN NAME HERE] (the "Plan"); and (ii) made subject to the terms and conditions of this Lands' End, Inc. Restricted Stock Unit Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan. This Agreement and the Restricted Stock Units shall be subject to the Plan and the terms of the Plan are incorporated into this Agreement by reference. The Grantee hereby acknowledges receipt of a copy of the Plan.

2. Grant of Restricted Stock Units.

(a) Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants and issues to the Grantee the Restricted Stock Units specified above. The Company shall credit to a bookkeeping account (the "Account") maintained by the Company, or a third party on behalf of the Company, for the Grantee's benefit the Restricted Stock Units, each of which shall be deemed to be the equivalent of one share of the Company's common stock, par value \$.01 per share (each, a "Share").

(b) If and whenever any cash dividends are declared on the Shares, on the date such dividend is paid, the Company will credit to the Account an amount which shall be equal to the amount of such dividend with respect to such Shares. Such amount shall be subject to the vesting and forfeiture provisions contained in Section 3(a) below. The amount shall only be payable in cash and shall be payable at the same time as amounts are otherwise payable under this Agreement.

(c) If and whenever the Company declares and pays a dividend or distribution on the Shares in the form of additional shares, or there occurs a forward split of Shares, then a number of additional Restricted Stock Units shall be credited to the Account as of the payment date for such dividend or distribution or forward split equal to (i) the total number of Restricted Stock Units credited to the Account on the record date for such dividend or distribution or split (other than previously settled or forfeited Restricted Stock Units), multiplied by (ii) the number of additional Shares actually paid as a dividend or distribution or issued in such split in respect of each outstanding Share. The additional Restricted Stock Units shall be or

become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units.

3. Terms and Conditions.

(a) Vesting.

(i) All of the Restricted Stock Units shall initially be unvested. All Restricted Stock Units shall be subject to the following vesting schedule and if a Grantee terminates employment prior to the date provided below, such Grantee shall forfeit any unvested Restricted Stock Units upon such termination of employment:

Date of Vesting

Percent Vested

(ii) If, following the twelve (12) month anniversary of the Issuance Date, the Grantee's employment terminates due to a permanent and total disability (as defined in the Company's long-term disability program, regardless of whether the Participant is covered by such program) ("Disability"), Restricted Stock Units not previously vested shall be vested on a prorated basis through the date of termination.

(iii) If, following the twelve (12) month anniversary of the Issuance Date, the Grantee's employment terminates due to the Grantee's death, Restricted Stock Units not previously vested shall be vested on a prorated basis through the date of death, and his or her estate shall be entitled to receive such pro-rated Restricted Stock Unit award, payable in cash.

(iv) Any proration of the Restricted Stock Units described in subsections 3(a)(ii)-(iii) shall be based on a fraction, the numerator of which is the number of full months lapsed during the vesting period through the date of termination or death, as applicable, and the denominator of which is the full number of months in the vesting period.

(b) Forfeiture. Upon the termination of the Grantee's employment with Lands' End for any reason other than death or Disability, the Grantee shall forfeit any and all Restricted Stock Units which have not vested as of the date of such termination; provided that, for the avoidance of doubt, upon the occurrence of a Change in Control, Section 12.3 of the Plan shall govern.

(c) Settlement. Restricted Stock Units not previously forfeited shall be settled within thirty (30) days after the applicable Date of Vesting under Section 3(a) (ii) by delivery of one share of common stock for each Restricted Stock Unit being settled.

4. Taxes.

(a) This Section 4(a) applies only to (a) all Grantees who are U.S. employees, and (b) to those Grantees who are employed by a Subsidiary of the Company that is obligated under applicable local law to withhold taxes with respect to the settlement of the Restricted Stock Units. Such Grantee shall pay to the Company or a designated Subsidiary, promptly upon request, and in any event at the time the Grantee recognizes taxable income with respect to the Restricted Stock Units, an amount equal to the taxes Lands' End determines it is required to withhold under applicable tax laws with respect to the Restricted Stock Units. The Grantee may satisfy the foregoing requirement by making a payment to Lands' End in cash or

by delivering already owned unrestricted Shares or by having Lands' End withhold a number of Shares in which the Grantee would otherwise become vested under this Agreement, in each case, having a value equal to the minimum amount of tax required to be withheld. Such Shares shall be valued at their fair market value on the date as of which the amount of tax to be withheld is determined. In the event that the withholding obligation arises during a period in which the Grantee is prohibited from trading in the Common Stock pursuant to the Company's insider trading policy, or by applicable securities or other laws, then unless otherwise elected by the Grantee during a period when he or she was not so restricted from trading, the Company shall automatically satisfy the Grantee's withholding obligation by withholding from Shares otherwise deliverable under this Agreement.

(b) The Grantee acknowledges that the tax laws and regulations applicable to the Restricted Stock Units and the disposition of the shares following the settlement of Restricted Stock Units are complex and subject to change.

5. Protections Against Violations of Agreement. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Restricted Stock Units by any holder thereof in violation of the provisions of this Agreement or the Certificate of Incorporation or the Bylaws of the Company, will be valid, and the Company will not transfer any shares resulting from the settlement of Restricted Stock Units on its books nor will any of such shares be entitled to vote, nor will any dividends be paid thereon, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce such provisions.

6. Rights as a Stockholder. The Grantee shall not possess the right to vote the shares underlying the Restricted Stock Units until the Restricted Stock Units have settled in accordance with the provisions of this Agreement and the Plan.

7. Survival of Terms. This Agreement shall apply to and bind the Grantee and Lands' End and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or sent by certified or registered mail, return receipt requested, postage prepaid, addressed, if to the Grantee, to the Grantee's attention at the mailing address set forth at the foot of this Agreement (or to such other address as the Grantee shall have specified to the Company in writing) and, if to the Company, to the Company's office at 1 Lands' End Lane, Dodgeville, Wisconsin 53595, Attention: General Counsel (or to such other address as the Company shall have specified to the Grantee in writing). All such notices shall be conclusively deemed to be received and shall be effective, if sent by hand delivery, upon receipt, or if sent by registered or certified mail, on the fifth day after the day on which such notice is mailed.

9. Waiver. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

10. Authority of the Administrator. The Compensation Committee shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the Compensation Committee as to any such matter of interpretation or construction shall be final, binding and conclusive. Notwithstanding the foregoing, any classification of employment termination shall be resolved in

accordance with the terms of any severance agreement or other employment agreement with the Company as of the date of his or her termination of employment.

11. Representations. The Grantee has reviewed with his or her own tax advisors the applicable tax (U.S., foreign, state, and local) consequences of the transactions contemplated by this Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of Lands' End or any of its agents. The Grantee understands that he or she (and not Lands' End) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

12. Entire Agreement; Governing Law. This Agreement and the Plan and the other related agreements expressly referred to herein set forth the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Wisconsin.

13. Clawback Policy. The Restricted Stock Units are subject to the terms of any severance or employment agreement between the Company and the Grantee, and, to the extent required by applicable law, any Company recoupment, clawback, or similar policy related to financials as it may be in effect from time to time, any of which could, in certain circumstances, require repayment or forfeiture of the Restricted Stock Units or any Shares or other cash or property received with respect to the Restricted Stock Units (including any value received from a disposition of the Shares acquired upon vesting of the Restricted Stock Units).

14. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

15. Amendments; Construction. The Compensation Committee may amend the terms of this Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Grantee hereunder without his or her consent. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Restricted Stock Units and shall have no effect on the interpretation hereof.

16. Acceptance. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understand the terms and provision thereof, and accepts the shares of Restricted Stock Units subject to all the terms and conditions of the Plan and this Agreement. The Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee upon any questions arising under this Agreement.

17. Miscellaneous.

(a) No Rights to Grants or Continued Employment. The Grantee acknowledges that the award granted under this Agreement is not an employment right, and is being granted at the sole discretion of the Company's Compensation Committee. The Grantee shall not have any claim or right to receive grants of awards under the Plan. Neither the Plan nor this Agreement, nor any action taken or omitted to be taken hereunder or thereunder, shall be deemed to create or confer on the Grantee any right to be retained as an employee of the Company or any Subsidiary thereof, or to interfere with or to limit in any way the right of the Company or any Subsidiary thereof to terminate the employment of the Grantee at any time.

(b) No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan nor this Agreement shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred, or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the assets or business of the Company, or any other corporate act or proceeding, whether of a similar character or otherwise.

(c) Assignment. The Company shall have the right to assign any of its rights and to delegate any of its duties under this Agreement to any of its Affiliates.

18. Code Section 409A. Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement is intended to be exempt from the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") pursuant to the short term deferral exception. The Restricted Stock Units granted hereunder shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the application of Section 409A of the Code to such grants.

THIS AGREEMENT SHALL BE NULL AND VOID AND UNENFORCEABLE BY THE GRANTEE UNLESS SIGNED AND DELIVERED TO THE COMPANY NOT LATER THAN THIRTY (30) DAYS SUBSEQUENT TO THE ISSUANCE DATE.

BY SIGNING THIS AGREEMENT, THE GRANTEE IS HEREBY CONSENTING TO THE PROCESSING AND TRANSFER OF THE GRANTEE'S PERSONAL DATA BY THE COMPANY TO THE EXTENT NECESSARY TO ADMINISTER AND PROCESS THE AWARDS GRANTED UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Grantee has executed this Agreement, both as of the day and year first above written.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Grantee have executed this Restricted Stock Unit Agreement as of the date first above written.

COMPANY
LANDS' END, INC.

By: _____
Name:
Title:

GRANTEE

Name:

November 13, 2017

Gill Brown Hong
[Address Omitted]

Dear Gill,

We are pleased to confirm an offer of employment to you as EVP, Chief Merchandising Officer and Head of International. In this role, you will report directly to Jerome Griffith, CEO and President. You will oversee Merchandising and International. We all believe the future of Lands' End will provide us with many opportunities for growth and the company is well positioned for continued success.

Some key elements of the position are as follows:

- Your offer is contingent upon satisfactory completion of a criminal background check, employment authorization and verification and confirmation that you are not subject to any restrictions arising out of your prior employment which would be breached or violated by your accepting a position with Lands' End.
- The primary work location will be in our Dodgeville, WI office. All requested business travel and lodging will be at company expense subject to Lands' End's applicable Travel & Entertainment Employee Expense Policy.
- Annual base salary of \$450,000 paid in bi-weekly payments (your first check will be a live check then followed by direct deposit the next pay period). Increases will be determined based on a number of factors, with performance typically being the most significant factor. You will next be eligible for a merit review in May of 2019.
- You will receive a one-time cash sign-on bonus of \$100,000 ("*Sign-On Bonus*"). If your employment is terminated by Lands' End for Cause (as defined in the Executive Severance Agreement) or by you without Good Reason (as defined in the Executive Severance Agreement) prior to the second anniversary of your Start Date, within 30 days of your last day worked, you will be required to pay back the pre-tax amount of the Sign-On Bonus paid to you. For the avoidance of doubt, you shall not have to return any such amounts if your employment terminates by Lands' End without Cause, by you for Good Reason or as a result of your death or Disability (as defined in the Executive Severance Agreement).
- You will be eligible for an annual target bonus incentive ("AIP") opportunity of 75% of your base salary. The portion of the bonus target paid each year is based on your performance and the company's fiscal results. Since you are beginning employment after the start of the fiscal year, your incentive opportunity under the 2017 AIP will be prorated from your start date through February 2, 2018, the last day of the company's 2017 fiscal year. For fiscal 2018, you will be guaranteed a minimum annual incentive bonus under the 2018 Annual Incentive Plan of \$168,750.
- You will be eligible to receive a restricted stock unit grant valued at \$100,000 as of the grant date. Equity awards are approved by a committee of our Board of Directors and are made quarterly. It is expected that the next quarterly award will be made in early December, soon after the public release of our third quarter results. This grant will be made under the Lands' End, Inc. 2014 Stock Plan (As Amended and Restated) ("the 2014 Plan"), be subject to the terms of a Restricted Stock Unit Agreement, which will be provided to you and vest 25%, 25% and 50%, on the first, second and third anniversaries of the grant date.

- You will be eligible to participate in the Lands' End Retirement Plan, which includes 401(k) employee contribution and Company Match features. Eligibility will start on the first calendar quarter following your hire date. Lands' End will begin matching your contributions at 50% on the first 6% of your eligible earnings, beginning January 1, 2019, if you work 1,000 hours in 2018.
- In recognition of your previous related experience, you will receive 20 business days of vacation as of your start date, with an additional 5 business days after ten years of service. You also will be eligible for up to four (4) personal days per year, after completing six (6) months of service.
- With this position, for our 2018 fiscal year, it is our intent to offer an annual long-term incentive with a target value of 100% of your base salary. Further details regarding the Fiscal 2018 LTI target award will be provided following approval by the Compensation Committee.
- You will be eligible to receive relocation assistance, which is managed by our third party vendor, Cartus. A Cartus Representative will contact you to schedule an orientation to review key elements of the relocation policy and benefits. To receive this benefit, you will be required to sign the relocation repayment agreement as an initial step in the process with your Cartus Representative. Notwithstanding anything to the contrary in the relocation repayment agreement, you will not be required to repay relocation benefits in the event your employment is terminated by Lands' End, other than for Cause, or by you for Good Reason (in each case as defined in the ESA) within your first two years of employment. As part of your relocation benefits, you will be eligible for temporary housing for up to ninety (90) days.
- As a condition of employment, you will be required to sign an Executive Severance Agreement (ESA). While the terms and conditions of the ESA will govern, here is a summary of some of the items covered by the ESA (and in the event of any discrepancy between this summary and the ESA, the ESA will govern): If your employment with Lands' End is terminated by Lands' End, other than for Cause, or by you for Good Reason (in each case, as defined in the ESA) within your first two years of employment, you will be eligible to receive twenty-four (24) months of salary continuation, equal to your base salary at the time of termination, reduced by any interim earnings you may otherwise receive. If your employment with Lands' End is terminated by Lands' End (under the same conditions noted above) after your second full year of employment, you will receive twelve (12) months of salary continuation. Under the ESA, you agree, among other things, not to disclose confidential information and, not to solicit our employees. You also agree not to aid, assist or render services for any Competitive Business (as defined in the ESA) for twenty-four (24) months following termination of employment, if it occurs within your first two years of employment, and for twelve (12) months if it occurs after two years of employment. The non-disclosure, non-solicitation and non-compete provisions apply regardless of whether you are eligible for severance benefits under the ESA.
- Your start date will be November 27, 2017.

We are looking forward to you joining the Lands' End team. If you need additional information or clarification, please call me at 608-935-4377.

Sincerely,

/s/ Kelly Ritchie

Kelly Ritchie

SVP - Employee Services

/s/ Gill Brown Hong

Gill Brown Hong

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (“Agreement”) is made as of the 2nd day of November 2017, between Lands’ End, Inc., a Delaware corporation (together with its successors, assigns and Affiliates, the “Company”), and **Gill Brown Hong** (“Executive”).

WHEREAS, in light of the Company’s size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; and

WHEREAS, the Company has shared with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company has imbued Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, as consideration for entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company will grant to Executive restricted stock units pursuant to a Restricted Stock Agreement entered into between the Company and the Executive

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms have the meanings indicated:

- a. “Affiliate” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity. Notwithstanding the foregoing, if the Executive’s “Salary Continuation” exceeds the “Section 409A Threshold” (as such terms are defined below), then Affiliate shall mean any person with whom the Company is considered to be a single employer under Code Section 414(b) and all persons with whom the Company would be considered a single employer under Code Section 414(c), substituting “50%” for the “80%” standard that would otherwise apply.

b. "Cause" means (i) a material breach by Executive (other than a breach resulting from Executive's incapacity due to a Disability) of Executive's duties and responsibilities which breach is demonstrably willful and deliberate on Executive's part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach; (ii) the commission by Executive of a felony; or (iii) dishonesty or willful misconduct in connection with Executive's employment.

c. "Competitive Business" means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that is listed on Appendix A, each of which Executive acknowledges is a Competitive Business.

Executive acknowledges that the Company shall have the right to propose modifications to Appendix A periodically to include (i) emergent Competitive Businesses in the existing lines of business of the Company, and (ii) Competitive Businesses in lines of business that are new for the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.

d. "Code" means the Internal Revenue Code of 1986, as amended

e. "Confidential Information" means information related to the Company's business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive's Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

f. "Disability" means disability as defined under the Company's long-term disability plan (regardless of whether Executive is a participant under such plan).

g. "Executive's Company Employment" means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of "Company", regardless of any change in the entity actually employing Executive.

h. "Good Reason" shall mean, without Executive's written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive's annual base salary and target bonus under Company's Annual Incentive Plan; (ii) Executive's mandatory relocation to an office more than fifty (50) miles from the

primary location at which Executive was previously required to perform Executive's duties; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement. In each case, Executive must provide Company with written notice of the facts giving rise to a claim that "Good Reason" exists for purposes of this Agreement, within thirty (30) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within sixty (60) days after receipt of Executive's written notice. "Good Reason" shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

i. Executive fails to provide the above-referenced written notice of the Good Reason event within thirty (30) days of its occurrence;

ii. Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or

iii. Executive fails to resign within ninety (90) days of Executive's written notice of the Good Reason event.

i. "Salary Continuation" means continuation of base salary, based on Executive's annual base salary rate as of the date Executive's Company Employment terminates ("Date of Termination"), payable for a period of (i) twenty-four (24) months following the Date of Termination, if the Date of Termination occurs prior to the second anniversary of Executive's commencement of employment with the Company, and (ii) twelve (12) months following the Date of Termination, if the Date of Termination occurs after the second anniversary of Executive's commencement of employment with the Company, (as applicable, "Salary Continuation Period")

j. "Section 409A Threshold" means an amount equal to two times the lesser of (i) Executive's base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service. In all events, this amount shall be limited to the amount specified under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any successor thereto.

k. "Separation from Service" means a "separation from service" with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in

any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

l. “Specified Employee” means a “specified employee” under Code Section 409A (and regulations issued thereunder).

m. “Trade Secret(s)” means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. Employment. During Executive’s Company Employment, Executive agrees to devote all of Executive’s professional time and attention to the duties required by such Company Employment and to the best interests of the Company, and to engage in other business, professional or philanthropic activities only with the prior written approval of the Company. Executive shall also comply with all generally applicable policies of the Company, including but not limited to the Company’s Code of Conduct, as such policies may be amended from time to time. Except as may be otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive’s Company Employment is terminable by either party at will.

3. Severance.

a. If Executive’s Company Employment is involuntarily terminated without Cause, or if Executive resigns for Good Reason, Executive shall be entitled to the following:

i. Salary Continuation.

ii. Continuation of health, dental and vision coverage at the applicable active employee rate until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company’s ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act (“COBRA”). If Executive

becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.

iii. Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to twelve (12) months or until subsequent employment is obtained, whichever occurs first.

iv. Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of Termination to the maximum extent permitted pursuant to Section 409A of the Code.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet all of the other requirements under, or otherwise violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive Salary Continuation in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or

authorized deductions. Notwithstanding the foregoing, the obligations of the Company to pay Salary Continuation shall be reduced on a dollar-for-dollar basis (but not below zero) by the amount, if any, of fees, salary or wages that Executive earns from a subsequent employer (including those arising from self-employment) during the Salary Continuation Period. Executive shall promptly notify the Company of any subsequent employment or self-employment and the amount of any such fees, salary, wages or any other form of compensation earned. Any such fees, salary, wages or compensation shall reduce the Salary Continuation payments in reverse chronological order, beginning with the Salary Continuation payment that would be the final Salary Continuation payment in the absence of such reduction. For avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation. Further, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 8) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation paid during the Salary Continuation Period. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the first six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive's Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain

Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company's behalf with a need to know such information).

5. Non-Disclosure of Trade Secrets. During Executive's Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims in a form to be provided by the Company ("General Release and Waiver"). The General Release and Waiver will be in a form substantially similar to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and for a period of time after the Date of Termination equal to (i) twenty-four (24) months, if the Date of Termination occurs prior to the second anniversary of Executive's commencement of employment with the Company, or (ii) twelve (12) months, if the Date of Termination occurs after the second anniversary of the Executive's commencement of employment (but regardless whether the Executive is receiving Salary Continuation or other benefits under Section 3), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason (provided however, that this obligation shall remain in effect for twenty-four (24) months in the event that the Salary Continuation Period is twenty-four (24) months), Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason (provided however, that this obligation shall remain in effect for twenty-four (24) months in the event that the Salary Continuation Period is twenty-four (24) months), before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 9), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further, during Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason (provided however, that this obligation shall remain in effect for twenty-four (24) months in the event that the Salary Continuation Period is twenty-four (24) months), Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will fully cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (ii), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or to such other person or address which Executive shall furnish to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which in any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent.

19. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/ Gill Brown Hong

Address: [Address Omitted]

LANDS' END, INC.

5 Lands' End Lane

Dodgeville, WI 53595

By: /s/ Kelly Ritchie

Its: SVP, Employee and Customer Services

Appendix A

COMPETITIVE BUSINESSES

The following companies (including affiliates and subsidiaries within the same controlled group of corporations) are included within the definition of "Competitive Businesses", as referred to under subsection 1(c) of the Executive Severance Agreement ("Agreement"):

Ann Taylor
Bonobos
Brooks Brothers
Chico's
Eddie Bauer
J. C. Penney Company Inc.
J. Crew
Jos. A. Banks
Kohl's
L.L. Bean
Macy's
Next Retail
Polo Ralph Lauren
Target
Vineyard Vines

Appendix B

NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

GENERAL RELEASE AND WAIVER

In consideration of the severance benefits that are described in the attached Executive Severance Agreement, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute, without objection or delay, an "opt-out" form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands' End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands' End in writing at Lands' End, Inc., 5 Lands' End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands' End and that Lands' End expressly denies any wrongdoing or liability.

Date: SAMPLE ONLY -DO NOT DATE

Signed by: SAMPLE ONLY -DO NOT SIGN

Witness by: SAMPLE ONLY -DO NOT SIGN

Subsidiaries of Registrant

The following is a list of subsidiaries of Lands' End, Inc., the names under which such subsidiaries do business, and the state or country in which each was organized.

<u>Names</u>	<u>State or Other Jurisdiction of Organization</u>
Lands' End Canada Outfitters ULC	Canada
Lands' End Direct Merchants, Inc.	Delaware
Lands' End International, Inc.	Delaware
Lands' End Europe Limited	England & Wales
Lands' End GmbH	Germany
Lands' End Japan, Inc.	Delaware
Lands' End Japan, KK	Japan
Lands' End Publishing, LLC	Delaware
LEGC, LLC	Virginia

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-195111, No. 333-215262, and No. 333-217096 on Form S-8 of our report dated March 29, 2018, relating to the consolidated financial statements of Lands' End, Inc. and subsidiaries, and the effectiveness of Lands' End, Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Lands' End, Inc. for the fiscal year ended February 2, 2018.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
March 29, 2018

CERTIFICATIONS

I, Jerome S. Griffith, certify that:

1. I have reviewed this annual report on Form 10-K of Lands' End, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2018

/s/ Jerome S. Griffith

Jerome S. Griffith

Chief Executive Officer and President
(Principal Executive Officer)

Lands' End, Inc.

CERTIFICATIONS

I, James F. Gooch, certify that:

1. I have reviewed this annual report on Form 10-K of Lands' End, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2018

/s/ James F. Gooch

James F. Gooch

Executive Vice President, Chief Operating
Officer, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Lands' End, Inc.

CERTIFICATION**Pursuant to 18 U.S.C. 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002**

Each of the undersigned, Jerome S. Griffith, Chief Executive Officer and President of Lands' End, Inc. (the "Company") and James F. Gooch, Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer of the Company, has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2018 (the "Report").

Each of the undersigned hereby certifies that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 29, 2018

/s/ Jerome S. Griffith

Jerome S. Griffith
Chief Executive Officer and President
(Principal Executive Officer)

/s/ James F. Gooch

James F. Gooch
Executive Vice President, Chief Operating Officer, Chief Financial
Officer and Treasurer
(Principal Financial Officer)