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

**Amendment No. 5
to
Form 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of
the Securities Exchange Act of 1934**

Lands' End, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-2512786
(I.R.S. Employer
Identification Number)

1 Lands' End Lane
Dodgeville, Wisconsin
(Address of principal executive offices)

53595
(Zip Code)

(608) 935-9341
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class to be so Registered</u>	<u>Name of Each Exchange on which Each Class is to be Registered</u>
Common Stock, par value \$0.01 per share	The NASDAQ Stock Market LLC

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

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

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

LANDS' END, INC.
INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT
AND ITEMS OF FORM 10

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. *Business.*

The information required by this item is contained under the sections of the information statement entitled "Information Statement Summary," "Risk Factors," "Cautionary Statement Concerning Forward-Looking Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off," and "Where You Can Find More Information." Those sections are incorporated herein by reference.

Item 1A. *Risk Factors.*

The information required by this item is contained under the sections of the information statement entitled "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements." Those sections are incorporated herein by reference.

Item 2. *Financial Information.*

The information required by this item is contained under the sections of the information statement entitled "Capitalization," "Selected Historical Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Those sections are incorporated herein by reference.

Item 3. *Properties.*

The information required by this item is contained under the section of the information statement entitled "Business—Facilities and Store Locations." That section is incorporated herein by reference.

Item 4. *Security Ownership of Certain Beneficial Owners and Management.*

The information required by this item is contained under the section of the information statement entitled "Security Ownership of Certain Beneficial Owners and Management." That section is incorporated herein by reference.

Item 5. *Directors and Executive Officers.*

The information required by this item is contained under the section of the information statement entitled "Management." That section is incorporated herein by reference.

Item 6. *Executive Compensation.*

The information required by this item is contained under the sections of the information statement entitled "Executive Compensation" and "Certain Relationships and Related Person Transactions." Those sections are incorporated herein by reference.

Item 7. *Certain Relationships and Related Transactions, and Director Independence.*

The information required by this item is contained under the sections of the information statement entitled “Management” and “Certain Relationships and Related Person Transactions.” Those sections are incorporated herein by reference.

Item 8. *Legal Proceedings.*

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters.*

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “Capitalization,” “The Spin-Off,” “Executive Compensation” and “Description of Our Capital Stock.” Those sections are incorporated herein by reference.

Item 10. *Recent Sales of Unregistered Securities.*

The information required by this item is contained under the sections of the information statement entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Description of Our Capital Stock.” Those sections are incorporated herein by reference.

Item 11. *Description of Registrant’s Securities to be Registered.*

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “The Spin-Off,” and “Description of Our Capital Stock.” Those sections are incorporated herein by reference.

Item 12. *Indemnification of Directors and Officers.*

The information required by this item is contained under the section of the information statement entitled “Description of Our Capital Stock—Indemnification and Limitation of Liability of Directors and Officers.” That section is incorporated herein by reference.

Item 13. *Financial Statements and Supplementary Data.*

The information required by this item is contained under the section of the information statement entitled “Index to Audited Financial Statements,” “Index to Unaudited Financial Statements” and the financial statements referenced therein. That section is incorporated herein by reference.

Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

Not applicable.

Item 15. *Financial Statements and Exhibits.*

(a) Financial Statements

The information required by this item is contained under the section of the information statement entitled “Index to Audited Financial Statements,” “Index to Unaudited Financial Statements” and the financial statements referenced therein. That section is incorporated herein by reference.

(b) Exhibits

See below.

The following documents are filed as exhibits hereto:

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1	Form of Separation and Distribution Agreement by and between Sears Holdings Corporation and Lands' End, Inc.**
3.1	Form of Amended and Restated Certificate of Incorporation of Lands' End, Inc.***
3.2	Form of Amended and Restated Bylaws of Lands' End, Inc.***
10.1	Form of Transition Services Agreement by and between Sears Holdings Management Corporation and Lands' End, Inc.**
10.2	Form of Tax Sharing Agreement by and between Sears Holdings Corporation and Lands' End, Inc.***
10.3	Form of Master Lease Agreement by and between Sears, Roebuck and Co. and Lands' End, Inc.**†
10.4	Form of Master Sublease Agreement by and between Sears, Roebuck and Co. and Lands' End, Inc.**†
10.5	Form of Lands' End Shops at Sears Retail Operations Agreement by and between Sears, Roebuck and Co. and Lands' End, Inc.***
10.6	Form of Shop Your Way SM Retail Establishment Agreement by and between Sears Holdings Management Corporation and Lands' End, Inc.**†
10.7	Form of Financial Services Agreement by and between Sears Holdings Management Corporation and Lands' End, Inc.***
10.8	Form of Buying Agency Agreement by and between Sears Holdings Global Sourcing, Ltd. and Lands' End, Inc.**
10.9	Letter from Sears Holdings Corporation to Edgar Huber relating to employment, dated July 18, 2011.**†
10.10	Executive Severance Agreement dated and effective as of July 18, 2011 between Sears Holdings Corporation and its affiliates and subsidiaries and Edgar Huber.**†
10.11	Letter from Lands' End, Inc. to Michael Rosera relating to employment, dated June 27, 2012.***
10.12	Executive Severance Agreement dated and effective as of July 2, 2012 between Sears Holdings Corporation and its affiliates and subsidiaries and Michael Rosera.**†
10.13	Letter from Lands' End, Inc. to Karl Dahlen relating to employment, dated January 31, 2014.***
10.14	Executive Severance Agreement dated and effective as of February 3, 2014 between Sears Holdings Corporation and its affiliates and subsidiaries and Karl Dahlen.**†
10.15	Letter from Lands' End, Inc. to Michele Donnan Martin relating to employment, dated September 19, 2013.***
10.16	Executive Severance Agreement dated and effective as of September 19, 2013 between Sears Holdings Corporation and its affiliates and subsidiaries and Michele Donnan Martin.**†
10.17	Executive Severance Agreement dated and effective as of January 21, 2013 between Sears Holdings Corporation and its affiliates and subsidiaries and Kelly Ritchie.**†
10.18	Form of Director Compensation Policy of Lands' End, Inc.**
10.19	Form of Lands' End, Inc. Umbrella Incentive Plan*
10.20	Form of Lands' End, Inc. Annual Incentive Plan*

**Exhibit
Number**

Exhibit Description

10.21	Form of Lands' End, Inc. Long-Term Incentive Plan*
10.22	Form of Lands' End, Inc. Cash Long-Term Incentive Plan*
10.23	Form of Lands' End, Inc. 2014 Stock Plan*
21.1	Subsidiaries of Lands' End, Inc.**
99.1	Information Statement of Lands' End, Inc., preliminary and subject to completion, dated March 11, 2014.**
99.2	Form of Notice of Internet Availability of Information Statement Materials.*

* To be filed by amendment.

** Filed herewith.

*** Previously filed.

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

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

LANDS' END, INC.

By: /s/ Edgar O. Huber

Name: Edgar O. Huber

Title: Chief Executive Officer

Date: March 11, 2014

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

SEARS HOLDINGS CORPORATION

AND

LANDS' END, INC.

DATED AS OF [✕]

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SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT (this “Agreement”) is made as of [✕], by and between Sears Holdings Corporation, a Delaware corporation (“SHC”), and Lands’ End, Inc., a Delaware corporation and, prior to the Distribution, an indirect wholly owned subsidiary of SHC (“LE”). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

WHEREAS, the board of directors of SHC (the “SHC Board”) has determined that it is in the best interests of SHC and its stockholders to separate the LE Business from the rest of SHC;

WHEREAS, in furtherance of the foregoing, the SHC Board has determined that it is appropriate and desirable for SHC and certain of its Subsidiaries to enter into a series of transactions in the manner provided in this Agreement and the Ancillary Agreements whereby (x) SHC will, directly or indirectly through its Subsidiaries, own all of the SHC Assets and assume (or retain) all of the SHC Liabilities, and (y) LE will, directly or indirectly through its Subsidiaries, own all of the LE Assets and assume (or retain) all of the LE Liabilities, in each case as more fully described in this Agreement and the Ancillary Agreements;

WHEREAS, SHC currently intends that, on the Distribution Date, SHC shall distribute to holders of shares of SHC common stock, through a spin-off, all of the outstanding shares of LE Common Stock, as more fully described in this Agreement and the Ancillary Agreements (the “Distribution”);

WHEREAS, the Distribution and certain related transactions, taken together, are intended to qualify as a reorganization under Sections 355 and 368 of the Code for U.S. federal income tax purposes; and

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of SHC, LE and their respective Subsidiaries, following the Distribution;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, SHC and LE hereby agree as follows:

ARTICLE I.

DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings:

“2011 SHC LTIP” has the meaning set forth in Section 7.4(b)(i).

“2012 SHC LTIP” has the meaning set forth in Section 7.4(b)(i).

“2013 SHC LTIP” has the meaning set forth in Section 7.4(b)(i).

“AAA Commercial Arbitration Rules” has the meaning set forth in Section 11.3(a).

“Action” means any written demand, claim, counterclaim, action, dispute, suit, arbitration, inquiry, subpoena, proceeding or investigation, of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise), in each case, by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” means (solely for purposes of this Agreement and for no other purpose) (i) with respect to LE, its Subsidiaries, and (ii) with respect to SHC, its Subsidiaries; provided, however, that except where the context indicates otherwise, only for purposes of this Agreement and for no other purpose, from and after the Effective Time (1) no SHC Entity shall be deemed to be an Affiliate of any LE Entity and (2) no LE Entity shall be deemed to be an Affiliate of any SHC Entity.

“Agreement” has the meaning set forth in the Preamble.

“Ancillary Agreements” means (i) the Tax Sharing Agreement; (ii) the Transition Services Agreement; (iii) the Master Lease Agreement; (iv) the Master Sublease Agreement; (v) the LES Agreement; (vi) the SYW Agreement; (vii) the Financial Services Agreement; (viii) the Co-Location and Services Agreement; (ix) the Buying Agency Agreement; (x) the Call Center Services Agreement; (xi) the Sears Marketplace Seller Agreement; (xii) the Gift Card Services Agreement; and (xiii) the Implementation Documents.

“Applicable Law” means all applicable laws, ordinances, regulations, rules, and court and administrative orders and decrees of all national, regional, state, local and other governmental units (whether domestic or foreign) that have jurisdiction in the given circumstances.

“Assets” means, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other Persons or elsewhere), of every kind, character, and description, whether tangible or intangible, real, personal or mixed, or accrued or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

(i) all accounting and other Records, whether in paper, microfilm, microfiche, computer tape or disk, magnetic tape, electronic or any other form;

(ii) all apparatus, computers and other electronic data processing and communications equipment, fixtures, electronic kiosks, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

-
- (iii) all inventories of materials, parts, raw materials, components, supplies, work-in-process and finished goods and products;
- (iv) all Real Property Assets;
- (v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person, and all rights as a partner, joint venturer or participant;
- (vi) all licenses and leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other Contracts, agreements or commitments and all rights arising thereunder;
- (vii) all deposits, letters of credit and performance and surety bonds;
- (viii) all written (including in electronic form) or oral technical Information, data, specifications, research and development Information, engineering drawings and specifications, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;
- (ix) all Intellectual Property;
- (x) all Software;
- (xi) all Information;
- (xii) all prepaid expenses, trade accounts and other accounts and notes receivable;
- (xiii) all rights under Contracts, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent, whether in tort, contract or otherwise and whether arising by way of counterclaim or otherwise;
- (xiv) subject to Section 8.1(b), all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;
- (xv) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority and all pending applications therefor;
- (xvi) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements;
- (xvii) all assets of any Benefit Plan sponsored or maintained by such Person (except as provided in Section 7.6 with respect to the LE Retiree Program and the Sears Holdings Master Retiree Medical Plan); and
- (xviii) all goodwill as a going concern and other intangible properties.

“Balance Sheet Date” means the date of the Reference Balance Sheet.

“Benefit Plan” means, with respect to an entity, each plan, program, policy, agreement, arrangement or understanding that is a deferred compensation, executive compensation, incentive bonus or other bonus, pension, profit sharing, savings, retirement, severance pay, salary continuation, life, death benefit, health, hospitalization, sick leave, vacation pay, disability or accident insurance or other employee benefit plan, program, agreement or arrangement, including any “employee benefit plan” (as defined in Section 3(3) of ERISA) sponsored, maintained or contributed to by such entity or to which such entity is a party or under which such entity has any obligation; provided that no SHC Restricted Stock Award, nor any plan under which any such SHC Restricted Stock Award is granted, shall constitute a “Benefit Plan” under this Agreement.

“Business” means either the LE Business or the SHC Business, as the context requires.

“Business Day” means any day that is not a Saturday, a Sunday or any other day on which banks are required or authorized by Applicable Law to remain closed in the New York, New York.

“Buying Agency Agreement” means the Buying Agency Agreement, dated as of the date hereof, by and between Sears Holdings Global Sourcing, Ltd. and LE, as such agreement may be amended, modified or waived from time to time.

“Call Center Services Agreement” means the Shop Your Way Rewards Program Statement of Work (SOW), dated as of November 1, 2012 by and between SHMC and LE, as such agreement may be amended, modified or waived from time to time.

“COBRA” means the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Section 601 et seq. of ERISA and at Section 4980B of the Code, as amended, and the regulations promulgated thereunder.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Co-Location and Services Agreement” means the Services Agreement (Lands’ End Co-location Services), dated as of the date hereof, by and between SHMC and LE, as such agreement may be amended, modified or waived from time to time.

“Common Privileges” has the meaning set forth in Section 5.8.

“Competitor” means, solely for purposes of this Agreement and for no other purpose, BJ’s Wholesale Club, Costco Wholesale Corporation, Dillard’s, Inc., Eddie Bauer, Gap Inc., J. C. Penney Company, Inc., J.Crew Group, Inc., Kohl’s Corporation, L.L. Bean, Inc., Limited Brands, Inc., Limited Stores, LLC, Macy’s Inc., Meijer, TJX Companies, Inc., Target Corporation, Wal-Mart Stores, Inc., Amazon.com, Inc., ebay, Inc., each other retailer that competes in any material respect with any SHC Entity, and the Competitor Affiliates of each of them.

“Competitor Affiliates” means each Person that directly or indirectly, and by whatever means, Controls, is under common Control with, or is Controlled by, a Competitor.

“Confidential Information” means all Information, whether disclosed in oral, written, visual, electronic or other form, that (i) a party hereto, its Affiliates or their Personnel (the “Disclosing Party”) discloses to the other party, its Affiliates or their Personnel (the “Receiving Party”), (ii) relates to or is disclosed in connection with this Agreement (including pursuant to Section 6.1 and Section 6.2) or a party’s or a party’s Affiliate’s business, and (iii) is designated as “confidential” by the Disclosing Party (in which event the Information is deemed to be Confidential Information) or is or reasonably should be understood by the Receiving Party to be confidential or proprietary to the Disclosing Party. The Disclosing Party’s sales, pricing, costs, inventory, operations, employees, current and potential customers, financial performance and forecasts, and business plans, strategies, forecasts and analyses, as well as Information for which the Securities and Exchange Commission has granted confidential treatment pursuant to Rule 406 of Regulation C shall be deemed Confidential Information.

“Consents” means any consents, waivers or approvals from, or notification requirements to, any Person other than a Governmental Authority or a member of either Group.

“Contract” means each contract, agreement, lease, commitment, license, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding on any Person or any part of its property under Applicable Law, including all claims or rights against any Person, choses in action and similar rights, whether accrued or contingent with respect to any such contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking.

“Control” (including the terms “Controlled by” and “under common Control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities or other interests, as trustee, personal representative or executor, by contract, agreement, obligation, indenture, instrument, lease, promise, credit arrangement, release, warranty, commitment, undertaking or otherwise.

“Deferred Transfer Asset” has the meaning set forth in Section 4.3(a).

“Deferred Transfer Liability” has the meaning set forth in Section 4.3(a).

“Disclosing Party” has the meaning set forth in the definition of “Confidential Information.”

“Disclosure Document” means any registration statement (including the LE Registration Statement) filed with the SEC by or on behalf of any SHC Entity or LE Entity and also includes any information statement (including the Information Statement), prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether

or not filed with the SEC or any other Governmental Authority, in each case which describes the Separation or the Distribution or the LE Entities or primarily relates to the transactions contemplated by this Agreement or the Ancillary Agreements.

“Dispute” has the meaning set forth in Section 11.1.

“Dispute Meeting” has the meaning set forth in Section 11.2(a).

“Dispute Notice” has the meaning set forth in Section 11.2(a).

“Dispute Resolution Committee” has the meaning set forth in Section 11.2(a).

“Distribution” has the meaning set forth in the Recitals.

“Distribution Agent” means Computershare Trust Company, N.A.

“Distribution Date” means the date of the consummation of the Distribution, which shall be determined by SHC in its sole and absolute discretion.

“Effective Time” means the time at which the Distribution occurs on the Distribution Date, which shall be deemed to be 11:59 p.m., New York City Time, on the Distribution Date.

“Encumbrance” means any security interest, pledge, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, hypothecation, mortgage, lien or encumbrance of any other nature, whether or not filed, recorded or otherwise perfected under Applicable Law.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Financial Services Agreement” means the Financial Services Agreement, dated as of the date hereof, by and between SRC and LE, as such agreement may be amended, modified or waived from time to time.

“Gift Card Services Agreement” means the Gift Card Services Agreement, dated as of January 1, 2008, between LE and SHC Promotions LLC, a Virginia limited liability company, and successor to SHC Promotions, Inc., and the First Amendment thereto, dated as of the date hereof, as such agreement may be amended, modified or waived from time to time.

“Good Faith” means honesty in fact and the observance of reasonable commercial standards of fair dealing in accordance with Applicable Law.

“Governmental Approvals” means any notices or reports to be submitted to, or other filings to be made with, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

“Governmental Authority” means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other legislative, judicial, regulatory, administrative or governmental authority.

“Group” means the SHC Entities or the LE Entities, as the context requires.

“Implementation Documents” has the meaning set forth in Section 4.1.

“Indemnified Party” has the meaning set forth in Section 10.5(a).

“Indemnifying Party” has the meaning set forth in Section 10.5(a).

“Indemnity Payment” has the meaning set forth in Section 10.5(a).

“Information” means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including, studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, artwork, design, research and development files, formulations and specifications, quality records and reports, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer information, cost information, sales and pricing data, customer prospect lists, supplier records and vendor data, correspondence and lists, product data and literature, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information, documents or data.

“Information Statement” means the information statement to be sent to each holder of shares of SHC common stock in connection with the Distribution, as filed with the SEC, as such information statement may be amended or supplemented from time to time prior to the Effective Time.

“Insurance Proceeds” means those monies (i) received by an insured or reinsured from an insurer or reinsurer, (ii) paid by an insurer or reinsurer on behalf of the insured or reinsured or (iii) received (including by way of set-off) from any Third Party in the nature of insurance, contribution or indemnification in respect of any Liability; in any such case net of any applicable premium adjustments (including, retrospectively rated premium adjustments) and net of any self-insured retention, deductible or other form of self-insurance and net of any third party costs or expenses incurred in the collection thereof.

“Intellectual Property” means all right, title and interest in or relating to intellectual property or industrial property, whether arising under the law of the United States or any other country or any political subdivision thereof or multinational laws or any other law, including, (i) patents, patent applications, and all divisionals, continuations and continuations-in-part

thereof, together with all reissues, reexaminations, renewals and extensions thereof and all rights to obtain such divisionals, continuations and continuations-in-part, reissues, reexaminations, renewals and extensions, and all utility models and statutory invention registrations and any other such analogous rights, (ii) trademarks, service marks, Internet domain names, trade dress, trade styles, logos, trade names, services names, brand names, corporate names, assumed business names and general intangibles and other source identifiers of a like nature, together with the goodwill associated with any of the foregoing, and all registrations and applications for registrations thereof, together with all renewals and extensions thereof and all rights to obtain such renewals and extensions, (iii) copyrights, mask work rights, database and design rights, moral rights and rights in Internet websites, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof and all applications in connection therewith, together with all renewals, continuations, reversions and extensions thereof and all rights to obtain such renewals, continuations, reversions and extensions and (iv) confidential and proprietary Information, including, trade secrets and know-how. "Intellectual Property" also includes all goodwill associated with Intellectual Property and the right to sue and recover at law or in equity for past, present and future infringement, misappropriation, dilution, violation or other impairment of such Intellectual Property and all license agreements (including, licenses from or to third parties in respect of Intellectual Property).

"Intercompany Accounts" means all intercompany receivables and payables between one or more of the LE Entities, on the one hand, and one or more of the SHC Entities, on the other hand.

"Intercompany Agreements" means this Agreement, the Ancillary Agreements and the other agreements, arrangements, commitments or understandings, whether or not in writing, between one or more of the LE Entities, on the one hand, and one or more of the SHC Entities, on the other hand.

"Internal Control Audit and Management Assessments" has the meaning set forth in Section 6.2.

"Internal Transactions" has the meaning set forth in Section 3.3.

"Joint Litigation Matter" means each Action (i) in which both a LE Entity and a SHC Entity are named as defendants or in which one or more officers or directors of any LE Entity and one or more officers or directors of any SHC Entity are named as defendants that is a LE Assumed Transaction Liability or (ii) that primarily relates to, arises out of or results from the LE Business, the LE Liabilities, the LE Assets (including product returns and other product Liability, litigation matters that have been commenced on or before the Effective Time and any Liabilities relating to, arising out of or resulting from the items set forth on Schedule B) or any actions, inactions, events, omissions, conditions, facts or circumstances by or under the control of a LE Entity that SHC believes (in its sole and absolute discretion) the unfavorable resolution of which could have an adverse effect on any SHC Entity or any of its Businesses; provided that for the avoidance of doubt, none of the Actions set forth on Schedule D (or any Actions arising out of such Actions or relating thereto) shall be deemed Joint Litigation Matters.

"LE" has the meaning set forth in the Preamble.

“LE 2013 Cash LTI” has the meaning set forth in Section 7.4(b)(ii).

“LE Annual Report” has the meaning set forth in Section 6.1(b).

“LE Assets” means:

(i) all issued and outstanding capital stock or other equity interests in all the LE Entities other than the LE Common Stock;

(ii) all Assets of any SHC Entity or LE Entity included or reflected on the Reference Balance Sheet, subject to any dispositions of such Assets subsequent to the Balance Sheet Date; provided that the amounts set forth on the Reference Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of LE Assets pursuant to this clause (ii);

(iii) all Assets of any SHC Entity or LE Entity as of the Effective Time that are of a nature or type that would have been reflected on the combined balance sheet of the “Company” (as such term is used in the Reference Balance Sheet) or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the Reference Balance Sheet), it being understood that (x) the Reference Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of LE Assets pursuant to this subclause (iii); and (y) the amounts set forth on the Reference Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of LE Assets pursuant to this subclause (iii);

(iv) all Assets of the SHC Entities and the LE Entities as of the Effective Time that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be transferred to LE or any other LE Entity;

(v) all Contracts (1) to which a LE Entity is a party as of the Effective Time or (2) with respect to the purchase of inventory attributable to the LE Business (as determined by SHC in its sole and absolute discretion) and all rights, interests or claims of either the SHC Entities or the LE Entities as of the Effective Time under all such Contracts (but excluding any Contracts to which one or more LE Entities and one or more SHC Entities are parties, if (x) the LE Entity cannot continue to exercise its rights under such Contracts independent from, and without imposing Liability (contingent or otherwise) upon, any SHC Entity or (y) the SHC Entity party thereto cannot continue to exercise its rights under such Contracts independent from any LE Entity);

(vi) all Assets of the SHC Entities and the LE Entities as of the Effective Time that are exclusively related to the LE Business;

(vii) all Intellectual Property owned by or registered to a LE Entity;

(viii) the LE Employment Agreements;

(ix) all Assets of the LE Benefit Plans; and

(x) all Assets set forth on Schedule A.

Notwithstanding the foregoing, the LE Assets shall not in any event include any Asset referred to in clauses (i) through (vi) of “SHC Assets.”

“LE Assumed Transaction Liabilities” means any and all Liabilities arising from, relating to, or derivative of any Action, whether commenced prior to, on or subsequent to the Effective Time, with respect to the Separation or Distribution made or brought by any Person against any SHC Entity or LE Entity and arising from, relating to, or derivative of allegations (i) of breach of fiduciary duty by one or more of the members of LE’s Board of Directors or (ii) that one or more statements made in, or one or more omissions from, the LE Registration Statement, the Information Statement (as amended or supplemented if LE shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than with respect to the matters described in Section 10.3(e), violated one or more federal or state securities laws.

“LE Benefit Plans” has the meaning set forth in Section 7.2(a).

“LE-Branded Gift Cards” has the meaning set forth in the Gift Card Services Agreement.

“LE Business” means the businesses and operations of the LE Entities, including selling casual clothing, accessories and footwear and home products via catalogs, online at *www.landsend.com* and affiliated specialty and international websites, and through retail locations, primarily at Lands’ End Shops at Sears and standalone Lands’ End Inlet stores, as more fully described in the LE Registration Statement. Solely with respect to “LE Business” and for purposes of Section 5.8 (Privileged Matters), Section 9.1 (Control of Legal Matters), Section 10.2 (Indemnification by LE) and determining whether a “Stockholding Change” has occurred and for no other purpose, “LE Entities” shall also include any other Persons that Control, are Controlled by or under common Control with any LE Entities and shall exclude SHC Entities.

“LE Cash Distribution” has the meaning set forth in Section 3.1(b).

“LE Common Stock” means the shares of common stock, par value \$0.01 per share, of LE.

“LE Employment Agreement” means any individual employment, retention, incentive bonus, severance or other individual compensatory agreement between, as of the Effective Time, any LE Personnel, on the one hand, and any SHC Entity or LE Entity, on the other.

“LE Entities” means, collectively, LE; Lands’ End Direct Merchants, Inc., a Delaware corporation; Lands’ End International, Inc., a Delaware corporation; Lands’ End Media Company, a Wisconsin corporation; Lands’ End Japan KK, a Japanese corporation; Lands’ End Japan Inc., a Delaware corporation; Lands’ End Europe Ltd., a company organized under the laws of England and Wales; Lands’ End GmbH, a corporation with limited liability organized under the laws of the Federal Republic of Germany; Lands’ End Canada Outfitters ULP, a corporation organized under the laws of British Columbia, Canada; and all other Persons that are or hereafter become a Subsidiary of LE.

“LE Financing” has the meaning set forth in Section 3.1(b).

“LE Indemnified Party” has the meaning set forth in Section 10.3.

“LE Liabilities” means:

(i) all Liabilities included or reflected on the Reference Balance Sheet, subject to any discharge of such Liabilities subsequent to the Balance Sheet Date (including all Liabilities under outstanding purchase orders relating to LE, and, for avoidance of doubt Liabilities relating to, arising out of or resulting from LE-Branded Gift Cards); provided that the amounts set forth on the Reference Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of LE Liabilities pursuant to this subclause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have been reflected on the combined balance sheet of the “Company” (as such term is used in the Reference Balance Sheet) or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the Reference Balance Sheet), it being understood that (x) the Reference Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of LE Liabilities pursuant to this subclause (ii); and (y) the amounts set forth on the Reference Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of LE Liabilities pursuant to this subclause (ii);

(iii) all Liabilities relating to, arising out of or resulting from (A) the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the LE Business, the LE Liabilities, the LE Assets (including product returns and other product Liability, litigation matters that have been commenced on or before the Effective Time and any Liabilities relating to, arising out of or resulting from the items set forth on Schedule B), (B) any actions, inactions, events, omissions, conditions, facts or circumstances by or under the control of a LE Entity or (C) all LE Litigation Matters;

(iv) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the LE Employment Agreements;

(v) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known,

are asserted or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from (x) the LE Benefit Plans, (y) any special cash retention bonus awarded to LE Personnel by LE that is unvested (or accrued by unpaid) as of or after the Effective Date and (z) fiscal year 2013 attributable to LE Personnel under the LE 2013 Cash LTI;

(vi) [intentionally omitted.];

(vii) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the LE Financing;

(viii) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the exhibits, schedules and appendices hereto or thereto) as Liabilities to be assumed by LE or any other LE Entity and all agreements and obligations of any LE Entity under this Agreement or any of the Ancillary Agreements;

(ix) any Liabilities for which SHC Entities are entitled to indemnification from the LE Entities pursuant to the Tax Sharing Agreement;

(x) any LE Assumed Transaction Liabilities;

(xi) all obligations with respect to LE's Personnel (and such individual Personnel's dependents, beneficiaries, alternate payees and alternate recipients, as applicable under any benefit plan), including accrued but unpaid salaries, wages, overtime, bonuses/incentives, including without limitation any incentive programs and the related payroll taxes; Liabilities for accrued but unpaid vacation, illness and other approved leaves of absence; Liabilities for insurance and pension contributions to multi-employer plans, if any, pursuant to the terms of any applicable collective bargaining agreement; any Liabilities and requirements under COBRA; all Liabilities arising out of or relating to any LE Employment Agreement and all other Liabilities with respect to the employment, service, termination (or alleged termination) of employment or termination (or alleged termination) of service of any such employee, including as provided for under Section 7.1 and Section 7.8; and

(xii) all Liabilities for claims made by any Third Party (but including directors, officers, employees or agents of any LE Entity or SHC Entity acting in their individual capacities and not in their official capacities) against any LE Entity or SHC Entity to the extent relating to, arising out of or resulting from the LE Business, the LE Liabilities or the LE Assets.

Notwithstanding the foregoing, the Liabilities relating to, arising out of or resulting from the Actions set forth on Schedule D shall not in any event be LE Liabilities but instead shall be SHC Liabilities.

“LE Litigation Matters” means such Actions that primarily relate to, arise out of or result from the LE Business, the LE Liabilities, the LE Assets (including product returns and other product Liability, litigation matters that have been commenced on or before the Effective Time and any Liabilities relating to, arising out of or resulting from the items set forth on Schedule B) or any actions, inactions, events, omissions, conditions, facts or circumstances by or under the control of a LE Entity, but in each case excluding the Actions set forth on Schedule D.

“LE LTIP” has the meaning set forth in Section 7.4(b)(i).

“LE Personnel” has the meaning set forth in Section 7.1.

“LE Pre-65 Retirees” has the meaning set forth in Section 7.6.

“LE Quarterly Report” has the meaning set forth in Section 6.1(a).

“LE Registration Statement” means the registration statement on Form 10 filed by LE with the SEC to effect the registration of LE Common Stock pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Effective Time.

“LE Retiree Program” means the Lands’ End, Inc. Retiree Program, a participating program under the Sears Holdings Master Retiree Medical Plan which had previously been administered by LE.

“LE Shops” means the Lands’ End Shops at Sears business contemplated in the LES Agreement.

“LES Agreement” means the Lands’ End Shops at Sears Retail Operations Agreement, dated as of the date hereof, by and between SRC and LE, as such agreement may be amended, modified or waived from time to time.

“Liabilities” or “Liability” means with respect to any Person, any and all claims, debts, demands, actions, causes of action, suits, damages, costs, obligations, accruals, accounts payable, reckonings, bonds, indemnities and similar obligations, agreements, promises, guarantees, make whole agreements and similar obligations, and other liabilities and requirements of such Person, including all contractual obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, liquidated or unliquidated, reserved or unreserved, known or unknown, or determined or determinable, whenever arising and including those arising under any Applicable Law, rule, regulation, Action, threatened or contemplated Action, order or consent decree of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any Contract, including those arising under this Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person. For the avoidance of doubt, Liabilities shall include reasonable attorneys’ fees, the costs and expenses of all demands, assessments, judgments, settlements and compromises, and any and all other costs and expenses whatsoever reasonably incurred in connection with anything contemplated by the preceding sentence.

“Marks” has the meaning set forth in Section 4.5.

“Master Lease Agreement” means the Master Lease Agreement, dated as of the date hereof, by and between SRC and LE, as such agreement may be amended, modified or waived from time to time.

“Master Sublease Agreement” means the Master Sublease Agreement, dated as of the date hereof, by and between SRC and LE, as such agreement may be amended, modified or waived from time to time.

“NASDAQ” means the NASDAQ Stock Market LLC.

“Non-Solicit Period” has the meaning set forth in Section 7.9(a).

“Person” means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability company, any other entity and any Governmental Authority.

“Personnel” means the officers, directors, employees, agents, suppliers, licensors, licensees, contractors, subcontractors, advisors (including attorneys, accountants, technical consultants or investment bankers) and other representatives, from time to time, of a party and its Affiliates; provided that the Personnel of the LE Entities shall not be deemed Personnel of the SHC Entities and the Personnel of the SHC Entities shall not be deemed Personnel of the LE Entities.

“Public Filings” has the meaning set forth in Section 6.1(c).

“Real Property Assets” means all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of an Encumbrance in real property, lessor, sublessor, lessee, sublessee, licensor, licensee, sublicensor, sublicensee or otherwise.

“Receiving Party” has the meaning set forth in the definition of “Confidential Information.”

“Record Date” shall mean the close of business on [] or the close of business on another date if determined by the SHC Board as the record date for determining holders of shares of SHC common stock entitled to receive LE Common Stock pursuant to the Distribution.

“Records” means documents, files and other books and records, including, books and records relating to financial reporting, internal audit, employee benefits, past acquisition or disposition transactions, Actions, and email files and backup tapes regarding any of the foregoing.

“Reference Balance Sheet” means the most recent combined balance sheet of LE, including the notes thereto, included in the LE Registration Statement prior to the Effective Time.

“Representatives” means Personnel, partners, members, counsel, investment advisors, third-party contractors, and other representatives.

“Resolution Failure Date” has the meaning set forth in Section 11.2(a).

“Sears Holdings Master Retiree Medical Plan” means the Sears Holdings Master Retiree Medical Plan, as amended and restated January 1, 2011 and as amended from time to time thereafter.

“Sears Marketplace Seller Agreement” means the Sears Marketplace—Local Marketplace—MyGofer Fulfilled By Merchant (FBM) Agreement, dated as of July 24, 2013 and amended as of the date hereof, by and between SHMC and LE, as such agreement may be amended, modified or waived from time to time.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

“Separation” has the meaning set forth in Section 2.1.

“Shared Privileges” has the meaning set forth in Section 5.8(d).

“SHC” has the meaning set forth in the Preamble.

“SHC AIP” has the meaning set forth in Section 7.4(a).

“SHC ASPP” has the meaning set forth in Section 7.3.

“SHC Assets” means all Assets of the SHC Entities and the LE Entities as of the Effective Time, other than the LE Assets, it being understood that the SHC Assets shall include:

(i) all Contracts or rights thereunder of any SHC Entity or LE Entity as of the Effective Time (other than the Contracts and rights thereunder constituting LE Assets pursuant to clause (v) of the definition of “LE Assets”);

(ii) except as provided in the Master Lease Agreement or the Master Sublease Agreement, any Real Property Assets of the LE Entities relating to the Lands’ End Shops at Sears;

(iii) any and all Assets with respect to, arising out of, or resulting from (A) any Actions relating to any of the SHC Entities or LE Entities or their respective Assets, Liabilities or Businesses and commenced on or before the Effective Time that are not LE Litigation Matters or Joint Litigation Matters, including any and all rights to damage awards, settlement payments, reimbursements or indemnities and (B) the SHC Litigation Matters;

(iv) any and all Assets relating to, arising out of or attributable to the Sears Holdings Master Retiree Medical Plan (including any Assets relating to, arising out of or attributable to the LE Retiree Program);

(v) all Intellectual Property of any SHC Entity or LE Entity (but specifically excluding any Intellectual Property described in clause (vii) of “LE Assets”); and

(vi) all Assets set forth on Schedule C.

“SHC ASPP” has the meaning set forth in Section 7.3.

“SHC Board” has the meaning set forth in the Recitals.

“SHC Business” means (A) the businesses and operations of the SHC Entities and (B) any terminated, divested or discontinued businesses and operations of any SHC Entity or any of its predecessors; provided, however, that the SHC Business shall not include the LE Business.

“SHC Cash Award” has the meaning set forth in Section 7.5.

“SHC Entities” means, collectively, SHC and all of its Subsidiaries other than the LE Entities.

“SHC Indemnified Party” has the meaning set forth in Section 10.2.

“SHC Liabilities” means, without duplication, any and all Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or accrue, in each case before, at or after the Effective Time) of any SHC Entity, in each case that are not LE Liabilities, including any and all Liabilities set forth on Schedule D.

“SHC Litigation Matters” means any and all Actions (i) that are primarily related to the SHC Assets, the SHC Liabilities or the SHC Business, (ii) in which any SHC Entity or LE Entity is a defendant, plaintiff or member of a class of plaintiffs that have been commenced on or before the Effective Time and are not primarily related to the LE Assets, the LE Liabilities or the LE Business, (iii) in which any SHC Entity or LE Entity is a plaintiff that are filed after the Effective Time and relate to the subject matter of an Action in which any SHC Entity or LE Entity is a plaintiff or member of a class of plaintiffs that has been commenced on or prior to the Effective Time (for example, an Action commenced by any SHC Entity after such SHC Entity has opted out of a class action and determined to prosecute a claim outside of the class) or arising out of such Actions or relating thereto, but in each case excluding any LE Litigation Matters and any Joint Litigation Matters or (iv) set forth on Schedule D.

“SHMC” means Sears Holdings Management Corporation, a Delaware corporation.

“SHC Restricted Stock Award” has the meaning set forth in Section 7.5.

“Software” means computer software, programs, databases and applications, whether in source code, object code or other form, including, operating software, network software, Internet websites, web content and links, all versions, updates, corrections, enhancements, replacements and modifications thereof, and all documentation related thereto.

“SRC” means Sears, Roebuck and Co., a New York corporation.

“Stockholding Change” means the occurrence of any transaction or event (or series of any transactions or events), whether voluntary or involuntary, that results in any LE Entity or material portion of the LE Business or material portion of the LE Assets Controlling, being Controlled by or under common Control with a Competitor.

“Subsidiaries” means any and all corporations, partnerships, limited liability companies, joint ventures, associations and other entities Controlled by a Person directly or indirectly through one or more intermediaries.

“SYW Agreement” means the Shop Your WaySM Retail Establishment Agreement, dated as of the date hereof, by and between SHMC and LE, as such agreement may be amended, modified or waived from time to time.

“Tax” or “Taxes” has the meaning set forth in the Tax Sharing Agreement.

“Tax Sharing Agreement” means the Tax Sharing Agreement, dated as of the date hereof, by and between SHC and LE, as such agreement may be amended, modified or waived from time to time.

“Third Party” means any Person that is not a party hereto or an Affiliate of any party hereto.

“Third Party Claim” has the meaning set forth in Section 10.8(a).

“Third Party Proceeds” has the meaning set forth in Section 10.5(a).

“Transfer Impediment” has the meaning set forth in Section 4.3(a).

“Transition Services Agreement” means the Transition Services Agreement, dated as of the date hereof, by and between SHMC and LE, as such agreement may be amended, modified or waived from time to time.

“Unreleased Liability” has the meaning set forth in Section 4.2.

“Unreleased Person” has the meaning set forth in Section 4.2.

“Unresolved Disputes” has the meaning set forth in Section 11.2(a).

“WARN Act” has the meaning set forth in Section 7.1.

ARTICLE II.

THE SEPARATION

Section 2.1. Separation. On the terms and subject to the conditions set forth in this Agreement, on or prior to the Distribution Date (but subject to Section 4.2 with respect to Unreleased Liabilities and Section 4.3 with respect to Deferred Transfer Assets and Deferred Transfer Liabilities), the transactions set forth in this Section 2.1 (collectively, the “Separation”) shall take place in the order provided below:

(a) Release of Liens and Obligations. SHC shall, and shall cause any applicable SHC Entities to, have taken all actions necessary to cause the LE Entities to be released from all collateral and guarantee obligations under the Second Amended and Restated Credit Agreement, dated April 8, 2011 (as amended or otherwise modified from time to time), among SHC, the other parties party thereto, and Bank of America, N.A., as agent and the Indenture, dated October 12, 2010 (as amended or otherwise modified from time to time), among SHC, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee and collateral agent, at the Effective Time.

(b) Internal Reorganization. The total number of shares of LE Common Stock shall be increased from 160,000,000 shares to 480,000,000 shares by means of a stock split or otherwise.

(c) Assets Contribution and Liabilities Assumption.

(i) SHC shall, and shall cause the other applicable SHC Entities to, transfer to SRC all of SHC’s and such other SHC Entities’ respective right, title and interest in and to the LE Assets and SRC shall convey, assign and transfer as a capital contribution by way of contribution to surplus to LE or another applicable LE Entity designated in writing by LE prior to the Effective Time, all such right, title and interest in and to the LE Assets.

(ii) LE shall, and shall cause the other applicable LE Entities to, distribute to SRC or another applicable SHC Entity designated in writing by SHC all of LE’s and such other LE Entities’ respective right, title and interest in and to the SHC Assets held by a LE Entity.

(iii) LE and the applicable LE Entities shall assume all of the LE Liabilities.

(iv) SRC and the applicable SHC Entities shall assume all of the SHC Liabilities.

Each Person required pursuant to this Section 2.1 to assume any Liability shall accept, assume, perform, discharge and fulfill such Liability in accordance with its terms, regardless of (1) when or where such Liabilities arose or arise, were asserted or determined, (2) whether the facts upon which they are based occurred prior to, on or subsequent to the Distribution Date, (3) where or against whom such Liabilities are asserted or determined and (4) whether arising from or alleged

to arise from negligence, recklessness, violation of law, fraud or misrepresentation by any SHC Entity or LE Entity, as the case may be, or any of their past or present respective directors, officers, employees, agents, Subsidiaries or Affiliates.

Section 2.2. Intercompany Agreements.

(a) Except as set forth in Section 2.2(b), in furtherance of the releases and other provisions of Section 10.1, LE, on behalf of itself and each other LE Entity, on the one hand, and SHC, on behalf of itself and each other SHC Entity, on the other hand, shall terminate, effective as of the Effective Time, any and all Intercompany Agreements in effect as of the Distribution Date and shall settle, or cause to be settled, all Intercompany Accounts at or prior to the Effective Time. Without limiting the foregoing and for the avoidance of doubt, that certain Borrowing Agreement dated as of January 31, 2008 between LE and SHC Promotions LLC and the Borrower's Note dated as of January 31, 2008 issued by LE shall be terminated as of the Effective Time. No such terminated Intercompany Agreements (including any provision thereof that purports to survive termination) shall be of any further force or effect after the Effective Time. Each party hereto shall, at the reasonable request of the other party hereto, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.2(a) shall not apply to any of the following Intercompany Agreements (or to any of the provisions thereof) or Intercompany Accounts: (i) this Agreement and the Ancillary Agreements (and each other Intercompany Agreement or Intercompany Account expressly contemplated hereby or thereby, including the Implementation Documents); (ii) any outstanding intercompany trade receivables or payables that are included or reflected on the Reference Balance Sheet or that are of a nature or type that would have been reflected on the combined balance sheet of the "Company" (as such term is used in the Reference Balance Sheet) or any notes or subledgers thereto were such balance sheet, notes and subledgers prepared on a basis consistent with the preparation of the Reference Balance Sheet; and (iii) any accrued Liabilities incurred in connection with Real Property Assets of the LE Entities relating to the Lands' End Shops at Sears or services received by LE or the LE Entities from SHC or another SHC Entity under this Agreement or the Ancillary Agreements, in each case, which shall remain outstanding and be paid by LE or the applicable LE Entities to SHC or the applicable SHC Entities in due course.

Section 2.3. Resignation. On or before the Effective Time:

(a) SHC shall deliver to LE the resignation, effective as of the Effective Time, of each Person who is an officer or a director of any LE Entity immediately prior to the Effective Time and who will be an employee or officer of any SHC Entity immediately after the Effective Time.

(b) LE shall deliver to SHC the resignation, effective as of the Effective Time, of each Person who is an officer or a director of any SHC Entity immediately prior to the Effective Time and who will be an employee or officer of any LE Entity immediately after the Effective Time.

ARTICLE III.

THE DISTRIBUTION

Section 3.1. Actions On or Prior to the Distribution Date. Prior to the Distribution, the following shall occur:

(a) Information Statement; Listing. SHC shall make available the Information Statement to the holders of shares of SHC common stock as of the Record Date. LE shall take (with such reasonable assistance as requested of SHC) all such actions as may be necessary or appropriate under the securities or “blue sky” laws of states or other political subdivisions of the United States and shall use commercially reasonable efforts to comply with all applicable foreign securities laws in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. LE shall prepare, file, and use its reasonable best efforts to have approved, an application to permit listing of the LE Common Stock on NASDAQ.

(b) Borrowings and Financings; LE Cash Distribution. In connection with the Separation, and in each case immediately prior to the conveyance, transfer and delivery by SRC to SHC of all of the issued and outstanding shares of LE Common Stock pursuant to Section 3.4(a)(i), (i) LE shall have entered into, and received the resulting proceeds from, the financing transactions described in the Information Statement as occurring on or prior to the Distribution Date (the “LE Financing”) and (ii) LE shall make a cash distribution to SHC (or another SHC Entity) in an amount equal to \$[X] (the “LE Cash Distribution”).

(c) Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws. (i) SHC and LE shall each take all necessary action that may be required to provide for the adoption by LE of the Amended and Restated Certificate of Incorporation of LE in substantially the form filed as an exhibit to the Registration Statement (the “Amended and Restated Certificate of Incorporation”), and the Amended and Restated Bylaws of LE in substantially the form filed as an exhibit to the Registration Statement (the “Amended and Restated Bylaws”) and (ii) LE shall file the Amended and Restated Certificate of Incorporation of LE with the Secretary of State of the State of Delaware.

Section 3.2. The Distribution Agent. SHC shall enter into a distribution agent agreement with the Distribution Agent or otherwise provide instructions to the Distribution Agent regarding the Distribution.

Section 3.3. Conditions Precedent to the Distribution. In no event shall the Distribution occur unless each of the following conditions shall have been satisfied (or waived by SHC, in whole or in part, in its sole and absolute discretion):

(a) the SHC Board shall have authorized and approved the Separation and not withdrawn such authorization and approval, and shall have declared the Distribution;

(b) the transactions contemplated by Article II (the “Internal Transactions”) shall have been completed;

(c) the LE Financing shall have been completed and the LE Cash Distribution shall have been paid to SHC;

(d) the Registration Statement filed with the SEC shall have become effective, no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC;

(e) the Information Statement shall have been made available to holders of shares of SHC common stock as of the Record Date;

(f) all actions and filings necessary or appropriate under applicable federal, state or foreign securities or “blue sky” laws and the rules and regulations thereunder shall have been taken and, where applicable, become effective or been accepted;

(g) the LE Common Stock to be delivered in the Distribution shall have been approved for listing on NASDAQ, subject to official notice of issuance;

(h) each of the other Ancillary Agreements shall have been duly executed and delivered by the parties thereto;

(i) no order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution or the transactions related thereto shall be in effect, and no other event outside the control of SHC shall have occurred or failed to occur that prevents the consummation of the Distribution or the transactions related thereto;

(j) the SHC Board shall have received an opinion from an outside financial advisor confirming the solvency and financial viability of SHC before the Distribution and of each of SHC and LE after the Distribution, in each case, that is in form and substance acceptable to the SHC Board in its sole and absolute discretion;

(k) the SHC Board shall have received an opinion from the law firm of Simpson Thacher & Bartlett LLP as to the satisfaction of certain requirements necessary for the Distribution and certain related transactions to receive tax-free treatment under Sections 355, 368 and related provisions of the Code;

(l) SHC and LE shall have taken all necessary action to cause the Board of Directors of LE to consist of the individuals identified in the Information Statement as directors of LE as of immediately following the Effective Time;

(m) SHC and LE shall have taken all necessary action to enable SHC to assume operation, maintenance and administration of the LE Retiree Program as of or prior to the Effective Time in accordance with Section 7.6;

(n) LE’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws shall be in effect; and

(o) no event or development shall have occurred or exist that, in the judgment of the SHC Board, in its sole and absolute discretion, makes it inadvisable to effect the Distribution or the other transactions contemplated hereby.

Each of the foregoing conditions is for the sole benefit of SHC and shall not give rise to or create any duty on the part of SHC or the SHC Board to waive or not to waive any such condition or to effect the Distribution, or in any way limit SHC's rights of termination set forth in this Agreement. Any determination made by SHC prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.3 shall be conclusive and binding on the parties.

Section 3.4. The Distribution.

(a) Subject to the terms and conditions set forth in this Agreement:

(i) immediately prior to the Effective Time, SRC shall convey, transfer and deliver to SHC all of the issued and outstanding shares of LE Common Stock;

(ii) on or prior to the Distribution Date, SHC shall deliver to the Distribution Agent for the benefit of holders of record of shares of SHC common stock on the Record Date, book-entry transfer authorizations for such number of the issued and outstanding shares of LE Common Stock necessary to effect the Distribution;

(iii) SHC shall effect the Distribution by instructing the Distribution Agent to distribute, on or as soon as practicable after the Effective Time, to each holder of record of shares of SHC common stock as of the Record Date, by means of a *pro rata* distribution, [] shares of LE Common Stock for every [] SHC Common Share so held;

(iv) the Distribution shall be effective at the Effective Time; and

(v) following the Distribution Date, LE agrees to provide all book-entry transfer authorizations for shares of LE Common Stock that SHC or the Distribution Agent shall require in order to effect the Distribution.

(b) Notwithstanding anything to the contrary contained in this Agreement, SHC shall, in its sole and absolute discretion, determine the Distribution Date and all terms of the Distribution, including the form, structure and terms of any transactions and/or offerings to effect the Distribution and the timing of and conditions to the consummation thereof. In addition, SHC may at any time and from time to time until the completion of the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution.

Section 3.5. Fractional Shares. Fractional shares of LE Common Stock will not be distributed in the Distribution nor credited to book-entry accounts. The Distribution Agent shall, as soon as practicable after the Effective Time, (a) determine the number of whole shares and fractional shares of LE Common Stock allocable to each holder of record or beneficial owner of shares of SHC common stock as of the close of business on the Record Date, (b) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions, in each case, at then-prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests, and (c) distribute to each such holder, or for the benefit of each such beneficial owner, such holder or owner's ratable share of the cash proceeds (net of discounts and commissions) of such sale, based upon the

average gross selling price per share of LE Common Stock after making appropriate deductions for any amount required to be withheld for United States federal income tax purposes and any brokerage fees incurred in connection with these sales of fractional shares. The sales of fractional shares shall occur as soon after the Effective Time as practicable and as determined by the Distribution Agent. Neither SHC nor LE or the Distribution Agent will guarantee any minimum sale price for the fractional shares of LE Common Stock. Neither SHC nor LE will pay any interest on the proceeds from the sale of fractional shares. The Distribution Agent will have the sole discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Distribution Agent nor the broker-dealers through which the aggregated fractional shares are sold will be Affiliates of SHC or LE.

ARTICLE IV.

GENERAL PROVISIONS

Section 4.1. Implementation Documents. In order to effectuate the transactions contemplated in this Agreement, each of SHC and LE shall (and shall cause any applicable members of its Group to) execute and deliver, or cause to be executed and delivered, such deeds, bills of sale, instruments of assumption, instruments of assignment, stock powers, certificates of title and other instruments of assignment, transfer, contribution, assumption, license and conveyance (collectively, the "Implementation Documents") as and to the extent necessary to effect such transactions.

Section 4.2. Novation and Release of Liabilities. If at any time after the Effective Time, any SHC Entity shall remain obligated to any Third Party in respect of any LE Liability or any LE Entity shall remain obligated to any Third Party in respect of any SHC Liability, in each case, as guarantor, assignor, original tenant, primary obligor or otherwise, the following provisions shall apply. Any Liability referred to in this Section 4.2 is hereinafter referred to as an "Unreleased Liability" and any Person remaining obligated for such Liability is hereinafter referred to as an "Unreleased Person."

(a) LE, at the request of SHC, shall (and shall cause the applicable LE Entity to) use its reasonable best efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all LE Liabilities and shall use its reasonable best efforts pursuant to the provisions of this Section 4.2 to cause any SHC Entity that may be an Unreleased Person to be released from any Unreleased Liabilities relating thereto, so that, in any such case, the LE Entities shall be solely responsible for such LE Liabilities.

(b) The parties hereto shall continue on and after the Effective Time to use reasonable best efforts to cause each Unreleased Person to be released from each of its Unreleased Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, no SHC Entity shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such release is requested.

(c) If, as and when it becomes possible to delegate, novate or extinguish any Unreleased Liability in favor of an Unreleased Person, the relevant party shall promptly execute and deliver, or cause to be promptly executed and delivered, all such documents and perform all such other acts as may be necessary or desirable to give effect to such delegation, novation, extinction or other release, pursuant to the provisions of this Section 4.2.

(d) The LE Entities and the SHC Entities will cause all letters of credit, guarantees and other credit support currently provided by the SHC Entities (or with respect to which any SHC Entity has any Liability) to be terminated as of the Effective Time such that no SHC Entity shall have further Liability with respect thereto.

Section 4.3. Deferred Transfers.

(a) If and to the extent that the transfer, assignment or novation to the LE Entities of any LE Assets or LE Liabilities, or to the SHC Entities of any SHC Assets or SHC Liabilities, would be a violation of Applicable Law or require any Consent or Governmental Approval or the fulfillment of any condition that cannot be fulfilled prior to the Effective Time by the applicable LE Entity or SHC Entity (the "Transfer Impediments," which, for the avoidance of doubt, shall not include purely monetary conditions to the extent the necessary funds are advanced, assumed or agreed in advance to be reimbursed by the applicable transferee), then the transfer, assignment or novation to the transferee or assignee of such LE Assets or LE Liabilities or SHC Assets or SHC Liabilities, as applicable, shall be automatically deemed deferred and any such purported transfer or assignment shall be null and void until such time as all Transfer Impediments have been removed. Any such Liability shall be deemed a "Deferred Transfer Liability" and any such Asset shall be deemed a "Deferred Transfer Asset."

(b) If the transfer or assignment of any Deferred Transfer Asset or assumption of any Deferred Transfer Liability is not consummated prior to or at the Effective Time, whether as a result of the provisions of Section 4.3(a) or for any other reason, then, insofar as reasonably possible, (i) the Person retaining such Deferred Transfer Asset shall thereafter hold such Deferred Transfer Asset for the use and benefit of the Person entitled thereto (at the expense of the Person entitled thereto) and (ii) the Person intended to assume such Deferred Transfer Liability shall, or shall cause the applicable member of its Group to, pay or reimburse the Person retaining such Deferred Transfer Liability for all amounts paid or incurred in connection with the retention of such Deferred Transfer Liability. In addition, but subject to the provisions of Section 4.2, the Person retaining such Deferred Transfer Asset shall, insofar as reasonably possible and to the extent permitted by Applicable Law, treat such Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Person to which such Deferred Transfer Asset is to be transferred in order to place such Person, insofar as reasonably possible, in the same position as if such Deferred Transfer Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Deferred Transfer Asset, including, possession, use, risk of loss, potential for gain, and dominion, control and command over such Deferred Transfer Asset, are to inure from and after the Effective Time to the LE Entity or the SHC Entity entitled to the receipt of such Deferred Transfer Asset. For the avoidance of doubt, the Person holding a Deferred Transfer Asset that is a Contract shall not be obligated to renew, extend or otherwise consent to a modification of such Contract.

(c) If and when all Transfer Impediments, which caused the deferral of transfer of any Deferred Transfer Asset or Deferred Transfer Liability pursuant to Section 4.3(a), are removed, the transfer, assignment or novation of the applicable Deferred Transfer Asset or Deferred Transfer Liability shall be effected in accordance with and subject to the terms of this Agreement and any applicable Ancillary Agreement or Implementation Document.

(d) The Person retaining any Deferred Transfer Asset or Deferred Transfer Liability due to the deferral of the transfer or assignment of such Deferred Transfer Asset or the deferral of the assumption of such Deferred Transfer Liability pursuant to Section 4.3(a) or otherwise shall continue on and after the Effective Time to use commercially reasonable efforts to remove all Transfer Impediments; provided, however, that such Person shall not be obligated, in connection with the foregoing, to expend any money or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) unless the necessary funds are advanced, assumed, or agreed in advance to be reimbursed by the Person entitled to such Deferred Transfer Asset or the Person intended to be subject to such Deferred Transfer Liability other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person entitled to such Deferred Transfer Asset or the Person intended to be subject to such Deferred Transfer Liability.

(e) Any Deferred Transfer Asset shall be deemed to have been contributed, distributed, assigned, transferred, conveyed, licensed or delivered pursuant to this Section 4.3 on the date such transfer should have occurred pursuant to Section 2.1 in the absence of the Transfer Impediments upon its actual contribution, distribution, assignment, transfer, conveyance, license or delivery to the applicable Group as contemplated in Section 4.3. Any Deferred Transfer Liability shall be deemed to have been accepted or assumed pursuant to this Section 4.3 on the date such assumption should have occurred pursuant to Section 2.1 in the absence of the Transfer Impediments upon its actual acceptance or assumption by the applicable Group as contemplated in Section 4.3.

Section 4.4. Transfers of Assets or Liabilities Following the Separation. Subject to Section 4.3, if at any time on or after the Separation (including after the Effective Time), any SHC Entity or LE Entity shall receive or otherwise possess any Asset or incur any Liability that is allocated to a member of the other Group pursuant to this Agreement or an Ancillary Agreement, such Person shall, in accordance with the terms hereof, promptly transfer, or cause to be transferred, such Asset or Liability to the Person so entitled thereto or responsible therefor (or another member of the other Group, as designated by such Person in writing) once becoming aware that such Asset or Liability is required to be transferred hereunder, and such other Person shall accept or assume, or cause to be accepted or assumed, such Asset or Liability. Prior to such transfer and after becoming aware that such Asset or Liability is required to be transferred hereunder, such Person shall hold such Asset or Liability in trust for such other Person so entitled thereto or responsible therefor.

Section 4.5. Corporate Names; Trademarks. Except as specifically provided in this Agreement or the Ancillary Agreements, after the Effective Time, no member of one Group may use any trademark, service mark, trade dress, trade name, business name, brand name, slogan, logo, Internet domain name or other indicia of origin or identifiers of name, whether or not registered, including all common law rights therein, and registrations and applications for

registrations thereof, and all goodwill associated with the use of, and symbolized by, any of the foregoing (collectively, the “Marks”) owned by any member of the other Group, except as permitted under Applicable Law or subsequent agreement in writing between the parties. Notwithstanding the foregoing or anything in the Ancillary Agreements to the contrary, no member of one Group shall be required to take any action to remove any reference to any Mark of a member of the other Group from materials already in the rightful possession of customers or other Third Parties as of the Effective Time.

Section 4.6. Certain Matters Governed Exclusively by Ancillary Agreements; Construction of Agreements.

(a) Effective as of the Effective Time, the parties hereto shall, and shall cause applicable members of their respective Groups to, execute and deliver the Ancillary Agreements.

(b) Each of SHC and LE agrees on behalf of itself and members of its Group that, except as otherwise expressly provided for in this Agreement or any Ancillary Agreement, the Tax Sharing Agreement shall exclusively govern all matters relating to the payment of Taxes between such parties and the other Ancillary Agreements shall exclusively govern those matters subject to such agreements.

(c) In the event of:

(i) a conflict that cannot be reconciled between the terms of this Agreement and the terms of any Ancillary Agreement, the terms of the Ancillary Agreement shall control;

(ii) a conflict between the terms of any two or more Ancillary Agreements that cannot be reconciled that relates to, arises out of or is in connection with (A) the Shop Your Way program or Information relating to members of the Shop Your Way program, the terms and conditions of the SYW Agreement shall control, (B) merchandise sold at and services being provided in connection within the Lands’ End Shops at Sears, the terms and conditions of the LES Agreement shall control, (C) the processing of credit card or other similar electronic payments, the terms and conditions of the Financial Services Agreement shall control, (D) the issuance, redemption and acceptance of LE-Branded Gift Cards, SHC-Branded Gift Cards (as defined in the Gift Card Services Agreement) and other gift cards and gift certificates issued by an SHC Entity accepted for payment by LE Entities, the terms and conditions of the Gift Card Services Agreement shall control, (E) real property interests used in the Lands’ End Shops at Sears, the Master Lease Agreement or Master Sublease shall control, (F) services provided by Sears Holdings Global Sourcing, Ltd. to LE, the terms and conditions of the Buying Agency Agreement shall control and (G) all other services contemplated as of the date hereof to be provided by any SHC Entity to any LE Entity after the Effective Time and not contemplated to be so provided under a different Ancillary Agreement, the terms and conditions of the Transition Services Agreement shall control.

Section 4.7. Disclaimer of Representations and Warranties.

(a) LE (on behalf of itself and each LE Entity and the LE Indemnified Parties) understands and agrees that, except as expressly set forth in any Ancillary Agreement, no party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise, is representing or warranting in any way as to the LE Assets or LE Liabilities transferred, assumed or retained as contemplated hereby or thereby, as to any Consents or Governmental Approvals required in connection therewith, as to the value or freedom from any Encumbrances of, or any other matter concerning, any LE Asset or LE Liability, or as to the absence of any defense or right of setoff or freedom from counterclaim with respect to any claim or other LE Asset, including any Intercompany Accounts or any accounts receivable of any party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder or thereunder to convey title to any LE Asset or thing of value upon the execution, delivery and filing hereof or thereof.

(b) SHC (on behalf of itself and each SHC Entity and the SHC Indemnified Parties) understands and agrees that, except as expressly set forth in any Ancillary Agreement, no party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise, is representing or warranting in any way as to the SHC Assets or SHC Liabilities transferred, assumed or retained as contemplated hereby or thereby, as to any Consents or Governmental Approvals required in connection therewith, as to the value or freedom from any Encumbrances of, or any other matter concerning, any SHC Asset or SHC Liability, or as to the absence of any defense or right of setoff or freedom from counterclaim with respect to any claim or other SHC Asset, including any Intercompany Accounts or any accounts receivable of any party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any SHC Asset or thing of value upon the execution, delivery and filing hereof or thereof.

(c) Except as may expressly be set forth in any Ancillary Agreement, all LE Assets and SHC Assets are being transferred on an “as is,” “where is” basis and the respective transferees shall bear the economic and legal risks that (i) any conveyance shall prove to be insufficient to vest in the transferee good and marketable title (or leasehold, as applicable), free and clear of any Encumbrance, and (ii) any necessary Consents or Governmental Approvals are not obtained or any requirements of Applicable Law are not complied with.

Section 4.8. Waiver of Bulk-Sale and Bulk-Transfer Laws. Each of the LE Entities hereby waives compliance by each and every SHC Entity with the requirements and provisions of any “bulk-sale” or “bulk-transfer” laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the LE Assets to any LE Entity. Each of the SHC Entities hereby waives compliance by each and every LE Entity with the requirements and provisions of any “bulk-sale” or “bulk-transfer” laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any of the SHC Assets to any SHC Entity.

ARTICLE V.

CONFIDENTIALITY; EXCHANGE OF INFORMATION

Section 5.1. Agreement for Exchange of Information; Archives.

(a) Except in the case of an Action or threatened Action by either party hereto or any Person in such party’s Group against the other party hereto or any Person in its Group, and subject to Section 5.1(b), each party hereto shall provide, or cause to be provided, to the other party or any member of its Group, at any time before or after the Separation, as soon as reasonably practicable after written request therefor, all Information in the possession or under the control of its Group (and access to the Personnel of its Group during normal business hours and upon reasonable notice in connection with the discussion and explanation of such Information), which any member of the other party’s Group reasonably requests and is necessary or reasonably advisable (i) to comply with reporting, disclosure, filing or other requirements under Applicable Law or imposed by any national securities exchange or any Governmental Authority having jurisdiction over such Person, (ii) for use in any other judicial, regulatory, administrative or other proceeding (including the SHC Litigation Matters and/or LE Litigation Matters, as applicable) or in order to satisfy audit, accounting, regulatory, litigation or other similar requirements, (iii) to comply with its obligations under this Agreement or any Ancillary Agreement or (iv) to the extent that SHC and LE have agreed upon, in writing, a fee and the terms and conditions applicable thereto, to facilitate the conduct of its Business in the manner in which it was conducted at any time on or between the date of this Agreement and the Distribution Date. The receiving party shall use any Information received pursuant to this Section 5.1(a) solely to the extent reasonably necessary to satisfy the applicable obligations or requirements described in clause (i), (ii), (iii) or (iv) of the immediately preceding sentence.

(b) Subject to the last sentence of this Section 5.1(b), in the event that either SHC or LE, as applicable, reasonably determines that the exchange of any Information pursuant to Section 5.1(a) could be commercially detrimental, violate any Applicable Law, agreement or policy (including SHC’s or LE’s privacy policies) or waive or jeopardize any attorney-client privilege or attorney work product protection (or in the case of Section 5.1(a)(iv), SHC and LE shall not have reached a written agreement with respect to the fee and/or other terms and conditions associated with the provision of such Information) such party shall not be required to provide access to or furnish such Information to the other party; provided, however, that the parties shall take all commercially reasonable measures to permit compliance with Section 5.1(a) in a manner that avoids any such harm or consequence (as reasonably determined by the Group providing the Information). Both SHC and LE intend that any provision of access to or the furnishing of Information pursuant to this Section 5.1 that would otherwise be within the ambit of any legal privilege shall not operate as waiver of such privilege.

(c) Except as otherwise provided in the Ancillary Agreements, a member of one Group will only process Information about individual customers and/or Personnel, including, names, addresses, telephone numbers, account numbers, customer lists, and demographic, financial and transaction Information, in each case provided by the other Group pursuant to this Section 5.1, in accordance with the privacy policies of the Group providing the Information existing as of the Effective Time (or, as such policies may be revised from time to time, as provided by the Group providing Information to the receiving Group) and all applicable privacy and data protection law obligations and will implement and maintain at all times appropriate technical and organizational measures to protect such personal data against unauthorized or unlawful processing and accidental loss, destruction, damage, alteration and disclosure. In addition, each party hereto agrees to provide reasonable assistance to the other party's Group in respect of any obligations under privacy and data protection law affecting the disclosure of such personal data to the other party's Group and will not knowingly process such personal data in such a way to cause the other party's Group to violate any of its obligations under any Applicable Law.

(d) The party requesting Information shall reimburse the other party for the reasonable out-of-pocket costs and expenses, if any, in complying with a request for Information pursuant to this Article V.

Section 5.2. Ownership of Information. Except as otherwise provided in this Agreement or an Ancillary Agreement, all Confidential Information provided by or on behalf of a Disclosing Party to a Receiving Party shall remain the property of the Disclosing Party and nothing herein shall be construed as granting or conferring rights of license or otherwise in any such Confidential Information to the Receiving Party or any other Person.

Section 5.3. Record Retention.

(a) To facilitate the possible exchange of Information pursuant to this Article V and other provisions of this Agreement, except as otherwise expressly provided in any Ancillary Agreement, (i) each party hereto shall, and shall cause members of its Group to, use reasonable best efforts to retain all Information in accordance with their respective record retention policies and procedures as in effect as of the Effective Time and (ii) no party hereto shall destroy, or permit any member of its Group to destroy, any Information which any member of the other Group may have the right to obtain pursuant to this Agreement prior to the later of the period in the applicable retention policy or the fifth (5th) anniversary of the Effective Time without first notifying the other party hereto of the proposed destruction and giving the other party hereto the opportunity to take possession of such Information prior to such destruction.

(b) Each of the parties hereto shall, and shall cause members of its respective Group to, use commercially reasonable efforts to deliver to the other party (i) on or prior to the Effective Time, any and all original corporate organizational books that such party or any member of its Group has in its possession primarily relating to the other party's Business, and (ii) as soon as reasonably practicable following written request, originals of any materials

described in (i) and (ii) above which it or any member of its Group are in its possession or control following the Effective Time; provided, however, that with respect to clauses (i) and (ii) of this paragraph (b), the party providing such Records may retain copies of any such Records that relate to its Business, including corporate minute books and risk management files.

Section 5.4. Production of Witnesses; Records; Cooperation.

(a) After the Effective Time and subject to Section 5.1(b), but only with respect to a Third Party Claim, each of SHC and LE shall, and shall cause the other members of its Group to, use commercially reasonable efforts to, make available, upon written request, their officers, employees, other Personnel and agents (whether as witnesses or otherwise) and any books, records or other documents within their control or that they otherwise have the ability to make available, to the extent that each such Person (giving consideration to business demands of such officers, employees, other Personnel and agents) or books, records or other documents may reasonably be required in connection with any Action or threatened or contemplated Action (including preparation for such Action) in which SHC or LE, as applicable, may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all reasonable out-of-pocket costs and expenses in connection therewith.

(b) SHC and LE shall use their commercially reasonable efforts to cooperate and consult to the extent reasonably necessary with respect to any Actions or threatened or contemplated Actions involving each other's Group, other than an Action by one or more members of a Group against one or more members of the other Group.

(c) The obligation of SHC and LE to make available directors, officers, employees and other Personnel and agents or provide witnesses and experts pursuant to this Section 5.4 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to make available Personnel and other officers without regard to whether such individual or the employer of such individual could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 5.4(a)). Without limiting the foregoing, each of SHC and LE agrees that neither it nor any Person or Persons in its respective Group will take any adverse action against any Person of its Group based on such Person's provision of assistance or Information to the other Group pursuant to this Section 5.4.

(d) Upon the reasonable request of SHC or LE, SHC and LE shall, and shall cause all other relevant members of their respective Group to, enter into a mutually acceptable common interest agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of either Group.

Section 5.5. Confidential Information.

(a) Subject to Section 5.6 and the Ancillary Agreements, the Receiving Party, its Affiliates and its and their Personnel will use Confidential Information only in connection with this Agreement and, except as expressly permitted by this Agreement and subject to the first sentence of Section 5.5(b), will not disclose any Confidential Information.

(b) The Receiving Party will (i) restrict disclosure of the Confidential Information to its and its Affiliates' Personnel with a need to know the Confidential Information for purposes of performing the Receiving Party's responsibilities or exercising the Receiving Party's rights under this Agreement, (ii) advise those Personnel of the obligation not to disclose the Confidential Information or use the Confidential Information in a manner prohibited by this Agreement, (iii) copy the Confidential Information only as necessary for those Personnel who need it for performing the Receiving Party's responsibilities under this Agreement and ensure that confidentiality is maintained in the copying process, and (iv) protect the Confidential Information, and require those Personnel to protect it, using the same degree of care as the Receiving Party uses with its own Confidential Information, but no less than reasonable care. The Receiving Party will be liable to the Disclosing Party for any unauthorized disclosure or use of Confidential Information by any of its and its Affiliates current or former Personnel in violation of this Section 5.5. The parties acknowledge that notwithstanding the foregoing, the SYW Agreement shall govern the treatment of Confidential Information with respect to Shop Your Way members and the LES Agreement shall govern the treatment of Confidential Business Information and Confidential Personal Information (as such terms are defined in the LES Agreement) with respect to the operation of the LE Shops.

(c) Without limiting the foregoing, when any Confidential Information is no longer needed for the purposes contemplated by this Agreement the Receiving Party will, promptly after request of the Disclosing Party, either return such Confidential Information in tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other party that it has destroyed such Confidential Information (other than electronic copies residing in automatic backup systems that are not generally available to the Receiving Party's Personnel or one copy retained to the extent required by Applicable Law, regulation or a bona fide document retention policy).

(d) The obligations under this Section 5.5 do not apply to any Confidential Information that the Receiving Party can demonstrate (i) was known to the Receiving Party prior to the disclosure thereof to the Receiving Party from the Disclosing Party without any obligation owed to the Disclosing Party or its Affiliates to hold it in confidence, (ii) is disclosed to third parties by the Disclosing Party or its Affiliates without an obligation of confidentiality to the Disclosing Party or its Affiliate, as applicable, (iii) is or becomes available to any member of the public other than by disclosure by the Receiving Party, its Affiliates or its or their Personnel in violation of Section 5.5, (iv) was or is independently developed by the Receiving Party or its Affiliates or Personnel without use of the Confidential Information, (v) legal counsel's advice is that the Confidential Information is required to be disclosed by Applicable Law or the rules and regulations of any applicable Governmental Authority or any stock exchange on which such party's securities are listed and the Receiving Party has complied with Section 5.6 below, or (vi) legal counsel's advice is that the Confidential Information is required to be disclosed in response to a valid subpoena or order of a court or other governmental body of competent jurisdiction or other valid legal process and the Receiving Party has complied with Section 5.6 below.

Section 5.6. Protective Arrangement. If the Receiving Party determines that the exceptions under Section 5.5(d)(v) or Section 5.5(d)(vi) apply, the Receiving Party shall give the Disclosing Party, to the extent legally permitted and reasonably practicable, prompt prior notice of such disclosure and an opportunity to contest such disclosure and shall use commercially

reasonable efforts to cooperate, at the expense of the Receiving Party, in seeking any reasonable protective arrangements requested by the Disclosing Party. In the event that such appropriate protective order or other remedy is not obtained, the Receiving Party may furnish, or cause to be furnished, only that portion of such Confidential Information that the Receiving Party is advised by legal counsel is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Confidential Information.

Section 5.7. Other Agreements Providing for Exchange of Information. The rights and obligations granted or created under this Article V are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Ancillary Agreement.

Section 5.8. Privileged Matters. To allocate the interests of each party in the Information as to which any party is entitled to assert a privilege in connection with professional services that have been provided prior to the Effective Time for the collective benefit of each of the SHC Entities and the LE Entities, whether or not such a privilege exists or the existence of which is in dispute (collectively, "Common Privileges"), the parties hereto agree as follows:

(a) SHC shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates to the SHC Business and, subject to Section 5.8(c), not to the LE Business, whether or not the privileged Information is in the possession of or under the control of the SHC Entities or the LE Entities. SHC also shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates to any pending or future Action that is, or which SHC reasonably anticipates may become, a SHC Liability and that is not also, or that SHC reasonably anticipates will not become, a LE Liability, whether or not the privileged Information is in the possession of or under the control of the SHC Entities or the LE Entities.

(b) Subject to Section 5.8(c), LE shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates to the LE Business and not to the SHC Business, whether or not the privileged Information is in the possession of or under the control of the SHC Entities or the LE Entities. LE also shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates to any pending or future Action that is, or which LE reasonably anticipates may become, a LE Liability and that is not also, or that LE reasonably anticipates will not become, a SHC Liability, whether or not the privileged Information is in the possession of or under the control of the SHC Entities or the LE Entities.

(c) SHC shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates to the Separation, the Distribution or the transactions contemplated thereby, it being understood and agreed that the expectation and intention as between SHC and LE with respect to any communications between advisors to SHC and LE occurring up to and including the Effective Time in connection with the Separation, the Distribution and such transactions are that the privilege and the expectation of client confidence belong exclusively to SHC.

(d) Subject to the restrictions in this Section 5.8, SHC and LE agree that they shall have equal right to assert all Common Privileges not allocated pursuant to the terms of Section 5.8(a), (b) or (c) ("Shared Privileges") with respect to Information as to which the SHC Entities or the LE Entities may assert a privilege.

(e) Each party hereto shall ensure that no member of its Group may waive any Shared Privilege, without the written consent of the other party which shall not be unreasonably withheld or delayed.

(f) In the event of an Action between one or more of the LE Entities, on the one hand, and one or more of the SHC Entities, on the other hand, each such party shall have the right to use any Information that may be subject to a Shared Privilege, without obtaining the consent of the other party, it being understood and agreed that the use of Information with respect to the Action or other dispute between the LE Entities, on the one hand, and the SHC Entities, on the other hand, shall not operate as or be used by either party as a basis for asserting a waiver of such Shared Privilege with respect to Third Parties.

(g) If a dispute arises between any LE Entity, on the one hand, and any SHC Entity, on the other hand, regarding whether a Shared Privilege should be waived to protect or advance the interest of either party, each party hereto agrees that it shall negotiate in Good Faith and endeavor to minimize any prejudice to the rights of the other party, and shall not unreasonably withhold consent to any request for waiver by the other party.

(h) Upon receipt by either party hereto or by any member of its Group of any subpoena, discovery or other request which arguably calls for the production or disclosure of Information subject to a Shared Privilege or as to which the other party or a member of such other party's Group has the sole right hereunder to assert a privilege, or if either party obtains knowledge that any of its Group's current or former directors, officers, agents or employees have received any subpoena, discovery or other requests which arguably call for the production or disclosure of such privileged Information, such party shall promptly notify the other party of the existence of the request and shall provide the other party a reasonable opportunity to review the Information and to assert any rights it or any member of its Group may have under this Section 5.8 or otherwise to prevent the production or disclosure of such privileged Information. Each party shall bear its own expenses in connection with any such request.

(i) The transfer of all Records and other Information and each party's retention of Records and other Information which may include privileged Information of the other pursuant to this Agreement is made in reliance on the agreement of SHC and LE, as set forth in this Article V to maintain the confidentiality of the Confidential Information and to assert and maintain all applicable privileges. The access to Information being granted and the agreement to provide witnesses herein, the furnishing of notices and documents and other cooperative efforts contemplated hereby, and the transfer of privileged Information between and among the parties hereto and members of their respective Groups pursuant hereto shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

ARTICLE VI.

FINANCIAL AND OTHER INFORMATION

Section 6.1. Financial and Other Information.

(a) As soon as practicable, and in any event no later than the earlier of (i) thirty-five (35) days prior to the date LE publicly files its first quarterly report with the SEC that includes its financial statements for such fiscal quarter (the "LE Quarterly Report") or otherwise makes the LE Quarterly Report publicly available or (ii) thirty-five (35) days before SHC is required to file with the SEC its quarterly financial statements following the Effective Time, LE shall deliver to SHC a substantially final draft of the LE Quarterly Report certified by the chief financial officer of LE as presenting fairly, in all material respects, the financial condition and results of operations of the LE Entities. Following such delivery, (x) LE and SHC shall actively consult with each other regarding any changes (whether or not substantive) which LE may consider making to the LE Quarterly Report and related disclosures prior to the filing with the SEC, with particular focus on any changes which would have any effect upon SHC's financial statements or related disclosures and (y) LE shall deliver to SHC all material revisions to such draft as soon as any such revisions are prepared or made.

(b) As soon as practicable, and in any event no later than the earlier of (i) forty-five (45) days prior to the date LE publicly files its first annual report with the SEC that includes its financial statements for the fiscal year in which the Effective Time occurs (the "LE Annual Report") or otherwise makes the LE Annual Report publicly available or (ii) forty-five (45) days before SHC is required to file with the SEC its annual financial statements for such fiscal year, LE shall deliver to SHC the substantially final draft of the LE Annual Report certified by the chief financial officer of LE as presenting fairly, in all material respects, the financial condition and results of operations of the LE Entities. Following such delivery, (x) LE and SHC shall actively consult with each other regarding any changes (whether or not substantive) which LE may consider making to the LE Annual Report and related disclosures prior to the filing with the SEC, with particular focus on any changes which would have any effect upon SHC's financial statements or related disclosures and (y) LE shall deliver all material revisions to such drafts as soon as any such revisions are prepared or made.

(c) With respect to Public Filings by SHC, until the date on which SHC's annual report on Form 10-K for the year in which the Effective Time occurs is filed, and with respect to Public Filings by LE, until the date on which the LE Annual Report is filed, SHC and LE shall cooperate fully, and cause their respective accountants to cooperate fully, to the extent requested by the other party, in the preparation of the other party's public earnings releases, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other proxy, information and registration statements, reports, notices, prospectuses and filings made with the SEC or any national securities exchange or otherwise made publicly available (collectively, the "Public Filings"). SHC and LE agree to provide to each other all Information that the other party reasonably requests in connection with any Public Filings or that, in either party's judgment, is required to be disclosed or incorporated by reference therein under any Applicable Law. Such Information shall be provided by such party in a timely manner to enable the other party to prepare, print and release all Public Filings on such dates as such party shall

determine. SHC and LE shall use their reasonable best efforts to cause their respective auditors to consent to any reference to them as experts in any Public Filings required under any Applicable Law. If and to the extent requested by either party, the other party shall diligently and promptly review all drafts of such Public Filings.

(d) To the extent it relates to a pre-Effective Time period, LE shall authorize its auditors to make available to SHC's auditors both the Personnel who performed or are performing the annual audit of LE and work papers related to the annual audit of LE, in all cases within a reasonable time prior to the opinion date of SHC's auditors, so that SHC's auditors are able to perform the procedures they consider necessary to take responsibility for the work of LE's auditors as it relates to SHC's auditors' report on SHC's annual financial statements, all within sufficient time to enable SHC to meet its timetable for the printing, filing and public dissemination of SHC's audited annual financial statements.

(e) To the extent it relates to a pre-Effective Time period, LE shall provide SHC's auditors and management access to Personnel and Records of the LE Entities so that SHC may conduct reasonable audits relating to the financial statements provided by LE pursuant to the provisions of this Section 6.1.

(f) To the extent it relates to a pre-Effective Time period, (i) each of the parties hereto shall give the other party hereto as much prior notice as is reasonably practicable of any changes in, or proposed determination of, its accounting estimates or accounting principles from those in effect as of immediately prior to the Effective Time or of any other action with regard to its accounting estimates or accounting principles or previously reported financial results which may affect the other party's financial results, (ii) each of the parties hereto will consult with the other and, if requested by the party contemplating such changes, with such party's auditor and (iii) unless required by generally accepted accounting principles, Applicable Law or a Governmental Authority, LE shall not make such determination or changes which would affect SHC's previously reported financial results without SHC's prior written consent, which shall not be unreasonably withheld. Further, LE will give SHC prompt notice of any amendments or restatements of accounting statements with respect to pre-Effective Time period, and will provide SHC with access as provided in Article VI as promptly as possible such that SHC will be able to satisfy its financial reporting requirements.

(g) Until the end of the fiscal year of SHC in which the Effective Time occurs, LE shall, and shall cause each member of its Group to, maintain a fiscal year that commences and ends on the calendar days immediately preceding the days that SHC's fiscal year commences and ends, respectively, and to maintain monthly accounting periods that commence and end on the calendar days immediately preceding the days that SHC's monthly accounting periods commence and end, respectively.

(h) If either LE or SHC is the subject of any SEC comment, review or investigation (formal or informal) and which in any way relates to the other party or the other party's Public Filings, such party shall provide the other party with a copy of any comment or notice of such review or investigation and shall give the other party a reasonable opportunity to be involved in responding to such comment, review or investigation, and the other party shall cooperate with such party in connection with responding to such comment, review or investigation.

(i) Within ten (10) days after the end of each quarter following the Effective Time during which SHC and LE are affiliates, each of SHC and LE shall (i) provide the other party hereto with all related party Information required to be disclosed under the Applicable Law with respect to such quarter and (ii) cooperate to provide consistent disclosure with regard to such Information in any Public Filings.

(j) Information provided pursuant to this Section 6.1 and Section 6.2, other than Information required to be included in the Public Filings, shall be deemed Confidential Information for purposes of this Agreement subject to the terms and conditions of Section 5.5(a). Nothing in this Section 6.1 shall require SHC or LE to violate any agreement with any of its customers, suppliers or other third parties regarding the confidentiality of Information relating to such customer, supplier or other third party or its business; provided that in the event that SHC or LE is required under this Section 6.1 to disclose any such Information, SHC or LE shall use all commercially reasonable efforts to seek to obtain such customers', suppliers' or other third parties' consent to the disclosure of such Information.

(k) Each party hereto agrees and acknowledges, on behalf of itself and members of its Group, that it is aware and will advise its Personnel who receive Information provided hereunder and are otherwise not aware, that (i) the Information provided hereunder may contain material nonpublic Information concerning the other party and (ii) that United States securities laws prohibit any person who has material nonpublic Information concerning a publicly traded Person from purchasing or selling securities of such Person, or from communicating such Information to any other Person under circumstances in which it is reasonably foreseeable that such Person is likely to purchase or sell such securities.

Section 6.2. Sarbanes-Oxley Section 404 Compliance. Following the Separation, each party hereto shall continue to provide access to the other party hereto on a timely basis to all Information reasonably required to meet its schedule for management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K and, to the extent applicable to such party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder (such assessments and audit being referred to as the "Internal Control Audit and Management Assessments"). Without limiting the generality of the foregoing, each party hereto will provide all required financial and other Information with respect to itself and members of its Group (including access to personnel and Records) to the other party's auditors and management in a sufficient and reasonable time and in sufficient detail to permit such other party's auditors and management to complete the Internal Control Audit and Management Assessments.

ARTICLE VII.

EMPLOYMENT MATTERS; EXECUTIVE COMPENSATION

Section 7.1. Notice Requirements. The LE Entities shall bear any liability that may accrue to any Personnel of the LE Entities (collectively, the "LE Personnel") or to any unit of government under the Worker Adjustment and Retraining Notification Act of 1988, as amended (the "WARN Act"), or any similar state Law, arising out of (a) the transactions under this Agreement and (b) any actions any action taken by the LE Entities after the Effective Time.

Section 7.2. Administration of LE Benefit Plans.

(a) As of the Effective Time, the LE Personnel will be eligible to continue to participate in the benefit plans sponsored, maintained or made available by any LE Entity (the "LE Benefit Plans"), to the extent they were eligible to participate in such plans prior to the Effective Time or become eligible to participate during the period from the Effective Time, subject to the terms and conditions of the LE Benefit Plans, and through the date on which such LE Benefit Plan ceases to be available to the LE Personnel, whether by operation, expiration, or termination of such plan or otherwise. As of and after the Effective Time, LE Benefit Plans shall not include the LE Retiree Program (as discussed in Section 7.6), the SHC ASPP (as discussed in Section 7.3) and the SHC incentive plans (as discussed in Section 7.4).

(b) As of and after the Effective Time, LE or its delegate shall be exclusively responsible for administering each LE Benefit Plan in accordance with its terms, subject to the provisions of Section 7.6. LE shall not assume sponsorship, maintenance or administration of any Benefit Plan that is not a LE Plan or receive or assume any assets or liabilities in connection with any such Benefit Plan.

Section 7.3. Associate Stock Purchase Plan. All LE Personnel shall cease active participation in the Sears Holdings Corporation Associate Stock Purchase Plan (the "SHC ASPP") with respect to offering periods ending after the Effective Time and shall be treated in the same manner as other similarly situated terminated Personnel of SHC or the other SHC Entities. For the avoidance of doubt, LE's Personnel who participated in the SHC ASPP prior to the Effective Time shall continue to participate in any offering period under the SHC ASPP ending prior to the Effective Time (subject to any action taken by any such LE Personnel who is participating in this plan to terminate his or her participation prior to the Effective Time). The LE Entities will have no Liability with respect to the SHC ASPP for any LE Personnel, except as required by Law.

Section 7.4. Incentive Plans.

(a) Annual Incentive Plan. As of the Effective Time, LE Personnel shall cease to be eligible to receive any incentive award under the Sears Holdings Corporation Annual Incentive Plan (the "SHC AIP") with respect to the 2013 fiscal year or any fiscal year thereafter. LE shall be solely responsible for any annual incentive awards that become payable under the terms of annual incentive plan established and sponsored by any LE Entity as of or after the Effective Time.

(b) *Long-Term Incentive Plans.*

(i) As of the Effective Time, LE Personnel shall cease to be eligible to receive any incentive award under the (x) 2011 Sears Holdings Corporation Long-Term Incentive Program (the "2011 SHC LTIP"), (y) 2012 Sears Holdings Corporation Long-Term Incentive Program (the "2012 SHC LTIP") and the (z) 2013 Sears Holdings Corporation Long-Term Incentive Program (the "2013 SHC LTIP"). LE shall establish a performance-based long-term incentive program (the "LE LTIP") as of the Effective Time and shall be solely responsible for all incentive awards that become payable under the terms of the LE LTIP for 2014 and any other performance period ending on or after the Effective Time. Any accruals and the outstanding liabilities arising out of or relating to the close out of the 2011 SHC LTIP, 2012 SHC LTIP and 2013 SHC LTIP, if any, with respect to LE Personnel will be forfeited as of the Effective Time and/or canceled by SHC prior to the payment date.

(ii) SHC shall assign and LE shall assume, as of the Effective Time, the portion of the 2013 Sears Holdings Corporation Cash Long-Term Incentive Plan applicable to LE Personnel (including the applicable plan document, performance metrics and specifics) (the "LE 2013 Cash LTI") as of the Effective Time. Any accruals and the outstanding Liabilities arising out of or relating to fiscal year 2013 attributable to LE Personnel under the LE 2013 Cash LTI will be transferred to and assumed by LE as of the Effective Time or prior to the payment date for the LE 2013 Cash LTI, as agreed by the parties hereto prior to the Effective Time. LE hereby accepts and agrees to such assumption and agrees to pay all such Liabilities under the LE 2013 Cash LTI.

(c) LE shall be solely responsible for any other incentives or bonuses that have been awarded to LE Personnel as of or after the Effective Time that become payable to LE Personnel under any other LE incentive or bonus program as of or after the Effective Time and any other performance period ending after the Effective Time.

Section 7.5. Restricted Stock Awards; Cash Awards. Any unvested restricted stock award with respect to shares of SHC common stock ("SHC Restricted Stock Award") and any cash right or award issued with respect to such SHC Restricted Stock Award ("SHC Cash Award") that was granted under or pursuant to any equity compensation plan or arrangement of SHC, shall be forfeited in accordance with its terms.

Section 7.6. LE Retiree Program. Following the Effective Time, SHC shall assume the administration and funding of the LE Retiree Program, and LE agrees to provide SHC all participant records, participant communications, policy and procedural documentation, summary plan descriptions, program data and any other Information regarding the pre-65 and post-65 components of the LE Retiree Program to enable SHC to assume such administration. Further, LE agrees to allow any former LE Personnel who are eligible retirees under the pre-65 component (including eligible spouses) ("LE Pre-65 Retirees") as of the Effective Time to continue to receive retiree medical coverage under the LE active group health plan, after the Effective Time and until at least December 31, 2015, after which time (if not sooner), SHC shall determine and communicate any changes to the pre-65 component of the LE Retiree Program. With respect to the remaining LE Pre-65 Retirees as of and after the Effective Time, SHC shall

reimburse LE, on a mutually agreed periodic basis (not more frequently than quarterly), LE's portion of the benefits provided under the LE active group health plan in accordance with the current terms of the LE Retiree Program to LE Pre-65 Retirees enrolled in the LE active group health plan as of the Effective Time.

Section 7.7. No Duplication or Acceleration of Benefits. Notwithstanding anything to the contrary in this Agreement, no LE Personnel shall receive benefits under a Benefit Plan sponsored or maintained by SHC that duplicate benefits provided by the corresponding LE Benefit Plan. Furthermore, unless expressly provided for in this Agreement or required by Applicable Law, no provision in this Agreement shall be construed to create any right to accelerate vesting or entitlements to any compensation or Benefit Plan on the part of any LE Personnel or former LE Personnel, except as specifically provided for under an applicable LE Employment Agreement.

Section 7.8. Employment Agreements; Severance. To the extent LE does not have final copies of any LE Employment Agreements and SHMC has copies of such documents, SHMC will provide copies of all LE Employment Agreements and other assumed documents to LE upon LE's written request. Except as expressly provided in this Agreement, neither the consummation of the transactions contemplated by this Agreement nor the termination of the status of LE as an affiliate of SHC shall cause any employee to be deemed to have incurred a termination of employment which entitles such individual to the commencement of benefits under any severance program or LE Employment Agreement. Notwithstanding the foregoing, LE shall be solely responsible for all Liabilities in respect of all costs arising out of payments and benefits relating to the termination or alleged termination of any LE Employee's employment with SHC that occurs as a result of or in connection with the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, including any amounts required to be paid (including any payroll or other Taxes), and the costs of providing benefits, under any applicable severance, separation, redundancy, termination or similar plan, program, practice, contract, agreement, law or regulation (such benefits to include any medical or other welfare benefits, outplacement benefits, accrued vacation, and Taxes).

Section 7.9. No Solicit; No Hire.

(a) Neither LE nor any other LE Entity shall, from the Effective Time through and including the second (2nd) anniversary of the later of (x) the date on which the SHC Entities cease to provide transition services to the LE Entities under the Transition Services Agreement and (y) the date on which the SHC Entities cease to provide services to the LE Entities under the LES Agreement (the "Non-Solicit Period"), either directly or indirectly, on its own behalf or in the service or on behalf of others, solicit or hire as an employee or an independent contractor any individual who (1) is employed by any SHC Entity at the time of such solicitation or discussion of hiring or (2) was employed by any SHC Entity as of the Effective Time; provided that the foregoing shall not apply to persons whom LE and SHC agree in writing and acting in Good Faith were not involved in the six (6) month period prior to such solicitation or hiring, directly or indirectly, in the provision of support or services to any LE Entity or the LE Business or management of any such persons providing support or services to any LE Entity or the LE Business; provided, further, that in the case of both clauses (1) and (2), the LE Entities shall not be precluded from placing general advertisements for employment not directed at the

SHC Entities or soliciting or hiring any such individual whose employment with such SHC Entity was involuntarily terminated; provided, further, that this Section 7.9(a) shall not apply six (6) months after the termination of the Buying Agency Agreement in accordance with its terms to the solicitation or hiring of the Personnel that dedicated substantially all of their business time and attention to providing services to the LE Entities pursuant to the Buying Agency Agreement while that agreement was in effect. Upon SHC's written request, unless LE and SHC, acting in Good Faith, otherwise agree in writing after such request (it being understood that LE may consult with SHC regarding such request), LE shall take those steps reasonably necessary to enforce the protective covenants contained in any LE Employment Agreement with respect to any termination occurring within two (2) years after the Effective Time involving an individual whose protective covenants in an LE Employment Agreement are still in effect at such time. If such enforcement action is undertaken solely at SHC's request, SHC shall bear any out-of-pocket costs (including, without limitation, attorney's fees) incurred by LE associated with such enforcement action. Further, LE agrees that to the extent it desires to amend or replace any protective covenant contained in any LE Employment Agreement after the Effective Time and before second anniversary of the Distribution Date, it shall consult with SHC regarding any such changes and LE and SHC, acting in Good Faith, shall attempt to reach agreement on the scope of any such changes before attempting to implement them and any such replacement agreement shall be deemed to be an LE Employment Agreement for purposes of this Section 7.9(a).

(b) During the Non-Solicit Period, no SHC Entity shall either directly or indirectly, on its own behalf or in the service or on behalf of others, solicit as an employee or an independent contractor any individual who, in the six (6)-month period prior to such solicitation, was employed by any LE Entity and was materially involved in the management of any material portion of the relationship between the LE Entities and the SHC Entities as provided for under this Agreement and the Ancillary Agreements; provided that the foregoing shall not apply to persons whom LE and SHC agree in writing and acting in Good Faith were not materially involved in the management of any material portion of the relationship between the LE Entities and the SHC Entities as provided for under this Agreement and the Ancillary Agreements; provided, further, that the SHC Entities shall not be precluded from general employment solicitations not directed specifically at the LE Entities or soliciting or hiring any such individual whose employment with such LE Entity was involuntarily terminated.

Section 7.10. Non-Disparagement. Neither SHC nor LE shall (and shall cause the respective members of their Groups, as applicable, not to) publicly disparage the SHC Entities or the LE Entities, their respective products, services, or present or former Personnel.

ARTICLE VIII.

INSURANCE

Section 8.1. Insurance Matters.

(a) SHC and LE agree to cooperate in Good Faith to arrange insurance coverage for LE to be effective no later than the Distribution Date. If not obtained prior to the Distribution Date, then following such date, LE agrees to use its commercially reasonable efforts to obtain appropriate insurance policies for itself and the LE Entities covering those risks that,

prior to the Effective Time, were jointly insured with the SHC Entities (such as foreign liability, umbrella liability, directors' and officers', crime and ocean freight insurance). In no event shall SHC, any other SHC Entity or any SHC Indemnified Party have any Liability or obligation whatsoever to any LE Entity in the event that any insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any LE Entity for any reason whatsoever or shall not be renewed or extended beyond the current expiration date. LE does hereby, for itself and each other LE Entity, agree that no SHC Entity or any SHC Indemnified Party shall have any liability whatsoever as a result of the insurance policies and practices of SHC and its Affiliates as in effect at any time prior to the Effective Time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise, any professional or other advice with respect to the initial policies for LE, any handling of claims for LE, or any oversight or advice with respect to risk management or other insurance-related issues; provided that this Section 8.1(a) shall not negate SHC's agreement under Section 8.1(b).

(b) SHC agrees to use its reasonable best efforts to cause the interests and rights of LE and the other LE Entities as of the Effective Time as insureds or beneficiaries or in any other capacity under occurrence-based insurance policies and programs (and under claims-made policies and programs to the extent a claim has been submitted prior to the Effective Time) of SHC or any other SHC Entity in respect of the period prior to the Effective Time to survive the Effective Time for the period for which such interests and rights would have survived without regard to the transactions contemplated hereby to the extent permitted by such policies; and any proceeds received by SHC or any other SHC Entity after the Effective Time under such policies and programs in respect of LE and the other LE Entities shall be for the benefit of LE and the other LE Entities; provided that the interests and rights of LE and the other LE Entities shall be subject to the terms and conditions of such insurance policies and programs, including any limits on coverage or scope, any deductibles and other fees and expenses and SHC's allocation of the cost of claims to its business units, including LE, according to its allocation program in effect as of the Effective Time, and shall be subject to the following additional conditions:

(i) LE shall report, on behalf of itself and other the LE Entities, as promptly as practicable, claims to SHC's Vice President for Risk Management and the Deputy General Counsel of Litigation (or such other individuals as SHC may designate in writing) and otherwise in accordance with SHC's claim reporting procedures in effect immediately prior to the Effective Time (or in accordance with any modifications to such procedures after the Effective Time communicated by SHC to LE in writing);

(ii) LE and the other LE Entities shall indemnify, hold harmless and reimburse SHC and the other SHC Entities for any premiums, retrospectively rated premiums, defense costs, settlements, judgments, legal fees, indemnity payments, deductibles, retentions, claim expenses and claim handling fees or other charges allocated to the LE Entities pursuant to the allocation program maintained by SHC in effect as of the Effective Time, whether such underlying claims are made by a LE Entity, its employees or a Third Party; and

(iii) LE shall, and shall cause the other LE Entities to, cooperate with and assist SHC and the other SHC Entities and share such Information as is reasonably necessary in order to permit SHC and the SHC Entities to manage and conduct the insurance matters contemplated by this Article VIII, including, without limitation, the production of witnesses in accordance with Section 5.4;

(iv) LE shall exclusively bear (and neither SHC nor any other SHC Entity shall have any obligation to repay or reimburse LE or any other LE Entity for) and shall be liable for all uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by LE or any other LE Entity under the policies as provided for in this Section 8.1(b). In the event an insurance policy aggregate is exhausted, or believed likely to be exhausted, due to noticed claims, the LE Entities, on the one hand, and the SHC Entities, on the other hand, shall be responsible for their pro rata portion of the reinstatement premium, if any, based upon the losses of such Group submitted to SHC's insurance carrier(s) (including any submissions prior to the Effective Time). To the extent that either Group is allocated more than its pro rata portion of such premium due to the timing of losses submitted to SHC's insurance carrier(s), the other party shall promptly pay the first party an amount so that each Group has been properly allocated its pro rata portion of the reinstatement premium. Subject to the following sentence, SHC may elect not to reinstate the policy aggregate. In the event that SHC elects not to reinstate the policy aggregate, it shall provide prompt written notice to LE, and LE may direct SHC in writing to, and SHC shall, in such case, reinstate the policy aggregate in which case the policy aggregate shall accrue solely to LE's benefit; provided that LE shall be responsible for all reinstatement premiums and other costs associated with such reinstatement; provided, further, that SHC shall have the right to pay its pro rata portion of the reinstatement premium and receive the pro rata benefit of the policy aggregate.

In the event that any SHC Entity incurs any losses, damages or Liability prior to or in respect of the period prior to the Effective Time for which such SHC Entity is entitled to coverage under LE's third-party insurance policies, the same process pursuant to this Section 8.1(b) shall apply, substituting "SHC" for "LE" and "LE" for "SHC."

(c) Except as provided in Section 8.1(b), from and after the Effective Time, neither LE nor any other LE Entity shall have any rights to or under any of the insurance policies of SHC or any other SHC Entity.

(d) Neither LE nor any other LE Entity, in connection with making a claim under any insurance policy of SHC or any other SHC Entity pursuant to this Section 8.1, shall take any action that would be reasonably likely to (i) have an adverse impact on the then-current relationship between SHC or any other SHC Entity, on the one hand, and the applicable insurance company, on the other hand; (ii) result in the applicable insurance company terminating or reducing coverage, or increasing the amount of any premium owed by SHC or any other SHC Entity under the applicable insurance policy; or (iii) otherwise compromise, jeopardize or interfere with the rights of SHC or any other SHC Entity under the applicable insurance policy.

(e) Subject to Section 8.1(b), SHC and the other SHC Entities shall retain the exclusive right to control their insurance policies and programs, including the right to defend, exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of their insurance policies and programs and to amend, modify or waive any rights under any such insurance policies and programs, notwithstanding whether any such policies or programs apply to any LE Liabilities and/or claims LE has made or could make in the future, and no LE Entity shall, without the prior written consent of SHC, erode, exhaust, settle, release, commute, buy-back or otherwise resolve disputes with insurers of SHC or other SHC Entities with respect to any of the insurance policies and programs of the SHC Entities, or amend, modify or waive any rights under any such insurance policies and programs. Neither SHC nor any other SHC Entity shall have any obligation to secure extended reporting for any claims under any of the insurance policies and programs of SHC or other SHC Entity for any acts or omissions by any LE Entity incurred prior to the Effective Time.

(f) This Agreement is not intended as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any LE Entity in respect of any insurance policy or any other contract or policy of insurance.

(g) Nothing in this Agreement shall be deemed to obligate SHC or any other SHC Entity to obtain or maintain credit insurance coverage to cover any Liabilities of the LE Entities that may at any time arise under any insurance coverage for any LE Entity.

(h) Nothing in this Agreement shall be deemed to restrict any LE Entity from acquiring at its own expense any insurance policy in respect of any Liabilities or covering any period.

Section 8.2. Miscellaneous. Each of the parties intends by this Agreement that a Third Party, including a third-party insurer or reinsurer, or other Third Party that, in the absence of the Agreement would otherwise be obligated to pay any claim or satisfy any indemnity or other obligation, shall not be relieved of the responsibility with respect thereto and shall not be entitled to a “windfall” (i.e., avoidance of the obligation that such Person would have in the absence of this Agreement). To the extent that any such Person would receive such a windfall, SHC and LE shall negotiate in Good Faith concerning an amendment of this Agreement to avoid such a windfall.

ARTICLE IX.

LEGAL MATTERS

Section 9.1. Control of Legal Matters.

(a) At all times from and after the Effective Time, LE shall assume (or, as applicable, retain) control of each of the LE Litigation Matters, and LE shall use its reasonable best efforts to cause any SHC Entity named as a defendant in any such LE Litigation Matter to be removed and dismissed from such LE Litigation Matter; provided, however, that LE shall not be required to make any such effort if the removal of any SHC Entity would jeopardize insurance coverage or rights to indemnification from Third Parties applicable to such LE Litigation Matter.

(b) At all times from and after the Effective Time, SHC shall assume (or, as applicable, retain) control of each of the SHC Litigation Matters, and SHC shall use its reasonable best efforts to cause any LE Entity named as a defendant in any such SHC Litigation Matters to be removed and dismissed from such SHC Litigation Matter; provided, however, that SHC shall not be required to make any such effort if the removal of any LE Entity would jeopardize insurance coverage or rights to indemnification from Third Parties or other rights applicable to such SHC Litigation Matter.

(c) To the extent LE or SHC is unable to cause a member of the other party's Group to be removed and dismissed pursuant to Section 9.1(a) or (b), the parties hereto agree to cooperate in defending against such Action and, subject to Section 5.8, to provide each other with access to all Information relating to such Action except to the extent that providing such access and such Information would prejudice an indemnification claim available to such party as contemplated in Article X.

(d) At all times from and after the Effective Time, SHC and LE shall jointly control any Joint Litigation Matter and shall cooperate in defending against such Action; provided, however, that no member of either Group may settle a Joint Litigation Matter without the prior written consent of the members of the other Group named or involved in such Joint Litigation Matter, which consent shall not be unreasonably withheld or delayed; provided, further, that either party may settle a Joint Litigation Matter if such settlement is for monetary relief only, payable solely by the settling party and provides a full release from, or indemnity for, any Liability under such Joint Litigation Matter for the other party and, as applicable, the members of the other party's Group and their respective Representatives.

Section 9.2. Notice to Third Parties; Service of Process; Cooperation.

(a) SHC and LE shall cause the SHC Entities and the LE Entities to promptly notify their respective agents for service of process and all other necessary parties, including plaintiffs and courts, of the Separation and shall provide instructions for proper service of legal process and other documents.

(b) LE and SHC shall, and shall cause the members of their respective Groups to, use their reasonable best efforts to deliver to each other any legal process or other documents incorrectly served upon them or their agents as soon as practical following receipt.

(c) If any party hereto or any members of its Group receives notice or otherwise learns of the assertion of a Joint Litigation Matter, such party or member of its Group shall give the other party hereto written notice of such Joint Litigation Matter in reasonable detail. The failure to give notice under this subsection shall not relieve any party hereto (or any member of its Group) its Liability for any Joint Litigation Matter as provided hereunder or under any Ancillary Agreement, except to the extent such party is actually prejudiced by the failure to give such notice. The parties hereto shall be deemed to be on notice of any Joint Litigation Matter pending prior to the Effective Time.

Section 9.3. Orders; Consent Decrees, etc. To the extent that any order, judgment, consent decree or other similar order of any Governmental Authority is binding on any LE Entity, each such LE Entity so bound shall perform all of its obligations under such order, judgment, consent decree or other similar order as and when required.

ARTICLE X.

RELEASES; INDEMNIFICATION

Section 10.1. Release of Pre-Separation Claims.

(a) Except as provided in Section 10.1(c), effective as of the Effective Time, LE does hereby, for itself and each other LE Entity, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Effective Time have been stockholders, directors, officers, agents or employees of any LE Entity and their respective heirs, executors, administrators, successors and assigns (in each case, in their respective capacities as such), remise, release and forever discharge SHC and the other SHC Entities, their respective Affiliates, and all Persons who at any time on or prior to the Effective Time have been stockholders, directors, officers, agents or employees of any SHC Entity (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the Effective Time, including in connection with the transactions and all other activities to implement the Separation and the Distribution.

(b) Except as provided in Section 10.1(c), effective as of the Effective Time, SHC does hereby, for itself and each other SHC Entity, their respective Affiliates, and all Persons who at any time on or prior to the Effective Time have been stockholders, directors, officers, agents or employees of any SHC Entity and their respective heirs, executors, administrators, successors and assigns (in each case, in their respective capacities as such), remise, release and forever discharge LE, the other LE Entities, their respective Affiliates, and all Persons who at any time on or prior to the Effective Time have been stockholders, directors, officers, agents or employees of any LE Entity (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the Effective Time, including in connection with the transactions and all other activities to implement the Separation and the Distribution.

(c) Nothing contained in Section 10.1(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any other Intercompany Agreements or Intercompany Accounts that are specified in Section 2.2(b) as not to terminate as of the Effective Time, in each case in accordance with its terms. For the avoidance of doubt, nothing contained in Section 10.1(a) or (b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any the SHC Entities or the LE Entities that is specified in Section 2.2(b) as not to terminate as of the Effective Time, or any other Liability specified in such Section 2.2(b) as not to terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability provided in or resulting from any other agreement or understanding that is entered into on or after the Effective Time between one party hereto (or a member of such party's Group), on the one hand, and the other party hereto (or a member of such party's Group), on the other hand;

(iv) any Liability that the parties hereto may have with respect to indemnification or contribution pursuant to this Agreement or any Ancillary Agreement;

(v) any Liability the release of which would result in the release of any Person not otherwise intended to be released pursuant to this Section 10.1; or

(vi) any obligation existing prior to the Effective Time of any member of a Group to indemnify any Person who has been a Representative of any member of the Group at any time on or prior to the Effective Time.

(d) LE shall not make, and shall not permit any other LE Entity to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against SHC or any other SHC Entity, or any other Person released pursuant to Section 10.1(a), with respect to any Liabilities released pursuant to Section 10.1(a). SHC shall not make, and shall not permit any other SHC Entity to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against LE or any other LE Entity, or any other Person released pursuant to Section 10.1(b), with respect to any Liabilities released pursuant to Section 10.1(b).

(e) It is the intent of each of SHC and LE, by virtue of the provisions of this Section 10.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Effective Time, between or among LE or any other LE Entity, on the one hand, and SHC or any other SHC Entity, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Effective Time), except as otherwise set forth in Section 10.1(c). At any time, at the request of the other party hereto, each party hereto shall, no later than the fifth (5th) Business Day following the receipt of such request, cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

Section 10.2. Indemnification by LE. Following the Effective Time and subject to Section 14.1, LE shall, and shall cause the LE Entities to, indemnify, defend and hold harmless each SHC Entity and its Affiliates, and each of their respective current or former directors, officers, employees, agents, and each of the heirs, executors, administrators, successors and assigns of any of the foregoing (each, a “SHC Indemnified Party”), from and against all Liabilities actually incurred or suffered by the SHC Indemnified Parties relating to, arising out of or resulting from one or more of the following:

- (a) each LE Liability, including arising out of the failure of any LE Entity or any other Person to pay, perform or otherwise promptly discharge any such LE Liability;
- (b) any LE-Branded Gift Card;
- (c) each breach by LE or any LE Entity of this Agreement;
- (d) each breach by LE or any LE Entity of the Tax Sharing Agreement, the Gift Card Services Agreement or any of the Implementation Documents, subject to any specific limitation on liability contained in the applicable agreement and without duplication taking into account the performance by each LE Entity of its indemnification obligations in the agreement;
- (e) except to the extent it relates to a SHC Liability, any direct or indirect guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any LE Entity by any SHC Entity that survives the Effective Time; and
- (f) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all Information contained in the LE Registration Statement, the Information Statement (as amended or supplemented if LE shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than with respect to the matters described in Section 10.3(e).

Section 10.3. Indemnification by SHC. Following the Effective Time and subject to Section 14.1, SHC shall, and shall cause the SHC Entities to, indemnify, defend and hold harmless each LE Entity and its Affiliates, and each of their respective current or former directors, officers, employees, agents, and each of the heirs, executors, administrators, successors and assigns of any of the foregoing (each, a “LE Indemnified Party”), from and against any and all Liabilities arising out of or resulting from any of the following items:

- (a) each SHC Liability, including arising out of the failure of any SHC Entity or any other Person to pay, perform or otherwise promptly discharge any such SHC Liability;
- (b) each breach by SHC or any SHC Entity of this Agreement;
- (c) each breach by SHC or any SHC Entity of the Tax Sharing Agreement or any of the Implementation Documents, subject to any specific limitation on liability contained in the applicable agreement and without duplication taking into account the performance by each LE Entity of its indemnification obligations in the agreement;

(d) except to the extent it relates to a LE Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any SHC Entity by any LE Entity that survives the Effective Time; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to statements made explicitly in SHC's or another SHC Entity's name in the LE Registration Statement, the Information Statement (as amended or supplemented if LE shall have furnished any amendments or supplements thereto) or any other Disclosure Document.

Section 10.4. Indemnification with Respect to Unreleased Liabilities. Without limiting the generality of Section 10.2 and 10.3, LE shall indemnify, defend and hold harmless each SHC Indemnified Party that is an Unreleased Person against any Liabilities arising in respect of each Unreleased Liability of such Person and SHC shall indemnify, defend and hold harmless each LE Indemnified Party that is an Unreleased Person against any Liabilities relating to, arising out of or resulting from each Unreleased Liability of such Person.

Section 10.5. Adjustments to Indemnification Obligations.

(a) The parties hereto intend that each Liability subject to indemnification, contribution or reimbursement pursuant hereto will be net of (i) all Insurance Proceeds, and (ii) all recoveries, judgments, settlements, contribution, indemnities and other amounts received (including by way of set-off) from all Third Parties, in each case that actually reduce the amount of, or are paid to the applicable indemnitee in respect of, such Liability ("Third Party Proceeds"). Accordingly, the amount that a party (each, an "Indemnifying Party") is required to pay to each Person entitled to indemnification hereunder (each an "Indemnified Party") shall be reduced by all Insurance Proceeds and Third Party Proceeds received by or on behalf of the Indemnified Party in respect of the relevant Liability; provided, however, that all amounts described in Section 10.2 or Section 10.3 which are incurred by an Indemnified Party shall be paid promptly by the Indemnifying Party and shall not be delayed pending any determination as to the availability of Insurance Proceeds or Third Party Proceeds; provided, further, that upon such payment by or on behalf of an Indemnifying Party to an Indemnified Party in connection with a Third Party Claim, to the extent permitted by Applicable Laws such Indemnified Party shall assign its rights to recover all Insurance Proceeds and Third Party Proceeds to the Indemnifying Party and such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to all events and circumstances in respect of which such Indemnified Party may have with respect to all rights, defenses, and claims relating to such Third Party Claim. If, notwithstanding the second proviso in the preceding sentence, an Indemnified Party receives a payment required to be made under this Article X (an "Indemnity Payment") from an Indemnifying Party in respect of a Liability and subsequently receives Insurance Proceeds or Third Party Proceeds in respect of such Liability, then the Indemnified Party shall pay to the Indemnifying Party an amount equal to the excess of the amount paid by the Indemnifying Party over the amount that would have been due if such Insurance Proceeds and Third Party Proceeds had been received before the Indemnity Payment was made. Each SHC Entity and each LE Entity shall use reasonable best efforts to seek to collect or recover all Insurance Proceeds and all

Third Party Proceeds to which such Person is entitled in respect of a Liability for which such Person seeks indemnification pursuant to this Article X; provided, however, that such Person's inability to collect or recover any such Insurance Proceeds or Third Party Proceeds shall not limit the Indemnifying Party's obligations hereunder.

(b) An insurer that would otherwise be obligated to pay a claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or other third party shall be entitled to a "windfall" (i.e., a benefit it would not be entitled to receive in the absence of the indemnification provisions hereof) by virtue of the indemnification provisions hereof.

Section 10.6. Contribution. If the indemnification provided for in this Article X is unavailable to, or insufficient to hold harmless, an Indemnified Party in respect of a Liability for which indemnification is provided for herein then each Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be sufficient to place the Indemnified Party in the same position as if such Indemnified Party were indemnified hereunder. If the contribution provided for in the previous sentence shall, for any reason, be unavailable or insufficient to put the Indemnified Party in the same position as if it were indemnified under Section 10.2 or Section 10.3, as the case may be, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be appropriate to reflect the relative benefits received by and the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand with respect to the matter giving rise to the Liability.

Section 10.7. Procedures for Indemnification of Direct Claims. Each claim for indemnification made directly by the Indemnified Party against the Indemnifying Party that does not result from a Third Party Claim shall be asserted by written notice from the Indemnified Party to the Indemnifying Party specifically claiming indemnification hereunder, which notice shall state the amount claimed, if known, and method of computation thereof, and shall contain a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed by such Indemnified Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such Indemnifying Party shall be deemed to have accepted responsibility for the indemnification sought and shall have no further right to contest the validity of such claim. If such Indemnifying Party does respond within such thirty (30) day period and rejects such claim in whole or in part, such Indemnified Party shall be free to pursue resolution as provided in Article XI.

Section 10.8. Procedures for Indemnification of Third Party Claims.

(a) If an Indemnified Party shall receive notice of the assertion of a claim, or commencement of an Action, by a Third Party against it (each, a "Third Party Claim") that may give rise to a claim for indemnification pursuant to this Agreement, within thirty (30) days of the receipt of such notice, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim, which notice shall describe such Third Party Claim in reasonable detail;

provided, however, that the failure to provide such notice as provided in this Section 10.8 shall not release the Indemnifying Party from any of its obligations under this Article X, except to the extent such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) Each Indemnifying Party shall be entitled (but shall not be required) to assume and control the defense of each Third Party Claim at its expense and through counsel of its choice that is reasonably acceptable to the Indemnified Party if it gives notice of its intention to do so to the Indemnified Party within thirty (30) days of the receipt of notice from the Indemnified Party in accordance with Section 10.8(a); provided, however, that the Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise such Third Party Claim; provided, further, that such Indemnified Party shall not withhold such consent if the settlement or compromise (i) contains no finding or admission of a violation of Applicable Law or a violation of the rights of a Person by the Indemnified Party or any of its Affiliates, (ii) contains no finding or admission that would have an adverse effect on the Indemnified Party or any of its Affiliates as determined by the Indemnified Party in Good Faith, (iii) involves only monetary relief which the Indemnifying Party has agreed to pay and does not contain an injunction or other non-monetary relief affecting the Indemnified Party or any of its Affiliates, and (iv) includes a full, irrevocable unconditional release of the Indemnified Party from such Third Party Claim.

(c) If the Indemnifying Party elects to undertake the defense against a Third Party Claim as provided by Section 10.8(b), the Indemnified Party shall cooperate with the Indemnifying Party with respect to such defense and shall have the right, but not the obligation, to participate in such defense and to employ separate counsel of its choosing at its own expense; provided, however, that such expense shall be the responsibility of the Indemnifying Party if (i) the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and the Indemnified Party shall have reasonably concluded that representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts of interest (in which case the Indemnifying Party shall not be responsible for expenses in respect of more than one counsel for the Indemnified Party in any single jurisdiction), or (ii) the Indemnified Party assumes the defense of the Third Party Claim after the Indemnifying Party has failed, in the reasonable judgment of the Indemnified Party, to diligently defend the Third Party Claim after having elected to assume its defense.

(d) If the Indemnifying Party (i) does not elect to assume the defense in accordance with Section 10.8(b), or (ii) after assuming the defense of a Third Party Claim, fails to take reasonable steps necessary to defend diligently such Third Party Claim within ten (10) days after receiving written notice from the Indemnified Party to the effect that the Indemnifying Party has so failed, the Indemnified Party shall have the right but not the obligation to assume its own defense; provided, however, that the Indemnified Party shall not settle or compromise such Third Party Claim without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld. For the avoidance of doubt, the Indemnified Party's right to indemnification for a Third Party Claim shall not be adversely affected by assuming the defense of such Third Party Claim.

(e) Subject to Article V, the Indemnified Party and the Indemnifying Party shall reasonably cooperate in the defense of a Third Party Claim including by (i) making

available all witnesses, all pertinent records, all materials, and all Information in each other's possession or under each other's control relating to the Third Party Claim, (ii) assisting with litigation defense strategy, investigations, discovery preparation, trial preparation, and similar activities with respect to the Third Party Claim, and (iii) using commercially reasonable efforts to avoid taking any action, or omitting to take any action, that would materially and adversely prejudice each other's defense of, or actual or potential rights of recovery with respect to, the Third Party Claim. The Indemnifying Party shall have no obligation in accordance with this Article X to an Indemnified Party for any Third Party Claim to the extent such Indemnified Party fails to comply with this Section 10.8(e) with respect to the Third Party Claim and such failure shall have materially and adversely prejudiced the Indemnifying Party.

Section 10.9. Remedies Cumulative. The remedies provided in this Article X shall be cumulative and, subject to the provisions of Article XI, shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 10.10. Survival of Indemnities. The rights and obligations of each of SHC and LE and their respective Indemnified Parties hereto under this Article X shall survive (a) the sale or other transfer by any LE Entity or SHC Entity of any Assets or businesses or the assignment by it of any Liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving any LE Entity or SHC Entity, subject to the provisions of Section 14.9.

ARTICLE XI.

DISPUTE RESOLUTION

Section 11.1. Disputes. Except as otherwise specifically provided in any Ancillary Agreement (the terms of which, to the extent so provided therein, shall govern the resolution of "Disputes" as that term is defined in the Ancillary Agreements), the procedures for discussion, negotiation and arbitration set forth in this Article XI shall apply to all disputes, controversies or claims (whether arising in contract, tort or otherwise) that may arise out of, relate to, arise under or in connection with, this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including, all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the Effective Time), between or among any SHC Entity and LE Entity (collectively, "Disputes").

Section 11.2. Dispute Resolution.

(a) On the Distribution Date, SHC and LE shall form a committee (the "Dispute Resolution Committee") that will attempt to resolve all Disputes. The Dispute Resolution Committee shall initially consist of four (4) representatives, two (2) of which shall be designated by each party hereto. Only LE's chief executive officer, chief financial officer, general counsel or chief merchant officer may serve as a LE representative on the Dispute Resolution Committee. Subject to the foregoing sentence, each party hereto may replace one or more of its representatives at any time upon written notice to the other party hereto. A reasonable number of additional representatives of each party who have been involved with matters surrounding the Dispute may also participate in Dispute Resolution Committee meetings, subject to prior written notice being provided to the other party.

(b) If a Dispute arises, no party hereto may take any formal legal action (such as seeking to terminate this Agreement, seeking arbitration in accordance with Section 11.3, or instituting or seeking any judicial or other legal action, relief, or remedy with respect to or arising out of this Agreement) unless such party has first (i) delivered a notice of dispute (the "Dispute Notice") to all of the members of the Dispute Resolution Committee and (ii) complied with the terms of this Article XI; provided, however, that the foregoing shall not apply to any Disputes with respect to compliance with obligations with respect to confidentiality or preservation of privilege. The Dispute Resolution Committee shall meet no later than the tenth (10th) Business Day following delivery of the Dispute Notice (the "Dispute Meeting") and shall attempt to resolve each Dispute that is listed on the Dispute Notice. Each party hereto shall cause its designees on the Dispute Resolution Committee to negotiate in Good Faith to resolve all Disputes in a timely manner. If by the end of the twentieth (20th) Business Day following the Dispute Meeting the Dispute Resolution Committee has not resolved all of the Disputes (the "Resolution Failure Date"), the parties shall proceed to arbitrate the unresolved Disputes ("Unresolved Disputes") in accordance with Section 11.3.

Section 11.3. Arbitration of Unresolved Disputes.

(a) In the event any Dispute is not finally resolved pursuant to Section 11.2(a), and unless the parties have mutually agreed to mediate or use some other form of alternative dispute resolution in an attempt to resolve the Dispute, then such Dispute may be submitted to be finally resolved by binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association as then in effect (the "AAA Commercial Arbitration Rules").

(b) Without waiving its rights to any remedy under this Agreement and without first complying with the provisions of Section 11.2(a), either party may seek any interim or provisional relief that is necessary to protect the rights or property of that party either (i) before any federal or state court located in Cook County, Illinois, (ii) before a special arbitrator, as provided for under the AAA Commercial Arbitration Rules, or (iii) before the arbitral tribunal established hereunder.

(c) Unless otherwise agreed by the parties in writing, any Dispute to be decided in arbitration hereunder shall be decided (i) before a sole arbitrator if the amount in dispute, inclusive of all claims and counterclaims, totals less than \$3 million; or (ii) by an arbitral tribunal of three (3) arbitrators if (A) the amount in dispute, inclusive of all claims and counterclaims, is equal to or greater than \$3 million or (B) either party elects in writing to have such dispute decided by three (3) arbitrators when one of the parties believes, in its sole judgment, the issue could have significant precedential value; provided, however, that the party that makes a request referred to the in foregoing clause (B) shall solely bear the increased costs and expenses associated with a panel of three (3) arbitrators (i.e., the additional costs and expenses associated with the two (2) additional arbitrators).

(d) If the arbitration shall be before an arbitral tribunal of three (3) arbitrators, the panel of three (3) arbitrators shall be chosen as follows: (i) upon the written demand of either party and within ten (10) Business Days from the date of receipt of such demand, each party shall name an arbitrator selected by such party in its sole and absolute discretion; and (ii) the two (2) party-appointed arbitrators shall thereafter, within twenty (20) Business Days from the date on which the second of the two (2) arbitrators was named, name a third, independent arbitrator who shall act as chairperson of the arbitral tribunal. In the event that either party fails to name an arbitrator within ten (10) Business Days from the date of receipt of a written demand to do so, then upon written application by either party, that arbitrator shall be appointed pursuant to the AAA Commercial Arbitration Rules. In the event that the two (2) party-appointed arbitrators fail to appoint the third, independent arbitrator within twenty (20) Business Days from the date on which the second of the two (2) arbitrators was named, then upon written application by either party, the third, independent arbitrator shall be appointed pursuant to AAA Commercial Arbitration Rules. If the arbitration shall be before a sole independent arbitrator, then the sole independent arbitrator shall be appointed by agreement of the parties within fifteen (15) Business Days from the date of receipt of written demand of either party. If the parties cannot agree to a sole independent arbitrator, then upon written application by either party, the sole independent arbitrator shall be appointed pursuant to AAA Commercial Arbitration Rules. If the parties have agreed upon a single arbitrator, then each party hereto shall have a one-time right during such arbitration to remove such arbitrator for any reason (in which case the parties shall then re-select their arbitrator(s) as provided above).

(e) All arbitrators selected pursuant to this Section shall be practicing attorneys with at least five (5) years' experience with the technology and/or law applicable to the technology, services or transactions relevant to the Dispute.

(f) The place of arbitration shall be Cook County, Illinois. Along with the arbitrator(s) appointed, the parties shall agree to a mutually convenient date and time to conduct the arbitration, but in no event shall the final hearing(s) be scheduled more than nine (9) months from submission of the Dispute to arbitration unless the parties agree otherwise in writing.

(g) The arbitral tribunal shall have the right to award, on an interim basis, or include in the final award, any relief that it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and only to the extent expressly permitted by Section 11.3(m), attorneys' fees and costs; provided that the arbitral tribunal shall not award any relief not specifically requested by the parties and, in any event, shall not award any damages of the types prohibited under Section 14.1. Upon constitution of the arbitral tribunal following any grant of interim relief by a special arbitrator or court pursuant to Section 11.3(b), the tribunal may affirm or disaffirm that relief, and the parties shall seek modification or rescission of the order entered by the special arbitrator or court as necessary to accord with the tribunal's decision.

(h) Neither party shall be bound by Rule 13 of the Federal Rules of Civil Procedure or any analogous Law or provision in the AAA Commercial Arbitration Rules governing deadlines for compulsory counterclaims; rather, each party may only bring a counterclaim within sixty (60) days after the initial submission of the Dispute to arbitration (subject to any applicable statutes of limitation).

(i) So long as either party has a timely claim to assert, the agreement to arbitrate Disputes set forth in this Section 11.3 shall continue in full force and effect subsequent to, and notwithstanding the completion, expiration or termination of, this Agreement.

(j) The interim or final award in an arbitration pursuant to this Section 11.3 shall be conclusive and binding upon the parties, and a party obtaining a final award may enter judgment upon such award in any court of competent jurisdiction.

(k) It is the intent of the parties that the agreement to arbitrate Disputes set forth in this Section 11.3 shall be interpreted and applied broadly such that all reasonable doubts as to arbitrability of a Dispute shall be decided in favor of arbitration.

(l) The parties agree that any Dispute submitted to arbitration shall be governed by, and construed and interpreted in accordance with the laws of the State of Illinois, as provided in Section 14.11, and, except as otherwise provided in this Article XI or mutually agreed to in writing by the parties, the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., shall govern any arbitration between the parties pursuant to this Section 11.3.

(m) Subject to Section 11.3(c)(ii)(B), each party shall bear its own fees, costs and expenses and shall bear an equal share of the costs and expenses of the arbitration, including the fees, costs and expenses of the three (3) arbitrators; provided that the arbitral tribunal may award the prevailing party its reasonable fees and expenses (including attorneys' fees), if it finds that there was no good-faith basis for the position taken by the other party in the arbitration.

Section 11.4. Continuity of Service and Performance. Unless otherwise agreed in writing, the parties hereto shall continue to provide undisputed services and honor all other undisputed commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article XI.

ARTICLE XII.

FURTHER ASSURANCES

Section 12.1. Further Assurances.

(a) The parties hereto shall use all reasonable best efforts to take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable under Applicable Law, and to execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and to consummate and make effective the transactions contemplated by this Agreement, whether before or after the Effective Time.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each party hereto shall reasonably cooperate with the other party, and without any further consideration, but at the expense of the requesting party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including, instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all necessary Consents and Governmental Approvals, including, under any permit, license,

agreement, indenture or other instrument, and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement, in order to effectuate the provisions and purposes of this Agreement and the transactions contemplated hereby and thereby.

(c) SHC will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth in this Agreement or any of the Ancillary Agreements to be performed by any SHC Entity. LE will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth in this Agreement or any of the Ancillary Agreements to be performed by any LE Entity.

ARTICLE XIII.

AMENDMENT AND TERMINATION

Section 13.1. Sole Discretion of SHC. Notwithstanding any other provision of this Agreement or any Ancillary Agreement, until the Effective Time, SHC shall have the sole and absolute discretion:

(a) to determine whether to proceed with all or any part of the Separation, and to determine the timing of and any and all conditions to the completion of the Separation or any part thereof or of any other transaction contemplated by this Agreement; and

(b) to amend or otherwise change, delete or supplement, from time to time, any term or element of the Separation or any other transaction contemplated by this Agreement or any Ancillary Agreement; provided that SHC shall consult with LE, to the extent practicable, prior to implementing any such amendment, change, deletion or supplement.

Section 13.2. Amendment and Termination. This Agreement and the Ancillary Agreements may be amended, supplemented, terminated and the transactions contemplated hereby may be modified or abandoned at any time without the approval of LE or of the stockholders of SHC in the sole and absolute discretion of SHC prior to the Effective Time, if the SHC Board determines, in its sole and absolute discretion, that (i) any of the conditions set forth in Section 3.3 have not been satisfied, (ii) the Distribution is not in the best interest of SHC or its stockholders, or (iii) that market or other conditions are such that it is not advisable to consummate the Distribution. In the event of a termination in accordance with the foregoing, this Agreement shall forthwith become void and there shall be no Liability on the part of either party hereto; provided, however, such termination shall have no effect on any transactions effected prior to such termination pursuant to Article II and the Implementation Documents in connection therewith shall remain in full force and effect in accordance with the terms thereof. After the Effective Time, this Agreement may not be amended, supplemented or terminated except by an agreement in writing signed by the parties hereto; provided, further, that SHC shall consult with LE, to the extent practicable, prior to implementing any amendment, change, deletion or supplement of this Agreement or any Ancillary Agreement.

ARTICLE XIV.

MISCELLANEOUS

Section 14.1. Limitation of Liability.

(a) IN NO EVENT SHALL ANY SHC ENTITY OR LE ENTITY BE LIABLE TO ANY LE ENTITY OR SHC ENTITY, RESPECTIVELY, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATIONS SHALL NOT LIMIT AN INDEMNIFYING PARTY'S INDEMNIFICATION OBLIGATIONS HEREUNDER WITH RESPECT TO ANY LIABILITY ANY INDEMNIFIED PARTY MAY HAVE TO ANY THIRD PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, EXCEPT AS OTHERWISE PROVIDED IN THE ANCILLARY AGREEMENTS.

(b) Neither party hereto nor any member of its Group shall have any Liability to the other party's Group in the event that any Information exchanged or provided pursuant to this Agreement that is an estimate or forecast, or that is based on an estimate or forecast, is found to be inaccurate in the absence of willful misconduct by the providing Person. Neither party hereto nor any member of its Group shall have any Liability to the other party's Group if any Information is destroyed after reasonable best efforts by the Person from whom Information is requested, to comply with the provisions of Section 5.3.

Section 14.2. Expenses.

(a) Expenses Incurred on or Prior to the Effective Time. Except (i) as otherwise expressly set forth in this Agreement or any Ancillary Agreement, (ii) costs and expenses incurred in connection with any Joint Litigation Matter, which shall be borne by the party incurring such costs or expenses, (iii) or as otherwise agreed to in writing by the Parties, all costs and expenses incurred on or prior to the Effective Time in connection with the preparation, execution and delivery of this Agreement and any Ancillary Agreement, the Separation, the Registration Statement, the plan of Separation and the Distribution and the consummation of the transactions contemplated hereby and thereby on or prior to the Effective Time, in each case to the extent approved by SHC, shall be charged to and paid by a SHC Entity.

(b) Expenses Incurred or Accrued After the Effective Time. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, each party hereto shall bear its own costs and expenses incurred or accrued after the Effective Time; provided that any costs and expenses incurred in obtaining any Consent or novation from a Third Party in connection with the assignment to and assumption by a party or its Subsidiary of any contracts, commitments or understandings in connection with the Separation and the transactions contemplated hereby shall be borne by the party or its Subsidiary to which such contract, commitment or understanding is being assigned.

Section 14.3. Counterparts. This Agreement may be executed and delivered (including by facsimile or other electronic transmission (e.g., .pdf file)) in counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 14.4. Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement must be in writing and will be deemed to have been duly given (i) when delivered by hand, (ii) three (3) Business Days after it is mailed, certified or registered mail, return receipt requested, with postage prepaid, (iii) on the same Business Day when sent by facsimile or electronic mail (return receipt requested) if the transmission is completed before 5:00 p.m. recipient's time, or one (1) Business Day after the facsimile or email is sent, if the transmission is completed on or after 5:00 p.m. recipient's time or (iv) one (1) Business Day after it is sent by Express Mail, Federal Express or other courier service, as follows (or at such other address for a party as shall be specified in a notice given in accordance with this Section 14.4):

If to SHC, to:

Sears Holdings Corporation
3333 Beverly Road
Hoffman Estates, Illinois 60179
Attn.: General Counsel
Facsimile: (847) 286-2471
Email: Dane.Drobny@searshc.com

If to LE, to:

1 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn.: General Counsel
Facsimile: (608) 935-6550
Email: Karl.Dahlen@landsend.com

Section 14.5. Public Announcements. Following the Effective Time, the parties hereto shall be permitted to make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated by this Agreement or otherwise communicate with any news media unless otherwise prohibited by Applicable Law or applicable stock exchange regulation or the provisions of this Agreement or any Ancillary Agreement; provided, that the parties hereto shall consult with each other prior to issuing, and shall, subject to the requirements of Section 5.5, provide the other party the opportunity to review and comment upon, press releases and other public statements in connection with the Separation, the Distribution or any of the other transactions contemplated hereby or by any Ancillary Agreement and prior to making any filings with any Governmental Authority or national securities exchange with respect thereto.

Notwithstanding the foregoing, except as may be required by federal or state law including any SEC rules and regulations or the rules and regulations of any securities exchange or any inter-dealer quotation system, neither party shall (i) issue any publicity or press release regarding its relationship with the other party or the LE Shops program except as mutually agreed, or (ii) disclose or refer to any Ancillary Agreement, the LE Shops program or the other party in any prospectus, annual report or other filing, without the prior consent of the other party. Neither party shall refer to this Agreement, the LE Shops program or the other party in the solicitation of business without obtaining the other party's prior written approval.

Section 14.6. Severability. If any provision of this Agreement is declared by any court of competent jurisdiction to be illegal, invalid, void or unenforceable, such provision will (to the extent permitted under Applicable Law) be construed by modifying or limiting it so as to be legal, valid and enforceable to the maximum extent compatible with, and possibly under, Applicable Law, and all other provisions of this Agreement will not be affected and will remain in full force and effect.

Section 14.7. Entire Agreement. This Agreement and the Ancillary Agreements, including the exhibits, schedules and appendices thereto and together with all the agreements contemplated hereby and thereby (including the Implementation Documents), constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, between the parties hereto with respect to the subject matter hereof and thereof.

Section 14.8. Amendment; No Waiver. The terms, covenants and conditions of this Agreement may be amended, modified or waived only by a written instrument signed by the parties hereto, or in the event of a waiver, by the party waiving such compliance. Any party's failure at any time to require performance of any provision will not affect that party's right to enforce that or any other provision at a later date. No waiver of any condition or breach of any provision, term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances will be deemed to be or construed as a further or continuing waiver of that or any other condition or of the breach of that or another provision, term or covenant of this Agreement.

Section 14.9. Assignment; Stockholding Change. LE may not assign its rights or obligations under this Agreement without the prior written consent of SHC, which may be withheld in SHC's absolute discretion. The rights of the LE Entities under this Agreement shall terminate and be of no further force and effect from and after the date on which any Stockholding Change not specifically approved in writing by SHC shall have occurred (it being understood that the LE Entities' obligations hereunder shall survive any such Stockholding Change and termination of the LE Entities' rights). SHC may freely assign its rights and obligations under this Agreement to any of its Affiliates without the prior consent of LE; provided that any such assignment will not relieve SHC of its obligations hereunder. This Agreement will be binding on, and will inure to the benefit of, the successors and assigns of the Parties.

Section 14.10. Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any SHC Indemnified Party or LE Indemnified Party in their respective

capacities as such and members of each party's Group, (a) the provisions of this Agreement are solely for the benefit of the parties hereto and are not intended to confer upon any Person except the parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any other Person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 14.11. Governing Law: Jurisdiction.

This Agreement (and all claims, controversies or causes of action, whether in contract, tort or otherwise, that may be based upon, arise out of or relate to this Agreement or the negotiation, execution, termination, performance or nonperformance of this Agreement (including any claim, controversy or cause of action based upon, arising out of or relating to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement)) shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois, without regard to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois. Each of the parties hereto irrevocably agrees that all proceedings arising out of or relating to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns shall be brought, heard and determined exclusively in any federal or state court sitting in Cook County, Illinois. Consistent with the preceding sentence, each of the parties hereto hereby (a) submits to the exclusive jurisdiction of any federal or state court sitting in Cook County, Illinois for the purpose of any proceeding arising out of or relating to this Agreement or the rights and obligations arising hereunder brought by any party hereto and (b) irrevocably waives, and agrees not to assert by way of motion, defense, counterclaim, or otherwise, in any such proceeding, any claim that it or its property is not subject personally to the jurisdiction of the above-named courts, that the proceeding is brought in an inconvenient forum, that the venue of the proceeding is improper, or that this Agreement, the Distribution or any of the other transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Each party agrees that service of process upon such party in any such action or Proceeding shall be effective if notice is given in accordance with Section 14.4.

Section 14.12. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 14.12.

Section 14.13. Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 14.14. Interpretation. In this Agreement:

- (a) “include,” “includes,” and “including” are inclusive and mean, respectively, “include without limitation,” “includes without limitation,” and “including without limitation,”
- (b) “or” is disjunctive but not necessarily exclusive,
- (c) “will” expresses an imperative, an obligation, and a requirement,
- (d) numbered “Section” references refer to sections of this Agreement unless otherwise specified,
- (e) section headings are for convenience only and will have no interpretive value,
- (f) unless otherwise indicated all references to a number of days will mean calendar (and not business) days and all references to months or years will mean calendar months or years,
- (g) references to \$ or Dollars will mean U.S. Dollars, and
- (h) hereof,” “herein” and “herewith” and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

Section 14.15. Fair Construction. This Agreement will be deemed to be the joint work product of the parties hereto without regard to the identity of the draftsperson, and any rule of construction that a document will be interpreted or construed against the drafting party will not be applicable.

Section 14.16. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The other party shall not oppose the granting of such relief. The parties hereto agree that the remedies at law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

Section 14.17. Good Faith. SHC and LE each will exercise Good Faith in the performance of its obligations under this Agreement.

Section 14.18. Force Majeure. Neither party will be responsible to the other for any delay in or failure of performance of its obligations under this Agreement to the extent such delay or failure is attributable to any act of God, act of terrorism, fire, accident, war, embargo or other governmental act, or riot; provided, however, that the party affected thereby gives the other party prompt written notice of the occurrence of any event which is likely to cause any delay or failure setting forth its best estimate of the length of any delay and any possibility that it will be unable to resume performance; provided, further, that said affected party will use its commercially reasonable efforts to expeditiously overcome the effects of that event and resume performance.

Section 14.19. Payment Terms.

(a) Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount to be paid or reimbursed by one party to the other under this Agreement shall be paid or reimbursed hereunder within fifteen (15) days after presentation of an invoice or a written demand therefor. Upon LE's request, SHC shall provide LE with reasonable documentation or other reasonable explanation supporting such amount to the extent such information is then readily available to SHC.

(b) Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within fifteen (15) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to the prime rate plus 2% (or the maximum legal rate, whichever is lower), calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

Section 14.20. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants, representations and warranties contained in this Agreement, and the Liabilities for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect.

Section 14.21. Condition Precedent to the Effectiveness of this Agreement. This Agreement will not become effective until it has been approved by the Audit Committee of the SHC Board.

Section 14.22. No Agency. Nothing in this Agreement shall or shall be construed to create or establish a relationship of agency, partnership, employer/employee or any other fiduciary relationship between any SHC Entity and any LE Entity, and it is the intent and desire of the parties hereto that the relationship be and be construed as that of independent contracting parties and not as agents, partners, joint venturers or a relationship of employer/employee.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SEARS HOLDINGS CORPORATION

By: _____
Name: [X]
Title: [X]

LANDS' END, INC.

By: _____
Name: [X]
Title: [X]

[Signature Page to Separation and Distribution Agreement]

Schedule A

LE Assets

All Assets relating, arising out of or attributable to the Actions listed on Schedule B under *Lands' End, Inc. v. City of Dodgeville*.

Schedule B

LE Liabilities

Lands' End, Inc. v. City of Dodgeville WI

Wisconsin Circuit Court - Iowa
County

Lands' End has filed a series of state court actions seeking refunds as a result of City of Dodgeville's property tax assessment for the main Lands' End facility for tax years 2005-2010, inclusive.

Schedule C

SHC Assets

Assets of SHC Promotions, LLC, including those related to SHC-Branded Gift Cards, but excluding assets related to LE-Branded Gift Cards sold after the Effective Time.

All Information relating to the Shop Your Way program and its members

All Assets relating, arising out of or attributable to the Actions listed on Schedule D, in each case with respect to actions or omissions occurring, or causes of action accrued, prior to the Effective Time.

Schedule D

SHC Litigation Matters

Sears v. Marsh & McLennan Companies, Inc. et al. and any Action in which any SHC Entity or LE Entity is a plaintiff that is filed after the Effective Time and relates to the subject matter thereof (for example, an Action commenced by any SHC Entity after such SHC Entity has opted out of a class action and determined to prosecute a claim outside of the class)	NJ	District of New Jersey	On behalf of Lands' End, SHC sued Marsh and Aon alleging fraud in connection with the defendants' practice of accepting contingent commissions procured through insurance bid-rigging.
In re Payment Card Interchange Fee and Merchant Discount Antitrust Litig. and any Action in which any SHC Entity or LE Entity is a plaintiff that is filed after the Effective Time and relates to the subject matter thereof (for example, an Action commenced by any SHC Entity after such SHC Entity has opted out of a class action and determined to prosecute a claim outside of the class)	NY	Eastern District of New York	On behalf of Lands' End, SHC opted out of a proposed settlement of a nationwide class action regarding credit and debit interchange fees. SHC has not yet filed a claim on behalf of Lands' End.

TRANSITION SERVICES AGREEMENT

Between

SEARS HOLDINGS MANAGEMENT CORPORATION

And

LANDS' END, INC.

, 2014

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TRANSITION SERVICES AGREEMENT

, 2014

This **Transition Services Agreement** (this “**Agreement**” or “**TSA**”) is between **Sears Holdings Management Corporation**, a Delaware corporation (“**SHMC**”), and **Lands’ End, Inc.**, a Delaware corporation (“**LE**”). SHMC and LE each are sometimes referred to as a “**Party**” and together sometimes are referred to as the “**Parties.**” Certain terms are defined where they are first used below, while others are defined in Appendix #1 (Glossary).

Terms and Conditions

For good and valuable consideration, the receipt of which SHMC and LE acknowledge, SHMC and LE agree as follows:

ARTICLE I SERVICES

1.01 **Transition Services to be Provided.** During the Service Period SHMC will provide to LE the transition services described on Appendix #2 (Transition Services) to the extent not prohibited by Applicable Law (together, the “**Services**”). “**Service Period**” means the period commencing 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 (the date on which the Effective Time occurs, the “**Effective Date**”) and continuing until 5:00 p.m. (Central Time) on the last day of the 12th full calendar month following the Effective Date. This Agreement will expire at 11:59 p.m. (Central Time) on the last day of the Service Period, automatically and without notice. Neither party has rights to renew or extend the Service Period. The calendar day that becomes the Effective Date will be inserted on Appendix #3 (Effective Date) after the Effective Date has occurred. Except as expressly stated on Appendix #2 (Transition Services), in the event of any conflict or inconsistency between this Agreement and Appendix #2, this Agreement will control. Unless otherwise agreed in writing by the Parties, the Services to be provided by SHMC under this Agreement are limited to those expressly stated herein. This Agreement, and the Services, Fees and Expenses hereunder, may only be modified by a written amendment which must be signed by both parties to be effective. LE acknowledges that modifications to this Agreement will require certain internal approvals by SHMC and therefore absent a signed written amendment; LE will not rely (and any such reliance would be unreasonable) upon any proposed amendment or course of dealing by the parties. If either Party identifies a service that was previously provided by SHMC that is not described in included in Appendix #2, it will notify the other party’s Contact Person (as provided for in Section 1.12), and the parties will work together to Good Faith to determine whether they wish to have such service added to this Agreement; any such addition will require a written amendment signed by both parties to be effective. The parties will include in such an amendment, if they agree to execute one, a description of the service, the Fees (if any), and allocation of expenses (if any) for such Service.

1.02 **Quantity and Nature of Service.** Except as otherwise provided in this Agreement, there will be no change in the scope or level of, or use by, LE of Services during the Service Period (including changes requiring the hiring or training of additional employees by SHMC) without the mutual written agreement of the Parties and adjustments, if any, to the charges for such Services. However, SHMC may make changes from time to time in the manner of performing Services (including changes to its, its Affiliates' and its Personnel's systems without LE's consent), whether the Services are provided by SHMC through its employees, through Vendors that are described on Appendix #2, or through shared contracts that are described in Appendix #5. Notwithstanding anything in this Agreement to the contrary, SHMC will not provide any legal services or legal advice to LE. LE is not entitled to rely on SHMC for legal advice or counsel, and any advisory communications given by SHMC to LE is not to be construed as legal advice. LE will not resell any Services, provide the Services to any joint-venture or non-wholly owned subsidiary, or otherwise use the Services in any way other than in connection with the conduct of LE's business as it is operated on the day before the Effective Date.

1.03 **Changes in the Services.** If LE desires to make changes in this Agreement to provide for different or additional Services (each a "**Service Change**") to be provided by SHMC, the parties shall comply with the following Service Change process:

(a) LE shall prepare a written proposal for the Service Change including a description of the services, deliverables, and schedule, in such detail as would be needed by an unaffiliated third party contractor to develop a competent price proposal for similar services. For special project work that is within the scope of services covered by an hourly or unit rate in Appendix #2, LE may use the hourly rate or unit rate stated in Appendix #2 in developing the proposal price.

(b) If SHMC is willing to consider the Service Change, SHMC will send to LE a response, including any changes to the services, deliverables, schedule and fees under this Agreement.

(c) All Service Change proposals and responses must be delivered by a Party's Contact Person to the other Party's Contact Person. If the Parties desire, each in their sole discretion, to move forward with the Service Change the Parties will negotiate a proposed amendment documenting the Service Change, after which each party will need to obtain all necessary internal approvals prior to signing the proposed amendment. In the absence of a signed amendment, the Parties must fulfill their obligations under this Agreement without regard to such proposed amendment.

1.04 **Transition Plan.** At least quarterly, and in the event of a Stockholding Change, at least monthly, throughout the Service Period, LE will provide SHMC with current information and reasonable assistance concerning LE's plans for transitioning the performance of all Services to LE or its designees prior to the completion of the Service Period. SHMC will provide LE with such information as is reasonably necessary to assist LE with such transition.

1.05 **Transition Services Shared Agreements.** In addition to those activities described in Appendix #2, the Services include SHMC allowing LE to continue to procure products and services under written contracts described in Appendix #5 (the “**Shared Agreements**”); provided that LE’s continued use of each Shared Agreement is contingent upon the Vendor in such agreement not objecting to such continued use. Furthermore, notwithstanding any other provision in this Agreement, SHMC has no liability to LE or its Representatives in connection with or resulting from the Vendor’s actions (or failures to act) under any Shared Agreement.

(a) SHMC shall, upon LE’s written request, provide reasonable administrative assistance to LE as requested by LE from time to time to assist LE in placing orders, reconciling and paying invoices directly with the Vendor under the Shared Agreements; it is not expected that SHMC will serve as LE’s order clerk or billing clerk for day-to-day transactions under the Shared Agreements. LE’s right to use the Shared Agreements will continue until the earlier of the following occurs: a) the loss of LE’s right to continue being served under the Shared Agreement by operation of its terms (e.g., expiration or termination, changes in LE’s eligibility for service, etc.) or b) expiration of the Service Period (except as notated for extended service in Appendix #5). SHMC and its Affiliates are not restricted in any way from terminating any Shared Agreements, in whole or in part, for cause or for convenience, nor from allowing any Shared Agreement or any part thereof to expire, nor from exercising or forgoing the exercise of any option to extend or renew the term of any Shared Agreement or any part thereof, nor from deciding in its sole discretion whether to negotiate for extension, renewal, or changes to any Shared Agreement or any part thereof. However, SHMC and its Affiliates will not extend any Shared Agreement that commits LE to procure goods or services from the Vendor without LE’s prior approval. SHMC is not obligated to revive or replace any terminated or expired Shared Agreement or portion thereof.

(b) LE will perform as and when due, each and every one of the obligations set forth in each Shared Agreement applicable to SHMC, to the same extent as if LE (rather than SHMC or its Affiliates, as applicable) were the party to such Shared Agreement. Without limiting the foregoing, LE shall take such actions as directed by SHMC to fulfill its obligations under the Shared Agreements. LE represents and warrants to SHMC that (a) it has the power, capacity and authority to execute and deliver this Agreement, and to perform its obligations hereunder and under the Shared Agreements, (b) the execution and delivery of this Agreement by it, and the performance by it of its obligations under this Agreement and the Shared Agreements does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which it or any of its affiliates is a party or by which any of them is bound, and (c) upon LE’s execution and delivery of this Agreement, this Agreement will be valid and binding on LE and enforceable in accordance with its terms.

1.06 **Standard of Care.** Except as otherwise set forth in this Agreement, SHMC does not assume any responsibility under this Agreement other than to render the Services in Good Faith and in compliance with all Applicable Laws, without willful misconduct or gross negligence. SHMC MAKES NO OTHER GUARANTEE, REPRESENTATION, OR WARRANTY OF ANY KIND (WHETHER EXPRESS OR IMPLIED) REGARDING ANY OF THE SERVICES PROVIDED HEREUNDER, AND EXPRESSLY DISCLAIMS ALL OTHER GUARANTEES, REPRESENTATIONS, AND WARRANTIES OF ANY NATURE WHATSOEVER, WHETHER STATUTORY, ORAL, WRITTEN, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTIES ARISING FROM COURSE

OF DEALING OR USAGE OF TRADE. SUBJECT TO THE OTHER PROVISIONS OF THIS AGREEMENT, SHMC WILL ONLY BE OBLIGATED TO PROVIDE SERVICES IN A MANNER CONSISTENT WITH PAST PRACTICE (INCLUDING PRIORITIZATION AMONG PROJECTS FOR SHMC, SHMC'S AFFILIATES, AND LE).

1.07 **Responsibility For Errors; Delays.** SHMC's sole responsibility to LE for errors or omissions in Services caused by SHMC will be to furnish correct information, payment or adjustment in the Services, and if such errors or omissions are solely or primarily caused by SHMC, SHMC will promptly furnish such corrections at no additional cost or expense to LE if LE promptly advises SHMC of such error or omission.

1.08 **Good Faith Cooperation; Alternatives.** SHMC and LE will use Good Faith efforts to cooperate with each other in all matters relating to the provision and receipt of the Services. If SHMC reasonably believes it is unable to provide any Service because of a failure to obtain Vendor consents or because of impracticability, SHMC will notify LE promptly after SHMC becomes aware of such fact and the Parties will cooperate to determine the best alternative approach. LE shall provide such reasonable advance notice and forecasts of Services as are requested by SHMC or its Vendor performing the Services from time to time.

1.09 **Use of Third Parties.** SHMC may use any Affiliate or any Vendor (including former Affiliates) to provide the Services, however SHMC will remain responsible at all times for the performance of Services by its Affiliate or any Vendor under this Agreement, except as stated in Section 1.06.

1.10 **Assets of LE.** During the Service Period, (i) SHMC and its Affiliates and Vendors may use, at no charge, all of the software and other assets, tangible and intangible, of LE (together, the "Assets") to the extent necessary to perform the Services (but for no other purpose), and (ii) LE will consult with SHMC prior to upgrading or replacing any of the Assets that are necessary for SHMC to provide the Services.

1.11 **Ownership of Data and Other Assets.** Neither Party will acquire under this Agreement any right, title or interest in any Asset that is owned or licensed by the other. All data provided by or on behalf of a Party to the other Party for the purpose of providing the Services will remain the property of the providing Party. To the extent the provision of any Service involves intellectual property, including software or patented or copyrighted material, or material constituting trade secrets, neither Party will copy, modify, reverse engineer, decompile or in any way alter any of such material, or otherwise use such material in a manner inconsistent with the terms and provisions of this Agreement, without the express written consent of the other Party. All specifications, tapes, software, programs, services, manuals, materials, and documentation developed or provided by SHMC, its Affiliate or Vendor, and utilized in performing this Agreement, will be and remain the property of SHMC, its Affiliate or Vendor, as the case may be, and may not be sold, transferred, disseminated, or conveyed by LE to any other entity or used other than in performance of this Agreement without the express written permission of SHMC.

1.12 **Contact Person.** Each Party will appoint a contact person (each, a "Contact Person") to facilitate communications and performance under this Agreement. The initial Contact Person of each Party is set forth on Appendix #4. Each Party will have the right at any time and from time to time to replace its Contact Person by written notice to the other Party.

1.13 **Kmart Bridgehampton.**

(a) **UTC.** This Section 1.13 shall be deemed a separate "Vendor Agreement" pursuant to the Universal Terms and Conditions (the "UTC" dated as of the Effective Date between LE and Sears, Roebuck and Co., a New York corporation ("Sears"), Kmart Corporation ("Kmart"), Sears Brands Management Holding Corporation. The UTC, including all documents incorporated into the UTC by reference, is incorporated into this Section 1.13 by reference and only applies to this Section 1.13. This Agreement will control over the UTC if the terms of this Agreement contradict or are inconsistent with the terms of the UTC. All capitalized terms used but not defined in this Section 1.13 will have the meaning ascribed to them in the UTC. SHMC is entering into this Section 1.13 as the agent of Kmart.

(b) **Service Period.** The Service Period for this Section 1.13 shall end on January 31, 2015.

(c) **Supply of Products for Kmart Bridgehampton Store.** LE will sell to Kmart, at LE's cost (i.e., the amount LE pays its vendor for such Products), all of the "Products" that LE provides for the LE Shops (as that term is defined in that certain Retail Operations Agreement between LE and Sears) for sale in the Kmart Store located at 2044 Montauk Hwy, Bridgehampton, NY (the "Kmart Store"). All such Products shall be deemed "Merchandise" under the UTC. LE will be responsible for maintaining inventory levels consistent with the parties' past practices and LE will be responsible for recommending the assortment of such Products; but Kmart is entitled to decide which Products it wants ordered on its behalf. The "F.O.B. Point" will be Kmart Store. Payment terms for Products shall be 60 days.

(d) **Royalty Payment.** Kmart shall pay LE a royalty of 4.5% of Net Sales of Products sold by Kmart during the prior month (the "Sales Royalty"). Kmart shall calculate the payments due under this Section on a monthly basis (the "Payment Period") and shall report them within 10 business days of the end of the month and pay such royalties as part of the weekly reconciliation under Section 2.02 (Payments). Costs incurred by Kmart in the sale or distribution of the Products have no effect on the calculation of Gross Sales or Net Sales. "Net Sales" means Gross Sales less all returns of Products; with no other deductions of any kind (including deductions for cash discounts, freight discounts, advertising discounts or uncollectable amounts). "Gross Sales" means the total amount of sales of Products with no deductions of any kind (including deductions for bad debts or uncollectable accounts). Gross Sales does not include separately invoiced freight and insurance charges and separately stated sales or VAT taxes collected at the time of sale.

(e) **LE Warranty.** In addition to Kmart's rights under the Agreement and the UTC, each Product will be covered by LE's customer warranty ("LE Warranty"). The LE Warranty will be identical to the warranty LE provides to its other customers on such Products.

ARTICLE II.
CHARGES AND PAYMENTS FOR SERVICES

2.01 Compensation.

(a) **Fees.** As consideration for the provision of Services, LE will pay SHMC fees for the Services specified on Appendix #2 (the “**Fees**”), payable in equal installments in advance as provided on Appendix #2. Upon termination of an individual Service, LE will pay a pro rata portion of the applicable Fee specified on Appendix #2, calculated based on the portion of the individual Service actually performed, or expense actually incurred, through the date SHMC performs the Service. If the Fees include charges for Services performed by a Vendor and the Vendor’s fees increase during the Service Period, then SHMC may pass through the increased charges as an increase in the Fees.

(b) **Expenses.** In addition to the Fees, LE will reimburse SHMC for all reasonable out-of-pocket expenses actually incurred in its performance of the Services that are not included in the Fees (“**Expenses**”). To the extent reasonably practicable, SHMC will provide LE with notice of such Expenses prior to incurring them. If directed by SHMC, LE will pay directly any or all Vendors providing Services to or for the benefit of LE.

2.02 Payments. LE will pay Fees in accordance with Section 2.01(a). Unless otherwise mutually agreed in writing, all amounts payable under this Agreement will be reconciled weekly and the Parties will after netting amounts due under the other Ancillary Agreements make payment (to the Party who is owned the net amount) by electronic transfer of immediately available funds to a bank account designated by such Party from time to time. Monthly installments will be included the first week’s reconciliation of each month. 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.

2.03 Taxes. Fees do not include applicable taxes. LE will be responsible for the payment of all taxes payable in connection with the Services including sales, use, excise, value-added, business, service, goods and services, consumption, withholding, and other similar taxes or duties, including taxes incurred on transactions between and among SHMC, its Affiliates, and Vendors, along with any related interest and penalties (“**Transaction Taxes**”). LE will reimburse SHMC for any deficiency relating to Transaction Taxes that are LE’s responsibility under this Agreement. Notwithstanding anything in this Section 2.03 to the contrary, each Party will be responsible for its own income and franchise taxes, employment taxes, and property taxes. The Parties will cooperate in Good Faith to minimize Transaction Taxes to the extent legally permissible. Each Party will provide to the other Party any resale exemption, multiple points of use certificates, treaty certification and other exemption information reasonably requested by the other Party.

**ARTICLE III.
TERMINATION**

3.01 **Termination of an Individual Service for Convenience by LE.** Subject to the next sentence, LE, upon 60 days' prior written notice to SHMC, may reduce or terminate for LE's convenience any individual Service at the end of a LE fiscal month. LE may not terminate an individual Service if the termination would adversely affect SHMC's ability to perform another Service. If LE's reduction or termination of a Service (including a Shared Agreement) results in charges to SHMC or its Affiliate during the Term of this Agreement by a Vendor (e.g., termination charges or loss of volume discounts), LE will reimburse SHMC for such charges.

3.02 **Termination of the Agreement.**

(a) Subject to the next sentence, LE or SHMC may terminate this Agreement in the event of a material breach of this Agreement by the other Party if the breach is curable by the breaching Party and the breaching Party fails to cure the breach within 30 days following its receipt of written notice of the breach from the non-breaching Party, or in the event of an assignment with respect to which SHMC has not consented in accordance with Section 6.06 (Assignment). If the breach is not curable by the breaching Party, the non-breaching Party may immediately terminate this Agreement following the non-breaching Party's delivery of notice to the breaching Party.

(b) LE's breach any of the Cross Default Agreements constitutes a breach by LE of this Agreement (which breach may only be cured, if at all, in accordance with the express provisions of the affected Cross Default Agreement). Furthermore, if LE wrongfully terminates a Cross Default Agreement or if LE's breach of a Cross Default Agreement results in the SHC Entity counterparty terminating that agreement; then SHMC may also terminate this Agreement for cause. SHMC's remedies under this Section 3.02 are in addition to and not in lieu of any and all other legal and equitable remedies available to SHMC upon LE's breach of this Agreement.

3.03 **Obligations on Termination.** Upon termination of this Agreement LE will return to SHMC, as soon as reasonably practicable, all equipment or other property of SHMC, whether owned, leased, or licensed, and LE will pay all outstanding Fees for Services rendered and Expenses incurred through the date this Agreement is terminated in accordance with its terms.

3.04 **Termination of an Individual Service by SHMC.** If an Affiliate of SHMC that provides a Service is unwilling or unable to provide the Service and: (i) the Affiliate of SHMC does not provide a similar service to SHMC or its other Affiliates on terms that are comparable to the terms of this Agreement, and (ii) SHMC is unable to retain a replacement Vendor to provide the Service on terms that are comparable to the terms of this Agreement, SHMC, upon providing 90-days' prior written notice to LE, may terminate the Service, but the termination of the Service will have no effect upon the provision of the other Services to LE. If an Affiliate or Vendor that provides a Service is unwilling or unable to allow LE to use the Service under the existing (or comparable) terms, and SHMC is unable to retain a replacement Vendor to provide the Service on terms that are comparable to the terms of this

Agreement, SHMC, upon providing 90-days' prior written notice to LE, may terminate the Service, but the termination will have no effect upon the provision of the other Services to LE. If SHMC is unable to give LE 90-days' prior written notice to LE due to a Vendor's refusal to allow LE to use the Service for 90 days, then SHMC will provide as much notice as possible.

ARTICLE IV. CONFIDENTIALITY

4.01 **Confidential Information.** "Confidential Information" means all information, whether disclosed in oral, written, visual, electronic or other form, that (i) one Party (the "**Disclosing Party**"), its Affiliates or its Personnel discloses to the other Party (the "**Receiving Party**"), its Affiliates or its Personnel, (ii) relates to or is disclosed in connection with this Agreement or a Party's or a Party's Affiliate's business, and (iii) is or reasonably should be understood by the Receiving Party to be confidential or proprietary to the Disclosing Party (whether or not such information is marked "Confidential" or "Proprietary"). The Disclosing Party's sales, pricing, costs, inventory, operations, employees, current and potential customers, financial performance and forecasts, and business plans, strategies, forecasts and analyses, as well as information as to which the Securities and Exchange Commission has granted confidential treatment pursuant to its Rule 406 of Regulation C (the "**CTR Information**"), are Confidential Information.

4.02 **Treatment of Confidential Information.** The Receiving Party will use Confidential Information only in connection with this Agreement and, except as expressly permitted by this Agreement and subject to the next sentence, will not disclose any Confidential Information for three years from the date of receipt of the Confidential Information. Neither Party will disclose the CTR Information for a period of ten years from the date or receipt.

(a) **Limitations.** The Receiving Party will (A) restrict disclosure of the Confidential Information to its and its Affiliates' Personnel with a need to know the Confidential Information for purposes of performing the Receiving Party's responsibilities or exercising the Receiving Party's rights under this Agreement, (B) advise those Personnel of the obligation not to disclose the Confidential Information or use the Confidential Information in a manner prohibited by this Agreement, (C) copy the Confidential Information only as necessary for those Personnel who need it for performing the Receiving Party's responsibilities under this Agreement, and ensure that confidentiality is maintained in the copying process; and (D) protect the Confidential Information, and require those Personnel to protect it, using the same degree of care as the Receiving Party uses with its own Confidential Information, but no less than reasonable care.

(b) **Liability for Unauthorized Use.** The Receiving Party will be liable to the Disclosing Party for any unauthorized disclosure or use of Confidential Information in violation of this Agreement by its Affiliates and any of its and its Affiliates' current or former Personnel.

(c) **Destruction.** Without limiting the foregoing, when any Confidential Information is no longer needed for the purposes contemplated by this Agreement the Receiving Party will, promptly after request of the Disclosing Party, either return such Confidential Information in tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party that it has destroyed such Confidential Information (other than electronic copies residing in automatic backup systems and copies retained to the extent required by Applicable Law, regulation or a bona fide document retention policy).

4.03 **Exceptions to Confidential Treatment.** The obligations under this Section 4.03 do not apply to any Confidential Information that the Receiving Party can demonstrate (A) was previously known to the Receiving Party without any obligation owed to the Disclosing Party or its Affiliates to hold it in confidence, (B) is disclosed to third parties by the Disclosing Party or its Affiliates without an obligation of confidentiality to the Disclosing Party or its Affiliate, as applicable, (C) is or becomes available to any member of the public other than by unauthorized disclosure by the Receiving Party, its Affiliates or its or their Personnel, (D) was or is independently developed by the Receiving Party or its Affiliates or Personnel without use of the Confidential Information, (E) legal counsel's advice is that the Confidential Information is required to be disclosed by Applicable Law or the rules and regulations of any applicable Governmental Authority and the Receiving Party has complied with Section 4.04 (Protective Arrangement) below, or (F) legal counsel's advice is that the Confidential Information is required to be disclosed in response to a valid subpoena or order of a court or other governmental body of competent jurisdiction or other valid legal process and the Receiving Party has complied with Section 4.04 (Protective Arrangement) below.

4.04 **Protective Arrangement.** If the Receiving Party determines that the exceptions under Section 4.03(E) or Section 4.03(F) apply, the Receiving Party shall give the Disclosing Party, to the extent legally permitted and reasonably practicable, prompt prior notice of such disclosure and an opportunity to contest such disclosure and shall use commercially reasonable efforts to cooperate, at the expense of the Receiving Party, in seeking any reasonable protective arrangements requested by the Disclosing Party. In the event that such appropriate protective order or other remedy is not obtained, the Receiving Party may furnish, or cause to be furnished, only that portion of such Confidential Information that the Receiving Party is advised by legal counsel is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Confidential Information.

4.05 **Ownership of Information.** Except as otherwise provided in this Agreement, all Confidential Information provided by or on behalf of a Party (or its Affiliates) that is provided to the other Party or its Personnel shall remain the property of the disclosing entity and nothing herein shall be construed as granting or conferring rights of license or otherwise in any such Confidential Information.

**ARTICLE V.
INDEMNIFICATION; LIMITATION OF LIABILITY**

5.01 **Indemnification by LE.** LE will defend, indemnify, and hold harmless SHMC and its Affiliates and their respective Representatives from and against any and all costs, liabilities, losses, penalties, expenses and damages (including reasonable attorneys' fees) of every kind and nature arising from third-party claims, demands, litigation, and suits related to or arising out of: (i) the Shared Agreements, including LE Personnel's actions and failure or act in connection therewith (collectively, "**Shared Agreement Claims**"), and (ii) this Agreement (together with the Shared Agreement Claims, "**LE Claims**"), except to the extent that such LE Claims are found by a final judgment or opinion of an arbitrator or a court of appropriate jurisdiction to be caused by: (i) a breach of any provision of this Agreement by SHMC; or (ii) any negligent act or omission, or willful misconduct of SHMC, its Affiliates, or their respective Representatives in performance of this Agreement. Without limiting the foregoing in any way, SHMC may, at its sole option, cost and expense, take control of any Shared Agreement Claim including, without limitation, the right to engage counsel of its own choice and to defend, prosecute compromise and settle any Shared Agreement Claim.

5.02 **Indemnification by SHMC.** SHMC will defend, indemnify, and hold harmless LE and its Affiliates, and their respective Representatives from and against any and all costs, liabilities, losses, penalties, expenses and damages (including reasonable attorneys' fees) of every kind and nature arising from third-party claims, demands, litigation, and suits, that: (i) relate to bodily injury or death of any person or damage to real and/or tangible personal property directly caused by the negligence or willful misconduct of SHMC or its Affiliates during the performance of the Services, or (ii) relate to the intentional infringement of any copyright or trade secret by an Asset owned by SHMC or its Affiliates and used by SHMC in the performance of the Services (together, "**SHMC Claims**"). Notwithstanding the obligations set forth above in this Section 5.02, SHMC will not defend or indemnify LE, its Affiliates, or their respective Representatives to the extent that such SHMC Claims are found by a final judgment or opinion of an arbitrator or a court of appropriate jurisdiction to be caused by: (a) a breach of any provision of this Agreement by LE; (b) any negligent act or omission, or willful misconduct of LE, its Affiliates, or their respective Representatives in performance of this Agreement; or (c) with respect to infringement claims: (I) LE's use of the Asset in combination with any product or information not provided by SHMC; (II) LE's distribution, marketing or use for the benefit of third parties of the Asset; (III) LE's use of the Asset other than as contemplated by this Agreement; or (IV) information, direction, specification or materials provided by or on behalf of LE. LE Claims and SHMC Claims are each individually referred to as a "**Claim.**"

5.03 **Procedure.** In the event of a Claim, the indemnified Party will give the indemnifying Party prompt notice in writing of the Claim; but the failure to provide such notice will not release the indemnifying Party from any of its obligations under this Article except to the extent the indemnifying Party is materially prejudiced by such failure. Upon receipt of such notice the indemnifying Party will assume and will be entitled to control the defense of the Claim at its expense and through counsel of its choice, and will give notice of its intention to do so to the indemnified Party within 20 business days of the receipt of such notice from the indemnified Party. The indemnifying Party will not, without the prior written consent of the indemnified Party, (i) settle or compromise any Claim or consent to the entry of any judgment that does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the indemnified Party of a written release from all liability in respect of the Claim or (ii) settle or compromise any Claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments that are indemnified hereunder. The indemnified Party will have the right at its own cost and expense to employ separate counsel and participate in the defense of any Claim.

5.04 **Joint Claims.** If any third-party claim, demand, litigation, or suit involves allegations for which both Parties may assert claims for defense and indemnity from each other under this Agreement (“**Mixed Claims**”); then LE shall defend both Parties and their Representatives from such Mixed Claims at LE’s sole reasonable expense, provided that SHMC may, upon written notice to LE, take control of the defense of such Mixed Claims.

5.05 **Independent Obligation.** The obligations of each Party to defend, indemnify and hold harmless, the other Parties’ Indemnified Parties under this Section are independent of each other and any other obligation of the Parties under this Agreement.

5.06 **Limitation of Liability.** EXCEPT FOR (I) EACH PARTY’S INDEMNITY AND DEFENSE OBLIGATIONS AS SET FORTH IN SECTIONS 5.01, 5.02, AND 5.03 AND OTHER LIABILITIES TO UNAFFILIATED THIRD PARTIES, (II) A PARTY’S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS, AND (III) BREACH OF SECTION 1.11 (OWNERSHIP OF DATA AND OTHER ASSETS), IN NO EVENT WILL EITHER PARTY, NOR ITS AFFILIATES, CONTRACTORS OR AGENTS BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES, LOSSES OR EXPENSES (INCLUDING BUSINESS INTERRUPTION, LOST BUSINESS, LOST PROFITS, LOST DATA, LOST SAVINGS, DAMAGES TO SOFTWARE OR FIRMWARE, OR COST OF PROCURING OR TRANSITIONING TO SUBSTITUTE SERVICES), REGARDLESS OF THE LEGAL THEORY UNDER WHICH SUCH LIABILITY IS ASSERTED, AND REGARDLESS OF WHETHER A PARTY HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH LIABILITY. THE SOLE LIABILITY OF SHMC AND ITS AFFILIATES FOR ERRORS AND OMISSIONS IN THE SERVICES ARE LIMITED AS PROVIDED FOR IN SECTION 1.07 ABOVE, AND FOR ALL OTHER CLAIMS IN ANY MANNER RELATED TO THIS AGREEMENT ARE LIMITED TO THE PAYMENT OF DIRECT DAMAGES, NOT TO EXCEED (FOR ALL CLAIMS IN THE AGGREGATE) THE FEES RECEIVED BY SHMC UNDER THIS AGREEMENT DURING THE SIX MONTHS PRECEDING THE DATE SUCH CLAIM AROSE. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, SHMC WILL NOT BE LIABLE FOR DAMAGES CAUSED BY SHMC’S VENDORS; HOWEVER, TO THE EXTENT PERMITTED IN A VENDOR AGREEMENT, SHMC WILL PASS THROUGH TO LE APPLICABLE RIGHTS AND REMEDIES UNDER THE RESPECTIVE VENDOR AGREEMENT.

ARTICLE VI. MISCELLANEOUS

6.01 **Expenses.** In addition to the fees state herein, unless otherwise expressly stated herein, LE will reimburse SHMC for all other reasonable out-of-pocket expenses actually incurred in its performance of the Services (“**Expenses**”). To the extent reasonably practicable, SHMC will provide LE with notice of such Expenses prior to incurring them. If directed by SHMC, LE will pay directly any or all Vendors providing Services to or for the benefit of LE. The cost of all third-party Personnel used to perform the Services hereunder will be reimbursed by LE on a cost plus five percent (5%) basis. Except as otherwise provided for in this Agreement, each Party will bear its own expenses with respect to the transactions contemplated by this Agreement.

6.02 **Vendor Agreements.** The Parties anticipate that SHMC will be relying upon its and its Affiliates existing agreements with third parties (including the Shared Agreements) to provide certain of the Services described herein (“**Vendor Agreements**”) and that the Parties have assumed that SHMC’s and/or its Affiliates’ Vendor under each Vendor Agreement will permit SHMC and/or its Affiliates to procure goods, services and/or license software, as applicable under such Vendor Agreement, on behalf of LE, at no additional cost, as if LE were an affiliate of SHMC and/or its Affiliates under such Vendor Agreement, and will permit LE to procure such goods, services and/or licensed software directly from the Vendor, in the case of Shared Agreements. If: (a) SHMC’s or its Affiliates’ costs, fees, or expenses increase under the terms of such Vendor Agreements, or (b) the Vendor demands or is entitled to additional costs, fees, or expenses now or in the future, as a result of LE receiving benefits under such Agreement, then, in addition to all other amounts due hereunder, LE shall be liable for its proportionate share of all increased amounts under subsection (a) and all of the increased amounts under subsection (b), in each case as such amounts are determined by SHMC in Good Faith. SHMC will notify LE once it learns of any increased amounts due under the immediately foregoing sentence, and will work with the Vendor to try to mitigate such cost increase. To the extent any such Vendor Agreement includes early termination fees (or similar charges, “**Termination Fees**”), LE will be solely responsible for any such Termination Fees SHMC or its Affiliates incur as a result of the Separation of LE and/or LE ceasing to use the Services under this Agreement.

6.03 **Computer Access.** If either Party, its Affiliates or its Personnel are given access, whether on-site or through remote facilities, to any communications, computer, or electronic data storage systems of the other Party, its Affiliates or its Personnel (each an “**Electronic Resource**”), in connection with this Agreement, then the Party on behalf of whom such access is given will ensure that its Personnel’s use of such access shall be solely limited to performance or exercise of, such Party’s duties and rights under this Agreement, and that such Personnel will not attempt to access any Electronic Resource other than those specifically required for the performance of such duties and/or exercise of such rights. The Party given access will limit such access to those of its and its Affiliates’ Personnel who need to have such access in connection with this Agreement, will advise the other Party in writing of the name of each of such Personnel who will be granted such access, and will strictly follow all security rules and procedures for use of such Electronic Resources. All user identification numbers and passwords disclosed to a Party’s Personnel and any information obtained by such Party’s Personnel as a result of its access to, and use of the other Party’s, its Affiliates’ or its Personnel’s Electronic Resources will be deemed to be, and will be treated as, Confidential Information of the Party on behalf of whom such access is granted. Each Party will reasonably cooperate with the other Party in the investigation of any apparent unauthorized access by the other Party, its Affiliates, or its Personnel to any Electronic Resources or unauthorized release of Confidential Information. Each Party will promptly notify the other Party of any actual or suspected unauthorized access or disclosure of any Electronic Resource of the other Party, its Affiliates, or its Personnel.

6.04 **Amendment; No Waiver.** The terms, covenants and conditions of this Agreement may be amended, modified or waived only by a written instrument signed by both Parties, or in the event of a waiver, by the Party waiving such compliance. Any Party's failure at any time to require performance of any provision will not affect that Party's right to enforce that or any other provision at a later date. No waiver of any condition or breach of any provision, term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances will be deemed to be or construed as a further or continuing waiver of that or any other condition or of the breach of that or another provision, term or covenant of this Agreement.

6.05 **Assignment.** LE may not assign its rights or obligations under this Agreement without the prior written consent of SHMC, which consent may be withheld in SHMC's absolute discretion. A Stockholding Change will constitute an assignment of this Agreement by LE for which assignment SHMC's prior written consent will be required. SHMC may freely assign its rights and obligations under this Agreement to any of its Affiliates without the prior consent of LE; provided that any such assignment will not relieve SHMC of its obligations and liabilities hereunder. This Agreement will be binding on, and will inure to the benefit of, the permitted successors and assigns of the Parties.

6.06 **Notices.** All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement must be in writing and will be deemed to have been duly given (i) when delivered by hand, (ii) three (3) Business Days after it is mailed, certified or registered mail, return receipt requested, with postage prepaid, (iii) on the same Business Day when sent by facsimile or electronic mail (return receipt requested) if the transmission is completed before 5:00 p.m. recipient's time, or one (1) Business Day after the facsimile or email is sent, if the transmission is completed on or after 5:00 p.m. recipient's time or (iv) one (1) Business Day after it is sent by Express Mail, Federal Express or other courier service specifying same day or next day delivery, as follows (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.07):

If to SHMC, to: Sears Holdings Management Corporation
3333 Beverly Road
Hoffman Estates, Illinois 60179
Attn.: Larry Meerschaert
Facsimile: (847) 286-4908
Email: Larry.Meerschaert@searshc.com

With a copy to: Sears Holdings Corporation
3333 Beverly Road
Hoffman Estates, Illinois 60179
Attn.: General Counsel
Facsimile: (847) 286-2471
Email: Dane.Drobny@searshc.com

If to LE, to: Lands' End, Inc.
5 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn.: Brian Leek
Facsimile: (608) 935-4470
Email: Brian.Leek@landsend.com

With a copy to: Lands' End
5 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn.: General Counsel
Facsimile: 608-935-6550
Email: Karl.Dahlen@landsend.com

6.07 **Publicity.** All publicity regarding this Agreement is subject to [Section 14.5](#) (Public Announcements) of the Separation Agreement.

6.08 **Survival.** Each term of this Agreement that would, by its nature, survive the termination or expiration of this Agreement will so survive, including the obligation of either Party to pay all amounts accrued hereunder and including the provisions of [Section 1.05](#) (Transition Services Shared Agreements), [Section 1.11](#) (Ownership of Data and Other Assets), [Article IV](#) (Confidentiality), [Article V](#) (Indemnification; Limitation of Liability), [Section 6.04](#) (Computer Access), [Section 6.08](#) (Publicity), [Section 6.13](#) (Equitable Relief), [Section 6.15](#) (Fair Construction), [Section 6.16](#) (No Agency), [Section 6.17](#) (Construction and Interpretation), [Section 6.19](#) (Dispute Resolution), and [Section 6.20](#) (Governing Law; Jurisdiction).

6.09 **No Third Party Rights.** Except for the indemnification rights under this Agreement of any SHMC or LE indemnitee in their respective capacities as such, this Agreement is intended to be solely for the benefit of the Parties and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the Parties.

6.10 **Severability.** If any provision of this Agreement is declared by any court of competent jurisdiction to be illegal, invalid, void or unenforceable, such provision will (to the extent permitted under Applicable Law) be construed by modifying or limiting it so as to be legal, valid and enforceable to the maximum extent compatible with Applicable Law, and all other provisions of this Agreement will not be affected and will remain in full force and effect.

6.11 **Entire Agreement.** This Agreement (including the Exhibits, Appendixes and Schedules hereto) constitutes the entire agreement between the Parties hereto and supersedes all prior agreements and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof.

6.12 **Equitable Relief.** Each Party acknowledges that any breach by a Party of [Section 4](#) (Confidential Information), [Section 1.11](#) (Ownership of Data and Other Assets) and [Section 6.04](#) (Computer Access) of this Agreement may cause the non-breaching Party and its Affiliates irreparable harm for which the non-breaching Party and its Affiliates have no adequate remedies at law. Accordingly, in the event of any actual or threatened default in, or

breach of the foregoing provisions, each Party and its Affiliates are entitled to seek equitable relief, including specific performance, and injunctive relief; in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. A Party seeking such equitable relief is not obligated to comply with Section 6.19 (Dispute Resolution) and may seek such relief regardless of any cure rights for such actual or threatened breach. Each Party waives all claims for damages by reason of the wrongful issuance of an injunction and acknowledges that its only remedy in that case is the dissolution of that injunction. Any requirements for the securing or posting of any bond with such remedy are waived.

6.13 **Force Majeure.** Neither Party will be responsible to the other for any delay in or failure of performance of its obligations under this Agreement, to the extent such delay or failure is attributable to any act of God, act of terrorism, fire, accident, war, embargo or other governmental act, or riot; provided, however, that the Party affected thereby gives the other Party prompt written notice of the occurrence of any event which is likely to cause (or has caused) any delay or failure setting forth its best estimate of the length of any delay and any possibility that it will be unable to resume performance; provided, further, that said affected Party will use its commercially reasonable efforts to expeditiously overcome the effects of that event and resume performance.

6.14 **Fair Construction.** This Agreement will be deemed to be the joint work product of the Parties without regard to the identity of the draftsman, and any rule of construction that a document will be interpreted or construed against the drafting Party will not be applicable.

6.15 **No Agency.** Nothing in this Agreement creates a relationship of agency, partnership, or employer/employee between SHMC and LE and it is the intent and desire of the Parties that the relationship be and be construed as that of independent contracting parties and not as agents, partners, joint venturers or a relationship of employer/employee.

6.16 **Construction and Interpretation.** In this Agreement (1) “include,” “includes,” and “including” are inclusive and mean, respectively, “include without limitation,” “includes without limitation,” and “including without limitation,” (2) “or” is disjunctive but not necessarily exclusive, (3) “will” and “shall” expresses an imperative, an obligation, and a requirement, (4) numbered “Section” references refer to sections of this Agreement unless otherwise specified, (5) section headings are for convenience only and will have no interpretive value, (6) unless otherwise indicated all references to a number of days mean calendar (and not business) days and all references to months or years mean calendar months or years, (7) references to \$ or Dollars mean U.S. Dollars, and (8) “hereof,” “herein” and “herewith” and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

6.17 **Condition Precedent to the Effectiveness of this Agreement.** This Agreement will not become effective until it has been approved by the Audit Committee of the SHC Board.

6.18 **Dispute Resolution.** Except as provided for in Section 6.13 (Equitable Relief), all Disputes related to this Agreement are subject to Article XI (Dispute Resolution) of the Separation Agreement.

6.19 **Governing Law; Jurisdiction.** (a) **Governing Law.** This Agreement and all claims, controversies or causes of action, whether in contract, tort or otherwise, that may be based upon, arise out of or relate to this Agreement or the negotiation, execution, termination, performance or nonperformance of this Agreement (including any claim, controversy or cause of action based upon, arising out of or relating to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement) shall be governed by, and construed and enforced in accordance with, the federal laws of the United States, including the Lanham Act, and the internal laws of the State of Illinois, without regard to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois. This Agreement will not be subject to any of the provisions of the United Nations Convention on Contracts for the International Sale of Goods.

(b) **Jurisdiction.** Each of the Parties hereto irrevocably agrees that all proceedings arising out of or relating to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other Party hereto or its successors or assigns shall be brought, heard and determined exclusively in any federal or state court sitting in Cook County, Illinois. Consistent with the preceding sentence, each of the Parties hereto hereby (a) submits to the exclusive jurisdiction of any federal or state court sitting in Cook County, Illinois for the purpose of any proceeding arising out of or relating to this Agreement or the rights and obligations arising hereunder brought by any Party hereto and (b) irrevocably waives, and agrees not to assert by way of motion, defense, counterclaim, or otherwise, in any such proceeding, any claim that it or its property is not subject personally to the jurisdiction of the above-named courts, that the proceeding is brought in an inconvenient forum, that the venue of the proceeding is improper, or that this Agreement or any of the other transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Each Party agrees that service of process upon such party in any such action or Proceeding shall be effective if notice is given in accordance with Section 6.07 (Notices).

(c) **Waiver of Jury Trial.** EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 6.20(c).

6.20 **Counterparts.** This Agreement may be executed and delivered (including by facsimile or other electronic transmission (e.g., .pdf file) in counterparts, and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement effective as of the Effective Date.

LANDS' END, INC.

By: _____
Name: _____
Its: Chief Executive Officer

SEARS HOLDINGS MANAGEMENT CORPORATION

By: _____
Name: _____
Its: _____

For purposes of Section 1.13 only:

**SEARS HOLDINGS MANAGEMENT CORPORATION, AS AGENT FOR
KMART CORPORATION**

By: _____
Name: _____
Its: _____

:

Appendix #1

GLOSSARY

Definitions. The following defined terms will have the meaning ascribed to them below. Other terms are defined in the body of this Agreement. All defined terms include the singular and the plural form of such terms.

(a) “**Affiliate**” means (solely for purposes of this Agreement and for no other purpose) (i) with respect to LE, its Subsidiaries, and (ii) with respect to SHMC SHC and its Subsidiaries; provided, however, that except where the context indicates otherwise, for purposes of this Agreement, from and after the Effective Time (1) no SHC Entity shall be deemed to be an Affiliate of any LE Entity and (2) no LE Entity shall be deemed to be an Affiliate of any SHC Entity.

(b) “**Ancillary Agreements**” has the meaning ascribed to it in the Separation Agreement.

(c) “**Applicable Law**” means all applicable common law, laws, ordinances, regulations, rules, and court and administrative orders and decrees of all national, regional, state, local and other governmental units that have jurisdiction in the given circumstances.

(d) “**Business Day**” means any day that is not a Saturday, a Sunday or any other day on which banks are required or authorized by Applicable Law to be closed in New York, New York.

(e) “**Competitor**” has the meaning ascribed to it in the Separation Agreement.

(f) “**Competitor Affiliates**” has the meaning ascribed to it in the Separation Agreement.

(g) “**Cross Default Agreements**” means the Ancillary Agreements except the Co-Location and Services Agreement.

(h) “**Dispute**” has the meaning ascribed to it in the Separation Agreement.

(i) “**Good Faith**” means honesty in fact and the observance of reasonable commercial standards of fair dealing in accordance with Applicable Law.

(j) “**LE Entities**” has the meaning ascribed to it in the Separation Agreement.

(k) “**Personnel**” means the officers, directors, employees, agents, suppliers, licensors, licensees, contractors, subcontractors, advisors (including attorneys, accountants, technical consultants or investment bankers) and other representatives, from time to time, of a Party and its Affiliates; provided that the Personnel of the LE Entities shall not be deemed Personnel of the SHC Entities and the Personnel of the SHC Entities shall not be deemed Personnel of the LE Entities.

(l) “**SHC**” means Sears Holdings Corporation.

(m) “**SHC Entities**” has the meaning ascribed to it in the Separation Agreement.

(n) “**Subsidiaries**” has the meaning ascribed to it in the Separation Agreement.

-
- (o) “**Representatives**” means Personnel, partners, shareholders, and members.
 - (p) “**SHC Board**” has the meaning ascribed to it in the Separation Agreement.
 - (q) “**Stockholding Change**” has the meaning ascribed to it in the Separation Agreement.
 - (r) “**Vendor**” means any third party provider contracted by SHMC or its Affiliates or, in the case of “Shared Agreements”, by LE.

Appendix #2

Transition Services

<u>Service or Business Area</u>	<u>Services</u>	<u>Fees</u>
Tax (Excludes Property Tax and Payroll Tax)	<u>Fixed Fee Tax Services</u>	<u>Fixed Fee Tax Services – Annual Fee</u>
	<ol style="list-style-type: none">1. Federal income tax<ol style="list-style-type: none">a. Prepare and coordinate filing returnb. Prepare estimated tax and extension filingsc. Prepare LIFO tax calculationsd. Prepare supporting workpaperse. Prepare tax electionsf. Foreign tax credit calculations/Form 5471 preparation2. State income tax<ol style="list-style-type: none">a. Prepare and coordinate filing returnsb. Prepare estimated tax and extension filingsc. Prepare supporting workpapersd. Prepare tax allocations for periods when part of SHC unitary returns3. Financial Accounting<ol style="list-style-type: none">a. Quarterly tax provision, effective tax rate calculations, tax accounting journal entry supportb. Analysis of uncertain tax positions and quarterly tax reserve calculations and journal entry support (if necessary)c. Tax footnote disclosures for Form 10-K and Form 10-Qsd. Return-to-accrual calculations and necessary journal entry support4. Sales and use tax<ol style="list-style-type: none">a. Prepare and coordinate filing returnsb. Maintain tax tables in POS system (if continue to use Sears POS system)5. Business license filings (state and local, not including state registrations of business name or LE entity)6. Gross receipts tax filings and accrual estimates7. Annual report/franchise tax filings	<p>Estimated tax (1b, 2b) \$36,000 Other FIT (1a, c-f) \$56,250 Other SIT (2a, c-d) \$31,500 Fin Accting (3a-d) \$57,000 Other (4-7) \$146,440</p>
	<u>Per-Hour Tax Services</u>	<u>Per-Hour Tax Services</u>
	<ol style="list-style-type: none">1. Audit support2. Preparation of accounting method changes3. \$10,000 cash receipts reporting (when necessary; based on information provided by business)4. Federal excise tax return (if applicable)5. Maintain tax tables in POS system (if new POS system implemented)6. Register new locations for sales tax and business licenses	<p>\$150/hour</p>

Service or Business Area	Services	Fees
	7. IT/POS support for sales tax reporting 8. Transition tax functions from SHMC to LE	<u>Service Cost Increases</u>
	<u>Lands' End Responsibilities</u>	If SHMC's cost of service increase due to change in business or legal requirements, the fees herein will be equitably adjusted to reflect increase in SHMC costs to provide Services (if any).
	Anything not listed above as under the Fixed Fee or Per-Hour Tax Services headings, including:	
	1. Foreign tax compliance/audits 2. Tax legal services 3. Tax software licenses (e.g., income tax reporting, sales tax) Use of software applications other than those used by SHMC may result in an increase in SHMC's fees relating to those services. 4. Providing data necessary to report any available employment-related tax credits (e.g., WOTC) either directly or through a third party	<u>Out-of-Pocket Costs</u>
		Travel, and other expenses and third party fees charged-through at cost.
COMPLIANCE		
Corporate Compliance	Provide the services of SHMC's Ethics Hotline vendor for call answering and case management for LE's Ethics Hotline.	\$10,000 per year.
Global Compliance	Social compliance auditing of the factories producing merchandise for Lands' End to ensure compliance with local law, Lands' End policies with respect to issues such as child labor, wages, hours, benefits, pay, discrimination, harassment, environmental, health and safety.	\$25,000 per year
	Social compliance audits services include:	
	<ul style="list-style-type: none"> -Identify the audit cycle for each LE factory -Invoice and collect payment for the audit before it is conducted -Conduct regular audits according to the GC audit schedule -Conduct supplemental audits as may be requested LE for follow up on compliance issues -Send audit results to the vendor, factory, and LE after each audit -Record the corrective action plan submitted by the vendor -Discuss audit results with vendor/factory when requested by LE 	
	Additional services would include:	
	<ul style="list-style-type: none"> -Use of the database for registration of LE vendors and factories -Registration of the vendors/factories with LE brand for Sears. -Managing a program to determining whether and when a LE factory may have basis for exemption from auditing -Coverage under the Worker Safety programs -Database reporting -Live training services provided to LE vendors/factories on LE social compliance standards -Prepare content for LE policy manuals -Perform database research on LE factories when required to respond to media inquiries 	

Service or Business Area	Services	Fees
LOGISTICS & DISTRIBUTION		
Transportation	<u>Customer Direct Transportation</u>	
	<ul style="list-style-type: none"> • Direct-to-customer shipping services under SLS's master agreement with Parcel Delivery Carrier • Returns pickup services from LE customers under SLS's agreement with Customer Returns Carrier 	At SLS's cost. Annual volume rebates earned will be shared with LE as prior to Separation.
INVENTORY MANAGEMENT		
Vendor Management		
	Vendor On-Boarding Support	\$1,100 per year, payable in monthly installments
	Financial Planning business support and technical support	\$1,500 per year, payable in monthly installments
IT SERVICES		
Software and Data Services		
	<ul style="list-style-type: none"> • LE Subscription and Support (S&S) for existing non-operating system software • LE new software purchases and 37 months of S&S 	\$631,741.04 (plus tax) per year, payable in monthly installments
	Mainframe License Charge (MLC): Currently paid through 11/30/14	\$133,501/mo. (plus tax)
	<ul style="list-style-type: none"> • These monthly charges cover LE's mainframe capacity usage 	Subject to increase or decrease based on actual mainframe capacity usage.
	Software Maintenance Services continue through 9/30/15	\$65,651.59 (plus tax)
	<ul style="list-style-type: none"> • These charges are for software maintenance on operating system products. 	per year, payable in monthly installments

Appendix #3

EFFECTIVE DATE

Appendix #4

CONTACT PERSONS

For Lands' End:

Brian Leek

Brian.Leek@landsend.com

Fax: (608) 935-4470

For Sears Holdings Management Corp.:

Larry Meerschaert

Larry.Meerschaert@searshc.com

Fax: (847) 286-4908

Appendix #5

SHARED AGREEMENTS

SHMC's current agreements to be extended to LE for performance of the following described services:

<u>Contract</u>	<u>Current Contract End Date</u>	<u>Contract will continue to be made available to LE for use beyond the TSA Service Period?</u>
Contract for small package customer delivery	3/28/2015, plus renewals	Yes
Contract for customer returns parcel pickup and transportation	10/21/2016	No
Contract for Software licensing and maintenance (operating system and non-operating system); mainframe data processing capacity and usage	9/30/2015; 10/31/2015	Yes
Contract for software licensing and maintenance services; business software for a wide range of applications and database products	12/21/2015	No
Contract for employee travel – car rental	1/31/2015	No
Contract for customer large item delivery service	7/31/2015	No
Contract for employee Relocation Services	6/28/2015	No
Contract for employee travel—airline	11/30/2014	No
Contract for employee travel—airline	10/31/2015	No
Contract for employee travel—airline	12/31/2014	No
Contract for employee travel – Hotel RFP execution and rate audit services	9/30/2016	No
Contract for social media business website subscription and services	2/28/2015	No
Contract for specialty consumer marketing data analysis service	3/31/2015	No

Contract for employee outplacement support services	3/31/2016	No
Contract for state-specific sales tax software license	12/31/2014	No
Contract for print materials and printing services, including pre-press creative services, photography for print production, catalog production, forms and labels, freight to postal system	1/31/2017	Yes
Contract for print materials and print production, catalogs, direct mail production, freight to postal system	12/31/2015	No
Contract for network hardware and software maintenance services including on-site support	6/30/2014	No
Contract for software hosting and services of web analytics and reporting providing website traffic data at various levels	None	No
Contract for software as a service providing access to test and optimization software for use on websites for performing testing and optimization of online campaigns	None	No
Contract for marketing technology and services to manage audience, personalize consumer experiences, and create customer relationships. Includes customer data integration, multichannel marketing services, infrastructure management services and consulting. Also provides segmentation products, domestic fraud and risk mitigation products and online advertising products.	1/31/2016	No

***** 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 LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT (hereinafter "**Lease**") is made and entered into as of this day of March 2014 (the "**Commencement Date**"), by and between Sears, Roebuck and Co., a New York corporation, as landlord ("**Landlord**"), and Lands' End, Inc., a Delaware corporation as the tenant ("**Tenant**").

RECITALS:

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 set opposite each Building location on **Annex A** under the column heading "FY-2014 Begin. Sq. Ft." as may be modified from time to time as set forth on **Annex A**, initially in the same location and configuration as existing for Tenant's store operations within a Building on the date of this Lease (each, a "**Leased Premises**"), upon the terms and conditions provided hereinafter.

NOW, THEREFORE, for and in consideration of and subject to the covenants and agreements hereinafter mentioned, the parties do hereby agree as follows:

1. **Leased Premises.**

Landlord leases to Tenant, and Tenant leases from Landlord, the Leased Premises.

Subject to any Third Party Agreements (as defined in Section 22(a) below) and temporary closures or restrictions due to casualty, condemnation, or Landlord's maintenance and repair activities in the Building, Landlord further grants to Tenant, in common with other occupants of the applicable Building: the right of ingress and egress to public roadways and a non-exclusive easement for parking the vehicles of Tenant, 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 Landlord 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 Leased Premises pursuant to the express terms and conditions of this Lease, the term ("**Term**") of this Lease with respect to each Leased Premises shall commence on the date hereof (the "**Commencement Date**") and shall expire on the date set forth set forth on **Annex A** under the column heading "Expiration Date" (each,

an “**Expiration Date**”); provided, however, that with respect to any Leased Premises that has an Expiration Date prior to January 31, 2018, if Landlord leasing the applicable Building extends its lease to a date past January 31, 2018, then the Expiration Date for that Leased Premises shall be amended to read January 31, 2018.

- (b) Tenant shall have no right to extend the Term of this Lease with respect to any of the Leased Premises, except that by the date which is referenced on **Annex A** under the column heading “Expiration Date” for each Leased Premises, Tenant may send written notice to Landlord of its desire to negotiate extending the Term with respect to such Leased Premises, and Landlord may (but shall not be obligated to), in its sole discretion, agree to negotiate such an extension on terms and conditions mutually agreeable to Landlord and Tenant.

3. **Rent.**

- (a) Rent shall begin to accrue and shall be due to Landlord on the Commencement Date. Tenant agrees to pay rent for the Leased 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 B** (Percentage Rent) shall apply with respect to the locations listed thereon. Tenant 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 Landlord and mailed to Landlord’s address as outlined in the “Notice” Section of this Lease until the payee or address is changed by written notice from Landlord.

4. **Hold Over.**

If Tenant does not vacate a Leased Premises upon the expiration of this Lease with respect to such Leased Premises, such holdover shall result in a tenancy at sufferance, and in addition to Tenant paying all damages incurred by Landlord as a result of Tenant holding over, Tenant shall also pay to Landlord, 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. **Tenant’s Taxes.**

Tenant shall pay to Landlord, 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 Landlord based on its net income) now or hereafter legally levied or imposed against, or on account of, any amounts payable under this Lease by Tenant or the receipt thereof by Landlord. Tenant shall pay all taxes and assessments of every nature, kind and description, levied and assessed against Tenant’s fixtures, equipment, merchandise and goods stored in or about the Leased 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 Tenant to Landlord is more than ten (10) days past due, Tenant shall pay to Landlord, as additional rent (i) a late fee equal to five percent (5%) of the amount unpaid to cover

Landlord'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 Lease the Default Rate shall be the rate of eight percent (8%) per annum, compounded monthly.

7. **Use; Operations; and Radius Restriction.**

- (a) Tenant shall use the Leased Premises only as a Lands' End retail shop consistent with the current format Tenant is currently operating in each Leased Premises and for no other purpose ("**Permitted Use**"). Tenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from any Leased Premises, nor take any other action which would constitute a nuisance or which would disturb or endanger any other occupants (including Landlord's retail operations) of the Building, or unreasonably interfere with such other occupants' use of their respective space.
- (b) Tenant agrees to continuously operate its business in the entirety of each Leased Premises under the name "Lands' End" throughout the Term of this Lease and for the same operating hours of the Landlord's store in which the Leased Premises are located. If Tenant violates this Section, then in addition to all rights and remedies available to Landlord pursuant to Section 15, Tenant shall also pay to Landlord, upon demand, for each non-compliant Leased 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 Leased Premises should be closed and the business of Tenant temporarily discontinued therein on account of remodeling or renovation which is completed within ten (10) business days. Tenant acknowledges and agrees that if it breaches this Section, Landlord shall be deprived of an important right under this Lease, 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 Landlord shall suffer as a result of Tenant's breach of its obligations under this Section.
- (c) Tenant covenants and agrees that during the Term, Tenant (and if Tenant 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 Leased 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 Leased Premises. Landlord and Tenant hereby agree to indemnify, defend and hold the other party and its directors, officers, employees and agents (including any successor to Landlord's interest in the Leased Premises) 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 Leased 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) Tenant shall accept each Leased Premises in its "AS-IS", "WHERE IS" and "WITH ALL FAULTS" condition. Landlord makes no representations or warranties as to the conditions of any Leased Premises, and Tenant acknowledges that it is fully aware of the existing conditions of each Leased Premises since it has occupied and operated in such Leased Premises prior to the date of this Lease. Landlord shall have no responsibility or obligation to make repairs or replacements to or upon a Leased Premises or to perform any maintenance which becomes necessary during Tenant's occupancy of such Leased Premises. Tenant 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 Leased Premises. Tenant shall return each Leased Premises to Landlord "broom clean" and in the same condition as it exists as of the beginning of the Term, excluding ordinary wear and tear.
- (b) Landlord shall not be liable to Tenant for damages or otherwise if the utilities serving the Leased Premises or Building of which the Leased Premises are a part are interrupted or terminated for any cause.; provided, however, the foregoing shall not limit Tenant's remedies expressly set forth in Section 19.
- (c) Landlord and Tenant agree that Landlord is not providing any services to Tenant at any Leased Premises which are not expressly set forth herein; by way of example and without limitation of the foregoing disclaimer, Landlord is expressly not providing the following services to Tenant: cleaning or maintenance of the Leased Premises, loss prevention, general liability or property insurance, stock room replenishment, use of Landlord's Point of Sale system, shipping/receiving, wi-fi or accepting returns of Tenant's merchandise. Sears, Roebuck and Co. and Tenant have entered into that certain Retail Operations Agreement dated as of _____, 2014 (the "RSA") providing for additional services and/or for rules and restrictions governing Tenant's use of the Leased Premises and other portions of Landlord's Buildings.

10. **Fixtures/Alterations.**

Tenant shall only be permitted to make cosmetic changes to the Leased Premises. Tenant 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 Leased Premises, without the prior written consent of Landlord, which shall be in Landlord's sole discretion.

11. **Access to Leased Premises.**

Landlord shall have free access to any Leased 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, Landlord shall not unreasonably interfere with the business of Tenant in exercising such rights.

12. **Assignment / Sublease.**

Tenant shall not have the right to assign this Lease, or to license or sublet any Leased Premises, or any part thereof.

13. **Surrender.**

Upon the Expiration Date, Tenant shall surrender and vacate a Leased Premises immediately and deliver possession thereof to Landlord in the condition required by Tenant under Section 9(a) hereof and shall deliver to Landlord all keys to such Leased Premises. Tenant shall remove from the Leased Premises all personal property of Tenant and Tenant's trade fixtures, including, cabling for any of the foregoing at its sole cost and expense. Tenant immediately shall repair all damage resulting from removal of any of Tenant's property at its sole cost and expense. In the event possession of such Leased Premises is not delivered to Landlord when required hereunder, or if Tenant shall fail to remove those items described above, Tenant shall be deemed to have abandoned such property and Landlord may (but shall not be obligated to), at Tenant's expense, remove any of such property and undertake at Tenant's expense such restoration work as Landlord deems necessary or advisable. Tenant's obligations under this Section shall survive the Expiration Date or earlier termination of this Lease.

14. **Right to Relocate.**

Landlord may, at any time, relocate any of Tenant's Leased Premises to another area of the Building in which such Leased Premises are located ("New Premises"), provided the New Premises shall have, if possible, approximately the same rentable square footage of space; notwithstanding the foregoing, Landlord shall have the right to offer Tenant New Premises with lesser square footage than the original Leased Premises (but in no event lesser than 70% of the original Leased Premises) if Landlord's store size has been or is in the process of being reduced. Provided that Tenant is open and operating at the applicable Leased Premises at the time Landlord exercises the rights granted by this Section, Landlord agrees to pay all reasonable moving expenses incurred by Tenant incident to such relocation and for improving the New Premises so that the New Premises are similar to the then existing Leased Premises. Landlord shall provide Tenant with at least sixty (60) days prior written notice before making such relocation demand. Tenant shall cooperate with Landlord 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 Tenant fails to so cooperate, Landlord shall be relieved of all responsibility for damage or injury to Tenant or its property during such move, except as may be caused by Landlord's actual negligence. Notwithstanding the foregoing, if the New Premises identified by Landlord is not acceptable to Tenant, then Tenant may elect to terminate this Lease solely with respect to such Leased Premises by written notice to Landlord within thirty (30) calendar days after receipt of Landlord's written notice of such relocation, with such termination to be effective sixty (60) days after Tenant'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 Leased Premises for all purposes under this Lease.

15. **Default.**

- (a) If Tenant (i) defaults in any of its monetary obligations under this Lease or (ii) materially defaults in any of its non-monetary obligations under this Lease, and Tenant fails to cure such default within ten (10) business days after receipt of written notice thereof, then, in addition to all other rights which Landlord has at law or in equity, Landlord shall have the following rights and remedies: (x) to terminate this Lease with respect to the applicable Leased Premises in which event Tenant shall immediately surrender such Leased Premises to Landlord and, if Tenant fails to do so, Landlord may, without prejudice to any other remedy

which Landlord may have for possession or arrearages in Rent, enter upon and take possession of the applicable Leased Premises and expel or remove Tenant and any other person who may be occupying such Leased 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 Leased Premises and expel or remove Tenant and any other person who may be occupying such Leased 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 Lease; (z) do whatever Tenant is obligated to do under the terms of this Lease (and enter upon the applicable Leased Premises in connection therewith if necessary) without being liable for prosecution or any claim for damages therefore, and Tenant agrees to reimburse Landlord on demand for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease with respect to a Leased Premises, plus interest thereon at the Default Rate, and Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action.

- (b) In the event Landlord elects to terminate this Lease with respect to a Leased Premises in accordance with the foregoing, then notwithstanding such termination, Tenant shall be liable for and shall pay to Landlord the sum of all Rent and other amounts payable to Landlord pursuant to the terms of this Lease with respect to such Leased 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 Lease for the remaining portion of the Term (had such Term not been terminated by Landlord prior to the Expiration Date) less (ii) the net amount Tenant proves Landlord would have received during such remaining portion of the Term through reletting of the applicable Leased 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 Landlord elects to repossess the applicable Leased Premises without terminating this Lease with respect to such Leased Premises, then Tenant shall be liable for and shall pay to Landlord all rental and other amounts payable to Landlord (including, without limitation, the damages amount set forth in Section 7(b)) pursuant to the terms of this Lease 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 Tenant to Landlord during the remainder of the Leased Term diminished by any net sums thereafter received by Landlord through reletting of the applicable Leased Premises during said period. In no event shall Tenant be entitled to any excess of any rental obtained by reletting over and above the rental herein reserved. Actions to collect amounts due by Tenant to Landlord as provided in this paragraph may be brought from time to time, on one or more occasions, without the necessity of Landlord'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:

Landlord:

c/o Sears Holding Corporation
3333 Beverly Road
Department 824RE
Hoffman Estates, Illinois 60179
Attn: Vice 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

Tenant:

Lands' End, Inc.
5 Lands' End Lane
Dodgeville, WI 53595
Attn: Senior Vice President - Retail

With a copy to:

Lands' End, Inc.
5 Lands' End Lane
Dodgeville, WI 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.**

Tenant shall indemnify Landlord against, and save Landlord 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 Landlord by reason of, and defend Landlord against all claims, actions, proceedings and suits relating to: (i) the conduct of Tenant's business in, or use, occupancy and management of, each Leased Premises; (ii) any injuries to persons or damages to property occurring in, on or about each Leased Premises; (iii) any work or thing whatsoever done, or any condition created, in, on or about each Leased Premises during the Term hereof; (iv) any act or omission of Tenant, its agents, contractors, servants, employees, invitees, guests or tenants; or (v) a breach of this Lease. Tenant's obligations under this Section shall survive the Expiration Date or earlier termination of this Lease with respect to each Leased Premises.

18. **Insurance.**

(a) Tenant 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 Tenant 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 Landlord.

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- (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 ("**Tenant'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 Tenant's inventory, trade fixtures, furnishing, wall covering, floor covering, carpeting, drapes, equipment and all items of personal property of Tenant located within the Premises and within 100 feet of the Leased Premises, against all risks of physical loss or damage.
- (b) In addition to the insurance coverage to be maintained by Tenant above, Tenant will require each contractor (if any) performing the Services under the direction of Tenant 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. Tenant warrants that its Contractors will maintain Workers' Compensation and Employer's Liability insurance. It is the responsibility of Tenant to obtain and maintain a certificate of insurance from each Contractor and make the certificate available to Sears, Roebuck and Co. 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 Leased Premises is located. Tenant shall provide Landlord with certificates evidencing the coverage required hereunder. Landlord and others designated by Landlord in being additional insureds, shall be named as additional insureds under the insurance policies described in this Section 15.18. 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 Landlord, provided that if Contractor's insurance company in its certificate to Landlord will state only that (i) the coverage will not be "materially" changed (as opposed to simply "changed") without prior notice to Landlord, and/or (ii) it will "endeavor to give" at least ten (10) days prior written notice to Landlord (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 Landlord.
 - (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. Tenant shall procure an appropriate clause in or endorsement to any policy of insurance covering Tenant's personal property, inventory, fixtures, furnishing and equipment located in the Leased 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 Landlord shall have the right, in Landlord's sole discretion, to terminate this Lease with respect to all or any portion of the applicable Leased Premises located in such affected Building upon thirty (30) days prior written notice to Tenant. If Landlord does not so elect to terminate this Lease with respect to such affected Leased Premises, then (i) Tenant's obligations under this Lease with respect to such Leased 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 Leased Premises are returned to a habitable condition and (ii) if Landlord is unable to restore the Leased Premises to a habitable condition within six months of the date of the damage or uninhabitability first occurred, Tenant may terminate the Lease for the affected Leased Premises by written notice to Landlord. In no event shall Tenant be entitled to any portion of insurance proceeds available under any policies maintained by Landlord nor shall Landlord have any obligation to restore or repair the affected Building or the applicable Leased 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 Landlord shall have the right, to terminate this Lease with respect to all or any portion of the Leased Premises contained in such affected Building upon thirty (30) days prior written notice to Tenant. In no event shall Tenant be entitled to any portion of any proceeds awarded in connection with such condemnation nor shall Landlord have any obligation to restore or repair the affected Building or the Leased Premises contained therein.

21. **No Liens.**

Landlord's title always is and shall be paramount to the title of Tenant, and nothing in this Lease shall empower Tenant to do any act which can, shall or may encumber the title of Landlord to any portion of any Leased Premises. Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed on any part of any Leased Premises or the Building of which the Leased Premises are a part. Tenant covenants and agrees not to suffer or permit any lien of mechanics, materialmen or other lien to be placed against any part of a Leased Premises or any fixture filing or other financing statement to be recorded against any portion of a Leased Premises and in case any such lien or filing attaches or claim of lien is asserted Tenant covenants and agrees to cause such lien, filing or claim to be immediately released and removed of record.

22. **Lease Subject to Possible Third Party Interests.**

- (a) Notwithstanding Tenant's rights under this Lease, Tenant hereby acknowledges that Landlord makes no representations or warranties with respect to whether or not Tenant's use of a Leased Premises for its Permitted Use is permitted under any documents encumbering or otherwise affecting Landlord's interest in the applicable Leased Premises (each, a "**Third Party Agreement**"). Tenant understands and agrees that Landlord has not requested the consent of any third party to this Lease with respect to any Leased Premises, which third party may or may not have a right to grant or withhold such consent, and that if Tenant desires to obtain any such consent, then Tenant may seek to obtain such consent at its own cost, risk and expense. Tenant's rights with respect to this Lease, are subject and subordinate to all applicable Third Party Agreements.
- (b) Tenant acknowledges and agrees that Landlord has made available to Tenant for copying and review (including by means of any website or other electronic means which have been made available to Tenant prior to the execution of this Lease) all Third Party Agreements in Landlord's possession or control. As such, Tenant 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 Tenant, Tenant acknowledges that Landlord makes no representation or warranty as to the completeness or accuracy of the information provided.

23. **Limitation on Landlord's Liability.**

With respect to collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease as affecting a Leased Premises, Tenant agrees that it shall look solely to the estate of Landlord in the Building (together with the land on which such Building is located) in which the applicable Leased Premises is located, subject to the prior rights of any mortgagee of such Building or any underlying lessor, and no other assets of Landlord shall be subject to levy, garnishment, attachment, execution or other procedures for the satisfaction of Tenant's remedies.

24. **Additional Documentation.**

From time to time throughout the Term, Tenant shall execute and deliver to Landlord, within ten (10) business days following request therefor, any reasonable document required by Landlord in connection with this Lease or any portion of any Leased Premises including, by way of example and without limitation, tenant estoppel certificates addressed to Landlord and/or Landlord's prospective lender and/or purchaser and Subordination, Non-Disturbance and Attornment Agreements with Landlord's or its purchaser's lender or prospective lender.

25. **Rules and Regulations.**

Tenant agrees to comply with reasonable rules and regulations issues by Landlord governing the conduct of businesses on or about the Leased Premises and any rules and regulations issued by Landlord for the Building.

26. **Signage.**

Tenant shall not install any signage on or about any of the Leased Premises without the prior written consent of Landlord which consent may be granted or withheld in Landlord's sole discretion.

27. **Risk of Loss.**

Tenant assumes all risk of damage or loss of any fixtures, equipment, merchandise or goods located in or about the Leased 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 Tenant, whether within the Leased Premises or otherwise. Tenant shall be liable for any new installation (subject to Landlord'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 Leased Premises. Landlord shall have no obligation to provide security for any Leased Premises, except as any security measure may be generally available for Landlord's retail operations in the Building where such Leased Premises are located. In no event shall Landlord be responsible for shrinkage experienced by Tenant at any Leased Premises.

28. **Landlord's Early Termination Option.**

Notwithstanding anything in this Lease to the contrary, this Lease shall be terminated with respect to an applicable Leased Premises at any time upon prior written notice to Tenant in the following events:

- (i) If Landlord is selling or has sold the Building in which the Leased Premises are located or if Landlord ceases to operate a retail facility in the Building in which the Leased Premises are located in substantially the same manner as existing on the date of this Lease, then Landlord shall terminate this Lease with respect to the applicable Leased Premises by delivery of written notice to Tenant, 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 Lease with respect to a Leased Premises, then Landlord shall, in Landlord's sole discretion, either (a) terminate this Lease with respect to the applicable Leased Premises by delivery of written notice to Tenant, 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 Tenant to continue to occupy the applicable Leased Premises as provided for under the terms of this Lease.

On or before the effective date of a termination of this Lease with respect to the applicable Leased Premises ("**Termination Date**") as described in either subparagraphs (i) or (ii) above, Tenant shall surrender and vacate the Leased Premises in accordance with Section 13. Tenant covenants and agrees to pay Landlord all sums accruing and/or required to be paid by Tenant pursuant to the provisions of this Lease with respect to such Leased Premises through the Termination Date, as and when any of such sums become due and payable. Tenant's obligations under this Section shall survive the Expiration Date or earlier termination of this Lease.

29. **Quiet Enjoyment.** Provided that Tenant pays the Rent and fully and faithfully observes and performs all of the terms, covenants and conditions set forth in this Lease on Tenant's part to be observed and performed, Landlord shall not do anything during the Term as to unlawfully interfere with Tenant's peaceful and quiet enjoyment of the Leased Premises, subject, nevertheless, to the terms and conditions of this Lease and the RSA. Tenant shall not interfere with the quiet enjoyment of the other tenants of the Building.

30. **Encroachments.**

Notwithstanding any provision in this Lease to the contrary, in the event Tenant operates, occupies or uses any portion of a Building other than the Leased Premises contained in such Building (and other than the non-exclusive use of the Common Areas as provided in Section 1 hereof), Tenant shall have ten (10) days to cure after notice thereof. If Tenant fails to cure such an encroachment within the ten (10) day period, Tenant shall pay an amount equal to the per square foot Rent for the applicable Leased 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, Landlord may terminate this Lease with respect to its Leased Premises immediately upon Landlord's written notice to Tenant.

31. **Choice of Law, Litigation, Court Costs and Attorney's Fees.**

In the event that at any time either Landlord or Tenant institutes any action or proceeding against the other relating to the provisions of this Lease 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 Lease with respect to each Leased Premises shall be construed in accordance with and governed by the laws of the state in which such Leased Premises are located. Landlord and Tenant waive all rights to (i) trial by jury in any litigation arising under this Lease and (ii) resort to arbitration in the event of any dispute under this Lease.

32. **Counterparts**

This Lease 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.

33. **Acknowledgement of Representation by Legal Counsel.**

Each party hereto warrants and represents that it has reviewed and negotiated the terms and conditions of this Lease with legal counsel of its own choosing, or has had an opportunity to do so, and that it knowingly and voluntarily enters into this Lease having had the opportunity to consult with legal counsel.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LANDLORD:

**SEARS, ROEBUCK AND CO.,
a New York corporation**

By: _____
Name: _____
Title: _____

TENANT:

**LANDS' END, INC.,
a Delaware corporation**

By: _____
Name: _____
Title: _____

Store Num	Store Name	Lease Term	Lease Factor	FY2014	Yr 1	Yr 1	Downsize/ Closure?	FY2015	Lease Factor	Yr 2	Yr 2	FY2016	Lease Factor	Yr 3	Yr 3
				Begin Sq Ft	Rent PSF	Rent PSF		Begin Sq Ft		Rent PSF	Rent PSF	Begin Sq Ft		Rent PSF	Rent PSF
1079	1079 PORTLAND WASHINGTON SQ	4.00	[*****]	18,907	[*****]	[*****]	downsize	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]
1163	1163 BURLINGTON	4.00	[*****]	20,936	[*****]	[*****]	downsize	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]
1390	1390 ANN ARBOR	6.00	[*****]	17,489	[*****]	[*****]	downsize	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]
1600	1600 INDIANAPOLIS CASTLETON SQ	6.00	[*****]	20,227	[*****]	[*****]	downsize	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]
1664	1664 PARAMUS	4.00	[*****]	17,910	[*****]	[*****]	downsize	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]
1864	1864 COCKEYSVILLE	4.00	[*****]	18,467	[*****]	[*****]	downsize	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]
1051	1051 STRONGSVILLE	4.00	[*****]	5,833	[*****]	[*****]	min rent	5,833	[*****]	[*****]	[*****]	5,833	[*****]	[*****]	[*****]
1119	1119 PORTLAND	4.00	[*****]	6,442	[*****]	[*****]	min rent	6,442	[*****]	[*****]	[*****]	6,442	[*****]	[*****]	[*****]
1146	1146 CORDOVA/MEMPHIS/GERMANTWN	4.00	[*****]	4,754	[*****]	[*****]	min rent	4,754	[*****]	[*****]	[*****]	4,754	[*****]	[*****]	[*****]
1156	1156 ROSEVILLE	5.00	[*****]	7,565	[*****]	[*****]	min rent	7,565	[*****]	[*****]	[*****]	7,565	[*****]	[*****]	[*****]
1159	1159 FAIRFIELD	4.00	[*****]	4,848	[*****]	[*****]	min rent	4,848	[*****]	[*****]	[*****]	4,848	[*****]	[*****]	[*****]
1179	1179 CANOGA PK/TOPANGA PLZ	2.92	[*****]	4,401	[*****]	[*****]	min rent	4,401	[*****]	[*****]	[*****]	4,401	[*****]	[*****]	[*****]
1192	1192 MUSKEGON	6.00	[*****]	4,261	[*****]	[*****]	min rent	4,261	[*****]	[*****]	[*****]	4,261	[*****]	[*****]	[*****]
1224	1224 HARRISBURG	5.00	[*****]	7,435	[*****]	[*****]	min rent	7,435	[*****]	[*****]	[*****]	7,435	[*****]	[*****]	[*****]
1225	1225 ORLANDO COLONIAL	4.00	[*****]	4,531	[*****]	[*****]	min rent	4,531	[*****]	[*****]	[*****]	4,531	[*****]	[*****]	[*****]
1263	1263 WATERBURY	5.00	[*****]	7,176	[*****]	[*****]	min rent	7,176	[*****]	[*****]	[*****]	7,176	[*****]	[*****]	[*****]
1290	1290 NILES	5.00	[*****]	7,305	[*****]	[*****]	min rent	7,305	[*****]	[*****]	[*****]	7,305	[*****]	[*****]	[*****]
1297	1297 HURST	4.00	[*****]	4,489	[*****]	[*****]	min rent	4,489	[*****]	[*****]	[*****]	4,489	[*****]	[*****]	[*****]
1438	1438 EL CAJON	5.00	[*****]	6,511	[*****]	[*****]	min rent	6,511	[*****]	[*****]	[*****]	6,511	[*****]	[*****]	[*****]
1455	1455 WILMINGTON	5.00	[*****]	5,047	[*****]	[*****]	min rent	5,047	[*****]	[*****]	[*****]	5,047	[*****]	[*****]	[*****]
1460	1460 LIVONIA	6.00	[*****]	5,116	[*****]	[*****]	min rent	5,116	[*****]	[*****]	[*****]	5,116	[*****]	[*****]	[*****]
1570	1570 SCHAUMBURG	6.00	[*****]	6,552	[*****]	[*****]	min rent	6,552	[*****]	[*****]	[*****]	6,552	[*****]	[*****]	[*****]
1610	1610 CINCINNATI NORTHGATE	5.00	[*****]	5,933	[*****]	[*****]	min rent	5,933	[*****]	[*****]	[*****]	5,933	[*****]	[*****]	[*****]
1625	1625 SARASOTA	5.00	[*****]	7,975	[*****]	[*****]	min rent	7,975	[*****]	[*****]	[*****]	7,975	[*****]	[*****]	[*****]
1638	1638 BREA	4.00	[*****]	5,000	[*****]	[*****]	min rent	5,000	[*****]	[*****]	[*****]	5,000	[*****]	[*****]	[*****]
1660	1660 AURORA	4.00	[*****]	8,771	[*****]	[*****]	min rent	8,771	[*****]	[*****]	[*****]	8,771	[*****]	[*****]	[*****]
1685	1685 DULUTH	5.00	[*****]	6,545	[*****]	[*****]	min rent	6,545	[*****]	[*****]	[*****]	6,545	[*****]	[*****]	[*****]
1720	1720 STERLING HTS	5.00	[*****]	8,167	[*****]	[*****]	min rent	8,167	[*****]	[*****]	[*****]	8,167	[*****]	[*****]	[*****]
1888	1888 WEST JORDAN	4.00	[*****]	4,333	[*****]	[*****]	min rent	4,333	[*****]	[*****]	[*****]	4,333	[*****]	[*****]	[*****]
1121	1121 INDEPENDENCE	1.00	[*****]	4,720	[*****]	[*****]		0	[*****]	[*****]	[*****]	0	[*****]	[*****]	[*****]

Store Num	Store Name	FY2017 Begin Sq Ft	Lease Factor	Yr 4	Yr 4	FY2018	Lease Factor	Yr 5	Yr 5	FY2019	Lease Factor	Yr 6	Yr 6	Expiration Date	Owned / Leased
				Rent PSF	Rent PSF	Begin Sq Ft		Rent PSF	Rent PSF	Begin Sq Ft		Rent PSF	Rent PSF		
1079	1079 PORTLAND WASHINGTON SQ	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	1/31/2018	Owned
1163	1163 BURLINGTON	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	1/31/2018	Owned
1390	1390 ANN ARBOR	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	1/31/2020	Owned
1600	1600 INDIANAPOLIS CASTLETON SQ	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	1/31/2020	Owned
1664	1664 PARAMUS	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	1/31/2018	Owned
1864	1864 COCKEYSVILLE	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	15,000	[*****]	[*****]	[*****]	1/31/2018	Owned
1051	1051 STRONGSVILLE	5,833	[*****]	[*****]	[*****]	5,833	[*****]	[*****]	[*****]	5,833	[*****]	[*****]	[*****]	1/31/2018	Owned
1119	1119 PORTLAND	6,442	[*****]	[*****]	[*****]	6,442	[*****]	[*****]	[*****]	6,442	[*****]	[*****]	[*****]	1/31/2018	Owned
1146	1146 CORDOVA/MEMPHIS/GERMANTWN	4,754	[*****]	[*****]	[*****]	4,754	[*****]	[*****]	[*****]	4,754	[*****]	[*****]	[*****]	1/31/2018	Owned
1156	1156 ROSEVILLE	7,565	[*****]	[*****]	[*****]	7,565	[*****]	[*****]	[*****]	7,565	[*****]	[*****]	[*****]	1/31/2019	Owned
1159	1159 FAIRFIELD	4,848	[*****]	[*****]	[*****]	4,848	[*****]	[*****]	[*****]	4,848	[*****]	[*****]	[*****]	1/31/2018	Owned
1179	1179 CANOGA PK/TOPANGA PLZ	4,401	[*****]	[*****]	[*****]	4,401	[*****]	[*****]	[*****]	4,401	[*****]	[*****]	[*****]	12/31/2016	Owned
1192	1192 MUSKEGON	4,261	[*****]	[*****]	[*****]	4,261	[*****]	[*****]	[*****]	4,261	[*****]	[*****]	[*****]	1/31/2020	Owned
1224	1224 HARRISBURG	7,435	[*****]	[*****]	[*****]	7,435	[*****]	[*****]	[*****]	7,435	[*****]	[*****]	[*****]	1/31/2019	Owned
1225	1225 ORLANDO COLONIAL	4,531	[*****]	[*****]	[*****]	4,531	[*****]	[*****]	[*****]	4,531	[*****]	[*****]	[*****]	1/31/2018	Owned
1263	1263 WATERBURY	7,176	[*****]	[*****]	[*****]	7,176	[*****]	[*****]	[*****]	7,176	[*****]	[*****]	[*****]	1/31/2019	Owned
1290	1290 NILES	7,305	[*****]	[*****]	[*****]	7,305	[*****]	[*****]	[*****]	7,305	[*****]	[*****]	[*****]	1/31/2019	Owned
1297	1297 HURST	4,489	[*****]	[*****]	[*****]	4,489	[*****]	[*****]	[*****]	4,489	[*****]	[*****]	[*****]	1/31/2018	Owned
1438	1438 EL CAJON	6,511	[*****]	[*****]	[*****]	6,511	[*****]	[*****]	[*****]	6,511	[*****]	[*****]	[*****]	1/31/2019	Owned
1455	1455 WILMINGTON	5,047	[*****]	[*****]	[*****]	5,047	[*****]	[*****]	[*****]	5,047	[*****]	[*****]	[*****]	1/31/2019	Owned
1460	1460 LIVONIA	5,116	[*****]	[*****]	[*****]	5,116	[*****]	[*****]	[*****]	5,116	[*****]	[*****]	[*****]	1/31/2020	Owned
1570	1570 SCHAUMBURG	6,552	[*****]	[*****]	[*****]	6,552	[*****]	[*****]	[*****]	6,552	[*****]	[*****]	[*****]	1/31/2020	Owned
1610	1610 CINCINNATI NORTHGATE	5,933	[*****]	[*****]	[*****]	5,933	[*****]	[*****]	[*****]	5,933	[*****]	[*****]	[*****]	1/31/2019	Owned
1625	1625 SARASOTA	7,975	[*****]	[*****]	[*****]	7,975	[*****]	[*****]	[*****]	7,975	[*****]	[*****]	[*****]	1/31/2019	Owned
1638	1638 BREA	5,000	[*****]	[*****]	[*****]	5,000	[*****]	[*****]	[*****]	5,000	[*****]	[*****]	[*****]	1/31/2018	Owned
1660	1660 AURORA	8,771	[*****]	[*****]	[*****]	8,771	[*****]	[*****]	[*****]	8,771	[*****]	[*****]	[*****]	1/31/2018	Owned
1685	1685 DULUTH	6,545	[*****]	[*****]	[*****]	6,545	[*****]	[*****]	[*****]	6,545	[*****]	[*****]	[*****]	1/31/2019	Owned
1720	1720 STERLING HTS	8,167	[*****]	[*****]	[*****]	8,167	[*****]	[*****]	[*****]	8,167	[*****]	[*****]	[*****]	1/31/2019	Owned
1888	1888 WEST JORDAN	4,333	[*****]	[*****]	[*****]	4,333	[*****]	[*****]	[*****]	4,333	[*****]	[*****]	[*****]	1/31/2018	Owned
1121	1121 INDEPENDENCE	0	[*****]	[*****]	[*****]	0	[*****]	[*****]	[*****]	0	[*****]	[*****]	[*****]	2/1/2015	Owned

Store Num	Store Name	Lease Term	Lease Factor	FY2014	Yr 1	Yr 1	Downsize/ Closure?	FY2015	Yr 2	Yr 2	FY2016	Yr 3	Yr 3
				Begin Sq Ft	Rent PSF	Rent		Begin Sq Ft	Lease Factor	Rent PSF	Rent	Begin Sq Ft	Lease Factor
1305	1305 SAVANNAH	1.00	[*****]	4,801	[*****]	[*****]		0	[*****]	[*****]	0	[*****]	[*****]
2934	2934 TAUNTON	1.00	[*****]	4,806	[*****]	[*****]		0	[*****]	[*****]	0	[*****]	[*****]
2219	2219 LACEY/OLYMPIA	1.00	[*****]	1,136	[*****]	[*****]		0	[*****]	[*****]	0	[*****]	[*****]
1003	1003 SALEM	5.00	[*****]	8,653	[*****]	[*****]		8,653	[*****]	[*****]	8,653	[*****]	[*****]
1011	1011 GRANDVILLE	6.00	[*****]	4,621	[*****]	[*****]		4,621	[*****]	[*****]	4,621	[*****]	[*****]
1012	1012 DES MOINES	6.00	[*****]	4,841	[*****]	[*****]		4,841	[*****]	[*****]	4,841	[*****]	[*****]
1019	1019 PLEASANTON	5.00	[*****]	8,166	[*****]	[*****]		8,166	[*****]	[*****]	8,166	[*****]	[*****]
1022	1022 OMAHA	6.00	[*****]	4,760	[*****]	[*****]		4,760	[*****]	[*****]	4,760	[*****]	[*****]
1023	1023 DULLES/LOUDOUN CNTY	5.00	[*****]	9,535	[*****]	[*****]		9,535	[*****]	[*****]	9,535	[*****]	[*****]
1029	1029 SPOKANE	5.00	[*****]	6,049	[*****]	[*****]		6,049	[*****]	[*****]	6,049	[*****]	[*****]
1033	1033 N ATTLEBORO	4.00	[*****]	10,327	[*****]	[*****]		10,327	[*****]	[*****]	10,327	[*****]	[*****]
1034	1034 PITTSBURGH/ROSS PARK	5.00	[*****]	16,979	[*****]	[*****]		16,979	[*****]	[*****]	16,979	[*****]	[*****]
1043	1043 MERIDEN	5.00	[*****]	6,910	[*****]	[*****]		6,910	[*****]	[*****]	6,910	[*****]	[*****]
1053	1053 SAUGUS	6.00	[*****]	5,565	[*****]	[*****]		5,565	[*****]	[*****]	5,565	[*****]	[*****]
1059	1059 SEATTLE/ShORELINE	5.00	[*****]	6,575	[*****]	[*****]		6,575	[*****]	[*****]	6,575	[*****]	[*****]
1062	1062 BROOKFIELD	5.00	[*****]	9,484	[*****]	[*****]		9,484	[*****]	[*****]	9,484	[*****]	[*****]
1063	1063 WEST HARTFORD	4.00	[*****]	7,481	[*****]	[*****]		7,481	[*****]	[*****]	7,481	[*****]	[*****]
1067	1067 HOUSTON/MEMORIAL	4.00	[*****]	4,941	[*****]	[*****]		4,941	[*****]	[*****]	4,941	[*****]	[*****]
1069	1069 REDMOND OVERLAKE PARK	4.00	[*****]	11,458	[*****]	[*****]		11,458	[*****]	[*****]	11,458	[*****]	[*****]
1074	1074 WALDORF/ST CHARLES	6.00	[*****]	8,771	[*****]	[*****]		8,771	[*****]	[*****]	8,771	[*****]	[*****]
1083	1083 WARWICK	5.00	[*****]	8,188	[*****]	[*****]		8,188	[*****]	[*****]	8,188	[*****]	[*****]
1089	1089 ANCHORAGE(SUR)	6.00	[*****]	7,398	[*****]	[*****]		7,398	[*****]	[*****]	7,398	[*****]	[*****]
1101	1101 OVERLAND PARK	6.00	[*****]	8,234	[*****]	[*****]		8,234	[*****]	[*****]	8,234	[*****]	[*****]
1103	1103 ALBANY	5.00	[*****]	7,513	[*****]	[*****]		7,513	[*****]	[*****]	7,513	[*****]	[*****]
1104	1104 MARLBOROUGH	5.00	[*****]	9,950	[*****]	[*****]		9,950	[*****]	[*****]	9,950	[*****]	[*****]
1109	1109 LYNNWOOD	5.00	[*****]	7,044	[*****]	[*****]		7,044	[*****]	[*****]	7,044	[*****]	[*****]
1110	1110 PORTAGE	6.00	[*****]	5,178	[*****]	[*****]		5,178	[*****]	[*****]	5,178	[*****]	[*****]
1112	1112 MINNETONKA	6.00	[*****]	5,712	[*****]	[*****]		5,712	[*****]	[*****]	5,712	[*****]	[*****]
1120	1120 COLUMBUS	6.00	[*****]	8,374	[*****]	[*****]		8,374	[*****]	[*****]	8,374	[*****]	[*****]
1122	1122 MAPLEWOOD	6.00	[*****]	6,421	[*****]	[*****]		6,421	[*****]	[*****]	6,421	[*****]	[*****]
1131	1131 LITTLETON DENVER	5.00	[*****]	6,372	[*****]	[*****]		6,372	[*****]	[*****]	6,372	[*****]	[*****]
1132	1132 BURNSVILLE	6.00	[*****]	5,659	[*****]	[*****]		5,659	[*****]	[*****]	5,659	[*****]	[*****]

Store Num	Store Name	FY2017 Begin Sq Ft	Lease Factor	Yr 4	Yr 4	FY2018	Lease Factor	Yr 5	Yr 5	FY2019	Yr 6	Yr 6	Expiration Date	Owned / Leased
				Rent PSF	Rent	Begin Sq Ft		Rent PSF	Rent	Begin Sq Ft	Lease Factor	Rent PSF	Rent	Begin Sq Ft
1305	1305 SAVANNAH	0	[*****]	[*****]	[*****]	0	[*****]	[*****]	[*****]	0	[*****]	[*****]	2/1/2015	Owned
2934	2934 TAUNTON	0	[*****]	[*****]	[*****]	0	[*****]	[*****]	[*****]	0	[*****]	[*****]	2/1/2015	Owned
2219	2219 LACEY/OLYMPIA	0	[*****]	[*****]	[*****]	0	[*****]	[*****]	[*****]	0	[*****]	[*****]	2/1/2015	Owned
1003	1003 SALEM	8,653	[*****]	[*****]	[*****]	8,653	[*****]	[*****]	[*****]	8,653	[*****]	[*****]	1/31/2019	Owned
1011	1011 GRANDVILLE	4,621	[*****]	[*****]	[*****]	4,621	[*****]	[*****]	[*****]	4,621	[*****]	[*****]	1/31/2020	Owned
1012	1012 DES MOINES	4,841	[*****]	[*****]	[*****]	4,841	[*****]	[*****]	[*****]	4,841	[*****]	[*****]	1/31/2020	Owned
1019	1019 PLEASANTON	8,166	[*****]	[*****]	[*****]	8,166	[*****]	[*****]	[*****]	8,166	[*****]	[*****]	1/31/2019	Owned
1022	1022 OMAHA	4,760	[*****]	[*****]	[*****]	4,760	[*****]	[*****]	[*****]	4,760	[*****]	[*****]	1/31/2020	Owned
1023	1023 DULLES/LOUDOUN CNTY	9,535	[*****]	[*****]	[*****]	9,535	[*****]	[*****]	[*****]	9,535	[*****]	[*****]	1/31/2019	Owned
1029	1029 SPOKANE	6,049	[*****]	[*****]	[*****]	6,049	[*****]	[*****]	[*****]	6,049	[*****]	[*****]	1/31/2019	Owned
1033	1033 N ATTLEBORO	10,327	[*****]	[*****]	[*****]	10,327	[*****]	[*****]	[*****]	10,327	[*****]	[*****]	1/31/2018	Owned
1034	1034 PITTSBURGH/ROSS PARK	16,979	[*****]	[*****]	[*****]	16,979	[*****]	[*****]	[*****]	16,979	[*****]	[*****]	1/31/2019	Owned
1043	1043 MERIDEN	6,910	[*****]	[*****]	[*****]	6,910	[*****]	[*****]	[*****]	6,910	[*****]	[*****]	1/31/2019	Owned
1053	1053 SAUGUS	5,565	[*****]	[*****]	[*****]	5,565	[*****]	[*****]	[*****]	5,565	[*****]	[*****]	1/31/2020	Owned
1059	1059 SEATTLE/ShORELINE	6,575	[*****]	[*****]	[*****]	6,575	[*****]	[*****]	[*****]	6,575	[*****]	[*****]	1/31/2019	Owned
1062	1062 BROOKFIELD	9,484	[*****]	[*****]	[*****]	9,484	[*****]	[*****]	[*****]	9,484	[*****]	[*****]	1/31/2019	Owned
1063	1063 WEST HARTFORD	7,481	[*****]	[*****]	[*****]	7,481	[*****]	[*****]	[*****]	7,481	[*****]	[*****]	1/31/2018	Owned
1067	1067 HOUSTON/MEMORIAL	4,941	[*****]	[*****]	[*****]	4,941	[*****]	[*****]	[*****]	4,941	[*****]	[*****]	1/31/2018	Owned
1069	1069 REDMOND OVERLAKE PARK	11,458	[*****]	[*****]	[*****]	11,458	[*****]	[*****]	[*****]	11,458	[*****]	[*****]	1/31/2018	Owned
1074	1074 WALDORF/ST CHARLES	8,771	[*****]	[*****]	[*****]	8,771	[*****]	[*****]	[*****]	8,771	[*****]	[*****]	1/31/2020	Owned
1083	1083 WARWICK	8,188	[*****]	[*****]	[*****]	8,188	[*****]	[*****]	[*****]	8,188	[*****]	[*****]	1/31/2019	Owned
1089	1089 ANCHORAGE(SUR)	7,398	[*****]	[*****]	[*****]	7,398	[*****]	[*****]	[*****]	7,398	[*****]	[*****]	1/31/2020	Owned
1101	1101 OVERLAND PARK	8,234	[*****]	[*****]	[*****]	8,234	[*****]	[*****]	[*****]	8,234	[*****]	[*****]	1/31/2020	Owned
1103	1103 ALBANY	7,513	[*****]	[*****]	[*****]	7,513	[*****]	[*****]	[*****]	7,513	[*****]	[*****]	1/31/2019	Owned
1104	1104 MARLBOROUGH	9,950	[*****]	[*****]	[*****]	9,950	[*****]	[*****]	[*****]	9,950	[*****]	[*****]	1/31/2019	Owned
1109	1109 LYNNWOOD	7,044	[*****]	[*****]	[*****]	7,044	[*****]	[*****]	[*****]	7,044	[*****]	[*****]	1/31/2019	Owned
1110	1110 PORTAGE	5,178	[*****]	[*****]	[*****]	5,178	[*****]	[*****]	[*****]	5,178	[*****]	[*****]	1/31/2020	Owned
1112	1112 MINNETONKA	5,712	[*****]	[*****]	[*****]	5,712	[*****]	[*****]	[*****]	5,712	[*****]	[*****]	1/31/2020	Owned
1120	1120 COLUMBUS	8,374	[*****]	[*****]	[*****]	8,374	[*****]	[*****]	[*****]	8,374	[*****]	[*****]	1/31/2020	Owned
1122	1122 MAPLEWOOD	6,421	[*****]	[*****]	[*****]	6,421	[*****]	[*****]	[*****]	6,421	[*****]	[*****]	1/31/2020	Owned
1131	1131 LITTLETON DENVER	6,372	[*****]	[*****]	[*****]	6,372	[*****]	[*****]	[*****]	6,372	[*****]	[*****]	1/31/2019	Owned
1132	1132 BURNSVILLE	5,659	[*****]	[*****]	[*****]	5,659	[*****]	[*****]	[*****]	5,659	[*****]	[*****]	1/31/2020	Owned

Store Num	Store Name	Lease Term	Lease Factor	FY2014	Yr 1	Yr 1	Downsize/ Closure?	FY2015	Yr 2	Yr 2	FY2016	Yr 3	Yr 3
				Begin Sq Ft	Rent PSF	Rent		Begin Sq Ft	Lease Factor	Rent PSF	Rent	Begin Sq Ft	Lease Factor
1136	1136 BIRMINGHAM/RIVERCHASE	6.00	*****	4,215	*****	*****		4,215	*****	*****	4,215	*****	*****
1140	1140 GRAND RAPIDS	5.00	*****	7,821	*****	*****		7,821	*****	*****	7,821	*****	*****
1142	1142 EDEN PRAIRIE	6.00	*****	6,837	*****	*****		6,837	*****	*****	6,837	*****	*****
1148	1148 VENTURA	6.00	*****	6,691	*****	*****		6,691	*****	*****	6,691	*****	*****
1155	1155 KENNESAW	5.00	*****	8,086	*****	*****		8,086	*****	*****	8,086	*****	*****
1171	1171 SPRINGFIELD	6.00	*****	4,748	*****	*****		4,748	*****	*****	4,748	*****	*****
1178	1178 SANTA MONICA	4.00	*****	5,818	*****	*****		5,818	*****	*****	5,818	*****	*****
1182	1182 ST PETERS	5.00	*****	8,004	*****	*****		8,004	*****	*****	8,004	*****	*****
1185	1185 ASHEVILLE	6.00	*****	8,263	*****	*****		8,263	*****	*****	8,263	*****	*****
1186	1186 MEMPHIS/POPLAR	5.00	*****	4,899	*****	*****		4,899	*****	*****	4,899	*****	*****
1193	1193 WATERFORD	6.00	*****	7,484	*****	*****		7,484	*****	*****	7,484	*****	*****
1204	1204 FREEHOLD	5.00	*****	7,987	*****	*****		7,987	*****	*****	7,987	*****	*****
1209	1209 LONG BEACH	2.92	*****	7,459	*****	*****		7,459	*****	*****	7,459	*****	*****
1210	1210 COLUMBUS/POLARIS	6.00	*****	6,611	*****	*****		6,611	*****	*****	6,611	*****	*****
1220	1220 TOLEDO	5.00	*****	8,772	*****	*****		8,772	*****	*****	8,772	*****	*****
1221	1221 COLORADO SPRINGS	5.00	*****	5,076	*****	*****		5,076	*****	*****	5,076	*****	*****
1264	1264 HICKSVILLE	4.00	*****	8,369	*****	*****		8,369	*****	*****	8,369	*****	*****
1265	1265 VIRGINIA BEACH	6.00	*****	8,290	*****	*****		8,290	*****	*****	8,290	*****	*****
1271	1271 LITTLETON/DENVER SW	6.00	*****	5,885	*****	*****		5,885	*****	*****	5,885	*****	*****
1275	1275 ATLANTA/NORTHLAKE	5.00	*****	7,993	*****	*****		7,993	*****	*****	7,993	*****	*****
1284	1284 ALEXANDRIA	6.00	*****	9,608	*****	*****		9,608	*****	*****	9,608	*****	*****
1294	1294 WATCHUNG	5.00	*****	9,042	*****	*****		9,042	*****	*****	9,042	*****	*****
1300	1300 OAK BROOK	4.00	*****	13,485	*****	*****		13,485	*****	*****	13,485	*****	*****
1303	1303 DANBURY	4.00	*****	8,357	*****	*****		8,357	*****	*****	8,357	*****	*****
1313	1313 NASHUA	4.00	*****	7,573	*****	*****		7,573	*****	*****	7,573	*****	*****
1314	1314 NEW BRUNSWICK	6.00	*****	7,107	*****	*****		7,107	*****	*****	7,107	*****	*****
1333	1333 POUGHKEEPSIE	5.00	*****	5,523	*****	*****		5,523	*****	*****	5,523	*****	*****
1337	1337 PLANO	6.00	*****	4,196	*****	*****		4,196	*****	*****	4,196	*****	*****
1350	1350 MENTOR	5.00	*****	10,420	*****	*****		10,420	*****	*****	10,420	*****	*****
1353	1353 DE WITT/SYRACUSE	6.00	*****	8,801	*****	*****		8,801	*****	*****	8,801	*****	*****
1354	1354 WILLOW GROVE	4.00	*****	9,100	*****	*****		9,100	*****	*****	9,100	*****	*****
1364	1364 LAKE GROVE	4.00	*****	7,133	*****	*****		7,133	*****	*****	7,133	*****	*****

Store Num	Store Name	FY2017 Begin Sq Ft	Lease Factor	Yr 4	Yr 4	FY2018	Lease Factor	Yr 5	Yr 5	FY2019	Yr 6	Yr 6	Expiration Date	Owned / Leased
				Rent PSF	Rent	Begin Sq Ft		Rent PSF	Rent	Begin Sq Ft	Lease Factor	Rent PSF		
1136	1136 BIRMINGHAM/RIVERCHASE	4,215	*****	*****	*****	4,215	*****	*****	*****	4,215	*****	*****	1/31/2020	Owned
1140	1140 GRAND RAPIDS	7,821	*****	*****	*****	7,821	*****	*****	*****	7,821	*****	*****	1/31/2019	Owned
1142	1142 EDEN PRAIRIE	6,837	*****	*****	*****	6,837	*****	*****	*****	6,837	*****	*****	1/31/2020	Owned
1148	1148 VENTURA	6,691	*****	*****	*****	6,691	*****	*****	*****	6,691	*****	*****	1/31/2020	Owned
1155	1155 KENNESAW	8,086	*****	*****	*****	8,086	*****	*****	*****	8,086	*****	*****	1/31/2019	Owned
1171	1171 SPRINGFIELD	4,748	*****	*****	*****	4,748	*****	*****	*****	4,748	*****	*****	1/31/2020	Owned
1178	1178 SANTA MONICA	5,818	*****	*****	*****	5,818	*****	*****	*****	5,818	*****	*****	1/31/2018	Owned
1182	1182 ST PETERS	8,004	*****	*****	*****	8,004	*****	*****	*****	8,004	*****	*****	1/31/2019	Owned
1185	1185 ASHEVILLE	8,263	*****	*****	*****	8,263	*****	*****	*****	8,263	*****	*****	1/31/2020	Owned
1186	1186 MEMPHIS/POPLAR	4,899	*****	*****	*****	4,899	*****	*****	*****	4,899	*****	*****	1/31/2019	Owned
1193	1193 WATERFORD	7,484	*****	*****	*****	7,484	*****	*****	*****	7,484	*****	*****	1/31/2020	Owned
1204	1204 FREEHOLD	7,987	*****	*****	*****	7,987	*****	*****	*****	7,987	*****	*****	1/31/2019	Owned
1209	1209 LONG BEACH	7,459	*****	*****	*****	7,459	*****	*****	*****	7,459	*****	*****	12/31/2016	Owned
1210	1210 COLUMBUS/POLARIS	6,611	*****	*****	*****	6,611	*****	*****	*****	6,611	*****	*****	1/31/2020	Owned
1220	1220 TOLEDO	8,772	*****	*****	*****	8,772	*****	*****	*****	8,772	*****	*****	1/31/2019	Owned
1221	1221 COLORADO SPRINGS	5,076	*****	*****	*****	5,076	*****	*****	*****	5,076	*****	*****	1/31/2019	Owned
1264	1264 HICKSVILLE	8,369	*****	*****	*****	8,369	*****	*****	*****	8,369	*****	*****	1/31/2018	Owned
1265	1265 VIRGINIA BEACH	8,290	*****	*****	*****	8,290	*****	*****	*****	8,290	*****	*****	1/31/2020	Owned
1271	1271 LITTLETON/DENVER SW	5,885	*****	*****	*****	5,885	*****	*****	*****	5,885	*****	*****	1/31/2020	Owned
1275	1275 ATLANTA/NORTHLAKE	7,993	*****	*****	*****	7,993	*****	*****	*****	7,993	*****	*****	1/31/2019	Owned
1284	1284 ALEXANDRIA	9,608	*****	*****	*****	9,608	*****	*****	*****	9,608	*****	*****	1/31/2020	Owned
1294	1294 WATCHUNG	9,042	*****	*****	*****	9,042	*****	*****	*****	9,042	*****	*****	1/31/2019	Owned
1300	1300 OAK BROOK	13,485	*****	*****	*****	13,485	*****	*****	*****	13,485	*****	*****	1/31/2018	Owned
1303	1303 DANBURY	8,357	*****	*****	*****	8,357	*****	*****	*****	8,357	*****	*****	1/31/2018	Owned
1313	1313 NASHUA	7,573	*****	*****	*****	7,573	*****	*****	*****	7,573	*****	*****	1/31/2018	Owned
1314	1314 NEW BRUNSWICK	7,107	*****	*****	*****	7,107	*****	*****	*****	7,107	*****	*****	1/31/2020	Owned
1333	1333 POUGHKEEPSIE	5,523	*****	*****	*****	5,523	*****	*****	*****	5,523	*****	*****	1/31/2019	Owned
1337	1337 PLANO	4,196	*****	*****	*****	4,196	*****	*****	*****	4,196	*****	*****	1/31/2020	Owned
1350	1350 MENTOR	10,420	*****	*****	*****	10,420	*****	*****	*****	10,420	*****	*****	1/31/2019	Owned
1353	1353 DE WITT/SYRACUSE	8,801	*****	*****	*****	8,801	*****	*****	*****	8,801	*****	*****	1/31/2020	Owned
1354	1354 WILLOW GROVE	9,100	*****	*****	*****	9,100	*****	*****	*****	9,100	*****	*****	1/31/2018	Owned
1364	1364 LAKE GROVE	7,133	*****	*****	*****	7,133	*****	*****	*****	7,133	*****	*****	1/31/2018	Owned

Store Num	Store Name	Lease Term	Lease Factor	FY2014	Yr 1	Yr 1	Downsize/ Closure?	FY2015	Yr 2	Yr 2	FY2016	Yr 3	Yr 3
				Begin Sq Ft	Rent PSF	Rent		Begin Sq Ft	Lease Factor	Rent PSF	Rent	Begin Sq Ft	Lease Factor
1375	1375 WINSTON SALEM	6.00	*****	10,406	*****	*****		10,406	*****	*****	10,406	*****	*****
1385	1385 ATLANTA	6.00	*****	7,587	*****	*****		7,587	*****	*****	7,587	*****	*****
1388	1388 COSTA MESA	5.00	*****	8,042	*****	*****		8,042	*****	*****	8,042	*****	*****
1410	1410 CANTON	6.00	*****	8,979	*****	*****		8,979	*****	*****	8,979	*****	*****
1414	1414 NANUET	6.00	*****	7,562	*****	*****		7,562	*****	*****	7,562	*****	*****
1415	1415 CLEARWATER/COUNTRYSIDE	6.00	*****	6,012	*****	*****		6,012	*****	*****	6,012	*****	*****
1424	1424 BETHESDA	4.00	*****	11,680	*****	*****		11,680	*****	*****	11,680	*****	*****
1430	1430 MIDDLEBURG HTS/CLEVELAND	5.00	*****	7,381	*****	*****		7,381	*****	*****	7,381	*****	*****
1434	1434 WAYNE	4.00	*****	9,652	*****	*****		9,652	*****	*****	9,652	*****	*****
1443	1443 MANCHESTER	4.00	*****	6,482	*****	*****		6,482	*****	*****	6,482	*****	*****
1445	1445 RICHMOND	6.00	*****	5,390	*****	*****		5,390	*****	*****	5,390	*****	*****
1447	1447 FT WORTH	5.00	*****	4,387	*****	*****		4,387	*****	*****	4,387	*****	*****
1450	1450 ROSEVILLE	5.00	*****	10,019	*****	*****		10,019	*****	*****	10,019	*****	*****
1454	1454 BENSALAM/CORNWELLS HTS	6.00	*****	7,123	*****	*****		7,123	*****	*****	7,123	*****	*****
1464	1464 DEPTFORD	5.00	*****	7,995	*****	*****		7,995	*****	*****	7,995	*****	*****
1468	1468 CUPERTINO	4.00	*****	6,483	*****	*****		6,483	*****	*****	6,483	*****	*****
1475	1475 DURHAM	6.00	*****	7,596	*****	*****		7,596	*****	*****	7,596	*****	*****
1478	1478 SAN BRUNO	5.00	*****	8,698	*****	*****		8,698	*****	*****	8,698	*****	*****
1490	1490 TROY	5.00	*****	9,074	*****	*****		9,074	*****	*****	9,074	*****	*****
1504	1504 WILLIAMSVILLE/BUFFALO	4.00	*****	6,946	*****	*****		6,946	*****	*****	6,946	*****	*****
1520	1520 AKRON CHAPEL HILL	6.00	*****	7,495	*****	*****		7,495	*****	*****	7,495	*****	*****
1538	1538 CITRUS HTS SUNRISE	6.00	*****	8,827	*****	*****		8,827	*****	*****	8,827	*****	*****
1560	1560 DAYTON DAYTON MALL	6.00	*****	8,969	*****	*****		8,969	*****	*****	8,969	*****	*****
1574	1574 MIDDLETOWN	6.00	*****	8,471	*****	*****		8,471	*****	*****	8,471	*****	*****
1584	1584 VICTOR	6.00	*****	7,688	*****	*****		7,688	*****	*****	7,688	*****	*****
1595	1595 GREENVILLE	5.00	*****	5,742	*****	*****		5,742	*****	*****	5,742	*****	*****
1605	1605 RALEIGH	5.00	*****	7,204	*****	*****		7,204	*****	*****	7,204	*****	*****
1614	1614 LIVINGSTON	5.00	*****	8,270	*****	*****		8,270	*****	*****	8,270	*****	*****
1620	1620 VERNON HILLS	5.00	*****	7,853	*****	*****		7,853	*****	*****	7,853	*****	*****
1623	1623 CLAY (SYRACUSE)	6.00	*****	8,542	*****	*****		8,542	*****	*****	8,542	*****	*****
1624	1624 STATEN ISLAND	4.00	*****	8,821	*****	*****		8,821	*****	*****	8,821	*****	*****

Store Num	Store Name	FY2017	Yr 4	Yr 4	FY2018	Lease Factor	Yr 5	Yr 5	FY2019	Yr 6	Yr 6	Expiration Date	Owned / Leased
			Begin Sq Ft	Lease Factor	Rent PSF		Rent	Begin Sq Ft	Rent PSF	Rent	Begin Sq Ft		
1375	1375 WINSTON SALEM	10,406	*****	*****	10,406	*****	*****	*****	10,406	*****	*****	1/31/2020	Owned
1385	1385 ATLANTA	7,587	*****	*****	7,587	*****	*****	*****	7,587	*****	*****	1/31/2020	Owned
1388	1388 COSTA MESA	8,042	*****	*****	8,042	*****	*****	*****	8,042	*****	*****	1/31/2019	Owned
1410	1410 CANTON	8,979	*****	*****	8,979	*****	*****	*****	8,979	*****	*****	1/31/2020	Owned
1414	1414 NANUET	7,562	*****	*****	7,562	*****	*****	*****	7,562	*****	*****	1/31/2020	Owned
1415	1415 CLEARWATER/COUNTRYSIDE	6,012	*****	*****	6,012	*****	*****	*****	6,012	*****	*****	1/31/2020	Owned
1424	1424 BETHESDA	11,680	*****	*****	11,680	*****	*****	*****	11,680	*****	*****	1/31/2018	Owned
1430	1430 MIDDLEBURG HTS/CLEVELAND	7,381	*****	*****	7,381	*****	*****	*****	7,381	*****	*****	1/31/2019	Owned
1434	1434 WAYNE	9,652	*****	*****	9,652	*****	*****	*****	9,652	*****	*****	1/31/2018	Owned
1443	1443 MANCHESTER	6,482	*****	*****	6,482	*****	*****	*****	6,482	*****	*****	1/31/2018	Owned
1445	1445 RICHMOND	5,390	*****	*****	5,390	*****	*****	*****	5,390	*****	*****	1/31/2020	Owned
1447	1447 FT WORTH	4,387	*****	*****	4,387	*****	*****	*****	4,387	*****	*****	1/31/2019	Owned
1450	1450 ROSEVILLE	10,019	*****	*****	10,019	*****	*****	*****	10,019	*****	*****	1/31/2019	Owned
1454	1454 BENSALAM/CORNWELLS HTS	7,123	*****	*****	7,123	*****	*****	*****	7,123	*****	*****	1/31/2020	Owned
1464	1464 DEPTFORD	7,995	*****	*****	7,995	*****	*****	*****	7,995	*****	*****	1/31/2019	Owned
1468	1468 CUPERTINO	6,483	*****	*****	6,483	*****	*****	*****	6,483	*****	*****	1/31/2018	Owned
1475	1475 DURHAM	7,596	*****	*****	7,596	*****	*****	*****	7,596	*****	*****	1/31/2020	Owned
1478	1478 SAN BRUNO	8,698	*****	*****	8,698	*****	*****	*****	8,698	*****	*****	1/31/2019	Owned
1490	1490 TROY	9,074	*****	*****	9,074	*****	*****	*****	9,074	*****	*****	1/31/2019	Owned
1504	1504 WILLIAMSVILLE/BUFFALO	6,946	*****	*****	6,946	*****	*****	*****	6,946	*****	*****	1/31/2018	Owned
1520	1520 AKRON CHAPEL HILL	7,495	*****	*****	7,495	*****	*****	*****	7,495	*****	*****	1/31/2020	Owned
1538	1538 CITRUS HTS SUNRISE	8,827	*****	*****	8,827	*****	*****	*****	8,827	*****	*****	1/31/2020	Owned
1560	1560 DAYTON DAYTON MALL	8,969	*****	*****	8,969	*****	*****	*****	8,969	*****	*****	1/31/2020	Owned
1574	1574 MIDDLETOWN	8,471	*****	*****	8,471	*****	*****	*****	8,471	*****	*****	1/31/2020	Owned
1584	1584 VICTOR	7,688	*****	*****	7,688	*****	*****	*****	7,688	*****	*****	1/31/2020	Owned
1595	1595 GREENVILLE	5,742	*****	*****	5,742	*****	*****	*****	5,742	*****	*****	1/31/2019	Owned
1605	1605 RALEIGH	7,204	*****	*****	7,204	*****	*****	*****	7,204	*****	*****	1/31/2019	Owned
1614	1614 LIVINGSTON	8,270	*****	*****	8,270	*****	*****	*****	8,270	*****	*****	1/31/2019	Owned
1620	1620 VERNON HILLS	7,853	*****	*****	7,853	*****	*****	*****	7,853	*****	*****	1/31/2019	Owned
1623	1623 CLAY (SYRACUSE)	8,542	*****	*****	8,542	*****	*****	*****	8,542	*****	*****	1/31/2020	Owned
1624	1624 STATEN ISLAND	8,821	*****	*****	8,821	*****	*****	*****	8,821	*****	*****	1/31/2018	Owned

Store Num	Store Name	Lease Term	Lease Factor	FY2014 Begin Sq Ft	Yr 1 Rent PSF	Yr 1 Rent	Downsize/Closure?	FY2015 Begin Sq Ft	Lease Factor	Yr 2 Rent PSF	Yr 2 Rent	FY2016 Begin Sq Ft	Lease Factor	Yr 3 Rent PSF	Yr 3 Rent
1645	1645 BOCA RATON	5.00	*****	6,696	*****	*****		6,696	*****	*****	*****	6,696	*****	*****	*****
1648	1648 SAN DIEGO NORTH	4.00	*****	9,818	*****	*****		9,818	*****	*****	*****	9,818	*****	*****	*****
1658	1658 SANTA ROSA	6.00	*****	3,871	*****	*****		3,871	*****	*****	*****	3,871	*****	*****	*****
1690	1690 CHESTERFIELD	6.00	*****	8,489	*****	*****		8,489	*****	*****	*****	8,489	*****	*****	*****
1710	1710 NO OLMSTED	6.00	*****	8,789	*****	*****		8,789	*****	*****	*****	8,789	*****	*****	*****
1730	1730 FLORENCE	5.00	*****	6,338	*****	*****		6,338	*****	*****	*****	6,338	*****	*****	*****
1734	1734 LAWRENCEVILLE	6.00	*****	10,295	*****	*****		10,295	*****	*****	*****	10,295	*****	*****	*****
1744	1744 OCEAN	5.00	*****	8,224	*****	*****		8,224	*****	*****	*****	8,224	*****	*****	*****
1750	1750 ORLAND PARK	6.00	*****	7,154	*****	*****		7,154	*****	*****	*****	7,154	*****	*****	*****
1754	1754 GAITHERSBURG	6.00	*****	8,839	*****	*****		8,839	*****	*****	*****	8,839	*****	*****	*****
1760	1760 NOVI	4.00	*****	8,769	*****	*****		8,769	*****	*****	*****	8,769	*****	*****	*****
1764	1764 ROCKAWAY	4.00	*****	8,188	*****	*****		8,188	*****	*****	*****	8,188	*****	*****	*****
1794	1794 EAST NORTHPORT	4.00	*****	8,350	*****	*****		8,350	*****	*****	*****	8,350	*****	*****	*****
1800	1800 MISHAWAKA	6.00	*****	5,927	*****	*****		5,927	*****	*****	*****	5,927	*****	*****	*****
1804	1804 BARBOURSVILLE	5.00	*****	8,441	*****	*****		8,441	*****	*****	*****	8,441	*****	*****	*****
1805	1805 RALEIGH	5.00	*****	7,318	*****	*****		7,318	*****	*****	*****	7,318	*****	*****	*****
1810	1810 CINCINNATI	6.00	*****	8,305	*****	*****		8,305	*****	*****	*****	8,305	*****	*****	*****
1814	1814 FAIRFAX	4.00	*****	11,668	*****	*****		11,668	*****	*****	*****	11,668	*****	*****	*****
1830	1830 FT WAYNE	6.00	*****	6,455	*****	*****		6,455	*****	*****	*****	6,455	*****	*****	*****
1844	1844 COLUMBIA	4.00	*****	7,098	*****	*****		7,098	*****	*****	*****	7,098	*****	*****	*****
1853	1853 WILMINGTON	4.00	*****	8,415	*****	*****		8,415	*****	*****	*****	8,415	*****	*****	*****
1854	1854 PARKVILLE	6.00	*****	7,928	*****	*****		7,928	*****	*****	*****	7,928	*****	*****	*****
1944	1944 YORKTOWN HEIGHTS	4.00	*****	6,334	*****	*****		6,334	*****	*****	*****	6,334	*****	*****	*****
2092	2092 APPLETON	6.00	*****	5,792	*****	*****		5,792	*****	*****	*****	5,792	*****	*****	*****
2183	2183 SO PORTLAND	5.00	*****	5,564	*****	*****		5,564	*****	*****	*****	5,564	*****	*****	*****
2212	2212 CEDAR RAPIDS	6.00	*****	4,876	*****	*****		4,876	*****	*****	*****	4,876	*****	*****	*****
2239	2239 VANCOUVER	5.00	*****	4,750	*****	*****		4,750	*****	*****	*****	4,750	*****	*****	*****
2250	2250 CRYSTAL LAKE	6.00	*****	7,155	*****	*****		7,155	*****	*****	*****	7,155	*****	*****	*****
2271	2271 FT COLLINS	0.49	*****	5,904	*****	*****		5,904	*****	*****	*****	5,904	*****	*****	*****
2308	2308 SANTA CRUZ	5.00	*****	5,709	*****	*****		5,709	*****	*****	*****	5,709	*****	*****	*****
2309	2309 SILVERDALE	5.00	*****	4,226	*****	*****		4,226	*****	*****	*****	4,226	*****	*****	*****
2382	2382 MADISON WEST	6.00	*****	8,062	*****	*****		8,062	*****	*****	*****	8,062	*****	*****	*****
2443	2443 MANCHESTER	5.00	*****	8,961	*****	*****		8,961	*****	*****	*****	8,961	*****	*****	*****
2514	2514 WARRENTON	4.00	*****	7,130	*****	*****		7,130	*****	*****	*****	7,130	*****	*****	*****
2663	2663 NEWINGTON/PORTSMOUTH	5.00	*****	6,938	*****	*****		6,938	*****	*****	*****	6,938	*****	*****	*****

Store Num	Store Name	FY2017 Begin Sq Ft	Lease Factor	Yr 4 Rent PSF	Yr 4 Rent	FY2018 Begin Sq Ft	Lease Factor	Yr 5 Rent PSF	Yr 5 Rent	FY2019 Begin Sq Ft	Lease Factor	Yr 6 Rent PSF	Yr 6 Rent	Expiration Date	Owned / Leased
1645	1645 BOCA RATON	6,696	*****	*****	*****	6,696	*****	*****	*****	6,696	*****	*****	*****	1/31/2019	Owned
1648	1648 SAN DIEGO NORTH	9,818	*****	*****	*****	9,818	*****	*****	*****	9,818	*****	*****	*****	1/31/2018	Owned
1658	1658 SANTA ROSA	3,871	*****	*****	*****	3,871	*****	*****	*****	3,871	*****	*****	*****	1/31/2020	Owned
1690	1690 CHESTERFIELD	8,489	*****	*****	*****	8,489	*****	*****	*****	8,489	*****	*****	*****	1/31/2020	Owned
1710	1710 NO OLMSTED	8,789	*****	*****	*****	8,789	*****	*****	*****	8,789	*****	*****	*****	1/31/2020	Owned
1730	1730 FLORENCE	6,338	*****	*****	*****	6,338	*****	*****	*****	6,338	*****	*****	*****	1/31/2019	Owned
1734	1734 LAWRENCEVILLE	10,295	*****	*****	*****	10,295	*****	*****	*****	10,295	*****	*****	*****	1/31/2020	Owned
1744	1744 OCEAN	8,224	*****	*****	*****	8,224	*****	*****	*****	8,224	*****	*****	*****	1/31/2019	Owned
1750	1750 ORLAND PARK	7,154	*****	*****	*****	7,154	*****	*****	*****	7,154	*****	*****	*****	1/31/2020	Owned
1754	1754 GAITHERSBURG	8,839	*****	*****	*****	8,839	*****	*****	*****	8,839	*****	*****	*****	1/31/2020	Owned
1760	1760 NOVI	8,769	*****	*****	*****	8,769	*****	*****	*****	8,769	*****	*****	*****	1/31/2018	Owned
1764	1764 ROCKAWAY	8,188	*****	*****	*****	8,188	*****	*****	*****	8,188	*****	*****	*****	1/31/2018	Owned
1794	1794 EAST NORTHPORT	8,350	*****	*****	*****	8,350	*****	*****	*****	8,350	*****	*****	*****	1/31/2018	Owned
1800	1800 MISHAWAKA	5,927	*****	*****	*****	5,927	*****	*****	*****	5,927	*****	*****	*****	1/31/2020	Owned
1804	1804 BARBOURSVILLE	8,441	*****	*****	*****	8,441	*****	*****	*****	8,441	*****	*****	*****	1/31/2019	Owned
1805	1805 RALEIGH	7,318	*****	*****	*****	7,318	*****	*****	*****	7,318	*****	*****	*****	1/31/2019	Owned
1810	1810 CINCINNATI	8,305	*****	*****	*****	8,305	*****	*****	*****	8,305	*****	*****	*****	1/31/2020	Owned
1814	1814 FAIRFAX	11,668	*****	*****	*****	11,668	*****	*****	*****	11,668	*****	*****	*****	1/31/2018	Owned
1830	1830 FT WAYNE	6,455	*****	*****	*****	6,455	*****	*****	*****	6,455	*****	*****	*****	1/31/2020	Owned
1844	1844 COLUMBIA	7,098	*****	*****	*****	7,098	*****	*****	*****	7,098	*****	*****	*****	1/31/2018	Owned
1853	1853 WILMINGTON	8,415	*****	*****	*****	8,415	*****	*****	*****	8,415	*****	*****	*****	1/31/2018	Owned
1854	1854 PARKVILLE	7,928	*****	*****	*****	7,928	*****	*****	*****	7,928	*****	*****	*****	1/31/2020	Owned
1944	1944 YORKTOWN HEIGHTS	6,334	*****	*****	*****	6,334	*****	*****	*****	6,334	*****	*****	*****	1/31/2018	Owned
2092	2092 APPLETON	5,792	*****	*****	*****	5,792	*****	*****	*****	5,792	*****	*****	*****	1/31/2020	Owned
2183	2183 SO PORTLAND	5,564	*****	*****	*****	5,564	*****	*****	*****	5,564	*****	*****	*****	1/31/2019	Owned
2212	2212 CEDAR RAPIDS	4,876	*****	*****	*****	4,876	*****	*****	*****	4,876	*****	*****	*****	1/31/2020	Owned
2239	2239 VANCOUVER	4,750	*****	*****	*****	4,750	*****	*****	*****	4,750	*****	*****	*****	1/31/2019	Owned
2250	2250 CRYSTAL LAKE	7,155	*****	*****	*****	7,155	*****	*****	*****	7,155	*****	*****	*****	1/31/2020	Owned
2271	2271 FT COLLINS	5,904	*****	*****	*****	5,904	*****	*****	*****	5,904	*****	*****	*****	#VALUE!	Owned
2308	2308 SANTA CRUZ	5,709	*****	*****	*****	5,709	*****	*****	*****	5,709	*****	*****	*****	1/31/2019	Owned
2309	2309 SILVERDALE	4,226	*****	*****	*****	4,226	*****	*****	*****	4,226	*****	*****	*****	1/31/2019	Owned
2382	2382 MADISON WEST	8,062	*****	*****	*****	8,062	*****	*****	*****	8,062	*****	*****	*****	1/31/2020	Owned
2443	2443 MANCHESTER	8,961	*****	*****	*****	8,961	*****	*****	*****	8,961	*****	*****	*****	1/31/2019	Owned
2514	2514 WARRENTON	7,130	*****	*****	*****	7,130	*****	*****	*****	7,130	*****	*****	*****	1/31/2018	Owned
2663	2663 NEWINGTON/PORTSMOUTH	6,938	*****	*****	*****	6,938	*****	*****	*****	6,938	*****	*****	*****	1/31/2019	Owned

ANNEX B
PERCENTAGE RENT

Commencing on February 1, 2016, 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) seven and one-half percent (7.5%) of Tenant’s Gross Sales for each applicable location as described on this **Annex B**. 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:

1179 CANOGA PK/TOPANGA PLZ
1051 STRONGSVILLE
1119 PORTLAND
1146 CORDOVA/MEMPHIS/GERMANTWN
1159 FAIRFIELD
1225 ORLANDO COLONIAL
1297 HURST
1638 BREA
1660 AURORA
1888 WEST JORDAN
1156 ROSEVILLE
1224 HARRISBURG
1263 WATERBURY
1290 NILES
1438 EL CAJON
1455 WILMINGTON
1610 CINCINNATI NORTHAGE
1625 SARASOTA
1685 DULUTH
1720 STERLING HTS
1192 MUSKEGON
1460 LIVONIA
1570 SCHAUMBURG

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 7.5% 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 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 this day of March 2014 (the “**Commencement Date**”), 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**”).

RECITALS:

Sublandlord, pursuant to the leases set forth on **Annex B** (including any amendments thereto) (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 set opposite each Building location on **Annex A** under the column heading “FY-2014 Begin. Sq. Ft.” as may be modified from time to time as set forth on **Annex A**, initially in the same location and configuration as existing for Subtenant’s store operations within a Building on the date of this Sublease (each, a “**Subleased Premises**”), upon the terms and conditions provided hereinafter.

NOW, THEREFORE, for and in consideration of and subject to the covenants and agreements hereinafter mentioned, the parties do hereby agree as follows:

1. Subleased Premises

Subject to all of the terms and conditions of each 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 applicable 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 applicable 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 date hereof (the “**Commencement Date**”) and shall expire on the earlier to occur of (i) the expiration, rejection or earlier termination of the applicable Master Lease or (ii) the date set forth set forth on **Annex A** under the column heading “Expiration Date” (provided, however, that with respect to any Subleased Premises that has an Expiration Date prior to January 31, 2018, if Sublandlord leasing the a Building extends the applicable Master Lease to a date past January 31, 2018, then the Expiration Date for that Subleased Premises shall be amended to read January 31, 2018 on **Annex A**) (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 _____, 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: Vice 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, Roebuck and Co. 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 any 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 each 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 applicable Master Lease with respect to each Subleased Premises except for those provisions of a Master Lease which are directly

contradicted by this Sublease in which event the terms of this Sublease shall control over such 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 a 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 any Master Lease nor do or fail to do or permit anything to be done which would violate, breach or be contrary to a Master Lease or cause such Master Lease to be terminated or forfeited. Subtenant is not hereby granted any of the rights granted to Sublandlord, as tenant under a 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, ROEBUCK AND CO.,
a New York corporation**

By: _____
Name: _____
Title: _____

**KMART CORPORATION,
a Michigan corporation**

By: _____
Name: _____
Title: _____

SUBTENANT:

**LANDS' END, INC.,
a Delaware corporation**

By: _____
Name: _____
Title: _____

Store Num	Store Name	Lease Term	Lease Factor	FY2014		Downsize/ Closure?	FY2015		Yr 2		FY2016		Yr 3 Rent PSF	Yr 3 Rent
				Begin Sq Ft	Rent PSF		Begin Sq Ft	Rent PSF	Begin Sq Ft	Rent PSF	Begin Sq Ft	Rent PSF		
2035	2035 COLUMBIA	0.08	*****	6,145	*****		6,145	*****	*****	*****	6,145	*****	*****	*****
1200	1200 CHICAGO/STATE ST	0.23	*****	10,060	*****		10,060	*****	*****	*****	10,060	*****	*****	*****
2875	2875 FRANKLIN/NASHVILLE	0.29	*****	6,921	*****		0	*****	*****	*****	0	*****	*****	*****
1199	1199 SAN MATEO	0.49	*****	8,997	*****		8,997	*****	*****	*****	8,997	*****	*****	*****
1031	1031 DENVER/CHERRY CREEK	1.00	*****	17,027	*****		0	*****	*****	*****	0	*****	*****	*****
1223	1223 BROCKTON	1.00	*****	5,951	*****		0	*****	*****	*****	0	*****	*****	*****
1554	1554 MAYS LANDING	1.00	*****	8,792	*****		0	*****	*****	*****	0	*****	*****	*****
2027	2027 WASILLA	1.00	*****	1,157	*****		0	*****	*****	*****	0	*****	*****	*****
2494	2494 ALTOONA	1.00	*****	4,962	*****		0	*****	*****	*****	0	*****	*****	*****
1243	1243 HANOVER	1.07	*****	15,329	*****		15,329	*****	*****	*****	15,329	*****	*****	*****
2173	2173 SARATOGA	1.45	*****	6,281	*****		6,281	*****	*****	*****	6,281	*****	*****	*****
1334	1334 PITTSBURGH SOUTH HILLS	1.48	*****	7,909	*****		7,909	*****	*****	*****	7,909	*****	*****	*****
2824	2824 CARY	1.49	*****	5,868	*****		5,868	*****	*****	*****	5,868	*****	*****	*****
2023	2023 CONCORD	1.49	*****	6,718	*****		6,718	*****	*****	*****	6,718	*****	*****	*****
2603	2603 NEW HARTFORD	1.49	*****	8,657	*****		8,657	*****	*****	*****	8,657	*****	*****	*****
2623	2623 RUTLAND	1.49	*****	5,965	*****		5,965	*****	*****	*****	5,965	*****	*****	*****
2344	2344 STATE COLLEGE	1.57	*****	3,056	*****		3,056	*****	*****	*****	3,056	*****	*****	*****
1470	1470 GREENWOOD	1.66	*****	4,707	*****		4,707	*****	*****	*****	4,707	*****	*****	*****
1984	1984 BUFFALO/HAMBURG	1.66	*****	8,118	*****		8,118	*****	*****	*****	8,118	*****	*****	*****
2043	2043 KINGSTON	1.75	*****	5,359	*****		5,359	*****	*****	*****	5,359	*****	*****	*****
2684	2684 FRACKVILLE	1.75	*****	4,557	*****	min rent	4,557	*****	*****	*****	4,557	*****	*****	*****
1534	1534 SCRANTON	1.91	*****	5,963	*****		5,963	*****	*****	*****	5,963	*****	*****	*****
1850	1850 LOUISVILLE OXMOOR	2.00	*****	8,345	*****		8,345	*****	*****	*****	8,345	*****	*****	*****
1304	1304 SILVER SPRING	2.08	*****	4,973	*****		4,973	*****	*****	*****	4,973	*****	*****	*****
1758	1758 ESCONDIDO	2.08	*****	4,035	*****	min rent	4,035	*****	*****	*****	4,035	*****	*****	*****
2373	2373 NO DARTMOUTH	2.19	*****	4,076	*****		4,076	*****	*****	*****	4,076	*****	*****	*****
1646	1646 PINEVILLE	2.47	*****	5,894	*****		5,894	*****	*****	*****	5,894	*****	*****	*****
1684	1684 WOODBRIDGE	2.51	*****	9,422	*****	min rent	9,422	*****	*****	*****	9,422	*****	*****	*****
1368	1368 CONCORD	2.72	*****	9,947	*****		9,947	*****	*****	*****	9,947	*****	*****	*****
2343	2343 LANESBORO(PITTSFIELD)	2.73	*****	5,537	*****		5,537	*****	*****	*****	5,537	*****	*****	*****

Store Num	Store Name	FY2017 Begin Sq Ft	Lease Factor	Yr 4 Rent PSF	Yr 4 Rent	FY2018 Begin Sq Ft	Lease Factor	Yr 5 Rent PSF	Yr 5 Rent	FY2019 Begin Sq Ft	Lease Factor	Yr 6 Rent PSF	Yr 6 Rent	Expiration Date	Owned / Leased
1200	1200 CHICAGO/STATE ST	10,060	*****	*****	*****	10,060	*****	*****	*****	10,060	*****	*****	*****	4/25/2014	GL
2875	2875 FRANKLIN/NASHVILLE	0	*****	*****	*****	0	*****	*****	*****	0	*****	*****	*****	5/18/2014	GL
1199	1199 SAN MATEO	8,997	*****	*****	*****	8,997	*****	*****	*****	8,997	*****	*****	*****	7/31/2014	GL
1031	1031 DENVER/CHERRY CREEK	0	*****	*****	*****	0	*****	*****	*****	0	*****	*****	*****	2/1/2015	GL
1223	1223 BROCKTON	0	*****	*****	*****	0	*****	*****	*****	0	*****	*****	*****	2/1/2015	GL
1554	1554 MAYS LANDING	0	*****	*****	*****	0	*****	*****	*****	0	*****	*****	*****	2/1/2015	GL
2027	2027 WASILLA	0	*****	*****	*****	0	*****	*****	*****	0	*****	*****	*****	2/1/2015	GL
2494	2494 ALTOONA	0	*****	*****	*****	0	*****	*****	*****	0	*****	*****	*****	2/1/2015	GL
1243	1243 HANOVER	15,329	*****	*****	*****	15,329	*****	*****	*****	15,329	*****	*****	*****	2/28/2015	GL
2173	2173 SARATOGA	6,281	*****	*****	*****	6,281	*****	*****	*****	6,281	*****	*****	*****	7/17/2015	GL
1334	1334 PITTSBURGH SOUTH HILLS	7,909	*****	*****	*****	7,909	*****	*****	*****	7,909	*****	*****	*****	7/27/2015	GL
2824	2824 CARY	5,868	*****	*****	*****	5,868	*****	*****	*****	5,868	*****	*****	*****	7/30/2015	GL
2023	2023 CONCORD	6,718	*****	*****	*****	6,718	*****	*****	*****	6,718	*****	*****	*****	7/31/2015	GL
2603	2603 NEW HARTFORD	8,657	*****	*****	*****	8,657	*****	*****	*****	8,657	*****	*****	*****	7/31/2015	GL
2623	2623 RUTLAND	5,965	*****	*****	*****	5,965	*****	*****	*****	5,965	*****	*****	*****	7/31/2015	GL
2344	2344 STATE COLLEGE	3,056	*****	*****	*****	3,056	*****	*****	*****	3,056	*****	*****	*****	8/28/2015	GL
1470	1470 GREENWOOD	4,707	*****	*****	*****	4,707	*****	*****	*****	4,707	*****	*****	*****	9/30/2015	GL
1984	1984 BUFFALO/HAMBURG	8,118	*****	*****	*****	8,118	*****	*****	*****	8,118	*****	*****	*****	9/30/2015	GL
2043	2043 KINGSTON	5,359	*****	*****	*****	5,359	*****	*****	*****	5,359	*****	*****	*****	10/31/2015	GL
2684	2684 FRACKVILLE	4,557	*****	*****	*****	4,557	*****	*****	*****	4,557	*****	*****	*****	10/31/2015	GL
1534	1534 SCRANTON	5,963	*****	*****	*****	5,963	*****	*****	*****	5,963	*****	*****	*****	12/31/2015	GL
1850	1850 LOUISVILLE OXMOOR	8,345	*****	*****	*****	8,345	*****	*****	*****	8,345	*****	*****	*****	1/31/2016	GL
1304	1304 SILVER SPRING	4,973	*****	*****	*****	4,973	*****	*****	*****	4,973	*****	*****	*****	3/1/2016	GL
1758	1758 ESCONDIDO	4,035	*****	*****	*****	4,035	*****	*****	*****	4,035	*****	*****	*****	3/1/2016	GL
2373	2373 NO DARTMOUTH	4,076	*****	*****	*****	4,076	*****	*****	*****	4,076	*****	*****	*****	4/12/2016	GL
1646	1646 PINEVILLE	5,894	*****	*****	*****	5,894	*****	*****	*****	5,894	*****	*****	*****	7/23/2016	GL
1684	1684 WOODBRIDGE	9,422	*****	*****	*****	9,422	*****	*****	*****	9,422	*****	*****	*****	8/5/2016	GL
1368	1368 CONCORD	9,947	*****	*****	*****	9,947	*****	*****	*****	9,947	*****	*****	*****	10/19/2016	GL
2343	2343 LANESBORO(PITTSFIELD)	5,537	*****	*****	*****	5,537	*****	*****	*****	5,537	*****	*****	*****	10/25/2016	GL

Store Num	Store Name	Lease Term	Lease Factor	FY2014	Yr 1	Yr 1	Downsize/ Closure?	FY2015	Yr 2	Yr 2	FY2016	Yr 3	Yr 3
				Begin Sq Ft	Rent PSF	Rent		Begin Sq Ft	Lease Factor	Rent PSF	Rent	Begin Sq Ft	Lease Factor
1064	1064 LANGHORNE/OXFORD VLY	3.04	*****	8,103	*****	*****		8,103	*****	*****	8,103	*****	*****
1323	1323 MIDDLETOWN	3.33	*****	6,299	*****	*****		6,299	*****	*****	6,299	*****	*****
1232	1232 COON RAPIDS	3.50	*****	6,491	*****	*****		6,491	*****	*****	6,491	*****	*****
2453	2453 GLENS FALLS	3.50	*****	5,266	*****	*****		5,266	*****	*****	5,266	*****	*****
1092	1092 WESTLAND(DETROIT)	3.72	*****	3,506	*****	*****	min rent	3,506	*****	*****	3,506	*****	*****
1213	1213 AUBURN	3.75	*****	9,695	*****	*****		9,695	*****	*****	9,695	*****	*****
1725	1725 ANNAPOLIS	3.83	*****	14,383	*****	*****		14,383	*****	*****	14,383	*****	*****
1014	1014 ENFIELD	4.00	*****	7,435	*****	*****		7,435	*****	*****	7,435	*****	*****
1124	1124 BAY SHORE	4.00	*****	6,217	*****	*****		6,217	*****	*****	6,217	*****	*****
5539	5539 SOLON	4.16	*****	7,240	*****	*****		7,240	*****	*****	7,240	*****	*****
1244	1244 YORK/GALLERIA	4.00	*****	9,706	*****	*****	min rent	9,706	*****	*****	9,706	*****	*****
1139	1139 TUKWILA	4.50	*****	8,759	*****	*****		8,759	*****	*****	8,759	*****	*****
2664	2664 FREDERICK	4.50	*****	7,829	*****	*****		7,829	*****	*****	7,829	*****	*****
1674	1674 WHITE PLAINS	4.58	*****	8,729	*****	*****		8,729	*****	*****	8,729	*****	*****
2113	2113 ROTTERDAM(SCHENECTADY)	4.58	*****	6,546	*****	*****	min rent	6,546	*****	*****	6,546	*****	*****
1695	1695 ALPHARETTA	4.72	*****	12,110	*****	*****		12,110	*****	*****	12,110	*****	*****
1202	1202 BEAVERCREEK/DAYTON	4.73	*****	7,316	*****	*****		7,316	*****	*****	7,316	*****	*****
1765	1765 PALM BEACH GARDENS	4.75	*****	6,188	*****	*****		6,188	*****	*****	6,188	*****	*****
1024	1024 FALLS CHURCH	4.83	*****	7,070	*****	*****		7,070	*****	*****	7,070	*****	*****
2395	2395 MANASSAS	5.37	*****	7,407	*****	*****		7,407	*****	*****	7,407	*****	*****
1280	1280 SPRINGDALE	5.50	*****	16,506	*****	*****		16,506	*****	*****	16,506	*****	*****
2353	2353 KINGSTON	5.66	*****	6,207	*****	*****		6,207	*****	*****	6,207	*****	*****
1073	1073 EXTON	5.68	*****	9,039	*****	*****		9,039	*****	*****	9,039	*****	*****
2071	2071 CINCINNATI WESTERN HILLS	5.72	*****	5,937	*****	*****		5,937	*****	*****	5,937	*****	*****
1273	1273 HOLYOKE	5.73	*****	7,635	*****	*****		7,635	*****	*****	7,635	*****	*****
1170	1170 LANSING	5.83	*****	9,553	*****	*****		9,553	*****	*****	9,553	*****	*****
1330	1330 EVANSVILLE	5.83	*****	4,495	*****	*****		4,495	*****	*****	4,495	*****	*****
2323	2323 HYANNIS	5.83	*****	7,915	*****	*****		7,915	*****	*****	7,915	*****	*****
1004	1004 GARDEN CITY	6.00	*****	19,847	*****	*****	downsize	15,000	*****	*****	15,000	*****	*****
1013	1013 GLEN BURNIE	6.00	*****	8,050	*****	*****		8,050	*****	*****	8,050	*****	*****
1044	1044 JERSEY CTY/NEWPORT	6.00	*****	5,411	*****	*****		5,411	*****	*****	5,411	*****	*****

Store Num	Store Name	FY2017 Begin Sq Ft	Lease Factor	Yr 4	Yr 4	FY2018	Lease Factor	Yr 5	Yr 5	FY2019	Yr 6	Yr 6	Expiration Date	Owned / Leased
				Rent PSF	Rent	Begin Sq Ft		Rent PSF	Rent	Begin Sq Ft	Lease Factor	Rent PSF		
1064	1064 LANGHORNE/OXFORD VLY	8,103	*****	*****	*****	8,103	*****	*****	*****	8,103	*****	*****	2/15/2017	GL
1323	1323 MIDDLETOWN	6,299	*****	*****	*****	6,299	*****	*****	*****	6,299	*****	*****	5/31/2017	GL
1232	1232 COON RAPIDS	6,491	*****	*****	*****	6,491	*****	*****	*****	6,491	*****	*****	7/31/2017	GL
2453	2453 GLENS FALLS	5,266	*****	*****	*****	5,266	*****	*****	*****	5,266	*****	*****	7/31/2017	GL
1092	1092 WESTLAND(DETROIT)	3,506	*****	*****	*****	3,506	*****	*****	*****	3,506	*****	*****	10/21/2017	GL
1213	1213 AUBURN	9,695	*****	*****	*****	9,695	*****	*****	*****	9,695	*****	*****	10/31/2017	GL
1725	1725 ANNAPOLIS	14,383	*****	*****	*****	14,383	*****	*****	*****	14,383	*****	*****	11/30/2017	GL
1014	1014 ENFIELD	7,435	*****	*****	*****	7,435	*****	*****	*****	7,435	*****	*****	1/31/2018	GL
1124	1124 BAY SHORE	6,217	*****	*****	*****	6,217	*****	*****	*****	6,217	*****	*****	1/31/2018	GL
5539	5539 SOLON	7,240	*****	*****	*****	7,240	*****	*****	*****	7,240	*****	*****	3/31/2018	GL
1244	1244 YORK/GALLERIA	9,706	*****	*****	*****	9,706	*****	*****	*****	9,706	*****	*****	1/31/2018	Lease
1139	1139 TUKWILA	8,759	*****	*****	*****	8,759	*****	*****	*****	8,759	*****	*****	7/31/2018	Lease
2664	2664 FREDERICK	7,829	*****	*****	*****	7,829	*****	*****	*****	7,829	*****	*****	7/31/2018	Lease
1674	1674 WHITE PLAINS	8,729	*****	*****	*****	8,729	*****	*****	*****	8,729	*****	*****	8/31/2018	Lease
2113	2113 ROTTERDAM(SCHENECTADY)	6,546	*****	*****	*****	6,546	*****	*****	*****	6,546	*****	*****	8/31/2018	Lease
1695	1695 ALPHARETTA	12,110	*****	*****	*****	12,110	*****	*****	*****	12,110	*****	*****	10/19/2018	Lease
1202	1202 BEAVERCREEK/DAYTON	7,316	*****	*****	*****	7,316	*****	*****	*****	7,316	*****	*****	10/26/2018	Lease
1765	1765 PALM BEACH GARDENS	6,188	*****	*****	*****	6,188	*****	*****	*****	6,188	*****	*****	10/31/2018	Lease
1024	1024 FALLS CHURCH	7,070	*****	*****	*****	7,070	*****	*****	*****	7,070	*****	*****	11/30/2018	Lease
2395	2395 MANASSAS	7,407	*****	*****	*****	7,407	*****	*****	*****	7,407	*****	*****	6/14/2019	Lease
1280	1280 SPRINGDALE	16,506	*****	*****	*****	16,506	*****	*****	*****	16,506	*****	*****	7/31/2019	Lease
2353	2353 KINGSTON	6,207	*****	*****	*****	6,207	*****	*****	*****	6,207	*****	*****	9/30/2019	Lease
1073	1073 EXTON	9,039	*****	*****	*****	9,039	*****	*****	*****	9,039	*****	*****	10/5/2019	Lease
2071	2071 CINCINNATI WESTERN HILLS	5,937	*****	*****	*****	5,937	*****	*****	*****	5,937	*****	*****	10/19/2019	Lease
1273	1273 HOLYOKE	7,635	*****	*****	*****	7,635	*****	*****	*****	7,635	*****	*****	10/24/2019	Lease
1170	1170 LANSING	9,553	*****	*****	*****	9,553	*****	*****	*****	9,553	*****	*****	11/30/2019	Lease
1330	1330 EVANSVILLE	4,495	*****	*****	*****	4,495	*****	*****	*****	4,495	*****	*****	11/30/2019	Lease
2323	2323 HYANNIS	7,915	*****	*****	*****	7,915	*****	*****	*****	7,915	*****	*****	11/30/2019	Lease
1004	1004 GARDEN CITY	15,000	*****	*****	*****	15,000	*****	*****	*****	15,000	*****	*****	1/31/2020	Lease
1013	1013 GLEN BURNIE	8,050	*****	*****	*****	8,050	*****	*****	*****	8,050	*****	*****	1/31/2020	Lease
1044	1044 JERSEY CTY/NEWPORT	5,411	*****	*****	*****	5,411	*****	*****	*****	5,411	*****	*****	1/31/2020	Lease

Store Num	Store Name	Lease Term	Lease Factor	FY2014	Yr 1	Yr 1	Downsize/ Closure?	FY2015	Yr 2	Yr 2	FY2016	Yr 3	Yr 3
				Begin Sq Ft	Rent PSF	Rent		Begin Sq Ft	Lease Factor	Rent PSF	Rent	Begin Sq Ft	Lease Factor
1048	1048 PASADENA	6.00	[*****]	7,168	[*****]	[*****]		7,168	[*****]	[*****]	7,168	[*****]	[*****]
1123	1123 DEDHAM	6.00	[*****]	8,522	[*****]	[*****]		8,522	[*****]	[*****]	8,522	[*****]	[*****]
1133	1133 LEOMINSTER	6.00	[*****]	7,483	[*****]	[*****]		7,483	[*****]	[*****]	7,483	[*****]	[*****]
1134	1134 MILFORD	6.00	[*****]	9,130	[*****]	[*****]		9,130	[*****]	[*****]	9,130	[*****]	[*****]
1143	1143 BROOKLYN/KINGS PLZ	6.00	[*****]	7,105	[*****]	[*****]		7,105	[*****]	[*****]	7,105	[*****]	[*****]
1154	1154 WHITEHALL	6.00	[*****]	7,401	[*****]	[*****]		7,401	[*****]	[*****]	7,401	[*****]	[*****]
1162	1162 AMHERST	6.00	[*****]	7,207	[*****]	[*****]		7,207	[*****]	[*****]	7,207	[*****]	[*****]
1253	1253 PEABODY	6.00	[*****]	16,272	[*****]	[*****]		16,272	[*****]	[*****]	16,272	[*****]	[*****]
1254	1254 WILMINGTON	6.00	[*****]	7,863	[*****]	[*****]		7,863	[*****]	[*****]	7,863	[*****]	[*****]
1274	1274 RICHMOND/CHESTERFIELD	6.00	[*****]	7,551	[*****]	[*****]		7,551	[*****]	[*****]	7,551	[*****]	[*****]
1278	1278 TORRANCE	6.00	[*****]	7,489	[*****]	[*****]		7,489	[*****]	[*****]	7,489	[*****]	[*****]
1283	1283 BRAINTREE	6.00	[*****]	10,747	[*****]	[*****]		10,747	[*****]	[*****]	10,747	[*****]	[*****]
1335	1335 GREENSBORO	6.00	[*****]	5,856	[*****]	[*****]		5,856	[*****]	[*****]	5,856	[*****]	[*****]
1374	1374 BEL AIR	6.00	[*****]	6,517	[*****]	[*****]		6,517	[*****]	[*****]	6,517	[*****]	[*****]
1395	1395 KNOXVILLE WEST TOWN	6.00	[*****]	7,705	[*****]	[*****]		7,705	[*****]	[*****]	7,705	[*****]	[*****]
1403	1403 NATICK	6.00	[*****]	19,306	[*****]	[*****]	downsize	15,000	[*****]	[*****]	15,000	[*****]	[*****]
1404	1404 MASSAPEQUA	6.00	[*****]	6,997	[*****]	[*****]		6,997	[*****]	[*****]	6,997	[*****]	[*****]
1463	1463 BURLINGTON	6.00	[*****]	7,315	[*****]	[*****]		7,315	[*****]	[*****]	7,315	[*****]	[*****]
1494	1494 MOORESTOWN	6.00	[*****]	8,126	[*****]	[*****]		8,126	[*****]	[*****]	8,126	[*****]	[*****]
1528	1528 SAN RAFAEL	6.00	[*****]	6,922	[*****]	[*****]		6,922	[*****]	[*****]	6,922	[*****]	[*****]
1544	1544 REGO PARK	6.00	[*****]	7,421	[*****]	[*****]		7,421	[*****]	[*****]	7,421	[*****]	[*****]
1548	1548 LAGUNA HILLS	6.00	[*****]	8,173	[*****]	[*****]		8,173	[*****]	[*****]	8,173	[*****]	[*****]
1644	1644 LANCASTER	6.00	[*****]	8,635	[*****]	[*****]		8,635	[*****]	[*****]	8,635	[*****]	[*****]
1654	1654 MEDIA	6.00	[*****]	8,919	[*****]	[*****]		8,919	[*****]	[*****]	8,919	[*****]	[*****]
1722	1722 BLOOMINGTON	6.00	[*****]	8,564	[*****]	[*****]		8,564	[*****]	[*****]	8,564	[*****]	[*****]
1733	1733 YONKERS	6.00	[*****]	8,470	[*****]	[*****]		8,470	[*****]	[*****]	8,470	[*****]	[*****]
1834	1834 NORTH WALES	6.00	[*****]	9,819	[*****]	[*****]		9,819	[*****]	[*****]	9,819	[*****]	[*****]
1884	1884 KING OF PRUSSIA	6.00	[*****]	9,967	[*****]	[*****]		9,967	[*****]	[*****]	9,967	[*****]	[*****]
1958	1958 SAN JOSE/OAK RIDGE	6.00	[*****]	7,547	[*****]	[*****]		7,547	[*****]	[*****]	7,547	[*****]	[*****]
2138	2138 SANTA BARBARA	6.00	[*****]	5,841	[*****]	[*****]		5,841	[*****]	[*****]	5,841	[*****]	[*****]
2435	2435 CHARLOTTEVILLE	6.00	[*****]	6,125	[*****]	[*****]		6,125	[*****]	[*****]	6,125	[*****]	[*****]
2694	2694 FREDERICKSBURG	6.00	[*****]	5,347	[*****]	[*****]		5,347	[*****]	[*****]	5,347	[*****]	[*****]

Store Num	Store Name	FY2017	Yr 4	Yr 4	FY2018	Yr 5	Yr 5	FY2019	Yr 6	Yr 6	Expiration Date	Owned / Leased
			Begin Sq Ft	Lease Factor	Rent PSF	Rent	Begin Sq Ft	Lease Factor	Rent PSF	Rent		
1048	1048 PASADENA	7,168	[*****]	[*****]	7,168	[*****]	[*****]	7,168	[*****]	[*****]	1/31/2020	Lease
1123	1123 DEDHAM	8,522	[*****]	[*****]	8,522	[*****]	[*****]	8,522	[*****]	[*****]	1/31/2020	Lease
1133	1133 LEOMINSTER	7,483	[*****]	[*****]	7,483	[*****]	[*****]	7,483	[*****]	[*****]	1/31/2020	Lease
1134	1134 MILFORD	9,130	[*****]	[*****]	9,130	[*****]	[*****]	9,130	[*****]	[*****]	1/31/2020	Lease
1143	1143 BROOKLYN/KINGS PLZ	7,105	[*****]	[*****]	7,105	[*****]	[*****]	7,105	[*****]	[*****]	1/31/2020	Lease
1154	1154 WHITEHALL	7,401	[*****]	[*****]	7,401	[*****]	[*****]	7,401	[*****]	[*****]	1/31/2020	Lease
1162	1162 AMHERST	7,207	[*****]	[*****]	7,207	[*****]	[*****]	7,207	[*****]	[*****]	1/31/2020	Lease
1253	1253 PEABODY	16,272	[*****]	[*****]	16,272	[*****]	[*****]	16,272	[*****]	[*****]	1/31/2020	Lease
1254	1254 WILMINGTON	7,863	[*****]	[*****]	7,863	[*****]	[*****]	7,863	[*****]	[*****]	1/31/2020	Lease
1274	1274 RICHMOND/CHESTERFIELD	7,551	[*****]	[*****]	7,551	[*****]	[*****]	7,551	[*****]	[*****]	1/31/2020	Lease
1278	1278 TORRANCE	7,489	[*****]	[*****]	7,489	[*****]	[*****]	7,489	[*****]	[*****]	1/31/2020	Lease
1283	1283 BRAINTREE	10,747	[*****]	[*****]	10,747	[*****]	[*****]	10,747	[*****]	[*****]	1/31/2020	Lease
1335	1335 GREENSBORO	5,856	[*****]	[*****]	5,856	[*****]	[*****]	5,856	[*****]	[*****]	1/31/2020	Lease
1374	1374 BEL AIR	6,517	[*****]	[*****]	6,517	[*****]	[*****]	6,517	[*****]	[*****]	1/31/2020	Lease
1395	1395 KNOXVILLE WEST TOWN	7,705	[*****]	[*****]	7,705	[*****]	[*****]	7,705	[*****]	[*****]	1/31/2020	Lease
1403	1403 NATICK	15,000	[*****]	[*****]	15,000	[*****]	[*****]	15,000	[*****]	[*****]	1/31/2020	Lease
1404	1404 MASSAPEQUA	6,997	[*****]	[*****]	6,997	[*****]	[*****]	6,997	[*****]	[*****]	1/31/2020	Lease
1463	1463 BURLINGTON	7,315	[*****]	[*****]	7,315	[*****]	[*****]	7,315	[*****]	[*****]	1/31/2020	Lease
1494	1494 MOORESTOWN	8,126	[*****]	[*****]	8,126	[*****]	[*****]	8,126	[*****]	[*****]	1/31/2020	Lease
1528	1528 SAN RAFAEL	6,922	[*****]	[*****]	6,922	[*****]	[*****]	6,922	[*****]	[*****]	1/31/2020	Lease
1544	1544 REGO PARK	7,421	[*****]	[*****]	7,421	[*****]	[*****]	7,421	[*****]	[*****]	1/31/2020	Lease
1548	1548 LAGUNA HILLS	8,173	[*****]	[*****]	8,173	[*****]	[*****]	8,173	[*****]	[*****]	1/31/2020	Lease
1644	1644 LANCASTER	8,635	[*****]	[*****]	8,635	[*****]	[*****]	8,635	[*****]	[*****]	1/31/2020	Lease
1654	1654 MEDIA	8,919	[*****]	[*****]	8,919	[*****]	[*****]	8,919	[*****]	[*****]	1/31/2020	Lease
1722	1722 BLOOMINGTON	8,564	[*****]	[*****]	8,564	[*****]	[*****]	8,564	[*****]	[*****]	1/31/2020	Lease
1733	1733 YONKERS	8,470	[*****]	[*****]	8,470	[*****]	[*****]	8,470	[*****]	[*****]	1/31/2020	Lease
1834	1834 NORTH WALES	9,819	[*****]	[*****]	9,819	[*****]	[*****]	9,819	[*****]	[*****]	1/31/2020	Lease
1884	1884 KING OF PRUSSIA	9,967	[*****]	[*****]	9,967	[*****]	[*****]	9,967	[*****]	[*****]	1/31/2020	Lease
1958	1958 SAN JOSE/OAK RIDGE	7,547	[*****]	[*****]	7,547	[*****]	[*****]	7,547	[*****]	[*****]	1/31/2020	Lease
2138	2138 SANTA BARBARA	5,841	[*****]	[*****]	5,841	[*****]	[*****]	5,841	[*****]	[*****]	1/31/2020	Lease
2435	2435 CHARLOTTEVILLE	6,125	[*****]	[*****]	6,125	[*****]	[*****]	6,125	[*****]	[*****]	1/31/2020	Lease
2694	2694 FREDERICKSBURG	5,347	[*****]	[*****]	5,347	[*****]	[*****]	5,347	[*****]	[*****]	1/31/2020	Lease

MASTER LEASES

ALASKA

Store No. 2027 (Wasilla, AK)

1. Ground Lease, dated November 16, 1992, between Newcomb Family Trust dated September 29, 1988 and Wal-Mart Stores, Inc. (as predecessor-in-interest to Sears, Roebuck and Co.)
2. Partial Release of Lessee's Interest, dated December 5, 1996, between State of Alaska, acting by and through its Department of Transportation and Public Facilities and Wal-Mart Real Estate Business Trust (predecessor-in-interest to Sears, Roebuck and Co.)
3. Memorandum of Lease, dated November 16, 1996, recorded January 6, 1993 in Book 703, Page 345, Records of the Palmer Recording District
4. First Amendment to Ground Lease, dated April 1, 2006, between Newcomb Family Trust dated September 29, 1988 and Sears, Roebuck and Co.
5. Memorandum of Assignment and Assumption of Ground Lease, dated January 29, 2011, recorded January 31, 2001, in Book 1113, Page 725 Records of the Palmer Recording District
6. Assignment and Assumption of Ground Lease, dated January 30, 2001, between Wal-Mart Realty Company and Sears, Roebuck and Co.

CALIFORNIA

Store No. 1048 (Pasadena, CA)

1. Sublease dated July 18, 1958 between Second Searsvale Properties, Inc. and Sears, Roebuck and Co.
2. Assignment dated July 22, 1958 between Second Searsvale Properties, Inc., Continental Illinois National Bank and Trust Company of Chicago and E.J. Friedrich (Trustees), and Sears, Roebuck and Co.
3. Assignment dated July 30, 1958 between Second Searsvale Properties, Inc., as assignor, and Silvale Properties Company, as assignee
4. Assignment dated August 27, 1981 between Silvale Properties Company, as assignor and Montross Corporation, as assignee
5. Assignment dated April 5, 1984 between Montross Corporation, as assignor and G&D Centers, Inc., as assignee
6. Notice of Exercise of Options dated April 13, 1984 between G&D Centers, Inc. and Sears, Roebuck and Co. (term ends April 29, 2024)
7. Assignment dated April 17, 1984 between G&D Centers, Inc., as assignor, and Hastings Ranch Plaza Associates, as assignee

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8. Assignment dated October 22, 1986 between Hastings Ranch Plaza Associates, as assignor, and Rivin Properties, as assignee
 9. Assignment dated January 15, 1997 between Barton Riven, as assignor, and Rivin Properties, L.P., as assignee
 10. Letter dated January 9, 2002 from Sears, Roebuck and Co. to Rivin Properties, L.P. (regarding assignment consent)
 11. Assignment and Assumption of Leases, Contracts, Warranties and Tradename dated February 28, 2003 between Rivin Properties, L.P., as assignor, and Hastings Ranch Shopping Center, L.P., as assignee
 12. Letter Agreement dated October 25, 2004 between Sears, Roebuck and Co. and Riviera Center Management Company
 13. Letter Agreement dated August 18, 2005 between Sears, Roebuck and Co. and Riviera Center Management Company

Store No. 1199 (San Mateo, CA)

1. Sublease dated December 30, 1996 between Sears Development Co., as sublandlord, and Sears, Roebuck and Co., as subtenant
2. Letter, dated September 30, 2006, from Sears, Roebuck and Co. regarding extension of lease term to December 31, 2016

Store No. 1278 (Torrance, CA)

1. Lease dated June 29, 1959 between Fourth Searsvale Properties, Inc. and Sears, Roebuck and Co.
2. Notice and Lease dated June 29, 1959
3. First Supplement to Indenture of Lease dated December 10, 1959 between Fourth Searsvale Properties, Inc. and Sears, Roebuck and Co.
4. Notice of Extension of Lease dated September 12, 1988 (extending term through June 30, 2049)
5. Notice of Extension of Lease, dated November 14, 1988 (extending term through June 30, 2049)

Store No. 1368 (Concord, CA)

1. Ground Lease dated August 29, 1963 between Hope Bartnett Belloc and Sears, Roebuck and Co.
2. Notice and Lease dated August 29, 1963
3. First Agreement Supplementing Lease dated March 31, 1965 between Hope Bartnett Belloc and Sears, Roebuck and Co.
4. Notice of Extension of Lease dated October 4, 2005 (extending term to October 9, 2016)

Store No. 1528 (San Rafael, CA)

1. Indenture of Ground Lease dated September 2, 1970 between M&T Incorporated and Sears, Roebuck and Co.
2. Short Form of Indenture of Ground Lease dated September 2, 1970
3. Agreement dated May 3, 1971 between Sears, Roebuck and Co. and M&T Incorporated and Brown-Ely Co.
4. Agreement of Assignment and Assumption dated June 30, 1981 between M&T Incorporated, as assignor, and M&T Properties, Inc., as assignee
5. First Amendment to Lease dated February 26, 1985 between M&T Properties, Inc. and Sears, Roebuck and Co.
6. Assumption of Lease dated March 29, 1985 by M&T Properties, Inc.
7. Assignment and Assumption of Lessor's Interest in Ground Lease dated December 3, 1985 between M&T Properties, Inc., as assignor, and Northgate Mall Associates, as assignee
8. Second Amendment to Lease dated August 21, 2009 between Northgate Mall Associates and Sears, Roebuck and Co.
9. Rent Directive dated April 27, 2010 (change in rent payment address)

Store No. 1548 (Laguna Hills, CA)

1. Ground Lease dated October 5, 1971 between Rossmoor Corporation and Sears, Roebuck and Co.
2. Short Form of Lease dated October 5, 1971
3. First Agreement Supplementing Lease dated August 22, 1972 between Rossmoor Corporation and Sears, Roebuck and Co.
4. First Amendment to Ground Lease dated April 18, 1974 between Rossmoor Corporation and Sears, Roebuck and Co.
5. Letter Agreement dated April 30, 2013 between Simon Property Group, Inc. and Sears, Roebuck and Co. (regarding site plan changes)
6. Landlord Change Letter dated May 10, 2013

Store No. 1758 (Escondido, CA)

1. Ground Lease dated November 26, 1986 between the City of Escondido and Sears, Roebuck and Co.
2. Short-Form Lease dated November 26, 1986
3. Lease Extension Notice dated August 18, 2010 to EWH Escondido Associates, L.P. and North Country Fair LP (extending term to March 1, 2016)

Store No. 1958 (San Jose, CA)

1. Sublease dated September 29, 1978 between Oakridge Associates, as landlord, and Federated Department Stores, Inc., as tenant (“Sublease”)
2. Short Form Lease dated September 29, 1978
3. Assignment and Assumption Agreement dated January 23, 1985 between Federated Department Stores, Inc. as, assignor, and Nordstrom, Inc., as assignee
4. Assignment and Assumption Agreement dated April 13, 1995 between Nordstrom, Inc., as assignor, and Sears, Roebuck and Co., as assignee (assigning interest in Sublease and in REA to Sears)
5. Consent to Assignment dated April 21, 1995 by Oakridge Associates
6. Letter Agreement dated June 18, 2002 between Sears, Roebuck and Co. and Westfield Corporation, Inc.
7. Notice of Exercise of Option to Lease dated July 29, 2003 from Sears, Roebuck and Co. to Oakridge Mall, L.P. c/o Westfield Corporation, Inc.
8. First Amendment to Sublease dated November 3, 2003 between Oakridge Mall LP and Sears, Roebuck and Co.
9. Lease Renewal Notification dated September 19, 2012 to Oakridge Mall LLC (extending term to September 25, 2023)

Store No. 2138 (Santa Barbara, CA)

1. Lease dated October 22, 1965 between P. Paul Riparetti, Pauline Riparetti, Attilio Panizzon, Marguerite Panizzon, Angelina L. Cochrane, Jimmy Riparetti and Robert Panizzon, collectively as landlord, and La Cumbre Associates, as tenant
2. Supplemental Agreement dated July 14, 2006 between Riviera Dairy Property, LLC (Prime Landlord), SBR, LLC (Tenant) and Sears, Roebuck and Co. (Subtenant) (*referenced in 2010 estoppel certificate as being dated March 17, 2006*)
3. Indenture of Lease dated May 4, 1966 between La Cumbre Associates as Landlord and Sears, Roebuck and Co. as Tenant (“Sublease”)
4. Notice and Lease dated June 23, 1966

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5. First Amended Notice and Lease dated March 7, 1969
 6. Second Amended Notice and Lease dated August 10, 1972
 7. Grant of Option dated January 27, 1969
 8. Assignment and Conveyance of Lease dated January 27, 1969 between La Cumbre Associates, as assignor, and Sears, Roebuck and Co., as assignee
 9. Memorandum of Agreement dated May 4, 1966 between P. Paul Riparetti, Pauline Riparetti, Attilio Panizzon, Marguerite Panizzon, Angelina L. Cochrane, Jimmy Riparetti and Robert Panizzon as Landlord and La Cumbre Associates as Tenant and Sears, Roebuck and Co. as Prime Subtenant
 10. First Agreement Supplementing Lease dated March 7, 1969 between La Cumbre Associates and Sears, Roebuck and Co.
 11. Second Agreement Supplementing Lease dated August 10, 1972 between La Cumbre Associates and Sears, Roebuck and Co.
 12. Assignment of Lessor's Interest in Sublease dated November 26, 1973 between La Cumbre Associates as Assignor and T.I.M Inc. as Assignee
 13. Assignment of Lessor's Interest in Sublease dated December 6, 1973 between T.I.M Inc. as Assignor and Marjorie Brothers, et al. as Assignee
 14. Assignment and Assumption of Lease dated December 23, 1986 between Pipe Crooner Corp.
 15. Settlement Agreement for Ground Rent dated May 13, 1997
 16. Letter Agreement dated June 25, 2002 between Riviera Dairy Property LLC and Sears Roebuck and Co. (*regarding definition of term "Lease Year" under the Prime Lease*)
 17. Tri-Party Rent Adjustment Agreement dated July 14, 2006 between Riviera Dairy Property, LLC (Prime Landlord), SBR, LLC (Tenant) and Sears, Roebuck and Co. (Subtenant)
 18. Rent Directive Notice dated October 16, 2012 (*rental payment address change*)
 19. Lease Renewal Letter dated June 17, 2013 from Sears, Roebuck and Co. to Macerich La Cumbre 9.45AC LLC (*extending term to June 30, 2024*)

COLORADO

Store No. 1031 (Denver, CO)

1. Ground Lease, dated December 19, 2001, between Tower Cherry Creek L.L.C. (as predecessor-in-interest to AmCap Clayton (SRCo) LLC) and Sears, Roebuck and Co.

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2. Memorandum of Lease and Notice of Control Area, dated December 19, 2001, between Tower Cherry Creek L.L.C. (as predecessor-in-interest to AmCap Clayton (SRCo) LLC) and Sears, Roebuck and Co.
 3. First Amendment to Lease (Ground Lease), dated March 19, 2003, between Clayton Street Associates, LLC (as predecessor-in-interest to AmCap Clayton (SRCo) LLC) and Sears, Roebuck and Co.

CONNECTICUT

Store No. 1134 (Millford, CT)

1. Lease, dated March 17, 1999, between The Connecticut Post Limited Partnership, and Sears, Roebuck and Co.
2. Notice of Lease, dated February 1, 2000, recorded in the Office of the Clerk of the City of Milford on February 23, 2000, in Volume 2395, Page 495, Document 001507.
3. Collateral Agreement, dated March 17, 1999, between The Connecticut Post Limited Partnership, and Sears, Roebuck and Co.
4. Request for Notices to a Third Party, dated December 15, 1999
5. Lease Supplement, dated April 1, 2000, between The Connecticut Post Limited Partnership, and Sears, Roebuck and Co.

Store No. 1014 (Enfield, CT)

1. Lease, dated August 12, 1996, between CenterMark Properties, Inc. (as predecessor-in-interest to Centro Enfield LLC)
2. Collateral Agreement, dated August 12, 1996, between CenterMark Properties, Inc. (as predecessor-in-interest to Centro Enfield LLC)
3. Notice of Lease, dated August 12, 1996, recorded October 30, 1996 in the Enfield Land Records in Volume 1015, Page 085, between CenterMark Properties, Inc. (as predecessor-in-interest to Centro Enfield LLC)
4. Lease Supplement, dated May 27, 1997, between CenterMark Properties, Inc. (as predecessor-in-interest to Centro Enfield LLC)
5. Letter, dated November 12, 2003, from Sears, Roebuck and Co. regarding termination of membership with merchants association.

DELAWARE

Store No. 1254 (Wilmington, DE)

1. Lease dated February 1, 1962 between Jardel Co., Inc. and Sears, Roebuck and Co.
2. Memorandum of Lease dated August 7, 1965
3. Letter Agreement dated March 23, 1962 between Jardel Co., Inc. and Sears, Roebuck and Co.
4. Letter Agreement dated June 13, 1963 between Jardel Co., Inc. and Sears, Roebuck and Co.
5. Confirmation of Lease and Notice of Rent Assignment dated June 28, 1963
6. Letter Agreement dated August 7, 1963 between Jardel Co., Inc. and Sears, Roebuck and Co.
7. Letter Agreement dated December 21, 1964 between Jardel Co., Inc. and Sears, Roebuck and Co.
8. Agreement dated May 31, 1966 between Jardel Co., Inc. and Sears, Roebuck and Co.
9. Lease Amendment dated May 31, 1984 between Jardel Co., Inc. and Sears, Roebuck and Co.
10. Lease Amendment dated April 16, 1985 between Jardel Co., Inc. and Sears, Roebuck and Co.
11. Lease Amendment dated April 19, 1985 between Jardel Co., Inc. and Sears, Roebuck and Co.
12. Lease Supplement dated January 20, 1986 between Jardel Co., Inc. and Sears, Roebuck and Co.
13. Lease Summary and Lease Amendment dated July 1, 1986 between Jardel Co., Inc. and Sears, Roebuck and Co.
14. Lease Extension dated August 11, 1986 between Jardel Co., Inc. and Sears, Roebuck and Co.
15. Amendment to Lease dated May 4, 1995 between Jardel Co., Inc. and Sears, Roebuck and Co.
16. Lease Amendment Supplement dated December 1, 1995 between Jardel Co., Inc. and Sears, Roebuck and Co. (supplementing Lease Amendment dated May 4, 1995)
17. First Notice of Extension of Lease dated April 18, 2000 between Jardel Co., Inc. and Sears, Roebuck and Co. (extending term through June 30, 2011)
18. Letter Agreement dated April 26, 2000 between Jardel Co., Inc. and Sears, Roebuck and Co. (regarding lease extension through June 30, 2011)
19. Lease Extension Notice dated June 21, 2010 to Jardel Co., Inc. (extending term through June 30, 2021)

FLORIDA

Store No. 1765 (Palm Beach Gardens, FL)

1. Ground Lease dated June 14, 1984 by and between John E. Corbally, James M. Furman and Philip M. Grace, not personally, but solely as Trustees under Trust Agreement dated December 28, 1983, and known as the "MacArthur Liquidating Trust" and Forbes/Cohen Florida Properties Limited Partnership, as amended by instruments dated July 24, 1986, and May 29, 1987

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2. Sublease dated May 29, 1987 between Forbes/Cohen Florida Properties Limited Partnership, as sublandlord, and Sears, Roebuck and Co., subtenant
 3. Memorandum of Sublease and Supplemental Agreement dated May 29, 1987 by and between Forbes/Cohen Florida Properties Limited Partnership and Sears, Roebuck and Co.
 4. Agreement dated May 29, 1987 by and between John E. Corbally, James M. Furman and Philip M. Grace, not personally, but solely as Trustees under Trust Agreement dated December 28, 1983, and known as the "MacArthur Liquidating Trust" and Sears, Roebuck and Co.
 5. Supplemental Agreement dated May 29, 1987 by and between Forbes/Cohen Florida Properties Limited Partnership and Sears, Roebuck and Co.
 6. Letter and Acceptance dated May 29, 1987 from Sears, Roebuck and Co. to Forbes/Cohen Florida Properties Limited Partnership
 7. Letter and Acceptance dated August 27, 2002 from Forbes/Cohen Florida Properties Limited Partnership to Sears, Roebuck and Co.
 8. Amendment to Supplemental Agreement dated August 31, 2004 between Forbes/Cohen Florida Properties Limited Partnership and Sears, Roebuck and Co.
 9. Letter and Acceptance dated July 11, 2012 from Sears, Roebuck and Co. to Forbes/Cohen Florida Properties, Limited Partnership

GEORGIA

Store No. 1695 (Alpharetta, GA)

1. Lease Agreement, dated August 27, 1992, between Northpoint Mall Limited Partnership (predecessor-in-interest to North Point Mall, LLC) and Sears, Roebuck and Co.
2. First Amendment to Lease Agreement, dated April 26, 1993, between Northpoint Mall Limited Partnership (predecessor-in-interest to North Point Mall, LLC) and Sears, Roebuck and Co.
3. Second Amendment to Lease Agreement, dated March 3, 1994, between Northpoint Mall Limited Partnership (predecessor-in-interest to North Point Mall, LLC) and Sears, Roebuck and Co.
4. Third Amendment to Lease Agreement, dated January 6, 2000, between GGP-North Point, Inc. (predecessor-in-interest to North Point Mall, LLC) and Sears, Roebuck and Co.
5. Sears Global Agreement, dated July 29, 2008
6. Lease Renewal Notification, dated September 19, 2012
7. Notice of Lease Assignment, dated September 3, 2013, from North Point Mall, LLC

ILLINOIS

Store No. 1200 (Chicago, IL)

1. Lease Agreement dated April 30, 1999 between 1 North Dearborn, Inc. and Sears, Roebuck and Co.
2. Agreement Regarding Lease dated December 18, 1998 by and between One North Dearborn, Inc., not personally, but as Trustee for One North Dearborn Trust, and Sears, Roebuck and Co.
3. Memorandum of Lease dated April 30, 1999 by 1 North Dearborn, Inc. and Sears, Roebuck and Co.
4. Supplemental Agreement Regarding Sears Lease dated February 3, 2000 by and between One North Dearborn, Inc., not personally, but as Trustee for One North Dearborn Trust, and Sears, Roebuck and Co.

INDIANA

Store No. 1330 (Evansville, IN)

1. Lease dated April 6, 1962 by and between Erie Investments, Inc. (as predecessor in interest to HK Partners, LLC) and Sears, Roebuck and Co.
2. Addendum dated April 6, 1962 between Erie Investments, Inc. and Sears, Roebuck and Co.
3. Riders No. 1, No. 2, No. 3 and No. 4 each dated August 21, 1962 between Erie Investments, Inc. and Sears, Roebuck and Co.
4. Rider No. 5 dated December 10, 1962 between Erie Investments, Inc. and Sears, Roebuck and Co.
5. Supplement to Lease dated April 22, 1964 by and between Erie Investments, Inc. and Sears, Roebuck and Co.
6. Lease Modification dated June 9, 1965 by and between Erie Investments, Inc. and Sears, Roebuck and Co.
7. Agreement dated December 12, 1966 by and between Erie Investments, Inc. and Sears, Roebuck and Co.
8. Lease Modification dated March 6, 1968 by and between Erie Investments, Inc. and Sears, Roebuck and Co.
9. Lease Modification Agreement dated June 13, 1972 by and between Erie Investments, Inc. and Sears, Roebuck and Co.

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10. Lease Modification Agreement dated June 4, 1986 by and between Regency Equity Properties, Ltd. and Sears, Roebuck and Co.
 11. Lease Amendment dated March 14, 1994 between Tucker Evansville Limited Partnership and Sears, Roebuck and Co.
 12. Collateral Agreement dated March 14, 1994 by and between Tucker Evansville Limited Partnership and Sears, Roebuck and Co.
 13. Lease Amendment dated May 20, 2003 by and between HK Partners, LLC and Sears, Roebuck and Co.
 14. Letter dated February 5, 2004 from Sears, Roebuck and Co. to HK Partners, LLC
 15. Letter dated December 6, 2013 from Sears, Roebuck and Co. to HK Partners, LLC re extension of lease.

Store No. 1470 (Greenwood, IN)

1. Lease dated November 4, 1963 by and between Warren M. Atkinson (as predecessor in interest to Simon Property Group, L.P.) and Sears, Roebuck and Co.
2. Addendum dated December 16, 1963 between Warren M. Atkinson and Sears, Roebuck and Co.
3. Rider No. 1 dated December 16, 1963 between Warren M. Atkinson and Sears, Roebuck and Co.
4. Lease Modification dated September 8, 1964 by and between Warren M. Atkinson and Sears, Roebuck and Co.
5. Rider No. 2 dated March 1, 1965 between Warren M. Atkinson and Sears, Roebuck and Co.
6. Amendment and Memorandum of Lease dated March 2, 1965 between Warren M. Atkinson and Sears, Roebuck and Co.
7. Amendment to Lease dated October 11, 1966 by and between Greenwood Center and Sears, Roebuck and Co.
8. Restatement of Lease dated February 16, 1981 by and between Greenwood Park Company and Sears, Roebuck and Co.
9. Memorandum of Lease dated February 16, 1981 between Greenwood Park Company and Sears, Roebuck and Co.
10. Letter dated July 17, 1981 from Sears, Roebuck and Co. to Melvin Simon & Associates
11. Agreement dated May 23, 1983 by and between Greenwood Park Associates Limited Partnership and Sears, Roebuck and Co.
12. Lease Modification dated February 14, 1984 by and between Greenwood Park Associates Limited Partnership and Sears, Roebuck and Co.

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13. Letter and Acceptance dated June 15, 1994 from Simon Property Group, L.P. to Sears
 14. Letter dated September 22, 2009 from Sears, Roebuck and Co. to Simon Property Group LP re extension of lease
 15. Amendment to Restatement of Lease dated November 5, 2009 by and between Greenwood Park Mall, LLC and Sears, Roebuck and Co.
 16. Memorandum of Amendment to Restatement of Lease dated November 5, 2009 by and between Greenwood Park Mall, LLC and Sears, Roebuck and Co.

KENTUCKY

Store No. 1850 (Louisville, KY)

1. Lease, dated August 17, 1983, between Oxmoor Center (as predecessor-in-interest to Hocker Oxmoor, LLC) and Sears, Roebuck and Co.
2. Short Form Lease, dated August 17, 1983, between Oxmoor Center (as predecessor-in-interest Hocker Oxmoor, LLC) and Sears, Roebuck and Co.
3. Supplemental Agreement, dated August 17, 1983, between Oxmoor Center (as predecessor-in-interest to Hocker Oxmoor, LLC) and Sears, Roebuck and Co.
4. Letter Agreement, dated September 19, 2000, from Sears, Roebuck and Co.
5. Letter Agreement, dated May 7, 2003, from Sears, Roebuck and Co.
6. Notice of Extension of Lease, dated June 17, 2004, from Sears, Roebuck and Co

MARYLAND

Store No. 2664 (Frederick, MD)

1. Lease and Shopping Center Construction, Operating and Easement Agreement and Grant of Rights over Premises Other than those Leased dated April 28, 1977 between Crown American Corporation as Landlord and Sears, Roebuck and Co. as Tenant
2. Supplemental Agreement dated October 23, 1978 between Crown American Corporation and Sears, Roebuck and Co.
3. Assignment of Lessor's Interest in Lease and Notice of Lease Assignment dated October 31, 1978 by Crown American Corporation
4. Lease Amendment dated December 11, 1990 between Crown American Corporation and Sears, Roebuck and Co.

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5. Amendment to Lease dated December 24, 1992 between Crown American Corporation and Sears, Roebuck and Co.
 6. Amendment of Lease dated June 11, 1993 between Crown American Corporation and Sears, Roebuck and Co.
 7. Agreement dated December 21, 1993 between Crown American Financing Partnership and Sears, Roebuck and Co.
 8. Letter Agreement dated March 27, 2000 between Sears, Roebuck and Co. and Crown American Properties, L.P.
 9. Extension of Lease dated July 9, 2002
 10. Lease Renewal Notification dated July 20, 2012 to PR Financing LP (extending term through July 21, 2018)

Store No. 1013 (Glenburnie, MD)

1. Lease dated October 1, 1995 between TKL-East and Sears, Roebuck and Co.
2. Supplemental Agreement dated October 1, 1995 between TKL-East and Sears, Roebuck and Co.
3. Confirmation of Rent Commencement Date dated March 27, 1998
4. Letter dated March 6, 2013 from The Woodmont Company (regarding appointment of receiver for Landlord)

Store No. 1304 (Silver Spring, MD)

1. Lease dated October 9, 1964 between Rouse & Associates and Sears, Roebuck and Co.
2. Agreement dated October 19, 1964 between Giant Food Properties, Inc. and Sears, Roebuck and Co.
3. Amendment of Lease dated October 19, 1964 between Giant Food Properties, Inc. and Sears, Roebuck and Co.
4. Amendment of Lease dated January 13, 1965 between Giant Food Properties, Inc. and Sears, Roebuck and Co.
5. Amendment of Lease #3 dated January 27, 1965 between Giant Food Properties, Inc. and Sears, Roebuck and Co.
6. Amendment of Lease #4 dated January 27, 1966 between Giant Food Properties, Inc. and Sears, Roebuck and Co.
7. Amendment of Lease #5 dated August 23, 1966 between Giant Food Properties, Inc. and Sears, Roebuck and Co.

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8. Agreement of Assignment dated January 25, 1972 between Giant Food Properties, Inc., Giant Food Properties of Maryland, Inc. and B.F. Saul Real Estate Investment Trust
 9. Amendment of Lease dated June 1, 1994 between B.F. Saul Real Estate Investment Trust and Dearborn Corporation and Sears, Roebuck and Co.
 10. Settlement Agreement and Mutual Release dated June 1, 2010 between Anani Segbena and Sears, Roebuck and Co.

Store No. 1374 (Bel Air, MD)

1. Ground Lease dated July 17, 1970 between The Hartford County Fair Association, Inc., as landlord, and Monwar Property Corp., as tenant
2. Memorandum of Lease dated June 28, 1971
3. Supplemental Agreement dated April 4, 1973 between HC Realty, Inc. f/k/a The Hartford County Fair Association, Inc. and Montgomery Ward Development Corporation f/k/a Monwar Property Corp.
4. Lease Extension Notice dated December 20, 1999
5. Assignment and Assumption of Lease dated May 21, 2001 between AMW Realty, LLC, as assignor, and Sears, Roebuck and Co., as assignee
6. Amendment to Lease dated December 12, 2005 between Hartford Mall Business Trust and Sears, Roebuck and Co.
7. Lease Extension dated March 17, 2010 to Hartford Mall Business Trust (*extending term through September 30, 2021*)

Store No. 1725 (Annapolis, MD)

1. Lease dated February 18, 1972 between Annapolis Mall Shopping Center Co., as landlord, and Montgomery Ward & Co., Incorporated, as tenant
2. First Supplement to Lease dated January 26, 1973 between Annapolis Mall Shopping Center Co. and Montgomery Ward & Co., Incorporated
3. Second Amendment to Lease dated September 18, 1984 between Annapolis Mall Shopping Center Co., Betrox Associates and Montgomery Ward & Co., Incorporated
4. Letter Agreement dated June 20, 1985 between Betrox Associates and Montgomery Ward & Co., Incorporated
5. Letter Agreement dated December 30, 1994 between Annapolis Mall Limited Partnership and Montgomery Ward & Co., Incorporated

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6. Assignment of Assumption of Tenant Leases dated June 4, 1997 between RREEF USA FUND-III/Annapolis, Inc. as Assignor and Westfield America of Annapolis, Inc. as Assignee
 7. Assignment and Assumption of Leases, Security Deposits, Contracts, Licenses and Intangible Property dated November 12, 1997 between Westfield America of Annapolis, Inc. as Assignor and WEA Annapolis, Inc. as Assignee
 8. Assignment and Assumption of Lease dated April 12, 2001 between Montgomery Ward, LLC as Assignor and Sears, Roebuck and Co. as Assignee
 9. Lease Extension Agreement dated August 19, 2002 between Annapolis Land LLC and Sears, Roebuck and Co.
 10. Third Amendment to Lease dated May 24, 2012 between Annapolis Mall Owner, LLC and Sears, Roebuck and Co.
 11. Lease Renewal Notification dated May 25, 2012 to Annapolis Mall Owner, LLC (extending term through November 30, 2017)

MASSACHUSETTS

Store No. 1223 (Brockton, MA)

1. Ground Lease, dated August 2, 2000, by and between Westgate Mall Properties LLC and Sears, Roebuck and Co.
2. Lease Supplement, dated September 1, 2000, between Westgate Mall Properties LLC and Sears, Roebuck and Co.
3. First Amendment of Ground Lease, dated June 7, 2002, by and between Westgate Mall Properties LLC and Sears, Roebuck and Co.
4. Second Amendment to Ground Lease, dated June 28, 2004, by and between Westgate Brockton Partners, L.P. and Sears, Roebuck and Co.
5. Third Amendment of Ground Lease, dated May 3, 2012, by and between New Westgate Mall LLC and Sears, Roebuck and Co.

Store No. 2043 (Kingston, MA)

1. Lease Agreement, dated December 21, 1988, by and between Independence Mall Group LLC and Sears, Roebuck and Co.
2. Collateral Agreement, dated December 21, 1988, by and between Independence Mall Group LLC and Sears, Roebuck and Co. (regarding initial tenant improvements)
3. Lease Supplement, dated October 23, 1989, by and between Independence Mall Group LLC and Sears, Roebuck and Co.

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4. Letter Agreement, dated November 10, 1989, from Westheimer & Freidman to Sears, Roebuck and Co. (regarding confirmation of Lease Term)
 5. First Amendment of Lease, dated July 24, 1990, by and between Independence Mall Group LLC and Sears, Roebuck and Co.
 6. Second Amendment of Lease, dated January 9, 1996, by and between Independence Mall Group LLC and Sears, Roebuck and Co.
 7. Letter Agreement, dated December 4, 2001, from Sears, Roebuck and Co. to Pyramid Management Group (regarding request for Sears' approval to expand Independence Mall)
 8. Third Amendment to Lease, dated September 2, 2002, by and between Independence Mall Group LLC, and Sears, Roebuck and Co.
 9. Renewal Notice, dated October 20, 2009, from Sears, Roebuck and Co. to Independence Center LLC (regarding extension of lease from November 1, 2010 through October 31, 2015)

Store No. 2323 (Hyannis, MA)

1. Lease, dated November 9, 1968, by and between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.
2. Amendment of Lease, dated October 10, 1969, by and between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.
3. Letter Agreement, dated February 20, 1970 between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.
4. Commencement Date Agreement, dated October , 1970, by and between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.
5. Amendment #2 of Lease, dated November 12, 1970, by and between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.
6. Amendment of Lease, dated March 13, 1978, by and between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.
7. Lease, dated May 10, 1982, by and between John Doherty and Katherine Doherty, and Sears, Roebuck and Co.
8. Notice of Extension of Lease and Change of Address, dated February 23, 1987, from Sears, Roebuck and Co. to John Doherty and Katherine Doherty
9. Agreement, dated June 28, 1990, by and between John Doherty and Katherine Doherty and Sears, Roebuck and Co.
10. Amendment #2 of Lease, dated September 1, 1980, by and between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.

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11. Amendment #3 of Lease, dated October 9, 1980, by and between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.
 12. Recordable Supplemental Agreement, dated May 20, 1982, by and between Sears, Roebuck and Co. and John Doherty and Katherine Doherty
 13. Amendment #4 of Lease, dated May 15, 1985, by and between John K. Davenport, Palmer Davenport and David Mugar and Sears, Roebuck and Co.
 14. Lease Modification and Extension Agreement, dated May 30, 1995, by and between John Doherty and Katherine Doherty and Sears, Roebuck and Co.
 15. Notice of Extension of Lease, dated October 10, 1997, from Sears, Roebuck and Co. to Doherty Realty Trust Corporation.
 16. Lease, dated February 25, 1999, by and between Cape Code Mall LLC and Sears, Roebuck and Co.
 17. Amendment to Lease, dated May 28, 1999, by and between Cape Cod Mall LLC and Sears, Roebuck and Co.
 18. Lease Extension Agreement, dated July 31, 1999, by and between Cape Cod Mall LLC and Sears, Roebuck and Co.
 19. Lease, dated December 1, 1999, between Doherty Hyannis Realty Trust and Sears, Roebuck and Co.
 20. Commencement Date Agreement, dated February 20, 2001, by and between Mayflower Cape Cod, LLC and Sears, Roebuck and Co.
 21. Notice of Extension of Lease, dated July 30, 2004, from Sears, Roebuck and Co. to Doherty Investment Corporation
 22. Lease Amendment and Extension Agreement, dated October 30, 2009, by and between Doherty Hyannis Realty Trust and Sears, Roebuck and Co
 23. Second Lease Amendment and Extension Agreement, dated May 2, 2013, by and between Doherty Investment Corporation and Sears, Roebuck and Co.

Store No. 2343 (Lanesboro, MA)

1. Lease Agreement, dated November 16, 1987, by and between Berkshire Mall Group and Sears, Roebuck and Co.
2. Collateral Agreement, dated November 16, 1987, by and between Berkshire Mall Group and Sears, Roebuck and Co.
3. Letter Agreement, dated April 29, 1988, by and between Berkshire Mall Group and Sears, Roebuck and Co. (regarding automotive center)

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4. Supplemental Agreement, dated January 31, 1989, by and between Berkshire Mall Group and Sears, Roebuck and Co.
 5. Letter Agreement, dated July 14, 1989, by and between Berkshire Mall Group and Sears, Roebuck and Co. (regarding connector road between shopping center and Route 7)
 6. First Amendment to Lease, dated July 20, 1989, by and between Berkshire Mall Group and Sears, Roebuck and Co.
 7. Quitclaim Assignment of Lessor's Interest in Leases, Rents, Contracts and Agreements, dated May 15, 2002, by and between Berkshire Mall Group, as Assignor, and Lanesborough Enterprises LLC, as Assignee
 8. Notice of Extension, dated October 10, 2002, from Sears, Roebuck and Co. to Berkshire Mall Group
 9. Letter, dated November 23, 2005, from Lanesborough Enterprise Newco LLC to Sears, Roebuck and Co. (regarding modifications to lease)
 10. Notice of Extension, dated October 10, 2007, from Sears, Roebuck and Co. to Lanesborough Enterprise Newco LLC
 11. Second Amendment to Lease, dated June 28, 2013, by and between Lanesborough Enterprises Newco LLC and Sears, Roebuck and Co.

Store No. 1123 (Dedham, MA)

1. Lease and Rider, dated September 4, 1964, by and between Pacella's Concrete Pipe Corporation and Sears, Roebuck and Co.
2. Lease Amendment, dated September 4, 1964, by and between The Flatley Company and Sears, Roebuck and Co.
3. Second Rider to Lease, dated September 24, 1964, by and between Pacella's Concrete Pipe Corporation and Sears, Roebuck and Co.
4. Letter Agreement, dated April 14, 1965, by and between Sears, Roebuck and Co. and Pacella's Concrete Pipe Corporation
5. Third Rider to Lease, dated January 6, 1966, by and between Pacella's Concrete Pipe Corporation and Sears, Roebuck and Co.
6. Letter Agreement, dated February 24, 1966, by and between Pacella's Concrete Pipe Corporation and Sears, Roebuck and Co.
7. Letter Agreement, dated October 1, 1973, by and between Sears, Roebuck and Co. and Flatley Realty Investors
8. Letter Agreement, dated February 12, 1974, by and between Sears, Roebuck and Co. and Flatley Realty Investors

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9. Letter Agreement, dated August 21, 1978, by and between Sears, Roebuck and Co. and Pacella's Concrete Pipe Corporation
 10. Letter Agreement, dated November 7, 1984, by and between Sears, Roebuck and Co. and Flatley Realty Investors
 11. Lease Amendment, dated July 3, 2001, by and Flatley Realty Investors and Sears, Roebuck and Co.
 12. Lease Amendment, dated May 7, 1984, by and between The Flatley Company and Sears, Roebuck and Co.
 13. Lease Amendment, dated June 5, 1984, by and between The Flatley Company and Sears, Roebuck and Co.
 14. Landlord's Rules and Regulations (attachment to lease between The Flatley Company and Sears, Roebuck and Co. dated November 1, 1985)
 15. Notice of Extension of Lease, dated September 14, 1990, to Flatley Realty Investors from Sears, Roebuck and Co.
 16. Notice of Extension of Lease, dated March 13, 1996, to Flatley Realty Investors from Sears, Roebuck and Co.
 17. Lease Amendment and Extension 2001, dated July 3, 2001, by and between John J. Flatley and Gregory D. Stoye and Sears, Roebuck and Co.
 18. Rent Directive Notification, dated September 18, 2012, from The Wilder Companies to Sears, Roebuck and Co. (regarding CPI increases)

Store No. 1283 (Braintree, MA)

1. Lease, dated April 16, 1979, by and between South Shore Plaza and Sears, Roebuck and Co.
2. Lease Amendment, dated April 16, 1979, by and between SCIT, INC. of South Shore Plaza Trust
3. Guaranty, dated April 16, 1979, by and between WINMAR Company Inc., SCIT, Inc. and Sears, Roebuck and Co.
4. Letter Agreement, dated May 18, 1979, by and between SCIT, Inc., Winmar Company, Inc. and Sears, Roebuck and Co. (clarifying the interpretation of Exhibit C to the Lease and Exhibit A to the Guaranty)
5. Letter Agreement, dated September 23, 1980, by and between The Faxon Trust and Sears, Roebuck and Co. (regarding cancellation of lease dated December 1, 1953)
6. Lease Supplement, dated March 13, 1981
7. Supplemental Agreement, dated March 13, 1981, by and between SCIT, Inc. and Sears, Roebuck and Co.

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8. Agreement, dated December 14, 1993, by and between Sears, Roebuck and Co. , and Braintree Property Associates, LP amending Lease dated April 16, 1979
 9. Agreement, dated December 14, 1993, by and between Sears, Roebuck and Co. and Braintree Property Associates, LP amending Lease dated April 16, 1979
 10. Letter Agreement, dated May 2, 1994, by and between Braintree Property Associates, LP and Sears, Roebuck and Co. (regarding lavatory water fixtures)
 11. Amendment of Lease, dated November 20, 1998, by and between The Retail Property Trust and Sears, Roebuck and Co.
 12. Third Amendment to Lease, dated August 30, 2005, by and between Braintree Property Associates Limited Partnership and Sears, Roebuck and Co.

Store No. 1253 (Peabody, MA)

1. Indenture of Lease, dated July 19, 1957, by and between Norsco Corporation, as landlord, and Kennedys, Inc., as tenant
2. Agreement as to Parking and Other Rights, dated November 7, 1961 (*Northshore Shopping Center grants to Alstores Realty Corporation right and easement due to land*)
3. Notice of Lease between Alstores Realty Corporation and Holiday Lanes North Shore, Inc., dated February 6, 1962
4. Indenture of Lease, dated December 27, 1963, by and between Northshore Shopping Center, Inc. and Sears, Roebuck and Co.
5. Agreement, dated November 19, 1964, by and between Northshore Shopping Center, Inc., and Sears, Roebuck and Co.
6. First Supplement to Agreement of Lease, dated May 5, 1975, by and between Northshore Shopping Center, Inc., and Sears, Roebuck and Co.
7. Lease, Shopping Center, Construction, Operating and Easement Agreement and Grant of Certain Rights Over Premises Other Than Those Leased, dated May 5, 1975, by and between Northshore Shopping Center, Inc. and Sears, Roebuck and Co.
8. Letter of Evidence of Mutual Agreement, dated May 5, 1975, by and between Sears, Roebuck and Co. and Northshore Shopping Center, Inc.
9. Letter Agreement, dated May 6, 1975, by and between Alstores Realty Corporation, Northshore Shopping Center, Inc, and Sears, Roebuck and Co.
10. Letter Agreement, dated February 11, 1977, by and between Sears, Roebuck and Co. and Northshore Shopping Center, Inc. (re: Merchant's Association)

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11. Letter Agreement, dated February 28, 1977, by and between Sears, Roebuck and Co. and Northshore Shopping Center, Inc. (re: Exhibit 4-B Supplemental Agreement fixing Tenant's Opening Date and Commencement of Term)
 12. Letter Agreement, dated February 28, 1977, by and between Sears, Roebuck and Co. and Northshore Shopping Center, Inc. (re: *Exhibit 5 Supplemental Agreement fixing Square Footage*)
 13. Modification and Ratification of Assigned Lease, dated November 21, 1977, from Connecticut General Life Insurance Company concerning Northshore Shopping Center
 14. Supplemental Agreement #1, dated December 2, 1977, by and between Northshore Shopping Center, Inc. and Sears, Roebuck and Co.
 15. Supplemental Agreement #1, dated March 17, 1978, by and between Northshore Shopping Center, Inc. and Sears, Roebuck and Co.
 16. Lease Amendment, dated May 23, 1984, by and between Alstores Realty Corporation. and Sears, Roebuck and Co.
 17. Lease Amendment, dated May 30, 1986, by and between Alstores Realty Corporation. and Sears, Roebuck and Co.
 18. Letter Agreement, dated March 26, 1992, from New England Development to Sears, Roebuck and Co.
 19. Letter Agreement, dated April 6, 1992, from New England Development to Sears, Roebuck and Co. (*amending Letter Agreement dated March 26, 1992*)
 20. Amendment to Lease, dated January 26, 1993, by and between Northshore Shopping Center, Inc., and Sears, Roebuck and Co. (*regarding the renovation and expansion of the shopping center*)
 21. Amendment to Lease, dated July 11, 1995, by and between Northshore Mall Limited Partnership and Sears, Roebuck and Co.
 22. Lease Agreement (regarding space 23), dated May 29, 2007, by and between Mall at Northshore, LLC and Sears, Roebuck and Co.
 23. Notice of Extension of Lease, dated August 10, 2006, to Northshore Mall Limited Partnership from Sears, Roebuck and Co.
 24. Lease Renewal Letter, dated September 18, 2006, from Simon to Sears, Roebuck and Co

Store No. 2373 (Dartmouth, MA)

1. Lease, dated November 1, 1966, by and between Frank Properties, Inc. and Sears, Roebuck and Co.
2. Letter Agreement, dated December 28, 1966, between Frank Properties, Inc. and Sears, Roebuck and Co. (*regarding (a) the name of the store and (b) housekeeping rules*)

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3. Letter Agreement Amending Lease, dated February 24, 1967, between Frank Properties, Inc. and Sears, Roebuck and Co.
 4. Letter Agreement, dated April 9, 1968, between Frank Properties, Inc. and Sears, Roebuck and Co. (*regarding Merchant's Association Contribution for Sears*)
 5. Confirmation Letter of Lease Modification, dated April 29, 1968, by and between Frank Properties, Inc., and Sears, Roebuck and Co.
 6. Letter Agreement, dated March 12, 1969, between Sears, Roebuck and Co. and Frank Properties, Inc.
 7. Letter Agreement Amending Lease, dated March 14, 1969, between Frank Properties, Inc. and Sears, Roebuck and Co.
 8. Letter Agreement Amending Lease, dated December 3, 1969, between North Dartmouth Joint Venture and Sears, Roebuck and Co.
 9. Letter Agreement Amending Lease, dated February 4, 1970, between North Dartmouth Joint Venture and Sears, Roebuck and Co.
 10. Letter Agreement Amending Lease, dated March 25, 1970, between North Dartmouth Joint Venture and Sears, Roebuck and Co.
 11. Letter Agreement Amending Lease, dated April 22, 1971, between North Dartmouth Joint Venture and Sears, Roebuck and Co.
 12. Agreement Amending Lease, dated August 13, 1971, by and between North Dartmouth Joint Venture and Sears, Roebuck and Co.
 13. Lease Amendment, dated September 22, 1989, by and between Diversified Equity Corporation, Inc. and Sears, Roebuck and Co.
 14. Lease Supplement, dated February 20, 1990, by and between Diversified Equity Corporation, Inc. and Sears, Roebuck and Co.
 15. Notice of Extension of Lease, dated March 25, 1995, from Sears, Roebuck and Co. to Equity Properties and Development Co.
 16. Lease Amendment, dated April 2, 1996, by and between Equity Properties and Development Limited Partnership and Sears, Roebuck and Co.
 17. Lease Agreement, dated February 15, 1999, by and between John M. Kalisz and Sears, Roebuck and Co.
 18. Lease Amendment, dated June 4, 1999, by and between PR North Dartmouth LLC and Sears, Roebuck and Co.
 19. Notice of Extension of Lease, dated February 3, 2005, from Sears, Roebuck and Co. to PR North Dartmouth LLC
 20. Amendment to Lease, dated April 9, 2007, by and between PR North Dartmouth, LLC and Sears, Roebuck and Co.
 21. Rent Directive Letter, dated March 8, 2013, from PR North Dartmouth, LLC (*regarding rent remittance information*)

Store No. 1403 (Natick, MA)

1. Ground Lease, dated September 22, 1993, by and between Homart Development, Co., as lessor, and Sears, Roebuck and Co., as lessee
2. Collateral Agreement, dated September 22, 1993, by and between Homart Development Co. and Sears, Roebuck and Co.
3. Exchange Agreement, dated September 22, 1993, by and between Homart Development Co. and Sears, Roebuck and Co.
4. Supplemental Agreement, October 14, 1993, by and between Homart Development Co., as lessor, and Sears, Roebuck and Co., as lessee
5. Site Lease, dated November 24, 2003, by and between Sears, Roebuck and Co. Facilities Statutory Trust No. 2003-A and Sears, Roebuck and Co. *(part of a REMIC deal)*

Store No. 1133 (Leominster, MA)

1. Lease, dated June 17, 1965, by and between Whiteacre Leominster Associates and Sears, Roebuck and Co.
2. Letter Agreement, dated October 13, 1965, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates
3. Letter Agreement, dated December 21, 1965, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates
4. Letter Agreement, dated February 4, 1966, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates
5. Letter Agreement, dated February 24, 1966, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates
6. Letter Agreement, dated March 10, 1966, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates *(regarding increased costs due to Sears change in location of store)*
7. Letter Agreement, dated May 12, 1966, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates
8. Letter Agreement, dated May 16, 1966, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates *(regarding approval of 18 car auto center without basement and the increased new location costs)*

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9. Letter Agreement, dated September 12, 1966, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates
 10. Letter Agreement, dated December 19, 1966, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates (changing various paragraphs of lease)
 11. Letter Agreement, dated March 8, 1967, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates (changing various paragraphs of lease)
 12. Letter of Approval for Plans, dated March 10, 1967, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates
 13. Lease, dated March 31, 1967, by and between Kenmark Realty Corporation and Sears, Roebuck and Co.
 14. Letter Agreement, dated June 9, 1967, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates (regarding operation of Sears Auto Center)
 15. Supplemental Agreement Fixing Beginning and Ending Dates of Term, dated March 29, 1968, by and between, Sidney Goode, James Cazanans, Phil Fine, Whiteacre Leominster Associates, and Sears, Roebuck and Co.
 16. Letter Agreement, dated January 19, 1972, by and between Sears, Roebuck and Co. and Whiteacre Leominster Associates
 17. Letter Agreement, dated January 30, 1975, by and between Sears, Roebuck and Co. and Kimco of New England, Inc. (for Sears consent to a leasing of the present supermarket premises)
 18. Letter Agreement, dated October 29, 1979, by and between Sears, Roebuck and Co. and Kimco of New England, Inc. (for a kiosk on Sears property)
 19. Lease Amendment, dated June 11, 1984, by and between Sears, Roebuck and Co. and Kimco of New England, Inc.
 20. Letter Agreement, dated June 10, 1986, by and between Sears, Roebuck and Co. and Kimco of New England, Inc. (for Sears consent to a leasing of the present supermarket premises)
 21. Notice of Extension of Lease, dated May 6, 1992, from Sears, Roebuck and Co. to Kimco of New England, Inc.
 22. Amendment to Lease, dated April 9, 2002, by and between Kimco of New England, Inc. and Sears, Roebuck and Co.
 23. Notice of Extension of Lease, dated May 13, 2002, from Sears, Roebuck and Co. to Kimco of New England, Inc.
 24. Letter, dated May 22, 2012, from the Mall at Whitney Field extending the notice period to exercise extension right

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25. Lease Renewal Notification, dated June 20, 2012, from Sears, Roebuck and Co. to MLMT2006-C2 Mall at Whitney Field, LLC
 26. Letter, dated June 6, 2013, from Jones Lang LaSalle regarding change in ownership to VCG Whitney Field, LLC

Store No. 1243 (Hanover, MA)

1. Lease, dated October 12, 1973, by and between Michael Campanelli and Ralph Tedeschi, Trustees of Campanelli-Tedeschi Trust and Sears, Roebuck and Co.
2. Agreement, dated October 12, 1973, by and between Campanelli-Tedeschi Trust and Sears, Roebuck and Co. (regarding Sears participation in the Merchants Association)
3. Agreement, dated February 17, 1975, by and between Campanelli-Tedeschi Trust and Sears, Roebuck and Co.
4. Amending, and Tri-Party, Agreement Number One to Lease dated October 12, 1973, by and among Sears, Roebuck and Co., Teachers Insurance and Annuity Association of America, Ralph D. Tedeschi and Robert DeMarco, dated October 30, 1975
5. Lease Amendment, dated June 13, 1984, by and between Trustees of Campanelli-Tedeschi Trust and Sears, Roebuck and Co.
6. Lease Amendment, dated July 8, 1998, by and between The Realty Associates Fund III, LP d/b/a/ The Realty Associations Fund III, Limited Partnership c/o TA Associates Realty
7. Assignment of Leases, dated November 4, 2003, by the Realty Associations Fund II, L.P., as Seller, and Hanover Mall Partners, LP, as Purchaser
8. Notice of Extension of Lease, dated August 18, 2004, from Sears, Roebuck and Co. to Hanover Mall Partners, L.P.
9. Access and Indemnity Agreement, dated February 19, 2007, by and between Hanover Mall Partners, LP, as Owner, and Sears, Roebuck and Co.
10. Lease Renewal Letter, dated August 21, 2009, to Walton Hanover Investors V, LLC from Sears, Roebuck and Co.
11. Amendment to Lease, dated October 26, 2011, by and between Washington Street Holdings, LLC and Sears, Roebuck and Co.
12. Amendment to Lease, dated January 16, 2013, by and between Washington Street Holdings, LLC and Sears, Roebuck and Co.

Store No. 1273 (Holyoke, MA)

1. Lease, dated January 5, 1979, by and between Pyramid Company of Holyoke and Sears, Roebuck and Co.
2. Supplemental Agreement A, dated September 10, 1979, by and between Sears, Roebuck and Co. and Pyramid Company of Holyoke
3. Supplemental Agreement B, dated September 10, 1979, by and between Sears, Roebuck and Co. and Pyramid Company of Holyoke
4. Lease Modification Agreement, dated December 20, 1979, by and between Pyramid Company of Holyoke and Sears, Roebuck and Co. (and letters dated December 20, 1979 and May 5, 1980)
5. Second Lease Modification Agreement, dated February 21, 1995, by and between Pyramid Company of Holyoke and Sears
6. Letter Agreement, dated April 25, 1995, by and between Pyramid Company of Holyoke and Sears, Roebuck and Co.
7. Settlement Agreement and Mutual Release, dated January 27, 2012, by and between Sears, Roebuck and Co., Holyoke Mall Company, LP and Pyramid Management Group
8. Lease Modification Agreement No. 3, dated March 2, 2012, by and between Holyoke Mall Company and Sears, Roebuck and Co.
9. Lease Renewal Letter, dated October 24, 2013, from Sears, Roebuck and Co. to Holyoke Mall Company

Store No. 1213 (Auburn, MA)

1. Option Agreement, dated May 23, 1967, by and between Robert St. Jean and Sears, Roebuck and Co.
2. Lease and Shopping Center Construction and Operating Agreement, dated September 5, 1968, by and between First Hartford Realty Corporation and Sears, Roebuck and Co.
3. First Amendment to Lease and Shopping Center Construction and Operating Agreement, dated June 24, 1969, by and between First Hartford Realty Corporation and Sears, Roebuck and Co.
4. Letter Agreement, dated July 31, 1969, between First Hartford Realty Corporation and Sears, Roebuck and Co. (regarding amendment to Lease)
5. Agreement, dated August 9, 1971, by and between First Hartford Realty Corporation and Sears, Roebuck and Co. (regarding amendments to lease)
6. Electric Agreement, dated August 16, 1971, by and between First Hartford Realty Corporation and Sears, Roebuck and Co. (regarding electric bill payment and metering)
7. Indemnification Agreement, dated April 16, 1975, by and between First Hartford Realty Corp. and Sears, Roebuck and Co. (concerning water damage at Auburn Mall location)
8. Letter Agreement, dated December 20, 1977, from Sears, Roebuck and Co. to JMB Properties, Ltd.-II (regarding Sears improvements and costs thereof)

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9. Letter Agreement, dated March 21, 1978, from Sears, Roebuck and Co. to JMB Income Properties, Ltd.-II (regarding certain Sears improvements and costs thereof)
 10. Amendment Agreement, dated September 30, 1980, by and between JMB Income Properties, Ltd.-II and Sears, Roebuck and Co.
 11. Agreement, dated December 31, 1980, by and between Sears and JMB Income Properties, Ltd.-II and Subsidiaries (regarding title change)
 12. Agreement, dated October 26, 1981, by and between JMB Income Properties, Ltd.-II and Sears, Roebuck and Co.
 13. Lease Amendment, dated June 4, 1984, by and between JMB Properties, Ltd.-II and Sears, Roebuck and Co.
 14. Roof License Agreement, dated October 18, 1989, by and between JMB Properties Company, as Licensor, and Sears, Roebuck and Co., as Licensee
 15. Notice of Extension of Lease, dated March 13, 1995
 16. 1999 Amendment to Lease, dated May 5, 1999, by and between Auburn Mall Properties Limited Partnership and Sears, Roebuck and Co.
 17. Quitclaim Deed, dated August 27, 1999, by Auburn Mall Properties Limited Partnership to Mayflower Mall, LP
- Rent Directive, dated September 13, 2010 (regarding security interest in lease granted to German American Capital Corporation)

MINNESOTA

Store No. 1232 (Coon Rapids, MN)

1. Ground Lease dated June 28, 2001 by and between Coon Rapids Riverdale Village, L.L.C. (as predecessor in interest to BRE DDR Riverdale Village Outer Ring LLC) and Sears, Roebuck and Co.
2. Memorandum of Lease dated June 28, 2001 by and between Coon Rapids Riverdale Village, L.L.C. and Sears, Roebuck and Co.
3. Lease Supplement dated November 11, 2002 between Coon Rapids Riverdale Village, L.L.C. and Sears, Roebuck and Co.

Store No. 1722 (Bloomington, MN)

Lease:

Lease, Construction and Operating Agreement dated May 30, 1991 by and between Mall of America Company (as predecessor in interest to MOAC Mall Holdings LLC) and Sears, Roebuck and Co.

Additional Documents:

Memorandum of Lease dated May 30, 1991 by and between Mall of America Company and Sears, Roebuck and Co.

Agreement to Grant Option to Lease dated May 30, 1991 by and between Sears, Roebuck and Co. and Minntertainment Company

Guaranty of Melvin Simon & Associates, Inc. dated May 30, 1991 from Melvin Simon & Associates, Inc.

Amended and Restated Reciprocal Easement and Operating Agreement dated May 30, 1991 by and among Nordstrom, Inc., Macy's California, Inc., Sears, Roebuck and Co. and Mall of America Company

Reimbursement Agreement dated May 30, 1991 by and between Sears, Roebuck and Co. and Mall of America Company

Supplemental Agreement dated May 30, 1991 by and among Mall of America Company and Sears, Roebuck and Co.

Lease Supplement dated January 20, 1994 between Mall of America Company and Sears, Roebuck and Co.

Settlement Agreement dated June 20, 2008 by and between Sears, Roebuck and Co., Boca Park Fashion Village, LLC, Nevso, LLC and MOAC Mall Holdings LLC

Letter and Acceptance dated September 24, 2008 from Mall of America Company to Sears, Roebuck and Co.

Letter and Approval dated October 8, 2010 from Larkin Hoffman Daly & Lindgren Ltd. to Sears, Roebuck and Co.

First Amendment to Amended and Restated Reciprocal Easement and Operating Agreement dated December 16, 2010 by and among MOAC Mall Holdings LLC, Nordstrom, Inc., Macy's Retail Holdings, Inc. and Sears, Roebuck and Co.

Second Supplemental Agreement dated October 22, 2013 by and between MOAC Mall Holdings LLC and Sears, Roebuck and Co.

Second Amendment to Amended and Restated Reciprocal Easement and Operating Agreement dated _____, 2013 by and among MOAC Mall Holdings LLC, Nordstrom, Inc., Macy's Retail Holdings, Inc. and Sears, Roebuck and Co.

MICHIGAN

Store No. 1092 (Westland, MI)

1. Ground Lease dated October 23, 1996 between The Equitable Life Assurance Society of the United States (as predecessor in interest to B&B Westland Center Mall LLC) and Sears, Roebuck and Co.
2. Memorandum of Lease dated October 23, 1996 by and between The Equitable Life Assurance Society of the United States and Sears, Roebuck and Co.
3. Lease Supplement dated April 29, 2003 between The Equitable Life Assurance Society of the United States and Sears, Roebuck and Co.
4. Letter dated August 9, 2007 between Westland Center Partners, LP and B&B Westland Center Mall LLC
5. Lease Renewal Notification dated September 16, 2011 from Sears, Roebuck and Co. to LSREF Summer REO Trust 2009 extending lease through October 21, 2017

Store No. 1170 (Lansing, MI)

1. Lease dated December 29, 1953 between Sparrow Glenmoore Corporation (as predecessor in interest to 4th Street South II, LLC) and Sears, Roebuck and Co.
2. Letter and Acceptance dated March 29, 1976 from Sears, Roebuck and Co. to Mr. Samuel Zell, Trustee, regarding waiver of responsibility for any restoration upon termination of the lease
3. Lease Modification dated April 11, 1984 by and between Samuel Zell, as Trustee under Trust Agreement dated June 23, 1972 and known as Trust Number 2308, and Sears, Roebuck and Co.
4. Agreement dated May 27, 1986 by and between Samuel Zell, as Trustee under Trust Agreement dated June 23, 1972 and known as Trust Number 2308, and Sears, Roebuck and Co.
5. Letter to Extend the Lease dated December 20, 1988 from Samuel Zell, as Trustee under Trust Agreement dated June 23, 1972 and known as Trust Number 2308, to Sears, Roebuck and Co.
6. Agreement dated January 27, 1989 by and between Samuel Zell, as Trustee under Trust Agreement dated June 23, 1972 and known as Trust Number 2308, and Sears, Roebuck and Co.
7. Letter and Acceptance dated September 13, 1991 from Samuel Zell, as Trustee under Trust Agreement dated June 23, 1972 and known as Trust Number 2308, to Sears, Roebuck and Co.
8. Notice of Extension of Lease dated November 16, 1998 from Sears, Roebuck and Co. to Mr. Samuel Zell, Trustee
9. Letter to Extend the Lease dated November 12, 2008 from Sears, Roebuck and Co. to 4th Street South LLC

NEW HAMPSHIRE

Store No. 2023 (Concord, NH)

1. Lease, dated February 13, 1990, between Homart Development Co. (as predecessor-in-interest to Steeplegate Mall, LLC) and Sears, Roebuck and Co.
2. Notice of Lease, dated February 13, 1990, between Homart Development Co. (as predecessor-in-interest to Steeplegate Mall, LLC) and Sears, Roebuck and Co.
3. Collateral Agreement, dated February 13, 1990, between Homart Development Co. (as predecessor-in-interest to Steeplegate Mall, LLC) and Sears, Roebuck and Co.
4. Lease Supplement, dated September 14, 1990, between Homart Development Co. (as predecessor-in-interest to Steeplegate Mall, LLC) and Sears, Roebuck and Co.
5. Letter, dated June 17, 2004, from Sears, Roebuck and Co. extending the lease term
6. Letter, dated August 13, 2009, from Sears, Roebuck and Co. extending the lease term

NEW JERSEY

Store No. 1044 (Jersey City, NJ)

1. Lease, Construction and Operation Agreement dated May 1, 1986 between NC Mall Associates and Sears, Roebuck and Co.
2. Supplemental Agreement dated May 1, 1986 between NC Mall Associates and Sears, Roebuck and Co.
3. Triparty Supplementing Agreement dated May 1, 1986 between NC Mall Associates, Sears, Roebuck and Co. and Newport City Phase I Developers Limited Partnership
4. Parking Agreement dated September 1, 1988 between NC Mall Associates and Sears, Roebuck and Co. (email communication dated September 20, 2012 indicates the term was extended and expired August 31, 2013)
5. Rent Directive Notice dated October 6, 2010 from Newport Centre, LLC

Store No. 1494 (Moorestown, NJ)

1. Lease, Shopping Center, Construction, Operating and Easement Agreement and Grant of Certain Rights over Premises other than those Leased dated January 7, 1970 between Rouse-Moorestown, Inc. and Sears, Roebuck and Co.
2. Agreement dated January 7, 1970 between Moorestown Management, Inc. and Sears, Roebuck and Co.
3. Agreement dated January 7, 1970 between Moorestown Management, Inc., N.K. Winston Corporation and Sears, Roebuck and Co.
4. Letter Agreement dated January 7, 1970 between Moorestown Management, Inc. and Sears, Roebuck and Co.

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5. Letter Agreement dated August 9, 1972 between Moorestown Management, Inc., Sears, Roebuck and Co., the Hills Realty Co. and The Equitable Life Assurance Society
 6. Agreement dated August 15, 1972 between Moorestown Management, Inc., N.K. Winston Corporation and Sears, Roebuck and Co.
 7. Consent and Agreement dated January 14, 1980 between Rouse-Moorestown, Inc. and Sears, Roebuck and Co.
 8. Amendment to Lease dated April 21, 1986 between First Fidelity Bank and Sears, Roebuck and Co.
 9. Letter Agreement dated January 30, 1986 between M-L-R Associates, Sears, Roebuck and Co. Gimbel Brothers, Inc. and John Wanamaker, Philadelphia
 10. Second Amendment to Lease dated October 8, 1999 between Rouse-Moorestown, Inc. and Sears, Roebuck and Co.

Store No. 1684 (Woodbridge, NJ)

1. Lease dated January 30, 1968 between Woodbridge Center, Inc., as landlord, and Federated Department Stores, Inc., as tenant
2. Assignment and Assumption Agreement (Lease) dated February 2, 1995 between A&S Real Estate, Inc., as assignor, and Sears, Roebuck and Co., as assignee (acquiring tenant's interest)
3. Letter Agreement dated January 30, 1968 between The Rouse Company and Federated Department Stores, Inc. (regarding additional land)
4. Letter Agreement dated January 30, 1968 between Woodbridge Center, Inc. and Federated Department Stores (regarding A&S TBA area)
5. Letter Agreement dated September 30, 1969 between Woodbridge Center, Inc. and Federated Department Stores, Inc. (regarding first amendment)
6. Letter Agreement dated September 30, 1969 between Woodbridge Center, Inc., Federated Department Stores, Inc., Alstores Realty Corporation, Orbach's, Inc. and Allied Stores Corporation (regarding operating covenants)
7. First Amendment of Lease dated September 30, 1969 between Woodbridge Center, Inc. and Federated Department Stores, Inc.
8. Second Amendment of Lease dated September 30, 1969 between Woodbridge Center, Inc. and Federated Department Stores, Inc.
9. Letter Agreement dated October 30, 1969 between Woodbridge Center, Inc. and Federated Department Stores, Inc. (regarding Lease Section 4.5(c))

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10. Third Amendment of Lease dated November 8, 1977 between Woodbridge Center, Inc. and Federated Department Stores, Inc.
 11. Letter Agreement dated October 20, 1978 from Woodbridge Center, Inc. to Abraham & Strauss and Federated Department Stores, Inc.
 12. Fourth Amendment of Lease dated April 10, 1979 between Woodbridge Center, Inc. and Federated Department Stores, Inc.
 13. Assignment and Assumption of Lease dated July 29, 1988 between Federated Department Stores, Inc., as assignor, and A&S Real Estate, Inc., as assignee
 14. Assignment and Assumption Agreement (Lease) dated February 2, 1995 between A&S Real Estate, Inc., as assignor, and Sears, Roebuck and Co., as assignee
 15. Fifth Amendment of Lease dated November 1, 2002 between Woodbridge Center, LLC and Sears, Roebuck and Co.
 16. Notice Letter dated July 27, 2005 (regarding extension of Lease)

Store No. 1554 (Mays Landing, NJ)

1. Lease dated March 20, 1986 between Hamilton Associates and Sears, Roebuck and Co.
2. Non-Competition Agreement dated March 20, 1986 between Hamilton Associates and Sears, Roebuck and Co.
3. Supplemental Agreement dated March 21, 1986 between Hamilton Associates and Sears, Roebuck and Co.
4. First Amendment to Lease dated September 30, 1986 between Hamilton Associates and Sears, Roebuck and Co.
5. Letter Agreement dated February 10, 1987 between Sears, Roebuck and Co. and Hamilton Associates (regarding Budget Car Rental)
6. Omnibus Assignment (Hamilton Associates to Hamilton Mall, LLC) dated June 7, 2002
7. Second Amendment to Lease dated June 15, 2012 between Hamilton Mall, LLC and Sears, Roebuck and Co.

NEW YORK

Store No. 1004 (Garden City, NY)

1. Ground Lease dated January 4, 1971 between Earl A. Gillespie, Inc. and The Garden City Company, as landlord, and Federated Departments Stores, Inc., as tenant
2. Memorandum of Lease dated January 4, 1971 between Earl A. Gillespie, Inc. and The Garden City Company and Federated Departments Stores, Inc.

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3. Agreement dated January 4, 1971 between Earl A. Gillespie and The Garden City Company as Landlord and Federated Department Stores, Inc. as Tenant (regarding removal of power lines)
 4. Agreement dated January 4, 1971 between The Garden City Company and Federated Department Stores, Inc. (regarding title insurance matters)
 5. Assignment of Lease dated April 23 1972 from Earl A. Gillespie to Edward A. Gillespie (assignment of partial Landlord interest)
 6. Certificate of Commencement of Pre-Initial Term dated April 19, 1971, Liber 8239, Cp 17
 7. Certificate of Commencement of Initial Term dated October 9, 1973, Liber 8613, Cp 293
 8. Assignment and Assumption of Lease Dated May 26, 1989 from Federated Department Stores, Inc. to Bloomingdale's Extra Real Estate, Inc.
 9. Assignment and Assumption Agreement (Lease) dated January 26, 1996 between Bloomingdales Real Estate, Inc., as assignor, and Sears Development Co., as assignee (assignment of tenant's interest)

Store No. 1124 (Bay Shore, NY)

1. Lease dated June 18, 1996 between Westland South Shore Mall L.P. as Landlord and Sears, Roebuck and Co. as Tenant
2. Memorandum of Lease dated June 18, 1996
3. Collateral Agreement dated June 18, 1996 between Westland South Shore Mall L.P. as Landlord and Sears, Roebuck and Co. as Tenant (agreement by Landlord to provide fixtures and equipment, for a cost of \$2,000,000.00, throughout the term)
4. Lease Term Agreement dated June 18, 1996
5. Letter Agreement dated August 5, 1996 between Landlord and Tenant (regarding building pad notice)
6. Memorandum dated December 4, 2009 from Beth Irving, Gene Filice, Charles J. Benvenuto P.C. to Sears (regarding correction of last term end date)
7. Lease Renewal Notification dated January 24, 2012 (renewing term through January 31, 2018)

Store No. 1143 (Brooklyn, NY)

1. Lease dated January 11, 1997 between Alexander's of Brooklyn, Inc. and Sears, Roebuck and Co.
2. Memorandum of Lease dated January 11, 1997

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3. Supplemental Agreement date November 12, 1997 between Alexander's of Brooklyn, Inc. and Sears, Roebuck and Co.
 4. Assignment and Assumption of Leases dated May 31, 2001 between Kings Plaza Corp. and Alexander's Department Stores of Brooklyn, Inc. as Assignor and Alexander's Kings Plaza, LLC (successor by merger to Alexander's Kings Plaza Center, Inc.) as Assignee (assignment of Landlord interest)
 5. Letter dated December 4, 2003 from Sears to Vornado Realty Trust (regarding Sears' approval of changes to the top 4 levels of the parking garage)
 6. Lease Amendment Agreement dated May , 2004 between Alexander's Kings Plaza, LLC and Sears, Roebuck and Co.
 7. Letter dated November 28, 2012 from Brooklyn Kings Plaza LLC to Sears (notice of change of ownership – Brooklyn Kings Plaza LLC to become new Landlord)

Store No. 1162 (Amherst, NY)

1. Ground Lease dated November 10, 1997 between Boulevard Mall Expansion, LLC, Boulevard Mall, LLC (Boulevard) and Sears, Roebuck and Co.
2. Memorandum of Lease dated November 10, 1997
3. Lease Supplement dated August 16, 2000 between Boulevard Mall Expansion, LLC and Sears, Roebuck and Co.

Store No. 1323 (Middletown, NY)

1. Lease Agreement dated April 12, 1990 between P.C.M. Development Co. and Sears, Roebuck and Co.
2. Collateral Agreement dated April 12, 1990 between P.C.M. Development Co. and Sears, Roebuck and Co.
3. First Amendment to Lease dated May 13, 1991 between P.C.M. Development Co. and Sears, Roebuck and Co.
4. Letter Agreement dated July 3, 1991 between Sears, Roebuck and Co. and Middletown Associates Limited Partnership (regarding approval of a tenant)
5. Second Amendment to Lease dated August 20, 1991 between P.C.M. Development Co. and Sears, Roebuck and Co.
6. Third Amendment to Lease dated July 17, 1996 between P.C.M. Development Co. and Sears, Roebuck and Co.
7. Lease Supplement dated July 17, 1996 between P.C.M. Development Co. and Sears, Roebuck and Co.

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8. Highway Work Agreement, dated August 20, 1991, between The Pyramid Companies and Sears, Roebuck and Co.
 9. Ballard Road Bridge Work Agreement, dated July 17, 1996, between The Pyramid Companies and Sears, Roebuck and Co.
 10. Assignment and Assumption of Leases dated August 22, 1996 between P.C.M. Development Co., as assignor, and Crystal Run Company L.P., as assignee
 11. Quit Claim Assignment of Lessor's Interest in Leases, Rents, Contracts and Agreements dated February 14, 2005 between Crystal Run Company L.P., as assignor, and Crystal Run NewCo., LLC, as assignee
 12. Notice dated September 3, 2010 from Crystal Run NewCo., LLC (restriction of Landlord's action under Section 291-F of New York Real Property Law)
 13. Lease Renewal Notice dated May 19, 2011 to Crystal Run NewCo., LLC (renewing term through May 31, 2017)

Store No. 1404 (Massapequa, NY)

1. Indenture of Lease dated July 26, 1973 between Norton Mailman Associates, Inc., as landlord, and Allied Stores of New York, Inc., as tenant
2. Lease Assignment and Assumption Agreement dated July 26, 1973 between Allied Stores of New York, Inc., as assignor, and Norton Mailman Associates, Inc., as assignee
3. Partial Release and Spreader Agreement in Respect of Leasehold Mortgage dated February 1, 1974 between Tempsford Corporation (f/k/a The South Bay Corporation), David Muss and S. Joseph Tankoos, Jr. (collectively, "Tenant"), Bishopsgate Corporation and The Bowery Savings Bank
4. Assignment and Assumption Agreement, dated December 31, 1986
5. Assignment and Assumption Agreement (Lease) dated March 15, 1995 between Stern's Departments Stores, Inc., as assignor, and Sears, Roebuck and Co., as assignee
6. Amendment to Lease dated April 28, 1995 between Norton Mailman Associates and Sears, Roebuck and Co.
7. Memorandum of Amendment to Lease dated April 28, 1995
8. Notice of Extension of Lease dated October 2, 2003 (extending term through May 29, 2015)

Store No. 1544 (Rego Park, NY)

1. Lease dated March 3, 1994 between Alexander's, Inc., as landlord, and Sears, Roebuck and Co., as tenant
2. Memorandum of Lease dated March 24, 1994
3. First Amendment to Lease dated March 29, 1995 between Alexander's, Inc. and Sears, Roebuck and Co.
4. Assignment of Mortgage Notification Letter dated March 30 1995 from Alexander's, Inc. to Sears, Roebuck and Co.
5. Lease Supplement dated April 26, 1996 between Alexander's of Rego Park, Inc. and Sears, Roebuck and Co.
6. Assignment and Assumption of Leases and Management Agreement dated May 24, 1997 between Alexander's of Rego Park, Inc., as assignor, and Alexander's Rego Park Center, Inc. as assignee (*assignment of Landlord's interest*)
7. Parking Agreement dated October 2, 1997 between Alexander's Rego Center, Inc., Sears, Roebuck and Co. and Kinney Parking Systems, Inc.
8. Assignment and Assumption of Leases dated 1999 between Alexander's Rego Park Center, Inc. as Assignor and Alexander's Rego Shopping Center, Inc. as Assignee (*assignment of Landlord's interest*)
9. Letter Agreement dated April 21, 1999 (*adding Lender (Chase Manhattan Bank) to notices*)
10. Letter dated May 12, 1999 from Alexander's Rego Park Center, Inc. (*Landlord notice of granting of security interest to Chase Manhattan Bank*)
11. Letter Agreement dated May 12, 1999 from Alexander's Rego Shopping Center, Inc., c/o Vornado Realty Trust with attached Assignment and Assumption of Leases
12. Second Amendment to Lease dated February 18, 2000 between Alexander's Rego Shopping Center, Inc. and Sears, Roebuck and Co.
13. Building Key Transfer and Release dated March 13, 2007
14. Letter Agreement dated December 3, 2008 (regarding updated legal notice address)
15. Notice Letter from Rego Center dated March 13, 2013 (*regarding change of parking garage operator*)

Store No. 1674 (White Plains, NY)

1. Lease dated March 18, 2003 between White Plains Galleria Limited Partnership, as landlord, and NSHE Valentine, LLC, as Exchange Accommodation Titleholder for Sears, Roebuck and Co., as tenant
2. Memorandum of Lease dated March 18, 2003

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3. License and Indemnity Agreement dated September 24, 2002 between CF Galleria at White Plains LP (Developer), CFN, Inc. (Building Owner) and Sears, Roebuck and Co.
 4. Assignment of License and Indemnity Agreement dated December 20, 2002 between Sears, Roebuck and Co. (Exchanger) and NSHE Valentine, LLC
 5. Project Management Agreement dated December 20, 2002 between NSHE Valentine, LLC as Owner and Sears, Roebuck and Co.
 6. Qualified Exchange Accommodation Agreement dated December 20, 2002 between Sears, Roebuck and Co. (Exchanger), National Safe Harbor Exchanges and NSHE Valentine, LLC
 7. Notification to Developer and Owner dated December 24, 2002 from White Plains, L.P. (Developer) and CFN, Inc. (Building Owner) and Sears, Roebuck and Co. (Exchanger)
 8. Conditional Purchase Agreement dated January 30, 2003 between Sears, Roebuck and Co. as Seller and the Cadillac Fairview Corporation Limited as Purchaser
 9. Letter Agreement dated January 31, 2003 from Sears, Roebuck and Co. to The Mills Limited Partnership and White Plains Galleria Limited Partnership
 10. Lessee Construction Allowance Agreement dated March 18, 2003 between CF White Plains Galleria Limited Partnership (Developer) and NSHE Valentine, LLC
 11. Assignment and Assumption of Lease dated June 17, 2003 by NSHE Valentine, LLC as Assignor and Sears, Roebuck and Co. as Assignee
 12. Lease Supplement dated November 4, 2003 between White Plains Galleria Limited Partnership and Sears, Roebuck and Co.
 13. Lease Renewal Notification dated August 21, 2012 to White Plains Galleria Limited Partnership and Galleria of White Plains Management Office (*term renewed through August 31, 2018*)
 14. Letter dated September 5, 2012 from Simon Property Group (acknowledging receipt of Sears Exercise of Option to Extend Lease)

Store No. 1733 (Yonkers, NY)

1. Lease dated March 17, 1995 between Brook Shopping Centers, Inc., as landlord, and Sears, Roebuck and Co., as tenant
2. Memorandum of Lease dated March 17, 1995
3. SNDA dated March 17, 1995 between Leonard Marx, Sr. (Lender) and Sears, Roebuck and Co. (Tenant)
4. Amendment to Lease dated October 15, 1996 between Brook Shopping Centers, Inc. and Sears, Roebuck and Co.
5. Notice of Lease Assignment dated October 24, 2009 (*assignment of Landlord interest to The Prudential Insurance Company of America and New York Life Insurance Company*)

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6. Alterations Consent Letter dated February 26, 2010 from Sears, Roebuck & Co. (*regarding alterations to the shopping center*)
 7. Closed Circuit Television Agreement dated October 28, 2010 between Brooks Shopping Centers LLC and Sears, Roebuck and Co.
 8. Second Amendment to Lease dated March 24, 2011 between Sears, Roebuck and Co. and Brooks Shopping Centers LLC

Store No. 1984 (Buffalo, NY)

1. Lease and Shopping Center Construction, Operating and Easement Agreement, and Grant of Rights Over Premises Other Than Those Leased dated January 27, 1984 between Hamburg Associates Limited Partnership, as landlord, and Sears, Roebuck and Co., as tenant
2. Collateral Agreement dated January 27, 1984 between Hamburg Associates Limited Partnership and Sears, Roebuck and Co.
3. Amendment dated October 15, 1985 between Hamburg Associates Limited Partnership and Sears, Roebuck and Co. (*amending Collateral Agreement*)
4. Supplemental Agreement dated November 13, 1985 between Sears, Roebuck and Co. and Hamburg Associates Limited Partnership
5. Notice of Restriction of Landlord's Action in Respect of Leases Pursuant to Section 291-f of the New York Real Property Law dated August 2, 1999 from WXI/BUF/W Real Estate Limited Liability Company
6. Notice of Extension of Lease dated August 6, 2004
7. Second Amendment to Lease dated March 21, 2005 between McKinley Mall, LLC and Sears, Roebuck and Co.
8. Lease Extension dated September 22, 2009 to McKinley Mall, LLC (*extending term through September 30, 2015*)
9. Tenant Estoppel Certificate dated July 20, 2010 to Natixis Real Estate Capital Inc.
10. Rent Directive Letter dated September 1, 2010

Store No. 2113 (Rotterdam, NY)

1. Lease Agreement dated September 22, 1986 between Rotterdam Square, a NY limited partnership, as landlord, and Sears, Roebuck and Co., as tenant
2. Collateral Agreement dated September 22, 1986 between Rotterdam Square, a NY limited partnership and Sears, Roebuck and Co.

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3. Supplemental Agreement dated June 15, 1989 between Rotterdam Square, a NY limited partnership and Sears, Roebuck and Co.
 4. First Lease Amendment Agreement dated June 6, 1995 between Rotterdam Square and Sears, Roebuck and Co.
 5. Letter Agreement dated September 6, 1995 between Sears, Roebuck and Co. and Wilmorite, Inc. (*regarding expansion of Sears store*)
 6. Letter dated September 30, 1996 from Sears, Roebuck and Co. to Wilmorite, Inc. (*notice of completion of expansion and request for Landlord's capital contribution*)
 7. Second Lease Amendment Agreement dated September 28, 1999 between Rotterdam Square and Sears, Roebuck and Co.
 8. Notice of Extension of Lease dated August 19, 2002 from Sears, Roebuck and Co. to Rotterdam Square and Wilmorite Property Management, LLC
 9. Third Lease Amendment Agreement dated September 11, 2012 between Rotterdam Square, LLC and Sears, Roebuck and Co. (*extending term of Lease to August 31, 2018*)

Store No. 2173 (Saratoga Springs, NY)

1. Lease Agreement dated May 30, 1989 between Sarwil Associates, as landlord, and Sears, Roebuck and Co., as tenant
2. Memorandum of Lease dated May 30, 1989
3. Collateral Agreement dated May 30, 1989 between Sarwil Associates and Sears, Roebuck and Co.
4. Notice of Restriction of Landlord's Action in Respect of Leases Pursuant to Section 291f of the New York Real Property Law dated October 2, 1989
5. Amendment Agreement No. 1 dated May 25, 1993 between Sarwil Associates and Sears, Roebuck and Co.
6. Lease Modification Agreement dated May 3, 1996 between Sarwil Associates, L.P. and Sears, Roebuck and Co.
7. Lease Supplement dated September 14, 1990 between Sarwil Associates and Sears, Roebuck and Co.
8. Letter Agreement dated March 5, 1996 between Sarwil Associates, L.P. and Sears, Roebuck and Co. (*regarding square footage*)
9. Second Lease Amendment Agreement dated September 28, 1999 between Sarwil Associates, L.P. and Sears, Roebuck and Co.
10. Notice of Extension of Lease dated June 17, 2004
11. Notice of Extension of Lease dated June 18, 2009 (*extending term through July 17, 2015*)

Store No. 2353 (Kingston, NY)

1. Lease Agreement dated November 23, 1988 between PCK Development Company, as landlord, and Sears, Roebuck and Co., as tenant
2. Memorandum of Lease dated November 23, 1988
3. Lease Supplement dated October 26, 1989 between PCK Development Company and Sears, Roebuck and Co.
4. First Amendment of Lease dated April 24, 1991 between PCK Development Company and Sears, Roebuck and Co.
5. Letter Agreement dated November 30, 1994 between PCK Development Company and Sears, Roebuck and Co.
6. Second Amendment of Lease dated August 14, 1996 between PCK Development Company, the May Department Stores Company and Sears, Roebuck and Co.
7. Letter Agreement dated October 29, 1996 from Pyramid Management Group, Inc. to Sears, Roebuck and Co.
8. Third Amendment to Lease dated January 29, 2001 between PCK Development Company, LLC and Sears, Roebuck and Co.
9. Letter Agreement dated December 4, 2001 between Pyramid Management Group, Inc. and Sears, Roebuck and Co.
10. Notice of Extension of Lease dated September 11, 2003
11. Renewal Notice dated September 9, 2008
12. Letter dated February 26, 2010 (*regarding Rent Directive Effective April 1, 2010*)
13. Rent Directive dated December 30, 2010 from The Edgewater Company, LLC (*regarding payment of rent to Cantor Commercial Real Estate Lending, L.P. (Lender)*)
14. Lease Renewal Letter dated September 18, 2013 to PCK Development Company L.L.C. (*renewing Lease through September 30, 2019*)

Store No. 2453 (Glens Falls, NY)

1. Lease and Shopping Center Construction, Operating and Easement Agreement and Grant of Rights Over Premises Other Than Those Leased dated December 20, 1976 between Sears, Roebuck and Co., as tenant, and Pyramid Company of Glens Falls, as landlord

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2. Agreement Regarding Assignment of Lease and Related Matters dated December 20, 1976 between Sears, Roebuck and Co. and Pyramid Company of Glens Falls
 3. Consent, Non-Disturbance and Attornment Agreement dated December 20, 1976 between Sears, Roebuck and Co. (Tenant) and Charles. R Wood (Mortgagee)
 4. Supplemental Agreement dated July 11, 1977 between Sears, Roebuck and Co. and Pyramid Company of Glens Falls
 5. Agreement dated July 15, 1977 between Teachers Insurance and Annuity Association of America and Sears, Roebuck and Co.
 6. Tenant Estoppel Letter dated August 15, 1977 to Pyramid Company of Glens Falls and Teachers Insurance and Annuity Association of America
 7. Letter of Understanding dated June 27, 1991 between Sears, Roebuck and Co. and Pyramid Company of Glens Falls (*regarding lease modification proposal*)
 8. Letter Agreement dated June 23, 1994 between Sears, Roebuck and Co. and Pyramid Management Group, Inc. (*regarding operating covenant*)
 9. Letter Agreement dated June 23, 1994 between Sears, Roebuck and Co. and Pyramid Management Group, Inc. (*regarding property taxes*)
 10. Letter Agreement dated June 23, 1994 between Sears, Roebuck and Co. and Pyramid Management Group, Inc. (*regarding 1991 lease modification proposal*)
 11. Lease Modification Agreement No. 1 dated June 23, 1994 between Sears, Roebuck and Co. and Pyramid Company of Glens Falls
 12. Termination of Assignment of Leases and Rents dated December 17, 2003 by UBS Real Estate Investments Inc. f/k/a UBS Warburg Real Estate Investments Inc.
 13. Lease Modification Agreement No. 2 dated December 19, 2003 between Pyramid Mall of Glens Falls, L.L.C. and Sears, Roebuck and Co.
 14. Memorandum of Lease Modification dated December 19, 2003
 15. Notice of Restriction of Landlord's Action in Respect of Leases Pursuant to Section 291f of the New York Real Property Law dated December 19, 2003
 16. Letter Agreement dated January 14, 2004 between Pyramid Mall of Glens Falls, LLC and Sears, Roebuck and Co.
 17. Notice of Extension of Lease dated June 19, 2006 to Pyramid Mall of Glens Falls Newco, LLC
 18. Rent Directive dated October 14, 2010 (*regarding change in ownership to Aviation Mall NewCo., LLC*)

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19. Notice of Restriction of Landlord's Action in Respect of Leases Pursuant to Section 291f of the New York Real Property Law dated October 14, 2010
 20. Letter from Pyramid Management Group, Inc. dated December 29, 2010 (*regarding change in management agent entity name to Pyramid Management Group LLC*)
 21. Lease Extension dated June 21, 2011 to Aviation Mall NewCo, LLC (*term to expire July 31, 2017*)

Store No. 2603 (New Hartford, NY)

1. Lease dated March 14, 1980 between The Senpike Mall Company, as landlord, and Sears, Roebuck and Co., as tenant
2. Agreement dated March 14, 1980 between The Senpike Mall Company, Sears, Roebuck and Co. and The Chase Manhattan Bank (Lender)
3. Agreement dated March 14, 1980 between The Senpike Mall Company and Sears, Roebuck and Co. (*landlord to use best efforts to deliver all improvements prior to April 15, 1980*)
4. Recordable Supplemental Agreement dated September 26, 1980 between The Senpike Mall Company and Sears, Roebuck and Co.
5. Supplemental Agreement dated October 2, 1980 between The Senpike Mall Company and Sears, Roebuck and Co.
6. Lease Modification Agreement dated March 17, 1981 between The Senpike Mall Company and Sears, Roebuck and Co.
7. Lease Modification Agreement No. 2 dated May 5, 1981 between The Senpike Mall Company and Sears, Roebuck and Co.
8. Release dated April 12, 1985 by Sears, Roebuck and Co. in favor of The Senpike Mall Company (*regarding damage from a water pipe breakage*)
9. Letter Agreement dated November 30, 1994 between Sears, Roebuck and Co., The Senpike Mall Company and The May Department Stores Company
10. Lease Modification Agreement No. 3 dated September 9, 1996 between The Senpike Mall Company and Sears, Roebuck and Co.
11. Lease Modification Agreement No. 4 dated July 23, 2003 between Sangertown Square L.L.C. and Sears, Roebuck and Co.
12. Rental Payee Address Change Letter dated May 13, 2009 from Pyramid Management Group, Inc.
13. Lease Renewal Letter dated July 22, 2009 to Sangertown Square LLC (*extending term through July 15, 2015*)
14. Letter dated December 29, 2010 from Pyramid Management Group, Inc.
15. Rent Directive dated December 29, 2010 from Sangertown Square LLC
16. Letter dated December 29, 2010 from Sangertown Square LLC (*regarding Landlord loan with JP Morgan Chase Bank*)

NORTH CAROLINA

Store No. 1646 (Pineville, NC)

1. Lease and Operating Agreement dated May 18, 1990 by and between Carolina Place Associates Limited Partnership (as predecessor in interest to Carolina Place L.L.C.), as landlord, and Sears, Roebuck and Co., as tenant
2. Memorandum of Lease dated May 18, 1990 by and between Carolina Place Associates Limited Partnership and Sears, Roebuck and Co.
3. Collateral Agreement dated May 18, 1990 by and between Carolina Place Associates Limited Partnership and Sears, Roebuck and Co.
4. Lease Supplement dated July 23, 1991 between Carolina Place Associates Limited Partnership and Sears, Roebuck and Co.
5. First Amendment to Lease and Operating Agreement dated April 27, 1993 by and between Carolina Place Associates Limited Partnership and Sears, Roebuck and Co.
6. First Amendment to Memorandum of Lease dated April 27, 1993 by and between Carolina Place Associates Limited Partnership and Sears, Roebuck and Co.
7. Amendment to Lease Agreement dated March 12, 1997 by and between Acquiport Carolina Place, Inc. and Sears, Roebuck and Co.
8. Third Amendment to Lease dated March 31, 2010 by and between Sears, Roebuck and Co. and Carolina Place L.L.C.
9. Fourth Amendment to Lease and Operating Agreement dated July 12, 2011 by and between Carolina Place L.L.C. and Sears, Roebuck and Co.

Store No. 2824 (Cary, NC)

1. Lease Agreement dated September 19, 1990 by and between Cary Joint Venture (as predecessor in interest to Cary Venture Limited Partnership) and Sears, Roebuck and Co.
2. Memorandum of Lease dated September 19, 1990 by and between Cary Joint Venture and Sears, Roebuck and Co.
3. Collateral Agreement dated September 19, 1990 by and between Cary Joint Venture and Sears, Roebuck and Co.

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4. Lease Supplement dated August 2, 1991 between Cary Joint Venture and Sears, Roebuck and Co.
 5. Amendment to Lease Agreement dated May 5, 2006 between Cary Venture Limited Partnership, CBL & Associates Limited Partnership and Sears, Roebuck and Co.
 6. Second Amendment to Lease dated March 5, 2008 by and between Cary Venture Limited Partnership, CBL & Associates Limited Partnership and Sears, Roebuck and Co.
 7. Third Amendment to Lease dated June 29, 2011 by and between Cary Venture Limited Partnership and Sears, Roebuck and Co.
 8. Letter and Acceptance dated January 30, 2013 from Cary Venture Limited Partnership to Sears, Roebuck and Co.
 9. Fourth Amendment to Lease dated February 13, 2013 by and between Cary Venture Limited Partnership and Sears, Roebuck and Co.

Store No. 1335 (Greensboro, NC)

1. Lease dated June 14, 1968 by and between Nina A. Joyner and Friendly Center, Inc.
2. Lease dated June 17, 1968 by and between W. Purvis Albright and Dorothy W. Albright and Friendly Center, Inc.
3. Lease dated June 17, 1968 by and between Fred P. Albright and Barbara W. Albright and Friendly Center, Inc.
4. Lease dated February 1, 1971 by and between Blanche S. Benjamin and Edward B. Benjamin and Friendly Center, Inc.
5. Agreement dated September 23, 1971 by and between Friendly Center, Inc. (as predecessor in interest to CBL-Friendly Center CMBS, LLC) and Sears, Roebuck and Co.
6. Memorandum of Lease dated September 23, 1971 by and between Friendly Center, Inc. and Sears, Roebuck and Co.
7. Agreement of Assignment dated September 23, 1971 by and between Friendly Center, Inc. and Sears, Roebuck and Co.
8. Letter dated October 25, 1971 from McLendon, Brim, Brooks, Pierce & Daniels to Sears, Roebuck and Co.
9. Lease Amendment dated May 24, 1984 by and between Friendly Center, Inc. and Sears, Roebuck and Co.
10. Letter dated November 22, 2010 from Sears, Roebuck and Co. to CBL-TRS Joint Venture LLC and CBL-Friendly Center LLC re extension of lease term

OHIO

Store No. 1202 (Beavercreek, OH)

1. Lease dated September 10, 1990 between Fairfield Partners Limited Partnership and Sears, Roebuck and Co.
2. Lease Agreement Modification No. 1 dated July 20, 1992 between the Glimcher Company and Sears, Roebuck and Co.
3. Lease Supplement dated October 29, 1993 between the Glimcher Company and Sears, Roebuck and Co.
4. Assignment of Tenant Leases, Guaranties and Security Deposits dated October 17, 2003 between Glimcher Properties Limited Partnership, as assignor, and MFC Beavercreek, LLC, as assignee
5. Lease Renewal Notification dated July 20, 2012 to MFC Beavercreek LLC c/o Glimcher Properties LP (extending term through October 26, 2018)

Store No. 1280 (Springdale, OH)

1. Ground Lease for the Tri-County Shopping Center dated November 24, 1965 between Tri-County Center, Inc. and Sears, Roebuck and Co.
2. Letter Agreement dated December 2, 1965 between Tri-County Center, Inc. and Sears, Roebuck and Co.
3. Short Form of Lease for Recording dated September 26, 1966
4. Supplement to Ground Lease dated July 26, 1968 between Tri-County Center, Inc. and Sears, Roebuck and Co.
5. Letter Agreement dated February 24, 1972 between Tri-County Center, Inc. and Sears, Roebuck and Co.
6. Letter Agreement dated August 23, 1979 between The Equitable Life Assurance Society of the United States and Sears, Roebuck and Co.
7. Assignment and Assumption Agreement of Leases dated August 28, 1979 between Monumental Properties Trust as Assignor and The Equitable Life Assurance Society of the United States as Assignee
8. Amendment to Ground Lease dated December 14, 1988 between The Equitable Life Assurance Society of the United States and Sears, Roebuck and Co.
9. Amended and Restated Memorandum of Lease dated December 14, 1988 between The Equitable Life Assurance Society of the United States and Sears, Roebuck and Co.
10. Fourth Amendment to Ground Lease dated June 1, 1990 between The Equitable Life Assurance Society of the United States and Sears, Roebuck and Co.

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11. Letter Agreement dated January 12, 2007 between Thor MM Gallery at Tri-County, LLC (Developer) and Sears, Roebuck and Co.
 12. Letter dated June 4, 2012 from E3 Realty Advisors (*notice of receivership*)
 13. Letter dated September 30, 2013 from E3 Advisors (*notice of receivership*)

Store No. 2071 (Cincinnati, OH)

1. Lease dated December 15, 1998 between The Mills Limited Partnership as Landlord and Sears, Roebuck and Co. as Tenant
2. Assignment and Assumption Agreement dated January 20, 1999 between The Mills Limited Partnership as Assignor and Western Hills Plaza L.L.C. as Assignee
3. Lease Supplement dated November 11, 1999 The Mills Limited Partnership and Sears, Roebuck and Co.
4. Second Amendment to Lease dated October 31, 2000 between Stomad Centers Western Hills Plaza, LLC and Sears, Roebuck and Co.
5. Assignment and Assumption of Leases dated November 3, 2005 between Stomad Centers Western Hills Plaza, LLC as Grantor and HK New Plan Exchange Property Owner II, LP as Grantee
6. Lease Renewal Letter dated September 18, 2013 to BRE Residual Owner I LLC (extending term through October 19, 2019)

Store No. 5539 (Solon, OH) (Kmart #3373)

1. Lease Agreement dated March 18, 1977 between Developers Diversified Enterprises, Ltd., as landlord, and S.S. Kresge Company, as tenant
2. Memorandum of Lease dated March 18, 1977
3. Assignment of Lease dated June 15, 1977 between Developers Diversified Enterprises, Ltd. as Assignor and Solon Associates, Ltd. as Assignee
4. First Amendment to Lease dated August 4, 1977 between Solon Associates, Ltd. and Kmart Corporation f/k/a S.S. Kresge Company
5. Second Amendment to Lease dated November 11, 1977 between Solon Associates, Ltd. and Kmart Corporation f/k/a S.S. Kresge Company
6. Commencement Date Letter dated March 3, 1978
7. Third Amendment to Lease dated August 22, 1978 between Solon Associates, Ltd. and Kmart Corporation f/k/a S.S. Kresge Company

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8. Assignment of Lease dated September 1, 1982 between Solon Associates, Ltd. as Assignor and Solon Realty, Inc. as Assignee
 9. Assignment of Lease dated September 1, 1982 between Solon Realty, Inc. as Assignor and Solon Realty Limited Partnership as Assignee
 10. Notice Regarding Lease Extension dated September 27, 2002
 11. Notice of Extension dated August 22, 2007 to Solon, OH Retail LLC (Landlord)
 12. Lease Renewal Notification dated September 19, 2012

PENNSYLVANIA

Store 1064 (Langhorne, PA)

1. Amended and Restated Department Store Lease Agreement dated April 14, 1989 between Lincoln Plaza Associates and Sears, Roebuck and Co.
2. Collateral Agreement dated April 14, 1989 between Lincoln Plaza Associates and Sears, Roebuck and Co.
3. Agreement Relating to Non-Disturbance, Attornment and Other Related Matters dated October 18, 1989
4. Lease Supplement dated October 31, 1989 between Lincoln Plaza Associates and Sears, Roebuck and Co.
5. Letter Agreement dated January 8, 1992 between Kravco Company, agent for Lincoln Plaza Associates and Sears, Roebuck and Co.
6. Letter Agreement dated July 30, 1992 between Connecticut General Life Insurance Company, Lincoln Plaza Associates and Sears, Roebuck and Co.
7. Amendment to Lease dated January 31, 2005 between Lincoln Plaza Associates and Sears, Roebuck and Co.
8. Renewal Notice dated July 22, 2008 to Lincoln Plaza Associates (extending term to August 15, 2014)
9. Letter Agreement dated June 25, 2009 between Simon Property Group, Inc. and Sears, Roebuck and Co. (regarding monthly electric escrow)
10. Second Amendment to Lease dated August 28, 2013 between Lincoln Plaza Associates and Sears, Roebuck and Co.

Store No. 1244 (York, PA)

1. Lease dated May 26, 1988 between York Zamias Limited Partnership and Sears, Roebuck and Co.
2. Takeout Agreement dated May 26, 1988 between York Zamias Limited Partnership and Sears, Roebuck and Co.
3. Collateral Agreement dated May 26, 1988 between York Zamias Limited Partnership and Sears, Roebuck and Co.
4. Lease Supplement dated December 4, 1989 between York Zamias Limited Partnership and Sears, Roebuck and Co.
5. Lease Amendment Agreement dated May 7, 1990 between York Zamias Limited Partnership and Sears, Roebuck and Co.
6. Change of Ownership Notice to Tenants dated July 1, 1999 (sale of property from YGL Partners to Parham Limited Partnership)
7. Second Amendment to Lease dated April 8, 2008 between York Galleria Limited Partnership and Sears, Roebuck and Co.
8. Lease Renewal Letter dated October 31, 2013 to York Galleria Limited Partnership (extending term to January 31, 2018)

Store No. 2344 (State College, PA)

1. Lease Agreement dated September 25, 1989 between Crown American Corporation and Sears, Roebuck and Co.
2. Memorandum of Lease dated October 10, 1989
3. Collateral Agreement dated September 29, 1989 between Crown American Corporation and Sears, Roebuck and Co.
4. Lease Amendment and Lease Supplement dated September 20, 1990 between Crown American Corporation and Sears, Roebuck and Co.
5. Notice of Lease Assignment dated November 29, 1990 from The Equitable Life Assurance Society to Sears, Roebuck and Co.
6. Second Amendment to Lease dated June 10, 1999 between Crown American Financing Partnership and Sears, Roebuck and Co.
7. Letter Agreement dated April 14, 2000 between Crown American Financing Partnership and Sears, Roebuck and Co.
8. Lease Extension Letter dated November 1, 2004 (extending term to August 28, 2010)
9. Lease Extension Letter dated December 17, 2009 (extending term to August 28, 2015)

Store 2684 (Frackville, PA)

1. Lease and Shopping Center Construction, Operating and Easement Agreement and Grant of Rights Over Premises Other than Those Leased dated August 21, 1978 between Crown American Corporation and Sears, Roebuck and Co.
2. Agreement Regarding Assignment of Leases dated August 21, 1978 between Crown American Corporation and Sears, Roebuck and Co.
3. Notice of Lease Assignment dated October 25, 1979 between Crown American Corporation and Sears, Roebuck and Co. (assignment of landlord interest to The Equitable Life Assurance Society)
4. Supplemental Agreement dated December 23, 1980 between Crown American Corporation and Sears, Roebuck and Co.
5. Letter Agreement dated August 5, 1983 between Crown American Corporation and Sears, Roebuck and Co.
6. Notice of Lease Assignment dated August 22, 1983 between Crown American Corporation and Sears, Roebuck and Co. (assignment of landlord interest to The Equitable Life Assurance Society)
7. Notice of Lease Assignment dated November 29, 1990 between Crown American Corporation and Sears, Roebuck and Co. (assignment of landlord interest to The Equitable Life Assurance Society)
8. Lease Amendment dated December 11, 1990 between Crown American Corporation and Sears, Roebuck and Co.
9. Second Lease Amendment dated May 8, 1995 between Crown American Corporation and Sears, Roebuck and Co.
10. Supplement to Second Lease Amendment dated November 1, 1995 between Crown American Properties, L.P. and Sears, Roebuck and Co.
11. Notice of Extension of Lease dated October 6, 2004 to Pennsylvania Real Estate Investment Trust (Landlord) (extending term to October 31, 2010)
12. Assignment and Assumption of Leases dated March 6, 2007 between PR Schuylkill Limited Partnership, PREIT Services, LLC as Assignor and Empire Schuylkill, L.P. as Assignee
13. Notice of Lease Extension dated October 22, 2009 to Empire Schuylkill, L.P. (Landlord) (extending term to October 31, 2015)

Store No. 1884 (King of Prussia, PA)

1. Lease dated October 28, 1981 between King of Prussia Associates and Sears, Roebuck and Co.
2. Takeout Agreement dated October 28, 1981 between King of Prussia Associates and Sears, Roebuck and Co.
3. Supplemental Agreement dated October 28, 1981 between King of Prussia Associates and Sears, Roebuck and Co.
4. Supplement to Supplemental Agreement dated October 1, 1983 between King of Prussia Associates and Sears, Roebuck and Co.
5. Supplement to Takeout Agreement dated March 12, 1984 between King of Prussia Associates and Sears, Roebuck and Co.
6. Notice of Lease Assignment dated November 25, 1985 from The Equitable Life Assurance Society
7. Letter Agreement dated September 20, 1988 between King of Prussia Associates and Sears, Roebuck and Co.
8. Letter Agreement dated June 18, 1993 between King of Prussia Associates and Sears, Roebuck and Co. (regarding proposed renovation and expansion)
9. Letter Agreement dated October 15, 1993 between King of Prussia Associates and Sears, Roebuck and Co. (regarding payment of interior and exterior work)
10. Amendment to Lease dated November 30, 1993
11. Second Amendment to Lease dated August 22, 2000 between King of Prussia Associates and Sears, Roebuck and Co.
12. Letter Agreement date June 25, 2009 between King of Prussia Associates and Sears, Roebuck and Co. (regarding electric utility charges)
13. Mutual Release and Settlement Agreement dated February 4, 2013 between King of Prussia Associates and Sears, Roebuck and Co.
14. Letter Agreement dated May 1, 2013 from Simon Property Group, L.P. to Sears, Roebuck and Co. (regarding property redevelopment)

Store No. 1154 (Whitehall, PA)

1. Lease dated March 16, 1964 between Donnelly & Sues Properties, Inc. and Sears, Roebuck and Co.
2. Memorandum of Lease for Recording dated February 23, 1966
3. Agreement dated July 14, 1966 between Alton, Inc. (Landlord) and Sears, Roebuck and Co.
4. Agreement dated August 30, 1966 between Alton, Inc. and Sears, Roebuck and Co.
5. Letter Agreement dated September 20, 1966 between Alton, Inc. and Sears, Roebuck and Co.
6. Letter Agreement dated February 13, 1967
7. Assignment dated February 27, 1967 by Alton, Inc. to Massachusetts Mutual Life Insurance Company
8. Letter Agreement dated March 13, 1975 between Alton, Inc. and Sears, Roebuck and Co.
9. Whitehall Mall Lease Amendment Agreement dated November 3, 1980 between Whitemark Associates and Pennsylvania Real Estate Investment Trust (collectively, Landlord), Sears, Roebuck and Co. (Tenant) and Massachusetts Mutual Life Insurance Company (Assignee)
10. Lease Amendment dated November 10, 1981 between Whitemark Associates and Pennsylvania Real Estate Investment Trust (collectively, Landlord) and Sears, Roebuck and Co. (Tenant)
11. Letter Agreement dated January 11, 1982 between Whitemark Associates and Pennsylvania Real Estate Investment Trust and Sears, Roebuck and Co.
12. Letter Agreement dated December 14, 1982 between Whitemark Associates and Pennsylvania Real Estate Investment Trust and Sears, Roebuck and Co.
13. Lease Amendment dated May 23, 1984 between Whitemark Associates and Pennsylvania Real Estate Investment Trust and Sears, Roebuck and Co.
14. Notice of Extension of Lease dated September 14, 1990 from Sears, Roebuck and Co. to Kravco Company (Landlord)
15. Amendment to Lease and Tenant's Consent dated December 16, 1998 between Whitemark Associates and Pennsylvania Real Estate Investment Trust and Sears, Roebuck and Co.
16. Notice of Extension of Lease and Tenant's Address dated July 5, 2000 from Sears, Roebuck and Co. to Kravco Company (agent for Landlord)
17. Lease Renewal Letter dated August 31, 2010 to Kravco Company (extending term to September 18, 2021)

Store No. 1334 (Pittsburgh, PA)

1. Lease dated July 6, 1964 between Harry Soffer and Eugene Lebowitz d/b/a Don-Mark Realty Company and Sears, Roebuck and Co.
2. Letter Agreement dated August 10, 1964 between Don-Mark Realty and Sears, Roebuck and Co.

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3. Letter Agreement dated August 3, 1965 between Don-Mark Realty and Sears, Roebuck and Co.
 4. Modification and Ratification of Lease dated October 28, 1965 between Don-Mark Realty and Sears, Roebuck and Co.
 5. Letter Agreement dated March 14, 1975 between Edward J. Lewis, Donald Soffer and Mark E. Mason t/a Oxford Development Company (Landlord) and Sears, Roebuck and Co.
 6. Lease Amendment dated December 7, 1984 between Connecticut General Life Insurance Company (Landlord) and Sears, Roebuck and Co.
 7. Lease Amendment dated December, 1996 between South Hills Villages Associates, LP (Landlord) and Sears, Roebuck and Co.
 8. Letter dated May 22, 2000 from Sears, Roebuck and Co. to South Hills Village Associates, LP
 9. Lease Amendment Agreement dated December 3, 2009 between South Hills Village Associates, LP and Sears, Roebuck and Co. (setting extended term until July 27, 2015)
 10. Mutual Release and Settlement Agreement dated March 15, 2011 between South Hills Villages Associates, LP and Sears, Roebuck and Co.
 11. Letter Agreement dated August 10, 2011 between South Hills Village Associates, LP and Sears, Roebuck and Co.
 12. Amendment to Lease and Consent Agreement dated February 14, 2012 between South Hills Village Associates, LP and Sears, Roebuck and Co.

Store No. 1073 (Exton, PA)

1. Ground Lease dated October 1, 1998 between Exton Square, Inc. and Sears, Roebuck and Co.
2. Memorandum of Lease dated October 1, 1998
3. Lease Supplement dated February 10, 2000 between Exton Square, Inc. and Sears, Roebuck and Co.
4. Letter dated February 21, 2001 from Sears, Roebuck and Co. to Exton Square, Inc. (regarding unamortized value of Tenant's building)

Store No. 1644 (Lancaster, PA)

1. Agreement and Lease dated June 2, 1970 between Park City Associates and Algon Realty Company
2. Memorandum of Lease dated June 2, 1970
3. Supplemental Memorandum of Lease dated June 15, 1971

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4. First Amendment to Agreement and Lease dated June 15, 1971 between Park City Associates and Algon Realty Company
 5. Articles of Merger dated January 31, 1972 (where Algon Realty Company merged with and into Sears, Roebuck and Co.) (Certified by the PA Department of State September 26, 2001)
 6. Letter Agreement dated August 9, 1972 between Sears, Roebuck and Co. and Park City Associates
 7. Second Amendment to Lease dated June 4, 1984 between Dusco Property Management, Inc. (as agent for Landlord, M. James Spitzer, Jr. and Ernest Greenberger) and Sears, Roebuck and Co.
 8. Agreement (Third Amendment) dated August 9, 1988 between James M. Spitzer, Jr. and Kenneth Gleidman as Trustees under Trust Agreement dated July 31, 1979 (Landlord) and Sears, Roebuck and Co.
 9. Letter Agreement dated January 12, 1989 between James M. Spitzer, Jr. and Kenneth Gleidman as Trustees under Trust Agreement dated July 31, 1979 (Landlord) and Sears, Roebuck and Co.
 10. Letter Agreement dated June 10, 1998 between General Growth Partners and Sears, Roebuck and Co. (regarding a sale of shopping center)
 11. Letter Agreements dated November 17, 2005, May 30, 2006 and June 13, 2006 from General Growth Partners to Sears, Roebuck and Co. (regarding site plan approval)
 12. Fourth Amendment to Lease dated April 30, 2007 between Lancaster Trust and Sears, Roebuck and Co.

Store No. 1654 (Media, PA)

1. Lease, Shopping Center, Construction, Operating and Easement Agreement and Grant of Certain Rights over Premises Other than Those Leased, and Grant of Right to Purchase Entire Site dated February 11, 1972 between Granite Run Mall, Inc. and Sears, Roebuck and Co.
2. Supplemental Agreement dated February 11, 1972 between Granite Run Mall, Inc. and Sears, Roebuck and Co.
3. Amendment to Lease No.1 dated May 2, 1972 between Granite Run Mall, Inc. and Sears, Roebuck and Co.
4. Supplemental Agreement dated September 11, 1973 between Granite Run Mall, Inc. and Sears, Roebuck and Co.
5. Amendment to Lease No. 2 dated July 21, 1980 between Granite Run Mall, Inc. and Sears, Roebuck and Co.
6. Lease Amendment dated May 2, 1984 between Granite Run Mall, Inc. and Sears, Roebuck and Co.

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7. Letter Agreement dated January 25, 1989 between Granite Run Mall Associates and Sears, Roebuck and Co.
 8. Letter Agreement dated July 20, 2001 between Simon Property Group and Sears, Roebuck and Co. (for a Budget installation)
 9. Assignment of Leases dated May 10, 2006 between SDG Macerich Properties, LP as Assignor and SM Granite Run Mall LP as Assignee (assignment of Landlord's interest)
 10. Letter dated April 13, 2011 from Madison Marquette (regarding change in ownership from SM Granite Run Mall, LP to 1067 West Baltimore Pike Holdings Limited Partnership)

Store No. 1834 (North Wales, PA)

1. Lease dated August 17, 1979 between Montgomeryville Associates and Sears, Roebuck and Co.
2. Supplemental Agreement dated October 21, 1980 between Montgomeryville Associates and Sears, Roebuck and Co.
3. Supplemental Agreement #2 dated January 19, 1981 between Montgomeryville Associates and Sears, Roebuck and Co.
4. Letter Agreement dated October 24, 1994 between Kravco, Inc. and Sears, Roebuck and Co.
5. Letter Agreement dated August 21, 1995 between Kravco, Inc. and Sears, Roebuck and Co.
6. Two Party Supplemental Agreement and Amendment to Lease dated May 10, 1999 between Sears, Roebuck and Co. and Montgomeryville Associates
7. Assignment of Leases dated April , 2004 between Montgomeryville Associates as Assignor and Mall at Montgomeryville, LP as Assignee
8. Letter Agreement dated June 22, 2007 between Montgomeryville Associates and Sears, Roebuck and Co.
9. Letter Agreement dated June 25, 2009 between Simon Property Group, L.P. and Sears, Roebuck and Co.
10. Amendment to Lease dated August 24, 2012 between Sears, Roebuck and Co. and Mall at Montgomeryville, L.P.

Store No. 1534 (Scranton, PA)

1. Lease dated February 17, 1966 between Crown Construction Company and Sears, Roebuck and Co.
2. First Supplemental Agreement dated April 21, 1966 between Sears, Roebuck and Co. and Crown Construction Company

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3. Second Supplemental Agreement dated February 19, 1968 between Sears, Roebuck and Co. and Crown Construction Company
 4. Supplemental Agreement dated July 16, 1968 between Sears, Roebuck and Co. and Crown Construction Company
 5. Letter Agreement dated October 17, 1969 between Sears, Roebuck and Co. and Crown Construction Company
 6. Amendment Agreement dated September 3, 1980 between Crown American Corporation, Sears, Roebuck and Co. and The Equitable Life Assurance Society
 7. Lease Amendment and Extension dated August 29, 1986 between Sears, Roebuck and Co. and Crown American Corporation
 8. Letter Agreement dated November 2, 1990 between Sears, Roebuck and Co. and Crown American Corporation
 9. Lease Amendment dated December 11, 1990 between Sears, Roebuck and Co. and Crown American Corporation
 10. Collateral Agreement dated December 11, 1990 between Sears, Roebuck and Co. and Crown American Corporation
 11. Amendment to Collateral Agreement dated December 21, 1992 between Sears, Roebuck and Co. and Crown American Corporation
 12. Amendment to Lease dated December 21, 1992 between Sears, Roebuck and Co. and Crown American Corporation
 13. Amendment to Lease dated June 15, 2000 between Sears, Roebuck and Co. and Crown American Financing Partnership, L.P.
 14. Lease Amendment dated October 1, 2004 between PR Financing Limited Partnership and Sears, Roebuck and Co.
 15. Amendment to Lease dated October 30, 2009 between PR Viewmont Limited Partnership and Sears, Roebuck and Co.
 16. Lease Extension Notice dated June 21, 2010 to PR Viewmont Limited Partnership (extending term to December 31, 2015)

Store No. 2494 (Altoona, PA)

1. Lease Agreement dated November 25, 1964 between Stephen J. Siciliano and Sears, Roebuck and Co.
2. Lease Agreement dated June 24, 1965 (Short Form)

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3. Letter Agreement dated December 6, 1965 between Sears, Roebuck and Co. and Logan Valley Plaza, Inc.
 4. Lease Amendment dated April 18, 1967 between Sears, Roebuck and Co. and Logan Valley Plaza, Inc.
 5. Lease Amendment dated March 20, 1974 between Sears, Roebuck and Co. and Crown American Corporation
 6. Letter Agreement dated September 14, 1974 between Sears, Roebuck and Co. and Crown American Corporation
 7. Letter Agreement dated September 12, 1984 between Sears, Roebuck and Co. and Crown American Corporation
 8. Notice of Extension of Lease dated February 16, 1994 to Crown American Financing Partnership
 9. Lease Amendment dated March 21, 1995 between Crown American Financing Partnership and Sears, Roebuck and Co.
 10. Letter Agreement dated October 27, 1995 between Crown American Financing Partnership and Sears, Roebuck and Co.
 11. Lease Amendment dated February 2, 1996 between Crown American Financing Partnership and Sears, Roebuck and Co.
 12. Memorandum of Lease Amendment dated October 11, 1996 between Crown American Properties, L.P. and Sears, Roebuck and Co.
 13. Supplemental Agreement to Lease Amendment dated November 15, 1996 between Crown American Properties, L.P. and Sears, Roebuck and Co.
 14. Assignment and Assumption of Leases dated November 17, 1997 between Crown American Properties, L.P., as assignor, and Crown American WL Associates, L.P., as assignee

SOUTH CAROLINA

Store No. 2035 (Columbia, SC)

1. Lease Agreement, dated August 8, 1989, between Homart Development Co. (as predecessor-in-interest to Columbiana Centre, LLC) and Sears, Roebuck and Co.
2. Collateral Agreement, dated August 8, 1989, between Homart Development Co. (as predecessor-in-interest to Columbiana Centre, LLC) and Sears, Roebuck and Co.
3. Lease Supplement, dated August 9, 1990, between Homart Development Co. (as predecessor-in-interest to Columbiana Centre, LLC) and Sears, Roebuck and Co.
4. First Amendment to Lease, dated September 14, 1995, between Homart Development Co. (as predecessor-in-interest to Columbiana Centre, LLC) and Sears, Roebuck and Co.
5. Letter, dated September 23, 2009, from Sears, Roebuck and Co. extending the lease term

TENNESSEE

Store No. 1395 (Knoxville, TN)

1. Sublease Agreement, dated October 18, 1971, between Ralph Biernbaum (as predecessor-in-interest to West Town Joint Venture) and Sears, Roebuck and Co.
2. First Amendment to Lease Agreement, dated December 18, 1986, between RREEF USA Fund – II (as predecessor-in-interest to West Town Joint Venture) and Sears, Roebuck and Co.
3. Second Amendment to Lease Agreement, dated May 24, 1995, between West Town Joint Venture and Sears, Roebuck and Co.
4. Third Amendment to Lease Agreement, dated December 12, 1996, between West Town Joint Venture and Sears, Roebuck and Co.
5. Supplemental Agreement, dated December 12, 1996, between West Town Joint Venture and Sears, Roebuck and Co.

Store No. 2875 (Franklin/Nashville, TN)

1. Post-Closing Lease, dated June 28, 2013, between Sears, Roebuck and Co. and Coolsprings Mall, LLC
2. Notice of Termination Letter dated February 3, 2014 from Coolsprings Mall, LLC to Sears, Roebuck and Co.

VERMONT

Store No. 1463 (Burlington, VT)

1. Ground Lease Agreement, dated January 3, 1996, between William G. Finard and Morris Rand, Trustees of University Mall Realty Trust, a trust u/d/t dated November 7, 1977, recorded in the South Burlington, Vermont Land Records, as amended (as predecessor-in-interest to University Mall LLC) and Sears, Roebuck and Co.
2. General Assignment and Assumption and Bill of Sale, dated March, 2007, between William G. Finard and Morris Rand, Trustees of University Mall Realty Trust and University Mall, LLC.
3. Letter, dated December 22, 2011, from University Mall relating to change of address of landlord.

Store No. 2623 (Rutland, VT)

1. Lease, dated April 16, 1990, between Finard-Zamias Associates (as predecessor-in-interest to Gemini Diamond Run H, LLC) and Sears, Roebuck and Co.
2. First Amendment to Lease, dated September 17, 1993, between DGZ Associates Limited Partnership (as predecessor-in-interest to Gemini Diamond Run H, LLC) and Sears, Roebuck and Co.
3. Second Amendment of Lease, dated March 25, 1994, between DGZ Associates Limited Partnership (as predecessor-in-interest to Gemini Diamond Run H, LLC) and Sears, Roebuck and Co.
4. Assignment of Lease, dated April 6, 1994, between DGZ Associates Limited Partnership and Rutland Regional Shopping Center Associates, L.P.
5. Third Amendment of Lease, dated April 7, 1994, between Rutland Regional Shopping Center Associates, L.P. (as predecessor-in-interest to Gemini Diamond Run H, LLC) and Sears, Roebuck and Co.
6. Lease Supplement, dated August 18, 1995, between Rutland Regional Shopping Center Associates, L.P. (as predecessor-in-interest to Gemini Diamond Run S, LLC and Gemini Diamond Run H, LLC) and Sears, Roebuck and Co.
7. Bill of Sale and Blanket Assignment, dated August , 2007, between
8. Letter, dated July 22, 2009, from Sears, Roebuck and Co. extending lease term.

VIRGINIA

Store No. 2395 (Manassas, VA)

1. Indenture of Lease dated June 3, 1969 between C. Lacey Compton and First Virginia Bank as co-executors of Emily R. Lewis, as landlord, and Manassas Interstate Properties, Inc., as tenant
2. Letter Agreement dated April 3, 1970 between Montgomery Ward & Co., Incorporated and Manassas Interstate Properties, Inc.
3. Assignment of Lease dated April 30, 1970 between Manassas Interstate Properties, Inc. as Assignor and Monwar Property Corporation as Assignee
4. Assignment and Assumption of Lease dated April 12, 2001 between Montgomery Ward Development, LLC (f/k/a Montgomery Ward Development Corporation, f/k/a Monwar Property Corporation), as assignor, and Sears, Roebuck and Co., as assignee
5. Bankruptcy Court Order dated February 19, 2001 (approving assignment of lease to Sears)
6. Notice Letter dated April 24, 1013 from Manassas Mall SC Corporation (regarding sale of shopping center from Manassas Owner LLC to Manassas Mall SC Corporation)

Store No. 2435 (Charlottesville, VA)

1. Leaseback and Construction Agreement dated January 15, 1979 between CV Associates as Landlord and Sears, Roebuck and Co. as Tenant
2. Assignment and Assumption Agreement dated January 15, 1979 between Sears, Roebuck and Co. as Assignor and CV Associates as Assignee (where Sears assigned its tenant interest in the Deed of Lease dated January 15, 1979 to CV Associates (landlord under this lease is CFS Associates))
3. Supplement to Leaseback and Construction Agreement dated March 11, 1980 between CV Associates and Sears, Roebuck and Co.
4. Opening Date Agreement dated January 18, 1982 between CFS Associates and Sears, Roebuck and Co.
5. Letter Agreement dated March 28, 2003 between CV Associates and Sears, Roebuck and Co. (regarding Sears remodel and reimbursement for asbestos)
6. Notice of Extension of Lease dated January 8, 1999 (extending term through March 4, 2005)
7. Notice of Extension of Lease dated October 31, 2003 (extending term through March 4, 2010)
8. Notice of Extension of Lease to C.V. Associates L.P. (Landlord) dated October 8, 2008 (extending term through March 4, 2015)
9. Letter Agreement dated October 16, 2009 between Simon Property Group and Sears, Roebuck and Co. (regarding Sears consent to addition of Red Lobster)

Store No. 1274 (Richmond, VA)

1. Lease Agreement dated February 24, 1995 between The Macerich Partnership, L.P. and Sears, Roebuck and Co.
2. Letter Agreement dated February 24, 1995 between The Macerich Partnership, L.P. and Sears, Roebuck and Co. (supplementing terms of the Lease)
3. Letter Agreement dated February 24, 1995 between The Macerich Partnership, L.P. and Sears, Roebuck and Co. (regarding existing utility line)
4. Lease Supplement dated July 26, 1996 between The Macerich Partnership, L.P. and Sears, Roebuck and Co.
5. Letter dated September 17, 2012 from The Macerich Partnership, L.P. (regarding change in ownership to Macerich Chesterfield LLC)

Store No. 1024 (Falls Church, VA)

1. Sublease dated November 25, 1996 between Juniper Lane Associates, L.C. and Sears, Roebuck and Co.
2. Side Letter Agreement dated December 2, 1996 between Juniper Lane Associates, L.C. and Sears, Roebuck and Co.
3. Amendment to Sublease dated October 12, 1998 between Juniper Lane Associates, L.C. and Sears, Roebuck and Co.
4. Second Amendment to Sublease dated October 30, 1998 between Juniper Lane Associates, L.C. and Sears, Roebuck and Co.
5. Lessee's Estoppel Letter and Lease Amendment dated November 24, 1998 to The College Life Insurance Company of America
6. Lease Supplement dated March 16, 1999 between Juniper Lane Associates Limited Liability Company and Sears, Roebuck and Co.

Store No. 2694 (Fredericksburg, VA)

1. Lease, dated November 5, 1979, between Sears, Roebuck and Co. and Spotsylvania Mall Company
2. Supplemental Agreement - A, dated February 18, 1980
3. Supplemental Agreement - B, dated February 18, 1980
4. First Lease Modification Agreement, dated May 5, 1980
5. Letter Agreement, dated May 15, 1980
6. Letter Agreement, dated February 3, 1982
7. Letter Agreement, dated February 15, 1985
8. Lease Modification Agreement No. 2, dated April 1, 1985
9. Lease Modification No. 3, dated July 9, 1985
10. Letter Agreement, dated February 20, 1989
11. Third Amendment to Lease, dated October 9, 1995
12. Notice of Extension of Lease, dated February 5, 1999
13. Fourth Amendment to Lease, dated October 9, 2000
14. Notice of Extension of Lease, dated December 12, 2003
15. Lease Modification Agreement No. 5, dated August 22, 2006
16. Notice of Extension of Lease, dated February 18, 2009
17. Notice of Extension of Lease, dated February 18, 2014 (extending term to February 28, 2020)

WASHINGTON

Store No. 1139 (Tukwila, WA)

1. Agreement of Lease, dated April 14, 1966, between Southcenter Shopping Center Corporation (as predecessor-in-interest to WEA Southcenter LLC) and Marshall Field and Company (as predecessor-in-interest to Sears, Roebuck and Co.)
2. Lease Amendment, dated June 29, 1966, between Southcenter Shopping Center Corporation (as predecessor-in-interest to WEA Southcenter LLC) and Marshall Field and Company (as predecessor-in-interest to Sears, Roebuck and Co.)
3. Second Amendment to Lease, dated April 23, 1987, between Southcenter Joint Venture (as predecessor-in-interest to WEA Southcenter LLC) and Frederick & Nelson Southcenter, Inc. (as predecessor-in-interest to Sears, Roebuck and Co.)
4. Third Amendment to Lease, dated February 11, 1991, between Southcenter Joint Venture (as predecessor-in-interest to WEA Southcenter LLC) and Seattle-First National Bank, as Owner Trustee U/T/A dated 8/10/88 (as predecessor-in-interest to Sears, Roebuck and Co.)
5. Fourth Amendment to Lease, dated April 22, 1993, between Southcenter Shopping Center Corporation (as predecessor-in-interest to WEA Southcenter LLC) and Sears, Roebuck and Co.
6. Fifth Amendment to Lease, dated November 16, 1995, between Southcenter Shopping Center Corporation (as predecessor-in-interest to WEA Southcenter LLC) and Sears, Roebuck and Co.
7. Sixth Amendment to Lease, dated December 23, 2008, between WEA Southcenter LLC and Sears, Roebuck and Co.
8. Agreement, dated September 18, 1968, between Southcenter Shopping Center Corporation (as predecessor-in-interest to WEA Southcenter LLC) and Marshall Field and Company (as predecessor-in-interest to Sears, Roebuck and Co.)
9. Letter Agreement, dated April 21, 1994, between Southcenter Joint Venture (as predecessor-in-interest to WEA Southcenter LLC) and Sears, Roebuck and Co.
10. Assignment and Assumption of Ground Lease and Other Property Interests, dated September 28, 2006, between Prudential Retirement Insurance and Annuity Company and WEA Southcenter, LLC, recorded on September 29, 2006 in King County, Washington as Document 20060929002119
11. Letter, dated January 17, 2008, from Sears, Roebuck and Co. extending the lease term

BUYING AGENCY AGREEMENT

Dated [✕]

between

LANDS' END, INC.

and

SEARS HOLDINGS GLOBAL SOURCING, LTD.

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BUYING AGENCY AGREEMENT

Date: [✕]

This Buying Agency Agreement (“**Agreement**”) is entered between LANDS’ END, INC., a Delaware corporation (“**LE**”) and SEARS HOLDINGS GLOBAL SOURCING, LTD., a Hong Kong corporation (“**SHGS**”). SHGS and LE each are sometimes referred to as a “**Party**” and together sometimes are referred to as the “Parties.”

1. **DEFINITIONS.** Certain terms are defined where they are first used below; while others are defined in Appendix #1 (Glossary).

2. **PRIOR AGREEMENT; TERM.**

(a) **Prior Agreement.** This Agreement, on and after the Effective Date, supersedes and replaces in its entirety that certain Buying Agency Agreement, dated February 1, 2007, between LE and SHGS (the “**Prior Agreement**”).

(b) **Initial Term.** The initial term of this Agreement (the “**Initial 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 (the date on which the Effective Time occurs, the “**Effective Date**”) and will end, unless terminated earlier or extended in accordance with Section 3, on January 31, 2016 (the “**Expiration Date**”). The calendar day that becomes the Effective Date will be inserted on Appendix #2 (Effective Date) after the Effective Date has occurred.

(c) **Renewal Rights.**

i. *Renewal Length.* If LE achieves the Renewal Criteria set forth below, and LE gives written notice of its intention to extend the Agreement to SHGS at least 90 days prior to the then current Expiration Date, the Expiration Date of this Agreement will extend for a renewal period of one-Contract Year. LE may extend the Expiration Date for a maximum of three renewal periods (the “**First Renewal Period**,” ending January 31, 2017, the “**Second Renewal Period**,” ending January 31, 2018, and the “**Third Renewal Period**,” ending January 31, 2019) as provided for above. The Initial Term, as extended or renewed (as provided for in this Agreement), is referred to as the “**Term**.”

ii. *Renewal Criteria.* In order to extend the Expiration Date, LE must (collectively, the “**Renewal Criteria**”):

- A. Have earned and paid, for the four Fiscal Quarters immediately preceding the due date for LE’s renewal notice, total Buying Commission in excess of the total Minimum Commission for those Fiscal Quarters (appropriately pro-rated where the four Fiscal Quarters extend over two Contract Years); and
- B. Not be in breach of this Agreement.

3. **TERMINATION.**

(a) **Termination for Cause.** Either LE or SHGS may terminate this Agreement in the event of a material breach of this Agreement by the other party. If the breach is curable by the breaching party and the breaching party fails to cure the breach within 30 days following its receipt of written notice of the breach from the non-breaching party, then Termination is effective 30 days following the receipt of the notice of breach. If the breach is not curable by the breaching party, then Termination is effective upon the non-breaching party's delivery of notice to the breaching party.

(b) **Obligations upon Expiration or Termination.** Upon expiration or termination of this Agreement for any reason all amounts owed to SHGS by LE will become due and payable per the terms of this Agreement.

4. **APPOINTMENT.**

(a) **Appointment and Acceptance.** LE hereby appoints SHGS to be its non-exclusive buying agent for the purchase of the Merchandise throughout the Territory, upon the terms and conditions contained in this Agreement, and SHGS hereby accepts such appointment.

(b) **SHGS Limitations.** During the course of its performance under this Agreement, SHGS shall not represent itself as the legal representative of LE, or its Affiliates, for any purpose whatsoever. SHGS acknowledges and understands that LE reserves the right to employ other agents to purchase Merchandise on its behalf and that LE may purchase the same or similar Merchandise directly from any Seller without utilizing SHGS's services. SHGS further acknowledges and understands that: (i) Subject to its obligation to pay the Minimum Commission, LE is not obligated to purchase any quantity of Merchandise from any Seller identified by SHGS and (ii) LE has the right to reject any Seller and restrict SHGS's dealing with those Sellers deemed acceptable to LE to the extent it involves procurement of Merchandise for LE under this Agreement.

(c) **Scope of Appointment.** Nothing in this Agreement prevents SHGS from acting as a buying agent or performing the Services or similar services for any third-party, including SHGS Affiliates. In accepting the appointment, SHGS expressly disclaims any fiduciary obligations it has as an agent for LE and its only duty to LE is to perform the Services consistent with the standard of care outlined in Section 6(b).

5. **BUYING AGENT SERVICES.**

(a) **Service Description.** SHGS shall perform the services detailed on Appendix #3 (Services) on behalf and at the direction of LE to the extent not prohibited by Applicable Law (the "**Services**"). Except as expressly stated on Appendix #3 (Services), in the event of any conflict or inconsistency between this Agreement and Appendix #3, this Agreement will control. Unless otherwise agreed in writing by the Parties, the Services to be provided by SHGS under this Agreement are limited to those expressly stated herein. The intent of the parties is the Services described herein are based on those services that SHGS was providing to LE prior to the Spin-Off Effective Date in connection with the purchase of the Merchandise; provided, however, that the parties' have endeavored to modify such terms as necessary to reflect the spin-off of LE.

(b) **Modification of Services.** This Agreement, and the Services, Commission and Expenses hereunder, may only be modified by a written amendment which must be signed by both parties to be effective. LE acknowledges that modifications to this Agreement will require certain internal approvals by SHGS and therefore absent a signed written amendment LE will not rely (and any such reliance would be unreasonable) upon any proposed amendment or course of dealing by the parties. If a Party identifies a service that was previously provided by SHGS that is not described in this Agreement but such Party believes that services should be included in this Agreement, it will notify the other party's Contact Person and the Parties will work together to Good Faith to determine whether they wish to have such service added to this Agreement; any such addition will require a written amendment signed by both Parties to be effective. The Parties will include in such an amendment, if they agree to execute one, a description of the service, any modification to the Commissions, and allocation of Expenses for such Service.

(c) **Limitation on Services.** Without LE's express written consent, SHGS shall at no time:

- i. place an order for Merchandise to be produced by a Seller (all orders shall be placed directly by LE and any alteration from this requirement will require a written amendment to this Agreement, which must be signed by both parties to be effective);
- ii. take or claim legal or equitable title to any Merchandise purchased by LE;
- iii. furnish to any Seller dies, molds, patterns, materials, artwork, engineering work, financial assistance, or any other assistance required for the production of Merchandise ordered by LE without the advance written approval of LE;
- iv. act in any other capacity for LE other than as a buying agent under the terms of this Agreement.

(d) **Disclosure of Contracting Entity.** In performance of its duties under this Agreement, SHGS shall act at all times at the direction of LE and shall identify LE to all parties with whom SHGS deals. SHGS shall also identify in writing to LE all parties to any transactions involving LE and their respective roles, including sub-agents of SHGS, trading companies or representatives of trading companies, and Sellers (including their selling agents).

(e) **Related Party Transactions.** In any transaction where SHGS and the Seller are related parties (as that term is defined in U.S. customs law), SHGS shall provide documentation sufficient to establish that SHGS is working as a buying agent on behalf of LE, and not as a selling agent on behalf of the Seller. For example, the documentation should demonstrate that (i) the terms of the transaction are similar to transactions involving unrelated Sellers, (ii) SHGS is not taking title to the goods, (iii) SHGS is performing the same services on behalf of LE for a transaction between LE and the related Seller as SHGS would perform on behalf of LE for a transaction between LE and an unrelated Seller, (iv) the values charged are arm's length and comparable to transactions involving unrelated Sellers, and (v) no portion of the price LE pays the related Seller inures to the benefit of SHGS other than the Buying Commission attributable to the transaction.

6. QUANTITY AND NATURE OF SERVICE.

(a) **Quantity and Nature of Service.** Except as otherwise provided in Section 5 or this Section 6(a), there will be no material increase in the scope or level of, or use by, LE of Services during the Term (including changes requiring the hiring or training of additional employees by SHGS) without the mutual written agreement of the parties and adjustments, if any, to the charges for such Services; provided, however, SHGS may make changes from time to time in the manner of performing Services, subject to the other terms of this Agreement. The preceding sentence does not limit LE's ability to adjust order volume, subject to its obligation for the Minimum Commission. LE will not resell any Services, provide the Services to any joint-venture or non-wholly owned subsidiary, or otherwise use the Services in any way other than in connection with the conduct of LE's internal business.

(b) **Standard of Care.** Except as otherwise set forth in this Agreement, SHGS does not assume any responsibility under this Agreement other than to render the Services in Good Faith, without willful misconduct or gross negligence, and will comply with all Applicable Laws in the performance of the Services. SHGS MAKES NO OTHER GUARANTEE, REPRESENTATION, OR WARRANTY OF ANY KIND (WHETHER EXPRESS OR IMPLIED) REGARDING ANY OF THE SERVICES PROVIDED HEREUNDER, AND EXPRESSLY DISCLAIMS ALL OTHER GUARANTEES, REPRESENTATIONS, AND WARRANTIES OF ANY NATURE WHATSOEVER, WHETHER STATUTORY, ORAL, WRITTEN, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE. SHGS WILL ONLY BE OBLIGATED TO PROVIDE SERVICES IN A MANNER CONSISTENT WITH PRACTICES IN EFFECT IMMEDIATELY PRIOR TO THE EFFECTIVE DATE. During the annual budget process described in Section 7, the parties will align on the allocation of SHGS personnel primarily designated to perform the Services; provided, however that SHGS may use any excess capacity of such designate personnel to perform the Services for non-LE projects.

(c) **Responsibility For Errors; Delays.** SHGS's sole responsibility to LE for errors or omissions in Services caused by SHGS will be to furnish correct information, payment or adjustment in the Services, and if such errors or omissions are solely or primarily caused by SHGS, SHGS will promptly furnish such corrections at no additional cost or expense to LE if LE promptly advises SHGS of such error or omission.

(d) **Good Faith Cooperation; Alternatives.** SHGS and LE will use Good Faith efforts to cooperate with each other in all matters relating to the provision and receipt of the Services. If SHGS reasonably believes it is unable to provide any Service because of a failure to obtain third-party contractor consents or because of impracticability, SHGS will notify LE promptly after SHGS becomes aware of such fact and the Parties will cooperate to determine the best alternative approach.

(e) **Use of Third Parties.** SHGS may use any Affiliate or any unaffiliated third-party contractor to provide the Services; provided, however, that SHGS shall at all times remain responsible for the third parties' performance under this Agreement. SHGS will use reasonable efforts to provide advance notice to LE of unaffiliated third-party contractor that SHGS will be using to perform factory visits or product testing of the Merchandise.

(f) **Assets of LE.** During the Term, (i) SHGS and its Affiliates and third-party contractors may use, at no charge, all of the software and other assets, tangible and intangible, of LE (together, the “**Assets**”) to the extent necessary to perform the Services, and (ii) LE will consult with SHGS prior to upgrading or replacing any of the Assets that are necessary for SHGS to provide the Services. The Parties will discuss whether SHGS wishes to continue to provide the Services after such upgrade or replacement and the cost (to be borne by LE) for SHGS to do so. Any agreement by the parties to such upgrade or replacement must be documented via an Amendment hereto, prior to it moving forward. SHGS will continue to support at its own cost the SHGS information systems necessary to access the Assets. If LE makes a change to the Assets that prevent SHGS from being able to access the Assets from SHGS existing information systems, then SHGS may suspend the Services. Any such suspension shall not affect the Minimum Commission due hereunder.

(g) **Ownership of Data and Other Assets.** Neither party will acquire any right, title or interest in any Asset that is owned or licensed by the other and used to provide the Services. All data provided by or on behalf of a party to the other party for the purpose of providing the Services will remain the property of the providing party. To the extent the provision of any Service involves intellectual property, including software or patented or copyrighted material, or material constituting trade secrets, neither party will copy, modify, reverse engineer, decompile or in any way alter any of such material, or otherwise use such material in a manner inconsistent with the terms and provisions of this Agreement, without the express written consent of the other party. All specifications, tapes, software, programs, services, manuals, materials, and documentation developed or provided by SHGS and utilized in performing this Agreement, will be and remain the property of SHGS and may not be sold, transferred, disseminated, or conveyed by LE to any other entity or used other than in performance of this Agreement without the express written permission of SHGS.

(h) **LE Standards.** Prior to the Effective Date, SHGS and LE have collaborated on and jointly contributed to certain information, data, processes, procedures, standards and protocols, including but not limited to those standard operating procedures, testing protocols and all other Seller requirements available on LE’s vendor website (collectively, the “**LE Standards**”). The parties agree that they will jointly own such LE Standards (and any modifications thereto made by the Parties), without an obligation to account to the other party.

(i) **Contact Person.** Each party will appoint a contact person (each, a “**Contact Person**”) to facilitate communications and performance under this Agreement. The initial Contact Person of each Party is set forth on Appendix #4 (Contact Persons). Each Party will have the right at any time and from time to time to replace its Contact Person by written notice to the other Party.

7. OPERATIONAL OBLIGATIONS OF LE.

(a) **Reporting.** LE shall consult with SHGS to jointly develop an annual budget for the Services, including allocation of SHGS personnel, travel expectations, and FOB forecast consistent with practices in effect immediately prior to the Effective Date. LE shall supply SHGS with such forecasting, and reporting information on a quarterly basis as reasonably requested by SHGS and shall supply LE a monthly actual shipment report consistent with practices in effect immediately prior to the Effective Date. LE will be the importer of record for all Merchandise purchased under this Agreement.

(b) **Merchandise Responsibility.** LE is responsible for duties, insurance, shipping and carriage costs, and all other charges related to the purchase of the Merchandise. LE will be solely responsible for (a) issuing all POs to Sellers, (b) all Merchandise acquired by LE, and (c) any problems related to such Merchandise except for problems caused by SHGS's failure to properly perform the Services; provided, however that SHGS's responsibility for problems related to Merchandise acquired by LE for problems caused by SHGS's failure to properly perform the Services is limited to the amount of the Buying Commission earned by SHGS on such Merchandise. For example, if LE places a purchase order for \$30,000 of Merchandise that is defective and LE placed that order in reliance on an improperly performed Service, SHGS would be responsible to cover \$600 in expenses related to that Merchandise.

8. COMMISSIONS.

(a) **Commission.** For the rendering of Services under this Agreement, LE shall pay SHGS the greater of the (i) Buying Commission or (ii) the Minimum Commission set forth in Section 8(c). LE shall calculate the payments due under this Section on a monthly basis (the "**Payment Period**") and shall pay the Commission as stated in Section 9(c). All Commissions paid by LE are a non-dutiable buying agency commission under the customs laws of the United States of America.

(b) **Calculation of the Buying Commission.** The "**Buying Commission**" is calculated by multiplying the F.O.B. invoice price of all Merchandise ordered by LE with the assistance of SHGS (regardless of the system used to order Merchandise), net of (i) export duties, levies, taxes, insurance, shipping and similar charges, and (ii) the price of Merchandise rejected or returned to a Seller as non-compliant or non-certified, by a commission rate of 2.0%. The Buying Commission will be calculated at time of receipt of the Merchandise consistent with practices in effect immediately prior to the Effective Date (i.e., for Merchandise for the LE Shops at Sears, as of receipt at the F.O.B. point (foreign port) and for all other Merchandise, at LE's U.S. distribution facility).

(c) **Minimum Commission.** The annual minimum commission (the "**Minimum Commission**") for each Contract Year is set forth below. Termination by SHGS under Section 3 will not relieve LE of its obligation to pay the Minimum Commission for the then current Term.

<u>Contract Year</u>	<u>Minimum Commission (February - July)</u>	<u>Minimum Commission (August - January)</u>	<u>Minimum Commission (Annual)</u>
2014*	\$2,744,000	\$4,116,000	\$6,860,000
2015	\$2,744,000	\$4,116,000	\$6,860,000
2016**			To be negotiated.
2017**			To be negotiated.
2018**			To be negotiated.

* The annual Minimum Commission for this Contract Year will be pro-rated based on the total number of days in the First Contract Year.

** Minimum Commission applies to this Contract Year only if this Agreement is extended under Section 2(c).

9. PAYMENT AND REPORTING.

(a) Invoice Reporting.

i. *Payment Period Invoices.* SHGS shall provide to LE, on a monthly basis, an invoice for the Commission earned or due for the Payment Period (the “**Commission Invoice**”), including any Expenses incurred in the performance of the Services for the Payment Period. For each Payment Period, the Commission Invoice will detail the Buying Commission earned for that Payment Period.

ii. *August Invoices Period.* For the invoice period ending July 31, SHGS shall compare the amount of Buying Commission earned by SHGS for the first half of that Contract Year to the respective Minimum Commission due for that period (as detailed in the chart in Section 8(c)). If the Minimum Commission for that period is greater than the Buying Commission earned in that period, SHGS shall invoice LE for the difference between the Buying Commission earned and the amount of the Minimum Commission attributable to that period.

iii. *January Invoices Period.* For the invoice period ending January 31, SHGS shall compare the amount of Buying Commission earned by SHGS for the that entire Fiscal Year to the respective Minimum Commission due for that Contract Year (as detailed in the chart in Section 8(c)). If the Minimum Commission for that Contract Year is greater than the Buying Commission earned in that Contract Year, SHGS shall invoice LE for the difference between the Buying Commission earned and the amount of the Minimum Commission attributable to that Contract Year. Buying Commission earned in any Contract Year may only be credited against that Contract Year’s Minimum Commission and may be aggregated to offset that Contract Year’s annual Minimum Commission; but may not be used as a credit against any other Contract Year’s annual Minimum Commission.

(b) **Expenses.** In addition to the Commission, LE will reimburse SHGS for all other reasonable out-of-pocket expenses actually incurred in its performance of the Services in accordance with Appendix #5 (“**Expenses**”). To the extent reasonably practicable, SHGS will provide LE with notice of such Expenses prior to incurring them. If directed by SHGS, LE will pay directly any or all third-party contractors providing Services to or for the benefit of LE.

(c) Payment of Commission Invoices.

i. *Ancillary Agreement Payment Reconciliation.* LE will pay SHGS the Commissions, Expenses, and Transaction Taxes in accordance with Sections 8, 9(b), and 9(f) and with the payment terms set forth in Section 14.19 of the Separation Agreement. Unless otherwise mutually agreed in writing, all amounts payable under this Agreement will be reconciled weekly and the Parties will after netting amounts due under the other Ancillary Agreements; 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.

ii. *Compensation for Services.* Unless otherwise agreed to in writing by LE, the Commission payable under Section 8 represents SHGS’s entire compensation for the Services performed on LE’s behalf.

(d) **Payment of Merchandise Invoices.** LE is responsible for arranging payments to Seller for all Merchandise pursuant to the terms of LE's Merchandise purchase agreements with those Sellers. All Merchandise credit facilities or payment terms to Sellers are the sole responsibility of LE.

(e) **Rights of Recoupment and Setoff.** SHGS has the right to invoice LE for any liability or obligation that LE may owe to SHGS or its Affiliates. LE shall pay the amounts of such invoice as specified in Section 9(c). If LE does not pay such invoices, SHGS may reduce, withhold or setoff against any payment due LE from SHGS or its Affiliates. SHGS's rights to recoupment and set-off shall be senior to any claim asserted by any other party against the payment.

(f) **Taxes.** Commissions do not include applicable taxes. LE will be responsible for the payment of all taxes, duties, and tariffs payable in connection with the Services including sales, use, excise, value-added, business, service, goods and services, consumption, withholding, and other similar taxes or duties, including taxes incurred on transactions between and among SHGS, its Affiliates, and third-party contractors, along with any related interest and penalties ("**Transaction Taxes**"). LE will reimburse SHGS for any deficiency relating to Transaction Taxes that are LE's responsibility under this Agreement. Notwithstanding anything in this Section to the contrary, each party will be responsible for its own income and franchise taxes, employment taxes, and property taxes. The parties will cooperate in Good Faith to minimize Transaction Taxes to the extent legally permissible. Each party will provide to the other party any resale exemption, multiple points of use certificates, treaty certification and other exemption information reasonably requested by the other Party.

10. **SHIPPING AND HANDLING; RISK OF LOSS.**

(a) **Shipping Guidelines.** SHGS shall employ commercially reasonable efforts to ensure that Merchandise is shipped to LE in accordance with the routing guidelines attached to LE's purchase orders and letters of credit (where applicable), and by LE's carrier of choice.

(b) **Shipping Charges.** LE will be responsible for all shipping and forwarding charges in accordance with terms of sale negotiated with Seller. LE will reimburse SHGS for any authorized shipping or forwarding charges or fees SHGS incurs on LE's behalf.

(c) **Risk of Loss.** SHGS will not take title or assume the risk of loss to any Merchandise ordered on behalf of LE, including any damaged or defective goods and orders cancelled by LE. Title and risk of loss shall be borne by LE or Seller pursuant to the parties' terms of sale and the terms of LE's Merchandise purchase agreements with those Sellers.

11. **SUB-AGENTS.**

LE acknowledges and agrees that SHGS may engage sub-agents to perform some or all SHGS's services hereunder, provided, however, that in no event shall the relationship between the SHGS and sub-agent result in either party becoming a buyer or seller of Merchandise procured or to be procured under this Agreement from the other. SHGS shall advise LE in writing of the appointment of any sub-agents who may perform services under this Agreement. SHGS shall be solely responsible to ensure that its sub-agents strictly adhere to the terms and conditions of this Agreement and to pay all remuneration payable to its sub-agents.

12. **DEFENSE AND INDEMNITY; LIMITATION OF LIABILITY.**

(a) **Indemnification by LE.** LE will defend, indemnify, and hold harmless SHGS and its Affiliates and their respective Representatives from and against any and all costs, liabilities, losses, penalties, expenses and damages (including reasonable attorneys' fees) of every kind and nature arising from third-party claims, demands, litigation, and suits related to or arising out of this Agreement (together "**LE Claims**"), except to the extent that such LE Claims are found by a final judgment or opinion of an arbitrator or a court of appropriate jurisdiction to be caused by: (i) a breach of any provision of this Agreement by SHGS; or (ii) any negligent act or omission, or willful misconduct of SHGS, its Affiliates, or their respective Representatives in performance of this Agreement.

(b) **Indemnification by SHGS.** SHGS will defend, indemnify, and hold harmless LE and its Affiliates, and their respective Representatives, from and against any and all costs, liabilities, losses, penalties, expenses and damages (including reasonable attorneys' fees) of every kind and nature arising from third-party claims, demands, litigation, and suits, that: (i) relate to bodily injury or death of any person or damage to real and/or tangible personal property directly caused by the negligence or willful misconduct of SHGS or its Affiliates during the performance of the Services, or (ii) relate to the intentional infringement of any copyright or trade secret by an Asset owned by SHGS or its Affiliates and used by SHGS in the performance of the Services (together, "**SHGS Claims**"). Notwithstanding the obligations set forth above in this Section, SHGS will not defend or indemnify LE, its Affiliates, or their respective Representatives to the extent that such SHGS Claims are found by a final judgment or opinion of an arbitrator or a court of appropriate jurisdiction to be caused by: (x) a breach of any provision of this Agreement by LE; (y) any negligent act or omission, or willful misconduct of LE, its Affiliates, or their respective Representatives in performance of this Agreement; or (z) with respect to infringement claims: (I) LE's use of the Services in combination with any product or information not provided by SHGS; (II) LE's distribution, marketing or use for the benefit of third parties of the Services; (III) LE's use of the Services other than as contemplated by this Agreement; or (IV) information, direction, specification or materials provided by or on behalf of LE. LE Claims and SHGS Claims are each individually referred to as a "**Claim.**"

(c) **Procedure.** In the event of a Claim, the indemnified Party will give the indemnifying Party prompt notice in writing of the Claim; but the failure to provide such notice will not release the indemnifying Party from any of its obligations under this Article except to the extent the indemnifying Party is materially prejudiced by such failure. Upon receipt of such notice the indemnifying Party will assume and will be entitled to control the defense of the Claim at its expense and through counsel of its choice, and will give notice of its intention to do so to the indemnified Party within 20 business days of the receipt of such notice from the indemnified Party. The indemnifying Party will not, without the prior written consent of the indemnified Party, (i) settle or compromise any Claim or consent to the entry of any judgment that does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the indemnified Party of a written release from all liability in respect of the Claim or (ii) settle or compromise any Claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments that are indemnified hereunder. The indemnified Party will have the right at its own cost and expense to employ separate counsel and participate in the defense of any Claim.

(d) **Joint Claims.** If a third-party claim, demand, litigation, or suit involves allegations for which both Parties may invoke the obligation of the other Party to defend them under this Agreement ("**Mixed Claims**"); then LE shall defend both Parties and their Representatives from such Mixed Claims, at LE's sole reasonable expense, provided that SHGS may elect to take on the defense of such Mixed Claims.

(e) **Independent Obligation.** The obligations of each Party to defend, indemnify and hold harmless, the other Parties' Indemnified Parties under this Section are independent of each other and any other obligation of the Parties under this Agreement.

(f) **Limitation of Liability.** EXCEPT FOR (I) EACH PARTY'S OBLIGATIONS WITH RESPECT TO THE OWNERSHIP OF DATA AND OTHER ASSETS OF THE OTHER PARTY AS SET FORTH IN SECTION 6(g), (II) EACH PARTY'S INDEMNITY AND DEFENSE OBLIGATIONS AS SET FORTH IN SECTIONS 12(a), 12(b), AND 12(c), AND (III) A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS, IN NO EVENT WILL EITHER PARTY, NOR ITS AFFILIATES, CONTRACTORS OR AGENTS BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES, LOSSES OR EXPENSES (INCLUDING BUSINESS INTERRUPTION, LOST BUSINESS, LOST PROFITS, LOST DATA, OR LOST SAVINGS, DAMAGES TO SOFTWARE OR FIRMWARE, OR COST OF PROCURING OR TRANSITIONING TO SUBSTITUTE SERVICES), REGARDLESS OF THE LEGAL THEORY UNDER WHICH SUCH LIABILITY IS ASSERTED, AND REGARDLESS OF WHETHER A PARTY HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH LIABILITY. THE SOLE LIABILITY OF SHGS AND ITS AFFILIATES FOR ANY ERRORS AND OMISSIONS IN THE SERVICES ARE LIMITED TO THE PAYMENT OF DIRECT DAMAGES, NOT TO EXCEED (FOR ALL CLAIMS IN THE AGGREGATE) THE COMMISSIONS RECEIVED BY SHGS UNDER THIS AGREEMENT DURING THE PRIOR SIX (6) MONTHS PRIOR TO THE DATE SUCH CLAIM AROSE.

13. AUDIT

(a) **Retention of Records.** LE shall keep and preserve accurate records of all transactions relating to this Agreement including records of inventory purchased and delivered for the longer of: (i) the minimum period required by Applicable Law, and (ii) the Term plus two years after the Termination of this Agreement. SHGS, with reasonable notice to LE, may conduct audits of the books and records of LE to determine compliance with the accounting of Commissions provisions of this Agreement (each, an "**Audit**"). Except as provided below, Audits will occur no more than twice per calendar year and may be conducted by SHGS through itself or its authorized agents who agree to treat any information gained from such Audits as confidential in accordance with Section 14 (Confidentiality.) or terms substantially equivalent thereto.

(b) **Number of Audits.** In the event that an Audit or other information demonstrates that LE has underpaid Commissions by more than 5% in two or more Payment Periods, SHGS has the right to conduct Audits on a quarterly basis (unless such discrepancy was a result of incorrect information provided by SHGS or its Affiliates), until such time as LE has properly paid Commissions for three consecutive Audits, after which time SHGS will revert to auditing LE no more than twice per calendar year.

(c) **Allocation of Audit Costs.** SHGS shall pay for all Audits; provided that if any Audit shows a 5% or greater discrepancy in the amount of the Commission paid by LE for the applicable Payment Period(s), then LE shall pay for that Audit and any subsequent Audits for a period of one year; unless such discrepancy was a result of incorrect information provided by SHGS or its Affiliates.

(d) **Late Payment.** In the event that an Audit or other information demonstrates that LE has underpaid Commissions (unless such discrepancy was a result of incorrect information provided by SHGS or its Affiliates), LE shall remit to SHGS the amount of the underpayment, together with interest computed as set forth in Section 14.19 of the Separation Agreement from the date payment of the unpaid Commissions was originally due to the date of payment. Any late payment under this Section 13(d) is due 10 days after LE receives notice of the underpayment of Commissions.

14. CONFIDENTIALITY

(a) **Confidential Information.** “**Confidential Information**” means all information, whether disclosed in oral, written, visual, electronic or other form, that (i) one Party (the “**Disclosing Party**”), its Affiliates or its Personnel discloses to the other Party (the “**Receiving Party**”), its Affiliates or its Personnel, (ii) relates to or is disclosed in connection with this Agreement or a Party’s or a Party’s Affiliate’s business, and (iii) is or reasonably should be understood by the Receiving Party to be confidential or proprietary to the Disclosing Party (whether or not such information is marked “Confidential” or “Proprietary”). The Disclosing Party’s sales, pricing, costs, inventory, operations, employees, current and potential customers, financial performance and forecasts, and business plans, strategies, forecasts and analyses, as well as information as to which the Securities and Exchange Commission has granted confidential treatment pursuant to its Rule 406 of Regulation C (the “**CTR Information**”), are Confidential Information.

(b) **Treatment of Confidential Information.** The Receiving Party will use Confidential Information only in connection with this Agreement and, except as expressly permitted by this Agreement and subject to the next sentence, will not disclose any Confidential Information for three years from the date of receipt of the Confidential Information. Neither Party will disclose the CTR Information for a period of ten years from the date of receipt.

i. *Limitations.* The Receiving Party will (A) restrict disclosure of the Confidential Information to its and its Affiliates’ Personnel with a need to know the Confidential Information for purposes of performing the Receiving Party’s responsibilities or exercising the Receiving Party’s rights under this Agreement, (B) advise those Personnel of the obligation not to disclose the Confidential Information or use the Confidential Information in a manner prohibited by this Agreement, (C) copy the Confidential Information only as necessary for those Personnel who need it for performing the Receiving Party’s responsibilities under this Agreement, and ensure that confidentiality is maintained in the copying process; and (D) protect the Confidential Information, and require those Personnel to protect it, using the same degree of care as the Receiving Party uses with its own Confidential Information, but no less than reasonable care.

ii. *Liability for Unauthorized Use.* The Receiving Party will be liable to the Disclosing Party for any unauthorized disclosure or use of Confidential Information in violation of this Agreement by its Affiliates and any of its and its Affiliates’ current or former Personnel.

iii. *Destruction.* Without limiting the foregoing, when any Confidential Information is no longer needed for the purposes contemplated by this Agreement the Receiving Party will, promptly after request of the Disclosing Party, either return such Confidential Information in tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party that it has destroyed such Confidential Information (other than electronic copies residing in automatic backup systems and copies retained to the extent required by Applicable Law, regulation or a bona fide document retention policy).

(c) **Exceptions to Confidential Treatment.** The obligations under this Section 14 do not apply to any Confidential Information that the Receiving Party can demonstrate (i) was previously known to the Receiving Party without any obligation owed to the Disclosing Party or its Affiliates to hold it in confidence, (ii) is disclosed to third parties by the Disclosing Party or its Affiliates without an obligation of confidentiality to the Disclosing Party or its Affiliate, as applicable, (iii) is or becomes available to any member of the public other than by unauthorized disclosure by the Receiving Party, its Affiliates or its or their Personnel, (iv) was or is independently developed by the Receiving Party or its Affiliates or Personnel without use of the Confidential Information, (v) legal counsel's advice is that the Confidential Information is required to be disclosed by Applicable Law or the rules and regulations of any applicable Governmental Authority and the Receiving Party has complied with Section 14(d) (Protective Arrangement), or (vi) legal counsel's advice is that the Confidential Information is required to be disclosed in response to a valid subpoena or order of a court or other governmental body of competent jurisdiction or other valid legal process and the Receiving Party has complied with Section 14(d) (Protective Arrangement).

(d) **Protective Arrangement.** If the Receiving Party determines that the exceptions under Sections 14(c)(v) or (vi) apply, the Receiving Party shall give the Disclosing Party, to the extent legally permitted and reasonably practicable, prompt prior notice of such disclosure and an opportunity to contest such disclosure and shall use commercially reasonable efforts to cooperate, at the expense of the Receiving Party, in seeking any reasonable protective arrangements requested by the Disclosing Party. In the event that such appropriate protective order or other remedy is not obtained, the Receiving Party may furnish, or cause to be furnished, only that portion of such Confidential Information that the Receiving Party is advised by legal counsel is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Confidential Information.

(e) **Ownership of Information.** Except as otherwise provided in this Agreement, all Confidential Information provided by or on behalf of a Party (or its Affiliates) that is provided to the other Party or its Personnel shall remain the property of the disclosing entity and nothing herein shall be construed as granting or conferring rights of license or otherwise in any such Confidential Information

15. MISCELLANEOUS

(a) **Third Party Agreements.** The Parties anticipate that SHGS will be relying upon its and its Affiliates existing agreements with third parties to provide certain of the Services described herein ("**Third Party Agreements**") and that the Parties have assumed that SHGS's and/or its Affiliates' counterparty under each such Third Party Agreement (the "**Third Party Vendor**") will permit SHGS and/or its Affiliates to procure goods, services and/or license software, as applicable under such Third Party Agreement, on behalf of LE, at no additional cost, as if LE were an affiliate of SHGS and/or its Affiliates under such Third Party Agreement. If: (i) SHGS's or its Affiliates' costs, fees, or expenses increase under the terms of such Third Party Agreements, or (ii) the Third Party Vendor demands or is entitled to additional costs, fees, or expenses now or in the future, as a result of LE receiving benefits under such Agreement, then, in addition to all other amounts due hereunder, LE shall be liable for its proportionate share of all increased amounts under subsection (i) and all of the increased amounts under subsection (ii), in each case as such amounts are determined by SHGS in Good Faith. SHGS will notify LE once it learns of any increased amounts due under the immediately foregoing sentence, and will work with the Third Party Vendor to try to mitigate such cost increase. To the extent any such Third Party Agreement includes early termination fees (or similar charges, "**Termination Fees**"), LE will be solely responsible for any such Termination Fees SHGS or its Affiliates incur as a result of the Separation of LE and/or LE ceasing to use the Services under this Agreement.

(b) **Computer Access.** If either Party, its Affiliates or its Personnel are given access, whether on-site or through remote facilities, to any communications, computer, or electronic data storage systems of the other Party, its Affiliates or its Personnel (each an “**Electronic Resource**”), in connection with this Agreement, then the Party on behalf of whom such access is given will ensure that its Personnel’s use of such access shall be solely limited to performance or exercise of, such Party’s duties and rights under this Agreement, and that such Personnel will not attempt to access any Electronic Resource other than those specifically required for the performance of such duties and/or exercise of such rights. The Party given access will limit such access to those of its and its Affiliates’ Personnel who need to have such access in connection with this Agreement, will advise the other Party in writing of the name of each of such Personnel who will be granted such access, and will strictly follow all security rules and procedures for use of such Electronic Resources. All user identification numbers and passwords disclosed to a Party’s Personnel and any information obtained by such Party’s Personnel as a result of its access to, and use of the other Party’s, its Affiliates’ or its Personnel’s Electronic Resources will be deemed to be, and will be treated as, Confidential Information of the Party on behalf of whom such access is granted. Each Party will reasonably cooperate with the other Party in the investigation of any apparent unauthorized access by the other Party, its Affiliates, or its Personnel to any Electronic Resources or unauthorized release of Confidential Information. Each Party will promptly notify the other Party of any actual or suspected unauthorized access or disclosure of any Electronic Resource of the other Party, its Affiliates, or its Personnel.

(c) **Amendment; No Waiver.** The terms, covenants and conditions of this Agreement may be amended, modified or waived only by a written instrument signed by both Parties, or in the event of a waiver, by the Party waiving such compliance. Any Party’s failure at any time to require performance of any provision will not affect that Party’s right to enforce that or any other provision at a later date. No waiver of any condition or breach of any provision, term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances will be deemed to be or construed as a further or continuing waiver of that or any other condition or of the breach of that or another provision, term or covenant of this Agreement.

(d) **Assignment.** LE may not assign its rights or obligations under this Agreement without the prior written consent of SHGS, which consent may be withheld in SHGS’s absolute discretion. A Stockholding Change will constitute an assignment of this Agreement by LE for which assignment SHGS’s prior written consent will be required. SHGS may freely assign its rights and obligations under this Agreement to any of its Affiliates without the prior consent of LE; provided that any such assignment will not relieve SHGS of its obligations and liabilities hereunder. This Agreement will be binding on, and will inure to the benefit of, the permitted successors and assigns of the Parties.

(e) **Notices.** All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement must be in writing and will be deemed to have been duly given (i) when delivered by hand, (ii) three (3) Business Days after it is mailed, certified or registered mail, return receipt requested, with postage prepaid, (iii) on the same Business Day when sent by facsimile or electronic mail (return receipt requested) if the transmission is completed before 5:00 p.m. recipient’s time, or one (1) Business Day after the facsimile or email is sent, if the transmission is completed on or after 5:00 p.m. recipient’s time or (iv) one (1) Business Day after it is sent by Express Mail, Federal Express or other courier service specifying same day or next day delivery, as follows (or at such other address for a Party as shall be specified in a notice given in accordance with this Section):

If to SHGS, to: Sears Holdings Global Sourcing, Ltd.
56/F, Office Tower, Langham Place
8 Argyle Street
Mongkok, Hong Kong
Attn.: VP, Global Sourcing

With a Copy To:

Sears Holdings Corporation
3333 Beverly Road
Hoffman Estates, Illinois 60179
Attn.: General Counsel
Facsimile: (847) 286-2471
Email: Dane.Drobny@searshc.com

If to LE, to:

Lands' End, Inc.
5 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn.: VP, Global Sourcing
Facsimile: (608) 935-4913
Email: Mary.Keenan@landsend.com

With a Copy To:

Lands' End, Inc.
5 Lands' End Lane
Dodgeville, Wisconsin 53595
Attn.: General Counsel
Facsimile: (608) 935-6550
Email: Karl.Dahlen@landsend.com

(f) **Publicity.** All publicity regarding this Agreement is subject to Section 14.5 (Public Announcements) of the Separation Agreement.

(g) **Survival.** Each term of this Agreement that would, by its nature, survive the termination or expiration of this Agreement will so survive, including the obligation of either Party to pay all amounts accrued hereunder and including the provisions of Sections 8 and 9.

(h) **No Third Party Rights.** Except for the indemnification rights under this Agreement of any SHGS or LE indemnitee in their respective capacities as such, this Agreement is intended to be solely for the benefit of the Parties and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the Parties.

(i) **Severability.** If any provision of this Agreement is declared by any court of competent jurisdiction to be illegal, invalid, void or unenforceable, such provision will (to the extent permitted under Applicable Law) be construed by modifying or limiting it so as to be legal, valid and enforceable to the maximum extent compatible with Applicable Law, and all other provisions of this Agreement will not be affected and will remain in full force and effect.

(j) **Entire Agreement.** This Agreement (including the Exhibits, Appendixes and Schedules hereto) constitutes the entire agreement between the Parties hereto and supersedes all prior agreements and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof.

(k) **No Legal Service/Advice.** Notwithstanding anything herein to the contrary, SHGS shall not provide any legal services or legal advice to LE, LE is not entitled to rely on SHGS for legal advice and counsel, nor shall SHGS's advice be construed as legal advice.

(l) **Equitable Relief.** Each Party acknowledges that any breach by a Party of Section 14 (Confidential Information) of this Agreement may cause the non-breaching Party and its Affiliates irreparable harm for which the non-breaching Party and its Affiliates have no adequate remedies at law. Accordingly, in the event of any actual or threatened default in, or breach of the foregoing provisions, each Party and its Affiliates are entitled to seek equitable relief, including specific performance, and injunctive relief; in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. A Party seeking such equitable relief is not obligated to comply with Section 15(r) (Dispute Resolution) and may seek such relief regardless of any cure rights for such actual or threatened breach. Each Party waives all claims for damages by reason of the wrongful issuance of an injunction and acknowledges that its only remedy in that case is the dissolution of that injunction. Any requirements for the securing or posting of any bond with such remedy are waived.

(m) **Force Majeure.** Neither Party will be responsible to the other for any delay in or failure of performance of its obligations under this Agreement, to the extent such delay or failure is attributable to any act of God, act of terrorism, fire, accident, war, embargo or other governmental act, or riot; provided, however, that the Party affected thereby gives the other Party prompt written notice of the occurrence of any event which is likely to cause (or has caused) any delay or failure setting forth its best estimate of the length of any delay and any possibility that it will be unable to resume performance; provided, further, that said affected Party will use its commercially reasonable efforts to expeditiously overcome the effects of that event and resume performance.

(n) **Fair Construction.** This Agreement will be deemed to be the joint work product of the Parties without regard to the identity of the draftsman, and any rule of construction that a document will be interpreted or construed against the drafting Party will not be applicable.

(o) **Independent Contractors.** Nothing in this Agreement creates a relationship of, partnership, or employer/employee between SHGS and LE and it is the intent and desire of the Parties that the relationship be and be construed as that of independent contracting parties and not as, partners, joint venturers or a relationship of employer/employee.

(p) **Construction and Interpretation.** In this Agreement (1) "include," "includes," and "including" are inclusive and mean, respectively, "include without limitation," "includes without limitation," and "including without limitation," (2) "or" is disjunctive but not necessarily exclusive, (3) "will" and "shall" expresses an imperative, an obligation, and a requirement, (4) numbered "Section" references refer to sections of this Agreement unless otherwise specified, (5) section headings are for convenience only and will have no interpretive value, (6) unless otherwise indicated all references to a number of days mean calendar (and not business) days and all references to months or years mean calendar months or years, (7) references to \$ or Dollars mean U.S. Dollars, and (8) hereof," "herein" and "herewith" and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(q) **Condition Precedent to the Effectiveness of this Agreement.** This Agreement will not become effective until it has been approved by the Audit Committee of the SHC Board.

(r) **Dispute Resolution.** Except as provided for in Section 15(l) (Equitable Relief), all Disputes related to this Agreement are subject to Article XI (Dispute Resolution) of the Separation Agreement.

(s) Governing Law; Jurisdiction.

i. *Governing Law.* This Agreement (and all claims, controversies or causes of action, whether in contract, tort or otherwise, that may be based upon, arise out of or relate to this Agreement or the negotiation, execution, termination, performance or nonperformance of this Agreement (including any claim, controversy or cause of action based upon, arising out of or relating to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement)) shall be governed by, and construed and enforced in accordance with, the federal laws of the United States, including the Lanham Act, and the internal laws of the State of Illinois, without regard to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois. This Agreement will not be subject to any of the provisions of the United Nations Convention on Contracts for the International Sale of Goods.

ii. *Jurisdiction.* Each of the Parties hereto irrevocably agrees that all proceedings arising out of or relating to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other Party hereto or its successors or assigns shall be brought, heard and determined exclusively in any federal or state court sitting in Cook County, Illinois. Consistent with the preceding sentence, each of the Parties hereto hereby (a) submits to the exclusive jurisdiction of any federal or state court sitting in Cook County, Illinois for the purpose of any proceeding arising out of or relating to this Agreement or the rights and obligations arising hereunder brought by any Party hereto and (b) irrevocably waives, and agrees not to assert by way of motion, defense, counterclaim, or otherwise, in any such proceeding, any claim that it or its property is not subject personally to the jurisdiction of the above-named courts, that the proceeding is brought in an inconvenient forum, that the venue of the proceeding is improper, or that this Agreement or any of the other transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Each Party agrees that service of process upon such party in any such action or Proceeding shall be effective if notice is given in accordance with Section 15(e).

(t) **Waiver of Jury Trial.** EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(u) **Counterparts.** This Agreement may be executed and delivered (including by facsimile or other electronic transmission (e.g., .pdf file) in counterparts, and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Signatures begin on the next page.

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement effective as of the Effective Date.

SHGS:

LE:

SEARS HOLDINGS GLOBAL SOURCING LTD.

LANDS' END, INC.

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

APPENDIX #1
Glossary

“**Affiliate**” means (solely for purposes of this Agreement and for no other purpose) (i) with respect to LE, its Subsidiaries, and (ii) with respect to SHGS, SHC and its Subsidiaries; provided, however, that except where the context indicates otherwise, for purposes of this Agreement and for no other purpose, from and after the Effective Time (1) no SHC Entity shall be deemed to be an Affiliate of any LE Entity and (2) no LE Entity shall be deemed to be an Affiliate of any SHC Entity.

“**Ancillary Agreements**” has the meaning ascribed to it in the Separation Agreement.

“**Applicable Law**” means all applicable common law, laws, ordinances, regulations, rules, and court and administrative orders and decrees of all national, regional, state, local and other governmental units that have jurisdiction in the given circumstances.

“**Business Day**” means any day that is not a Saturday, a Sunday or any other day on which banks are required or authorized by Applicable Law to be closed in New York, New York.

“**Commission**” means both the Buying Commission and the Minimum Commission.

“**Competitor Affiliates**” has the meaning ascribed to it in the Separation Agreement.

“**Competitor**” has the meaning ascribed to it in the Separation Agreement.

“**Contract Year**” means each Fiscal Year during the Term, except that the first contract year (the “**First Contract Year**”) begins with the Effective Date and continues through the end of SHGS current Fiscal Year.

“**Fiscal Year**” and “**Fiscal Quarter**” mean SHGS’s fiscal year and fiscal quarter, as applicable.

“**Good Faith**” means honesty in fact and the observance of reasonable commercial standards of fair dealing in accordance with Applicable Law.

“**LE Entities**” has the meaning ascribed to it in the Separation Agreement.

“**Merchandise**” means the apparel, home goods, shoes, apparel accessories and other products purchased by SHGS on the instructions of LE for LE’s account.

“**Personnel**” means the officers, directors, employees, agents, suppliers, licensors, licensees, contractors, subcontractors, advisors (including attorneys, accountants, technical consultants or investment bankers) and other representatives, from time to time, of a Party and its Affiliates; provided that the Personnel of the LE Entities shall not be deemed Personnel of the SHC Entities and the Personnel of the SHC Entities shall not be deemed Personnel of the LE Entities.

“**Representatives**” means Personnel, partners, shareholders, and members.

“**Sellers**” means the third-party suppliers, vendors, and manufacturers (or their respective selling agents) of the Merchandise.

“**SHC Board**” has the meaning ascribed to it in the Separation Agreement.

“**SHC Entities**” has the meaning ascribed to it in the Separation Agreement.

“**SHC**” means Sears Holdings Corporation.

“**Stockholding Change**” has the meaning ascribed to it in the Separation Agreement.

“**Subsidiaries**” has the meaning ascribed to it in the Separation Agreement.

“**Termination**” means expiration (without renewal or extension) or termination of this Agreement for any reason.

“**Territory**” means anywhere in the world.

[End of Appendix #1]

APPENDIX #2
Effective Date

APPENDIX #3
Services

Sourcing Services

- Provide market intelligence regarding potential suppliers, manufacturers, research and evaluation of factory capability, and new vendor setup (including vendor and factory documentation).
- Provide current and timely information on commodity pricing, country specific market intelligence, labor/wage rates by country and changes in political situation.
- Assist LE with vendor selection, price, quality, packaging and delivery negotiation.
- Assist LE with sourcing new fabric and fabric development, approval of production for fabric and colors.
- Provide technical expertise to problems of fabric, prints, technical design & fits, colors and product delivery.
- Assist LE with mill and vendor strategy in alignment with LE, including LE Standard Operating Procedures (SOP's). Identify and qualify new mills. Support fabric development and bulk submits and fabric approvals.
- Assist LE with obtaining timely execution of Purchase Order Terms and Conditions and any other required documents.
- Provide follow up on production and purchase order status when required, inclusive of work in progress (WIP) reporting, alerting LE of any potential delays or non-compliance.
- Facilitate communication between LE and Sellers, when necessary, acting as translator for LE in vendor meetings and with potential vendors.
- Educate staff, vendors and mills on LE SOP's, quality, labor compliance and purchasing requirements, as listed on LE Vendor Website.
- Support procurement of development, production, fit and photo samples.
- Manage color approvals and support. Train and educate mills on color SOPs, tools and expectations.
- Provide technical design support; assist in block creation and grading, along with counter-sourcing support.
- Validate, when requested, vendors are purchasing trims and packaging product from designated suppliers.
- Facilitate the resolution of export document discrepancies as requested.

Marketing Services

- Act as a bridge to communicate with vendors, suppliers, and business partners of LE developments and Brand strategy as dictated by LE.

Quality Control Services

- Setup LE quality standard, certified auditor program, product safety, testing protocols, standard operation procedures and on-going training and technical support to vendors.
- Evaluate new production facilities and conduct evaluation and approval, prior to production.
- Conduct production facility evaluation and approval, regular quality review, manage corrective actions to vendors to ensure LE quality standards are met.

- Designate 3rd party testing partners and fee negotiation, and ensure lab test results are in compliance, SHGS Lab Testing added services and leverage of new contract pricing. Third party designee subject to LE written approval.
- Assist in negotiation with any claims for damaged / non-conforming goods, or rejected product.
- Use commercially reasonable efforts to ensure no transshipment and that the services provided by SHGS comply with all currently Applicable Laws and currently applicable LE business codes
- In addition to the factory visits currently performed for LE, SHGS associates will provide up to an additional 600 annual Inline/Final factory field or mill QA inspections in a given year as required or requested.
 - LE will be responsible for Travel expenses for travel to and from inspection sites that are 50km or more from the location of SHGS personnel. SHGS not required to Travel to a separate country or region than regions in which SHGS has personnel or to any location which SHGS deems unsafe.
- Disclose any Labor Compliance violations, evidence of any transshipment or other apparent violation of law or Seller's contractual obligations as witnessed during Quality Audits at factory or made known to Agent.
- Facilitate the de-identification requirements of any LE product rejected by LE.
- Ensure LE has access to vendor facilities, at any time.
- Purchase order contract support not provided by SHGS.
- Continue existing IT infrastructure support.
- Provide occasional working and meeting facilities as needed and as available.
- Familiarize itself and remain current with LE policies and requirements. (reference LE vendor website and social compliance).
- Assist in resolution of claims with vendor, mill and service provider negotiations, as needed.
- Facilitate the collection of Lands' End returns in the region, as currently provided (centralized in Hong Kong).

PO Contract Support Services

IT and Software

Access to Facilities

LE Business Knowledge

Claim resolution

Returns

APPENDIX #4
Contact Person

SHGS:

Jay Burdett

LE:

Mary Keenan

APPENDIX #5
Included Expenses

The following travel and other expenses are included in the calculation of the Commissions and will not be billed separately under Section 9(b):

- Reasonable travel expenses for travel to and from inspection sites that are (i) less than 50km from, and (ii) within the same country as the location of SHGS personnel conducting the inspection.
- Reasonable travel expenses for travel to and from LE's corporate office for meetings, orientations or for enhancement of communication, up to four times a calendar year.

The following expenses are examples of Expenses which will be billed separately under Section 9(b):

- All expenses incurred for Vendor Summit functions specifically requested by LE to be organized in Hong Kong or in other countries.
- Requests for travel that are outside the scope of the mutually agreed upon annual budget (+ or minus 15%) (based upon past practices) and travel for duties beyond those set forth in this Agreement.
- Investments in fixed assets, software licenses, or other equipment required by LE (beyond what SHGS currently provides for its associates that support LE).

Lands' End, Inc.

Director Compensation Policy

This sets forth the Director Compensation Policy (the "Policy") of Lands' End, Inc. (the "Company"), as adopted by the Board of Directors of the Company (the "Board"), which shall remain in effect until amended, replaced or rescinded by further action of the Board. The cash compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each non-employee director. Members of the Board shall not be entitled to receive any compensation for service on the Board other than as described in the Policy.

1. Cash Compensation.

Payment Amount. Each non-employee director elected to serve as a member of the Board at the Company's Annual Stockholders' Meeting each year shall be eligible to receive an "annual" retainer of \$100,000, paid in cash, for service on the Board. For purposes of this policy, "annual" means from Annual Stockholders' Meeting to Annual Stockholders' Meeting each year. In addition, a non-employee director serving as Chairman of the Audit Committee shall be eligible to receive an additional annual retainer of \$10,000, paid in cash, for such service.

Payment Schedule and Vesting. The annual retainers for service on the Board and as chairman of committees of the Board as set forth above shall be paid by the Company in four equal quarterly installments, the first installment being paid on the date of the three month anniversary of the Annual Stockholders' Meeting and the remaining installments being paid on each successive three month anniversary date (each such payment date, a "Quarterly Payment Date"); provided, however, that if the Company's Annual Stockholders' Meeting for the following year occurs prior to the end of the one year period, the final Quarterly Payment Date shall be paid on the day of such Annual Stockholders' Meeting. If any non-employee director holds office as a director of the Board for less than a full annual period, such non-employee director shall only be entitled to the portion of the annual retainer payable through the Quarterly Payment Date following the date on which the non-employee director shall have ceased to serve on the Board.

New Directors. In the event a new non-employee director is elected or appointed to the Board, such non-employee director shall be eligible to receive as compensation for service as a member of the Board or as Chairman of the Audit Committee, a pro-rated amount of their applicable annual retainer as measured from the date of appointment or election through the next scheduled Quarterly Payment Date and thereafter shall be paid in conformity with the other non-employee directors; provided, however, that each non-employee director who is a director as of the date of the Company's separation from Sears Holdings Corporation or who becomes a director within one month of such date (each such director, an "Initial Director") shall be eligible to receive as compensation for service as a member of the Board or as Chairman of the Audit Committee the full annual retainer, as set forth above and without pro-ration, for such Initial Director's service up until the date of the first Annual Stockholders' Meeting; provided, further, however, that if an Initial Director ceases to be a director prior to the first Annual Stockholders' Meeting, such Initial Director shall not be entitled to receive a payment on any Quarterly Payment Date (other than the initial Quarterly Payment Date) unless he or she served as a director subsequent to the immediately preceding Quarterly Payment Date.

2. Expense Reimbursement.

All directors, including, for the avoidance of doubt, directors who are employees of the Company, will be reimbursed for all reasonable out-of-pocket expenses incurred by such directors in connection with their participation in meetings of the Board (and committees thereof) and the boards of directors (and committees thereof) of the subsidiaries of the Company. The Company shall make reimbursement to directors within a reasonable amount of time following submission by the directors of reasonable written substantiation for the expenses.

Adopted , 2014

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED MARCH 11, 2014

INFORMATION STATEMENT

LANDS' END 

LANDS' END, INC.

Common Stock

This information statement is being furnished in connection with the distribution by Sears Holdings Corporation ("Sears Holdings") to its stockholders of 100% of the outstanding shares of common stock, par value \$0.01 per share, of Lands' End, Inc. (together with all of its consolidated subsidiaries and predecessors, "Lands' End"), a Delaware corporation. To implement the spin-off of Lands' End, Sears Holdings will distribute all of the outstanding shares of Lands' End common stock on a *pro rata* basis to Sears Holdings stockholders as of 5:30 p.m. Eastern time on [X] (the "record date").

Each share of Sears Holdings common stock outstanding as of the record date will entitle the holder thereof to receive [X] shares of Lands' End common stock, except that holders of Sears Holdings' restricted stock that is invested as of the record date will receive cash awards in lieu of shares. Fractional shares of Lands' End common stock will not be distributed. Instead, fractional shares that Sears Holdings stockholders would otherwise have been entitled to receive after application of the foregoing ratio will be aggregated and sold in the public market by the distribution agent and the aggregate cash proceeds of these sales, net of brokerage fees and other expenses, will be distributed *pro rata* to those stockholders who would otherwise have been entitled to receive fractional shares. We expect the shares of Lands' End common stock to be distributed by Sears Holdings to you on [X] (the "distribution date"). As discussed under "The Spin-Off—Trading Between the Record Date and Distribution Date," if you sell your shares of Sears Holdings common stock in the "regular-way" market after the record date but before the distribution, you also will be selling your right to receive shares of Lands' End common stock pursuant to the spin-off. We expect that the spin-off will be tax-free to Sears Holdings stockholders for U.S. federal income tax purposes, except for any cash received in lieu of fractional shares. See "Material U.S. Federal Income Tax Consequences."

No action will be required by you to receive shares of Lands' End common stock in the spin-off, which means that:

- no vote of Sears Holdings stockholders is required in connection with the spin-off and we are not asking you for a proxy and you are requested not to send us a proxy;
- you will not be required to pay for the shares of Lands' End common stock that you will receive in the spin-off; and
- you do not need to surrender or exchange any of your shares of Sears Holdings common stock in order to receive shares of Lands' End common stock or take any other action in connection with the spin-off.

Following the spin-off, Lands' End will be a publicly traded company independent from Sears Holdings, and Sears Holdings will not retain any Lands' End common stock. We expect that, immediately following the spin-off, ESL Investments, Inc. and affiliated persons (collectively, "ESL"), which currently own approximately 48.4% of the outstanding shares of Sears Holdings common stock, will own approximately 48.4% of the outstanding shares of Lands' End common stock.

There is no current trading market for Lands' End common stock. Lands' End intends to apply to have its common stock listed on the NASDAQ Stock Market ("NASDAQ") under the symbol "LE." We expect that a limited market, commonly known as a "when-issued" trading market, will develop for the shares of Lands' End common stock being distributed in the spin-off. We expect that "when-issued" trading will begin on or shortly before the record date and continue up to and including the distribution date, after which time all shares of Lands' End common stock will be traded on a regular settlement basis, or "regular-way" trading, under the symbol "LE." We cannot predict the trading prices for Lands' End common stock before, on or after the distribution date.

This information statement will be made publicly available at [X] beginning [X] and notices of this information statement's availability will be first sent to holders of record of Sears Holdings common stock on or about [X].

In reviewing this information statement, you should carefully consider the matters described under the caption "[Risk Factors](#)" beginning on page 19.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS INFORMATION STATEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is [X].

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Presentation of Information

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Lands' End assumes the completion of all of the transactions referred to in this information statement in connection with the spin-off. Except as otherwise indicated or unless the context otherwise requires, references in this information statement to "Lands' End," "we," "us," "our," "our company" and "the Company" refer to Lands' End, Inc., a Delaware corporation, and its consolidated subsidiaries and predecessors, and references in this information statement to "Sears Holdings" and "Sears Holdings Corporation" refer to Sears Holdings Corporation, a Delaware corporation, and its consolidated subsidiaries (other than, for all periods following the spin-off, Lands' End). References in this information statement to Lands' End's historical assets, liabilities, products, businesses or activities are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the Lands' End business as conducted by Sears Holdings and its subsidiaries prior to the spin-off. References in this information statement to "ESL" refer to ESL Investments, Inc. and its affiliated persons. References in this information statement to the "separation" refer to the separation of the Lands' End business from the rest of the Sears Holdings businesses; references to the "distribution" refer to the distribution of Lands' End common stock to Sears Holdings stockholders; and references to the "spin-off" refer to the separation and the distribution. Unless the context otherwise requires, references in this information statement to years refer to fiscal years rather than calendar years. Lands' End's fiscal year consists of 52–53 weeks, ending on the Friday preceding the Saturday closest to January 31. Unless otherwise specified, operating results and executive compensation data are reported on a fiscal basis.

Trademarks, Trade Names and Service Marks

Lands' End owns or has rights to use certain 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 Lands' End Canvas®, Guaranteed. Period.®, Square Rigger®, Squall®, Super-TTM, Drifter™ and Beach Living®, all of which are owned by us, as well as the licensed marks Polartec® and Supima®. 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 may be limited to select markets. Each trademark, trade name or service mark of any other company appearing in this information statement is, to Lands' End's knowledge, owned by such other company.

INFORMATION STATEMENT SUMMARY

This summary highlights information discussed elsewhere in this information statement. This summary may not contain all the details concerning the spin-off or other information that may be important to you. To better understand the spin-off and our business and financial position, you should carefully review this entire information statement.

References in this information statement to Lands' End's historical assets, liabilities, products, businesses or activities are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the Lands' End business as conducted by Sears Holdings and its subsidiaries prior to the spin-off.

Lands' End

Lands' End 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 standalone Lands' End Inlet stores that sell a combination of full-price and liquidation merchandise. 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 50 years ago 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."

In 2012, we generated revenue of approximately \$1.6 billion. Our revenues are generated worldwide through an international, multi-channel network in the United States, Canada, United Kingdom, Germany, France, Austria and Japan. This network reinforces and supports sales across the multiple channels in which we do business. In 2012, sales outside the United States totaled approximately \$259.3 million, or 16.3% of revenue.

We operate in two reportable segments, Direct (sold through e-commerce websites and direct-mail catalogs, which in 2012 comprised approximately 82% of our revenue, or \$1.3 billion) and Retail (sold through stores, which in 2012 comprised approximately 18% of our revenue, or \$281.8 million), and we offer merchandise that includes men's, women's and kids' apparel, outerwear and swimwear; specialty apparel; accessories; footwear; and home products. Historically, catalogs have been our primary source of sales. Over time, we have expanded our Direct sales through the Internet and created a Retail segment to bring the Lands' End catalog to life. Online sales represented approximately 80% of our U.S. consumer revenue in 2012, up from approximately 20% in 2002. In addition, Lands' End Business Outfitters offers business casual apparel and an extensive variety of promotional products that can be embroidered to enhance a partner company's image. Lastly, the Lands' End School Uniform business provides high-quality school uniforms and school-appropriate clothing designed to meet dress-code requirements.

We believe that Lands' End has a deeply rooted tradition of offering excellent quality, value and service along with the Lands' End guarantee, and we seek to reflect that tradition in all of our merchandise. Any item associated with our name falls under our unconditional return policy of Guaranteed. Period.® The Lands' End guarantee reads: "If you're not satisfied with any item, simply return it to us at any time for an exchange or refund of its purchase price."

Recent Developments

Set forth below is our preliminary estimated financial data for the 13-week period ended January 31, 2014 compared to the 14-week period ended February 1, 2013 and for the year ended January 31, 2014 compared to the year ended February 1, 2013. Our final financial results for these periods may be materially different from the

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preliminary estimated financial data provided below as the quarterly and annual financial close process is not complete, the financial data has not been audited or reviewed by our independent registered public accounting firm, and additional developments and adjustments may arise between now and the time the financial results for these periods are finalized. Accordingly, you should not place undue reliance on the following preliminary estimated financial data.

For the 13-week period ended January 31, 2014 compared to the 14-week period ended February 1, 2013, we expect the following results:

- For the fourth quarter of 2013, merchandise sales and services, net were \$530.4 million, a decrease of \$15.1 million, or 3% as compared to net sales of \$545.5 million for the fourth quarter of 2012. The decrease in merchandise sales and services, net was driven primarily by the impact of the 14th week in the fourth quarter of 2012, approximately \$24.0 million, and lower sales in our Retail segment partially offset by higher sales in our Direct segment, primarily in the U.S.
- Same store sales decreased 6% in the fourth quarter of 2013 in our Retail segment compared to the fourth quarter of 2012.
- Gross margin was \$231.6 million, or 43.7% of net sales, for the fourth quarter of 2013, as compared to \$216.9 million, or 39.8% of net sales, for the fourth quarter of 2012. The increase in gross margin rate of 390 basis points was driven primarily by higher gross margins in both our Direct and Retail segments attributable to lower markdowns and lower product cost components.
- Selling and administrative expenses were \$151.5 million for the fourth quarter of 2013, a decrease of \$16.6 million as compared to selling and administrative costs of \$168.1 million for the fourth quarter of 2012. The decrease in selling and administrative costs was primarily due to declines in payroll, third-party costs, the favorable impact in the fourth quarter of 2013 of restructuring costs incurred in the fourth quarter of 2012 and decreased advertising expenses.
- Depreciation and amortization expense was \$5.3 million for the fourth quarter of 2013, as compared to \$6.5 million for the fourth quarter of 2012. The decrease of \$1.2 million of depreciation and amortization expense was primarily due to an increase in fully depreciated assets.
- Income tax expense was \$28.8 million for the fourth quarter of 2013, as compared to \$16.6 million for the fourth quarter of 2012. The effective tax rate was 38.5% in the fourth quarter of 2013 and 39.2% in the fourth quarter of 2012. The change in our effective tax rate was primarily due to decreased effective state tax rates.
- Net income was \$45.9 million for the fourth quarter of 2013, as compared to \$25.7 million for the fourth quarter of 2012.
- Adjusted EBITDA, as defined below, was \$80.1 million for the fourth quarter of 2013, as compared to \$49.3 million for the fourth quarter of 2012. The increase in Adjusted EBITDA was primarily attributable to lower selling and administrative costs and gross margin improvement of our fall and winter product offerings.

For 2013 (the 52-week fiscal year ended January 31, 2014) compared to 2012 (the 53-week fiscal year ended February 1, 2013), we expect the following results:

- For 2013, merchandise sales and services, net were \$1.56 billion, a decrease of \$23.1 million, or 1% as compared to net sales of \$1.59 billion for 2012. The Company recorded sales of approximately \$24.0 million during the 53rd week of 2012. When adjusting for the 53rd week, revenues during 2013 increased \$0.9 million compared to 2012; with revenue increases in our Direct segment of \$19.8 million largely offset by revenue decreases of \$18.9 million in our Retail segment.

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- Same store sales decreased 7% in 2013 in our Retail segment compared to 2012.
- Gross margin was \$710.3 million, or 45.5% of net sales, for 2013, as compared to \$704.1 million, or 44.4% of net sales, for 2012. The increase in gross margin rate of 110 basis points was attributable to improved gross margin performance of our fall and winter business, partially offset by increased spring and summer markdowns in our International and U.S. consumer businesses. The increased spring and summer business markdowns were in response to increased promotional activity in the marketplace as a result of an unseasonably cold spring.
- Selling and administrative expenses were \$560.3 million for 2013, a decrease of \$38.6 million as compared to selling and administrative costs of \$598.9 million for 2012. The decrease in selling and administrative costs was primarily due to declines in payroll, third-party costs, the favorable impact in 2013 of restructuring costs incurred in 2012 and decreased advertising expenses.
- Depreciation and amortization expense was \$21.6 million for 2013, as compared to \$23.1 million for 2012. The decrease of \$1.5 million of depreciation and amortization expense was primarily due to an increase in fully depreciated assets.
- Income tax expense was \$49.5 million for 2013, as compared to \$32.2 million for 2012. The effective tax rate was 38.6% in 2013 and 39.3% in 2012. The change in our effective tax rate was primarily due to decreased effective state tax rates.
- Net income was \$78.8 million for 2013, as compared to \$49.8 million for 2012.
- Adjusted EBITDA, as defined below, was \$150.0 million for 2013, as compared to \$107.7 million for 2012. The increase in Adjusted EBITDA was primarily attributable to lower selling and administrative costs and gross margin improvement of our fall and winter product offerings during the second half of 2013.

Adjusted EBITDA—In addition to our net income determined in accordance with accounting principles generally accepted in the United States (“GAAP”), for purposes of evaluating operating performance, we use an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“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, as well as executive compensation metrics, for comparable periods. 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. The 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 financing and investing activities by eliminating the effects of interest and depreciation costs; and
- 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. These adjustments are shown below:
 - Restructuring costs—costs associated with a call center and administrative reorganization in 2012. Management considers these costs to be infrequent and affecting comparability of results between reporting periods.
 - Loss on the sale of property and equipment—management considers the losses on sale of assets to result from investing decisions rather than ongoing operations.

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

<i>(in thousands)</i>	<u>Fiscal Year</u>		<u>13-Weeks</u>	<u>14-Weeks</u>
	<u>2013</u>	<u>2012</u>	<u>Ended</u> <u>January 31,</u> <u>2014</u>	<u>Ended</u> <u>February 1,</u> <u>2013</u>
Net income	\$ 78,847	\$ 49,827	\$ 45,943	\$ 25,736
Income tax expense	49,544	32,243	28,797	16,564
Other income, net	(50)	(67)	(17)	(1)
Depreciation and amortization	21,599	23,121	5,346	6,503
Restructuring costs	—	2,479	—	528
Loss on sale of property and equipment	70	70	11	5
Adjusted EBITDA	<u>\$150,010</u>	<u>\$107,673</u>	<u>\$ 80,080</u>	<u>\$ 49,335</u>

Our Strengths

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

Large, loyal customer base. We believe that a principal factor in our success to date has been the development of our list of existing and prospective households, many of whom were identified by their responses to our advertising. We routinely update and refine our customer list prior to individual catalog and email mailings and monitor customer interest in our offerings as reflected by criteria such as the timing and frequency of purchases and the dollar amount of and types of products purchased. We believe our customer list has desirable demographic characteristics for current performance and future growth and is well-suited to the range of products offered by us. We believe our customer base consists primarily of affluent, college-educated, professional and style-conscious women and men. In 2012, the average annual household income of our customers was approximately \$104,000 and approximately 47% of our customers were within the 36–55 age group, according to an analysis of our customer file prepared by our third-party consumer information provider using its proprietary demographic, behavioral, lifestyle, financial and home attribute databases.

Innovative yet timeless products. We seek to develop new, innovative products for our customers by utilizing modern fabrics and quality construction to create timeless, affordable styles with consistently 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 being fashionable. From a design and merchandising perspective, we seek to balance our product offerings to provide the right combination of classic styles alongside modern touches that are consistent with current trends. We believe that we have had success adding relevant, timeless items into our product assortment, many of which have become customer favorites. We devote significant time and resources to quality assurance 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.

Excellent customer service. We are firmly 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. We believe that we were the first apparel retailer to offer shoppers a toll-free number and the

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first apparel retailer to have an e-commerce-enabled website, which we launched in 1995. We believe that we have been at the forefront of many online innovations in our industry, such as online chat and personalization features. Today, Lands' End is focused on making the shopping experience as easy and personalized as possible, regardless of whether our customers shop online, by phone or in one of our Lands' End Shops at Sears. Our operations, including prompt order fulfillment, responsiveness to our customers' requests and our unconditional return policy of Guaranteed. Period.[®], 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. Lands' End is often recognized in the industry for outstanding customer service; for example, beginning in 2006, the National Retail Federation recognized Lands' End as one of the top retailers for customer service for the six consecutive years in which the ranking was published.

Digital transformation. As one of the first apparel retailers to establish an online e-commerce presence, we believe that we have a strong track record as a leader of digital innovation in the apparel industry. One of our strategic goals is to optimize the digital shopping experience for our customers and develop new ways to engage consumers through our e-commerce platforms. To this end, we have launched our Paper to Digital initiative, which is dedicated to delivering the catalog experience through digital channels. Highlights of our Paper to Digital initiative include:

- *Responsive design*, a cross-platform experience that allows our customers to shop www.landsend.com across a variety of devices, including laptops and tablets. Responsive design for smart phones is currently scheduled to launch in 2014.
- *An enhanced site merchandising and search capabilities tool*, which seeks to provide a more thoughtful and productive shopping experience via www.landsend.com, allowing us to better engage with our customers by providing seamless navigation to find merchandise by product attributes, as well as specific sizes. We continue to improve this tool and intend to enhance our "fit solutions" to deliver the optimal shopping experience.
- *Outfitting*, the expansion of outfitting options for our customers. Select merchandise categories are accompanied by a compilation of "favorite looks" or "one item three ways" to show our customers how different pieces can be incorporated into a wardrobe. These looks are featured on our website and in our emails. Additionally, customers receive product recommendations on our website and via email based on past purchase and browsing history.
- *Digital catalogs*, which allow prospective and existing customers to view and download digital versions of our print catalogs via desktop and tablet. Our catalogs can be viewed at www.landsend.com. Additionally, our catalogs are featured on various third-party digital catalog sites through our affiliate program.
- *Social media*, the opportunity to engage with our customers on social sharing platforms. With over one million Facebook "fans," the Lands' End Facebook page is a place for our fans to receive exclusive fan-only offers, behind-the-scenes information and a first look at our newest styles. Lands' End customers are also engaged via Shop Your Way, a social shopping and networking platform that allows members to receive personalized coupons, participate in sweepstakes, build custom catalogs and share with friends.
- *Apostrophe*, Lands' End digital customer publication, was launched in fall 2013. Published quarterly on www.landsend.com, *Apostrophe* features fashion and lifestyle articles and highlights the people behind our brand via employee profiles. Our goal is to use *Apostrophe* to promote our products and attract new customers to our brand.

Worldwide distribution infrastructure and opportunity for continued geographic penetration and expansion. We have been operating our business internationally since the mid-1980s. We currently conduct business in seven countries and ship our products to approximately 157 countries around the world. We believe

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that we have established extensive direct sales, distribution and customer service capabilities with our in-country offices in the United Kingdom (established 1993), Japan (established 1994) and Germany (established 1996). In addition to our operations in the United Kingdom, Japan and Germany, we also have catalog and e-commerce channels in Austria, France and Canada.

In September 2013, Lands' End launched a global extension of our core e-commerce platform, allowing international customers to view pricing and place orders in 60 local currencies at www.landsend.com.

We believe that continued penetration in our existing markets and our intended international expansion will drive growth in our business worldwide. We are focused on creating a digital presence for Lands' End in new markets while also leveraging third-party retailer relationships worldwide.

Retail partnership with Sears Holdings. Beginning in fall 2002, Sears, Roebuck and Co. ("Sears Roebuck") rolled out Lands' End apparel and footwear in its stores. In 2005, Lands' End developed and opened the first Lands' End Shop at Sears. Today, there are Lands' End Shops at Sears located in select Sears full-line stores ("Sears stores") across the United States. Each Lands' End Shop at Sears features an assortment of products optimized for its location, with most stores offering a variety of men's, women's and kids' apparel and accessories, personalized service, enhanced visual displays and a shopping lounge where customers can search all of our Lands' End offerings via the Internet and our catalog. Our customers receive free shipping on any orders placed from these stores. Through this integration of our retail and digital presences, we seek to deliver a world-class, multi-channel shopping experience. In 2012, the Lands' End Shops at Sears accounted for 16% of our total revenues.

Partnership with Shop Your Way. As a Shop Your Way business partner, we are able to leverage Shop Your Way, an innovative social shopping and networking platform, to strengthen our relationships with our customers that are Shop Your Way members. Currently, approximately 75% of all retail purchases at Lands' End Shops at Sears are made by Shop Your Way members. Members can earn reward points when they purchase program-eligible merchandise through both our Direct and Retail segments. Members can also redeem points as a form of payment for merchandise sold through both our Direct and Retail segments. Members can engage with us on the Shop Your Way social shopping platform at www.shopyourway.com or via the Shop Your Way mobile app. Through this platform, members gain access to personalized coupons, participate in sweepstakes, build custom catalogs and share with friends.

Experienced management team. Our current management team will continue to manage Lands' End following the spin-off. Our executive management team, which is composed of the individuals named under "Management," has an average of nearly 25 years of experience in the retail, direct-to-consumer and consumer product industries in the United States and abroad. Our management team is well positioned to pursue our objective of increasing profitability and stimulating growth. See "Management."

Sustainable practices. We have made sustainability a key initiative in our business. We have worked towards conserving resources for nearly 50 years and are committed to finding sustainable approaches to doing business. We established a corporate-wide GoGreen Committee in 2009 that focuses on sustainable initiatives. See "Business—Environmental Matters."

- Lands' End utilizes paper from sustainably managed forests. Our catalog covers contain 10% post-consumer waste. The remainder of our catalog paper contains 100% chain-of-custody-certified fiber. This paper is third-party certified through programs such as the Programme for the Endorsement of Forest Certification, the Sustainable Forestry Initiative and the Forest Stewardship Council.
- In 2012, we reused or recycled 88% of waste generated at our corporate headquarters.
- Lands' End has formed a strategic partnership with the National Forest Foundation and funded the planting of trees in the national forests in northern Wisconsin and Michigan's Upper Peninsula.

Our Strategies

We continue to develop Lands' End into a more global lifestyle brand through five avenues of growth:

Continue our digital transformation. Our continued digital transformation is intended to allow us to accelerate our acquisition of new customers by improving our ability to communicate digitally with prospective customers while reducing operating expenses related to paper, printing and postage. Approximately 80% of our U.S. Direct business is already conducted online and our goal is to continue this transition by emphasizing the benefits of our online experience.

Increase our product offerings. We plan to improve and expand several product lines that we believe are currently under-represented in our product mix. We intend to expand these categories of our business by developing a larger and more diverse selection of footwear, handbags, small leather goods and fashion accessories so that these product lines represent a larger percentage of our total consumer business.

Expand our international business. Outside the United States, we currently operate our business in Canada, Northern and Central Europe and Japan. We plan to increase our sales in our existing international markets and develop a presence in other areas of Europe (such as Switzerland, Russia and Scandinavia) and Asia (particularly China).

Optimize and develop our retail business. We intend to focus on increasing sales productivity in our existing Lands' End Shops at Sears in the United States and to explore additional retail opportunities.

Grow Lands' End Business Outfitters and School Uniforms. Over the last 20 years, Lands' End Business Outfitters has grown to become a trusted brand partner for companies of all sizes by offering quality apparel, uniforms and related business gift and promotional products. With an expansive, state-of-the-art embroidery operation, we service tens of thousands of clients, including major airlines, financial institutions and the hospitality industry, offering branded tailored and business casual apparel for office wear, trade shows, company events and more.

In addition to apparel, Lands' End Business Outfitters offers an extensive variety of business gift and promotional products to enhance a partner company's image and message. The Lands' End Business Outfitters model enables us to introduce quality Lands' End products to new audiences and acquire new customers through business channels ranging from single entrepreneurs to members of the Fortune 500®.

As part of Lands' End Business Outfitters, our School Uniform business provides high-quality school uniforms and school-appropriate clothing designed to meet dress-code requirements. As more schools adopt uniform and dress-code policies, we seek to grow the Lands' End School Uniform business by developing new relationships with schools in the United States and Canada while also seeking additional international opportunities.

Risks Associated with Our Business and the Spin-Off

An investment in our common stock is subject to a number of risks, including risks relating to the spin-off, including:

- our ability to offer merchandise and services desirable to our customers and compete effectively in the apparel industry;
- the success of our overall marketing strategies, including customers' use of our digital platform, response to direct mail catalogs and digital marketing;
- the performance of our "store within a store" business model;

- our reliance on sources for merchandise located in foreign markets;
- the impact on our business of adverse worldwide economic and market conditions, including economic factors that negatively impact consumer spending on discretionary items; and
- our failure to achieve some or all of the expected benefits of the spin-off.

The above list of risk factors is not exhaustive. Please read the information in the section entitled “Risk Factors” starting on page 19 for a more thorough description of these and other risks.

The Spin-Off

On [X], the Sears Holdings board of directors approved the distribution of all of Lands’ End’s issued and outstanding shares of common stock on the basis of [X] shares of Lands’ End common stock for each share of Sears Holdings common stock held as of 5:30 p.m. Eastern time on [X], the record date.

Our Relationship with Sears Holdings

In June 2002, we were acquired by Sears Roebuck, a company that is now a wholly owned subsidiary of Sears Holdings. Sears Holdings is the company that was formed in connection with the merger of Sears Roebuck and Kmart Holding Corporation (“Kmart”) in March 2005, and Sears Holdings is the parent company of Sears Roebuck and Kmart.

In connection with the spin-off, we will enter into a separation and distribution agreement with Sears Holdings, which we refer to in this information statement as the “separation and distribution agreement.” We will enter into various other agreements with Sears Holdings or its subsidiaries to effect the separation and provide a framework for our relationship with Sears Holdings after the spin-off. These other agreements will include a transition services agreement and a tax sharing agreement. In addition, we will enter into commercial agreements with Sears Holdings or its subsidiaries, including a master lease agreement, a master sublease agreement, a financial services agreement, a retail operations agreement for the Lands’ End Shops at Sears and a Shop Your Way retail establishment agreement. We previously entered into a co-location and services agreement with a subsidiary of Sears Holdings that will be amended in connection with the spin-off. For additional information regarding the separation and distribution agreement and the other agreements, see “Risk Factors—Risks Related to the Spin-Off” and “Certain Relationships and Related Person Transactions.”

On the distribution date, Sears Holdings will distribute shares of Lands’ End common stock *pro rata* to its stockholders as of the record date, except that holders of Sears Holdings’ restricted stock that is unvested as of the record date will receive cash awards in lieu of shares. Based on the ownership of Sears Holdings common stock outstanding on March 10, 2014, we anticipate that immediately following the spin-off, ESL will own approximately 48.4% of our outstanding common stock. For a more detailed description of the beneficial ownership of our capital stock by ESL following the spin-off, see “Security Ownership of Certain Beneficial Owners and Management.”

Reasons for the Spin-Off

The Sears Holdings board of directors believes that separating the Lands’ End business from the rest of Sears Holdings is in the best interests of Sears Holdings and its stockholders for a number of reasons, including:

- *Simplified focus and operational flexibility.* Following the spin-off, Lands’ End and Sears Holdings will each have simplified, more focused businesses and be better able to dedicate resources to pursue unique growth opportunities and execute strategic plans best suited to their respective businesses.

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- *Business-appropriate capital structure.* The spin-off will allow each of Sears Holdings and Lands' End to implement a capital structure that is tailored to its business needs and is expected to result in a more efficient allocation of capital for both Sears Holdings and Lands' End and mitigate the competition for capital that currently exists between Lands' End and other Sears Holdings business units. In addition, the spin-off should increase the overall borrowing capacity of Lands' End, which would allow Lands' End greater flexibility to issue new debt financing to fund organic growth through capital expenditures or to pursue acquisition-based growth.
- *Focused management.* The spin-off will allow management of each company to devote time and attention to the development and implementation of corporate strategies and policies that are based on the specific business characteristics of the respective companies, and to design more tailored compensation structures that better reflect these strategies, policies and business characteristics. Separate equity-based compensation arrangements for Lands' End should more closely align the interests of Lands' End management with the interests of stockholders and more directly incentivize the employees of Lands' End and attract new talent.
- *Investor choice.* The spin-off will allow investors to increase their understanding of Lands' End and its market position within its industry, while also allowing for a more natural and interested investor base. The spin-off may also potentially enhance Lands' End's financial flexibility, such as allowing direct access by Lands' End to the capital markets. In contrast to a sale of the entire business, the spin-off will enable current Sears Holdings stockholders to directly participate in any future value creation by Lands' End, while also allowing investors the flexibility to consider Sears Holdings and Lands' End as independent investment decisions based on Lands' End's and Sears Holdings' different business models and strategies.

The Sears Holdings board of directors also considered a number of potentially negative factors in evaluating the spin-off, including risks relating to the creation of a new public company, possible increased costs and one-time spin-off costs, but concluded that the potential benefits of the spin-off outweighed these factors. For more information, see "The Spin-Off—Reasons for the Spin-Off" and "Risk Factors."

Corporate Information

Lands' End opened for business in 1963. Lands' End, Inc. was incorporated in Delaware in 1986. The address of our principal executive offices is 1 Lands' End Lane, Dodgeville, Wisconsin 53595. Our telephone number is (608) 935-9341.

We maintain an Internet site at www.landsend.com. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this information statement, and you should not rely on any such information in making an investment decision.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to stockholders of Sears Holdings who will receive shares of Lands' End common stock in the spin-off. It is not and is not to be construed as an inducement or encouragement to buy or sell any of Lands' End's securities. We believe the information contained in this information statement to be accurate as of the date set forth on its cover. Changes may occur after that date and neither Sears Holdings nor we will update the information except in the normal course of our respective disclosure obligations and practices.

SUMMARY OF THE SPIN-OFF

This is a summary of the terms of the spin-off. See “The Spin-Off” in this information statement for a more detailed description of the matters described below.

<i>Distributing company</i>	Sears Holdings Corporation is the distributing company in the spin-off.
<i>Distributed company</i>	Lands’ End, Inc. is the distributed company in the spin-off.
<i>Distribution ratio</i>	Each share of Sears Holdings common stock outstanding as of 5:30 p.m. Eastern time on [X], the record date for the distribution, will entitle the holder thereof to receive [X] shares of Lands’ End common stock, except that holders of Sears Holdings’ restricted stock that is unvested as of the record date will receive cash awards in lieu of shares. Cash will be distributed in lieu of any fractional shares of common stock holders of Sears Holdings common stock would otherwise have been entitled to receive, as described below.
<i>Record date</i>	The record date for the distribution is 5:30 p.m. Eastern time on [X].
<i>Distribution date</i>	The distribution date will be [X].
<i>Trading market and symbol</i>	We intend to list our common stock on the NASDAQ Stock Market under the symbol “LE.”
<i>Dividend policy</i>	We do not currently expect to declare or pay dividends on our common stock for the foreseeable future following the spin-off. Instead, we intend to retain earnings to finance the growth and development of our business and for working capital and general corporate purposes. 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. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”
<i>Tax consequences to Sears Holdings stockholders</i>	Assuming that the spin-off qualifies as a tax-free transaction under Sections 355, 368 and related provisions of the Internal Revenue Code of 1986, as amended (the “Code”), Sears Holdings stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes solely as a result of the spin-off except to the extent of any cash received in lieu of fractional shares. See “Material U.S. Federal Income Tax Consequences” in this information statement for a more detailed description of the U.S. federal income tax consequences of the spin-off.

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You should consult your own tax advisors concerning the U.S. federal income tax consequences to you of the receipt, ownership and disposition of shares of Lands' End common stock in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

Distribution agent, transfer agent and registrar

The distribution agent, transfer agent and registrar for our common stock will be Computershare Trust Company, N.A.

Information agent

The information agent for the spin-off will be Georgeson Inc. If you have questions about the spin-off, please contact Georgeson Inc. by calling (800) 868-1391 (toll-free).

Risk factors

You should carefully consider the matters discussed under "Risk Factors" starting on page 19.

QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

Set forth below are examples of what we expect will be commonly asked questions about the spin-off and the related transactions contemplated in connection with the spin-off. The answers are based on selected information included elsewhere in this information statement. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the spin-off. The remainder of this information statement contains more detailed descriptions of the terms and conditions of the spin-off and provides additional information about us and our business, including potential risks related to the spin-off, our common stock and our business.

What is Lands' End and why is Sears Holdings spinning off the Lands' End business and distributing Lands' End common stock?

Lands' End 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 standalone Lands' End Inlet 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 50 years ago in Chicago by Gary Comer and his partners to sell sailboat hardware and equipment by catalog. Lands' End, Inc. was incorporated in Delaware in 1986 and in June 2002 was acquired by Sears Roebuck, a company that is now a wholly owned subsidiary of Sears Holdings.

The separation of Lands' End from Sears Holdings and the distribution of Lands' End common stock to Sears Holdings stockholders are intended to provide you with equity investments in two separate companies that will, among other things, be able to focus on each of their respective businesses and allow investors to make independent investment decisions based on the two companies' different business models and strategies. Sears Holdings and Lands' End expect that the spin-off will result in enhanced long-term performance of each business for the reasons discussed in "The Spin-Off—Background" and "The Spin-Off—Reasons for the Spin-Off."

Why am I receiving this document?

Lands' End is making this information statement available to holders of Sears Holdings common stock. Each share of Sears Holdings common stock outstanding as of 5:30 p.m. Eastern time on [X], the record date for the distribution, will entitle the holder thereof to receive [X] shares of Lands' End common stock and cash in lieu of fractional shares, except that holders of Sears Holdings' restricted stock that is unvested as of the record date will receive cash awards in lieu of shares. This information statement will help you understand how the spin-off will affect your investment in Sears Holdings and your investment in Lands' End after the spin-off.

How will the spin-off of Lands' End from Sears Holdings work?

To accomplish the spin-off, Sears Holdings will distribute 100% of the outstanding shares of Lands' End common stock on a *pro rata* basis to Sears Holdings stockholders as of the record date, except that holders of Sears Holdings' restricted stock that is unvested as of the record date will receive cash awards in lieu of shares. Each person who as of the record date holds outstanding unvested restricted stock issued pursuant to the Sears Holdings Corporation 2006 Stock Plan or the Sears Holdings Corporation 2013 Stock Plan will receive a cash amount in lieu of any and all rights such holder may have to any shares of Lands' End common stock distributed in the distribution with respect to such unvested restricted stock. Such cash amount will represent the right to receive on the applicable vesting date a cash payment from Sears Holdings equal to the value of the Lands' End common stock and cash in lieu of fractional shares that would have been distributed in the distribution to such holder had such holder's unvested restricted stock been Sears Holdings common stock, calculated on the basis of the volume-weighted average price per share of Lands' End common stock for the 10 trading-day period immediately following the distribution date.

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Why is the spin-off of Lands' End structured as a distribution?

Sears Holdings believes that a distribution of shares in the United States of Lands' End common stock to Sears Holdings stockholders is an efficient way to separate the Lands' End business in a manner that will create long-term value for Lands' End and its stockholders.

What is the record date for the distribution?

The record date for the distribution will be [X].

When will the distribution occur?

We expect the distribution of 100% of the outstanding shares of Lands' End common stock to occur on [X] to holders of record of Sears Holdings common stock as of the record date.

What do stockholders need to do to participate in the distribution?

Stockholders of Sears Holdings as of the record date will not be required to take any action to receive shares of Lands' End common stock in the distribution, but you are urged to read this entire information statement carefully. No stockholder approval of the distribution is required. **You are not being asked for a proxy.** You do not need to pay any consideration, exchange or surrender your existing shares of Sears Holdings common stock or take any other action to receive your shares of Lands' End common stock. The distribution will not affect the number of outstanding shares of Sears Holdings common stock or any rights of Sears Holdings stockholders, although it may affect the market value of each outstanding share of Sears Holdings common stock.

How will shares of Lands' End common stock be issued?

You will receive shares of Lands' End common stock through the same channel(s) that you currently use to hold or trade shares of Sears Holdings common stock, whether a bank, brokerage account or other channel. Receipt of Lands' End shares will be documented for you in the same manner that you typically receive stockholder updates, such as monthly broker statements.

If you own Sears Holdings common stock as of 5:30 p.m. Eastern time on [X], the record date, the Lands' End common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Registration in book-entry form refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as will be the case in the distribution. If you sell your Sears Holdings common stock in the "regular-way" market up to and including the distribution date, you will also be selling your right to receive shares of our common stock in the distribution.

Commencing on or shortly after the distribution date, if you own Sears Holdings shares that are registered directly in your name with Sears Holdings' transfer agent, you are a "registered holder" and the distribution agent will mail to you an account statement that indicates the number of shares of our common stock that have been registered in book-entry form in your name.

How many shares of Lands' End common stock will I receive in the distribution?

Sears Holdings will distribute to you [X] shares of Lands' End common stock for each share of Sears Holdings common stock held by you as of the record date, except that holders of Sears Holdings' restricted stock that is unvested as of the record date will receive cash awards in lieu of shares. Based on approximately [X] million shares of Sears Holdings common stock outstanding as of [X], a total of approximately [X] shares of Lands' End common stock will be distributed. For additional information on the distribution, see "The Spin-Off." Fractional shares of Lands' End common stock will not be distributed.

What are the conditions to the distribution?

The distribution is conditioned upon the satisfaction or waiver of the following conditions:

- the Sears Holdings board of directors shall have authorized and approved the spin-off and related transactions and not withdrawn such authorization and approval, and shall have declared the distribution of our common stock to Sears Holdings stockholders;
- the separation and distribution agreement between Lands' End and Sears Holdings and each ancillary agreement contemplated thereby shall have been executed by each party thereto;
- the registration statement of which this information statement forms a part shall have become effective, and no stop order suspending the effectiveness of the registration statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the U.S. Securities and Exchange Commission ("SEC");
- this information statement shall have been made available to Sears Holdings stockholders as of the record date;
- Lands' End common stock shall have been accepted for listing on NASDAQ or another national securities exchange or quotation system approved by Sears Holdings, subject to official notice of issuance;
- no order, injunction or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the spin-off shall be in effect, and no other event outside the control of Sears Holdings shall have occurred or failed to occur that prevents the consummation of the spin-off;
- any debt financing contemplated to be obtained in connection with the spin-off shall have been obtained;
- the receipt of an opinion from an outside financial advisor to the board of directors of Sears Holdings confirming the solvency and financial viability of Sears Holdings before the distribution and of each of Sears Holdings and Lands' End after the distribution that is in form and substance acceptable to Sears Holdings in its sole discretion;
- the receipt of an opinion from the law firm of Simpson Thacher & Bartlett LLP that the spin-off will meet the requirements necessary for the spin-off to receive tax-free treatment under Sections 355, 368 and related provisions of the Code;
- the Internal Transactions (as defined in the separation and distribution agreement) shall have been completed;
- the individuals listed as members of Lands' End's post-spin-off board of directors in this information statement shall have been duly elected, and such individuals shall be the members of Lands' End's board of directors immediately after the spin-off;
- prior to the spin-off, Sears Holdings shall deliver or cause to be delivered to Lands' End resignations, effective as of immediately prior to the spin-off, of any individual who will be an officer or director of Lands' End after the spin-off and who is an officer or director of Sears Holdings immediately prior to the spin-off; and
- immediately prior to the spin-off, Lands' End's amended and restated certificate of incorporation and bylaws, each in substantially the form filed as an exhibit to the registration statement of which this information statement forms a part, shall be in effect.

Sears Holdings and Lands' End cannot assure you that any or all of these conditions will be met.

Sears Holdings also reserves the right to withdraw and cancel the distribution if, at any time prior to the distribution date, the board of directors of Sears Holdings determines, in its sole discretion, that the distribution is

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not in the best interest of Sears Holdings or its stockholders, or that market conditions are such that it is not advisable to consummate the distribution. If Sears Holdings cancels or waives any condition to the distribution, it will notify Sears Holdings stockholders in a manner reasonably calculated to inform them about the cancellation as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement. The fulfillment of the foregoing conditions will not create any obligation on the part of Sears Holdings to effect the spin-off.

Sears Holdings will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution (including the number of shares of Lands' End common stock that will be distributed to holders of shares of Sears Holdings common stock on the distribution date) and, to the extent it determines to so proceed, to determine the record date, the distribution date and the distribution ratio. Sears Holdings does not intend to notify its stockholders of any modifications to the terms of the spin-off that, in the judgment of its board of directors, are not material. For example, the Sears Holdings board of directors might consider material such matters as significant changes to the number of shares of Lands' End common stock that will be distributed to holders of shares of Sears Holdings common stock on the distribution date, the distribution ratio, the assets to be contributed or the liabilities to be assumed in the spin-off. To the extent that the Sears Holdings board of directors determines that any modifications by Sears Holdings materially change the material terms of the distribution, Sears Holdings will notify Sears Holdings stockholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

What is the expected date of completion of the spin-off?

The completion and timing of the spin-off are dependent upon a number of conditions as described above. We expect that the shares of Lands' End common stock will be distributed by Sears Holdings on [X] to the holders of record of Sears Holdings common stock as of the record date. However, no assurance can be provided as to the timing of the spin-off or that all conditions to the spin-off will be met.

Can Sears Holdings decide to cancel the distribution of Lands' End common stock even if all the conditions have been met?

Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See "The Spin-Off—Conditions to the Spin-Off." However, until the distribution has occurred, Sears Holdings has the right to terminate the distribution, even if all of the conditions are satisfied.

What if I want to sell my shares of Sears Holdings common stock or my shares of Lands' End common stock?

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.

What is "regular-way" and "ex-distribution" trading of Sears Holdings stock?

Beginning on or shortly before the record date and continuing up to and through the distribution date, it is expected that there will be two markets in Sears Holdings common stock: a "regular-way" market and an "ex-distribution" market. Shares of Sears Holdings common stock that trade in the "regular-way" market will trade with an entitlement to shares of Lands' End common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to shares of Lands' End common stock distributed pursuant to the distribution. If you sell your shares of Sears Holdings common stock in the "regular-way" market after the record date and before the distribution, you also will be selling your right to receive shares of Lands' End common stock in connection with the spin-off.

Where will I be able to trade shares of Lands' End common stock?

Lands' End intends to apply to list its common stock on NASDAQ under the symbol "LE." We expect that a limited market, commonly known as a "when-issued" trading market, will develop on NASDAQ for the shares of

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Lands' End common stock being distributed in the spin-off. This will allow you to trade your entitlement to shares of Lands' End common stock, without the shares of Sears Holdings common stock you own, on the "when-issued" market (entitlements represent shares of Lands' End common stock being distributed in the spin-off, and trades of such shares will settle on a delayed basis up to three trading days following the distribution date). We expect that this "when-issued" market will begin on or shortly before the record date and will continue up to and including the distribution date, after which time all shares of Lands' End common stock will be traded on a regular settlement basis, or "regular-way" trading, under the symbol "LE." Lands' End cannot predict the trading prices for its common stock before, on or after the distribution date.

What will happen to the listing of Sears Holdings common stock?

Sears Holdings common stock will continue to trade on NASDAQ after the spin-off.

Will the number of shares of Sears Holdings common stock that I own change as a result of the spin-off?

No. The number of shares of Sears Holdings common stock that you own will not change as a result of the spin-off. However, after the spin-off, your shares of Sears Holdings common stock will no longer represent an ownership interest in Lands' End.

Will the spin-off affect the market price of my Sears Holdings shares?

The market price of Sears Holdings common stock immediately following the spin-off may be lower than immediately prior to the spin-off because the trading price will no longer reflect the value of the common stock of Lands' End that is being distributed in the spin-off. Furthermore, prior to the spin-off, and in particular before the market has fully analyzed the value of Sears Holdings without Lands' End, the price of Sears Holdings common stock may fluctuate.

How will fractional shares be treated in the spin-off?

Lands' End will not issue fractional shares of its common stock in the spin-off. Fractional shares that Sears Holdings stockholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate cash proceeds of these sales, net of brokerage fees and other expenses, will be distributed *pro rata* to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient stockholders that are subject to U.S. federal income tax as described in "Material U.S. Federal Income Tax Consequences."

What are the material U.S. federal income tax consequences of the spin-off?

Sears Holdings expects to receive an opinion from the law firm of Simpson Thacher & Bartlett LLP that the spin-off will meet the requirements necessary for the spin-off to receive tax-free treatment under Sections 355, 368 and related provisions of the Code. The receipt by Sears Holdings of the opinion is a condition to effecting the spin-off. The tax consequences of the spin-off are described in more detail below under "Material U.S. Federal Income Tax Consequences."

You will recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Lands' End common stock. For more information regarding the potential U.S. federal income tax consequences to Sears Holdings and to you of the separation and the distribution, see "Material U.S. Federal Income Tax Consequences."

How will I determine my tax basis in the Lands' End shares I receive in the spin-off?

For U.S. federal income tax purposes, your aggregate basis in the shares of common stock that you hold in Sears Holdings and the new Lands' End common stock received in the distribution (including any fractional

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share interest in Lands' End common stock for which cash is received) will equal the aggregate basis in the shares of Sears Holdings common stock held by you immediately before the distribution, allocated between your Sears Holdings shares and the Lands' End common stock (including any fractional share interest in Lands' End common stock for which cash is received) you receive in the distribution in proportion to the relative fair market value of each on the distribution date. Sears Holdings intends to post IRS Form 8937 with respect to the allocation of the basis in Sears Holdings and Lands' End common stock to the Sears Holdings website, www.searsholdings.com, following the spin-off.

You should consult your own tax advisors concerning the United States federal income tax consequences to you of the receipt, ownership and disposition of shares of Lands' End common stock in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

Who will own Lands' End common stock following the spin-off?

Sears Holdings will distribute shares of Lands' End common stock *pro rata* to its stockholders as of the record date, except that holders of Sears Holdings' restricted stock that is invested as of the record date will receive cash awards in lieu of shares. Based on the ownership of Sears Holdings common stock on March 10, 2014, we expect that, immediately following the spin-off, ESL will own approximately 48.4% of Lands' End outstanding common stock. Edward S. Lampert is the Chairman of the Board and Chief Executive Officer of Sears Holdings and Chairman and Chief Executive Officer of ESL. For a more detailed description of the expected beneficial ownership of Lands' End capital stock by ESL following the spin-off, see "Security Ownership of Certain Beneficial Owners and Management."

What will Lands' End's relationship be with Sears Holdings following the spin-off?

Lands' End intends to enter into a separation and distribution agreement, a tax sharing agreement, and a transition services agreement with Sears Holdings or its subsidiaries in connection with the spin-off. Lands' End also intends to enter into commercial agreements with Sears Holdings or its subsidiaries, such as a master lease agreement, a master sublease agreement, a financial services agreement, a retail operations agreement for the Lands' End Shops at Sears and a Shop Your Way retail establishment agreement. Lands' End has previously entered into a co-location and services agreement with a subsidiary of Sears Holdings and will amend this agreement in connection with the spin-off. Together, these agreements will provide for the allocation between Lands' End and Sears Holdings of the assets, employees, liabilities and obligations (including its investments, property and tax-related assets and liabilities) of Sears Holdings and its subsidiaries attributable to periods prior to, at and after the spin-off and will govern the relationship between Lands' End and Sears Holdings subsequent to the completion of the spin-off. For additional information regarding the separation and distribution agreement and other transaction agreements, see "Risk Factors—Risks Related to the Spin-Off" and "Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off."

Are there risks associated with owning Lands' End common stock?

Yes. Ownership of Lands' End common stock is subject to both general and specific risks relating to Lands' End's business, the industry in which it operates, its ongoing contractual relationships with Sears Holdings and its status as a separate, publicly traded company. Ownership of Lands' End common stock will also be subject to risks relating to the spin-off. These risks are described in the "Risk Factors" section of this information statement beginning on page 19. You are encouraged to read that section carefully.

Does Lands' End plan to pay dividends on its common stock?

We do not currently expect to declare or pay dividends on our common stock for the foreseeable future following the spin-off. Instead, we intend to retain earnings to finance the growth and development of our business and for working capital and general corporate purposes. Any payment of dividends will be at the

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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. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” and “Dividend Policy.”

Who will be the distribution agent and the transfer agent and registrar for the Lands’ End common stock?

The distribution agent, transfer agent and registrar for the Lands’ End common stock will be Computershare Trust Company, N.A.

Where can I find more information about the spin-off?

The information agent for the spin-off will be Georgeson Inc. If you have questions about the spin-off, please contact Georgeson Inc. by calling (800) 868-1391 (toll-free).

RISK FACTORS

You should carefully consider the following risks and other information in this information statement 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. The risk factors generally have been separated into four groups: risks related to our business, risks related to our indebtedness, risks related to the spin-off and risks related to our common stock.

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 to 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 82% of our revenues in 2012, depends on customers' use of our e-commerce websites and their response to our direct mail catalogs and direct 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. If we are unable to maintain and increase customers' use of our e-commerce websites and the volume of goods they purchase, including through our failure to 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

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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 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, Lands' End Business Outfitters and international sales channels and in-store/point-of-sale systems, inventory management and human resources. 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, 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.

We also currently depend on Sears Holdings' information technology systems for certain key services to support our core Lands' End business channels, including tax processing and filing, credit and gift card processing, expense reporting and reimbursement and several key jointly shared commercial constructs. In addition, many Sears Holdings 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 will depend, 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.

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, South 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,

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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.

If our relationships with our vendors are impaired, this 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 not long-term agreements, 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. If we cannot obtain a sufficient amount and variety of quality product at acceptable prices, 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.

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, 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 we 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 rules, and our business and reputation could be adversely affected by any resulting litigation, civil or criminal penalties or adverse publicity.

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. 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.

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

The success of our Retail segment, which accounted for approximately 18% of our revenues in 2012, depends on the success of the "store within a store" business model. We operated 276 Lands' End Shops at Sears

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as of the end of 2012. These stores had revenues of approximately \$252.1 million in 2012, representing 89% of our Retail sales and 16% of our overall sales for 2012. The aggregate leased space of Lands' End Shops at Sears is expected to decrease by approximately 5% on or prior to the distribution date as a result of real estate reallocation within Sears Holdings. The Lands' End Shops at Sears may also 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 success 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, we depend on subsidiaries of Sears Holdings 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, maintaining dedicated sales areas for Lands' End branded products and shopping lounges where customers can search our offerings via the Internet and catalog, and providing signage and other marketing materials promoting the Lands' End brand. If Sears Holdings does not provide these services with the standard of care and quality provided while we were a part of Sears Holdings and in accordance with our commercial agreements with Sears Holdings (or its subsidiaries) going forward 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.

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, South 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 plan to develop a sales presence in other areas of Europe (such as Switzerland, Russia and Scandinavia) and Asia (particularly China). 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;
- compliance with U.S. and other country laws relating to foreign operations, including the Foreign Corrupt Practices Act, which prohibits U.S. 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 U.S. and non-U.S. 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 U.S. 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;
- adverse fluctuations in currency exchange rates; 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.

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Similarly, our inability to market and sell our products in foreign jurisdictions 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 U.S. 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 countries that we do business with. 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.

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.

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 U.S. Postal Service 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. We do not have

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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.

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, 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 God 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 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, England; 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 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, 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 proprietary and 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 continues to rise 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.

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Reliance on 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. 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.

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.

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 the Sears locations in which Lands' Ends Shops at Sears are located and at our other 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.

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 sales 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.

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If our independent vendors do not use ethical business practices or comply with applicable laws and regulations, 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 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 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.

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 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.

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

As of November 1, 2013, we had intangible asset balances of \$642.0 million, most of which are subject to testing for impairment annually or more frequently if events or changes in circumstances indicate that the asset

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might be impaired. Our intangible assets consist of \$528.3 million of trade names, \$3.7 million of finite-lived intangible assets and our goodwill balance was \$110.0 million. Any event that impacts our reputation could result in impairment charges for our trade names. Long-lived assets, primarily property and equipment, are also subject to testing for impairment. A significant amount of judgment is involved in our impairment assessment. If actual results are not consistent with our estimates and assumptions used in estimating future cash flows and asset fair values, we could incur impairment charges for intangible assets, goodwill or long-lived assets, which could have an adverse effect on our results of operations.

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, which is composed of the individuals named under “Management.” The loss of one or more of the 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. 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 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, nearly 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.

Our plans to expand internationally may not be successful.

Our current strategies include international expansion in a number of countries around the world through a number of channels and brands, including in Asia and Europe. We have limited experience operating in many of these locations, and face major, established competitors and barriers to entry. In addition, in many of these 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 international expansion plans are unsuccessful or do not deliver an appropriate return on our investments, our business could be adversely affected.

Our business is affected by worldwide economic and market conditions; a failure of the economy to sustain its recovery, a renewed decline in consumer-spending levels and other adverse developments, including rising 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 currently affecting the global economy. Continued high rates of unemployment, depressed home prices, reduced access to credit and the domestic and international political situation 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.

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In addition, our liquidity needs are funded by operating cash flows and, to the extent necessary, may be funded by borrowings under any credit agreement that we may enter into in connection with the spin-off. The availability of 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.

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.

Risks Related to the Spin-Off

Our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

Although we were an independent company prior to our acquisition by Sears Roebuck in June 2002, the more recent historical information about us in this information statement refers to the Lands' End's business as operated by and integrated with Sears Holdings. Accordingly, the historical financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Prior to the separation, Sears Holdings or one of its affiliates performed various corporate functions for us. Following the spin-off, Sears Holdings or its subsidiaries will provide some of these functions to us, as described in "Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off." Our historical financial results reflect allocations of corporate expenses from Sears Holdings for these functions and are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company. Following the spin-off, we may not be able to perform these functions as efficiently or at comparable costs, and our profitability may decline as a result;
- Currently, we are able to use Sears Holdings' size and purchasing power in procuring various goods and services and have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although we will enter into a transition services agreement and other

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commercial agreements with Sears Holdings or its subsidiaries in connection with the spin-off, these arrangements may not fully capture the benefits we have enjoyed as a result of being integrated with Sears Holdings and may result in us paying higher charges than in the past for these services. As a separate, publicly traded company, we may be unable to obtain goods and services at the prices and terms obtained prior to the spin-off, which could decrease our overall profitability. This could have an adverse effect on our business and results of operations following the completion of the spin-off;

- Generally, our working capital requirements and capital for our general corporate purposes have historically been satisfied as part of the corporate-wide cash management policies of Sears Holdings. Following the spin-off, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements; and
- Our historical financial information does not reflect any debt we may incur in connection with the spin-off.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from Sears Holdings. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements of our business, see “Selected Historical Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical combined financial statements and accompanying notes included elsewhere in this information statement.

Sears Holdings or its subsidiaries may fail to perform under various transaction agreements that will be executed in connection with the spin-off or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

We rely on Sears Holdings to provide logistics, point-of-sale and related store systems to the Lands’ End Shops at Sears. In connection with the spin-off, we will enter into various agreements, including a separation and distribution agreement, a transition services agreement and a tax sharing agreement, to effect the separation and provide a framework for our relationship with Sears Holdings after the spin-off. In addition, we will enter into commercial agreements with Sears Holdings or its subsidiaries, including a master lease agreement, a master sublease agreement, a financial services agreement, a retail operations agreement for the Lands’ End Shops at Sears and a Shop Your Way retail establishment agreement. We previously entered into a co-location and services agreement with a subsidiary of Sears Holdings that will be amended in connection with the spin-off. These agreements are discussed in greater detail in the section titled “Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off.” Certain of these agreements will provide for the performance of services by each company for the benefit of the other for up to 12 months after the spin-off or, in the case of the commercial agreements we will enter into with Sears Holdings, for the period of time otherwise specified in the applicable agreement. We will rely on Sears Holdings and its subsidiaries to satisfy their performance and payment obligations under these agreements. If Sears Holdings or its subsidiaries are unable to satisfy their obligations under these agreements, including their indemnification obligations, we could incur operational difficulties or losses. These arrangements could lead to disputes between Sears Holdings or its subsidiaries and us over the use of and charges for facilities and the allocation of revenues and expenses for our sales from the Lands’ End Shops at Sears and from our gift card programs.

If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services when the transaction or commercial agreements terminate, we may not be able to operate our business effectively and our profitability may decline. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services Sears Holdings and its subsidiaries currently provide to us. We may not be successful in effectively or efficiently implementing these systems and services or in transitioning data from Sears Holdings’ systems to ours. These systems and services may also be more expensive or less efficient than the systems and services Sears Holdings and its subsidiaries are expected to provide during the transition period.

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We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with Sears Holdings or its subsidiaries.

The agreements we will enter into with Sears Holdings or its subsidiaries in connection with the spin-off, including the transition services agreement, tax sharing agreement, master lease agreement, master sublease agreement, financial services agreement, Lands' End Shops at Sears retail operations agreement and Shop Your Way retail establishment agreement, were prepared in the context of the spin-off while we were still a wholly owned indirect subsidiary of Sears Holdings. Accordingly, during the period in which the terms of these agreements and amendments were prepared, we did not have an independent board of directors or a management team that was independent of Sears Holdings. As a result, the terms of these agreements are of fixed duration and may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between Sears Holdings and an unaffiliated third party in another form of transaction, such as with a buyer in a sale of a business, may have resulted in more favorable terms to the unaffiliated third party. See "Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off."

Potential indemnification liabilities to Sears Holdings pursuant to the separation and distribution agreement could adversely affect us.

The separation and distribution agreement with Sears Holdings will provide, among other things, the principal corporate transactions required to effect the spin-off, certain conditions to the spin-off and provisions governing the relationship between us and Sears Holdings with respect to and resulting from the spin-off. For a description of the separation and distribution agreement, see "Certain Relationships and Related Person Transactions—The Separation and Distribution Agreement." Among other things, the separation and distribution agreement provides for indemnification obligations designed to make us financially responsible for substantially all liabilities that may exist relating to our business activities, whether incurred prior to or after the spin-off, as well as any obligations of Sears Holdings that we may assume pursuant to the separation and distribution agreement. If we are required to indemnify Sears Holdings under the separation and distribution agreement, we may be subject to substantial liabilities.

If the spin-off is determined to be taxable for U.S. federal income tax purposes, our stockholders could incur significant U.S. federal income tax liabilities.

A condition to the spin-off is Sears Holdings' receipt of an opinion from the law firm of Simpson Thacher & Bartlett LLP substantially to the effect that the spin-off and its associated transactions (including the Internal Transactions (as defined in the separation and distribution agreement)) will qualify as tax-free under Sections 355, 368 and related provisions of the Code, except to the extent of any cash received in lieu of fractional shares of our common stock. An opinion of counsel is not binding on the Internal Revenue Service ("IRS"). Accordingly, the IRS may reach conclusions with respect to the spin-off that are different from the conclusions reached in the opinion. The opinion will rely on certain facts, assumptions, representations and undertakings from Sears Holdings and us regarding the past and future conduct of the companies' respective businesses and other matters, which, if incomplete, incorrect or not satisfied, could alter counsel's conclusions.

If the spin-off ultimately is determined to be taxable, the spin-off could be treated as a taxable dividend to you for U.S. federal income tax purposes, and you could incur significant U.S. federal income tax liabilities. In addition, Sears Holdings would recognize a taxable gain to the extent that the fair market value of our common stock exceeds Sears Holdings' tax basis in such stock on the date of the spin-off. Sears Holdings would not expect tax on such gain, if any, to be substantial. For a description of the sharing of such liabilities between Sears Holdings and us, see "Certain Relationships and Related Person Transactions—Tax Sharing Agreement."

We may not be able to engage in certain corporate transactions after the spin-off.

Our ability to engage in significant equity transactions will be limited or restricted after the spin-off in order to preserve for U.S. federal income tax purposes the tax-free nature of the spin-off by Sears Holdings. Even if the

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spin-off otherwise qualifies for tax-free treatment under Section 355 of the Code, it may be taxable to Sears Holdings if 50% or more, by vote or value, of shares of our common stock or Sears Holdings' common stock are acquired or issued as part of a plan or series of related transactions that includes the spin-off. For this purpose, any acquisitions or issuances of Sears Holdings' common stock within two years before the spin-off, and any acquisitions or issuances of our common stock or Sears Holdings' common stock within two years after the spin-off, generally are presumed to be part of such a plan, although we or Sears Holdings may be able to rebut that presumption. If an acquisition or issuance of shares of our common stock or Sears Holdings' common stock triggers the application of Section 355(e) of the Code, Sears Holdings would recognize a taxable gain to the extent the fair market value of our common stock exceeds Sears Holdings' tax basis in common stock. If the spin-off was subject to Section 355(e) of the Code, we would not expect tax on such gain, if any, to be substantial.

Under the tax sharing agreement, there will be restrictions on our ability to take actions that could cause the spin-off to fail to qualify for favorable treatment under the Code. These restrictions may prevent us from entering into transactions which might be advantageous to us or our stockholders. For a description of the tax sharing agreement, see "Certain Relationships and Related Person Transactions—Tax Sharing Agreement."

Edward S. Lampert and ESL, whose interests may be different from your interests, are expected to be able to exert substantial influence over us following the spin-off and may have interests different than yours.

Immediately following the spin-off, ESL, which beneficially owns approximately 48.4% of Sears Holdings common stock as of the date hereof, is expected to beneficially own approximately 48.4% of the outstanding shares of our common stock. ESL may also increase its percentage beneficial ownership of us through open market purchases of our common stock or otherwise. ESL and its affiliates are controlled, directly or indirectly, by Mr. Lampert. Accordingly, ESL, and thus Mr. Lampert, may have the ability to exert substantial influence over certain matters on which holders of our common stock vote, including, among other things, the election of directors, approving mergers or other business combinations and effecting certain amendments to our certificate of incorporation. The interests of ESL, which has investments in companies other than us (including Sears Holdings) who are counterparties to key agreements with us, may from time to time diverge from the interests of our other stockholders. See "Security Ownership of Certain Beneficial Owners and Management" for a more detailed description of the expected beneficial ownership of our capital stock by ESL following the spin-off.

There may be a significant degree of difficulty in operating as a separate entity and managing that process effectively could require a significant amount of senior management's time.

The spin-off from Sears Holdings could cause an interruption of, or loss of momentum in, the operation of our business. Members of our senior management may be required to devote considerable amounts of time to the spin-off, which could decrease the time they will have to manage their ordinary responsibilities. If our senior management is not able to manage the spin-off effectively, or if any significant business activities are interrupted as a result of the spin-off, our business and operating results could suffer.

We may not achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect our business.

We may not be able to achieve the full strategic and financial benefits expected to result from the spin-off, or these benefits may be delayed or not occur at all. The spin-off is expected to provide the following benefits, among others: (1) simplified focus and operational flexibility that will enable each of Lands' End and Sears Holdings to be better able to dedicate resources to pursue unique growth opportunities and execute strategic plans best suited to their respective businesses, (2) a business-appropriate capital structure for each of Sears Holdings and Lands' End, (3) focused management and more effective equity-based compensation arrangements and (4) increasing investors' understanding of Lands' End and its market position within its industry, while also allowing for a more natural and interested investor base. The spin-off may also potentially enhance Lands' End's

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financial flexibility, such as allowing direct access by Lands' End to the capital markets. In contrast to a sale of the entire business, the spin-off will enable current Sears Holdings stockholders to directly participate in any future value creation by Lands' End, while also allowing investors the flexibility to consider Sears Holdings and Lands' End as independent investment decisions based on Lands' End's and Sears Holdings' different business models and strategies.

We may not achieve these and other anticipated benefits and may be subject to unanticipated costs in connection with the spin-off for a variety of reasons, including, among others: (a) the spin-off will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business; (b) following the spin-off, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of Sears Holdings; (c) following the spin-off, our business will be less diversified than Sears Holdings' business prior to the spin-off; and (d) the other actions required to separate Sears Holdings' and Lands' End's respective businesses could disrupt our operations. If we fail to achieve some or all of the benefits expected to result from the spin-off, or if these benefits are delayed, our business and results of operations could be adversely affected.

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 spin-off (including certain internal restructuring and financing transactions contemplated to be consummated in connection with the spin-off) subsequently fails to pay its creditors or enters insolvency proceedings, these transactions may be challenged under U.S. federal, U.S. 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 spin-off, the entity in question: (1) was insolvent; (2) was rendered insolvent by reason of the spin-off; (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 spin-off 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 spin-off (potentially including our stockholders as recipients of shares of our common stock in connection with the spin-off), as the case may be, to turn over value to other entities involved in the spin-off and contemplated 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. We expect that the agreements governing our debt will contain various covenants that impose restrictions on us that may affect our ability to operate our business.

We will have substantial leverage following the spin-off and, accordingly, will 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 expected 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 we expect a substantial portion of our debt to bear interest at variable rates;

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- 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;
- we expect that the agreements governing our debt will contain covenants that will limit our ability to pay dividends or make other restricted payments and investments;
- we expect that the agreements governing our debt will contain operating covenants that could limit our and our operating subsidiaries' ability to engage in activities that may be in our best interests in the long term, including, without limitation, by restricting our and our subsidiaries' ability to incur debt, create liens, enter into transactions with affiliates or prepay certain kinds of indebtedness. However, we expect that the credit agreements governing our debt will not contain any financial covenants unless we fall below a minimum level of borrowing availability under the ABL Facility; 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, and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. 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, 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, such as to finance our international expansion and the growth of our Retail segment. 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

We cannot be certain that an active trading market for our common stock will develop or be sustained after the spin-off, and following the spin-off, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. We anticipate that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a "when-issued" basis and will continue through the distribution date, although we cannot guarantee that such trading will occur. We also cannot guarantee that an active trading market will develop or be sustained for our common stock after the spin-off, nor can we predict the prices at which shares of our common stock may trade after the spin-off. Similarly, we cannot predict the effect of the spin-off on the trading prices of our common stock or whether the combined market value of the shares of our common stock and the shares of Sears Holdings common stock after the spin-off will be less than, equal to or greater than the market value of shares of Sears Holdings common stock prior to the spin-off.

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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;
- domestic and worldwide economic conditions; and
- sales by investors of some or all of the shares of our common stock that they receive in the spin-off.

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.

A number of our shares of common stock are or will be eligible for future sale, which may cause our stock price to decline.

Any sales of substantial amounts of our common stock in the public market or the perception that such sales might occur, in connection with the spin-off or otherwise, may cause the market price of our common stock to decline. Upon completion of the spin-off, we expect that we will have an aggregate of approximately [X] shares of our common stock issued and outstanding on [X]. These shares will be freely tradable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), unless the shares are owned by one of our "affiliates," as that term is defined in Rule 405 under the Securities Act.

We are unable to predict whether large amounts of our common stock will be sold in the open market following the spin-off. We are also unable to predict whether a sufficient number of buyers would be in the market at that time. A portion of Sears Holdings' common stock is held by index funds tied to certain stock indices. If we are not included in these indices at the time of the spin-off, these index funds will be required to sell our stock.

We expect that, immediately following the spin-off, ESL, which beneficially owns approximately 48.4% of Sears Holdings common stock as of the date of this information statement, will beneficially own approximately 48.4% of our outstanding common stock. ESL will, in its sole discretion, determine the timing and terms of any transactions with respect to its shares of Lands' End common stock, 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. 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. For further description of transfer restrictions that may apply to our capital stock, see "The Spin-Off—Transferability of Shares You Receive."

The combined post-spin-off value of our common stock and Sears Holdings common stock may not equal or exceed the pre-spin-off value of Sears Holdings common stock.

We cannot assure you that the combined trading prices of Sears Holdings common stock and our common stock after the spin-off, as adjusted for any changes in the combined capitalization of the two companies, will be equal to or greater than the trading price of Sears Holdings common stock prior to the spin-off. Until the market has fully evaluated the business of Sears Holdings without the Lands' End business, the price at which shares of Sears Holdings common stock trade may fluctuate. Similarly, until the market has fully evaluated the Lands' End business, the price at which shares of our common stock trade may fluctuate.

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

We do not currently expect to declare or pay dividends on our common stock for the foreseeable future following the spin-off. Instead, we intend to retain earnings to finance the growth and development of our business and for working capital and general corporate purposes. 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. As a result, you may not receive any return on an investment in our capital stock in the form of dividends.

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. Our compensation committee may grant additional stock options or other stock-based awards to our employees after the spin-off. These awards would have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we may issue additional options or other stock-based awards to our employees under our employee benefits plans.

Becoming a public company will increase our expenses and administrative burden, in particular to bring us into compliance with certain provisions of the Sarbanes-Oxley Act of 2002 to which we are not currently subject.

As a public company, we will incur certain legal, accounting and other expenses that we did not incur as a subsidiary of Sears Holdings. These increased costs and expenses may arise from various factors, including financial reporting, costs associated with complying with federal securities laws (including compliance with the Sarbanes-Oxley Act of 2002), tax administration, and legal and human-resources related functions. Although we expect that a number of these functions will continue to be performed by subsidiaries of Sears Holdings following the spin-off, we will be required to, among other things, create or revise the roles and duties of board committees, adopt additional internal controls and disclosure controls and procedures, retain a transfer agent and adopt an insider trading policy in compliance with our obligations under the securities laws.

We also expect that being a public company subject to additional laws, rules and regulations will require the investment of additional resources to ensure ongoing compliance with these laws, rules and regulations. In addition, these laws, rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified executive officers and qualified persons to serve on our board of directors, and in particular to serve on our audit committee.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials that we have filed or will file with the SEC contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. Forward-looking statements are subject to risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include information concerning our future financial performance, business strategy, plans, goals and objectives.

Statements preceded or followed by, or that otherwise include, the words “believes,” “expects,” “anticipates,” “intends,” “project,” “estimates,” “plans,” “forecast,” “is likely to” and similar expressions or future or conditional verbs such as “will,” “may,” “would,” “should” and “could” are generally forward-looking in nature and not historical facts. In particular, information included under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” and “The Spin-Off” contains forward-looking statements. Where, in any forward-looking statement or elsewhere in this information statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of our management and is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

The following factors, among others, could cause our actual results, performance or achievements to differ from those set forth in the forward-looking statements:

- our ability to offer merchandise and services that customers want to purchase;
- changes in customer preference for our branded merchandise;
- customers’ use of our digital platform, including our e-commerce websites, and response to direct mail catalogs and digital marketing;
- the success of our overall marketing strategies, including our maintenance of a robust customer list;
- our dependence on information technology and a failure of information technology systems, including with respect to our e-commerce operations, or an inability to upgrade or adapt our systems;
- fluctuations and increases in the costs of raw materials;
- impairment of our relationships with our vendors;
- our failure to maintain the security of customer, employee or company information;
- our failure to compete effectively in the apparel industry;
- the performance of our “store within a store” business model;
- if Sears Roebuck sells or disposes of its retail stores or if its retail business does not attract customers or does not adequately promote the Lands’ End Shops at Sears;
- legal, regulatory, economic and political risks associated with international trade and those markets in which we conduct business and source our merchandise;
- our failure to protect or preserve the image of our brands and our intellectual property rights;
- increases in postage, paper and printing costs;
- failure by third parties who provide us with services in connection with certain aspects of our business to perform their obligations;
- our failure to timely and effectively obtain shipments of products from our vendors and deliver merchandise to our customers;

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- reliance on promotions and markdowns to encourage consumer purchases;
- our failure to efficiently manage inventory levels;
- unseasonal or severe weather conditions;
- the seasonal nature of our business;
- the adverse effect on our reputation if our independent vendors do not use ethical business practices or comply with applicable laws and regulations;
- assessments for additional state taxes;
- our exposure to periodic litigation and other regulatory proceedings, including with respect to product liability claims;
- incurrence of charges due to impairment of goodwill, other intangible assets and long-lived assets;
- our failure to retain our executive management team and to attract qualified new personnel;
- the impact on our business of adverse worldwide economic and market conditions, including economic factors that negatively impact consumer spending on discretionary items;
- the inability of our past performance generally, as reflected on our historical financial statements, to be indicative of our future performance;
- the impact of increased costs due to a decrease in our purchasing power following the separation and other losses of benefits associated with being a subsidiary of Sears Holdings;
- the failure of Sears Holdings or its subsidiaries to perform under various transaction agreements that will be executed in connection with the spin-off or our failure to have necessary systems and services in place when certain of the transaction agreements expire;
- our agreements related to the spin-off and our continuing relationship with Sears Holdings were negotiated while we were a subsidiary of Sears Holdings and we may have received better terms from an unaffiliated third party;
- potential indemnification liabilities to Sears Holdings pursuant to the separation and distribution agreement;
- our inability to engage in certain corporate transactions after the spin-off;
- the ability of our principal shareholders to exert substantial influence over us;
- our difficulty in operating as a separate entity following the spin-off;
- our failure to achieve some or all of the expected benefits of the spin-off, and adverse effects of the spin-off on our business;
- potential liabilities under fraudulent conveyance and transfer laws and legal capital requirements;
- uncertainty relating to the development and continuation of an active trading market for our common stock;
- declines in our stock price due to the eligibility of a number of our shares of common stock for future sale;
- our inability to pay dividends; and
- increases in our expenses and administrative burden in relation to becoming a public company, in particular to bring us into compliance with certain provisions of the Sarbanes-Oxley Act of 2002 to which we are not currently subject.

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Certain of these and other factors are discussed in more detail in the sections of this information statement entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this information statement. While we believe that our forecasts and assumptions are reasonable, we caution that actual results may differ materially. If one or more of these or other factors materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from our expectations. Consequently, actual events and results may vary significantly from those included in or contemplated or implied by our forward-looking statements. The forward-looking statements included in this information statement are made only as of the date of this information statement, and we undertake no obligation, and expressly disclaim any obligation, to publicly update or review any forward-looking statement made by us or on our behalf, whether as a result of new information, future developments, subsequent events or circumstances or otherwise.

DIVIDEND POLICY

We do not currently expect to declare or pay dividends on our common stock for the foreseeable future following the spin-off. Instead, we intend to retain earnings to finance the growth and development of our business and for working capital and general corporate purposes. 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. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of November 1, 2013 on (i) an actual unaudited historical basis and (ii) an unaudited pro forma basis as adjusted to give effect to the separation and the transactions related to the separation.

As of the date hereof, we have not finalized our post-distribution capitalization as Sears Holdings has not determined the distribution ratio. The historical information below does not necessarily reflect what our capitalization would have been had we operated as a separate, publicly traded company for the period presented and is not necessarily indicative of our future capitalization. This table should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our combined financial statements and accompanying notes included elsewhere in this information statement.

<i>(in thousands)</i>	<u>Actual</u>	<u>Pro Forma</u>
Cash and Cash Equivalents⁽¹⁾	<u>\$ 16,331</u>	<u>\$ 16,331</u>
Long-term debt⁽²⁾		
Term-loan facility	\$	\$ 515,000
Total Debt		<u>515,000</u>
Equity		
Common stock ⁽³⁾		
Additional paid-in capital ⁽³⁾		
Accumulated other comprehensive loss	(3,057)	(3,057)
Net parent company investment ⁽³⁾	862,041	362,041
Total equity ⁽³⁾	<u>858,984</u>	<u>358,984</u>
Total capitalization	<u>\$858,984</u>	<u>\$ 873,984</u>

- (1) Lands’ End includes deposits in transit from banks for payments related to third-party credit card and debit card transactions within cash. Lands’ End’s domestic cash is transferred to or funded from Sears Holdings on a daily basis. These cash receipts and disbursements adjust Net parent company investment on the combined balance sheets.
- (2) In connection with the spin-off, we are pursuing an asset-based senior secured revolving credit facility with a letter of credit sub-limit (the “ABL Facility”), which would provide for maximum borrowings of approximately \$175 million with a letter of credit sub-limit and a senior secured term loan facility (the “Term Loan Facility” and, together with the ABL Facility, the “Facilities”) of approximately \$515 million. We expect that the proceeds of the Term Loan Facility will be used to pay a \$500 million dividend to Sears Holdings immediately prior to consummation of the spin-off and to pay fees and expenses associated with the Facilities of \$15 million.
- (3) In connection with our recapitalization, we intend to pay a cash dividend to Sears Holdings of \$500 million, eliminate the parent company investment of \$862 million, establish our capital structure (\$[X] million of common stock and \$[X] million of additional paid-in capital). For purposes of these pro forma financial statements, we have used \$[X] per share par value and [X] shares of Sears Holdings common stock, calculated using [:] distribution ratio based on the number of shares of Sears Holdings common stock outstanding as of November 2, 2013.

SELECTED HISTORICAL FINANCIAL DATA

The combined statements of comprehensive operations data set forth below for the fiscal years ended February 1, 2013, January 27, 2012 and January 28, 2011 and the combined balance sheet data as of February 1, 2013 and January 27, 2012 are derived from the audited combined financial statements included elsewhere in this information statement. The combined statements of comprehensive operations data for the fiscal years ended January 29, 2010 and January 30, 2009 and the combined balance sheet data as of January 28, 2011, January 29, 2010 and January 30, 2009 are derived from the unaudited combined financial statements that are not included in this information statement. The condensed combined statements of comprehensive operations data set forth below for the 39 weeks ended November 1, 2013 and October 26, 2012 and the condensed combined balance sheet data as of November 1, 2013 and October 26, 2012 are derived from the unaudited condensed combined financial statements included elsewhere in this information statement. All such historical financial and other data reflects the Lands' End business of Sears Holdings and is referred to herein as "our" historical financial and other data.

The selected historical combined financial and other financial data presented below should be read in conjunction with our combined financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. Our combined financial information may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as a publicly traded company independent from Sears Holdings during the periods presented, including changes that will occur in our operations and capitalization as a result of the separation from Sears Holdings.

<i>(in thousands, except per share data and number of stores)</i>	Fiscal Year					39 Weeks Ended	
	2012	2011	2010	2009	2008	November 1, 2013	October 26, 2012
Combined Statement of Comprehensive Operations Data⁽¹⁾							
Merchandise sales and services, net	\$1,585,927	\$1,725,627	\$1,655,574	\$1,656,408	\$1,655,778	\$1,032,447	\$1,040,421
Net income	\$ 49,827	\$ 76,234	\$ 121,264	\$ 128,343	\$ 134,949	\$ 32,904	\$ 24,091
Pro forma data (unaudited)							
Pro forma earnings per share, basic and diluted⁽²⁾	\$ [×]					\$ [×]	
Combined Balance Sheet Data							
Total assets	\$1,217,722	\$1,238,923	\$1,186,585	\$1,192,741	\$1,227,002	\$1,301,616	\$1,349,935
Long-term debt ⁽³⁾							
Other Financial and Operating Data							
Adjusted EBITDA ⁽⁴⁾	<u>\$ 107,673</u>	<u>\$ 144,996</u>	<u>\$ 206,498</u>	<u>\$ 225,355</u>	<u>\$ 235,729</u>	<u>\$ 69,930</u>	<u>\$ 58,338</u>
Number of retail stores at period end	293	306	309	310	239	291	296

- (1) Our fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. Our fiscal third quarter end is on the Friday preceding the Saturday closest to October 31 each year. Fiscal year 2012 consisted of 53 weeks. All other fiscal years consisted of 52 weeks.
- (2) Pro forma earnings per share for the year ended February 1, 2013 and the 39 weeks ended November 1, 2013, are provided to show the pro forma effect of [×] shares of our common stock that were outstanding as of March 11, 2014, and will be outstanding following the spin-off, and the impact of the reduction to net

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income on a pro forma basis for interest expense (net of tax) of \$12.4 million and \$16.5 million for the 39 weeks ended November 1, 2013 and the year ended February 1, 2013, respectively, pursuant to our expected Term Loan Facility. A ¼% change in the interest rate would impact interest expense by \$0.6 million annually.

- (3) The unaudited pro forma condensed combined balance sheet data as of November 1, 2013, included elsewhere in this information statement reflects the expected borrowing of \$515 million pursuant to our expected Term Loan Facility to fund a dividend to Sears Holdings.
- (4) *Adjusted EBITDA*—In addition to our net income determined in accordance with 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, as well as executive compensation metrics, for comparable periods. 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 financing and investing activities by eliminating the effects of interest and depreciation costs; and
- 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. These adjustments are shown below:
 - Restructuring costs—costs associated with a call center and administrative reorganization in 2012. Management considers these costs to be infrequent and affecting comparability of results between reporting periods.
 - Gain on a litigation settlement—income from a favorable litigation settlement in 2010 related to a breach of contract and trade secret matter. Management considers this income to be infrequent and affecting comparability of results between reporting periods.
 - 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, the most comparable GAAP measure for each of the periods indicated:

	Fiscal Year					39 Weeks Ended	
	2012	2011	2010	2009	2008	November 1, 2013	October 26, 2012
<i>(in thousands)</i>							
Net income	\$ 49,827	\$ 76,234	\$121,264	\$128,343	\$134,949	\$ 32,904	\$ 24,091
Income tax expense	32,243	45,669	72,365	76,245	81,421	20,747	15,679
Other (income) loss, net	(67)	(95)	(45)	486	(945)	(33)	(66)
Depreciation and amortization	23,121	22,686	21,963	20,281	20,304	16,253	16,618
Restructuring costs	2,479	—	—	—	—	—	1,951
Gain on litigation settlement	—	—	(9,051)	—	—	—	—
Loss on sale of property and equipment	70	502	2	—	—	59	65
Adjusted EBITDA	<u>\$107,673</u>	<u>\$144,996</u>	<u>\$206,498</u>	<u>\$225,355</u>	<u>\$235,729</u>	<u>\$ 69,930</u>	<u>\$ 58,338</u>

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

You should read the following discussion in conjunction with the audited combined financial statements and accompanying notes and the unaudited combined financial statements and accompanying notes included elsewhere in this information statement. 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 "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Introduction

Management's discussion and analysis of financial condition and results of operations accompanies our combined 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 the spin-off, 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 combined and segment results of operations for the 39 weeks ended November 1, 2013 and October 26, 2012, and the three fiscal years ended February 1, 2013, January 27, 2012 and January 28, 2011.
- *Liquidity and capital resources.* This section provides an overview of our historical and anticipated cash and financing activities in connection with the spin-off. We also review our historical sources and uses of cash in our operating, investing and financing activities.
- *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.
- *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.

Executive Overview

Spin-Off

Following the spin-off, we will operate as a separate, publicly traded company. The spin-off is subject to a number of conditions. See "The Spin-Off—Conditions to the Spin-Off" for more detail. We expect to complete the spin-off on [✕]; however, we cannot assure you that the spin-off will be completed on the anticipated timeline, or at all, or that the terms of the spin-off will not change.

Description of the Company

Lands' End 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 standalone Lands' End Inlet 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

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founded 50 years ago 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." We conduct our operations in two reportable business segments: Direct (sold through e-commerce websites and direct-mail catalogs) and Retail (sold through stores), and offer a product mix that includes outerwear, swimwear, specialty apparel, kids clothing, accessories, footwear and home products. The nature of operations conducted within each of these segments is discussed in Note 12—Segment Reporting of the combined financial statements.

Basis of Presentation

Our historical combined financial statements have been prepared on a standalone 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 are currently held by Sears Holdings, primarily the Lands' End Shops at Sears. These items will be 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.

Impacts from Our Spin-Off from Sears Holdings

Our business currently consists of the Lands' End business. Sears Holdings has determined to separate Lands' End from Sears Holdings by distributing 100% of the shares of our common stock to the stockholders of Sears Holdings. Immediately following completion of the distribution, Sears Holdings stockholders will own 100% of the outstanding shares of our common stock. We expect that ESL will beneficially own approximately 48.4% of our outstanding common stock following completion of the distribution. After completion of the distribution, we will operate as a publicly traded company independent from Sears Holdings, which will have a range of impacts on our operations:

General administrative and separation costs. Historically, we have used the corporate functions of Sears Holdings for a variety of shared services. We were allocated (1) \$0.8 million in 2012; (2) \$0.5 million in 2011; and (3) \$0.1 million in 2010 of shared services costs incurred by Sears Holdings. We were also allocated \$0.1 million of shared services costs incurred by Sears Holdings in each of the first, second and third quarters of 2013. We believe that the assumptions and methodologies underlying the allocation of these expenses from Sears Holdings are reasonable. However, such expenses may not be indicative of the actual level of expense that would have been or will be incurred by us when we operate as a publicly traded company independent from Sears Holdings. We expect to enter into agreements with Sears Holdings or its subsidiaries for the continuation of certain of these services on a transitional basis. We believe that the existing arrangements, as reflected in the historical financial statements contained herein, are not materially different from the arrangements that will be entered into as part of the spin-off.

We will also incur increased costs as a result of becoming a publicly traded company independent from Sears Holdings. As a standalone company, we expect to incur incremental annual operating costs estimated to be approximately \$8.0 million to \$10.0 million to support our businesses, including management personnel, legal, finance, and human resources as well as certain costs associated with being a public company. We believe cash flows from operations will be sufficient to fund these additional operating charges, the majority of which will be realized as selling and administrative expenses.

Following completion of the spin-off, we do not believe that it will be necessary to employ a significant number of new employees to perform additional standalone or transition services. With respect to our retail operations, prior to the spin-off, Sears Holdings and its subsidiaries provided retail staff for the Lands' End Shops at Sears. Pursuant to a retail operations agreement, Sears Holdings or one of its subsidiaries will continue

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to provide such staff following the completion of the spin-off. See “Certain Relationships and Related Person Transactions—Other Agreements—Lands’ End Shops at Sears Retail Operations Agreement.” Following completion of the spin-off, we will continue to rely on our existing field management working in conjunction with retail staff provided by Sears Holdings or its subsidiaries to manage our Lands’ End Shops at Sears.

In addition, we estimate one-time information technology costs related to the spin-off to be approximately \$1.0 million to \$2.0 million. These one-time costs include costs to support our business and certain costs associated with being a standalone company. A portion of these expenditures may be capitalized and amortized over their useful lives and others will be expensed as incurred, depending on their nature.

Interest Expense. We will also incur increased costs as a result of interest charges on the expected borrowings under the ABL Facility to fund short-term working capital needs and on the Term Loan Facility of approximately \$515 million. We anticipate the interest costs related to the Term Loan Facility to be approximately \$24.2 million for 2014, and that the interest expense on a pro forma basis would have been \$20.7 million for the 39 week period ended November 1, 2013 and \$27.6 million in 2012.

Due to these and other changes we anticipate in connection with the spin-off, the historical financial information included in this information statement may not necessarily reflect our financial position, results of operations and cash flows in the future or what our financial position, results of operations and cash flows would have been had we been an independent, publicly traded company during the periods presented.

Results of Operations

Fiscal Year. Our fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. Fiscal year 2012 consisted of 53 weeks. Fiscal years 2011 and 2010 consisted of 52 weeks. Unless the context otherwise requires, references to years in this information statement relate to fiscal years rather than calendar years. The following fiscal periods are presented herein:

<u>Fiscal year ended</u>	<u>Ended</u>	<u>Weeks</u>
2012	February 1, 2013	53
2011	January 27, 2012	52
2010	January 28, 2011	52

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The following table sets forth items derived from our combined results of operations for 2012, 2011 and 2010 and the 39 weeks ended November 1, 2013 and October 26, 2012.

(in thousands)	Fiscal Year						39 Weeks Ended			
	2012		2011		2010		November 1, 2013		October 26, 2012	
	\$'s	% of Net Sales	\$'s	% of Net Sales	\$'s	% of Net Sales	\$'s	% of Net Sales	\$'s	% of Net Sales
Merchandise sales and services, net	\$1,585,927	100.0%	\$1,725,627	100.0%	\$1,655,574	100.0%	\$1,032,447	100.0%	\$1,040,421	100.0%
Cost of sales (excluding depreciation and amortization)	881,817	55.6%	959,611	55.6%	833,614	50.4%	553,735	53.6%	553,222	53.2%
Gross margin	704,110	44.4%	766,016	44.4%	821,960	49.6%	478,712	46.4%	487,199	46.8%
Selling and administrative	598,916	37.8%	621,020	36.0%	615,462	37.2%	408,782	39.6%	430,812	41.4%
Depreciation and amortization	23,121	1.5%	22,686	1.3%	21,963	1.3%	16,253	1.6%	16,618	1.6%
Other operating (income) expense, net	70	—	502	—	(9,049)	-0.5%	59	—	65	—
Operating income	82,003	5.2%	121,808	7.1%	193,584	11.7%	53,618	5.2%	39,704	3.8%
Other income, net	67	—	95	—	45	—	33	—	66	—
Income before income taxes	82,070	5.2%	121,903	7.1%	193,629	11.7%	53,651	5.2%	39,770	3.8%
Income tax expense	32,243	2.0%	45,669	2.6%	72,365	4.4%	20,747	2.0%	15,679	1.5%
Net income	\$ 49,827	3.1%	\$ 76,234	4.4%	\$ 121,264	7.3%	\$ 32,904	3.2%	\$ 24,091	2.3%

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 margins may not be comparable to other entities that include depreciation and amortization related to the sale of their product in their gross margin measure.

Net Income and Adjusted EBITDA

We recorded net income of \$49.8 million, \$76.2 million, and \$121.3 million for 2012, 2011 and 2010, respectively. For the 39 weeks ended November 1, 2013 and October 26, 2012, we recorded net income of \$32.9 million and \$24.1 million, respectively. In addition to our net income determined in accordance with GAAP, for purposes of evaluating operating performance, we use an Adjusted EBITDA measurement. Adjusted EBITDA is computed as net income appearing on the Combined Statements of Comprehensive 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 businesses, as well as executive compensation metrics, for comparable periods. 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 ongoing operating performance, and useful to investors, because:

- EBITDA excludes the effects of financings and investing activities by eliminating the effects of interest and depreciation 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. These adjustments are shown below:
 - Restructuring costs—costs associated with a call center and administrative reorganization in 2012. Management considers these costs to be infrequent and affecting comparability of results between reporting periods.

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- Gain on a litigation settlement—income from a favorable litigation settlement in 2010 related to a breach of contract and trade secret matter. Management considers this income to be infrequent and affecting comparability of results between reporting periods.
- 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 Year						39 Weeks Ended			
	2012		2011		2010		November 1, 2013		October 26, 2012	
	\$'s	% of Net Sales	\$'s	% of Net Sales	\$'s	% of Net Sales	\$'s	% of Net Sales	\$'s	% of Net Sales
Net income	\$ 49,827	3.1%	\$ 76,234	4.4%	\$121,264	7.3%	\$32,904	3.2%	\$24,091	2.3%
Income tax expense	32,243	2.0%	45,669	2.6%	72,365	4.4%	20,747	2.0%	15,679	1.5%
Other (income), net	(67)	—	(95)	—	(45)	—	(33)	—	(66)	—
Operating income	82,003	5.2%	121,808	7.1%	193,584	11.7%	53,618	5.2%	39,704	3.8%
Depreciation and amortization	23,121	1.5%	22,686	1.3%	21,963	1.3%	16,253	1.6%	16,618	1.6%
Restructuring costs	2,479	0.2%	—	—	—	—	—	—	1,951	0.2%
Gain on litigation settlement	—	—	—	—	(9,051)	(0.5%)	—	—	—	—
Loss on sale of property and equipment	70	—	502	—	2	—	59	—	65	—
Adjusted EBITDA	<u>\$107,673</u>	<u>6.8%</u>	<u>\$144,996</u>	<u>8.4%</u>	<u>\$206,498</u>	<u>12.5%</u>	<u>\$69,930</u>	<u>6.8%</u>	<u>\$58,338</u>	<u>5.6%</u>

39-Week Period Ended November 1, 2013 Compared to the 39-Week Period Ended October 26, 2012

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 total revenue of merchandise sales and services, net. For our Retail segment, we use same store sales as a key measure in evaluating performance. Same store sales amounts within the following discussion include sales for all stores operating for a period of at least 12 full months where selling square footage has not changed by 15% or more within the past year. 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 or reduction are excluded from same store 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.

Merchandise Sales and Services, Net

Total revenues for the 39 weeks ended November 1, 2013 were \$1,032.4 million, compared to \$1,040.4 million in the same period of the prior year, a decrease of \$8.0 million, or 1%. The decrease was attributable to a decrease in our Retail segment revenue of \$16.7 million partially offset by an increase in our Direct segment revenue of \$8.7 million.

Direct segment revenues were \$860.8 million for the 39 weeks ended November 1, 2013, an increase of \$8.7 million, or 1% from the prior year. The increase in Direct segment revenues was driven by increases in our U.S. businesses of \$22.9 million, partially offset by a decrease in our International business of \$14.2 million.

Retail segment revenues were \$171.6 million for the 39 weeks ended November 1, 2013, a decrease of \$16.7 million, or 9% from the prior year. Same store sales decreased 8% compared to the prior year. Retail segment revenues decreased across apparel and home products.

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Gross Margin

Total gross margin was \$478.7 million, or 46.4% of total revenues, compared to \$487.2 million, or 46.8% of total revenues, for the 39 weeks ended November 1, 2013 and October 26, 2012, respectively.

Direct segment gross margin was \$405.0 million, or 47.0% of total Direct segment revenues, compared to \$406.3 million, or 47.7% of total Direct segment revenues for the 39 weeks ended November 1, 2013 and October 26, 2012, respectively. The Direct segment gross margin rate decreased 70 basis points. The decrease was primarily due to increased markdowns in our International and U.S. consumer businesses in response to increased promotional activity in the marketplace as a result of an unseasonably cold spring, partially offset by improved customer response to our fall merchandise strategy changes.

Retail segment gross margin was \$73.7 million, or 42.9% of total Retail segment revenues, compared to \$80.8 million, or 42.9% of total Retail segment revenues for the 39 weeks ended November 1, 2013 and October 26, 2012, respectively. Retail segment gross margin rate remained flat for the 39 weeks ended November 1, 2013 and October 26, 2012.

Selling and Administrative Expenses

Selling and administrative expenses were \$408.8 million for the 39 weeks ended November 1, 2013 compared to \$430.8 million for the comparable period in the prior year. The decrease of \$22.0 million in selling and administrative expense was primarily due to declines in payroll, third-party costs and the favorable impact in 2013 of restructuring costs incurred in 2012.

Selling and administrative expenses as a percentage of total revenues were 39.6% for the 39 weeks ended November 1, 2013 and 41.4% for the 39 weeks ended October 26, 2012. The decrease was primarily due to increased leverage as a result of the declines noted above and the impact of the restructuring activities.

Operating Income

We recorded operating income of \$53.6 million in the 39 weeks ended November 1, 2013, compared to operating income of \$39.7 million in the 39 weeks ended October 26, 2012. The increase in operating income of \$13.9 million was primarily driven by lower selling and administrative expenses partially offset by the impact of lower revenues at a lower gross margin rate.

Adjusted EBITDA

Adjusted EBITDA was \$69.9 million in the 39 weeks ended November 1, 2013, compared to Adjusted EBITDA of \$58.3 million in the 39 weeks ended October 26, 2012. The increase was primarily driven by the increase in operating income of \$13.9 million described above partially offset by the impact of the \$2.0 million of restructuring costs in the 39 weeks ended October 26, 2012.

Income Tax Expense

Our effective tax rate was 38.7% and 39.4% for the 39 weeks ended November 1, 2013 and October 26, 2012, respectively. The decreased rate was primarily due to lower effective state tax rates for our Direct segment.

2012 Compared to 2011

Merchandise Sales and Services, Net

Total revenues for 2012 were \$1.6 billion, compared to \$1.7 billion in the prior year, a decrease of \$139.7 million, or 8%. The Company recorded approximately \$24.0 million in revenues during the 53rd week of 2012. The decrease was attributable to decreases in our Direct segment of \$123.9 million and our Retail segment of \$15.7 million.

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Direct segment revenues were \$1.3 billion in 2012, a decrease of \$123.9 million, or 9%, compared to 2011. The decrease in Direct segment revenues was due to lower sales in our U.S. consumer and International businesses of \$147.9 million, primarily due to lower revenue from our fall/winter assortment resulting from changes in our merchandising strategy, partially offset by growth in our School Uniform and Lands' End Business Outfitters business of \$24.0 million.

Retail segment revenues were \$281.8 million in 2012, a decrease of \$15.7 million, or 5%, compared to 2011. Same store sales decreased 3% compared to the prior year. Retail segment revenues declined primarily due to a decrease in same store sales and were also impacted by the closure of 13 Lands' End Shops at Sears, which accounted for approximately \$7.2 million of the decline. Sales were affected in the second half of the year due to lower than expected sales of our fall/winter product assortment as a result of changes to our merchandising strategy.

Gross Margin

Gross margin for 2012 was \$704.1 million, or 44.4% in 2012, compared to \$766.0 million or 44.4% in the prior year.

Direct segment gross margin was \$598.0 million, or 45.9% of total Direct segment revenues, compared to \$645.6 million or 45.2% of total Direct segment revenues for 2012 and 2011, respectively. The Direct segment gross margin rate improved 70 basis points in 2012 primarily in our U.S. consumer business due to lower markdowns, partially offset by increased markdowns in our International business.

Retail segment gross margin was \$106.0 million, or 37.6% of total Retail segment revenues, compared to \$120.1 million or 40.4% of total Retail segment revenues for 2012 and 2011, respectively. The Retail segment gross margin rate decreased 280 basis points primarily due to increased markdowns as a result of a competitive marketplace.

Selling and Administrative Expenses

Selling and administrative expenses were \$598.9 million for 2012 compared to \$621.0 million for the prior year. The decrease of \$22.1 million was primarily due to lower advertising expenses and decreases in variable expenses resulting from lower revenues, partially offset by higher information technology project expenses and the impact of corporate restructuring costs associated with a call center and administrative reorganization of approximately \$2.5 million.

Selling and administrative expenses as a percentage of total revenues were 37.8% in 2012 and 36.0% in 2011. This increase was primarily driven by lower leverage of fixed costs due to the lower revenues noted above.

Operating Income

We recorded operating income of \$82.0 million in 2012, compared to operating income of \$121.8 million in 2011. The decline in operating income of \$39.8 million was primarily driven by the overall lower revenues.

Adjusted EBITDA

Adjusted EBITDA was \$107.7 million for 2012, compared to Adjusted EBITDA of \$145.0 million for 2011. The decrease was primarily driven by the decrease in operating income of \$39.8 million, partially offset by the exclusion of the corporate restructuring costs of approximately \$2.5 million described above.

Income Tax Expense

Our effective tax rate was 39.3% in 2012 compared to 37.5% in 2011. The increased rate was primarily due to increased effective state tax rates for our Direct segment.

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2011 Compared to 2010

Merchandise Sales and Services, Net

Total revenues were \$1.73 billion for 2011, compared to \$1.66 billion in the prior year, an increase of \$70.0 million, or 4%. The increase was attributable to an increase in our Direct segment of \$48.6 million as well as an increase in our Retail segment of \$21.6 million.

Direct segment revenues were \$1.4 billion in 2011, an increase of \$48.6 million, or 4%, from the prior year. The increase in Direct segment revenues was primarily driven by higher sales in all of our businesses.

Retail segment revenues were \$297.5 million in 2011, an increase of \$21.6 million, or 8%, from the prior year. Same store sales increased 8%. Retail segment revenues increased primarily due to an expanded product assortment.

Gross Margin

Total gross margin for 2011 was \$766.0 million compared to \$822.0 million in the prior year. As a percentage of total revenues, gross margin declined to 44.4% of total revenues in 2011 compared to 49.6% in 2010.

Direct segment gross margin was \$645.6 million, or 45.2% of total Direct segment revenues, compared to \$704.3 million, or 51.1% of total Direct segment revenues, for 2011 and 2010, respectively. The Direct segment gross margin rate decreased 590 basis points in 2011, mainly due to higher commodity costs and increased markdowns primarily in our U.S. consumer and International businesses.

Retail segment gross margin was \$120.1 million, or 40.4% of total Retail segment revenues, compared to \$117.1 million or 42.5% of total Retail segment revenues for 2011 and 2010, respectively. The Retail segment gross margin rate decreased 210 basis points in 2011 primarily due to higher commodity costs and increased markdowns.

Selling and Administrative Expenses

Our selling and administrative expenses increased \$5.6 million in 2011 to \$621.0 million. This increase was predominately due to higher payroll-related expenses.

Selling and administrative expenses as a percentage of revenues were 36.0% for 2011 and 37.2% for 2010 and decreased as a result of improved leverage given the sales increase noted above.

Other Operating (Income) Expense, Net

Other operating (income) expense, net decreased \$9.6 million to an expense of \$0.5 million. This decrease reflects the impact of a favorable litigation settlement of \$9.1 million in 2010 relating to a breach of contract and trade secret matter.

Operating Income

We recorded operating income of \$121.8 million in 2011, compared to operating income of \$193.6 million in 2010. The decline in operating income of \$71.8 million was primarily the result of a decline in our gross margin rate and the impact of a gain on litigation in 2010, partially offset by higher sales volume in 2011.

Adjusted EBITDA

Adjusted EBITDA was \$145.0 million for 2011, compared to Adjusted EBITDA of \$206.5 million for 2010. The decrease was primarily driven by the decrease in operating income of \$71.8 million, partially offset by the exclusion of the gain on litigation settlement of \$9.1 million described above.

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Income Taxes

Our effective tax rate for the year was 37.5% and 37.4% in 2011 and 2010, respectively.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures and for general corporate purposes. Our working capital needs have been met primarily through funds generated from operations, with additional funding from our parent company to meet short-term working capital needs, mainly for our seasonal inventory builds. Our parent company uses a centralized approach to its U.S. domestic cash management and financing of its operations. The majority of our cash is transferred to the parent company daily and the parent company has been our only source of funding for our operating and investing activities. The principal methods by which our parent company funds Lands' End is to cover corporate and other expenses and to fund our seasonal inventory builds. In 2012, contributions to fund our seasonal inventory build were approximately \$45 million. These contributions were more than offset by distributions made by Lands' End to the parent company primarily from cash flows from our operations. Net distributions of funds were made to the parent company in the amounts of \$68.8 million, \$5.3 million and \$117.3 million, in 2012, 2011, and 2010, respectively. Lands' End is in the process of pursuing an ABL Facility, which would serve as a source of liquidity, including for our short-term working capital needs, following the spin-off. We believe that our cash flow from operations and any other financing arrangements entered into in connection with the spin-off will provide adequate resources to meet our capital requirements and operational needs for the next fiscal year. Beyond the next fiscal year, we believe that our cash flow from operations, along with prospective financing arrangements entered into in connection with the spin-off or otherwise, will be adequate to meet our capital requirements and operational needs. Cash generated from our net sales 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 merchandise sales and operating cash flows occurring in the fourth fiscal quarter of each year.

Description of Material Indebtedness

From and after the spin-off, each of Lands' End and Sears Holdings will generally, pursuant to a separation and distribution agreement and other agreements we will enter into with Sears Holdings or its subsidiaries, be responsible for the debts, liabilities and obligations related to the businesses it owns and operates following completion of the spin-off. See "Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off."

ABL and Term Loan Facilities

In connection with the spin-off, we are pursuing the ABL Facility, which would provide for maximum borrowings of approximately \$175 million for Lands' End, subject to a borrowing base, with a \$30 million subfacility for a United Kingdom subsidiary borrower of Lands' End (the "UK Borrower"). We expect the ABL Facility to have a letter of credit sub-limit of approximately \$70 million for domestic letters of credit and a letter of credit sub-limit of approximately \$15 million for letters of credit for the UK Borrower. The ABL Facility will be available following the spin-off for working capital and other general corporate purposes, and is expected to be undrawn at closing, other than for letters of credit.

Lands' End is also pursuing a Term Loan Facility of approximately \$515 million, the proceeds of which we expect will be used to pay a dividend of \$500 million to Sears Holdings or one of its subsidiaries immediately prior to the consummation of the spin-off and to pay fees and expenses associated with the Facilities. We do not expect the financing transactions we enter into in connection with the spin-off, including the payment of the dividend to Sears Holdings and regular interest and debt service payments under the Term Loan, to significantly impact our cash flow requirements for 2014, subject to an event of default pursuant to the terms of the financing

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transactions that could cause the acceleration of our debt if not cured or waived. We expect our operating free cash flows combined with cash on hand to be sufficient to meet our working capital needs, with anticipated borrowings under the ABL Facility only for seasonal inventory needs, which we expect to repay prior to the fiscal year-end.

Maturity; Amortization and Prepayments

The ABL Facility is expected to mature on the five year anniversary of the closing date of the facility. The Term Loan Facility is expected to mature on the seven year anniversary of the closing date of the facility and it is expected to amortize at a rate equal to 1% per annum, and to be subject to mandatory prepayment in an amount equal to a percentage of the borrower's excess cash flows in each fiscal year and with the proceeds of certain asset sales.

Guarantees; Security

All domestic obligations under the Facilities will be unconditionally guaranteed by Lands' End and, subject to certain exceptions, each of its existing and future direct and indirect domestic subsidiaries. In addition, the obligations of the UK Borrower under the ABL Facility will be guaranteed by its existing and future direct and indirect subsidiaries organized in the United Kingdom. The ABL Facility will be 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 will be secured by a second priority security interest in the same collateral, with certain exceptions.

The Term Loan Facility also will be 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 ABL Facility will be secured by a second priority security interest in the same collateral.

Interest; Fees

The interest rates per annum applicable to the loans under the Facilities are expected to be based on a fluctuating rate of interest measured by reference to, at the borrowers' election, either (1) an adjusted London inter-bank offered rate (LIBOR) plus a borrowing margin, or (2) an alternative base rate plus a borrowing margin. The borrowing margin will be fixed for the Term Loan Facility, but for the ABL Facility it is expected to be subject to adjustment based on the average excess availability under the facility for the preceding fiscal quarter.

Customary fees are expected to be payable in respect of both facilities. The ABL Facility fees will include letter of credit fees and commitment fees.

Representations and Warranties; Covenants

The Facilities will 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 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 ABL Facility falls below a certain level, we expect to be required to comply with a minimum fixed charge coverage ratio.

Both Facilities are expected to 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.

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Events of Default

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

Cash Flows from Operating Activities

Net cash used in operating activities was \$10.9 million and \$32.9 million for the 39 weeks ended November 1, 2013 and October 26, 2012, respectively. The decrease in net cash used in operating activities was mainly a result of higher net income and lower working capital requirements for the 39 weeks ended November 1, 2013 compared to the prior year.

Operating activities generated net cash of \$96.2 million, \$14.5 million and \$142.8 million in 2012, 2011 and 2010, 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 2012, net cash provided by operating activities increased \$81.7 million compared to 2011 primarily due to decreases in net inventory levels as a result of improved inventory management coupled with increases in accounts payable due to timing and volume of payments partially offset by a decrease in net income.

In 2011, net cash provided by operating activities decreased \$128.3 million compared to 2010 primarily due to increases in net inventory, decreases in net income and decreases in accounts payable partially offset by increases in other operating liabilities.

Cash Flows from Investing Activities

Net cash used in investing activities was \$3.6 million for the 39 weeks ended November 1, 2013 and \$8.8 million for the prior year. Cash used in investing activities was primarily for purchases of property and equipment and computer software.

Net cash used in investing activities was \$14.9 million, \$15.0 million and \$19.1 million for 2012, 2011 and 2010, respectively. Cash used in investing activities in all three years was primarily used for purchases of property and equipment. In 2010, we expanded warehouse capabilities in the United Kingdom, as well as enhanced our distribution centers in the United States.

For 2013, we plan to invest a total of approximately \$10.4 million in capital expenditures, investing primarily in information technology and distribution center infrastructure.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$2.7 million and \$37.7 million for the 39 weeks ended November 1, 2013 and October 26, 2012, respectively. Financing activities represented intercompany activity with Sears Holdings.

Net cash used in financing activities was \$68.8 million, \$5.3 million and \$117.3 million in 2012, 2011 and 2010, respectively. Financing activities in all three years represented intercompany activity with our parent company.

[Table of Contents](#)**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 under contingent commitments, as of February 1, 2013, is aggregated in the following table:

<i>(in thousands)</i>	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Operating leases ⁽¹⁾	\$169,506	\$ 31,103	\$56,285	\$52,732	\$29,386
Postretirement funding obligations	2,231	200	328	298	1,405
Purchase obligations ⁽²⁾	217,209	217,209	—	—	—
Total contractual obligations	<u>\$388,946</u>	<u>\$248,512</u>	<u>\$56,613</u>	<u>\$53,030</u>	<u>\$30,791</u>

- (1) Operating lease obligations consist primarily of future minimum lease commitments related to store operating leases (refer to “Note 4—Leases” of our combined financial statements).
- (2) Purchase obligations primarily represent open purchase orders to purchase inventory.

At the end of 2012, Lands’ End had gross unrecognized tax benefits of \$8.5 million, which are not reflected in the table above. Lands’ End and Sears Holdings will enter into a tax sharing agreement prior to the separation which will govern the rights and obligations of the parties with respect to pre-separation and post-separation tax matters. Under the tax sharing agreement, Sears Holdings will be responsible for any U.S. federal or state income tax liability and Lands’ End will be responsible for any foreign income tax liability relating to tax periods ending on or before the separation. For all periods after the separation, Lands’ End will be responsible for any federal, state or foreign tax liability.

Financial Instruments with Off-Balance-Sheet Risk

On October 21, 2002, we entered into a letter of credit facility (the “LC Facility”) with Bank of America (“BofA”) pursuant to which BofA may, on a discretionary basis and with no commitment, agree to issue letters of credit upon our request in an aggregate amount not to exceed \$5 million for inventory purchases. The terms for the letters of credit issued under the LC Facility are “at site” and are secured by a standby letter of credit, with an expiration date of less than one year, issued by Sears Roebuck Acceptance Corp. (“SRAC”), a wholly owned subsidiary of Sears Holdings, on our behalf for the benefit of BofA. BofA or Lands’ End may terminate the LC Facility at any time. Outstanding letters of credit balances under the LC Facility were \$2.9 million and \$5.0 million as of November 1, 2013 and February 1, 2013, respectively. Upon completion of the separation, we anticipate that Sears Holdings will terminate its support of the LC Facility and that SRAC will no longer issue letters of credit to secure the LC Facility.

From time to time, at our request, Sears Holdings causes standby letters of credit to be issued for our benefit under Sears Holdings’ revolving credit facility. There were \$6.9 million and \$2.4 million in standby letter of credit issuances as of November 1, 2013 and February 1, 2013, respectively. Upon completion of the separation, we anticipate that Sears Holdings will no longer cause letters of credit to be issued for our benefit. Lands’ End is in the process of pursuing the ABL Facility, which would provide for the issuance of letters of credit and otherwise serve as a source of liquidity following the spin-off. Any such facility would be described in an amendment to this information statement.

We participate in the Sears Private Label Letters of Credit program, which provides up to \$50.0 million for vendor financing as an alternative to bank-issued letters of credit or standby letters of credit. There were no outstanding balances as of November 1, 2013 and February 1, 2013. We plan to terminate our participation in this program upon the completion of the spin-off.

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In addition, Lands' End has a foreign subsidiary credit facility that is supported by a Lands' End, Inc. guarantee, which totals \$2.9 million. This credit facility guarantees and allows for deferred payment of custom duties and fulfills short-term in-country borrowing needs. This credit facility was not utilized during the 39 weeks ended November 1, 2013 and during the fiscal years ended 2012, 2011, and 2010.

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 U.S. dollars, and is expected to continue to be transacted in U.S. dollars or U.S. dollar-based currencies. As of November 1, 2013, we had \$11.9 million of cash denominated in foreign currencies, principally in Euros and British Pounds Sterling. We do not enter into financial instruments for trading purposes and have not used, and currently do not anticipate using, any derivative financial instruments. We do not consider our foreign earnings to be permanently reinvested.

Application of Critical Accounting Policies and Estimates

Our combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and judgments that affect amounts reported in the combined 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 combined financial statements. We believe the accounting policies discussed below represent the accounting policies we apply that are the most critical to understanding our combined 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. 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 \$28.0 million and \$28.2 million as of February 1, 2013 and January 27, 2012, respectively. For the inventory marked down to net realizable value, a one percentage point increase in our adjustment rate at February 1, 2013 would have had an immaterial impact on our combined financial statements.

Goodwill and Intangible Asset Impairment Assessments

Goodwill, trade names and other intangible assets are generally tested separately for impairment on an annual basis, or are evaluated for impairment whenever events or changes in circumstances indicate that the

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carrying amount may not be recoverable. The majority of our goodwill and intangible assets relate to Kmart's acquisition of Sears Roebuck in March 2005. The calculation for an impairment loss compares the carrying value of the asset to that asset's estimated fair value, which may be based on estimated future discounted cash flows or quoted market prices. We recognize an impairment loss if the asset's carrying value exceeds its estimated fair value.

Frequently our impairment loss calculations contain multiple uncertainties because they require management to make assumptions and to apply judgment to estimate future cash flows and asset fair values, including forecasting cash flows under different scenarios. As required by accounting standards, we perform annual goodwill and indefinite-lived intangible asset impairment tests on the last day of our 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. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to losses that could be material.

Goodwill impairment assessments. Our goodwill resides in the Direct reporting unit. The goodwill impairment test involves a two-step process. The first step is a comparison of the reporting unit's fair value to its carrying value. We estimate fair value using the best information available, using both a market approach, as well as a discounted cash flow model, commonly referred to as the income approach. The market approach determines the 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. This approach therefore assumes strategic initiatives will result in improvements in operational performance in the event of purchase, and includes the application of a discount rate based on market participant assumptions with respect to capital structure and access to capital markets. 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 our reporting unit. The projection uses management's best estimates of economic and market conditions over the projected period, including growth rates in sales, 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. Our final estimate of the fair value of the reporting unit is developed by weighting the fair values determined through both the market participant and income approaches, where comparable market participant information is available.

If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of impairment loss. The amount of impairment is determined by comparing the implied fair value of the reporting unit goodwill to the carrying value of the goodwill in the same manner as if the reporting unit was being acquired in a business combination. Specifically, we allocate the fair value to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, we record an impairment charge for the difference.

During 2012, 2011 and 2010, the fair value of the reporting unit exceeded the carrying value and, as such, we did not record any goodwill impairment charges.

The use of different assumptions, estimates or judgments in the first step of the goodwill impairment testing process, such as the estimated future cash flows of our reporting units, the discount rate used to discount such cash flows, and the market multiples of comparable companies, could significantly increase or decrease the estimated fair value of a reporting unit. At the 2012 annual impairment test date, the conclusion that no indication of goodwill impairment existed for the reporting unit would not have changed had the test been conducted assuming: (1) a 100 basis point increase in the discount rate used to discount the aggregate estimated cash flows of our reporting units to their net present value in determining their estimated fair values and/or (2) a 100 basis point decrease in the estimated sales growth rate and/or terminal period growth rate.

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Based on our sensitivity analysis, we do not believe that the goodwill balance is at risk of impairment because the fair value is substantially in excess of the carrying value and not at risk of failing step one. However, 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 one or more reporting units.

Indefinite-lived intangible asset impairment assessments. We review our indefinite-lived intangible asset, primarily the Lands' End trade name, for impairment by comparing the carrying amount of the asset to the sum of undiscounted cash flows expected to be generated by the asset. 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 sales stream and discounting the resulting cash flows to determine a value. We multiplied the selected royalty rate by the forecasted net sales 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. We did not record any intangible asset impairment charges in 2012, 2011 or 2010.

The use of different assumptions, estimates or judgments in our intangible asset impairment testing process, such as the estimated future cash flows of assets and the discount rate used to discount such cash flows, could significantly increase or decrease the estimated fair value of the asset, and therefore, impact the related impairment charge. At the 2012 annual impairment test date, the above-noted conclusion that no indication of intangible asset impairment existed at the test date would not have changed had the test been conducted assuming: (1) a 100 basis point increase in the discount rate used to discount the aggregate estimated cash flows of our assets to their net present value in determining their estimated fair values (without any change in the aggregate estimated cash flows of our intangibles), (2) a 100 basis point decrease in the terminal period growth rate without a change in the discount rate of each intangible, or (3) a 10 basis point decrease in the royalty rate applied to the forecasted net sales stream of our assets.

Based on our sensitivity analysis, we do not believe that the indefinite-lived intangible asset balance is at risk of impairment at the end of the year because the fair values are substantially in excess of the carrying values. However, indefinite-lived intangible asset 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, deterioration in our performance or our future projections, or changes in our plans for our indefinite-lived intangible asset.

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.

For purposes of these combined financial statements, the tax provision represents the tax attributable to these operations as if it were required to file a separate tax return. In cases where the actual cash taxes are paid by another subsidiary of Sears Holdings, the related taxes payable and tax payments are reflected directly in parent company equity.

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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. We are subject to periodic audits by the Internal Revenue Service and other state and local taxing authorities. These audits may challenge certain of our tax positions such as the timing and amount of income and deductions and the allocation of taxable income to various tax jurisdictions. Lands' End 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 combined statements of comprehensive operations.

Lands' End and Sears Holdings will enter into a tax sharing agreement prior to the separation which will generally govern Sears Holdings' and Lands' End's respective rights, responsibilities and obligations after the separation with respect to liabilities for U.S. federal, state, local and foreign taxes attributable to the Lands' End business. In addition to the allocation of tax liabilities, the tax sharing agreement will address the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Generally, Sears Holdings will be liable for all pre-separation U.S. federal, state and local income taxes. Lands' End generally will be liable for all other income taxes attributable to its business, including all foreign taxes.

Description of Material Indebtedness

From and after the spin-off, each of Lands' End and Sears Holdings will generally, pursuant to a separation and distribution agreement and other agreements we will enter into with Sears Holdings or its subsidiaries, be responsible for the debts, liabilities and obligations related to the businesses it owns and operates following completion of the spin-off. See "Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off."

In connection with the spin-off, we are pursuing an ABL Facility which would provide for maximum borrowings of approximately \$175 million with a letter of credit sub-limit and a Term Loan Facility of approximately \$515 million. We expect that the proceeds of the Term Loan Facility will be used to pay a dividend of \$500 million to Sears Holdings or one of its subsidiaries immediately prior to the consummation of the spin-off and to pay fees and expenses associated with the Facilities. The ABL Facility would be available following the spin-off for working capital and other general corporate purposes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Description of Material Indebtedness."

BUSINESS

Overview

Lands' End 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 standalone Lands' End Inlet 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 50 years ago 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."

In 2012, we generated revenue of approximately \$1.6 billion. Our revenues are generated worldwide through an international, multi-channel network in the United States, Canada, United Kingdom, Germany, France, Austria and Japan. This network reinforces and supports sales across the multiple channels in which we do business. In 2012, sales outside the United States totaled approximately \$259.3 million, or 16.3% of revenue.

We operate in two reportable segments, Direct (sold through e-commerce websites and direct-mail catalogs, which in 2012 comprised approximately 82% of our revenue, or \$1.3 billion) and Retail (sold through stores, which in 2012 comprised approximately 18% of our revenue, or \$281.8 million), and we offer merchandise that includes men's, women's and kids' apparel, outerwear and swimwear; specialty apparel; accessories; footwear; and home products. Historically, catalogs have been our primary source of sales. Over time, we have expanded our Direct sales through the Internet and created a Retail segment to bring the Lands' End catalog to life. Online sales represented approximately 80% of our U.S. consumer revenue in 2012, up from approximately 20% in 2002. In addition, Lands' End Business Outfitters offers business casual apparel and an extensive variety of promotional products that can be embroidered to enhance a partner company's image. Lastly, the Lands' End School Uniform business provides high-quality school uniforms and school-appropriate clothing designed to meet dress-code requirements.

Lands' End was founded in Chicago by Gary Comer in 1963. Lands' End, Inc. was incorporated in Delaware in 1986 and in June 2002 was acquired by Sears Roebuck, a company that is now a wholly owned subsidiary of Sears Holdings. The address of our principal executive offices is 1 Lands' End Lane, Dodgeville, Wisconsin 53595. Our telephone number is (608) 935-9341.

We believe that Lands' End has a deeply rooted tradition of offering excellent quality, value and service along with the Lands' End guarantee, and we seek to reflect that tradition in all of our merchandise. Any item associated with our name falls under our unconditional return policy of Guaranteed. Period.[®] The Lands' End guarantee reads: "If you're not satisfied with any item, simply return it to us at any time for an exchange or refund of its purchase price."

Our Strengths

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

Large, loyal customer base. We believe that a principal factor in our success to date has been the development of our list of existing and prospective households, many of whom were identified by their responses to our advertising. We routinely update and refine our customer list prior to individual catalog and email mailings and monitor customer interest in our offerings as reflected by criteria such as the timing and frequency of

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purchases and the dollar amount of and types of products purchased. We believe our customer list has desirable demographic characteristics for current performance and future growth and is well-suited to the range of products offered by us. We believe our customer base consists primarily of affluent, college-educated, professional and style-conscious women and men. In 2012, the average annual household income of our customers was approximately \$104,000 and approximately 47% of our customers were within the 36–55 age group, according to an analysis of our customer file prepared by our third-party consumer information provider using its proprietary demographic, behavioral, lifestyle, financial and home attribute databases.

Innovative yet timeless products. We seek to develop new, innovative products for our customers by utilizing modern fabrics and quality construction to create timeless, affordable styles with consistently 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 being fashionable. From a design and merchandising perspective, we seek to balance our product offerings to provide the right combination of classic styles alongside modern touches that are consistent with current trends. We believe that we have had success adding relevant, timeless items into our product assortment, many of which have become customer favorites. We devote significant time and resources to quality assurance 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.

Excellent customer service. We are firmly 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. We believe that we were the first apparel retailer to offer shoppers a toll-free number and the first apparel retailer to have an e-commerce-enabled website, which we launched in 1995. We believe that we have been at the forefront of many online innovations in our industry, such as online chat and personalization features. Today, Lands' End is focused on making the shopping experience as easy and personalized as possible, regardless of whether our customers shop online, by phone or in one of our Lands' End Shops at Sears. Our operations, including prompt order fulfillment, responsiveness to our customers' requests and our unconditional return policy of Guaranteed. Period.[®], 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. Lands' End is often recognized in the industry for outstanding customer service; for example, beginning in 2006, the National Retail Federation recognized Lands' End as one of the top retailers for customer service for the six consecutive years in which the ranking was published.

Digital transformation. As one of the first apparel retailers to establish an online e-commerce presence, we believe that we have a strong track record as a leader of digital innovation in the apparel industry. One of our strategic goals is to optimize the digital shopping experience for our customers and develop new ways to engage consumers through our e-commerce platforms. To this end, we have launched our Paper to Digital initiative, which is dedicated to delivering the catalog experience through digital channels. Highlights of our Paper to Digital initiative include:

- *Responsive design*, a cross-platform experience that allows our customers to shop www.landsend.com across a variety of devices, including laptops and tablets. Responsive design for smart phones is currently scheduled to launch in 2014.
- *An enhanced site merchandising and search capabilities tool*, which seeks to provide a more thoughtful and productive shopping experience via www.landsend.com, allowing us to better engage with our customers by providing seamless navigation to find merchandise by product attributes, as well as specific sizes. We continue to improve this tool and intend to enhance our “fit solutions” to deliver the optimal shopping experience.
- *Outfitting*, the expansion of outfitting options for our customers. Select merchandise categories are accompanied by a compilation of “favorite looks” or “one item three ways” to show our customers how

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different pieces can be incorporated into a wardrobe. These looks are featured on our website and in our emails. Additionally, customers receive product recommendations on our website and via email based on past purchase and browsing history.

- *Digital catalogs*, which allow prospective and existing customers to view and download digital versions of our print catalogs via desktop and tablet. Our catalogs can be viewed at www.landsend.com. Additionally, our catalogs are featured on various third-party digital catalog sites through our affiliate program.
- *Social media*, the opportunity to engage with our customers on social sharing platforms. With over one million Facebook “fans,” the Lands’ End Facebook page is a place for our fans to receive exclusive fan-only offers, behind-the-scenes information and a first look at our newest styles. Lands’ End customers are also engaged via Shop Your Way, a social shopping and networking platform that allows members to receive personalized coupons, participate in sweepstakes, build custom catalogs and share with friends.
- *Apostrophe*, Lands’ End digital customer publication, was launched in fall 2013. Published quarterly on www.landsend.com, *Apostrophe* features fashion and lifestyle articles and highlights the people behind our brand via employee profiles. Our goal is to use *Apostrophe* to promote our products and attract new customers to our brand.

Worldwide distribution infrastructure and opportunity for continued geographic penetration and expansion. We have been operating our business internationally since the mid-1980s. We currently conduct business in seven countries and ship our products to approximately 157 countries around the world. We believe that we have established extensive direct sales, distribution and customer service capabilities with our in-country offices in the United Kingdom (established 1993), Japan (established 1994) and Germany (established 1996). In addition to our operations in the United Kingdom, Japan and Germany, we also have catalog and e-commerce channels in Austria, France and Canada.

In September 2013, Lands’ End launched a global extension of our core e-commerce platform, allowing international customers to view pricing and place orders in 60 local currencies at www.landsend.com.

We believe that continued penetration in our existing markets and our intended international expansion will drive growth in our business worldwide. We are focused on creating a digital presence for Lands’ End in new markets while also leveraging third-party retailer relationships worldwide.

Retail partnership with Sears Holdings. Beginning in fall 2002, Sears Roebuck rolled out Lands’ End apparel and footwear in its stores. In 2005, Lands’ End developed and opened the first Lands’ End Shop at Sears. Today, there are Lands’ End Shops at Sears located in select Sears stores across the United States. Each Lands’ End Shop at Sears features an assortment of products optimized for its location, with most stores offering a variety of men’s, women’s and kids’ apparel and accessories, personalized service, enhanced visual displays and a shopping lounge where customers can search all of our Lands’ End offerings via the Internet and our catalog. Our customers receive free shipping on any orders placed from these stores. Through this integration of our retail and digital presences, we seek to deliver a world-class, multi-channel shopping experience. In 2012, the Lands’ End Shops at Sears accounted for 16% of our total revenues.

Partnership with Shop Your Way. As a Shop Your Way business partner, we are able to leverage Shop Your Way, an innovative social shopping and networking platform, to strengthen our relationships with our customers that are Shop Your Way members. Currently, approximately 75% of all retail purchases at Lands’ End Shops at Sears are made by Shop Your Way members. Members can earn reward points when they purchase program-eligible merchandise through both our Direct and Retail segments. Members can also redeem points as a form of payment for merchandise sold through both our Direct and Retail segments. Members can engage with us on the Shop Your Way social shopping platform at www.shopyourway.com or via the Shop Your Way mobile app. Through this platform, members gain access to personalized coupons, participate in sweepstakes, build custom catalogs and share with friends.

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Experienced management team. Our current management team will continue to manage Lands' End following the spin-off. Our executive management team, which is composed of the individuals named under "Management," has an average of nearly 25 years of experience in the retail, direct-to-consumer and consumer product industries in the United States and abroad. Our management team is well positioned to pursue our objective of increasing profitability and stimulating growth. See "Management."

Sustainable practices. We have made sustainability a key initiative in our business. We have worked towards conserving resources for nearly 50 years and are committed to finding sustainable approaches to doing business. We established a corporate-wide GoGreen Committee in 2009 that focuses on sustainable initiatives. See "—Environmental Matters" below.

- Lands' End utilizes paper from sustainably managed forests. Our catalog covers contain 10% post-consumer waste. The remainder of our catalog paper contains 100% chain-of-custody-certified fiber. This paper is third-party certified through programs such as the Programme for the Endorsement of Forest Certification, the Sustainable Forestry Initiative and the Forest Stewardship Council.
- In 2012, we reused or recycled 88% of waste generated at our corporate headquarters.
- Lands' End has formed a strategic partnership with the National Forest Foundation and funded the planting of trees in the national forests in northern Wisconsin and Michigan's Upper Peninsula.

Our Strategies

We continue to develop Lands' End into a more global lifestyle brand through five avenues of growth:

Continue our digital transformation. Our continued digital transformation is intended to allow us to accelerate our acquisition of new customers by improving our ability to communicate digitally with prospective customers while reducing operating expenses related to paper, printing and postage. Approximately 80% of our U.S. Direct business is already conducted online and our goal is to continue this transition by emphasizing the benefits of our online experience.

Increase our product offerings. We plan to improve and expand several product lines that we believe are currently under-represented in our product mix. We intend to expand these categories of our business by developing a larger and more diverse selection of footwear, handbags, small leather goods and fashion accessories so that these product lines represent a larger percentage of our total consumer business.

Expand our international business. Outside the United States, we currently operate our business in Canada, Northern and Central Europe and Japan. We plan to increase our sales in our existing international markets and develop a presence in other areas of Europe (such as Switzerland, Russia and Scandinavia) and Asia (particularly China).

Optimize and develop our retail business. We intend to focus on increasing sales productivity in our existing Lands' End Shops at Sears in the United States and to explore additional retail opportunities.

Grow Lands' End Business Outfitters and School Uniforms. Over the last 20 years, Lands' End Business Outfitters has grown to become a trusted brand partner for companies of all sizes by offering quality apparel, uniforms and related business gift and promotional products. With an expansive, state-of-the-art embroidery operation, we service tens of thousands of clients, including major airlines, financial institutions and the hospitality industry, offering branded tailored and business casual apparel for office wear, trade shows, company events and more.

In addition to apparel, Lands' End Business Outfitters offers an extensive variety of business gift and promotional products to enhance a partner company's image and message. The Lands' End Business Outfitters model enables us to introduce quality Lands' End products to new audiences and acquire new customers through business channels ranging from single entrepreneurs to members of the Fortune 500®.

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As part of Lands' End Business Outfitters, our School Uniform business provides high-quality school uniforms and school-appropriate clothing designed to meet dress-code requirements. As more schools adopt uniform and dress-code policies, we seek to grow the Lands' End School Uniform business by developing new relationships with schools in the United States and Canada while also seeking additional international opportunities.

Business Units

Lands' End Direct

Our Direct business sells our products through our U.S. and international e-commerce websites and via direct mail catalogs. While we market our products through catalogs and email communications, our customers can choose from several ordering methods—Internet, phone, mail, or in-store computer kiosks. We are rated as one of the top seven digital apparel retailers by the NPD Group, a market research and advisory firm. The Lands' End Facebook page has garnered more than one million likes from our customers. We strive to create a one-on-one relationship with each customer; in many instances, we tailor our interactions with our customers by sending them catalogs or emails that we think are relevant to them based on their past order history or other information. We also offer customers specialty services such as monogramming, embroidery and hemming pants to length. Moreover, with the exception of orders requiring specialty services, we promptly fill each customer's order, usually shipping it out the next business day. We also operate three call centers out of Dodgeville, Reedsburg and Stevens Point, Wisconsin. Our call centers are open 24 hours a day, seven days a week and 364 days a year. We believe that our well-trained, U.S.-based call center representatives are a significant competitive advantage because they allow us to provide real-time individualized attention to our customers across more than six million telephonic interactions each year.

Apparel and home sales constituted substantially all of the net sales of our Direct business during 2012. Our apparel sales include men's, women's and kids' apparel, footwear and accessories. We offer a diverse portfolio of styles and fits aimed at making our products accessible to all potential customers. For example, we offer a full range of fits—from Petites to Plus for women, Slim to Husky for kids and Big and Tall for men—on many of our products, all of which are designed to offer fit and fabric options consistent with the quality and value of the Lands' End brand. Similarly, while our classic styles remain at the core of our brand, we have also launched the Lands' End Canvas collection, which focuses on updating the Lands' End heritage pieces with tailored fits, innovative designs and premium fabrics throughout the line. Through our Lands' End Business Outfitters and School Uniform businesses, we offer tailored and business casual apparel for office wear, trade shows and company events and uniforms and school-appropriate clothing designed to meet dress-code requirements.

Lands' End Retail

Our Retail business sells products and services through standalone Lands' End Inlet stores and dedicated Lands' End Shops at Sears across the United States. Each Lands' End Shop at Sears features Lands' End products, personalized service, enhanced visuals and a shopping lounge where customers can search all of our offerings via the Internet and our catalog. Our Lands' End Shops at Sears offer a selection of products for men, women and kids and select stores offer footwear and products for the home.

Suppliers

Product Vendors

Our apparel and non-apparel 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 by Sears Holdings' Global Sourcing office in Asia. Our products are manufactured in approximately 35 countries and substantially all are imported from Asia, South Asia and Central America. Our top 10 vendors account for a significant portion of our merchandise purchases. In 2012, we worked with approximately 100

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vendors that manufactured substantially all of our product receipts. 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.

Non-Product Suppliers

Lands' End's procurement staff develops multi-year strategies, leads negotiations, and then assists with implementation of strategic supplier alliances with a focus on best practices and innovative supply chain solutions. We contract with third parties for various services, including product shipping, package delivery, catalog delivery, ocean freight, paper, printing, retail logistics and support services, operations and employee services and benefits. It is anticipated that certain services following our separation will be provided by Sears Holdings Corporation on a transitional basis as otherwise described herein.

Sales, Marketing and Distribution Capabilities

Customers

Large, loyal customer base. We believe that a principal factor in our success to date has been the development of our list of existing and prospective households, many of whom were identified by their responses to our advertising. We routinely update and refine our customer list prior to individual catalog and email mailings and monitor customer interest in our offerings as reflected by criteria such as the timing and frequency of purchases and the dollar amount of and types of products purchased. We believe our customer list has desirable demographic characteristics for current performance and future growth and is well-suited to the range of products offered by us. We believe our customer base consists primarily of affluent, college-educated, professional and style-conscious women and men. In 2012, the average annual household income of our customers was approximately \$104,000 and approximately 47% of our customers were within the 36–55 age group, according to an analysis of our customer file prepared by our third-party consumer information provider using its proprietary demographic, behavioral, lifestyle, financial and home attribute databases.

Customer Acquisition and Retention

We acquire customers through a number of different sources: catalog mailings to outside list rentals or list exchanges, paid search and other forms of traditional and digital advertising, email marketing, via www.landsend.com, and through the Shop Your Way program and our retail stores. Once identified, we communicate with prospective customers via printed catalogs, inbound and outbound phone calls, and via digital communications, including at www.landsend.com, by email, via search engine marketing, through affiliate partnerships, comparison shopping engines and marketplaces, digital catalogs, social media and display advertising. Our advertising and catalog expenses during 2012 were approximately \$204.1 million.

Distribution

We own and operate three distribution centers in Wisconsin to support our U.S. Direct and Retail businesses and a portion of our international business. Our Dodgeville facility is approximately 1.15 million square feet and is a full-service distribution center, including hemming and monogramming departments. Our Reedsburg location is approximately 500,000 square feet and offers all order fulfillment services except hemming. Our Stevens Point distribution center is approximately 215,000 square feet and primarily focuses on supporting Lands' End Business Outfitters with embroidery services. Customer orders are shipped via UPS or the U.S. Postal Service.

We own and operate a distribution center in the United Kingdom based in Oakham, a rural community located approximately two hours north of London by road. Order fulfillment and specialty services for our European businesses are performed at this facility, which originally opened in 1998 and totals approximately 175,000 square feet. We also lease a 60,000 square foot distribution center in Fujieda, Japan.

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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 and software 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 as through hosting relationships with third parties.

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 2011 and 2012, we introduced new order capturing and fulfillment systems for Lands' End Business Outfitters, new human resources and payroll solutions, and new digital capabilities including search, navigation and mobile device optimization. In 2013 and 2014, we are continuing these efforts by implementing a new e-commerce platform for Lands' End Business Outfitters, a new global order management system and additional digital capabilities including more personalized e-mail, online, mobile and social interactions for our customers.

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.

Orders

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

Facilities and Store Locations

We own or lease domestic properties and international offices, customer sales/service centers, distribution centers and retail stores. Most of our stores are located inside of existing Sears stores. In such cases, we expect to enter into a lease or sublease with Sears Roebuck for the portion of the space in which our store will operate and pay rent directly to Sears Roebuck or one of its affiliates on the terms negotiated in connection with the spin-off. 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, entering into new leases or purchasing property.

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.

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International Office, Customer Service and Distribution Properties

We own a distribution center and customer sales/service center in Oakham, England 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 Shinyokohama, 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 November 1, 2013, our retail properties consisted of 275 Lands' End Shops at Sears, which averaged approximately 7,400 square feet, and 16 Lands' End Inlet stores, which averaged approximately 8,000 square feet. With respect to our Lands' End Shops at Sears, following the spin-off, we expect to lease the premises of such stores from Sears Roebuck. With respect to our Lands' End Inlet stores, as of November 1, 2013, 15 were leased and one was owned, with 13 located in the United States, two in the United Kingdom and one in Germany. For a description of the master lease and sublease agreements we expect to enter into with Sears Roebuck, see "Certain Relationships and Related Person Transactions—Other Agreements."

Environmental Matters

Environment. We have implemented a multi-year initiative to reduce paper consumption by sending smaller catalogs to better-defined customer segments based on those customers' preferences. These efforts have significantly reduced our overall U.S. catalog paper consumption and we continue to seek to improve our use of technology to achieve even greater gains in this area.

In 2009, we collaborated with Sears Holdings to update and release a revised Sustainable Paper Procurement Policy. The Sustainable Paper Procurement Policy is a commitment to phase out fiber from unwanted sources, and procure paper sourced from credibly certified forest sources with verified chain-of-custody and/or recycled sources with a preference for post-consumer recycled. The policy also outlines supplier requirements and a preferred sustainable supplier program.

Additionally, we believe that we also demonstrate marketplace leadership by participating in industry educational workshops and initiatives. We select recycled paper for use in our catalog materials based on ecological values, quality, availability and cost. Our catalog covers contain 10% post-consumer waste. The remainder of our catalog paper contains 100% chain-of-custody-certified fiber. This paper is third-party certified through programs such as the Programme for the Endorsement of Forest Certification, the Sustainable Forestry Initiative and the Forest Stewardship Council. In 2012, we reused or recycled 88% of waste generated at our corporate headquarters. Moreover, we are improving how products are shipped to customers. Between 2003 and 2012, use of corrugated cardboard packaging was reduced by 25% year over year. In addition, the corrugated cardboard we use now contains 65% recycled fiber.

Reduction, Recycling and Waste Management. 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 to address our use of paper products, aluminum cans, glass and plastic as well as maintenance operations, disposal of non-recyclables and water management. We consistently monitor our efforts in each of these areas and constantly look for improvements.

Purchasing recycled products is a significant component of the larger recycling picture. We continue to maintain an assertive program to buy non-catalog paper products made from recycled materials. Other materials purchased with recycled content include recharged laser printer cartridges, file folders, paper towels, toilet paper, trash cans, pencils, letter holder trays and brown manila envelopes. Lands' End has formed a strategic partnership with the National Forest Foundation and funded the planting of trees in the national forests in northern Wisconsin and Michigan's Upper Peninsula.

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Vendors. We prioritize the selection of partners who follow ethical employment practices, comply with all legal requirements, agree to our global compliance requirements and who we believe meet our product quality standards. Our business partners are required to provide 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.

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), our established customer list and customer service, including reliable order fulfillment, our unconditional guarantee and services and information provided at our user-friendly websites.

Seasonality

We experience seasonal fluctuations in our net sales and operating results and historically have realized a significant portion of our net sales and earnings for the year during our fourth fiscal quarter. We generated 33.9% and 34.4% of our net sales in the fourth fiscal quarter of 2011 and 2012, respectively. Thus, lower than expected fourth quarter net sales 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 third and fourth quarters of the fiscal year due to reduced working capital requirements during that period.

Intellectual Property

Lands' End owns or has rights to use certain 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 Lands' End Canvas®, Guaranteed. Period.®, Square Rigger®, Squall®, Super-TTM, Drifter™ and Beach Living®, all of which are owned by us, as well as the licensed marks Polartec® and Supima®. 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 may be limited to select markets.

Employees

We employ 5,800 employees throughout our operations: approximately 4,600 employees in the United States and approximately 1,200 employees outside the United States. With the seasonal nature of the retail business, nearly 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 16% salaried exempt employees, 42% regular hourly employees and 42% year-round flexible part-time employees.

Legal Proceedings

We are involved in various claims, legal proceedings and investigations, including those described below. 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 our results of operations, cash flows or financial position, except where noted below.

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Lands' End's legal proceedings include commercial, intellectual property, employment, regulatory, and product liability claims. Some of these actions involve complex factual and legal issues and are subject to uncertainties. There are no material legal proceedings presently pending, except for routine litigation incidental to the business to which the Company is a party or of which any of its property is the subject, and the matters described below. We do not believe that the outcome of any current legal proceeding would have a material adverse effect on results of operations, cash flows or financial position taken as a whole.

Beginning in 2005, we initiated the first of several claims in Iowa County Circuit Court against the City of Dodgeville to recover overpaid taxes resulting from the city's excessive assessment of the Company's headquarters campus. As of December 1, 2013, the courts reviewing these claims have ordered the city to return, and the city has refunded, over \$3.2 million in excessive taxes and interest to Lands' End, including approximately \$1.6 million for the case involving the 2005 and 2006 tax years, that was recognized in fiscal 2009, and a partial recovery of approximately \$1.6 million for the consolidated cases, involving the 2007, 2009 and 2010 tax years, recognized in fiscal 2013 and for which we have appealed seeking the remainder of our claim of \$1.2 million plus additional interest. In September 2013, the Wisconsin Court of Appeals awarded us \$725,000 in tax reimbursement plus an as-yet uncalculated amount of interest on our claim relating to the 2008 tax year, which the City of Dodgeville has not yet paid and has appealed. Excluding the claim relating to the 2005 and 2006 tax years for which all appeals have been exhausted, we believe our outstanding claims covering the still-disputed tax years from 2007 through 2012 may yield a potential aggregate recovery from the City of Dodgeville of up to \$4.6 million, none of which has been recorded in the combined financial statements.

Pledged Assets

As of the date of this information statement, Sears Holdings' domestic credit facility and senior secured notes are (1) secured, in part, by a first lien on certain of Lands' End's assets consisting primarily of the inventory and credit card receivables directly or indirectly owned by Lands' End and one of its subsidiaries; and (2) guaranteed by Lands' End and such subsidiary. The asset balances were \$391.6 million, \$416.5 million and \$297.5 million as of November 1, 2013, October 26, 2012 and February 1, 2013, respectively. We expect that this lien and these guarantee obligations will be released prior to the completion of the spin-off.

History and Relationship with Sears Holdings

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. Prior to the spin-off, we operated as a business unit of Sears Holdings. Following the spin-off, (1) we will be a publicly traded company independent from Sears Holdings, (2) Sears Holdings will not retain any ownership interest in us and (3) we expect that ESL, which beneficially owns approximately 48.4% of Sears Holdings common stock as of the date hereof, will beneficially own approximately 48.4% of our outstanding common stock.

In connection with the spin-off, we have entered into or will enter into various agreements with Sears Holdings or its subsidiaries which, among other things, govern the principal transactions relating to the spin-off and certain aspects of our relationship with Sears Holdings following the spin-off and establish terms under which subsidiaries of Sears Holdings will provide us with services following the spin-off. These agreements were made or will be made in the context of a parent-subsidiary relationship and were or will be negotiated in the overall context of our spin-off from Sears Holdings. Accordingly, the terms of these agreements may be more or less favorable than those we could have negotiated with unaffiliated third parties. See "Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off."

Corporate Information

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

MANAGEMENT

Executive Officers Following the Spin-Off

The following table sets forth information regarding individuals who are expected to serve as our executive officers, including their positions after the spin-off. All of the individuals below are currently officers and employees of Lands' End.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Edgar O. Huber	51	President and Chief Executive Officer
Michael P. Rosera	50	Executive Vice President, Chief Operating Officer/Chief Financial Officer and Treasurer
Michele Donnan Martin	50	Executive Vice President, Chief Merchandising and Design Officer
Karl A. Dahlen	52	Senior Vice President, General Counsel and Corporate Secretary
Kelly Ritchie	50	Senior Vice President, Employee and Customer Services

Edgar O. Huber was named President and Chief Executive Officer of Lands' End in August 2011. From February 2011 to July 2011, he served as Executive Vice President, International of Liz Claiborne, Inc., a designer and marketer of apparel and accessories. From September 2008 until January 2011, he served as President and Chief Executive Officer of Juicy Couture, a subsidiary of Liz Claiborne, Inc. that offers women and children's apparel and accessories. Prior to September 2008, Mr. Huber served for 15 years in a number of increasingly senior roles at L'Oreal S.A., a manufacturer of cosmetics, perfumes and related products.

Michael P. Rosera was named Executive Vice President, Chief Operating Officer/Chief Financial Officer and Treasurer of Lands' End in July 2012. From April 2010 to July 2012, he served as Executive Vice President, International Franchising for Claire's, Inc., a specialty retailer of jewelry and accessories for younger women. From July 2009 to April 2010, he served as Executive Vice President—Phat Fashions of Kellwood Company, a designer and marketer of apparel. From March 2006 to September 2008, Mr. Rosera served as Senior Vice President—Finance and Operations of Abercrombie & Fitch Co., a specialty retailer of apparel and accessories.

Michele Donnan Martin was named Executive Vice President, Chief Merchandising and Design Officer of Lands' End in September 2013. From 2012 to 2013, she served as Senior Vice President and General Merchandise Manager of Coldwater Creek Inc., a designer and marketer of women's apparel. From 2008 to 2011, she served as Brand President, Retail & Direct of Delia's Inc., a multi-channel retail company primarily marketing to teenage girls. From 2005 to 2007, Ms. Donnan Martin served as Chief Design Officer, Women's, Martin & OSA for American Eagle Outfitters, a clothing and accessories retailer.

Karl A. Dahlen joined Lands' End in 1998 as Assistant General Counsel and has served as our General Counsel and Corporate Secretary since 2002. He was promoted to Senior Vice President from Vice President in January 2014. He served as Senior Legal Officer and Assistant Secretary from 1999 to 2002.

Kelly Ritchie joined Lands' End in 1985 and has served as Senior Vice President, Employee and Customer Services since 2003. She has served as Senior Vice President, Employee Services since 1999 and assumed responsibility for our distribution centers in 2005. She 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.

Board of Directors Following the Spin-Off

The following table sets forth information regarding the individuals who are expected to serve on our board of directors following the spin-off:

<u>Name</u>	<u>Age</u>	<u>Title</u>
Edgar O. Huber	51	Director
Elizabeth Darst Leykum	35	Director
Josephine Linden	62	Director
Jignesh M. Patel	43	Director
Tracy Gardner	50	Director

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Elizabeth Darst Leykum has agreed to serve as a member of our board of directors effective upon the spin-off. From October 2013 she has served as a founding principal of HEG Capital LLC, a CT-registered investment advisory firm that provides services to ESL. Prior to joining HEG Capital LLC, Ms. Leykum was, from June 2012 to September 2013, a Vice President at Rand Group, an investment management services firm that provided services to ESL. Until June 2012, she was a Vice President of ESL Investments, Inc., which she joined in July 2004. From 2000 to 2002, Ms. Leykum worked in the Principal Investment Area at Goldman, Sachs & Co. She has served as a director of Sears Hometown and Outlet Stores Inc. since October 2012 and is currently a trustee of Greenwich Academy, a college preparatory school, where she is a member of its Finance and Investment committees. Through her work in investment management, she brings to the Board a strong ability to analyze, assess, and oversee corporate and financial performance.

Josephine Linden has agreed to serve as a member of our board of directors effective upon the spin-off. She founded and has been the managing member and principal of Linden Global Strategies LLC, a New York-based SEC registered investment management firm working with sophisticated US and international clients, since September 2011. From September 2010 to July 2011, she held an Adjunct Professor position in the Finance department of Columbia Business School. In November 2008, Mrs. Linden retired from Goldman, Sachs & Co. as a Partner and Managing Director after having been with the firm for more than 25 years, where she held a variety of roles, including Managing Director and Regional Manager of the New York office for Private Wealth Management, head of Global Equities Compliance, and an Advisor to GSJBWere, Australia. She is currently a trustee, and serves as chair of the Finance Committee and Treasurer, of Collegiate School in New York, New York and acts as financial advisor to The Prince of Wales Foundation. Mrs. Linden brings extensive knowledge of capital markets and other financial matters to the Board from her 25-year career with Goldman Sachs. She has served as a director of Bally Technologies, Inc. since April 2011 and as a director of Sears Hometown and Outlet Stores Inc since October 2012.

Jignesh M. Patel has agreed to serve as a member of our board of directors effective upon the spin-off. He is a professor in the Computer Science Department at the University of Wisconsin-Madison, where he has served on the faculty since September 2008. He is the co-founder of Locomatix, which developed a platform to power mobile data-driven services and applications, and served as its Chief Technology Officer from May 2007 to May 2010 and Chairman of its board and Chief Executive Officer from May 2007 and June 2010, respectively, until December 2013 when the company was acquired by Twitter. Mr. Patel is currently the sole proprietor of JMP Consulting LLC, which provides consulting services on data analytics to American Family Insurance, Johnson Controls, Samsung and Twitter. Mr. Patel brings extensive knowledge of database management and other computer science matters from his academic and professional activities.

Tracy Gardner has agreed to serve as a member of our board of directors effective upon the spin-off. Ms. Gardner has served as the Chief Executive Officer of dELiA*s, Inc. since June 2013 and from May 2013 to June 2013 served as its Chief Creative Officer. She has served as a director of dELiA*s, Inc. since May 2013. From July 2010 to April 2013, Ms. Gardner worked in various consulting capacities, most recently serving as Creative Advisor to The Gap, Inc. from January 2012 to April 2013. From 2007 to 2010, Ms. Gardner served as President—Retail and Direct of J.Crew Group Inc. and from 2004 to 2007 she served as Executive Vice President, Merchandising, Planning & Production of J.Crew. Prior to joining J.Crew, Ms. Gardner held various positions at The Gap, Inc., including Senior Vice President of Adult Merchandising for the Gap brand from 2002 to 2004, Vice President of Women's Merchandising for the Banana Republic division from 2001 to 2002, Vice President of Men's Merchandising for the Banana Republic division from 1999 to 2001 and Divisional Merchandising Manager of Men's Wovens for the Banana Republic division from 1998 to 1999. Ms. Gardner brings over 25 years of experience in developing and growing brands with multi-channel platforms to our board of directors as well as extensive merchandising experience as a result of her years serving in high-level merchandising positions at J.Crew and The Gap, Inc.

All of our directors will stand for election at each annual meeting of our stockholders.

Committees of the Board of Directors

We expect that, immediately following the distribution, the standing committees of our board of directors will consist of an audit committee, a compensation committee and a nominating and corporate governance committee.

Audit Committee

The duties and responsibilities of the audit committee will include the following:

- to oversee the quality and integrity of our financial statements and our accounting and financial reporting processes;
- to prepare the audit committee report required by the SEC in our annual proxy statements;
- to review and discuss with management and the independent registered public accounting firm our annual and quarterly financial statements;
- to review and discuss with management and the independent registered public accounting firm our earnings press releases;
- to appoint, compensate and oversee our independent registered public accounting firm, and pre-approve all auditing services and non-audit services to be provided to us by our independent registered public accounting firm;
- to review the qualifications, performance and independence of our independent registered public accounting firm; and
- to establish procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.

At the time of listing on NASDAQ, at least one member of the audit committee will be “independent,” as defined under and required by the rules and regulations of the SEC and NASDAQ, including Rule 10A-3(b)(1) under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and we expect that at least one member will be an “audit committee financial expert” as defined under and required by the rules and regulations of the SEC and NASDAQ. A majority of the members of the committee will be “independent” within 90 days of listing on NASDAQ and all members will be independent within one year of listing on NASDAQ.

Our board of directors will adopt a written charter for the audit committee effective as of the date of our spin-off from Sears Holdings, which will be available on our website.

Nominating and Corporate Governance Committee

The duties and responsibilities of the nominating and corporate governance committee will include the following:

- to recommend to our board of directors proposed nominees for election to the board of directors by the stockholders at annual meetings, including an annual review as to the renominations of incumbents and proposed nominees for election by the board of directors to fill vacancies that occur between stockholder meetings;
- to make recommendations to the board of directors regarding corporate governance matters and practices; and
- to recommend members for each committee of the board of directors.

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Our board of directors will adopt a written charter for the nominating and corporate governance committee effective as of the date of our spin-off from Sears Holdings, which will be available on our website.

Compensation Committee

The duties and responsibilities of the compensation committee will include the following:

- to determine, or recommend for determination by our board of directors, the compensation of our chief executive officer and other executive officers;
- to establish, review and consider employee compensation policies and procedures;
- to review and approve, or recommend to our board of directors for approval, any employment contracts or similar arrangement between Lands' End and any executive officer of Lands' End;
- to review and discuss with management Lands' End's compensation policies and practices and management's assessment of whether any risks arising from such policies and practices are reasonably likely to have a material adverse effect on Lands' End; and
- to review, monitor, and make recommendations concerning incentive compensation plans, including the use of stock options and other equity-based plans; and
- to retain or obtain the advice of any compensation consultants, legal counsel and other compensation advisors, including responsibility for the appointment, compensation and oversight of the work of those advisors.

Our board of directors will adopt a written charter for the compensation committee effective as of the date of our spin-off from Sears Holdings, which will be available on our website. The members of the compensation committee will meet the independence requirements set forth in the applicable listing standards of the SEC and NASDAQ and the requirements set forth in the compensation committee charter.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee will serve as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Code of Ethics

Our board of directors will adopt a code of ethics applicable to our directors, officers and employees, including our chief executive officer, chief financial officer and other senior officers effective as of the time of our listing on NASDAQ, in accordance with applicable rules and regulations of the SEC and NASDAQ. Our code of ethics will be available on our website as of the time of our listing on NASDAQ.

Corporate Governance Guidelines

Our board of directors will adopt a set of corporate governance guidelines that sets forth our policies and procedures relating to corporate governance effective as of the date of our spin-off from Sears Holdings. Our corporate governance guidelines will be available on our website as of the time of our listing on NASDAQ.

Policy and Procedures Governing Related Party Transactions

Following the completion of the distribution, we expect that our board of directors will adopt policies and procedures for the review, approval or ratification of transactions with related parties. We do not currently have such a policy in place.

COMPENSATION OF DIRECTORS

Mr. Huber, Ms. Leykum, Ms. Gardner, Mr. Patel and Mrs. Linden have not received, and will not receive, any compensation for their service on our board of directors prior to the completion of the spin-off.

After the completion of the spin-off, the policy of our board of directors will be to compensate non-employee directors with cash compensation. Director compensation will be reviewed by the board of directors annually and from time to time to ensure that compensation levels are fair and appropriate, with any changes generally becoming effective commencing after the annual meeting of stockholders. All directors will be entitled to reimbursement by Lands' End for reasonable travel to and from meetings of the board of directors, and reasonable food and lodging expenses incurred in connection therewith.

After the completion of the spin-off, non-employee directors will be compensated according to our Director Compensation Policy in the following manner:

	Cash Compensation (1)
Annual Retainer:	
Board Member	\$ 100,000
Audit Committee Chair (additional)	10,000

- (1) Assumes service for a full year; directors who serve for less than the full year, other than those directors who serve from the date of the spin-off up to our first annual meeting of stockholders, are entitled to receive a pro-rated portion of the applicable payment. Generally, those directors who serve from the date of the spin-off up to our first annual meeting of stockholders will receive the full annual retainer without pro-ration. Each "year," for purposes of the Director Compensation Policy, begins on the date of our annual meeting of stockholders.

EXECUTIVE COMPENSATION

Introduction

This section presents information concerning compensation arrangements for our executive officers. We present historical information concerning the compensation of those executive officers, each of whom was an officer of Lands' End prior to the spin-off. We have presented information under "—Lands' End Employment Arrangements" below concerning the anticipated compensation that our executive officers will receive from Lands' End following the spin-off. In addition, each of Edgar O. Huber and Michael P. Rosera holds equity and/or cash-based incentive awards that were granted by Sears Holdings. Treatment of these awards in connection with the spin-off is described under "Time-Based Equity Compensation" below.

Compensation Discussion and Analysis

Summary

This Compensation Discussion and Analysis provides information relevant to understanding the 2013 compensation of the executive officers identified in the Summary Compensation Table below, whom we refer to as our named executive officers. Our named executive officers are:

- Edgar O. Huber, President and Chief Executive Officer
- Michael P. Rosera, Executive Vice President, Chief Operating Officer/Chief Financial Officer and Treasurer
- Michele Donnan Martin, Executive Vice President, Chief Merchandising and Design Officer
- Karl A. Dahlen, Senior Vice President, General Counsel and Corporate Secretary
- Kelly Ritchie, Senior Vice President, Employee and Customer Services

Prior to our separation from Sears Holdings, each of our named executive officers has been employed by Lands' End. In connection with the spin-off, the board of directors (or a committee designated by the board of directors) of Lands' End will determine the appropriate executive compensation practices and policies for the senior officers of Lands' End, including our named executive officers, as described in "—Lands' End Employment Arrangements" below.

Overall compensation philosophy and structure for Sears Holdings is determined by the Compensation Committee of Sears Holdings' board of directors, or the "Sears Holdings Compensation Committee." The compensation that Mr. Huber received prior to the spin-off was determined by the Sears Holdings Compensation Committee. The compensation that our other named executive officers received prior to the spin-off was determined in part by the Sears Holdings Compensation Committee and in part by the members of senior management of Sears Holdings and/or Lands' End. The compensation philosophies and practices used by Sears Holdings in setting compensation for our named executive officers during 2013 are described below.

Sears Holdings Executive Compensation Philosophy and Objectives

Sears Holdings believes that its long-term success is directly related to its ability to attract, motivate and retain highly talented associates who are committed to Sears Holdings' mission, key results and cultural beliefs. The Sears Holdings Compensation Committee has developed a compensation philosophy for Sears Holdings' senior officers designed to pay for performance. Total annual compensation paid to Sears Holdings' senior officers generally depends on Sears Holdings' financial performance, the level of job responsibility and individual performance, as well as the need to attract top executive talent or motivate key executives. The total compensation package provided to Sears Holdings' senior officers generally includes both annual and long-term incentive programs that are linked with performance or are otherwise "at risk" due to market fluctuations and risk of forfeiture. Sears Holdings' compensation packages are thus designed to motivate and encourage employees to drive performance and achieve superior results for Sears Holdings and its stockholders. The Sears Holdings

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Compensation Committee also believes that compensation should reflect the value of the job in the marketplace. While the Sears Holdings Compensation Committee's objective is to approve compensation and benefits packages that reflect the pay-for-performance compensation philosophy, it recognizes that Sears Holdings must sometimes provide additional inducements to recruit, motivate and retain top-qualified executives. The Sears Holdings Compensation Committee also noted the approval of executive compensation by Sears Holdings' stockholders by a large majority in the advisory vote on this subject held at its 2013 annual meeting of stockholders and believes that this affirms Sears Holdings' stockholders' support for Sears Holdings' approach to executive compensation.

Sears Holdings' Competitive Pay Practices

Sears Holdings' experience demonstrates that in order to attract qualified external candidates and motivate valuable senior officers, Sears Holdings' must offer executive compensation packages that are competitive with the packages offered by companies with which Sears Holdings competes for talent. In making compensation recommendations for its senior officers Sears Holdings analyzes internal compensation and external market data. Sears Holdings gathers market data with a focus, where appropriate, on retail-specific and online-specific organizations. Sears Holdings does not benchmark against a set list of competitors or a peer group as Sears Holdings believes that its competitive pay analyses provide a reference point in validating proposed or recommended compensation, thereby assuring that executives are offered competitive pay packages.

Sears Holdings Executive Compensation Program: Key Elements

The key elements of Sears Holdings' compensation program for its executives include base salary and incentive opportunities. Incentive opportunities include annual and long-term performance-based programs designed to drive long-term performance through effective decision making while also incenting appropriate short-term decision making. In addition, time-based cash and/or time-based equity awards (i.e., equity that vests with the passage of time and thus is "at risk") are made to provide additional motivation and encourage retention.

Annual Compensation

- *Base Salary*—Base salary is the fixed element of each executive's cash compensation.
- *Annual Incentive Plan*—Sears Holdings' annual incentive program is designed to provide for annual cash awards to eligible employees based on achievement of financial performance goals relating to a specific fiscal year. The purpose of this annual incentive program is to motivate participants, including its participating executives, to achieve financial performance goals by making their cash incentive award variable and dependent upon Sears Holdings' or the respective Sears Holdings business unit's annual financial performance.

Long-Term Compensation

- *Time-Based Cash and Equity Compensation*—Awards of time-based cash and equity are "at risk" and encourage executive officers to adopt longer-term approaches to Sears Holdings' business and, with respect to time-based equity compensation, provide alignment with Sears Holdings' stockholders as value received will be consistent with return to Sears Holdings' stockholders, with vesting schedules that generally range from two to four years.
- *Long-Term Performance-Based Programs*—Sears Holdings' long-term incentive programs include programs that are designed to motivate its executives to focus on long-term company performance through awards generally based on three-year performance periods and reinforce accountability by linking executive compensation to aggressive performance goals. Sears Holdings believes that these programs are an important instrument in aligning the goals of its executives with Sears Holdings' strategic direction and initiatives, which Sears Holdings believes will result in increased returns to its stockholders.

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- *Long-Term Time-Based Programs*—Sears Holdings’ long-term incentive programs include time-based programs that are designed to retain and motivate our executive officers. Sears Holdings believes that these programs also are an important instrument in motivating the participating named executive officers, which our company believes will result in increased returns to our stockholders.

When making individual compensation decisions for its executives, Sears Holdings takes many factors into account, including the individual’s performance and experience; the performance of Sears Holdings overall; retention risk; the responsibilities, impact and importance of the position within Sears Holdings; the individual’s expected future contributions to Sears Holdings; the individual’s historical compensation; and internal pay equity. There is no pre-established policy or target for the allocation between annual and long-term incentive compensation. Instead, Sears Holdings takes a holistic approach to executive compensation and balances the compensation elements for each executive individually.

How Elements Are Used to Achieve Sears Holdings’ Compensation Objectives

In 2013, the Sears Holdings Compensation Committee sought to achieve the objectives of Sears Holdings’ compensation program through the grant of annual or long-term incentive awards, or both, to certain executives. The 2013 annual incentive awards offer participating executives an opportunity for cash compensation based upon Sears Holdings EBITDA (earnings before interest, taxes, depreciation and amortization) or a combination of Sears Holdings EBITDA and business unit operating profit (“BOP”) performance during the fiscal year, and, therefore, reward participating executives for achieving short-term financial performance goals. The Sears Holdings Compensation Committee also granted long-term performance-based awards to certain of its executives that become payable following the three-year performance cycle upon achievement of EBITDA or a combination of EBITDA and BOP targets in any year during the three-year performance period. The Sears Holdings Compensation Committee also granted long-term time-based awards to certain of its named executive officers that become payable following the three-year service period, provided that the participating named executive officer is actively employed by vesting date. The 2013 long-term incentive awards are designed to retain and motivate Sears Holdings’ participating executives to focus on the long-term financial performance of Sears Holdings.

The Sears Holdings Compensation Committee also believes that the most fair and effective way to motivate Sears Holdings’ executives to produce the best results for its stockholders is to increase the proportion of an executive’s total compensation that is performance-based or otherwise “at risk,” including time-based cash and equity compensation, as the executive’s ability to affect those results increases. Additionally, the Sears Holdings Compensation Committee believes that the value of incentive compensation should depend upon the performance of Sears Holdings and/or its business units in a given performance period or over the applicable vesting period. Under Sears Holdings’ incentive compensation structure, the highest amount of compensation can be achieved through consistent superior performance over sustained periods of time. This approach is designed to provide an incentive to manage Sears Holdings for the long term, while minimizing excessive risk taking in the short term.

The targets established for our named executive officers in 2013 under the Sears Holdings Annual Incentive Plan (“SHC AIP”) were calculated based on a multiple of base salary. The multiple, which was 0.40 for Mr. Dahlen, 0.50 for Ms. Ritchie, 0.65 for Mr. Rosera and 1.0 for Mr. Huber, is based upon the participating executive’s relative level of responsibility and potential to affect Sears Holdings’ overall performance. SHC AIP opportunities for the participating executives are generally established when the Sears Holdings Compensation Committee approves a new annual incentive plan or at the time a compensation package for a participating executive is otherwise approved. The performance-based long-term awards and time-based long-term awards granted to Sears Holdings’ participating executives under the long-term incentive programs in 2013 were also calculated based on a multiple of base salary. The combined multiple, which ranged from 0.5 to 1.5, is based upon the participating executive’s relative level of responsibility and potential to affect Sears Holdings’ overall performance. Due to the fact that the participating executive’s base salary is determined, in part, on his or her past performance, an award that is based on a multiple of that base salary also reflects, in part, his or her past performance.

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The Sears Holdings Compensation Committee determines whether the applicable financial performance targets have been attained under its applicable annual and long-term performance-based incentive programs. The Sears Holdings Compensation Committee has not exercised its discretion to adjust performance targets or payout amounts for any of Sears Holdings' participating executives. While the Sears Holdings Compensation Committee historically has considered the requirements of Section 162(m) of the Code ("Section 162(m)"), the Sears Holdings Compensation Committee retains the ability to exercise both positive and negative discretion in relation to the annual and long-term performance-based incentive awards granted to Sears Holdings' executives. The impact of Section 162(m) on compensation awarded to Sears Holdings' executives is described in "—Certain Tax Consequences" below.

2013 Compensation Decisions

The Sears Holdings Compensation Committee, working with members of the Sears Holdings management team, approved all elements of compensation for Mr. Huber. The compensation approval decisions for Mr. Rosera, Ms. Donnan Martin, Mr. Dahlen and Ms. Ritchie were made in part by the Sears Holdings Compensation Committee and in part by Mr. Huber and members of Sears Holdings senior management. For Mr. Huber, management presented recommendations to the Sears Holdings Compensation Committee regarding compensation elements for review. As appropriate, Sears Holdings' Chairman and Chief Executive Officer generally played an advisory role to the Sears Holdings Compensation Committee.

2013 Base Salaries

Base salaries are set to reflect our named executive officer's performance and experience; the individual's expected future contributions to Sears Holdings and Lands' End; the responsibilities, impact and importance of the position within Sears Holdings and Lands' End; internal pay equity; and competitive pay research. The timing and amount of base salary increases depend on the named executive officer's past performance, promotion or other change in responsibilities, expected future contributions to Sears Holdings and Lands' End and current market competitiveness.

The annual base salary of Mr. Huber for 2013 is \$800,000, which remains unchanged from the base salary set forth in his offer letter dated July 18, 2011. On June 1, 2013, the annual base salaries of Mr. Rosera, Mr. Dahlen and Ms. Ritchie were increased from \$500,000 to \$520,000, from \$235,000 to \$245,000 and from \$346,800 to \$350,000, respectively, in recognition of their responsibilities and the impact and importance of their positions with Lands' End. The base salary of Ms. Donnan Martin \$600,000, was set prior to her joining the Company on November 4, 2013 and remains unchanged.

2013 Annual Incentive Plan Opportunity

The SHC AIP is a cash-based program that is intended to reward participants for their contributions to the achievement of certain Sears Holdings EBITDA, business unit or sub-business unit (if applicable) performance goals, or "BOP," or a combination of these goals. The Sears Holdings Compensation Committee approved 2013 performance measures under the SHC AIP for 2013. A BOP goal for Lands' End, or "Lands' End BOP," accounted for 100% of the annual incentive opportunity for each of Mr. Huber, Mr. Rosera, Ms. Donnan Martin, Mr. Dahlen and Ms. Ritchie.

Lands' End BOP is defined as Lands' End's earnings before interest, taxes, and depreciation, as reported in Sears Holdings' domestic internal operating statements. In addition, Lands' End BOP is adjusted to exclude:

- significant litigation or claim judgments or settlements (defined as matters which are \$1 million or more) including the costs related thereto;
- the effect of purchase accounting and changes in accounting methods;
- gains, losses and costs associated with acquisitions, divestitures and store closings;

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- impairment charges;
- domestic pension expense;
- costs related to restructuring activities; and
- effect on any items classified as “extraordinary items” in the Company’s financial statements.

Sears Holdings believes that BOP performance goals support its financial goals by reinforcing responsibility and accountability at the business unit level.

In establishing financial business goals for the fiscal year to be approved by the Sears Holdings Compensation Committee, factors such as Sears Holdings’ prior fiscal year financial business results, the competitive situation, evaluation of market trends, as well as the general state of the economy and the business all were considered. For 2013, threshold and target performance goals were established for Sears Holdings EBITDA and the BOP components. The threshold level of performance under the SHC AIP for 2013 for each participant was approximately 84% of target. The threshold level of the performance for the Lands’ End BOP component of the SHC AIP generates payouts at 20% of target incentive opportunity. The target level performance for the Lands’ End BOP component generates payouts of 100% of incentive opportunity. The maximum award payable to senior officers under the SHC AIP for 2013 is 200% of their target incentive award. The incentive payout percentage between threshold and maximum payout is based on a series of straight-line (linear) interpolations. In addition, any Lands’ End performance measure payout that would be greater than 100% of the target incentive award, based upon the interpolated payout curves mentioned above, was subject to reduction to 100% if Sears Holdings EBITDA performance were below its threshold level. Further, any Lands’ End performance measure payout that is between 50% and 100% of the target incentive award, based upon the interpolated payout curves mentioned above, was subject to reduction if Sears Holdings EBITDA performance were below its threshold level. The target award percentage (which is a percentage of the rate of base salary during the performance period) under the SHC AIP for 2013 is 100% for Mr. Huber, 65% each of for Mr. Rosera and Ms. Donnan Martin, 50% for Ms. Ritchie and 40% for Mr. Dahlen. Mr. Dahlen’s annual incentive plan target award percentage was increased to 50% in recognition of his responsibilities and the impact and importance of his position with Lands’ End, while the target award percentages for the other named executive officers remain unchanged. The amount of the annual cash incentive award ultimately received depends on the achievement of the applicable performance goals. The “Grants of Plan-Based Awards” table below shows the range of possible payments to each of our participating named executive officers under the SHC AIP for 2013.

The SHC AIP also provides that Sears Holdings will seek reimbursement from participating executives if Sears Holdings’ financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

Long-Term Incentive Opportunities

The Grants of Plan-Based Awards table below contains information regarding the long-term compensation opportunities for 2013. These opportunities consist of awards under (1) the 2013 Long-Term Incentive Structure (the “2013 LTIS”), which consists of a long-term incentive program (the “2013 LTIP”) and a cash long-term incentive plan (the “2013 Cash LTI”); (2) the 2012 Long-Term Incentive Program (the “2012 LTIP”); and (3) the 2011 Long-Term Incentive Program (the “2011 LTIP”). The 2013 LTIP is intended to be a performance-based incentive program dependent upon the achievement of Sears Holdings financial goals during 2013 through 2015 and the 2013 Cash LTI is intended to be a time-based incentive program based on a service period from 2013 through 2015. The 2012 LTIP is intended to be a performance-based cash program dependent upon the achievement of Sears Holdings financial goals during 2012 through 2014. The 2011 LTIP is intended to be a performance-based cash program dependent upon the achievement of Sears Holdings financial goals during 2011 through 2013.

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In making compensation decisions, no formal weighting formula is used in determining award amounts under Sears Holdings' long-term incentive programs. Instead, the Sears Holdings Compensation Committee considers the participating named executive officer's relative level of responsibility and potential to affect Sears Holdings' overall performance when it awards long-term performance-based compensation.

Each of Sears Holdings' performance-based long-term incentive programs contains a different EBITDA performance goal. LTIP EBITDA is defined as earnings of Sears Holdings before interest, taxes, depreciation and amortization for the performance period computed as operating income on Sears Holdings' statement of operations for the applicable reporting period, other than Sears Canada Inc., adjusted for depreciation and amortization and gains/(losses) on the sales of assets. In addition, it is adjusted to exclude:

- significant litigation or claim judgments or settlements (defined as matters which are \$1 million or more) including the costs related thereto;
- the effect of purchase accounting and changes in accounting methods;
- gains, losses and costs associated with acquisitions, divestitures and store closings;
- impairment charges;
- domestic pension expense;
- costs related to restructuring activities; and
- effect of any items classified as "extraordinary items" in the Company's financial statements.

The EBITDA incentive target contemplates that the domestic company remains approximately the same size over the performance period. If after the beginning of the performance period, the domestic company divests itself of assets or an entity equal or greater than \$100,000,000, target EBITDA for the performance period will be decreased by actual EBITDA of such assets or entity for the portion of the last full fiscal year prior to the divestiture corresponding to the portion of the performance period (in which the divestiture occurs) remaining after the divestiture occurs.

Sears Holdings continues to use EBITDA as a performance goal because it is a key metric used by management to measure business performance. Sears Holdings also believes that it accurately reflects Sears Holdings' compensation philosophy of encouraging growth and creating increased stockholder value through the efficient use of corporate assets. Sears Holdings has not achieved the threshold LTIP EBITDA performance target under any of its long-term incentive programs. Under the 2013 LTIP, 25% of the award is based on achievement of LTIP EBITDA goal and 75% on achievement of specific BOP goal or goals. Lands' End BOP is defined substantially the same for LTIP purposes as defined above with respect to the SHC AIP.

The 2011 LTIP, 2012 LTIP and 2013 LTIS are described below.

2011 LTIP

The 2011 LTIP provides the opportunity for salaried employees of Sears Holdings who hold a position of divisional vice president or higher to receive a long-term incentive award equal to either a percentage of his or her base salary or a dollar amount subject to the attainment of performance goals for a three-year period (2011 through 2013). Awards under the 2011 LTIP represent the right to receive cash or, at the discretion of the Sears Holdings Compensation Committee, shares of Sears Holdings common stock in lieu of cash or a combination of cash and shares of common stock of Sears Holdings upon the achievement of certain performance goals. The issuance of common stock under the 2011 LTIP is contingent on the availability of shares of stock under a stockholder approved plan of Sears Holdings providing for the issuance of shares in satisfaction of awards granted under the Long-Term Incentive Program document.

Mr. Huber, Mr. Dahlen and Ms. Ritchie are the named executive officers who participate in the 2011 LTIP.

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The 2011 LTIP includes five different performance plans. The Sears Holdings Compensation Committee determined the level of financial performance for each performance plan, the performance plan to apply to each business, and which performance plan applies to each Sears Holdings participating senior officer. For each participant, achievement of a Sears Holdings LTIP EBITDA performance goal accounts for 50% of his or her 2011 LTIP opportunity and achievement of a Lands' End BOP performance goal accounts for 50% of his or her 2011 LTIP opportunity.

The 2011 LTIP provides that the Company will seek reimbursement of any payouts from executive officers if the Company's financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

The threshold level of performance for the LTIP EBITDA component of each participant's 2011 LTIP assignment is 70% of target LTIP EBITDA in any year of the three-year performance period. The threshold level of performance for the BOP portion of each participant's 2011 LTIP assignment is 70% of the three-year cumulative BOP target for the performance period. For each component of each participant's 2011 LTIP assignment, a threshold level of performance will generate a payout at 25% of the 2011 LTIP target opportunity and a target level of performance will generate a payout at 100% of the 2011 LTIP target opportunity. Also for each component, for a performance level from threshold to 83% of the applicable target, each participant will receive a 1.2% increase in his or her award for every 1% of additional performance above threshold. For a performance level from 83% of the applicable target to such target, each participant will receive a 3.5% increase in his or her award for every 1% of additional performance. If the applicable target performance level is exceeded, for each 1% it exceeds the target, the participant will receive a 2% increase in his award. Awards payable under either the LTIP EBITDA component or BOP component for performance above applicable targets will be subject to an earnings-to-incentive ratio such that for every \$7 in earnings above the target amount, a minimum of \$6 in earnings is retained by Sears Holdings for every \$1 in incentive paid to participants. The maximum award payable to each participant under the 2011 LTIP is 200% of his or her target incentive award. The target award percentage under the 2011 LTIP for each of Mr. Huber, Mr. Dahlen and Ms. Ritchie is 150%, 25% and 50%, respectively.

In the event of a 2011 LTIP participant's death or disability before the payment date for his or her award, a payment will be made with respect to that participant in an amount equal to his or her prorated target cash incentive opportunity, but only if (1) the applicable performance measure(s) for the period of the performance period through the month preceding the participant's termination of employment is equal to or greater than the target for such measure(s), pro-rated through the date of termination, (2) the applicable performance measure(s) is equal to or greater than the target for the applicable performance measure(s) for the performance period and (3) the participant has been employed by Sears Holdings for at least 12 months of the performance period. In the event of voluntary termination or termination with cause (as defined in the 2011 LTIP) before the payment date for his or her award, the participant will forfeit all of his or her LTIP award. Except as noted above, to be eligible to receive payment of an award, a participant must be actively employed as of the payment date following completion of the performance period.

The Sears Holdings Compensation Committee believes that at the time the performance goals for the 2011 LTIP were set, achievement of those levels of performance would require a high level of performance that would be difficult to attain. The applicable performance levels have not been met and no payments have been made to our named executive officers under the 2011 LTIP, and any benefits arising out of the 2011 LTIP will be forfeited by the participants who are named executive officers of Lands' End on the distribution date.

2012 LTIP

The 2012 LTIP provides the opportunity for salaried employees of Sears Holdings who hold a position of divisional vice president or higher to receive a long-term incentive award equal to either a percentage of his or her base salary or a dollar amount subject to the attainment of performance goals for a three-year period (2012 through 2014).

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Awards under the 2012 LTIP represent the right to receive cash or, at the discretion of the Sears Holdings Compensation Committee, shares of Sears Holdings common stock in lieu of cash or a combination of cash and shares of Sears Holdings common stock upon the achievement of certain performance goals. The issuance of common stock under the 2012 LTIP is contingent on the availability of shares of stock under a stockholder approved plan of Sears Holdings providing for the issuance of shares in satisfaction of awards granted under the Long-Term Incentive Program document.

Messrs. Huber, Rosera and Dahlen and Ms. Ritchie are the named executive officers who participate in the 2012 LTIP.

The 2012 LTIP contains two different components: Sears Holdings LTIP EBITDA and a BOP-based measure calculated for each Sears Holdings business unit, including Lands' End. The Sears Holdings Compensation Committee determined the level of financial performance for each performance measure, the performance measure or measures to apply to each business, and which performance measure or measures applies to each participating senior officer. For each participant, achievement of the LTIP EBITDA performance goal accounts for 25% of his or her 2012 LTIP opportunity and achievement of a Lands' End BOP performance goal accounts for 75% of his or her 2012 LTIP opportunity.

The 2012 LTIP also provides that Sears Holdings will seek reimbursement from participating executives if Sears Holdings' financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

The threshold level of performance for the LTIP EBITDA measure is approximately 80% of the LTIP EBITDA target in any year of the three-year performance period. A threshold level of performance will generate a payout at 25% of the 2012 LTIP target opportunity and a target level of performance will generate a payout at 100% of the 2012 LTIP target opportunity. With respect to BOP threshold levels of performance, the payout, if any, under the 2012 LTIP for each participant will be reduced by 25% for each year in the three-year period that Lands' End does not achieve at least 90% of its target under the SHC AIP. The payout, if any, under the 2012 LTIP has been reduced by 50%. In addition, payouts based on achievement of BOP goals will be limited to 100% of target levels of performance unless LTIP EBITDA meets or exceeds the threshold level of payment under the 2012 LTIP. The maximum incentive opportunity under the 2012 LTIP is 200% of the participant's target award amount (which is reached at 150% of target performance). The target award percentages under the 2012 LTIP for each of Mr. Huber, Mr. Rosera, Mr. Dahlen and Ms. Ritchie is 150%, 50%, 25% and 50%, respectively.

In the event of a participant's death or disability before the payment date for his or her award, a payment will be made with respect to that participant in an amount equal to his or her prorated target cash incentive opportunity, but only if (1) the applicable performance measure(s) for the period of the performance period through the month preceding the participant's termination of employment is equal to or greater than the target for such measure(s), prorated through the date of termination, (2) the applicable performance measure(s) is equal to or greater than the target for the applicable performance measure(s) for the performance period and (3) the participant has been employed by Sears Holdings for at least 12 months of the performance period. In the event of voluntary termination or termination with cause (as defined in the 2012 LTIP) before the payment date for his or her award, the participant will forfeit all of his or her LTIP award. Except as noted above, to be eligible to receive payment of an award, a participant must be actively employed as of the payment date following completion of the performance period.

The Sears Holdings Compensation Committee believes that at the time the performance goals for the 2012 LTIP were set, achievement of those levels of performance would require a high level of performance that would be difficult to attain. The applicable performance levels have not been met and no payments have been made to our named executive officers under the 2012 LTIP, and any benefits arising out of the 2012 LTIP will be forfeited by the participants who are named executive officers of Lands' End on the distribution date. At the distribution date, these named executive officers will be eligible to participate in the 2012 LE LTIP, as more fully described in "—Lands' End Employment Arrangements" below.

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2013 LTIS

The 2013 LTIS consists of a long-term incentive program (the “2013 LTIP”) and a cash long-term incentive plan (the “2013 Cash LTI”). The 2013 LTIP continues to be intended as a performance-based incentive program and the 2013 Cash LTI is intended to be a time-based incentive program.

The named executive officers who participate in the 2013 LTIP and the 2013 Cash LTI are Mr. Huber, Mr. Rosera, Ms. Donnan Martin, Mr. Dahlen and Ms. Ritchie.

2013 LTIP

The 2013 LTIP provides the opportunity for salaried employees who hold a position of divisional vice president or higher to receive a long-term incentive award equal to a percentage of his or her base salary or a dollar amount subject to the attainment of performance goals for a three-year period (2013 through 2015). Awards under the 2013 LTIP represent the right to receive cash or, at the discretion of the Sears Holdings Compensation Committee, shares of Sears Holdings common stock in lieu of cash or a combination of cash and shares upon the achievement of certain performance goals. The issuance of common stock under the 2013 LTIP is contingent on the availability of shares of stock under a stockholder approved plan of Sears Holdings providing for the issuance of shares in satisfaction of awards granted under the Long-Term Incentive Program document.

The 2013 LTIP contains two different performance measures: SHC LTIP EBITDA and a BOP-based measure calculated for each business unit. Opportunities for participants under the 2013 LTIP consist of either 100% SHC LTIP EBITDA or a combination of SHC LTIP EBITDA and BOP-based measures for one or more business units. The Sears Holdings Compensation Committee determined the level of financial performance for each performance measure, the performance measure or measures to apply to each business, and which performance measure or measures applies to each participating senior officer. For our named executive officers participating in the 2013 LTIP, achievement of a Sears Holdings LTIP EBITDA performance goal accounts for 25% of their 2013 LTIP opportunity and achievement of a Lands’ End BOP performance goal accounts for 75% of their 2013 LTIP opportunity. Threshold, target and maximum goals have been established for all performance measures under the 2013 LTIP.

The 2013 LTIP also provides that the Company will seek reimbursement from executive officers if the Company’s financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

Under the 2013 LTIP, the threshold level of performance for the LTIP EBITDA measure is 70% of the cumulative three-year LTIP EBITDA target during the performance period. A threshold level of performance will generate a payout at 25% of the 2013 LTIP target opportunity and a target level of performance will generate a payout at 100% of the 2013 LTIP target opportunity. The maximum incentive opportunity under the 2013 LTIP is 200% of the participant’s target award amount. The target award percentages under the 2013 LTIP for each of Mr. Huber, Mr. Rosera, Ms. Donnan Martin, Mr. Dahlen and Ms. Ritchie is 150%, 100%, 100%, 50% and 100%, respectively.

Sears Holdings will pay awards earned under the 2013 LTIP to participants no later than the date that is the 15th day of the third month following 2015, provided that the participant is actively employed by Sears Holdings on the payment date (unless otherwise prohibited by law). In addition, the 2013 LTIP provides that Sears Holdings will seek reimbursement from participating executives if Sears Holdings’ financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

In the event of a participant’s death or disability before the payment date for his or her award, a payment will be made with respect to that participant in an amount equal to his or her pro-rated target cash incentive opportunity, but only if (1) the applicable performance measure(s) for the period of the performance period through the month preceding the participant’s termination of employment is equal to or greater than the target for

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such measure(s), pro-rated through the date of termination, (2) the applicable performance measure(s) is equal to or greater than the target for the applicable performance measure(s) for the performance period and (3) the participant has been employed by us for at least 12 months of the performance period. In the event of voluntary termination or termination with cause (as defined in the 2013 LTIP) before the payment date for his or her award, the participant will forfeit all of his or her LTIP award. Except as noted above, to be eligible to receive payment of an award, a participant must be actively employed as of the payment date following completion of the performance period.

The Sears Holdings Compensation Committee believes that at the time the performance goals for the 2013 LTIP were set, achievement of those levels of performance would require a high level of performance that would be difficult to attain. The applicable performance levels have not been met and no payments have been made to our named executive officers under the 2013 LTIP, and any benefits arising out of the 2013 LTIP will be forfeited by the participants who are named executive officers of Lands' End on the distribution date. At the distribution date, these named executive officers will be eligible to participate in the 2013 LE LTIP, as more fully described in "—Lands' End Employment Arrangements" below.

2013 Cash LTI

The second component of the 2013 LTIS is the 2013 Cash LTI. Awards under the 2013 Cash LTI are designed to constitute a percentage of a participant's overall long-term incentive opportunity. The 2013 Cash LTI provides the opportunity for participants to receive a long-term incentive payout, provided that the participant is actively employed by Sears Holdings on the vesting date, which is the April 1st following the end of a service period. Awards under the 2013 Cash LTI represent the right to receive cash as soon as administratively feasible after the vesting date but in no case later than the date that is the 15th day of the third month following the last day of the relevant service period. The service period for the 2013 Cash LTI is 2013 through 2015. In 2013, Mr. Huber, Mr. Rosera, Ms. Donnan Martin, Mr. Dahlen and Ms. Ritchie received awards of \$300,000, \$125,000, \$112,365, \$29,375 and \$87,500, respectively, under the 2013 Cash LTI. Payment of such amounts is contingent upon their remaining actively employed by Sears Holdings through April 1, 2016.

In the event of a participant's death or disability before the payment date for his or her award, a payment will be made with respect to that participant in an amount equal to his or her pro-rated cash incentive opportunity, but only if the participant has been employed by us for at least 12 months of the service period. In the event of voluntary termination or involuntary termination (for any reason other than death) before the vesting date for his or her award, the participant will forfeit all of his or her Cash LTI award.

At the distribution date, any benefits arising out of the 2013 Cash LTI will be forfeited by the participants who are named executive officers of Lands' End on the distribution date, who will be eligible to participate in the 2013 Cash LTI, as more fully described in "—Lands' End Employment Arrangements" below.

LTIS Target Award Percentages and Certain Additional Conditions

The total long-term incentive target award percentage (which is a percentage of base salary) for Mr. Huber is 150%, with 75% awarded under the 2013 LTIP and 25% awarded under the 2013 Cash LTI. The total long-term incentive target award percentage for each of Mr. Rosera, Ms. Donnan Martin and Ms. Ritchie is 100%, with 75% awarded under the 2013 LTIP and 25% awarded under the 2013 Cash LTI. The total long-term incentive target award percentage for Mr. Dahlen is 50%, with 75% of each target award awarded under the 2013 LTIP and 25% awarded under the 2013 Cash LTI.

Other Long-Term Compensation Opportunities

Pursuant to his offer letter from Lands' End, Mr. Rosera was granted a special cash retention bonus award of \$150,000 that vests in three equal installments on the first, second and third anniversary dates of his start date with Lands' End, provided that he is actively employed on the applicable payment date. Mr. Rosera was paid

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\$50,000 of this bonus in August 2013. Mr. Rosera received this special cash retention bonus to induce him to join Lands' End, to compensate him for other foregone opportunities and in recognition of his expected future contributions to Lands' End.

Pursuant to her offer letter from Lands' End, Ms. Donnan Martin was granted a special cash retention bonus award of \$150,000 that vests in three equal installments on the first, second and third anniversary dates of her start date with Lands' End, provided that she is actively employed on the applicable payment date. Ms. Donnan Martin received this special cash retention bonus to induce her to join Lands' End, to compensate her for other foregone opportunities and in recognition of her expected future contributions to Lands' End.

Time-Based Cash and Equity Compensation

Time-based cash and equity compensation is granted from time to time to assist Sears Holdings to:

- attract and retain top executive talent; and
- with respect to equity, link executive and company long-term financial interests of Sears Holdings, including the growth in value of Sears Holdings' equity and enhancement of long-term stockholder return.

Time-based cash and equity compensation is intended to complement base salary, annual incentive awards and long-term incentive awards.

Time-based equity compensation is currently awarded in the form of restricted stock. Generally, Sears Holdings' practice is to determine the dollar amount of equity compensation and then grant a number of shares of restricted stock having a fair market value equal to that dollar amount on the date of grant. Sears Holdings determines the fair market value based upon the closing price of its stock on the grant date. Individual grant amounts are generally based on factors such as relative job scope, expected future contributions to Sears Holdings and internal pay equity. Additionally, restricted stock grants are an effective means of offsetting equity awards that executives may lose when they leave a former company to join Sears Holdings.

In 2013, no grants of restricted stock were made to our named executive officers.

The Sears Holdings Corporation 2006 Stock Plan, or "2006 Stock Plan," does not provide for the award of stock options. The Sears Holdings Corporation 2013 Stock Plan, approved by the stockholders of Sears Holdings at its 2013 annual meeting of stockholders, contains provisions that would allow Sears Holdings to grant stock options; however, no such stock options have been granted and it is not currently expected that any stock options will be granted prior to the spin-off.

In connection with the pro-rata distribution of Sears Holdings' interest in Orchard Supply Hardware Stores Corporation ("Orchard"), each person who held outstanding shares of unvested restricted stock of Sears Holdings as of December 16, 2011, the record date for the distribution, was granted a cash award in lieu of shares of Orchard common and preferred stock distributed in respect of such unvested restricted stock. The cash rights were granted in lieu of Orchard shares to preserve the benefit of the unvested restricted stock award with respect to the distribution (the "Orchard Make-Whole Awards"). The Orchard Make-Whole Awards are payable on the applicable vesting dates for such unvested restricted stock. The amounts of the Orchard Make-Whole Awards were calculated based on the volume-weighted average price per share of the Orchard common and preferred stock over the 10-trading day period beginning January 3, 2012. The Orchard Make-Whole Award granted to Mr. Huber totals \$15,865. The amount that vested during 2013 for Mr. Huber was \$3,966. No other named executive officer had a vesting in 2013 with respect to these cash awards.

In connection with Sears Holdings' pro-rata distribution of transferable subscription rights ("Rights") to purchase shares of common stock of Sears Hometown and Outlet Stores, Inc. ("Sears Hometown"), each person

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who held outstanding shares of unvested restricted stock of Sears Holdings as of September 7, 2012, the record date for the distribution of Rights, was granted a cash award in lieu of Rights distributed in respect of such unvested restricted stock. The cash awards were granted in lieu of Rights to preserve the benefit of the unvested restricted stock award with respect to the distribution (the “Sears Hometown Make-Whole Awards”). The Sears Hometown Make-Whole Awards are payable on the applicable vesting dates for such unvested restricted stock. The amounts of the Sears Hometown Make-Whole Awards were calculated based on the volume-weighted average price per right of the Rights over the 10-trading day period beginning September 11, 2012. The Sears Hometown Make-Whole Award granted to Mr. Huber totals \$26,903. The amount that vested during 2013 for Mr. Huber was \$8,968. No other named executive officer had a vesting in 2013 with respect to these cash awards.

In connection with Sears Holdings’ pro-rata distribution of common shares (“Sears Canada Shares”) of Sears Canada Inc. (“Sears Canada”), each person who held outstanding shares of unvested restricted stock of Sears Holdings as of November 1, 2012, the record date for the distribution, was granted a cash award in lieu of Sears Canada Shares distributed in respect of such unvested restricted stock. The cash awards were granted in lieu of Sears Canada Shares to preserve the benefit of the unvested restricted stock award with respect to the distribution (the “Sears Canada Make-Whole Awards”). The Sears Canada Make-Whole Awards are payable on the applicable vesting date for such unvested restricted stock. The amounts of the Sears Canada Make-Whole Awards were calculated based on the volume-weighted average price per share of the Sears Canada Shares over the 10-trading day period beginning November 13, 2012. The Sears Canada Make-Whole Awards granted to Messrs. Huber and Rosera total \$62,193 and \$13,167, respectively. The amount that vested during 2013 for Mr. Huber was \$20,731. No other named executive officer had a vesting in 2013 with respect to these cash awards.

Other Compensation Elements

Discretionary Bonuses

We have paid, and may in the future pay, sign-on, first year guaranteed and other bonuses where determined necessary or appropriate to attract top executive talent from other companies and motivate or retain key executives or both. Executives we recruit often have unrealized value in the form of unvested equity and other forgone compensation opportunities. Sign-on bonuses are an effective means of offsetting compensation opportunities executives may lose when they leave a former company to join Sears Holdings. For a discussion of bonuses granted prior to 2013 that had scheduled payouts in 2013, see “—Long-Term Incentive Opportunities—Other Long-Term Compensation Opportunities.”

Perquisites and Other Benefits

Sears Holdings provides certain of its executives with perquisites and other personal benefits that the Sears Holdings Compensation Committee deems reasonable and consistent with Sears Holdings’ overall compensation program. In 2013, pursuant to his offer letter, Mr. Rosera received \$71,869 in relocation assistance and a tax gross-up on that relocation assistance of \$14,883. If Mr. Rosera voluntarily leaves Lands’ End prior to the second anniversary of his start date, he must repay 50% of those amounts to Lands’ End. In 2013, pursuant to her offer letter, Ms. Donnan Martin received \$4,954 in taxable housing and travel expenses.

Retirement Plans

The Lands’ End, Inc. Retirement Plan allows participants to contribute towards retirement on a pre-tax (including catch-up contributions) basis. The plan allows pre-tax contributions of up to 75% of eligible compensation (or the limit determined by the Internal Revenue Service). Lands’ End also makes matching contributions to the plan in an amount equal to 50% of the participant’s contribution up to a maximum of 6% of the participant’s earnings quarter start following one year of service by the participant.

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Severance Benefits

Each of our named executive officers has entered into a severance agreement with Lands' End. The severance agreements contain non-disclosure, non-solicitation and non-competition restrictions. Additionally, the severance payments provide individuals a window of time to locate a new position in the marketplace. While the following description of the terms and conditions applies generally to our severance agreements with our named executive officers, severance agreements with certain of our executive officers contain different or additional terms and conditions that served as additional inducements for those named executive officers to join Lands' End and are more fully described under “—Potential Payments Upon Termination of Employment” below. Under the agreement, severance is provided for involuntary termination by Lands' End without cause (as defined in the agreement) or termination by the executive officer for “good reason” (as defined in the agreement). Named executive officers, except as described under the heading “Potential Payments Upon Termination of Employment,” will receive severance payments equal to one year of annual base salary, subject to mitigation for salary or wages earned from another employer, including self-employment depending on the form of agreement.

If a named executive officer becomes entitled to benefits under the severance agreement, the named executive officer will be entitled to other company benefits such as continued participation in company medical and dental plans during the salary continuation period. The forms of executive severance agreements do not have specific change-in-control or similar provisions that would give rise to or impact the payment of severance benefits to the executive officers.

Awards under an annual or a long-term incentive program are payable in the event of a termination of employment as a result of death or disability during a performance period if certain conditions are met, as described under the applicable long-term incentive program. See “—2013 Annual Incentive Plan Opportunity” above, “—Long-Term Incentive Opportunities” above and “—Potential Payments Upon Termination of Employment” below for additional information.

A named executive officer's unvested restricted stock award under the 2006 Stock Plan will be forfeited upon termination of employment. In the event of a named executive officer's death, disability, retirement or involuntary termination, at the discretion of the Sears Holdings Compensation Committee, such officer's restricted stock awards may be accelerated.

Executive Compensation Recovery Provisions

Sears Holdings' annual and long-term incentive programs adopted in 2013 contained executive compensation recovery provisions. The relevant provisions provide that Sears Holdings will seek reimbursement from participating executives if Sears Holdings' financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

2013 CEO Compensation

As set forth in Mr. Huber's offer letter, his 2013 annual base salary is \$800,000. He also participated in the SHC AIP for 2013 with a target opportunity of 100% of his base salary and in the 2013 LTIS at 150% of his base salary. Mr. Huber received cash payouts pursuant to his Orchard Make-Whole Award, Sears Hometown Make-Whole Award and Sears Canada Make-Whole Award as described elsewhere in this section under the caption “—2013 Compensation Decisions—Time-Based Cash and Equity Compensation.” Mr. Huber also received a matching contribution to the Lands' End, Inc. Retirement Plan as described elsewhere in this section under the caption “—Other Compensation Elements—Retirement Plans.”

Certain Tax Consequences

In setting an executive's compensation package, the Sears Holdings Compensation Committee considers the requirements of Section 162(m) of the Code, which provides that compensation in excess of \$1 million paid to certain executive officers is not deductible unless it is performance-based and paid under a program that meets

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certain other legal requirements. Neither base salary nor time-based cash or equity awards that vest based solely on continued service qualify as performance-based compensation under Section 162(m). Although a significant portion of each executive officer's compensation is intended to satisfy the requirements for deductibility under Section 162(m), the Sears Holdings Compensation Committee retains the ability to evaluate the performance of its executives and to pay appropriate compensation, even if it may result in the non-deductibility of certain compensation under federal tax law.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid by Lands' End to each of our named executive officers. These amounts are based on the compensation received by these officers while employed by Lands' End for 2013; the amounts shown for 2012 reflect the inclusion of an additional week of compensation in that fiscal year (comprising 53 weeks) compared to fiscal years 2013 and 2011 (comprising 52 weeks).

Name and Principal Position	Year	Salary(a)	Bonus(b)	Stock Awards(c)	Non Equity Incentive Plan Compensation	All Other Compensation(d)	Total
Edgar O. Huber <i>President and Chief Executive Officer</i>	2013	\$800,000	\$ —	\$ —	\$ —	\$ 41,315	\$ 841,315
	2012	815,385	400,000	—	—	59,531	1,274,916
	2011	400,000	650,000	999,975	—	238,496	2,288,472
Michael P. Rosera <i>Executive Vice President, Chief Operating Officer/Chief Financial Officer and Treasurer</i>	2013	\$513,462	\$ 50,000	\$ —	\$ —	\$ 77,269	\$ 640,730
	2012	269,231	231,250	149,974	—	104,373	754,828
Michele Donnan Martin <i>Executive Vice President, Chief Merchandising and Design Officer</i>	2013	\$150,000	\$175,000	\$ —	\$ —	\$ 4,954 ¹	\$ 329,954
Karl Dahlen <i>Senior Vice President, General Counsel and Corporate Secretary</i>	2013	\$242,212	\$ —	\$ —	\$ —	\$ 7,111	\$ 249,322
	2012	236,143	15,500	—	—	7,084	258,727
	2011	204,120	13,729	—	—	7,000	224,849
Kelly Ritchie <i>Senior Vice President, Employee and Customer Services</i>	2013	\$355,889	\$ —	—	\$ —	\$ 7,650	\$ 363,539
	2012	355,869	50,000	—	—	7,500	413,369
	2011	344,054	—	—	—	7,350	351,404

- (a) The amounts in this column are actual amounts earned in the fiscal year period stated. The amounts shown have been adjusted for the number of days in the fiscal year and are not necessarily the same as the annual rate for each named executive officer.
- (b) The amount for Mr. Rosera represents a cash retention bonus payment for fiscal year 2013 made pursuant to the terms of his offer letter. The amount for Ms. Donnan Martin represents a sign-on bonus payment made pursuant to the terms of her offer letter.
- (c) Amounts shown in this column represent the full grant date fair value of the restricted stock awards granted under the 2006 Stock Plan. Generally, the full grant date fair value is the amount that Sears Holdings would expense in its financial statements over the award's applicable vesting period. Restricted stock is common stock that cannot be sold or otherwise transferred by the executive until such restrictions lapse.
- (d) For Mr. Huber, the amount consists of (1) \$3,966 representing the amount vested and paid in fiscal year 2013 under his Orchard Make-Whole Award, which he received in respect of his previously-awarded unvested restricted stock in lieu of shares of Orchard distributed to the Company's stockholders, (2) \$8,968 representing the amount vested and paid in fiscal year 2013 under his Sears Hometown Make-Whole Award, which he received in respect of previously-awarded unvested restricted stock in lieu of Rights to purchase shares of Sears Hometown distributed to the Company's stockholders, (3) \$20,731 representing the amount vested and paid in fiscal year 2013 under his Sears Canada Make-Whole Award, which he received in respect of previously-awarded unvested restricted stock in lieu of Rights to purchase shares of Sears Canada distributed to the Company's stockholders and (4) \$7,650 in matching contributions under the Lands' End, Inc. Retirement Plan.

For Mr. Rosera, the amount in fiscal 2013 includes (1) \$71,869 in company-provided relocation expenses, including \$14,883 in related tax gross-up payments and (2) \$5,400 in matching contributions under the Lands' End, Inc. Retirement Plan.

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For Ms. Donnan Martin, the amount includes \$950.96 attributable to the aggregate incremental cost to the Company of round-trip fare for commercial air travel between Ms. Donnan Martin's primary residence in the greater metropolitan New York area and the greater metropolitan Madison area, \$373.29 attributable to the aggregate incremental cost to the Company of ground transportation between her primary residence and the airport in the greater metropolitan New York area when commuting to Company headquarters in Dodgeville, Wisconsin and between Company headquarters and the airport in the greater metropolitan Madison area when commuting to her primary residence, and \$3,630.00 attributable to the incremental cost to the Company for housing in the Madison, Wisconsin area pursuant to the terms of her offer letter.

For Mr. Dahlen, the amount reflects matching contributions under the Lands' End, Inc. Retirement Plan.

For Ms. Ritchie, the amount reflects matching contributions under the Lands' End, Inc. Retirement Plan.

Grants of Plan-Based Awards

The following tables set forth awards granted to our named executive officers under the incentive plans maintained by Sears Holdings.

Name	Plan	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(a)			Estimated Future Payouts Under Non-Equity Multi-Year Incentive Plan Awards(a)			All Other Stock Awards: Number of Shares of Stock	Grant Date Fair Value of Stock and Option Awards(b)
		Threshold	Target	Maximum	Threshold	Target	Maximum		
Edgar O. Huber	SHC AIP	\$160,000	\$800,000	\$1,600,000	—	—	—	—	—
	2013 LTIP	—	—	—	\$225,000	\$900,000	\$1,800,000	—	—
	2013 Cash LTI	—	—	—	\$300,000	\$300,000	\$ 300,000	—	—
Michael P. Rosera	SHC AIP	\$ 66,757	\$333,786	\$ 667,572	—	—	—	—	—
	2013 LTIP	—	—	—	\$ 93,750	\$375,000	\$ 750,000	—	—
	2013 Cash LTI	—	—	—	\$125,000	\$125,000	\$ 125,000	—	—
Michele Donnan Martin	SHC AIP	\$ 19,286	\$ 96,429	\$ 192,858	—	—	—	—	—
	2013 LTIP	—	—	—	\$ 84,274	\$337,095	\$ 674,190	—	—
	2013 Cash LTI	—	—	—	\$112,365	\$112,365	\$ 112,365	—	—
Karl Dahlen	SHC AIP	\$ 16,069	\$ 80,347	\$ 160,694	—	—	—	—	—
	2013 LTIP	—	—	—	\$ 22,031	\$ 88,125	\$ 176,250	—	—
	2013 Cash LTI	—	—	—	\$ 29,375	\$ 29,375	\$ 29,375	—	—
Kelly Ritchie	SHC AIP	\$ 35,591	\$177,957	\$ 355,914	—	—	—	—	—
	2013 LTIP	—	—	—	\$ 65,625	\$262,500	\$ 525,000	—	—
	2013 Cash LTI	—	—	—	\$ 87,500	\$ 87,500	\$ 87,500	—	—

(a) The amounts in these columns include the threshold, target and maximum amounts for each named executive officer under the 2013 AIP and 2013 LTIP.

(b) This column reflects the full grant date fair value of restricted stock granted to certain named executive officers. Generally, the full grant date fair value is the amount that the Company would expense in its financial statements over the award's applicable vesting period. None of our named executive officers received grants of equity-based awards in fiscal year 2013.

Lands' End Employment Arrangements

Certain components of the compensation paid to our named executive officers reflected in the Summary Compensation Table and the Grants of Plan-Based Awards table are based on our named executive officers' offer letters that provide for their employment with Lands' End. These offer letters establish the minimum terms and conditions of each executive's employment, which are summarized below. For a discussion of the severance payments and other benefits provided in connection with a qualifying termination of employment under each named executive officer's severance agreement, see "—Potential Payments Upon Termination of Employment" below.

Offer Letter with Mr. Huber

Mr. Huber entered into an offer letter with Sears Holding dated July 18, 2011 that provides for his employment with Lands' End. Mr. Huber's annual base salary is \$800,000. He received a one-time sign-on bonus of \$250,000, subject to certain repayment conditions in the event of termination, which conditions expired on August 1, 2013. He is eligible for an annual target award of 100% of his base salary under the SHC AIP. Mr. Huber was eligible to receive a special incentive award for 2011 equal to the greater of (1) the actual incentive earned and payable under the 2011 SHC AIP or (2) \$400,000 (gross), which special incentive award was subject to reduction by any amount payable to him under the 2011 SHC AIP. Mr. Huber's offer letter provided for the payment of a special cash retention bonus of \$400,000 following the end of 2012, subject to reduction by any amount payable to him under the 2012 SHC AIP. Mr. Huber's offer letter also provides for his participation in the 2011 LTIP, with a target award of 150% of his base salary, subject to pro-ration based on the portion of the LTIP performance period remaining after his start date. He also received a grant of Sears Holdings restricted stock valued at approximately \$1,000,000 under the 2006 Stock Plan. He received relocation assistance consisting of a lump sum payment of \$100,000 (net of income taxes), temporary housing (net of income taxes) and shipment of household goods. Mr. Huber's Executive Severance Agreement with Sears Holdings described under "Compensation Discussion and Analysis—Other Compensation Benefits—Severance Benefits" and "Potential Payments Upon Termination of Employment" will be assigned to, and assumed by, Lands' End effective as of the spin-off.

Offer Letter with Mr. Rosera

Mr. Rosera entered into an offer letter from Lands' End dated June 27, 2012 that provides for his employment with Lands' End. Mr. Rosera's offer letter provided for an annual base salary of \$500,000, which was subsequently increased to \$520,000. He received a one-time sign-on bonus of \$150,000, subject to certain repayment conditions in the event of termination within 24 months of his start date. He is eligible for an annual target award of 65% of his base salary under the SHC AIP. Mr. Rosera was eligible to receive an incentive payment for 2012 equal to the greater of (1) the actual incentive earned and payable under the 2012 SHC AIP or (2) \$81,250 (gross). Mr. Rosera's offer letter also provides for the payment of a special cash retention bonus award of \$150,000 (gross) that vests in three equal installments on the first, second and third anniversaries of his start date, provided that he is actively employed with us on the applicable payment date. Mr. Rosera's offer letter provides for his participation in the Sears Holdings Long-Term Incentive Programs, starting with the 2012 LTIP. He also received a grant of Sears Holdings restricted stock valued at approximately \$150,000 under the 2006 Stock Plan and relocation benefits under our standard relocation policy. The relocation benefits were subject to reimbursement in the amount of 100% of the benefit if he had voluntarily terminated his employment on or before the first anniversary of his start date, and are subject to reimbursement in the amount of 50% of the benefit if he voluntarily terminates his employment more than one year after and no more than two years after his start date. Mr. Rosera's Executive Severance Agreement with Sears Holdings described under "Compensation Discussion and Analysis—Other Compensation Benefits—Severance Benefits" and "Potential Payments Upon Termination of Employment" will be assigned to, and assumed by, Lands' End effective as of the spin-off.

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Offer Letter with Ms. Donnan Martin

Ms. Donnan Martin entered into an offer letter from Lands' End dated September 19, 2013 that provides for her employment with Lands' End. Ms. Donnan Martin's offer letter provided for an annual base salary of \$600,000. She received a one-time sign-on bonus of \$175,000, subject to reimbursement in the amount of 100% of the benefit in the event of termination within 24 months of her start date. She is eligible for an annual target award of 65% of her base salary under the SHC AIP, which will be prorated from her start date of November 4, 2013 through February 1, 2014. Ms. Donnan Martin's offer letter also provides for the payment of (i) a special incentive award for 2014 payable on or about April 15, 2015 equal to \$195,000 (gross) less the actual incentive earned and payable under the 2014 SHC AIP and subject to reimbursement in the amount of 100% of the benefit in the event of termination within 24 months of her start date and (ii) a special cash retention bonus award of \$150,000 (gross) that vests in three equal installments on the first, second and third anniversaries of her start date, in each case provided that she is actively employed with us on the applicable payment date. Ms. Donnan Martin's offer letter provides for her participation in the Sears Holdings Long-Term Incentive Programs, starting with the 2013 LTIP, prorated from her start date of November 4, 2013 through January 30, 2016. Under the offer letter, we provide Ms. Donnan Martin with a mutually agreeable corporate apartment in Madison, Wisconsin and travel expenses, such housing and travel expenses not to exceed \$50,000 per calendar year (and prorated for any partial year of employment). Ms. Donnan Martin's Executive Severance Agreement with Sears Holdings described under "Compensation Discussion and Analysis—Other Compensation Benefits—Severance Benefits" and "Potential Payments Upon Termination of Employment" will be assigned to, and assumed by, Lands' End effective as of the spin-off.

Promotion Letter with Mr. Dahlen

Mr. Dahlen entered into a promotion letter from Lands' End dated January 31, 2014 that provides for his employment with Lands' End. Mr. Dahlen's offer letter provides for an annual base salary of \$270,000. He is eligible for an annual target award of 50% of his base salary under the SHC AIP for 2014. Mr. Dahlen's Executive Severance Agreement with Sears Holdings described under "Compensation Discussion and Analysis—Other Compensation Benefits—Severance Benefits" and "Potential Payments Upon Termination of Employment" will be assigned to, and assumed by, Lands' End effective as of the spin-off.

Outstanding Equity Awards at 2013 Fiscal Year End

The following table shows the number of shares of Sears Holdings common stock covered by unvested restricted stock held by the named executive officers on February 1, 2014. None of the named executive officers held options to purchase shares of Sears Holdings common stock on February 1, 2014.

Name	Stock Awards	
	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested ^(a)
Edgar O. Huber	8,540	\$ 310,600
Michael P. Rosera	2,712	\$ 98,635
Michele Donnan Martin	—	—
Karl A. Dahlen	—	—
Kelly Ritchie	—	—

- (a) The market value of the outstanding restricted stock awards represents the product of the number of shares of restricted stock that have not vested multiplied by \$36.37, the closing price of Sears Holdings Corporation common stock on January 31, 2014, the last trading day of Sears Holdings common stock in fiscal year 2013.

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Option Exercises and Stock Vested

The following table shows the number of shares of Sears Holdings common stock acquired upon vesting of restricted stock awards and the value realized, before payment of any applicable withholding tax. None of our named executive officers owned or exercised any options to purchase shares of Sears Holdings common stock during 2013.

<u>Name</u>	<u>Stock Awards</u>	
	<u>Number of Shares Acquired on Vesting</u>	<u>Value Realized on Vesting^(a)</u>
Edgar O. Huber	4,270	\$188,905
Michael P. Rosera	—	\$ —
Michele Donnan Martin	—	\$ —
Karl Dahlen	—	\$ —
Kelly Ritchie	—	\$ —

(a) For Mr. Huber, the amount represents 4,270 shares that vested on September 1, 2013 (including 1,499 shares withheld by Sears Holdings to satisfy tax obligations associated with the vesting of these shares) multiplied by \$44.24, the closing price of Sears Holdings common stock on September 1, 2013.

Potential Payments Upon Termination of Employment

As described under “—Compensation Discussion and Analysis—Other Compensation Elements—Severance Benefits” above, Sears Holdings entered into severance agreements with the named executive officers. The amounts shown assume that such termination was effective as of January 31, 2014, the last business day of fiscal year 2013. Therefore, the tables include amounts earned through such time and are estimates of the amounts which would have been paid (subject to mitigation as applicable) to each named executive officer upon his or her involuntary termination by Lands’ End without “cause” or termination by the executive officer for “good reason.” The actual amounts that would have been paid to the executives can only be determined at the time of such executive’s separation from Lands’ End.

- Good Reason:
 - For, Mr. Huber, Ms. Donnan Martin and Ms. Ritchie, a termination by the executive officer is for good reason if it results from (1) a reduction of more than 10% in the sum of the executive officer’s annual salary and target bonus from those in effect as of the date of the severance agreement; (2) an executive officer’s mandatory relocation to an office more than 50 miles from the primary location at which the executive officer is required to perform his or her duties; or (3) any action or inaction that constitutes a material breach under the severance agreement, including the failure of a successor company to assume or fulfill the obligations under the severance agreement.
 - For Mr. Rosera, a termination by the executive officer is for good reason if it results from (1) a reduction of more than 10% in the sum of the executive officer’s annual salary and target bonus from those in effect as of the date of the severance agreement; (2) an executive officer’s mandatory relocation to an office more than 50 miles from the primary location at which the executive officer is required to perform his or her duties; (3) a change in structure so that executive is no longer directly reporting to the chief executive of Lands’ End, Inc.; or (4) any action or inaction that constitutes a material breach under the severance agreement, including the failure of a successor company to assume or fulfill the obligations under the severance agreement.
 - For Mr. Dahlen, a termination by the executive officer is for good reason if it results from (1) a reduction of more than 10% in the sum of the executive officer’s annual salary and target bonus from those in effect as of the date of the severance agreement; (2) an executive officer’s

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mandatory relocation to an office more than 50 miles from the primary location at which the executive officer is required to perform his or her duties; (3) a change in structure so that executive is no longer directly reporting to the chief operating officer, chief financial officer or chief executive officer of Lands' End, Inc.; or (4) any action or inaction that constitutes a material breach under the severance agreement, including the failure of a successor company to assume or fulfill the obligations under the severance agreement.

- Cause—A termination by an executive officer is without cause if the executive officer is involuntarily terminated because of job elimination (other than poor performance) or without “cause.”
- “Cause” generally is defined as (1) a material breach by the executive officer, other than due to incapacity due to a disability, of the executive officer’s duties and responsibilities which breach is demonstrably willful and deliberate on the executive officer’s part, is committed in bad faith or without reasonable belief that such breach is in the best interests of Sears Holdings (or its affiliates) and such breach is not remedied by the executive officer in a reasonable period of time after receipt of written notice from Sears Holdings specifying such breach; (2) the commission by the executive officer of a felony (in certain cases defined as a felony involving moral turpitude); or (3) dishonesty or willful misconduct in connection with the executive officer’s employment.

Severance Benefits upon involuntary termination by Lands’ End without “cause” or termination by the executive officer for “good reason”

- For Mr. Huber, base salary at the rate in effect immediately prior to the date of termination, payable in the form of salary continuation for 24 months, subject to reduction by the amount of fees, salary or wages that he earns from a subsequent employer during the salary continuation period.
- For Mr. Rosera, base salary at the rate in effect immediately prior to the date of termination, payable in the form of salary continuation for 12 months.
- For Ms. Donnan Martin, highest base salary rate she earned as an employee of any Sears Holdings affiliate, payable in the form of salary continuation for 12 months, subject to reduction by the amount of fees, salary or wages that she earns from a subsequent employer during the salary continuation period.
- For Mr. Dahlen, base salary at the rate in effect immediately prior to the date of termination, payable in the form of salary continuation for 6 months, subject to reduction by the amount of fees, salary or wages that he earns from a subsequent employer during the salary continuation period.
- For Ms. Ritchie, base salary at the rate in effect immediately prior to the date of termination, payable in the form of salary continuation for 12 months, subject to reduction by the amount of fees, salary or wages that she earns from a subsequent employer during the salary continuation period.
- For all named executive officers, continuation of active medical and dental coverage the named executive officer was eligible to participate in prior to the end of employment during the salary continuation period except Mr. Huber who will receive up to 12 months of continuation of active medical and dental coverage.

Other Terms of Severance Agreements

An eligible named executive officer will not be entitled to a severance payment under the severance agreements in the event of termination for “cause” or voluntary termination.

Under the severance agreements, the named executive officers agree to non-disclosure of confidential information, non-solicitation and non-compete (where permissible under applicable state law) covenants, as well as a release of liability for certain claims against Sears Holdings.

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The severance agreements do not provide for payments to the participating named executive officers upon termination of employment due to death, disability or retirement. Assuming that a termination was effective as of February 1, 2014, the participating named executive officers would have been eligible to receive payments under Sears Holdings' annual and long-term incentive programs upon death, disability or retirement, as provided below.

The severance agreements for the named executive officers will be assigned to, and assumed by, Lands' End effective as of the spin-off.

Payments Pursuant to Incentive Compensation Programs

As described under “—Compensation, Discussion and Analysis” above, Sears Holdings provides annual and long-term incentive awards to our named executive officers. Payments under these programs for termination of employment are limited as described below.

- **Annual Incentive Plan**. If a named executive officer voluntarily terminates employment (for any reason other than disability) or is involuntarily terminated for any reason (other than death), he or she will forfeit his/her 2013 SHC AIP award, except as prohibited by law. If the employment of a named executive officer is terminated because of death or disability, the named executive officer will be entitled to a pro-rated payment through the termination date if the financial criteria under the 2013 AIP are satisfied. The named executive officer would not be entitled to a distribution under the 2013 SHC AIP in the event of death or disability because the financial goals were not achieved.
- **2011 Long-Term Incentive Program, 2012 Long-Term Incentive Program, 2013 Long-Term Incentive Program and 2013 Cash LTI**. If any named executive officer voluntarily terminates employment (for any reason other than disability) or is involuntary terminated for any reason (other than death), he or she will forfeit his/her 2011 LTIP, 2012 LTIP, 2013 LTIP and 2013 Cash LTI award, as applicable, except as prohibited by law. If any named executive's employment is terminated because of death or disability, he/she will be entitled to a pro-rated payment through the termination date if the financial goals under the 2011 LTIP, 2012 LTIP or 2013 LTIP, as of the termination date, equal or exceed the applicable targets and the named executive officer was a participant in the applicable LTIP for at least 12 months of the performance period. Any pro-ration would be based on a fraction, the numerator of which is the number of full months during the performance period in which the executive was a participant, and the denominator of which is the full number of months in the applicable performance period. With respect to the 2011 LTIP and 2012 LTIP, because the target financial goals were not met as of January 31, 2014, no named executive officer participating under the 2011 LTIP and/or 2012 LTIP would be entitled to any payments under these plans in the event of death or disability on January 31, 2014. With respect to the 2013 LTIP, because neither the target financial goals nor the participation requirement were met as of January 31, 2014, no named executive officer participating in this plan would be entitled to any payments under this plan in the event of death or disability on January 31, 2014.
- With respect to the 2013 Cash LTI, if any named executive officer's employment is terminated because of death or disability, he/she will be entitled to a pro-rated payment through the termination date if the named executive officer was a participant in the 2013 Cash LTI for at least 12 months of the three-year service period. As of January 31, 2014, none of the named executive officers would have completed a full 12 months of participation in the 2013 Cash LTI, and therefore would not be entitled to any payments under this program in the event of death or disability on January 31, 2014.

Time-Based Equity Compensation

Any unvested restricted stock held by our named executive officers on January 31, 2014 will be forfeited upon termination of employment with Sears Holdings.

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Summary Table of Potential Payments Upon Termination of Employment

The table below summarizes the potential payouts to our named executive officers upon a termination from Sears Holdings, assuming such termination occurred on January 31, 2014, the last business day of Sears Holdings' 2013 fiscal year:

	Salary Continuation (a)	Continuation of Medical/ Welfare Benefits (b)	Target Bonus Payment (c)	LTIP Payment (d)	Accelerated Vesting of Restricted Stock (e)	Total
Edgar O. Huber						
Termination for Good Reason	\$ 1,600,000	\$ 14,496	\$ —	\$ —	\$ —	\$ 1,614,496
Termination without Cause	\$ 1,600,000	\$ 14,496	\$ —	\$ —	\$ —	\$ 1,614,496
Termination with Cause	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Voluntary Termination	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Disability	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Retirement	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Death	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

	Salary Continuation (a)	Continuation of Medical/ Welfare Benefits (b)	Target Bonus Payment (c)	LTIP Payment (d)	Accelerated Vesting of Restricted Stock (e)	Total
Michael P. Rosera						
Termination for Good Reason	\$ 520,000	\$ 13,849	\$ —	\$ —	\$ —	\$ 533,849
Termination without Cause	\$ 520,000	\$ 13,849	\$ —	\$ —	\$ —	\$ 533,849
Termination with Cause	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Voluntary Termination	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Disability	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Retirement	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Death	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

	Salary Continuation (a)	Continuation of Medical/ Welfare Benefits (a)	Target Bonus Payment (c)	LTIP Payment (d)	Accelerated Vesting of Restricted Stock (e)	Total
Michele Donnan-Martin						
Termination for Good Reason	\$ 600,000	\$ 15,030	\$ —	\$ —	\$ —	\$ 615,030
Termination without Cause	\$ 600,000	\$ 15,030	\$ —	\$ —	\$ —	\$ 615,030
Termination with Cause	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Voluntary Termination	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Disability	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Retirement	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Death	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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	Salary Continuation	Continuation of Medical/ Welfare Benefits (a)	Target Bonus Payment	LTIP Payment	Accelerated Vesting of Restricted Stock	Total
Karl Dahlen						
Termination for Good Reason	\$ 135,000	\$ 7,515	\$ —	\$ —	\$ —	\$142,515
Termination without Cause	\$ 135,000	\$ 7,515	\$ —	\$ —	\$ —	\$142,515
Termination with Cause	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Voluntary Termination	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Disability	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Retirement	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Death	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

	Salary Continuation	Continuation of Medical/ Welfare Benefits (a)	Target Bonus Payment	LTIP Payment	Accelerated Vesting of Restricted Stock	Total
Kelly Ritchie						
Termination for Good Reason	\$ 358,750	\$ 15,030	\$ —	\$ —	\$ —	\$373,780
Termination without Cause	\$ 358,750	\$ 15,030	\$ —	\$ —	\$ —	\$373,780
Termination with Cause	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Voluntary Termination	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Disability	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Retirement	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Termination due to Death	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(a) This amount includes the continuation of the health and welfare benefits in which each named executive officer is currently enrolled, under the condition that the officer continues to participate in these plans for one year.

Lands' End Employment Arrangements

In connection with the spin-off, we will adopt an Umbrella Incentive Program, the Lands' End, Inc. Annual Incentive Plan (the "LE AIP"), the Lands' End, Inc. Long-Term Incentive Program (the "LE LTIP"), each of which will be established under the Umbrella Incentive Program (as defined below). We also will adopt the Lands' End, Inc. Cash Long-Term Incentive Plan (the "LE Cash LTI") and the Lands' End, Inc. 2014 Stock Plan (the "LE Stock Plan") (as defined below). The following description of the material terms and conditions of these plans is qualified by reference to the full text of the respective plans, which have been filed as exhibits to this registration statement.

Umbrella Incentive Program

Purpose. The purpose of the Umbrella Incentive Program is to motivate our employees to achieve significant, lasting change that successfully positions the Company for future growth by aligning employees' financial incentives with our financial goals.

Our Compensation Committee may make an award to an eligible employee of ours under the Umbrella Incentive Program, or from time to time may establish annual and long-term incentive plans or programs under the Umbrella Incentive Program for specific performance periods for specified groups of eligible employees, including our named executive officers, and make awards under these plans, consistent with the terms of the Umbrella Incentive Program.

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Eligible Employees. Any salaried employee of ours (and certain hourly employees of ours) may be designated by our Compensation Committee to participate in the Umbrella Incentive Program and granted one or more awards under the Umbrella Incentive Program or under annual or long-term incentive programs established under the Umbrella Incentive Program. From time to time, our Compensation Committee may also designate as participants those employees who have been newly hired or promoted into the group of eligible employees. Our Compensation Committee may adjust the terms and conditions of awards to these employees, in order to qualify such awards as performance-based compensation for purposes of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, or the “Code,” if such awards are intended to meet the requirements of Code Section 162(m).

Awards under the Umbrella Incentive Program—Generally. An award may be granted under the Umbrella Incentive Program in the form of a “cash incentive award” or a “stock award.” Awards under the Umbrella Incentive Program are designed to vary commensurately with achieved performance. A cash incentive award is the grant of a right to receive a payment of cash (or, in the discretion of our Compensation Committee, shares of common stock of the Company having a fair market value on the payment date equivalent to the cash otherwise payable) that is contingent on the achievement of performance goals established by our Compensation Committee for the applicable performance period. A stock award is a grant of shares of common stock of the Company, which grant will be subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of performance goals for the applicable performance period, as established by our Compensation Committee. Our Compensation Committee may impose other conditions, restrictions and contingencies on any cash incentive award or stock award.

Performance-Based Compensation Awards. Under the Umbrella Incentive Program, our Compensation Committee may issue both awards structured to satisfy the requirements for performance-based compensation outlined in Code Section 162(m) (“performance based compensation”) and awards not so structured. An award intended to be performance based compensation will be conditioned on the achievement of one or more performance goals, to the extent required by Code Section 162(m). The performance goals that may be used for these awards will be based on any one or more of the performance measures described below under “*Performance Measures*” selected by our Compensation Committee. All awards under the Umbrella Incentive Program that are intended to be performance-based compensation will be structured to meet the requirements of Code Section 162(m).

Maximum Performance-Based Awards. For awards that are intended to be performance-based compensation under Code Section 162(m), the maximum value payable under all such awards granted to any one individual during any (a) consecutive 36-month period shall not exceed \$15,000,000, and (b) consecutive 48-month period shall not exceed \$20,000,000. Awards that are not intended to constitute “performance-based compensation” under Code Section 162(m) are not subject to these limits.

Performance Goals. Not later than 90 days after the beginning of the performance period (but in no event after 25% of the performance period has elapsed), and while the outcome as to the performance goals is substantially uncertain, our Compensation Committee shall establish objective written performance goals for awards intended to be performance-based compensation for purposes of Code Section 162(m). These goals will be based on one or more performance measures (described below), and may be with respect to: corporate performance; operating group or sub-group performance; individual company performance; other group or individual performance; or division performance.

A participant otherwise entitled to receive an award intended to be performance-based compensation for any performance period will not receive a settlement of the award until our Compensation Committee determines that the applicable performance goal(s) have been attained. In exercising discretion in making this determination, our Compensation Committee may not increase the amount of the payment of an award intended to be performance-based compensation.

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Performance Measures. Performance measures may be based on any one or more or any combination (in any relative proportion) of the following: share price, market share, cash flow, revenue, revenue growth, earnings per share, operating earnings per share, operating earnings, earnings before interest, taxes, depreciation and amortization, return on equity, return on assets, return on capital, return on investment, net income, net income per share, economic value added, market value added, store sales growth, customer and member growth, maintenance and satisfaction performance goals and employee opinion survey results measured by an independent firm, and strategic business objectives, consisting of one or more objectives based on meeting specific cost or profit targets or margins, business expansion goals and goals relating to acquisitions or divestitures. Each goal, with respect to a performance period, may be expressed on an absolute and/or relative basis, may be based on the Company as a whole or on any one or more business units or subsidiaries of the Company, and may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or of any one or more business units or subsidiaries of the Company or its subsidiaries, and/or the past or current performance of other companies, or an index.

The terms of an award may provide that partial achievement of the performance goals may result in a payment or vesting based on the degree of achievement. In establishing any performance goals, our Compensation Committee may exclude the effects of the following items, to the extent identified in our audited financial statements, including footnotes, or the Management's Discussion and Analysis of Financial Condition and Results of Operations accompanying those financial statements; asset write-downs; litigation or claim judgments or settlements; extraordinary, unusual and/or nonrecurring items of gain or loss; gains or losses on acquisitions, divestitures or store closures; domestic pension expense; noncapital, purchase accounting items; changes in tax or accounting principles, regulations or laws; mergers or acquisitions; integration costs disclosed as merger-related; accruals for reorganization or restructuring programs; foreign exchange gains and losses; and tax valuation allowances and/or tax claim judgment or settlements.

To the extent the exclusion of any item affects awards intended to be performance-based compensation, the exclusion will be specified in a manner that satisfies the requirements of Code Section 162(m), including the requirement that the performance goals be objectively determined.

Distribution. Subject to the provisions described below regarding termination of employment, we will distribute, in a single lump sum, the cash or shares of our common stock resulting from an award as soon as practicable after the first Compensation Committee meeting after the results of a performance period are available to our Compensation Committee. For awards intended to be performance-based compensation, we will not make any distribution before our Compensation Committee has certified the satisfaction of the performance goals and the amount to be paid to each participant. For awards not intended to be performance-based compensation, we will make distributions at the time specified by our Compensation Committee in the award.

Termination of Employment. The terms of an award (or the annual or long-term incentive program under which the award is granted) will provide the extent to which a participant may receive an award in the event of the participant's death, disability or termination of employment. Receipt of an award in these circumstances may depend on both the reason for the termination, if applicable, and the point in the performance period at which the event occurs (subject, in the case of awards intended to be performance-based compensation, to Code Section 162(m)).

Transferability of Awards. Except as otherwise provided by our Compensation Committee, awards under the Umbrella Incentive Program are not transferable except by will or by the laws of descent and distribution.

Settlement of Awards. We may use cash, shares of our common stock, or a combination of cash and stock to satisfy our obligation to make payments and distributions with respect to awards under the Umbrella Incentive Program. Satisfaction of our obligations under an award (sometimes referred to as "settlement" of the award) may be subject to such conditions, restrictions and contingencies as our Compensation Committee may determine, and, in the case of stock, to the terms of the applicable stock plan.

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Source of Awards Settled in Stock. For awards under the Umbrella Incentive Program that are settled in shares of our common stock, the shares will be distributed under a stock plan adopted by our stockholders. For this purpose, we currently intend to use the LE Stock Plan, if approved by stockholders.

Administration. The Compensation Committee administers the Umbrella Incentive Program, and may make changes it considers appropriate for the effective administration of the Umbrella Incentive Program. These changes may not increase the benefits available to participants under, nor change the pre-established measures in goals approved with respect to, an award intended to be performance-based compensation. Notwithstanding anything in the Umbrella Incentive Plan to the contrary, before settlement of any award, the Compensation Committee may reduce the amount of cash or shares of our common stock to be delivered in connection with that award and, with respect to awards that are not intended to be performance-based compensation under Code Section 162(m), may change the pre-established measures in goals that have been approved for such award and increase the amount of such award or the number of shares of stock or amount of cash to be delivered in connection with such award.

Corporate Transaction or Capital Adjustment. In the event of a corporate transaction or capital adjustment affecting our common stock, our Compensation Committee may adjust awards to preserve but not increase the benefits or potential benefits of the awards. However, our Compensation Committee may not make any adjustment that would cause awards intended to be performance-based compensation to cease to qualify as such.

Amendment and Termination. Our Board or Compensation Committee may, at any time, amend or terminate the Umbrella Incentive Program, and may amend any award granted pursuant to the plan. However, no amendment or termination may, without the written consent of the affected participant (or, if the participant is not then living, his or her beneficiary), adversely affect the rights of any participant or beneficiary under any award granted before the date the Board or the Compensation Committee adopted the amendment or terminated the Umbrella Incentive Program. In addition, no amendment requiring stockholder approval may be made without the consent of our stockholders. However, the Compensation Committee may amend, without participant consent, the Umbrella Incentive Program and any award under the program to the extent the Compensation Committee determines the amendment is necessary to cause the program or award to comply with Code Section 409A or any other applicable law or rule of any applicable securities exchange or any similar entity.

Notwithstanding anything in the Umbrella Incentive Program to the contrary, the Compensation Committee may not amend the Umbrella Incentive Program if the amendment would cause the Umbrella Incentive Program not to comply with Code Section 409A or any other applicable law or rule of any applicable securities exchange or any similar entity.

Federal Income Tax Consequences. Under present federal income tax laws, awards granted under the Umbrella Incentive Plan will have the following tax consequences:

Incentive Awards. A participant will realize taxable income at the time the incentive award is distributed either in cash or shares of stock in an amount equal to the cash distributed or the fair market value of the shares on the date of distribution, and we will be entitled to a corresponding deduction, subject Code Section 162(m).

A U.S. income tax deduction will generally be unavailable to us for annual compensation in excess of \$1 million paid to our chief executive officer and any of our three other most highly compensated officers (other than our chief financial officer). Amounts that constitute performance-based compensation are not counted toward the \$1 million limit. Awards under the Umbrella Incentive Program and under annual and long-term incentive programs may be structured to meet the requirements of performance-based compensation under applicable tax regulations.

Code Section 409A of the Code. Awards under the compensation programs generally should not be subject to Code Section 409. If such an award were subject to those rules, and failed to conform to them, the recipient

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would have accelerated recognition of taxable income, and might also become liable for interest and tax penalties. Failure to satisfy those rules generally would not have an adverse tax effect on our company, but could result in violations of withholding and reporting obligations.

Withholding of Taxes. We may deduct from any payment or distribution of cash or shares under the Umbrella Incentive Program (and any annual or long-term incentive program established under the Umbrella Incentive Program) the amount of any tax required by law to be withheld with respect to such payment, or may require the participant to pay such amount to us prior to, and as a condition of, making the payment or distribution. To the extent permitted by the Compensation Committee, such withholding obligations may be satisfied (a) through cash payment by the participant, (b) by having us withhold shares of our common stock from any payment under the Umbrella Incentive Program, or (c) by surrender of shares of stock that the participant already owns, provided that the number of shares used to satisfy the withholding requirement may not be more than the number required to satisfy the company's minimum statutory withholding obligation (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). The portion of the withholding that is satisfied with shares will be determined using the fair market value of our common stock on the date as of which the amount of taxes to be withheld is determined.

The use of shares of our common stock to satisfy any withholding requirement will be treated, for federal income tax purposes, as a sale of those shares for an amount equal to their fair market value on the date as of which the amount of taxes to be withheld is determined. If a participant delivers previously-owned shares of our common stock to satisfy a withholding requirement, the disposition of those shares would generally result in the participant's recognition of gain or loss for tax purposes, depending on whether the basis in the delivered shares is less than or greater than the fair market value of the shares at the time of disposition.

Annual Incentive Plan

The LE AIP will be established under and constitute part of the Umbrella Incentive Program. The LE AIP provides employees of the Company that have been selected to participate in the plan, including the named executive officers, an opportunity to receive an incentive award equal to a percentage of base salary or a flat dollar amount, subject to the attainment of quarterly and annual performance goals. Awards under the LE AIP represent the right to receive cash or, at the discretion of our Compensation Committee, shares of the Company's common stock in lieu of cash or a combination of cash and shares. The issuance of common stock under the LE AIP is contingent on the availability of shares of stock under the Company's stock incentive plan providing for the issuance of shares in satisfaction of LE AIP awards.

For each performance period (whether it be a fiscal year or a fiscal quarter), our Compensation Committee will establish in writing the financial performance goals and the annual incentive opportunity to be awarded under the LE AIP with respect to each participant.

Annual awards and quarterly awards relating to the fourth quarter of the fiscal year payable under the LE AIP will be paid no later than the 15th day of the third month following the last day of our fiscal year.

Long-Term Incentive Structure

LE LTIP

The LE LTIP will be established under and constitute a part of the Umbrella Incentive Program. The LE LTIP provides the opportunity for employees of the Company who have been selected to participate in the plan to receive a long-term incentive award equal to either a percentage of base salary or a dollar amount, subject to the attainment of performance goals for a specified period. Awards under the LE LTIP represent the right to receive cash or, at the discretion of our Compensation Committee, shares of the Company's common stock in lieu of cash or a combination of cash and shares upon the achievement of certain performance goals. The

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issuance of common stock under the LE LTIP is contingent on the availability of shares of stock under the Company's stock incentive plan providing for the issuance of shares in satisfaction of long-term incentive awards. Awards earned under the LE LTIP will be paid to participants no later than the 15th day of the third month following the last day of the applicable performance period. The maximum amount that may be awarded to a participant under the LE LTIP with respect to any given performance period is governed by terms of the Umbrella Incentive Plan.

LE Cash LTI

The LE Cash LTI will be established to provide a time-based incentive opportunity for employees of the Company who have been selected to participate in the plan to receive a long-term incentive award equal to either a percentage of base salary or a dollar amount, provided the participant is actively employed by the Company on the vesting date which is April 1st following the end of the relevant three-year service period. Awards under the LE Cash LTI represent a right to receive cash as soon as administrative feasible after the vesting date but in no case later than the date that is the 15th day of the third month following the last day of the relevant service period.

Generally, participants will forfeit any right to an award under the LE AIP, LE LTIP and LE Cash LTI in the event of a termination of employment prior to the payment date. However, a participant whose employment terminates due to his or her death or disability prior to the payment date will, in the case of the LE AIP, and may, in the case of the LE LTIP and LE Cash LTI, receive a portion of the annual or long-term incentive award based on the number of days worked during the performance period. The LE AIP and the LE LTIP also provide that the Company will seek reimbursement from executive officers if the Company's financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

Our Compensation Committee will determine the terms and conditions and the applicable performance goals for awards granted under the LE AIP and LE LTIP for performance periods after the distribution date and the awards granted under the LE Cash LTI.

Lands' End 2014 Stock Plan

Awards. The LE Stock Plan allows for the grant of restricted stock, options, stock appreciation rights, stock units and other stock-based awards to eligible individuals. The LE Stock Plan also allows common stock of the Company to be awarded in settlement of an incentive award under the Lands' End, Inc. Umbrella Incentive Program (and any incentive program established thereunder).

Shares Reserved Under Stock Plan. There are 1,000,000 shares of the Company's common stock, par value \$0.01 per share (for purposes of this section, "stock"), reserved for issuance under the LE Stock Plan. The shares of our common stock that may be awarded under the LE Stock Plan are shares currently authorized but unissued, and shares which have been reacquired by the Company. Only shares of our common stock actually issued pursuant to an award under the LE Stock Plan will count against the reserved shares. If any restricted stock award, stock unit award, options, stock appreciation right or other stock-based award is forfeited, the underlying shares will become available for issuance again under the LE Stock Plan. If a grant of stock units, other stock-based awards, options or stock appreciation rights is settled in cash, the related shares will again become available for issuance. If any awards are granted in substitution for outstanding awards issued by another entity and such grants are made in connection with the Company's acquisition of that entity, the shares underlying those substitute awards will not count against the maximum number of shares of common stock reserved for issuance under the LE Stock Plan.

Effective Date and Termination of Plan. The LE Stock Plan will become effective upon the effective date of the spin-off, and will continue in effect, unless earlier terminated by our Compensation Committee, until the earlier of (1) the tenth anniversary of the date the LE Stock Plan was adopted by our board and (2) the date on which all of the stock reserved for issuance under the LE Stock Plan has been issued or is no longer available for use and all cash payments due under any Stock Unit or Other Stock-Based Award granted under the LE Stock Plan have been paid or forfeited.

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Eligible Individuals. Any employee, non-employee Director or other individual providing advisory or consulting services to, our Company or any of our Subsidiaries, as designated by the Committee (“Eligible Individual”) will be eligible to participate in the LE Stock Plan.

Administration. The LE Stock Plan will be administered by the Compensation Committee, to which such responsibility was delegated by the Board. The Compensation Committee has the authority to interpret the terms and intent of the LE Stock Plan and to make all other determinations deemed equitable under the circumstances for the administration of the LE Stock Plan. The Compensation Committee may allocate its responsibilities and powers to one or more members of the Board and may delegate all or any part of its responsibilities and powers to any one or more officers of the Company, subject to applicable law. The Committee may revoke any such allocation or delegation at any time.

Terms and Conditions of Restricted Stock and Stock Unit Awards. A “Restricted Stock” award is a grant of shares of our common stock that is subject to risk of forfeiture or other restrictions determined by the Committee. A “Stock Unit” award is a right to receive a payment in cash or shares based on the fair market value of the shares of stock underlying such award. An “Other Stock-Based Award” is a grant of common stock or other type of equity-based or equity-related award, including the grant of fully vested, unrestricted common stock or the grant of common stock in settlement of an award under the Lands’ End, Inc. Umbrella Incentive Program (“UIP”), as determined by the Compensation Committee. Restricted Stock, Stock Unit and Other Stock-Based Awards may be subject to one or more employment, performance or other forfeiture conditions which the Compensation Committee shall determine appropriate. In the event of the participant’s termination of employment, the Compensation Committee may permit accelerated vesting or payment or other applicable terms. No Restricted Stock, Stock Unit or Other Stock-Based Awards in any combination may be made in any calendar year to an Eligible Individual (except a non-employee director) representing more than 250,000 shares of stock. No Restricted Stock, Stock Unit or Other Stock-Based Awards in any combination may be made in any calendar year to a non-employee director representing more than \$250,000 in aggregate value of the stock at grant date. Separate and in addition to the above limits, no more than 250,000 shares of stock may be awarded in any calendar year to an Eligible Individual in settlement of an award under the UIP.

Dividends. A Restricted Stock or Other Stock-Based Award may include the right to receive a cash dividend with respect to the stock subject to the award. These payments may be subject to such conditions, restrictions and contingencies as the Compensation Committee establishes. If a cash dividend is paid on the shares of stock subject to the Stock Unit award, the cash dividend will be treated as reinvested in shares of stock and will increase the number of shares subject to the Stock Unit award, unless the Compensation Committee determines otherwise at the time of grant. If a stock dividend is declared on a share of Restricted Stock or Other Stock-Based Award, such stock dividend will be treated as part of the Restricted Stock or Other Stock-Based Award and will be subject to the same forfeiture conditions as the Restricted Stock or Other Stock-Based Award and will be subject to the same forfeiture conditions as the Restricted Stock or Other Stock-Based Award. If a stock dividend is paid on the shares of stock subject to a Stock Unit, the dividend shall increase the number of shares of stock subject to the Stock Unit award, unless the Compensation Committee determines otherwise at the time of grant. Unless otherwise set forth in the Stock Agreement, Eligible Individuals will have the right to vote shares of Restricted Stock or Other Stock-Based Award but will not have the right to vote with respect to shares covered by a Stock Unit award.

Terms and Conditions of Options and Stock Appreciation Rights. An “option” is a right to purchase a specified number of shares of stock, upon the satisfaction of certain exercise conditions, at an exercise price not less than the fair market value of a share of stock on the date the option is granted. Options granted under the LE Stock Plan may be either incentive stock options (“ISOs”), which qualify for certain tax favored treatment under the Internal Revenue Code if certain conditions are satisfied, or nonqualified stock options (“NSOs”). A “stock appreciation right” is a right to the appreciation in the fair market value of a share of stock in excess of the share value for such share designated at the time of grant, which may be no less than the fair market value of a share of stock on the grant date. The Compensation Committee may make an option or a stock appreciation right subject

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to certain conditions, including performance-based vesting conditions. The Compensation Committee may include in the option or stock appreciation right agreement the right to exercise an option or a stock appreciation right following termination of employment or service. No option or stock appreciation right may be exercisable more than ten years from the grant date. Upon exercise of a stock appreciation right, an Eligible Individual will receive a payment in cash or stock or a combination of the two, equal to the product of (1) the number of shares of stock underlying the stock appreciation right and (2) the excess of the fair market value of a share of stock on the exercise date and the share value assigned on the date of grant. Holders of options or stock appreciation rights will not be entitled to receive dividend equivalents with respect to such award. An Eligible Individual (except a non-employee director) may not be granted options or stock appreciation rights representing more than 500,000 shares of stock in any calendar year. A non-employee director may not be granted options or stock appreciation rights in any calendar year representing more than \$250,000 in aggregate value at grant date(s), based on the accounting value as recognized by the Company.

Performance Based Awards. If the Compensation Committee intends for an award granted under the LE Stock Plan to qualify as performance based compensation within the meaning of Code Section 162(m), not later than 90 days after the beginning of the performance period (but in no event after 25% of the performance period has elapsed), and while the outcome as to the performance goals is substantially uncertain, the Compensation Committee will establish objective written performance goals for such award. A participant otherwise entitled to receive an award intended to be performance-based compensation will not receive a settlement of the award until the Compensation Committee determines that the applicable performance goal(s) have been attained. In exercising discretion in making this determination, the Compensation Committee may not increase the amount of the payment of an award intended to be performance-based compensation.

Performance measures may be based on one or more or any combination (in any relative proportion) of the following: share price; market share; cash flow; revenue; revenue growth; earnings per share; operating earnings per share; operating earnings; earnings before interest, taxes, depreciation and amortization; return on equity; return on assets; return on capital; return on investment; net income; net income per share; economic value added; market value added; store sales growth; customer growth, maintenance and satisfaction performance goals and employee opinion survey results measured by an independent firm; and strategic business objectives, consisting of one or more objectives based on meeting specific cost or profit targets or margins, business expansion goals and goals relating to acquisitions or divestitures. Each goal, with respect to a performance period, may be expressed on an absolute and/or relative basis, may be based on the Company as a whole or on any one or more business units or subsidiaries of the Company, and may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or of any one or more business units or subsidiaries of the Company, and/or the past or current performance of other companies, or an index.

In establishing any performance goals, the Compensation Committee may exclude the effects of the following items, to the extent identified in our audited financial statements, including footnotes, or the Management's Discussion and Analysis of Financial Condition and Results of Operations accompanying those financial statements: asset write-downs; litigation or claim judgments or settlements; extraordinary, unusual and/or nonrecurring items of gain or loss; gains or losses on acquisitions, divestitures or store closings; domestic pension expense; noncapital, purchase accounting items; changes in tax or accounting principles, regulations or laws; mergers or acquisitions; integration costs disclosed as merger-related; accruals for reorganization or restructuring programs; investment income or loss; foreign exchange gains and losses; and tax valuation allowances and/or tax claim judgment or settlements. To the extent the exclusion of any item affects awards intended to be performance-based compensation, the exclusion will be specified in a manner that satisfies the requirements of Code Section 162(m).

Transferability of Awards. Restricted Stock, Stock Unit and Other Stock-Based Awards under the 2013 Stock Plan are not transferable except by will or by the laws of descent and distribution, except as otherwise provided in the related stock agreement. Except as otherwise provided by the Compensation Committee, no option or stock appreciation right shall be transferable by an Eligible Individual other than by will or by the laws

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of descent and distribution, and any grant by the Compensation Committee of a request by an Eligible Individual for any transfer (other than a transfer by will or by the laws of descent and distribution) will be conditioned on the transfer not being made for value or consideration.

Corporate Transactions. The Compensation Committee will make equitable adjustments to reflect any corporate transactions, which may include (a) adjusting the number, kind, or class (or any combination thereof) of shares of stock reserved for issuance under the LE Stock Plan or underlying outstanding awards granted under the LE Stock Plan and the grant limitations (described above), as well as applicable option and stock appreciation right exercise prices, (b) replacing outstanding awards with other awards of comparable value, (c) cancelling outstanding awards in return for a cash payment, and (d) any other adjustments that the Compensation Committee determines to be equitable. A corporate transaction includes, without limitation, any dividend (other than a cash dividend that is not an extraordinary dividend) or other distribution, recapitalization, stock split, reverse stock split, combination of shares, reorganization, merger, consolidation, acquisition, split-up, spin-off, combination, repurchase or exchange of stock or other securities of the Company, issuance of warrants or other rights to purchase stock or other securities of the Company or other similar corporate transaction.

Amendment and Termination of the LE Stock Plan. The Board or Compensation Committee may, at any time, amend, modify, suspend or terminate the LE Stock Plan, and may amend any award agreement under the LE Stock Plan, provided that without the approval of stockholders of the Company, no amendment or modification to the LE Stock Plan may materially modify the LE Stock Plan in a way that would require stockholder approval under any regulatory requirement that the Compensation Committee determines to be applicable. Furthermore, no amendment, modification, suspension or termination may, without the written consent of an affected participant or beneficiary, materially adversely affect the rights of a participant or beneficiary under any vested and outstanding award, except to the extent necessary to comply with applicable law.

Federal Income Tax Consequences. Under present federal income tax laws, awards granted under the LE Stock Plan will have the following tax consequences:

Restricted Shares, Stock Units, and Other Stock-Based Awards. Restricted Stock that are subject to a substantial risk of forfeiture generally result in income recognition by the participant in an amount equal to the excess of the fair market value of the shares of stock over the purchase price, if any, of the Restricted Stock at the time the restrictions lapse. A recipient of restricted stock may make an election under Section 83(b) of the Internal Revenue Code to be taxed on the excess of the fair market value of the shares granted, measured at the time of grant and determined without regard to any applicable risk of forfeiture or transfer restrictions, over the purchase price, if any, of such restricted stock. A participant who has been granted a stock award that is not subject to a substantial risk of forfeiture for federal income tax purposes will realize ordinary income in an amount equal to the fair market value of the shares at the time of grant. A recipient of Stock Units or an Other Stock-Based Award will generally recognize ordinary income at the time that the award is settled in an amount equal to the cash and/or fair market value of the shares received at settlement. In each of the foregoing cases, the Company will have a corresponding deduction at the same time the participant recognizes such income, provided that the award satisfies the requirements of Code Section 162(m) (described below), if applicable.

Options. Generally, a participant receiving an option grant will not recognize income at the time of grant. Upon the exercise of an NSO, the participant will generally recognize ordinary income equal to the excess of the then fair market value of the shares acquired over the exercise price paid. A participant will generally recognize no income upon the exercise of an ISO, although the alternative minimum tax may apply. Instead, upon a disposition of the shares received upon the exercise of an ISO after satisfying certain holding period requirements, the participant will generally recognize long-term capital gain in an amount equal to the excess, if any, of the sales price of such shares over the exercise price paid. To receive such capital gain treatment, the sale must occur no earlier than one year from the date of exercise of the ISO and two years from the date the ISO was granted. If either of these holding periods is not satisfied at the time any shares acquired upon the exercise of an

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ISO are disposed of, the participant will generally recognize ordinary income in the amount equal to the excess of the fair market value of the shares sold at the date of exercise over the exercise price paid. If the sales price exceeds such fair market value, the excess shall be treated as long-term capital gain if such shares have been held for at least one year from the date of exercise, and short-term capital gain if they have not been held for at least one year. However, if the sales price is less than the fair market value of such shares at the date of exercise, the amount of ordinary income recognized will be limited to the excess of the amount realized upon such sale over the participant's adjusted basis in such shares. In each of the foregoing cases, the Company will have a corresponding deduction at the same time and to the extent that the participant recognizes any ordinary income, subject to the requirements of Code Section 162(m), if applicable.

Stock Appreciation Rights. Generally, a participant receiving a stock appreciation right will not recognize income at the time of grant. If the participant receives the appreciation inherent in the stock appreciation right in cash, the cash will be taxed as ordinary income at the time it is received. If a participant receives the appreciation inherent in a stock appreciation right in stock, the spread between the then current market value and the share value designated at the time of grant will be taxed as ordinary income at the time the stock is received. In either case, the Company will be entitled to a corresponding deduction when the participant recognizes such income, provided that the award satisfies the requirements of Code Section 162(m), if applicable.

Section 162(m). A U.S. income tax deduction will generally be unavailable to us for annual compensation in excess of \$1 million paid to our chief executive officer and any of our three most highly compensated officers (other than our chief financial officer). Amounts that constitute "performance-based compensation under Code Section 162(m)" are not counted toward the \$1 million limit.

The foregoing discussion is a general summary as of the date of this proxy statement of the U.S. federal income tax consequences to the Company and the participants in the LE Stock Plan. The discussion does not address state, local or foreign income tax rules or other U.S. tax provisions, such as estate or gift taxes. Different tax rules may apply to specific participants and transactions under the LE Stock Plan, particularly in jurisdictions outside the United States. In addition, the federal income tax laws and regulations frequently have been revised and may be changed again at any time. Therefore, each recipient is urged to consult a tax advisor before exercising any award or before disposing of any shares acquired under the 2013 Stock Plan both with respect to federal income tax consequences as well as any foreign, state or local tax consequences.

2012 Lands' End Long-Term Incentive Program

The 2012 LE LTIP is a one-year transitional program which is expected to provide the opportunity for named executive officers and others participating in the 2012 LTIP prior to the distribution date to receive a long-term incentive award, equal to either a percentage of his or her base salary or a dollar amount subject to the attainment of the floating Lands' End performance goals for the remainder of the 2012 LTIP period (i.e., fiscal year 2014), that would preserve the benefits that such officers will forfeit on the distribution date. The payout, if any, under the 2012 LE LTIP for each participant represents 50% of the payout under the 2012 LTIP due to reductions arising out of Lands' End's failure to achieve at least 90% of its target under the SHC AIP.

Awards under the 2012 LE LTIP will represent the right to receive cash upon the achievement of certain performance goals.

The named executive officers who are expected to participate in the 2012 LE LTIP are Messrs. Huber, Rosera and Dahlen and Ms. Ritchie.

The 2012 LE LTIP will also provide that Lands' End will seek reimbursement from participating executives if Lands' End's financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

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Achievement of a Lands' End BOP performance goal will account for 100% of each participant's 2012 LE LTIP opportunity. Threshold, target and maximum goals will be established for all performance measures under the 2012 LE LTIP.

In the event of a participant's death or disability before the payment date for his or her award, a payment will be made with respect to that participant in an amount equal to his or her prorated target cash incentive opportunity, but only if (1) the applicable performance measure(s) for the period of the performance period through the month preceding the participant's termination of employment is equal to or greater than the target for such measure(s), prorated through the date of termination, (2) the applicable performance measure(s) is equal to or greater than the target for the applicable performance measure(s) for the performance period and (3) the participant has been employed by Lands' End for at least 12 months of the performance period. In the event of voluntary termination or termination with cause (as defined in the 2012 LE LTIP) before the payment date for his or her award, the participant will forfeit all of his or her LTIP award. Except as noted above, to be eligible to receive payment of an award, a participant must be actively employed as of the payment date following completion of the performance period.

2013 Lands' End Long-Term Incentive Structure

The 2013 LE LTIS is expected to consist of a two-year transitional long-term incentive program (the "2013 LE LTIP") and a cash long-term incentive plan (the "2013 LE Cash LTI"). The 2013 LE LTIP is intended to be a performance-based incentive program and the 2013 Cash LTI is intended to be a time-based incentive program, in each case to preserve the benefits arising out of the 2013 LTIP and 2013 Cash LTI that the Company's named executive officers will forfeit on the distribution date.

The named executive officers who are expected participate in the 2013 LE LTIP and the 2013 LE Cash LTI are Mr. Huber, Mr. Rosera, Ms. Donnan Martin, Mr. Dahlen and Ms. Ritchie.

2013 LE LTIP

The 2013 LE LTIP is a two-year transitional program which is expected to provide the opportunity for named executive officers participating in the 2013 LTIP prior to the distribution date to receive a long-term incentive award based on the attainment of the cumulative Lands' End performance goals for the remainder of the 2013 LTIP period (i.e., fiscal years 2014 and 2015), that would preserve the benefits that such officers will forfeit on the distribution date.

Awards under the 2013 LE LTIP represent the right to receive cash upon the achievement of certain performance goals.

The 2013 LE LTIP will also provide that Lands' End will seek reimbursement from participating executives if Lands' End's financial statements or approved financial measures are subject to restatement due to error or misconduct, to the extent permitted by law.

Achievement of a Lands' End BOP performance goal will account for 100% of each participant's 2013 LE LTIP opportunity. Threshold, target and maximum goals will be established for all performance measures under the 2013 LE LTIP.

In the event of a participant's death or disability before the payment date for his or her award, a payment will be made with respect to that participant in an amount equal to his or her prorated target cash incentive opportunity, but only if (1) the applicable performance measure(s) for the period of the performance period through the month preceding the participant's termination of employment is equal to or greater than the target for such measure(s), prorated through the date of termination, (2) the applicable performance measure(s) is equal to or greater than the target for the applicable performance measure(s) for the performance period and (3) the participant has been employed by Lands' End for at least 12 months of the performance period. In the event of

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voluntary termination or termination with cause (as defined in the 2013 LE LTIP) before the payment date for his or her award, the participant will forfeit all of his or her LTIP award. Except as noted above, to be eligible to receive payment of an award, a participant must be actively employed as of the payment date following completion of the performance period.

2013 LE Cash LTI

The second component of the 2013 LE LTIS is the 2013 LE Cash LTI. Awards under the 2013 LE Cash LTI are designed to constitute a percentage of a participant's overall long-term incentive opportunity. The 2013 LE Cash LTI is a two-year transitional program which is expected to provide the opportunity for named executive officers participating in the 2013 Cash LTIP prior to the distribution date to receive a long-term incentive payout, provided that the participant is actively employed by Lands' End on the vesting date, which is the April 1st following the end of a service period (i.e., April 1, 2016). Awards under the 2013 LE Cash LTI represent the right to receive cash as soon as administratively feasible after the vesting date but in no case later than the date that is the 15th day of the third month following the last day of the relevant service period. The service period for the 2013 LE Cash LTI is 2013 through 2015. In 2013, Mr. Huber, Mr. Rosera, Ms. Donnan Martin, Mr. Dahlen and Ms. Ritchie received awards of \$300,000, \$125,000, \$112,365, \$29,375 and \$87,500, respectively, under the 2013 Cash LTI. These benefits will be forfeited by the participants who are named executive officers of Lands' End on the distribution date but are expected to become payable under the 2013 LE Cash LTI. Payment of such amounts is contingent upon their remaining actively employed by Lands' End through April 1, 2016.

LE LTIS Target Award Percentages

The total long-term incentive target award percentage (which is a percentage of base salary) for Mr. Huber is 150%, with 75% awarded under the 2013 LE LTIP and 25% awarded under the 2013 LE Cash LTI. The total long-term incentive target award percentage for each of Mr. Rosera, Ms. Donnan Martin and Ms. Ritchie is 100%, with 75% awarded under the 2013 LE LTIP and 25% awarded under the 2013 LE Cash LTI. The total long-term incentive target award percentage for Mr. Dahlen is 50%, with 75% of each target award awarded under the 2013 LE LTIP and 25% awarded under the 2013 LE Cash LTI.

Unvested Restricted Stock Awards

Unvested restricted stock awards granted by Sears Holdings and held by our named executive officers will be forfeited at the time of the spin-off, and in their place, Lands' End will provide cash retention awards of equivalent value that will vest on the same, remaining schedule as the restricted stock awards that are being replaced. The cash retention awards are intended to preserve the benefit of the unvested restricted stock awards with respect to the spin-off. Equivalent value will be determined based on the closing price of Sears Holdings common stock on the day before the effective date of the spin-off.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Our Relationship with Sears Holdings Following the Spin-Off

Following the spin-off, Lands' End and Sears Holdings will operate separately, each as an independent public company. Prior to the spin-off, we intend to enter into certain agreements with Sears Holdings or its subsidiaries that will effect the spin-off, provide a framework for our relationship with Sears Holdings after the spin-off and provide for the allocation between us and Sears Holdings of Sears Holdings' assets, employees, liabilities and obligations (including its investments, property and tax-related assets and liabilities) attributable to periods prior to, at and after the spin-off. The following is a summary of the terms of the material agreements that we intend to enter into with Sears Holdings or its subsidiaries prior to the spin-off. When used in this section, "distribution date" refers to the date on which Sears Holdings distributes our common stock to the holders of Sears Holdings common stock.

The agreements described below that are material are filed as exhibits to the registration statement of which this information statement forms a part, and the summaries of each of these agreements set forth the terms of the agreements that we believe are material. These summaries are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement. The agreements described below that will be in effect following the spin-off have not yet been executed; changes to these agreements, some of which may be material, may be made prior to our entry into such agreements prior to or concurrent with the spin-off. Prior to the effectiveness of the registration statement of which this information statement forms a part, we will disclose any material changes to these agreements via an amendment to the registration statement.

The Separation and Distribution Agreement

In connection with the spin-off, we intend to enter into a separation and distribution agreement with Sears Holdings which will set forth, among other things, our agreements with Sears Holdings regarding the principal transactions necessary to separate Lands' End from Sears Holdings. It will also set forth other agreements that govern certain aspects of our relationship with Sears Holdings after the spin-off.

The separation and distribution agreement will, among other things, set forth the distribution mechanics and the conditions thereto, identify the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of Lands' End and Sears Holdings in connection with the spin-off, provide for when and how these transfers, assumptions and assignments will occur, address the treatment of outstanding accounts between Lands' End and Sears Holdings, contain releases and provide a dispute resolution mechanism for disputes that may arise in the future under the separation and distribution agreement or other agreements entered into between Sears Holdings or its subsidiaries and Lands' End in connection with the distribution. Generally, assets and liabilities attributable to the Lands' End business will be retained by or assigned to Lands' End and assets and liabilities not attributable to Lands' End's business will be retained by or assigned to Sears Holdings or one of its subsidiaries. In particular, the separation and distribution agreement provides, among other things, that, subject to the terms and conditions contained therein:

- certain assets related to Lands' End's business, referred to as the LE Assets, will be retained by or transferred to Lands' End or one of Lands' End's subsidiaries, including:
 - equity interests in Lands' End's subsidiaries;
 - all assets included or reflected on the most recent condensed combined balance sheet which appear in the section entitled "Unaudited Financial Statements" or are of a nature or type that would have been reflected on the combined balance sheet as of the completion of the spin-off;
 - all assets, including apparatus, computers and data processing equipment, fixtures, electronic kiosks, furniture, office and transportation equipment, exclusively related to Lands' End's business;

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- assets expressly allocated to Lands' End or one of its subsidiaries pursuant to the terms of the separation and distribution agreement or the ancillary agreements;
- all contracts to which Lands' End or one of its subsidiaries is a party to as of the completion of the spin-off and all contracts with respect to the purchase of inventory attributable to Lands' End's business, excluding certain mixed contracts to which Lands' End and Sears Holdings (or one of their respective subsidiaries) are parties;
- all intellectual property owned by or registered to Lands' End or one of its subsidiaries, including patents, trademarks, copyrights and trade secrets;
- all employment agreements between any Lands' End's personnel and Lands' End and Sears Holdings (or one of their respective subsidiaries);
- all assets of the benefit plans that will be sponsored by Lands' End or one of its subsidiaries as of the completion of the spin-off; and
- all assets relating, arising out of or attributable to claims initiated by Lands' End against the City of Dodgeville to recover overpaid taxes as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Legal Proceedings."
- certain liabilities related to Lands' End's business or the LE Assets, referred to as the LE Liabilities, will be retained by or transferred to Lands' End or one of its subsidiaries, including:
 - liabilities included or reflected on the most recent condensed combined balance sheet which appear in the section entitled "Unaudited Financial Statements" or are of a nature or type that would have been reflected on the combined balance sheet as of the completion of the spin-off;
 - liabilities relating to the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the completion of the spin-off, to the extent related to Lands' End's business, the LE Liabilities and the LE Assets;
 - liabilities relating to any actions, inactions, events, omissions, conditions, facts or circumstances under the control of Lands' End or one of its subsidiaries;
 - liabilities relating to litigation that primarily relates to Lands' End's business, the LE Liabilities, the LE Assets that are not retained by Sears Holdings or any actions, inactions, events, omissions, conditions, facts or circumstances under the control of Lands' End or one of its subsidiaries;
 - liabilities relating to the employment agreements between any Lands' End's personnel and Lands' End and Sears Holdings (or one of their respective subsidiaries);
 - liabilities relating to the benefit plans that will be sponsored by Lands' End or one of its subsidiaries as of the completion of the spin-off, any special cash retention bonus awarded to Lands' End's personnel that is unvested as of the completion of the spin-off and fiscal year 2013 attributable to Lands' End personnel under the 2013 LE Cash LTI;
 - liabilities relating to the ABL Facility and the Term Loan Facility;
 - liabilities expressly allocated to Lands' End or one of its subsidiaries pursuant to the terms of the separation and distribution agreement or the ancillary agreements;
 - liabilities for which Sears Holdings or one of its subsidiaries is entitled to indemnification from Lands' End or one of its subsidiaries pursuant to the tax sharing agreement;
 - liabilities relating to the spin-off brought against Sears Holdings, Lands' End or one of their subsidiaries relating to allegations of breach of fiduciary duty by one or more members of Lands' End's board or that a statement or omission in a disclosure document that describes the separation,

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distribution, Lands' End or one of its subsidiaries or relates to the spin-off transactions violated federal or state securities law (subject to certain exceptions);

- obligations with respect to Lands' End's personnel, including unpaid salaries, wages, overtime, bonuses/incentives and related liabilities; and
- liabilities for claims made by any third party (including directors, officers, employees or agents of Lands' End, Sears Holdings or any of their subsidiaries acting in their individual and not official capacities) against Lands' End, Sears Holdings or any of their subsidiaries relating to Lands' End's business, the LE Liabilities and the LE Assets.
- all of the assets and liabilities of Sears Holdings, Lands' End and their respective subsidiaries (including whether accrued, contingent, or otherwise) other than the LE Assets and LE Liabilities will be retained by or transferred to Sears Holdings or one of its subsidiaries, including certain scheduled assets and liabilities relating to, among other things, the Shop Your Way program and litigation matters.

Each party will indemnify the other for all liabilities (including third-party claims) actually incurred or suffered by the other relating to their respective assumed liabilities (and related guarantees, indemnification or contribution obligations), breaches of the separation and distribution agreement and certain ancillary agreements and untrue statements or omissions of material facts relating to its respective disclosures relating to the spin-off. Lands' End will also indemnify Sears Holdings for liabilities relating to any Lands' End-branded gift card.

Except as expressly set forth in the separation and distribution agreement or any ancillary agreement, neither Lands' End nor Sears Holdings will make any representation or warranty as to the assets or liabilities transferred or assumed in connection with the spin-off, as to any approvals or notifications required in connection with the transfers or assumptions, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either Lands' End or Sears Holdings, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset to be transferred in connection with the spin-off. All assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, and that any necessary consents or governmental approvals are not obtained or that any requirements of laws, agreements, security interests, or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the spin-off is presented based on the allocation of such assets and liabilities pursuant to the separation and distribution agreement, unless the context otherwise requires. The separation and distribution agreement provides that, in the event that the transfer, assignment or novation of certain assets and liabilities to Lands' End or Sears Holdings (or one of their respective subsidiaries), as applicable, does not occur prior to the spin-off, then until such assets or liabilities are able to be transferred, assigned or novated, Sears Holdings or Lands' End (or one of their respective subsidiaries), as applicable, will hold such assets on behalf of and for the benefit of the other party and will pay, perform, and discharge such liabilities, for which the other party will reimburse Sears Holdings or Lands' End, as applicable, for all payments made in connection with the performance and discharge of such liabilities.

The separation and distribution agreement will provide that it may be terminated and the spin-off may be modified or abandoned at any time prior to the distribution date in the sole discretion of Sears Holdings without the approval of any person, including Lands' End's or Sears Holdings' stockholders. Any such termination would not give rise to any additional liability on either party. Information in this information statement with respect to the assets and liabilities of Lands' End and Sears Holdings following the spin-off is presented based on the allocation of such assets and liabilities pursuant to the separation and distribution agreement and the related ancillary agreements, unless the context otherwise requires.

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Transition Services Agreement

Lands' End and Sears Holdings Management Corporation ("SHMC"), a wholly owned subsidiary of Sears Holdings, will enter into a transition services agreement in connection with the spin-off pursuant to which Lands' End and SHMC and their respective affiliates will provide to each other, on an interim, transitional basis, various services, which may include, but are not limited to, tax services, logistics services, auditing and compliance services, inventory management services, information technology services and continued participation in certain contracts shared with SHMC or other subsidiaries of Sears Holdings.

Lands' End will pay to SHMC certain fixed fees (approximately \$2.7 million per year for fixed fees, plus certain additional fees for services as requested and as used) and expenses for the services as described more fully in the transition services agreement. In addition, a subsidiary of Sears Holdings is expected to pay approximately \$2.1 million for the purchase of certain Lands' End inventory for sale at a Kmart location. Such purchases would be at Lands' End's cost plus a 4.5% licensing fee and terminate January 31, 2015. The services generally will commence on the distribution date and will terminate up to 12 months following the distribution date. Lands' End may, subject to certain conditions, reduce or terminate an individual service upon 60 days' prior written notice to SHMC, subject to reimbursing SHMC for any vendor charges or rate increases resulting from such termination. SHMC may, if unable to replace a vendor that is unwilling or unable to continue providing a service to Lands' End on SHMC's behalf, terminate an individual service upon 90 days' prior written notice to Lands' End. The parties may also terminate the transition services agreement for a material breach that is not cured by the other party within 30 days after receipt of written notice of the breach, or in the case of SHMC, if Lands' End breaches the other ancillary agreements other than the co-location and services agreement. Upon termination of the agreement, Lands' End will return to SHMC all of SHMC's equipment or property and pay all outstanding fees and expenses incurred.

Lands' End will indemnify SHMC from liabilities for third party claims arising from the transition services agreement, including Lands' End's use of the shared contracts, except to the extent that the claims are found to have resulted from SHMC's negligence or breach of the agreement. SHMC will indemnify Lands' End from liabilities for third party claims that result from SHMC's negligence or from infringement of an SHMC copyright or trade secret, except to the extent that the claims are found to have resulted from Lands' End's negligence, breach of the agreement, or, with respect to infringement claims, from Lands' End's unauthorized use or distribution of the property.

Subject to certain exceptions, SHMC's total liability under the transition services agreement will generally be limited to the fees received by SHMC under the agreement during the six months prior to the date the claim arose. The transition services agreement also provides that neither SHMC nor Lands' End will be liable to the other of the service for any special, indirect, incidental or consequential damages.

Tax Sharing Agreement

Lands' End and Sears Holdings will enter into a tax sharing agreement prior to the spin-off which will generally govern Sears Holdings' and Lands' End's respective rights, responsibilities and obligations after the spin-off with respect to liabilities for U.S. federal, state, local and foreign taxes attributable to the Lands' End business. In addition to the allocation of tax liabilities, the tax sharing agreement will address the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Generally, Sears Holdings will be liable for all pre-spin-off U.S. federal, state and local taxes, other than non-income taxes that are accrued and unpaid as of the distribution date. Lands' End generally will be liable for all other taxes attributable to its business, including all foreign taxes. Under the tax sharing agreement, there will be restrictions on the ability of the parties to take actions that could cause the spin-off to fail to qualify for tax-free treatment under the Code. These restrictions may prevent each party from entering into transactions which might be advantageous to the parties or their stockholders.

Other Agreements

Lands' End and Sears Holdings will enter into other agreements addressing certain aspects of the spin-off, including:

Master Lease Agreement and Master Sublease Agreement

In connection with the spin-off, Lands' End and Sears Roebuck expect to enter into a master lease agreement and a master sublease agreement pursuant to which Sears Roebuck or one of its affiliates will lease or sublease to us the premises for the Lands' End Shops at Sears. The master lease agreement and master sublease agreement, as applicable, will set forth the terms and conditions on which we will be permitted to occupy certain space within the Sears stores in order to operate our Lands' End Shops at Sears. The agreements will provide us rights to use the space in which our store will operate and we will pay rent directly to Sears Roebuck or one of its affiliates on the terms negotiated in connection with the spin-off. The length of the term of each lease will be determined separately for each Lands' End Shop at Sears we expect to operate. Most of the leases will have a term of four to six years from the date of the spinoff, expiring January 31, 2019, although a portion of the leases will have shorter terms. The total annual rent (assuming no renewals) for the Lands' End Shops at Sears locations (location counts noted are number of locations at the beginning of the year) shall be approximately \$27 million in 2014 for 253 locations, approximately \$25.4 million in 2015 for 239 locations, approximately \$25 million in 2016 for 225 locations, approximately \$24.9 million in 2017 for 216 locations, approximately \$17.1 million in 2018 for 167 locations and approximately \$10.9 million in 2019 for 102 locations. Sears Roebuck or one of its affiliates will have certain rights to 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 by written notice within 30 days of receiving notice of relocation if we are not satisfied with the new premises. In the event of such relocation, Sears Roebuck or one of its affiliates will pay our reasonable moving expenses. Sears Roebuck may 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, subject to Sears Roebuck providing at least 90 days prior written notice. We will not be permitted to assign or sublease the leased premises.

Lands' End Shops at Sears Retail Operations Agreement

Lands' End and Sears Roebuck expect to enter into a Lands' End Shops at Sears retail operations agreement prior to the spin-off to support our Lands' End Shops at Sears. Pursuant to the retail operations agreement, a subsidiary of Sears Holdings will provide us with certain retail operation support services, including providing sales and floor support personnel, access to point-of-sale and other information technology systems, logistics and warehousing support and other support services, for which Lands' End will pay to Sears Roebuck the fees specified in the agreement. We estimate total 2014 fees under the agreement to be approximately \$33 to \$36 million. Thereafter, based principally on the then-current store count, we anticipate that annual fees will be approximately as follows: \$31 to \$34 million in each of 2015, 2016 and 2017; \$21 to \$23 million in 2018; and \$13 to \$15 million in 2019. Lands' End will continue to rely on our existing field management to oversee Lands' End Shops at Sears and Lands' End Inlet store operations. The Lands' End field management team consists of managers responsible for various aspects of our retail operations who are supported by a centralized store operations team. Each party will indemnify the other against third-party claims relating to certain infringement or misconduct, and in the case of Lands' End, in certain respects relating to the Lands' End Shops at Sears, Lands' End merchandise and intellectual property rights. The retail operations agreement will terminate with respect to individual Lands' End Shops at Sears upon expiration or termination of their respective leases or closure of the associated Sears Holdings store location. Sears Roebuck may also terminate the retail operations agreement for certain defaults by Lands' End that are not cured within 10 days' written notice or if Lands' End breaches the other ancillary agreements other than the co-location and services agreement (or if any such ancillary agreement is wrongfully terminated by Lands' End or terminated by the Sears Holdings counterparty for breach) or if Lands' End assigns the agreement in violation of its terms.

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Shop Your Way Retail Establishment Agreement

Lands' End and SHMC expect to enter into a Shop Your Way retail establishment agreement in connection with the spin-off that will govern our participation in the Shop Your Way program. Under this agreement, SHMC will issue rewards points to Shop Your Way members when they purchase program-eligible merchandise and services from us and we will accept rewards points redemptions from members as full or partial payment for eligible merchandise and services purchased from us. We will pay SHMC an agreed-upon fee for points issued in connection with the purchase of program-eligible merchandise and service from us and, depending on the applicable burn rate for the quarter (i.e., ratio of points redeemed in Lands' End formats to points issued in Lands' End formats in the previous 12 months), we will pay additional fees to SHMC or SHMC will reimburse fees to us for points redeemed in Lands' End formats, as set forth in the agreement. Total fees during the three year term of the agreement are currently estimated to be approximately \$33 to \$39 million. At our election, SHMC will provide us program related marketing and analytic services. Lands' End and SHMC will jointly own transaction information related to purchases made by Shop Your Way members in Lands' End formats, while all information relating to members of the program and the program itself will be owned by SHMC. We will be permitted to engage in promotional, marketing, loyalty or other similar activities outside the Shop Your Way program so long as such activities do not conflict with, and are not promoted in the aggregate more prominently or comprehensively than, the Shop Your Way program. Each party will indemnify the other against third-party claims, including relating to negligence, recklessness or willful misconduct, breach of agreement, fraud, acts or omissions requested by the other party, or intellectual property violating or infringing the rights of a third party.

The agreement shall expire on the third anniversary of the distribution date and either party may terminate the agreement for a material breach that is not cured within 30 days of receipt of notice by the breaching party, and SHMC may terminate the agreement for cause if Lands' End fails to accept certain complying changes to the program or if a prohibited stockholding change of Lands' End occurs.

Co-Location and Services Agreement

Lands' End contracts with SHMC to have SHMC host and support certain redundant information technology hardware at the Sears Data Center in Troy, Michigan, for disaster mitigation and recovery efforts. Under the co-location and services agreement, which will terminate on January 31, 2015 unless extended by mutual written agreement of the parties, Lands' End will pay a monthly fee of \$2,117. Either party may terminate the agreement for convenience upon 60 days' notice and SHMC may suspend services or terminate the agreement upon 30 days' notice in the event of uncured breaches or defaults by Lands' End.

Financial Services Agreement

Lands' End and SHMC expect to enter into a financial services agreement pursuant to which Sears Holdings will provide us with certain payment processing support services following the spin-off, including store credit services for our Lands' End at Sears locations, at the fees for which Sears Holdings receives such services from certain third party providers. The financial services agreement may be terminated by either party for convenience upon 45 days' written notice or for a material breach that is not cured within 30 days of receipt of notice by the breaching party; provided that if SHMC terminates solely for convenience, then Lands' End will have up to a year to transition to a new processor. SHMC may also, in its sole discretion, terminate or modify on (if reasonably practicable) 30 days' prior written notice any service related to credit card or debit card processing if the applicable card issuer or processor determines that Lands' End is not entitled to process credit or debit payments or has breached the applicable processing agreement.

Buying Agency Agreement

Lands' End and Sears Holdings Global Sourcing, Ltd. ("SHGS") expect to enter into a buying agency agreement pursuant to which SHGS will provide us with certain foreign buying office support services, on a non-exclusive basis, including vendor selection and screening, contract negotiation support and quality control

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services. SHGS will receive a fee equal to a certain percentage of the price of goods sourced through SHGS. We estimate that annual fees under the agreement will be approximately \$10 to \$11 million. There are annual minimum commissions payable to SHGS during the first two years. Minimum commissions for any renewal periods would be subject to negotiation at the time of renewal. The initial term of the buying agency agreement will expire on January 31, 2016. If we have earned and paid certain minimum commissions to SHGS during the term and are not in breach of the agreement, we will have the option to extend the agreement for a period of one year, subject to a maximum of three such renewal periods.

Lands' End will indemnify SHGS from liabilities for third party claims arising from the buying agency agreement, except to the extent that the claims are found to have resulted from SHMC's negligence or breach of the agreement. SHMC will indemnify Lands' End from liabilities for third party claims that result from SHGS's negligence or from infringement of an SHGS copyright or trade secret, except to the extent that the claims are found to have resulted from Lands' End's negligence, breach of the agreement, or, with respect to infringement claims, from Lands' End's unauthorized use or distribution of the property.

Subject to certain exceptions, the buying agency agreement provides that neither party will be liable to the other for any special, indirect, incidental or consequential damages. SHGS's sole liability for any errors and omissions in the services under the buying agency agreement is limited to the aggregate commissions it received under the agreement during the six months prior to the date the claim arose.

Call Center Services

SHMC contracts with Lands' End to have Lands' End provide certain call center services in support of the Shop Your Way program in exchange for certain fees based on the types of services provided. These fees include charges for handling inbound and outbound phone calls, certain email and regular mail contacts, personnel training fees, online chat engagement and setup and execution of certain outbound call programs. The parties are negotiating an extension to this agreement, originally set to expire on April 30, 2014, for an additional three years. Revenue for 2013 was approximately \$7.3 million.

Each party will indemnify the other against third-party claims arising out of a party's negligence or willful misconduct, breach of the agreement, infringement of intellectual property or breach of law and related claims and legal proceedings.

Sears Marketplace—Local Marketplace—MyGofer Fulfilled By Merchant (FBM) Seller Agreement

SHMC and Lands' End are parties to a marketplace agreement which governs the terms and conditions under which Lands' End may sell products through certain Sears Holdings websites in exchange for a commission payable to SHMC in the amount of 15% of the sales price of goods sold.

Each party will indemnify the other against third-party claims including those arising out of injury to person or property, hiring and employment disputes, breach of the agreement or of law and related claims and legal proceedings. This agreement continues until terminated by either party with 30 days' prior written notice to the other party. Upon termination, SHMC will refund to Lands' End any pro-rated monthly fees collected.

Gift Card Services Agreement

Lands' End and SHC Promotions LLC ("SHCP") are parties to a gift card services agreement pursuant to which SHCP provides certain services relating to the issuance, use and settlement of gift cards and gift certificates to Lands' End. The gift card services agreement will be amended in connection with the spin-off, and following such amendment, will provide for, among other things, arm's-length pricing based on a mutually beneficial arrangement for both parties, with selling fees of 1% and redemption fees of 3% for SHCP gift cards issued prior to the spin-off; cross selling of Lands' End and Sears Promotions logo cards (with cash and related

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liabilities transferred to the ultimate obligor); and cross redemption of Lands' End and SHCP logo cards (with cash and related liabilities transferred to the redeeming party's books). Under the separation and distribution agreement, Lands' End will also indemnify Sears Holdings for all liabilities relating to any Lands' End-branded gift card. The issuance services may be terminated by either party for convenience with 30 days' prior written notice, upon which the other services (excluding certain obligations relating to Lands' End offering gift cards and gift certificates for sale and redemption) provided for under the gift card services agreement would continue until the earlier of 12 months from termination or the date upon which all activated LE-branded gift cards have been redeemed. The parties may agree to discontinue redeeming each other's gift cards, provided that consumer notices will be posted for a period of time prior to discontinuance.

Letters of Credit

The terms for the letters of credit issued under the letter of credit facility (the "LC Facility") between Lands' End and Bank of America ("BofA") are secured by a standby letter of credit, with an expiration date of less than one year, issued by Sears Roebuck Acceptance Corp. ("SRAC") on Lands' End's behalf for the benefit of BofA. BofA or Lands' End may terminate the LC Facility at any time. From time to time, at our request, Sears Holdings causes standby letters of credit to be issued for our benefit under Sears Holdings' revolving credit facility. Upon completion of the spin-off, we anticipate that Sears Holdings will terminate its support of the LC Facility and that SRAC will no longer issue letters of credit to secure the LC Facility. Lands' End is in the process of pursuing the ABL Facility, which would provide for the issuance of letters of credit and otherwise serve as a source of liquidity following the spin-off. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Description of Material Indebtedness."

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Prior to the spin-off, 100% of our common stock was owned by Sears Holdings.

The following table sets forth the expected beneficial ownership of our common stock as it would be after the completion of the spin-off, calculated as of March 10, 2014, by:

- each person who we know beneficially owns more than 5% of Sears Holdings common stock;
- each of our directors;
- each of our named executive officers; and
- all directors and executive officers as a group.

Unless otherwise indicated, the address for each beneficial owner who is also a director or executive officer is c/o Lands' End Inc., 1 Lands' End Lane, Dodgeville, Wisconsin 53595. See "Management" for a discussion regarding our directors and executive officers.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. As indicated below, in computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable within 60 days of the determination date are deemed outstanding. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated, and subject to the applicable community property laws, the stockholders named in the table have sole voting and investment power with respect to the shares shown as beneficially owned by them.

Name of Beneficial Owner	Shares of Our Common Stock Beneficially Owned After the Distribution	
	Number of Shares	Percentage of Class(1)
5% Stockholders:		
ESL Investments, Inc. and related entities ⁽²⁾	[X] ⁽³⁾	48.4%
Fairholme Capital Management, L.L.C. ⁽⁴⁾	[X] ⁽⁵⁾	22.8%
Baker Street Capital Management, LLC ⁽⁶⁾	[X] ⁽⁷⁾	8.5%
Force Capital Management, LLC ⁽⁸⁾	[X] ⁽⁹⁾	5.6%
Directors and Executive Officers:		
Edgar O. Huber	—	—
Michael P. Rosera	—	—
Michele Donnan Martin	—	—
Karl A. Dahlen	—	—
Kelly Ritchie	—	—
Directors and Executive Officers as a group (5 persons)	—	—

(1) Based on 106,451,439 shares of Sears Holdings common stock outstanding as of March 10, 2014.

(2) Beneficial ownership is based on the Schedule 13D/A filed by the following persons reporting their ownership as of December 3, 2013. The persons ("ESL Entities") consist of ESL Investments, Inc., a Delaware corporation ("Investments"); Edward S. Lampert; ESL Institutional Partners, L.P., a Delaware limited partnership ("Institutional"); CRK Partners, L.L.C., a Delaware limited liability company ("CRK LLC"); ESL Partners, L.P., a Delaware limited partnership ("Partners"); SPE I Partners, LP, a Delaware limited partnership ("SPE Partners"); SPE Master I, LP, a Delaware limited partnership ("SPE Master"); RBS Partners, L.P., a Delaware limited partnership ("RBS"); and RBS Investment Management, L.L.C., a Delaware limited liability company ("RBSIM"). Mr. Lampert is the sole stockholder, chief executive officer and director of Investments. Investments is the general partner of RBS, the sole member of CRK LLC and the manager of RBSIM. RBS is the general partner of Partners, SPE Partners and SPE Master. RBSIM is the general partner of Institutional. The address for the ESL Entities is 1170 Kane Concourse, Bay Harbor, Florida 33154.

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- (3) Investments has sole voting power and sole dispositive power as to 26,438,272 shares and shared dispositive power as to 25,113,022 shares of Sears Holdings; Edward S. Lampert has sole voting power as to 51,551,294 shares and sole dispositive power as to 26,438,272 shares and shared dispositive power as to 25,113,022 shares of Sears Holdings; CRK LLC has sole voting power and sole dispositive power as to 747 shares of Sears Holdings; RBS has sole voting power and sole dispositive power as to 26,427,295 shares and shared dispositive power as to 25,113,022 shares; Partners has sole voting power and sole dispositive power as to 21,992,640 shares and shared dispositive power as to 25,113,022 shares of Sears Holdings; RBSIM has sole voting power and sole dispositive power as to 10,230 shares of Sears Holdings; Institutional has sole voting power and sole dispositive power as to 10,230 shares of Sears Holdings; SPE Partners has sole voting power and sole dispositive power as to 1,939,872 shares of Sears Holdings; and SPE Master has sole voting power and sole dispositive power as to 2,494,783 shares of Sears Holdings.
- (4) Beneficial ownership is based on the Schedule 13G filed by Fairholme Capital Management, L.L.C. reporting its ownership in Sears Holdings as of January 31, 2014. The address for Fairholme Capital Management, L.L.C. is 4400 Biscayne Boulevard, 9th Floor, Miami, Florida 33137.
- (5) The shares of common stock are owned, in the aggregate, by Bruce R. Berkowitz and various investment vehicles managed by Fairholme Capital Management, L.L.C. (“FCM”), of which 14,212,673 shares are owned by The Fairholme Fund and 880,900 shares are owned by The Fairholme Allocation Fund, each a series of Fairholme Funds, Inc. Bruce R. Berkowitz disclosed sole voting power and sole dispositive power as to 783,000 shares. FCM disclosed shared voting power as to 18,972,373 shares and shared dispositive power as to 23,443,073 shares. Fairholme Funds, Inc. disclosed shared voting power and shared dispositive power as to 15,093,573 shares. Because Mr. Bruce R. Berkowitz, in his capacity as the Managing Member of FCM or as President of Fairholme Funds, Inc., has voting or dispositive power over all shares beneficially owned by FCM, he is deemed to have beneficial ownership of all of the shares.
- (6) Beneficial ownership is based on the Schedule 13G/A filed by Baker Street Capital Management, LLC reporting its ownership as of December 31, 2013. The address for Baker Street Capital Management, LLC is 12400 Wilshire Boulevard, Suite 940, Los Angeles, California 90025.
- (7) The shares (which include 9,000,000 shares subject to certain options exercisable within 60 days) are owned directly by Baker Street Capital L.P. (“BSC”). Baker Street Capital Management, LLC (“BSCM”) is the general partner of BSC. Vadim Perelman is the managing member of BSCM. By virtue of these relationships, each of BSCM and Mr. Perelman may be deemed to beneficially own the shares owned directly by BSC. Mr. Perelman has disclosed sole voting power and sole dispositive power as to 9,000,000 shares. BSCM has disclosed sole voting power and sole dispositive power to 9,000,000 shares. BSC has disclosed sole voting power and sole dispositive power as to 9,000,000 shares.
- (8) Beneficial ownership is based on the Schedule 13G filed by Force Capital Management, LLC reporting its ownership as of December 31, 2013. The address for Force Capital Management, LLC is 767 Fifth Avenue, 12th Floor, New York, NY 10153.
- (9) The shares of common stock (which includes 5,762,400 shares subject to certain options) are owned directly by Force Capital Management, LLC. Force Capital Management, LLC has disclosed sole voting power and sole dispositive power to 6,298,309 shares.

THE SPIN-OFF

Background

On [X], the Sears Holdings board of directors approved the distribution of the issued and outstanding shares of Lands' End common stock on the basis of [X] shares of Lands' End common stock for each share of Sears Holdings common stock held on [X], the record date.

Each share of Sears Holdings common stock outstanding as of 5:30 p.m. Eastern time on [X], the record date for the distribution, will entitle the holder thereof to receive [X] shares of Lands' End common stock, except that holders of Sears Holdings' restricted stock that is unvested as of the record date will receive cash awards in lieu of shares, as described below. Sears Holdings stockholders will receive cash in lieu of any fractional shares of Lands' End common stock which they would have received after application of this distribution ratio. You will not be required to make any payment, surrender or exchange your shares of Sears Holdings common stock or take any other action to receive your shares of Lands' End common stock in the distribution. The distribution of Lands' End common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Spin-Off."

Reasons for the Spin-Off

The Sears Holdings board of directors determined that the spin-off of the Lands' End business from the rest of the Sears Holdings businesses would be in the best interests of Sears Holdings and its stockholders and approved the spin-off. A wide variety of factors were considered by the Sears Holdings board of directors in evaluating the spin-off. Among other things, the Sears Holdings board of directors considered the following potential benefits of the spin-off:

- *Simplified focus and operational flexibility.* Following the spin-off, Lands' End and Sears Holdings will each have simplified, more focused businesses and be better able to dedicate resources to pursue unique growth opportunities and execute strategic plans best suited to their respective businesses.
- *Business-appropriate capital structure.* The spin-off will allow each of Sears Holdings and Lands' End to implement a capital structure that is tailored to its business needs and is expected to result in a more efficient allocation of capital for both Sears Holdings and Lands' End and mitigate the competition for capital that currently exists between Lands' End and other Sears Holdings business units. In addition, the spin-off should increase the overall borrowing capacity of Lands' End, which would allow Lands' End greater flexibility to issue new debt financing to fund organic growth through capital expenditures or to pursue acquisition-based growth.
- *Focused management.* The spin-off will allow management of each company to devote time and attention to the development and implementation of corporate strategies and policies that are based on the specific business characteristics of the respective companies, and to design more tailored compensation structures that better reflect these strategies, policies and business characteristics. Separate equity-based compensation arrangements for Lands' End should more closely align the interests of Lands' End management with the interests of stockholders and more directly incentivize the employees of Lands' End and attract new talent.
- *Investor choice.* The spin-off will allow investors to increase their understanding of Lands' End and its market position within its industry, while also allowing for a more natural and interested investor base. The spin-off may also potentially enhance Lands' End's financial flexibility, such as allowing direct access by Lands' End to the capital markets. In contrast to a sale of the entire business, the spin-off will enable current Sears Holdings stockholders to directly participate in any future value creation by Lands' End, while also allowing investors the flexibility to consider Sears Holdings and Lands' End as independent investment decisions based on Lands' End's and Sears Holdings' different business models and strategies.

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Neither Lands' End nor Sears Holdings can assure you that, following the spin-off, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The Sears Holdings board of directors also considered a number of potentially negative factors in evaluating the spin-off, including the following:

- *Removal of the Lands' End business from Sears Holdings and impact on standalone entities' financial condition.* The spin-off will remove the Lands' End business from Sears Holdings via a transaction that may not realize anticipated benefits to Sears Holdings and may negatively impact the financial condition of the post-spin standalone entities. The benefits afforded to Sears Holdings by the transaction may not be sufficient to offset potential costs or other negative factors, such as a reduction in profit and earnings, arising from the spin-off and the loss of the Lands' End business.
- *Loss of synergies and joint purchasing power and increased costs.* As a current part of Sears Holdings, Lands' End takes advantage of Sears Holdings' size and purchasing power in procuring certain goods and services. After the spin-off, as a separate, independent entity, Lands' End may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Sears Holdings obtained prior to the spin-off. Lands' End may also incur costs for certain functions previously performed by Sears Holdings, such as information technology co-location and other general and administrative functions, that are higher than the amounts reflected in our historical financial statements, which could cause Lands' End's profitability to decrease.
- *Disruptions to the business as a result of the spin-off.* The actions required to separate Sears Holdings' and Lands' End's respective businesses could disrupt Lands' End's operations.
- *Ongoing dependence on Sears Holdings.* Following the spin-off, Lands' End will remain dependent on Sears Holdings' decisions, particularly with respect to Sears stores and Lands' End Shops at Sears. These decisions will be made by Sears Holdings independently of Lands' End, without any benefit the standalone companies may otherwise have enjoyed as a consolidated entity.
- *Increased significance of certain costs and liabilities.* Certain costs and liabilities that were otherwise less significant to Sears Holdings as a whole will be more significant for us as a standalone company.
- *One-time costs of the spin-off.* We will incur costs in connection with the transition to being a standalone company that may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel new to us, and costs to separate shared systems.
- *Inability to realize anticipated benefits of the spin-off.* We may not achieve the anticipated benefits of the spin-off for a variety of reasons, including, among others: (1) the spin-off will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business; (2) following the spin-off, we may be more susceptible to market fluctuations and other adverse events than if it were still a part of Sears Holdings; and (3) following the spin-off, our business will be less diversified than Sears Holdings' business prior to the business.

The Sears Holdings board of directors concluded that the potential benefits of the spin-off outweighed these factors.

When and How You Will Receive the Distribution

Sears Holdings expects to distribute Lands' End common stock on [✕], the distribution date, to all holders of outstanding Sears Holdings common stock as of 5:30 p.m. Eastern time on [✕], the record date. Computershare Trust Company, N.A. will serve as the distribution agent in connection with the distribution and the transfer agent and registrar for Lands' End common stock.

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If you own Sears Holdings common stock as of the record date, shares of Lands' End common stock that you are entitled to receive in the spin-off will be issued electronically, as of the distribution date, to you or to your bank or brokerage firm on your behalf in direct registration form. If you are a registered holder, [X] will then mail you a direct registration account statement that reflects your shares of Lands' End common stock. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in the distribution. If you sell Sears Holdings common stock in the "regular-way" market after the record date and before the distribution, you will also be selling your right to receive shares of Lands' End common stock in the distribution.

Most Sears Holdings stockholders hold their shares of Sears Holdings common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your shares of Sears Holdings common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Lands' End common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of Lands' End common stock distributed to Sears Holdings stockholders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with Lands' End, which may include certain Lands' End executive officers, directors or principal stockholders. Securities held by our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell shares of Lands' End common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Lands' End Common Stock You Will Receive

For each share of Sears Holdings common stock that you own as of 5:30 p.m. Eastern time on the record date, you will be entitled to receive [X] shares of Lands' End common stock on the distribution date. Sears Holdings will not distribute any fractional shares of Lands' End common stock to its stockholders. Instead, if you are a registered holder, [X] will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds, net of brokerage commissions and other costs (the "aggregate net cash proceeds"), of the sales *pro rata* (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by Sears Holdings or Lands' End, will determine when, how, through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either Sears Holdings or Lands' End. Neither we nor Sears Holdings will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate cash proceeds of these sales, net of brokerage fees and other expenses, will be taxable for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences" for an explanation of the material U.S. federal income tax consequences of the spin-off. If you hold physical certificates for Sears Holdings shares and are the registered holder, you will receive a check from the distribution agent in an amount equal to your *pro rata* share of the aggregate cash proceeds of the sales net of brokerage fees and other expenses. We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your Sears Holdings common stock

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through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your *pro rata* share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Sears Holdings Unvested Restricted Stock

In connection with the distribution, each person who as of the record date holds outstanding unvested restricted stock issued pursuant to the Sears Holdings Corporation 2006 Stock Plan or the Sears Holdings Corporation 2013 Stock Plan will receive a cash amount in lieu of any and all rights such holder may have to any shares of Lands' End common stock distributed in the distribution with respect to such unvested restricted stock. Such cash amount will represent the right to receive on the applicable vesting date a cash payment from Sears Holdings equal to the value of the Lands' End common stock and cash in lieu of fractional shares that would have been distributed in the distribution to such holder had such holder's unvested restricted stock been Sears Holdings common stock, calculated on the basis of the volume-weighted average price per share of Lands' End common stock for the 10 trading-day period immediately following the distribution date.

Results of the Spin-Off

After our spin-off from Sears Holdings, we will be an independent, publicly traded company. The actual number of shares to be distributed will be determined as of the record date. The spin-off will not affect the number of outstanding shares of Sears Holdings common stock or any rights of Sears Holdings' stockholders. Sears Holdings will not distribute any fractional shares of Lands' End common stock.

Before the spin-off, we will enter into a separation and distribution agreement and other agreements with Sears Holdings or its subsidiaries to effect the spin-off and provide a framework for our relationship with Sears Holdings after the spin-off. These agreements will provide for the allocation between us and Sears Holdings of Sears Holdings' assets, liabilities and obligations (including employee benefits, intellectual property, and tax-related assets and liabilities) attributable to periods prior to our spin-off from Sears Holdings and will govern the relationship between Sears Holdings and Lands' End after the spin-off. For a more detailed description of these agreements, see "Certain Relationships and Related Person Transactions—Our Relationship with Sears Holdings Following the Spin-Off."

Market for Lands' End Common Stock

There is currently no public trading market for our common stock. We intend to apply to list our common stock on NASDAQ under the symbol "LE." We have not and will not set the initial price of our common stock. The initial price will be established by the public markets.

We cannot predict the price at which our common stock will trade after the spin-off. In fact, the combined trading prices, after the spin-off, of the shares of Lands' End common stock that each Sears Holdings stockholder will receive in the distribution and the shares Sears Holdings common stock held as of the record date may not equal the "regular-way" trading price of a Sears Holdings share immediately prior to the spin-off. The price at which Lands' End common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Lands' End common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Our Common Stock."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date and continuing up to and including the distribution date, we expect that there will be two markets in shares of Sears Holdings common stock: a "regular-way" market and an "ex-distribution" market. Shares of Sears Holdings common stock that trade on the "regular-way" market will trade with an entitlement to Lands' End common stock distributed pursuant to the spin-off. Shares of Sears Holdings common stock that trade on the "ex-distribution" market will trade without an entitlement to Lands'

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End common stock distributed pursuant to the spin-off. Therefore, if you sell shares of Sears Holdings common stock in the “regular-way” market after the record date but before distribution, you will be selling your right to receive Lands’ End common stock in the distribution. If you own shares of Sears Holdings common stock as of the record date and sell those shares on the “ex-distribution” market after the record date but before the distribution, you will receive the shares of common stock that you are entitled to receive pursuant to your ownership as of the record date of the shares of Sears Holdings common stock.

Furthermore, beginning on or shortly before the record date and continuing up to and including the distribution date, we expect that there will be a “when-issued” market in our common stock. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The “when-issued” trading market will be a market for Lands’ End common stock that will be distributed to holders of shares of Sears Holdings common stock on the distribution date. If you owned shares of Sears Holdings common stock at the record date, you would be entitled to Lands’ End common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Lands’ End common stock, without the shares of Sears Holdings common stock you own, on the “when-issued” market. On the first trading day following the distribution date, “when-issued” trading with respect to Lands’ End common stock will end, and “regular-way” trading will begin.

Conditions to the Spin-Off

We have announced that the distribution will be effective at [✕] Eastern time, on [✕], which is the distribution date, provided that the following conditions shall have been satisfied (or waived by Sears Holdings in its sole discretion):

- the Sears Holdings board of directors shall have authorized and approved the spin-off and related transactions and not withdrawn such authorization and approval, and shall have declared the distribution of our common stock to Sears Holdings stockholders;
- the separation and distribution agreement between Lands’ End and Sears Holdings and each ancillary agreement contemplated thereby shall have been executed by each party thereto;
- the registration statement of which this information statement forms a part shall have become effective, and no stop order suspending the effectiveness of the registration statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC;
- this information statement shall have been made available to Sears Holdings stockholders as of the record date;
- our common stock shall have been accepted for listing on NASDAQ or another national securities exchange or quotation system approved by Sears Holdings, subject to official notice of issuance;
- no order, injunction or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the spin-off shall be in effect, and no other event outside the control of Sears Holdings shall have occurred or failed to occur that prevents the consummation of the spin-off;
- any debt financing contemplated to be obtained in connection with the spin-off shall have been obtained;
- the receipt of an opinion from an outside financial advisor to the board of directors of Sears Holdings confirming the solvency and financial viability of Sears Holdings before the distribution and each of Sears Holdings and Lands’ End after the distribution that is in form and substance acceptable to Sears Holdings in its sole discretion;
- the receipt of an opinion from the law firm of Simpson Thacher & Bartlett LLP as to the satisfaction of certain requirements necessary for the spin-off to receive tax-free treatment under Sections 355, 368 and related provisions of the Code;

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- the Internal Transactions (as defined in the separation and distribution agreement) shall have been completed;
- the individuals listed as members of our post-spin-off board of directors in this information statement shall have been duly elected, and such individuals shall be the members of our board of directors immediately after the spin-off;
- prior to the spin-off, Sears Holdings shall deliver or cause to be delivered to us resignations, effective as of immediately prior to the spin-off, of any individual who will be an officer or director of Lands' End after the spin-off and who is an officer or director of Sears Holdings immediately prior to the spin-off; and
- immediately prior to the spin-off, our amended and restated certificate of incorporation and bylaws, each in substantially the form filed as an exhibit to the registration statement of which this information statement forms a part, shall be in effect.

Sears Holdings and Lands' End cannot assure you that any or all of these conditions will be met.

Sears Holdings also reserves the right to withdraw and cancel the distribution if, at any time prior to the distribution date, the board of directors of Sears Holdings determines, in its sole discretion, that the distribution is not in the best interest of Sears Holdings or its stockholders, or that market conditions are such that it is not advisable to consummate the distribution. If Sears Holdings cancels or waives any condition to the distribution, it will notify Sears Holdings stockholders in a manner reasonably calculated to inform them about the cancellation as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement. The fulfillment of the foregoing conditions will not create any obligation on the part of Sears Holdings to effect the spin-off.

Sears Holdings will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution (including the number of shares of Lands' End common stock that will be distributed to holders of shares of Sears Holdings common stock on the distribution date) and, to the extent it determines to so proceed, to determine the record date and the distribution date and the distribution ratio. Sears Holdings does not intend to notify its stockholders of any modifications to the terms of the spin-off that, in the judgment of its board of directors, are not material. For example, the Sears Holdings board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed or the liabilities to be assumed in the spin-off. To the extent that the Sears Holdings board of directors determines that any modifications by Sears Holdings materially change the material terms of the distribution, Sears Holdings will notify Sears Holdings stockholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material U.S. federal income tax consequences to Sears Holdings and to the holders of Sears Holdings common stock in connection with the spin-off. This summary is based on the Code, the Treasury Regulations promulgated thereunder and judicial and administrative interpretations thereof, in each case as in effect and available as of the date of this information statement and all of which are subject to change at any time, possibly with retroactive effect. Any such change could affect the tax consequences described below.

This summary is limited to holders of Sears Holdings common stock that are U.S. Holders, as defined immediately below. A "U.S. Holder" is a beneficial owner of Sears Holdings common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) it has a valid election in place under applicable Treasury Regulations to be treated as a United States person.

This summary also does not discuss all tax considerations that may be relevant to stockholders in light of their particular circumstances, nor does it address the consequences to stockholders subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities or currencies;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt entities;
- banks, financial institutions or insurance companies;
- persons who acquired Sears Holdings common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- stockholders who own, or are deemed to own, at least 10% or more, by voting power or value, of Sears Holdings equity;
- holders owning Sears Holdings common stock as part of a position in a straddle or as part of a hedging, conversion or other risk reduction transaction for U.S. federal income tax purposes;
- certain former citizens or long-term residents of the United States;
- holders who are subject to the alternative minimum tax; or
- a person that owns Sears Holdings common stock through partnerships or other pass-through entities.

This summary does not address the U.S. federal income tax consequences to Sears Holdings' stockholders who do not hold Sears Holdings common stock as a capital asset. Moreover, this summary does not address any state, local or non-U.S. tax consequences or any estate, gift or other non-income tax consequences.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Sears Holdings common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to its tax consequences.

YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE SPIN-OFF. THIS SUMMARY IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR INVESTOR.

In connection with the spin-off, Sears Holdings expects to receive an opinion from the law firm of Simpson Thacher & Bartlett LLP that the spin-off will meet the requirements necessary for the spin-off to receive tax-free treatment under Sections 355, 368 and related provisions of the Code. The opinion will be based on, among other things, current tax law and assumptions and representations made by us and Sears Holdings, which if incorrect in certain material respects, would jeopardize the conclusions reached by Simpson Thacher & Bartlett LLP in its opinion. The opinion of counsel will not be binding on the IRS or the courts. Although the receipt of the opinion is a condition to the spin-off, it as well as all other conditions to the spin-off may be waived by Sears Holdings in its sole discretion. Sears Holdings and Lands' End have not sought and will not seek any ruling from the IRS regarding any matters relating to the spin-off, and as a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to the conclusions set forth below. In that event, the consequences described below would not apply and holders of Sears Holdings common stock who receive shares of Lands' End common stock in the spin-off could be subject to significant U.S. federal income tax liability.

Assuming the spin-off satisfies the requirements necessary for the spin-off to qualify for tax-free treatment under Sections 355, 368 and related provisions of the Code, the following will describe the material U.S. federal income tax consequences to Sears Holdings, Lands' End and Sears Holdings' stockholders of the spin-off:

- no gain or loss will be recognized by, or be includible in the income of, a holder of Sears Holdings common stock, solely as a result of the receipt of Lands' End common stock, except with respect to any cash received in lieu of fractional shares;
- subject to the discussion below regarding Section 355(e), no gain or loss will be recognized by Sears Holdings as a result of the spin-off;
- the aggregate tax basis of the Sears Holdings common stock and Lands' End common stock in the hands of Sears Holdings' stockholders immediately after the spin-off will be the same as the aggregate tax basis of the Sears Holdings common stock held by the holder immediately before the spin-off, allocated between the common stock of Sears Holdings and Lands' End common stock, including any fractional share interest for which cash is received, in proportion to their relative fair market values on the date of the spin-off;
- the holding period of shares of the Lands' End common stock received by Sears Holdings' stockholders will include the holding period of their Sears Holdings common stock, provided that such Sears Holdings common stock is held as a capital asset on the date of the spin-off; and
- a Sears Holdings stockholder who receives cash in lieu of a fractional share of Lands' End common stock in the spin-off will be treated as having sold such fractional share for the amount of cash received and generally will recognize capital gain or loss in an amount equal to the difference between the amount of such cash received and such stockholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the stockholder's holding period for its Sears Holdings common stock exceeds one year.

Sears Holdings' stockholders that have acquired different blocks of Sears Holdings common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, Lands' End common stock distributed with respect to such blocks of Sears Holdings common stock.

U.S. Treasury Regulations require certain stockholders that receive stock in a spin-off to attach to their respective U.S. federal income tax returns, for the year in which the spin-off occurs, a detailed statement setting forth certain information relating to the spin-off. Within a reasonable period of time after the distribution, Sears Holdings expects to make available to its stockholders information pertaining to compliance with this requirement.

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If the spin-off were not to qualify as a tax-free spin-off for U.S. federal income tax purposes, each Sears Holdings stockholder that receives shares of Lands' End common stock in the spin-off would be treated as receiving a distribution in an amount equal to the fair market value of such shares, which generally would be treated in the following manner:

- first as a taxable dividend to the extent of such stockholder's *pro rata* share of Sears Holdings' current and accumulated earnings and profits;
- then as a non-taxable return of capital to the extent of such stockholder's tax basis in its Sears Holdings common stock; and
- thereafter as capital gain with respect to any remaining value.

Additionally, each stockholder's basis in the Lands' End common stock would be equal to its fair market value on the date of the distribution and its holding period in the Lands' End common stock would begin on the date of the distribution. Furthermore, Sears Holdings would recognize a taxable gain if the fair market value of Lands' End common stock exceeds Sears Holdings' tax basis in Lands' End common stock.

Even if the spin-off otherwise qualifies for tax-free treatment under Section 355 of the Code, it may be taxable to Sears Holdings (but not Sears Holdings' stockholders) under Section 355(e) if 50% or more, by vote or value, of shares of Lands' End common stock or Sears Holdings common stock are acquired or issued as part of a plan or series of related transactions that includes the spin-off. For this purpose, any acquisitions or issuances of Sears Holdings common stock within two years before the spin-off, and any acquisitions or issuances of Lands' End common stock or Sears Holdings common stock within two years after the spin-off, generally are presumed to be part of such a plan, although we or Sears Holdings may be able to rebut that presumption. Even if these rules were to apply to cause the spin-off to be taxable to Sears Holdings, it would remain tax-free to the Sears Holdings stockholders.

In connection with the spin-off, we and Sears Holdings will enter into the tax sharing agreement whereby we will agree to be subject to certain restrictions to preserve the tax-free nature of the spin-off. For a description of the tax sharing agreement, see "Certain Relationships and Related Person Transactions—Tax Sharing Agreement."

The preceding summary of the anticipated U.S. federal income tax consequences of the spin-off is for general informational purposes only. Sears Holdings' stockholders should consult their own tax advisors as to the specific tax consequences of the spin-off to them, including the application and effect of state, local or non-U.S. tax laws and of changes in applicable tax laws.

DESCRIPTION OF OUR CAPITAL STOCK

Our certificate of incorporation and bylaws will be amended and restated prior to the spin-off. The following is a summary of the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and bylaws. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of our amended and restated certificate of incorporation or our amended and restated bylaws to be in effect at the time of the spin-off and are qualified in their entirety by reference to these documents, which you should read (along with the applicable provisions of Delaware law) for complete information on our capital stock as of the time of the spin-off. Our amended and restated certificate of incorporation and bylaws to be in effect at the time of the spin-off will be included as exhibits to our registration statement of which this information statement forms a part.

General

Following the spin-off, our authorized capital stock will consist of 480 million shares of common stock, par value \$0.01 per share. Immediately following the spin-off, we expect that approximately [X] million shares of our common stock will be issued and outstanding.

Common Stock

Holders of our common stock will be entitled:

- to cast one vote for each share held of record on all matters submitted to a vote of the stockholders;
- to receive, on a *pro rata* basis, dividends and distributions, if any, that the board of directors may declare out of legally available funds; and
- upon our liquidation, dissolution or winding up, to share equally and ratably in any assets remaining after the payment of all debt and other liabilities.

Any dividends declared on the common stock will not be cumulative.

The holders of our common stock will not have any preemptive, cumulative voting, subscription, conversion, redemption or sinking fund rights. The common stock will not be subject to future calls or assessments by us. After the spin-off, all outstanding shares of our common stock will be fully paid and non-assessable.

Certain Provisions of Delaware Law, Our Certificate of Incorporation and Bylaws

Certificate of Incorporation and Bylaws. Certain provisions in our amended and restated certificate of incorporation and bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control.

Requirements for Advance Notification of Stockholder Nomination and Proposals. Under our amended and restated bylaws, stockholders of record will be able to nominate persons for election to our board of directors or, at annual meetings, bring other business constituting a proper matter for stockholder action only by providing proper notice to our secretary. Proper notice must be generally received not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year (or, in some cases, including in the case of a special meeting, prior to the tenth day following announcement of the meeting), and must include, among other information, the name and address of the stockholder giving the notice, certain information

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relating to each person whom such stockholder proposes to nominate for election as a director and a brief description of any business such stockholder proposes to bring before the meeting and the reason for bringing such proposal. Nothing in the amended and restated bylaws will be deemed to affect any rights of stockholders to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Vacancies and Removal of Directors. Under our amended and restated certificate of incorporation, a director may resign or be removed with or without cause, by the affirmative vote of the holders of not less than a majority of the shares of our common stock then outstanding and entitled to vote, without the necessity for concurrence by the directors. Vacancies in our board of directors may be filled only by our board of directors. Any director elected to fill a vacancy will hold office until such director's successor shall have been duly elected by a majority of the stockholders at a meeting called for such purpose.

Special Stockholder Meetings. Under our amended and restated bylaws, special meetings of stockholders may be called at any time by the board of directors acting pursuant to a board resolution or a written instrument signed by a majority of the directors. In addition, under our amended and restated bylaws, special meetings of stockholders may be called upon the written request of one or more record holders of shares of our common stock representing not less than 20%, in the aggregate, of the total number of shares of our outstanding common stock.

Action by Written Consent. Under our amended and restated bylaws, any action required or permitted to be taken at any annual or special meeting of stockholders may be taken by written consent of stockholders representing the minimum number of votes that would be necessary to take such action at a meeting of stockholders.

Exclusive Forum. Our amended and restated bylaws will provide that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any (i) derivative action or proceeding brought on our behalf, to the fullest extent permitted by law, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws, in each case, as amended from time to time, or (iv) any action asserting a claim governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the foregoing forum selection provisions. However, the enforceability of similar forum provisions in other companies' certificates of incorporation have been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be unenforceable.

Delaware Takeover Statute

The DGCL contains a business combination statute that protects Delaware corporations from hostile takeovers and from actions following such a takeover, by prohibiting some transactions once an acquiror has gained a significant holding in the corporation. This statute generally prohibits "business combinations," including mergers, sales and leases of assets, issuances of securities and similar transactions by a corporation or a subsidiary with an entity or person who beneficially owns 15% or more of a corporation's voting stock, or an "interested stockholder," within three years after the person or entity becomes an interested stockholder, unless:

- the board of directors of the target corporation has approved, before the acquisition date, either the business combination or the transaction that resulted in the person becoming an interested stockholder;
- upon consummation of the transaction that resulted in the person becoming an interested stockholder, the person owns at least 85% of the corporation's voting stock (excluding for purposes of determining the voting stock outstanding shares owned by directors who are officers and shares owned by employee stock plans in which participants do not have the right to determine confidentially whether shares will be tendered in a tender or exchange offer); or

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- after the person or entity becomes an interested stockholder, the business combination is approved by the board of directors and authorized by the vote of the holders of shares representing at least two-thirds of the outstanding voting power not owned by the interested stockholder.

We will opt out of Section 203 of the DGCL, which contains these restrictions on business combinations, in our amended and restated certificate of incorporation that will take effect immediately prior to our spin-off from Sears Holdings.

Indemnification and Limitation of Liability of Directors and Officers

Delaware General Corporate Law

Pursuant to the DGCL, a corporation may indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or serving at the request of such corporation in such capacity for another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of such corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

The DGCL also permits indemnification by a corporation under similar circumstances for expenses (including attorneys' fees) actually and reasonably incurred by such persons in connection with the defense or settlement of an action or suit by or in the right of the corporation to procure a judgment in its favor, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to such corporation unless the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

To the extent a present or former director or officer is successful in the defense of such an action, suit or proceeding, the corporation is required by the DGCL to indemnify such person for actual and reasonable expenses incurred thereby. Expenses (including attorneys' fees) incurred by an officer or director of the corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it is ultimately determined that such person is not entitled to be so indemnified. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents of the corporation or by persons serving at the request of the corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

The DGCL provides that the indemnification described above shall not be deemed exclusive of other indemnification that may be granted by a corporation pursuant to its bylaws, disinterested directors' vote, stockholders' vote, agreement or otherwise. The DGCL also provides corporations with the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation in a similar capacity for another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him or her and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability as described above.

Amended and Restated Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation requires us to indemnify and hold harmless any current or former director or officer of Lands' End to the fullest extent permitted by Delaware law. Such indemnification

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rights include the right to be paid by us the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition. However, except for proceedings to enforce indemnification or advancement rights, we will indemnify such a director or officer who initiates an action, suit or proceeding (or part thereof) only if such action, suit or proceeding (or part thereof) was authorized by our board of directors.

The amended and restated certificate of incorporation also contains certain procedures and presumptions that will govern any action brought by a person granted advancement or indemnification rights in our certificate of incorporation to enforce those rights. The indemnification and advancement rights conferred by Lands' End are not exclusive of any other right to which persons seeking indemnification or advancement may be entitled under any statute, our certificate of incorporation or bylaws, any agreement, vote of stockholders or disinterested directors or otherwise. Our amended and restated certificate of incorporation also exculpates any director from being personally liable to Lands' End or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption is prohibited by Delaware law.

Transfer Agent and Registrar

After the spin-off, the transfer agent and registrar for our capital stock will be Computershare Trust Company, N.A.

Listing and Market Information

There is currently no established public market for any of our capital stock. We intend to apply to list our common stock on NASDAQ under the symbol "LE" and expect that "regular-way" trading will begin the first trading day after the completion of the spin-off.

Authorized But Unissued Capital Stock

The DGCL does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of NASDAQ, which would apply so long as our common stock is listed on NASDAQ, require stockholder approval of certain issuances equal to or exceeding 20% of the then-outstanding voting power or then outstanding number of shares of common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved capital stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares of capital stock at prices higher than prevailing market prices.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to our company and our common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 as well as on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the spin-off, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Sears Holdings Corporation:

We have audited the accompanying combined balance sheets of the Lands' End Business of Sears Holdings Corporation (the "Company") as of February 1, 2013 and January 27, 2012, and the related combined statements of comprehensive operations, cash flows, and changes in parent company equity for each of the three fiscal years in the period ended February 1, 2013. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Company as of February 1, 2013 and January 27, 2012, and the results of its operations and its cash flows for each of the three fiscal years in the period ended February 1, 2013, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 and Note 11, the accompanying combined financial statements have been derived from the consolidated financial statements and accounting records of Sears Holdings Corporation. The combined financial statements also include expense allocations for certain corporate functions historically provided by Sears Holdings Corporation. These allocations may not be reflective of the actual expense which would have been incurred had the Company operated as a separate entity apart from Sears Holdings Corporation.

/s/ DELOITTE & TOUCHE LLP

Davenport, Iowa
December 5, 2013

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LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
Combined Statements of Comprehensive Operations
for Fiscal Years Ended February 1, 2013, January 27, 2012 and January 28, 2011

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES			
Merchandise sales and services, net	\$1,585,927	\$1,725,627	\$1,655,574
COSTS AND EXPENSES			
Cost of sales (excluding depreciation and amortization)	881,817	959,611	833,614
Selling and administrative	598,916	621,020	615,462
Depreciation and amortization	23,121	22,686	21,963
Other operating (income) expense, net	70	502	(9,049)
Total costs and expenses	<u>1,503,924</u>	<u>1,603,819</u>	<u>1,461,990</u>
Operating income	82,003	121,808	193,584
Other income, net	<u>67</u>	<u>95</u>	<u>45</u>
Income before income taxes	82,070	121,903	193,629
Income tax expense	<u>32,243</u>	<u>45,669</u>	<u>72,365</u>
NET INCOME	49,827	76,234	121,264
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	<u>(1,623)</u>	<u>311</u>	<u>1,099</u>
COMPREHENSIVE INCOME	<u>\$ 48,204</u>	<u>\$ 76,545</u>	<u>\$ 122,363</u>

See accompanying Notes to Combined Financial Statements.

LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
Combined Balance Sheets
at February 1, 2013 and January 27, 2012

<i>(in thousands)</i>	February 1, 2013	January 27, 2012
ASSETS		
Current assets		
Cash	\$ 28,257	\$ 15,614
Restricted cash	3,300	3,382
Accounts receivable, net	27,079	33,146
Inventories, net	378,526	395,621
Prepaid expenses and other current assets	26,020	28,358
Total current assets	<u>463,182</u>	<u>476,121</u>
Property and equipment		
Land, buildings and improvements	103,173	102,911
Furniture, fixtures and equipment	71,400	68,661
Computer hardware and software	63,667	54,211
Leasehold improvements	12,660	12,222
Gross property and equipment	250,900	238,005
Less accumulated depreciation	141,179	122,960
Total property and equipment, net	109,721	115,045
Goodwill	110,000	110,000
Intangible assets, net	533,972	536,602
Other assets	847	1,155
TOTAL ASSETS	<u>\$1,217,722</u>	<u>\$1,238,923</u>
LIABILITIES AND PARENT COMPANY EQUITY		
Current liabilities		
Accounts payable	\$ 106,665	\$ 105,805
Deferred tax liabilities	7,315	263
Other current liabilities	79,750	84,060
Total current liabilities	193,730	190,128
Long-term deferred tax liabilities	196,559	201,539
Other liabilities	4,196	3,424
TOTAL LIABILITIES	<u>394,485</u>	<u>395,091</u>
Commitments and contingencies		
Net parent company investment	826,398	845,370
Accumulated other comprehensive loss	(3,161)	(1,538)
Total parent company equity	823,237	843,832
TOTAL LIABILITIES AND PARENT COMPANY EQUITY	<u>\$1,217,722</u>	<u>\$1,238,923</u>

See accompanying Notes to Combined Financial Statements.

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LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
Combined Statements of Cash Flows
for Fiscal Years Ended February 1, 2013, January 27, 2012 and January 28, 2011

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 49,827	\$ 76,234	\$ 121,264
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	23,121	22,686	21,963
Loss on disposal of property and equipment	70	502	2
Deferred income taxes	3,066	(1,262)	3,479
Change in operating assets and liabilities:			
Inventories	14,672	(72,091)	17,321
Accounts payable	1,443	(11,001)	71
Other operating assets	4,739	(5,088)	(10,782)
Other operating liabilities	(690)	4,530	(10,474)
Net cash provided by operating activities	<u>96,248</u>	<u>14,510</u>	<u>142,844</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of property and equipment	15	—	—
Change in restricted cash	82	106	(135)
Purchases of property and equipment	(14,993)	(15,119)	(18,994)
Net cash used in investing activities	<u>(14,896)</u>	<u>(15,013)</u>	<u>(19,129)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions to parent company, net	(68,799)	(5,313)	(117,314)
Net cash used in financing activities	<u>(68,799)</u>	<u>(5,313)</u>	<u>(117,314)</u>
Effects of exchange rate changes on cash	90	383	(430)
NET INCREASE (DECREASE) IN CASH	12,643	(5,433)	5,971
CASH, BEGINNING OF YEAR	<u>15,614</u>	<u>21,047</u>	<u>15,076</u>
CASH, END OF YEAR	<u>\$ 28,257</u>	<u>\$ 15,614</u>	<u>\$ 21,047</u>
SUPPLEMENTAL INFORMATION:			
Supplemental Cash Flow Data:			
Unpaid liability to acquire property and equipment	<u>\$ 1,534</u>	<u>\$ 1,121</u>	<u>\$ 6,658</u>

See accompanying Notes to Combined Financial Statements.

LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
Combined Statements of Changes in Parent Company Equity
for Fiscal Years Ended February 1, 2013, January 27, 2012 and January 28, 2011

<i>(in thousands)</i>	Net Parent Company Investment	Accumulated Other Comprehensive Loss	Total Parent Company Equity
Balance at January 29, 2010	\$ 770,499	\$ (2,948)	\$ 767,551
Net income	121,264	—	121,264
Cumulative translation adjustment, net of tax	—	1,099	1,099
Distributions to parent company, net	<u>(117,314)</u>	<u>—</u>	<u>(117,314)</u>
Balance at January 28, 2011	774,449	(1,849)	772,600
Net income	76,234	—	76,234
Cumulative translation adjustment, net of tax	—	311	311
Distributions to parent company, net	<u>(5,313)</u>	<u>—</u>	<u>(5,313)</u>
Balance at January 27, 2012	845,370	(1,538)	843,832
Net income	49,827	—	49,827
Cumulative translation adjustment, net of tax	—	(1,623)	(1,623)
Distributions to parent company, net	<u>(68,799)</u>	<u>—</u>	<u>(68,799)</u>
Balance at February 1, 2013	<u>\$ 826,398</u>	<u>\$ (3,161)</u>	<u>\$ 823,237</u>

See accompanying Notes to Combined Financial Statements.

**LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS**

NOTE 1. BACKGROUND AND BASIS OF PRESENTATION

Description of Business and Separation

The Lands' End business of Sears Holdings Corporation ("Lands' End," "we," "us," "our" or the "Company") 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 standalone Lands' End Inlet stores that sell a combination of full-price and liquidation merchandise. 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 50 years ago 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."

Sears Holdings Corporation announced its intention to separate its Lands' End business from the rest of its businesses. Sears Holdings Corporation and its subsidiaries ("Sears Holdings") will transfer all the remaining assets and liabilities of Lands' End that are held at the corporate level to Lands' End, Inc. and its subsidiaries prior to the completion of the distribution (the "Separation").

Basis of Presentation

Our historical Combined Financial Statements have been prepared on a standalone 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 are currently held by Sears Holdings, primarily the Lands' End Shops at Sears. These items will be 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 accounting principles generally accepted in the United States ("GAAP").

The Combined Financial Statements include the allocation of certain assets and liabilities that have historically been held at the Sears Holdings level but which are specifically identifiable or allocable to Lands' End. All intracompany transactions and accounts have been eliminated. All intercompany transactions between Sears Holdings and Lands' End are considered to be effectively settled in the Combined Financial Statements at the time the transactions are recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Combined Statements of Cash Flows as a financing activity and in the Combined Balance Sheets as Net parent company investment.

As business operations of Sears Holdings, we do not maintain our own tax and certain other corporate support functions. We expect to enter into agreements with Sears Holdings for the continuation of certain of these services. These expenses have been allocated to Lands' End based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of revenue, headcount, square footage or other measures. Lands' End considers the expense allocation methodology and results to be reasonable for all periods presented. However, the costs and allocations charged to the Company by Sears Holdings do not necessarily reflect the costs of obtaining the services from unaffiliated third parties or of the Company providing the applicable services itself. The Combined Financial Statements contained herein may not be indicative of the Company's financial position, operating results, and cash flows in the future, or what they would have been if it had been a standalone company during all periods presented. See Note 11—Related Party.

Historically, Sears Holdings has provided financing, cash management and other treasury services to us. Our cash balances are swept by Sears Holdings and, historically, we have received funding from Sears Holdings for

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our operating and investing cash needs. Cash and restricted cash held by Sears Holdings were not allocated to Lands' End unless the cash or restricted cash were held by an entity that will be transferred to Lands' End. Sears Holdings' third-party debt, and the related interest expense, has not been allocated to us for any of the periods presented as we were not the legal obligor of the debt and the Sears Holdings borrowings were not directly attributable to our business.

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. Fiscal Year 2012 consisted of 53 weeks while Fiscal Years 2011 and 2010 each consisted of 52 weeks. Unless the context otherwise requires, references to years in this report relate to fiscal years rather than calendar years. The following fiscal periods are presented in this report.

<u>Fiscal Year</u>	<u>Ended</u>	<u>Weeks</u>
2012	February 1, 2013	53
2011	January 27, 2012	52
2010	January 28, 2011	52

Seasonality

The Company's operations have historically been seasonal, with a disproportionate amount of net sales 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 sales 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 about future events. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. The Company evaluates estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made when facts and circumstances dictate. As future events and their effects cannot be determined with absolute certainty, actual results may differ from the estimates used in preparing the accompanying Combined Financial Statements. Significant estimates and assumptions are required as part of determining inventory valuation, sales returns and allowances, legal accruals, performing goodwill, intangible and long-lived asset impairment analyses and establishing reserves for tax examination exposures.

Cash

The Company includes deposits in-transit from banks for payments related to third-party credit card and debit card transactions within cash. The Company's domestic cash is transferred to or funded from Sears Holdings on a daily basis. These cash receipts and disbursements adjust Net parent company investment on the Combined Balance Sheets.

The Company classifies cash balances pledged as collateral for an employee benefit trust fund as Restricted cash on the Combined Balance Sheets.

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Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based on both a historical experience and a specific identification basis. Allowances for doubtful accounts on accounts receivable balances were \$1.3 million as of February 1, 2013 and January 27, 2012. 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 for the following years:

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Beginning balance	\$1,293	\$1,456	\$1,121
Provision	721	726	946
Write-offs	(698)	(889)	(611)
Ending balance	<u>\$1,316</u>	<u>\$1,293</u>	<u>\$1,456</u>

Inventory

Inventories primarily consist of merchandise purchased for resale. For financial reporting and tax purposes, the Company's U.S. 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-U.S. inventory on the first-in, first-out ("FIFO") method. The U.S. inventory accounted for using the LIFO method was 85% and 81% of total inventory as of February 1, 2013 and January 27, 2012, respectively. If the FIFO method of accounting for inventory had been used, the effect on inventory would have been immaterial as of February 1, 2013 and January 27, 2012. 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 \$28.0 million and \$28.2 million as of February 1, 2013 and January 27, 2012, respectively.

Deferred Catalog Costs and Advertising

Costs incurred for direct response advertising consist primarily of catalog production and mailing costs that are generally amortized within two months from the date catalogs are mailed. Unamortized advertising costs reported as prepaid assets were \$18.6 million and \$20.1 million as of February 1, 2013 and January 27, 2012, respectively. The Company expends the costs of advertising for website, magazines, newspaper, radio and other general media when the advertising takes place. Advertising expenses, including catalog costs amortization, website-related costs and other print media were \$204.1 million, \$223.7 million and \$233.1 million for 2012, 2011 and 2010, respectively. These costs are included within Selling and administrative expenses in the accompanying Combined Statements of Comprehensive 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.

Depreciation expense is recorded over the estimated useful lives of the respective assets using the straight-line method. The range of lives are generally 20 to 30 years for buildings and improvements, 10 years for furniture, fixtures and equipment, and three to five years for computer hardware and software. Leasehold improvements are depreciated over the shorter of the associated lease term or the estimated useful life of the asset. Depreciation expense included within Depreciation and amortization expense reported in the accompanying Combined Statements of Comprehensive Operations was \$20.5 million, \$20.0 million and \$19.3 million for 2012, 2011 and 2010, respectively.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets

Long-lived assets, including property and equipment and finite-lived intangible assets (customer lists) 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 recognized in 2012, 2011 or 2010.

Goodwill and Intangible Asset Impairment Assessments

Goodwill, trade names and other intangible assets are generally 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 majority of our goodwill and intangible assets relate to Kmart Holding Corporation's acquisition of Sears, Roebuck and Co. ("Sears Roebuck") in March 2005. The calculation for an impairment loss compares the carrying value of the asset to that asset's estimated fair value, which may be based on estimated future discounted cash flows or quoted market prices. We recognize an impairment loss if the asset's carrying value exceeds its estimated fair value.

Frequently our impairment loss calculations contain multiple uncertainties because they require management to make assumptions and to apply judgment to estimate future cash flows and asset fair values, including forecasting cash flows under different scenarios. As required by accounting standards, we perform annual goodwill and indefinite-lived intangible asset impairment tests on the last day of our 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. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to losses that could be material.

Goodwill impairment assessments. Our goodwill resides in the Direct reporting unit. The goodwill impairment test involves a two-step process. The first step is a comparison of the reporting unit's fair value to its carrying value. We estimate fair value using the best information available, using both a market approach, as well as a discounted cash flow model, commonly referred to as the income approach. 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. This approach therefore assumes strategic initiatives will result in improvements in operational performance in the event of purchase, and includes the application of a discount rate based on market participant assumptions with respect to capital structure and access to capital markets. 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 our reporting unit. The projection uses management's best estimates of economic and market conditions over the projected period, including growth rates in sales, 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. Our final estimate of the fair value of the reporting unit is developed by weighting the fair values determined through both the market participant and income approaches, where comparable market participant information is available.

If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of impairment loss. The amount of impairment is determined by comparing the implied fair value of reporting unit goodwill to the carrying value of the goodwill in the same manner as if the reporting unit was being acquired in a business combination. Specifically, we allocate the fair value to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, we record an impairment charge for the difference.

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During 2012, 2011, and 2010, the fair value of the reporting unit exceeded the carrying value and, as such, we did not record any goodwill impairment charges.

Indefinite-lived intangible asset impairment assessments. We review our indefinite-lived intangible asset, primarily the Lands' End trade name, for impairment by comparing the carrying amount of each asset to the sum of undiscounted cash flows expected to be generated by the asset. 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 sales stream and discounting the resulting cash flows to determine a value. We multiplied the selected royalty rate by the forecasted net sales 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. We did not record any intangible asset impairment charges in 2012, 2011 or 2010.

Financial Instruments with Off-Balance-Sheet Risk

As of February 1, 2013, the Company had a letter of credit facility (the "LC Facility") with Bank of America ("BofA") pursuant to which BofA may, on a discretionary basis and with no commitment, agree to issue letters of credit upon our request in an aggregate amount not to exceed \$5 million for inventory purchases. The terms for the letters of credit issued under the LC Facility are "at site" and are secured by a standby letter of credit, with an expiration date of less than one year, issued by Sears Roebuck Acceptance Corp. ("SRAC"), on our behalf for the benefit of BofA. BofA or Lands' End may terminate the LC Facility at any time. Outstanding letters of credit balances were \$5.0 million and \$3.8 million as of February 1, 2013, and January 27, 2012, respectively. Upon completion of the Separation, we anticipate that Sears Holdings will terminate its support of the LC Facility and that SRAC will no longer issue letters of credit to secure the LC Facility.

From time to time, at the Company's request, Sears Holdings causes standby letters of credit to be issued for the Company's benefit under Sears Holdings' revolving credit facility. There were \$6.4 million and \$2.4 million in standby letter of credit issuances as of August 2, 2013 and February 1, 2013, respectively. Upon completion of the Separation, we anticipate that Sears Holdings will no longer cause letters of credit to be issued for our benefit.

The Company participates in the Sears Private Label Letters of Credit program, which provides up to \$50.0 million for vendor financing as an alternative to bank-issued letters of credit or standby letters of credit. There were no outstanding balances as of February 1, 2013 or January 27, 2012.

In addition, the Company has a foreign subsidiary credit facility that is supported by a Lands' End, Inc. guarantee, which totals \$3.1 million. This credit facility guarantees and allows for the deferred payment of custom duties and fulfills short-term in-country borrowing needs. This credit facility was not in use as of February 1, 2013 and January 27, 2012.

Concentration

Our products are manufactured in approximately 35 countries and substantially all are imported from Asia, South Asia and Central America. Our top 10 vendors account for a significant portion of our merchandise purchases.

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

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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 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. Cash, accounts receivable, accounts payable and other current liabilities are reflected in the Combined Balance Sheets at cost, which approximates fair value due to the short-term nature of these instruments.

Foreign Currency Translations and Transactions

The Company translates the assets and liabilities of foreign subsidiaries from their respective functional currencies to U.S. dollars at the appropriate spot rates as of the balance sheet date. Revenue and expenses of operations are translated to U.S. 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 Combined Statements of Changes in Parent Company Equity. The Company recognized net foreign exchange transaction losses of \$3.7 million and \$4.0 million in 2012 and 2010, respectively, in the accompanying Combined Statements of Comprehensive Operations. Net foreign exchange transaction losses in 2011 were not material.

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 delivered to the customer and for the retail segment at the time of sale in the store. Services are comprised primarily of shipping and handling.

Revenues from merchandise sales and services 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 Combined Balance Sheets.

Reserves for sales returns and allowances consisted of the following for the following years:

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 14,607	\$ 16,430	\$ 16,562
Provision	231,817	233,069	244,050
Write-offs	<u>(232,900)</u>	<u>(234,892)</u>	<u>(244,182)</u>
Ending balance	<u>\$ 13,524</u>	<u>\$ 14,607</u>	<u>\$ 16,430</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) 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 not material in 2012, 2011 and 2010.

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 and store delivery costs), customer shipping and handling costs and physical inventory losses. Depreciation and amortization is not included in our cost of sales.

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The Company participates in Sears Holdings' Shop Your Way member loyalty program. The expenses for this program are recorded in Cost of sales, as described in Note 11—Related Party.

Selling and Administrative Expenses

Selling and administrative expenses are comprised principally of payroll and benefits costs for direct, retail and corporate employees, advertising, occupancy costs of retail stores and corporate facilities, buying, pre-opening costs and other administrative expenses. Stock-based compensation costs for certain executives participating in stock-based compensation plans administered by Sears Holdings are included in Selling and administrative expenses and are not material for any periods presented.

Expenses related to the Lands' End Shops at Sears were allocated to us by Sears Holdings, as well as Shared services and Co-location and services costs. Selling and administrative expenses included \$75.4 million, \$80.4 million and \$78.6 million in 2012, 2011 and 2010, respectively, of costs allocated to us by Sears Holdings. See Note 11—Related Party.

In September 2012, the Company recognized \$2.5 million of restructuring expenses, primarily related to severance, related to an initiative to reduce the corporate cost structure. The liability on the Combined Balance Sheet as of February 1, 2013 was not material.

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.

For purposes of the Combined Financial Statements, the tax provision represents the tax attributable to these operations as if the Company were required to file a separate tax return. Sears Holdings pays all U.S. federal, state and local taxes attributable to the Lands' End business and the related taxes payable and tax payments are reflected directly in Net parent company investment in the Combined Balance Sheets. Taxes paid for our wholly owned foreign subsidiaries were \$5.3 million, \$7.7 million and \$12.8 million for 2012, 2011 and 2010, respectively.

Lands' End and Sears Holdings will enter into a tax sharing agreement (the "Tax Sharing Agreement") prior to the Separation which will generally govern Sears Holdings' and Lands' End's respective rights, responsibilities and obligations after the Separation with respect to liabilities for U.S. federal, state, local and foreign taxes attributable to the Lands' End business. In addition to the allocation of tax liabilities, the Tax Sharing Agreement will address the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Generally, Sears Holdings will be liable for all pre-separation U.S. federal, state and local income taxes. Lands' End generally will be liable for all other income taxes attributable to its business, including all foreign taxes.

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 U.S. Internal Revenue Service ("IRS") 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

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and are adjusted accordingly. This requires significant management judgment in estimating final outcomes. Interest and penalties are classified as Income tax expense in the Combined Statements of Comprehensive Operations. See Note 3—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 \$15.8 million, \$18.1 million and \$18.2 million for 2012, 2011 and 2010, 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 these self-insured risks.

Postretirement Benefit Plan

Effective January 1, 2006, the Company decided to indefinitely suspend eligibility to the postretirement medical plan for future company retirees. In addition, the Company elected to immediately recognize all existing net actuarial losses and prior service costs. All future actuarial gains or losses were recognized in the year they occurred and were not material in 2012, 2011 and 2010. The net liability of the plan was \$1.7 million and \$1.8 million as of February 1, 2013 and January 27, 2012, respectively, and is recorded in Other liabilities in the Combined Balance Sheets.

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 adjustment and net income.

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Accumulated other comprehensive loss—foreign currency translation adjustments (net of tax of \$1,938, \$942 and \$1,133, respectively)	<u><u>\$ (3,161)</u></u>	<u><u>\$ (1,538)</u></u>	<u><u>\$ (1,849)</u></u>

New Accounting Pronouncements

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss or a Tax Credit Carryforward Exists

In July 2013, the Financial Accounting Standards Board ("FASB") issued Auditing Standards Update ("ASU") 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss or a Tax Credit Carryforward Exists, which requires an unrecognized tax benefit to be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward that the entity intends to use and is available for settlement at the reporting date. The update will be effective for the Company in the first quarter of 2014 and is not expected to have a material impact on the Company's combined financial position, results of operations, or cash flows.

Disclosures about Reclassification Adjustments out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which requires entities to disclose additional information about reclassification

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adjustments, including changes in accumulated other comprehensive income balances by component and significant items reclassified out of accumulated other comprehensive income. The update will be effective in the first quarter of 2013, but is not expected to have a material impact on the Company's combined financial position, results of operations or cash flows.

Testing Indefinite-Lived Intangible Assets for Impairment

In July 2012, the FASB issued ASU No. 2012-02, Intangibles—Goodwill and Other: Testing Indefinite-Lived Intangible Assets for Impairment, which provides, subject to certain conditions, the option to perform a qualitative, rather than quantitative, assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. The update will be effective in the first quarter of 2013 and may, under certain circumstances, reduce the complexity and costs of testing indefinite-lived intangible assets for impairment, but otherwise is not expected to have a material impact on the Company's combined financial position, results of operations or cash flows.

Testing Goodwill for Impairment

In September 2011, the FASB issued ASU No. 2011-08, Intangibles—Goodwill and Other: Testing Goodwill for Impairment, which gives companies testing goodwill for impairment the option of performing a qualitative assessment before calculating the fair value of a reporting unit in step one of the goodwill impairment test. If companies determine, based on qualitative factors, that the fair value of a reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. Otherwise, further testing would not be needed. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, or effective for 2012 for the Company, with early adoption permitted. The update was adopted by the Company in 2012 and did not have a material impact on the combined financial position, results of operations or cash flows of the Company.

Presentation of Comprehensive Income

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income: Presentation of Comprehensive Income, which requires entities to report components of other comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements of net income and other comprehensive income. This ASU does not change the items that must be reported in other comprehensive income, how these items are measured, or when these items must be classified to net income. ASU 2011-05 is effective for financial statements issued by the Company after January 1, 2012, and must be applied retroactively for all periods presented in the financial statements. The Company adopted the provision of ASU 2011-05 to report components of other comprehensive income in a single continuous statement. The new guidance affected presentation only and therefore had no impact on results of operations, cash flows or financial position.

NOTE 3. INCOME TAXES

The Company's income before income taxes in the United States and in foreign jurisdictions was as follows for the years ended:

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Income before income taxes:			
United States	\$65,131	\$ 96,872	\$160,066
Foreign	<u>16,939</u>	<u>25,031</u>	<u>33,563</u>
Total income before income taxes	<u>\$82,070</u>	<u>\$121,903</u>	<u>\$193,629</u>

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The components of the provision for income taxes were as follows for the years ended:

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
United States	\$27,645	\$41,233	\$61,044
Foreign	4,598	4,436	11,321
Total provision	<u>\$32,243</u>	<u>\$45,669</u>	<u>\$72,365</u>

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current:			
Federal	\$18,892	\$36,397	\$52,520
State	5,678	6,049	5,143
Foreign	4,607	4,485	11,223
Total current	<u>29,177</u>	<u>46,931</u>	<u>68,886</u>
Deferred:			
Federal	3,725	(768)	900
State	(650)	(445)	2,481
Foreign	(9)	(49)	98
Total deferred	<u>3,066</u>	<u>(1,262)</u>	<u>3,479</u>
Total provision	<u>\$32,243</u>	<u>\$45,669</u>	<u>\$72,365</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax at statutory federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	4.0	3.0	2.6
Other, net	0.3	(0.5)	(0.2)
Total	<u>39.3%</u>	<u>37.5%</u>	<u>37.4%</u>

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Deferred tax assets and liabilities consisted of the following:

<i>(in thousands)</i>	February 1, 2013	January 27, 2012
Deferred tax assets:		
Inventory	\$ 5,165	\$ 8,089
Reserve for returns	4,750	4,598
Deferred revenue	3,684	3,535
Benefit plans	1,935	1,725
Property and equipment	1,793	—
Insurance reserves	910	1,035
Other	6,971	6,110
Total deferred tax assets	25,208	25,092
Deferred tax liabilities:		
Intangible assets	198,648	200,355
LIFO reserve	18,740	13,005
Unremitted foreign earnings	4,484	4,905
Catalog advertising	4,205	4,498
Property and equipment	—	640
Other	3,005	3,491
Total deferred tax liabilities	229,082	226,894
Net deferred tax liability	203,874	201,802
Less current deferred tax liability	7,315	263
Long-term deferred tax liability	\$ 196,559	\$ 201,539

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits (“UTB”) for the years ended is as follows:

<i>(in thousands)</i>	Federal, State and Foreign Tax		
	2012	2011	2010
Gross UTB balance at beginning of period	\$8,209	\$7,922	\$7,634
Tax positions related to the current period—increases	298	287	288
Tax positions related to the prior periods:			
Settlements	—	—	—
Lapse of statutes of limitations	—	—	—
Gross UTB balance at end of period	\$8,507	\$8,209	\$7,922

At the end of 2012, the Company had gross unrecognized tax benefits of \$8.5 million. Of this amount, \$5.5 million would, if recognized, impact our effective tax rate, with the remaining amount being comprised of unrecognized tax benefits related to gross temporary differences. The Company does not expect that unrecognized tax benefits will fluctuate in the next 12 months for tax audit settlements and the expiration of the statute of limitations for certain jurisdictions. Pursuant to the Tax Sharing Agreement, Sears Holdings will be responsible for any UTBs through the date of the Separation and, as such, they have been recorded in Net parent company investment on the Combined Balance Sheets.

The Company classifies interest expense and penalties related to unrecognized tax benefits and interest income on tax overpayments as components of income tax expense. As of February 1, 2013, the total amount of interest and penalties recognized on our balance sheet was \$4.3 million (\$2.8 million net of federal benefit). The total amount of net interest expense recognized in the Combined Statements of Comprehensive Operations was

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\$0.8 million, \$0.7 million and \$0.8 million for 2012, 2011 and 2010, respectively. We file income tax returns in both the United States and various foreign jurisdictions. The IRS has completed its examination of the 2008 and 2009 federal income tax returns of Sears Holdings. Sears Holdings is currently working with the IRS Appeals Division to resolve a single issue arising from these exams that is unrelated to the Company. Sears Holdings has resolved all matters arising from prior IRS exams. In addition, the Company is under examination by various state and foreign income tax jurisdictions for the years 2002–2012.

NOTE 4. LEASES

The Company leases stores, office space and warehouses under various leasing arrangements. As of February 1, 2013, the Company leases store space in 276 Sears Holdings store locations (see Note 11—Related Party) and 17 Lands’ End Inlet Stores for a total of number of 293 retail stores. 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 \$34.5 million, \$35.5 million and \$35.6 million for 2012, 2011 and 2010, 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) as of February 1, 2013 are as follows (in thousands):

2013	\$31,103
2014	28,728
2015	27,557
2016	26,657
2017	26,075
Thereafter	29,386

NOTE 5. RETIREMENT PLAN

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 provided under this plan was \$3.6 million, \$3.6 million and \$3.5 million for 2012, 2011 and 2010, respectively.

NOTE 6. POSTRETIREMENT BENEFITS

The Company has a plan to provide group medical benefits for eligible retired employees. These insurance benefits will be funded through general assets of the Company. The costs of these insurance benefits are recognized as the eligible employees render service. Effective January 1, 2006, the Company decided to indefinitely suspend eligibility to the postretirement medical plan for future company retirees.

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The following table presents the change in the benefit obligation for the years ended:

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$1,772	\$1,882
Interest cost	70	87
Plan participants' contributions	32	51
Actuarial loss	29	59
Benefits paid	(225)	(307)
Benefit obligation at end of year, net amount recognized	<u>\$1,678</u>	<u>\$1,772</u>
Change in plan assets at fair value:		
Employer contributions	\$ 193	\$ 256
Plan participants' contributions	32	51
Benefits paid	(225)	(307)
Plan asset at end of year	<u>\$ —</u>	<u>\$ —</u>

The current portion of the liability for postretirement obligations is \$0.2 million at February 1, 2013, which the Company expects to pay during 2013.

The components of net periodic benefit cost for the years ended:

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Interest cost	\$ 70	\$ 87	\$109
Recognized net actuarial loss	29	59	101
Total postretirement benefit cost	<u>\$ 99</u>	<u>\$146</u>	<u>\$210</u>
Weighted-average assumption at end of year:			
Discount rate	4.2%	5.0%	6.0%

For measurement purposes, an 8.5% annual rate of increase in the per capita cost of covered health care benefits is assumed for 2013 and beyond to an ultimate downward trend rate of 5.0% for 2020 and remain at that level thereafter. An increase or decrease of one percentage point in the assumed health care trend rate would not have a material effect on the Combined Financial Statements.

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 occur 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.

Cash, accounts receivable, accounts payable and other current liabilities are reflected on the Combined Balance Sheets at cost, which approximates fair value due to the short-term nature of these instruments.

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The following table provides the fair value measurement amounts for other financial assets and liabilities recorded on the Combined Balance Sheets at fair value:

<i>(in thousands)</i>	<u>February 1, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Restricted cash	\$ 3,300	\$3,300	\$ —	\$ —
	<u>January 27, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Restricted cash	\$ 3,382	\$3,382	\$ —	\$ —

Restricted cash amounts are valued based upon statements received from financial institutions. There were no nonfinancial assets or nonfinancial liabilities recognized at fair value on a nonrecurring basis as of February 1, 2013 and January 27, 2012.

NOTE 8. GOODWILL AND INTANGIBLE ASSETS

Goodwill is the excess of the purchase price over the fair value of the net assets acquired in business combinations accounted for under the purchase method. The net carrying amounts of goodwill, trade names and customer lists are within the Direct segment of reportable business segments. There were no impairment charges recorded during any periods presented or since the goodwill and intangible assets were first recognized.

The following summarizes goodwill and intangible assets:

<i>(in thousands)</i>	<u>Useful Life</u>	<u>February 1, 2013</u>		<u>January 27, 2012</u>	
		<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Amortizing intangible assets:					
Customer lists	10	\$ 26,300	\$ 20,628	\$ 26,300	\$ 17,998
Indefinite-lived intangible assets:					
Trade names		528,300	—	528,300	—
Total intangible assets, net		<u>\$554,600</u>	<u>\$ 20,628</u>	<u>\$554,600</u>	<u>\$ 17,998</u>
Goodwill		<u>\$110,000</u>		<u>\$110,000</u>	

Annual Amortization Expense

2012	\$2,630
2011	2,630
2010	2,630

Estimated Future Amortization Expense

2013	\$2,630
2014	2,630
2015	412

NOTE 9. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

<i>(in thousands)</i>	<u>February 1, 2013</u>	<u>January 27, 2012</u>
Prepaid advertising costs	\$ 18,641	\$ 20,077
Other prepaid expenses	7,379	8,281
Total prepaid expenses and other current assets	<u>\$ 26,020</u>	<u>\$ 28,358</u>

[Table of Contents](#)**NOTE 10. OTHER CURRENT LIABILITIES**

Other current liabilities consisted of the following:

<i>(in thousands)</i>	February 1, 2013	January 27, 2012
Deferred gift card revenue	\$ 25,984	\$ 24,292
Accrued employee compensation and benefits	13,406	15,435
Reserve for sales returns and allowances	13,524	14,607
Deferred revenue	14,559	14,042
Other	12,277	15,684
Total other current liabilities	<u>\$ 79,750</u>	<u>\$ 84,060</u>

NOTE 11. RELATED PARTY

The Company and Sears Holdings or its subsidiaries have entered into various agreements to support the Lands' End Shops at Sears; various general corporate services; and use of intellectual property or services. Unless indicated otherwise, the fees and expenses charged are included in Selling and administrative expenses in the Combined Statements of Comprehensive Operations. The costs and allocations charged to the Company by Sears Holdings do not necessarily reflect the costs of obtaining the services from unaffiliated third parties or of the Company providing the applicable services itself. Management believes such allocations are reasonable; however, the Combined Financial Statements contained herein may not be indicative of the Company's financial position, operating results, and cash flows in the future, or what they would have been if it had been a standalone company during all periods presented.

The components of the transactions between the Company and Sears Holdings 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 for 2012, 2011 and 2010 are as follows:

<i>(in thousands)</i>	2012	2011	2010
Rent, CAM and occupancy costs	\$29,232	\$30,100	\$30,392
Retail services, store labor	39,399	43,791	42,207
Supply chain costs	2,569	2,764	2,850
Financial services and payment processing	3,261	3,238	3,043
Total expenses	<u>\$74,461</u>	<u>\$79,893</u>	<u>\$78,492</u>
Number of Lands' End Shops at Sears at year end	<u>276</u>	<u>289</u>	<u>292</u>

Rent, CAM and Occupancy Costs

The Company rents space in Sears Holdings store locations. The agreements include a cost per square foot for rent, common area maintenance ("CAM") and occupancy costs. The terms of the current rental agreements are generally five to seven years and expire at various points in time.

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 the customer and allocated overhead. The dedicated staff undergoes specific Lands' End brand training. Required tools include point-of-sale, price management and labor scheduling systems.

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Supply Chain Costs

The Company contracts with Sears Holdings Management Corporation, a subsidiary of Sears Holdings (“SHMC”), to provide logistics, handling and transportation, third party warehousing, 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.

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.

General Corporate Services

Related party costs charged by Sears Holdings to the Company for general corporate services for 2012, 2011 and 2010 are as follows:

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Sourcing	\$10,118	\$13,298	\$9,575
Shop Your Way	4,586	4,181	—
Shared services	819	477	65
Co-location and services	118	—	—
Total expenses	<u>\$15,641</u>	<u>\$17,956</u>	<u>\$9,640</u>

Sourcing

The Company contracts with Sears Holdings Global Sourcing, Ltd., a subsidiary of Sears Holdings, to provide agreed upon buying agency services in foreign territories from where the Company purchases merchandise. These services, primarily based upon inventory levels, include quality-control functions, regulatory compliance, delivery schedule tracking, product claims management and new vendor identification. These amounts are included in Cost of sales in the Combined Statements of Comprehensive Operations.

Shop Your Way

The Company participates in Sears Holdings’ Shop Your Way (“SYW”) member loyalty program. Customers earn points on purchases which may be redeemed to pay for future purchases. The expense for customer points earned is recognized as customers earn them and is recorded in Cost of sales in the Combined Statements of Comprehensive Operations. Sears Holdings began allocating SYW costs in 2011.

Shared Services

Sears Holdings provides the Company with certain shared corporate services. These shared services include financing services (which includes use of the Private Label Letter of Credit program), treasury services (including tax and risk management), insurance coverage, shipping costs, legal counseling and compliance.

Co-Location and Services

The Company contracts with SHMC to host and support certain redundant information technology hardware, software and operations at the Sears Data Center in Troy, Michigan, for disaster mitigation and recovery efforts. The agreement began in 2012.

[Table of Contents](#)**Use of Intellectual Property or Services**

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

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Royalty income	\$ 97	\$ 276	\$ 502
Call center services	1,539	1,362	862
Gift card revenue	1,213	1,063	1,233
Credit card revenue	1,329	1,520	1,278
Total income	<u>\$4,178</u>	<u>\$4,221</u>	<u>\$3,875</u>

Royalty Income

The Company entered into two licensing agreements—one with Sears Canada, Inc. (“Sears Canada”) and one with a subsidiary of Sears Holdings—whereby royalties are paid in consideration for sharing or use of intellectual property. The licensing agreement with Sears Canada terminated in 2011. Royalties received under these agreements are included in Merchandise sales and services, net in the Combined Statements of Comprehensive Operations.

Call Center Services

The Company has entered into a contract with SHMC to provide call center services in support of Sears Holdings’ SYW program. This income is net of agreed upon costs directly attributable for the Company providing these services. The income is included in Merchandise sales and services, net and costs are included in Selling and administrative expenses in the Combined Statements of Comprehensive Operations.

Gift Card Revenue

The Company has entered into a contract with SHC Promotions LLC, a subsidiary of Sears Holdings (“SHCP”), to provide gift certificates, gift cards and store credits (“Credits”) for use by the Company. The Company offers Credits for sale on behalf of SHCP and redeems such Credits via 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 card sold. SHCP receives a transaction/redemption fee for each card the Company redeems. The income is included in Merchandise sales and services, net in the Combined Statements of Comprehensive 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 merchandise sales and receives a fee based on the generation of new credit card accounts. This income is included in Merchandise sales and services, net in the Combined Statements of Comprehensive Operations.

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. Both segments sell similar products—apparel, which includes accessories and footwear, and products for the home. Apparel and home revenues constituted over 99% of total revenues during 2012, 2011 and 2010. The Company identifies reportable segments according to how business activities are managed and evaluated. Each of the Company’s operating segments are reportable segments and 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). Adjusted Earnings before Interest,

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Taxes, Depreciation and Amortization (“Adjusted EBITDA”) is the primary measure used to make decisions on allocating resources and assessing performance of each operating segment. Adjusted EBITDA is computed as Income before income taxes appearing on the Combined Statements of Comprehensive Operations, net of interest expense, depreciation and amortization and other significant items which, 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. Reportable segment assets are those directly used in or clearly allocable to an operating 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 2012, 2011 and 2010, respectively.

- 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 advertising costs); order processing and shipping costs; direct labor and benefit 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 the Company’s standalone Lands’ End Inlet stores and dedicated Lands’ End Shops at Sears across the United States. Operating costs consist primarily of labor and benefit 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 benefit costs, corporate headquarters occupancy costs and other administrative expenses. Assets include corporate headquarters and facilities, corporate cash and deferred income taxes.

Financial information by segment is presented as follows for the years ended:

	Direct	Retail	Corporate/ Other	Total
2012				
Merchandise sales and services, net	\$1,304,009	\$281,821	\$ 97	\$1,585,927
Cost and expenses:				
Cost of sales (excluding depreciation and amortization)	705,992	175,825	—	881,817
Selling and administrative	459,106	111,646	28,164	598,916
Depreciation and amortization	17,173	4,606	1,342	23,121
Other operating expense, net	—	—	70	70
Total costs and expenses	<u>1,182,271</u>	<u>292,077</u>	<u>29,576</u>	<u>1,503,924</u>
Operating income (loss)	121,738	(10,256)	(29,479)	82,003
Other income, net	—	—	67	67
Income (loss) before income taxes	121,738	(10,256)	(29,412)	82,070
Other income, net	—	—	67	67
Depreciation and amortization	17,173	4,606	1,342	23,121
Restructuring costs	2,479	—	—	2,479
Loss on sale of property and equipment	—	—	70	70
Adjusted EBITDA	<u>\$ 141,390</u>	<u>\$ (5,650)</u>	<u>\$ (28,067)</u>	<u>\$ 107,673</u>
Total assets	<u>\$1,088,351</u>	<u>\$ 78,796</u>	<u>\$ 50,575</u>	<u>\$1,217,722</u>
Capital expenditures	<u>\$ 14,657</u>	<u>\$ 84</u>	<u>\$ 252</u>	<u>\$ 14,993</u>

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	Direct	Retail	Corporate/ Other	Total
2011				
Merchandise sales and services, net	\$1,427,874	\$297,477	\$ 276	\$1,725,627
Cost and expenses:				
Cost of sales (excluding depreciation and amortization)	782,279	177,332	—	959,611
Selling and administrative	474,818	121,857	24,345	621,020
Depreciation and amortization	16,138	5,238	1,310	22,686
Other operating expense, net	—	—	502	502
Total costs and expenses	<u>1,273,235</u>	<u>304,427</u>	<u>26,157</u>	<u>1,603,819</u>
Operating income (loss)	154,639	(6,950)	(25,881)	121,808
Other income, net	—	—	95	95
Income (loss) before income taxes	<u>154,639</u>	<u>(6,950)</u>	<u>(25,786)</u>	<u>121,903</u>
Other income, net	—	—	95	95
Depreciation and amortization	16,138	5,238	1,310	22,686
Loss on sale of property and equipment	—	—	502	502
Adjusted EBITDA	<u>\$ 170,777</u>	<u>\$ (1,712)</u>	<u>\$ (24,069)</u>	<u>\$ 144,996</u>
Total assets	<u>\$1,117,550</u>	<u>\$ 85,318</u>	<u>\$ 36,055</u>	<u>\$1,238,923</u>
Capital expenditures	<u>\$ 13,452</u>	<u>\$ 918</u>	<u>\$ 749</u>	<u>\$ 15,119</u>

	Direct	Retail	Corporate/ Other	Total
2010				
Merchandise sales and services, net	\$1,379,240	\$275,832	\$ 502	\$1,655,574
Cost and expenses:				
Cost of sales (excluding depreciation and amortization)	674,920	158,694	—	833,614
Selling and administrative	467,689	123,018	24,755	615,462
Depreciation and amortization	15,599	5,086	1,278	21,963
Other operating income, net	—	—	(9,049)	(9,049)
Total costs and expenses	<u>1,158,208</u>	<u>286,798</u>	<u>16,984</u>	<u>1,461,990</u>
Operating income (loss)	221,032	(10,966)	(16,482)	193,584
Other income, net	—	—	45	45
Income (loss) before income taxes	<u>221,032</u>	<u>(10,966)</u>	<u>(16,437)</u>	<u>193,629</u>
Other income, net	—	—	45	45
Depreciation and amortization	15,599	5,086	1,278	21,963
Gain on litigation settlement	—	—	(9,051)	(9,051)
Loss on disposal of property and equipment	—	—	2	2
Adjusted EBITDA	<u>\$ 236,631</u>	<u>\$ (5,880)</u>	<u>\$ (24,253)</u>	<u>\$ 206,498</u>
Total assets	<u>\$1,058,141</u>	<u>\$ 85,932</u>	<u>\$ 42,512</u>	<u>\$1,186,585</u>
Capital expenditures	<u>\$ 15,497</u>	<u>\$ 2,144</u>	<u>\$ 1,353</u>	<u>\$ 18,994</u>

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Merchandise sales and services, net are allocated based upon the location of receipt by the customer. The following presents summarized geographical information:

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Merchandise sales and services, net:(1)			
United States	\$ 1,282,803	\$ 1,402,189	\$ 1,347,513
Europe	199,548	214,590	203,187
Asia	59,731	64,813	62,480
Other foreign	43,845	44,035	42,394
Total merchandise sales and services, net	<u>\$ 1,585,927</u>	<u>\$ 1,725,627</u>	<u>\$ 1,655,574</u>

<i>(in thousands)</i>	<u>2012</u>	<u>2011</u>
Property and equipment, net:(1)		
United States	\$ 94,068	\$ 99,693
Europe	14,732	14,813
Asia	921	539
Total property and equipment, net	<u>\$109,721</u>	<u>\$115,045</u>

- (1) No one country is greater than 10% of total merchandise sales and services, net or of total property and equipment, net except the United Kingdom, which had total property and equipment, net of \$13,751 as of February 1, 2013 and \$14,026 as of January 27, 2012.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is involved in various claims, legal proceedings and investigations, including those described below. 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 our financial position, cash flows, or results of operations, except where noted below.

The Company is party to various legal proceedings arising in the ordinary course of business. These actions include commercial, intellectual property, employment, regulatory, and product liability claims. Some of these actions involve complex factual and legal issues and are subject to uncertainties. There are no material legal proceedings presently pending, except for routine litigation incidental to the business to which the Company is a party or of which any of its property is the subject, and the matters described below. The Company believes that the outcome of any current legal proceeding would 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 the first of several claims in Iowa County Circuit Court against the City of Dodgeville to recover overpaid taxes resulting from the city's excessive assessment of the Company's headquarters campus. As of December 5, 2013, the courts reviewing these claims have ordered the city to return, and the city has refunded, over \$3.2 million in excessive taxes and interest to the Company, including approximately \$1.6 million for the case involving the 2005 and 2006 tax years that was recognized in 2009, and a partial recovery of approximately \$1.6 million for the consolidated cases, involving the 2007, 2009 and 2010 tax years, recognized in 2013 and for which the Company has appealed seeking the remainder of our claim of \$1.2 million plus additional interest. In September 2013, the Wisconsin Court of Appeals awarded the Company \$725,000 in tax reimbursement plus an as-yet uncalculated amount of interest on the Company's claim relating to the 2008 tax year, which the City of Dodgeville has not yet paid and has appealed. Excluding the claim relating to the 2005 and 2006 tax years for which all appeals have been exhausted, the Company believes its outstanding claims covering the still-disputed tax years from 2007 through 2012 may yield a potential aggregate recovery from the City of Dodgeville of up to \$4.6 million, none of which has been recorded in the Combined Financial Statements.

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The Company was a party involved in litigation that resulted in a favorable settlement of \$10.6 million, reduced by \$1.5 million for legal fees and expenses, relating to a breach of contract and trade secret matter. The gain was recorded during 2010 in Other operating (income) expense, net in the Combined Statements of Comprehensive Operations.

Tax Contingencies

While the Company believes all taxes have been paid or accrued based on correct interpretations of applicable law, tax laws are complex and interpretations differ from state to state. It is possible that taxing authorities may make additional assessments in the future. In addition to taxes, penalties and interest, these assessments could cause the Company to incur legal fees associated with resolving disputes with taxing authorities.

Lands' End and Sears Holdings will enter into a Tax Sharing Agreement prior to the Separation which will generally govern Sears Holdings' and Lands' End's respective rights, responsibilities and obligations after the Separation with respect to liabilities for U.S. federal, state, local and foreign taxes attributable to the Lands' End business. In addition to the allocation of tax liabilities, the Tax Sharing Agreement will address the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Generally, Sears Holdings will be liable for all pre-separation U.S. federal, state and local taxes, other than non-income taxes that are accrued and unpaid as of the distribution date. Lands' End generally will be liable for all other taxes attributable to its business, including all foreign taxes.

Pledged Assets

Sears Holdings' domestic credit facility and senior secured notes are (1) secured, in part, by a first lien on certain of the Company's assets consisting primarily of the inventory and credit card receivables directly or indirectly owned by the Company and one of its subsidiaries; and (2) guaranteed by the Company and such subsidiary. The asset balances were \$297.5 million and \$298.4 million as of February 1, 2013 and January 27, 2012, respectively. The Company expects that this lien and these guarantee obligations will be released prior to the completion of the Separation.

NOTE 14. SUBSEQUENT EVENTS

Lands' End evaluated subsequent events for recognition or disclosure through December 5, 2013, the date the Combined Financial Statements were available to be issued. In May 2013, the Company received payments of \$1.6 million from the City of Dodgeville relating to overpaid property taxes. See Note 13—Commitments and Contingencies for additional detail.

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LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
Condensed Combined Statements of Comprehensive Operations
for 39 Weeks Ended November 1, 2013 and October 26, 2012
(unaudited)

<i>(in thousands)</i>	39 Weeks Ended	
	November 1, 2013	October 26, 2012
REVENUES		
Merchandise sales and services, net	\$ 1,032,447	\$ 1,040,421
COSTS AND EXPENSES		
Cost of sales (excluding depreciation and amortization)	553,735	553,222
Selling and administrative	408,782	430,812
Depreciation and amortization	16,253	16,618
Other operating expense, net	59	65
Total costs and expenses	978,829	1,000,717
Operating income	53,618	39,704
Other income, net	33	66
Income before income taxes	53,651	39,770
Income tax expense	20,747	15,679
NET INCOME	32,904	24,091
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment	104	(16)
COMPREHENSIVE INCOME	\$ 33,008	\$ 24,075

See accompanying Notes to Condensed Combined Financial Statements.

LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
Condensed Combined Balance Sheets
at November 1, 2013, October 26, 2012 and February 1, 2013
(unaudited)

<i>(in thousands)</i>	November 1, 2013	October 26, 2012	February 1, 2013	Pro forma (unaudited) November 1, 2013
ASSETS				
Current assets				
Cash	\$ 16,331	\$ 11,358	\$ 28,257	\$ 16,331
Restricted cash	3,300	3,303	3,300	3,300
Accounts receivable, net	38,648	41,331	27,079	38,648
Inventories, net	463,957	503,463	378,526	463,957
Prepaid expenses and other current assets	37,602	36,247	26,020	37,602
Total current assets	559,838	595,702	463,182	559,838
Property and equipment				
Land, buildings and improvements	103,462	103,328	103,173	103,462
Furniture, fixtures and equipment	73,473	70,465	71,400	73,473
Computer hardware and software	62,579	59,319	63,667	62,579
Leasehold improvements	12,509	12,461	12,660	12,509
Gross property and equipment	252,023	245,573	250,900	252,023
Less accumulated depreciation	152,861	136,915	141,179	152,861
Total property and equipment, net	99,162	108,658	109,721	99,162
Goodwill	110,000	110,000	110,000	110,000
Intangible assets, net	531,999	534,629	533,972	531,999
Other assets	617	946	847	15,617
TOTAL ASSETS	\$1,301,616	\$1,349,935	\$1,217,722	\$1,316,616
LIABILITIES AND PARENT COMPANY EQUITY				
Current liabilities				
Accounts payable	\$ 139,393	\$ 149,826	\$ 106,665	\$ 139,393
Deferred tax liabilities	7,954	5,401	7,315	7,954
Other current liabilities	97,086	85,822	79,750	97,086
Total current liabilities	244,433	241,049	193,730	244,433
Long-term debt				
Long-term deferred tax liabilities	194,966	199,953	196,559	194,966
Other liabilities	3,233	3,307	4,196	3,233
TOTAL LIABILITIES	442,632	444,309	394,485	457,632
Commitments and contingencies				
Net parent company investment	862,041	907,180	826,398	362,041
Accumulated other comprehensive loss	(3,057)	(1,554)	(3,161)	(3,057)
Common stock				
Additional paid in capital				
Total parent company equity	858,984	905,626	823,237	358,984
TOTAL LIABILITIES AND PARENT COMPANY EQUITY	\$1,301,616	\$1,349,935	\$1,217,722	\$1,316,616

See accompanying Notes to Condensed Combined Financial Statements.

LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
Condensed Combined Statements of Cash Flows
for 39 Weeks Ended November 1, 2013 and October 26, 2012
(unaudited)

<i>(in thousands)</i>	39 Weeks Ended	
	November 1, 2013	October 26, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 32,904	\$ 24,091
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	16,253	16,618
Loss on disposal of property and equipment	59	65
Deferred income taxes	3,407	(1,577)
Change in operating assets and liabilities:		
Inventories	(84,982)	(107,385)
Accounts payable	30,010	58,492
Other operating assets	(22,991)	(18,052)
Other operating liabilities	14,394	(5,191)
Net cash used in operating activities	<u>(10,946)</u>	<u>(32,939)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property and equipment	9	—
Change in restricted cash	—	79
Purchases of property and equipment	(3,629)	(8,894)
Net cash used in investing activities	<u>(3,620)</u>	<u>(8,815)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions from parent company, net	2,739	37,719
Net cash provided by financing activities	<u>2,739</u>	<u>37,719</u>
Effects of exchange rate changes on cash	(99)	(221)
NET DECREASE IN CASH	(11,926)	(4,256)
CASH, BEGINNING OF PERIOD	28,257	15,614
CASH, END OF PERIOD	<u>\$ 16,331</u>	<u>\$ 11,358</u>
SUPPLEMENTAL INFORMATION:		
Supplemental Cash Flow Data:		
Unpaid liability to acquire property and equipment	<u>\$ 1,584</u>	<u>\$ 252</u>

See accompanying Notes to Condensed Combined Financial Statements.

LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
Condensed Combined Statements of Changes in Parent Company Equity
for 39 Weeks Ended November 1, 2013 and October 26, 2012
(unaudited)

<i>(in thousands)</i>	Net Parent Company Investment	Accumulated Other Comprehensive Loss	Total Parent Company Equity
Balance at January 27, 2012	\$845,370	\$ (1,538)	\$ 843,832
Net income	24,091	—	24,091
Cumulative translation adjustment, net of tax	—	(16)	(16)
Contributions to parent company, net	37,719	—	37,719
Balance at October 26, 2012	<u>\$907,180</u>	<u>\$ (1,554)</u>	<u>\$ 905,626</u>
Balance at February 1, 2013	\$826,398	\$ (3,161)	\$ 823,237
Net income	32,904	—	32,904
Cumulative translation adjustment, net of tax	—	104	104
Contributions to parent company, net	2,739	—	2,739
Balance at November 1, 2013	<u>\$862,041</u>	<u>\$ (3,057)</u>	<u>\$ 858,984</u>

See accompanying Notes to Condensed Combined Financial Statements.

**LANDS' END BUSINESS OF SEARS HOLDINGS CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS**

NOTE 1. BACKGROUND AND BASIS OF PRESENTATION

Background

The Lands' End business of Sears Holdings Corporation ("Lands' End," "we," "us," "our" or the "Company") 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 standalone Lands' End Inlet stores that sell a combination of full-price and liquidation merchandise. 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 50 years ago 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."

Sears Holdings Corporation announced its intention to separate its Lands' End business from the rest of its businesses. Sears Holdings Corporation and its subsidiaries ("Sears Holdings") will transfer all the remaining assets and liabilities of Lands' End that are held at the corporate level to Lands' End, Inc. and its subsidiaries prior to the completion of the distribution (the "Separation").

Basis of Presentation

The financial data presented herein is unaudited and should be read in conjunction with the Combined Financial Statements and accompanying notes as of February 1, 2013 and January 27, 2012 and for the three Fiscal Years ended February 1, 2013, January 27, 2012 and January 28, 2011 included elsewhere in this information statement. In the opinion of management, the financial data presented includes all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Results for interim periods should not be considered indicative of results for the full year. Our business is seasonal in nature, and we generate a high proportion of our revenues and operating cash flows during the fourth quarter of our fiscal year, which includes the holiday season.

Our historical Condensed Combined Financial Statements have been prepared on a standalone basis and have been derived from the consolidated financial statements of Sears Holdings and accounting records of Sears Holdings. The Condensed Combined Financial Statements include Lands' End, Inc. and subsidiaries and certain other items related to the Lands' End business which are currently held by Sears Holdings, primarily the Lands' End Shops at Sears. These items will be contributed by Sears Holdings to Lands' End, Inc. prior to the Separation. These historical Condensed Combined Financial Statements reflect our financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States ("GAAP").

The Condensed Combined Financial Statements include the allocation of certain assets and liabilities that have historically been held at the Sears Holdings level but which are specifically identifiable or allocable to Lands' End. All intracompany transactions and accounts have been eliminated. All intercompany transactions between Sears Holdings and Lands' End are considered to be effectively settled in the Condensed Combined Financial Statements at the time the transactions are recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Condensed Combined Statements of Cash Flows as a financing activity and in the Condensed Combined Balance Sheets as Net parent company investment.

As business operations of Sears Holdings, we do not maintain our own tax and certain other corporate support functions. We expect to enter into agreements with Sears Holdings for the continuation of certain of these services. These expenses have been allocated to Lands' End based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of revenue, headcount, square footage or other

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measures. Lands' End considers the expense allocation methodology and results to be reasonable for all periods presented. However, the costs and allocations charged to the Company by Sears Holdings do not necessarily reflect the costs of obtaining the services from unaffiliated third parties or of the Company providing the applicable services itself. The condensed combined interim financial information contained herein may not be indicative of the Company's financial position, operating results and cash flows in the future, or what they would have been if it had been a standalone company during all periods presented. See Note 5—Related Party.

Historically, Sears Holdings has provided financing, cash management and other treasury services to us. Our cash balances are swept by Sears Holdings and historically, we have received funding from Sears Holdings for our operating and investing cash needs. Cash and restricted cash held by Sears Holdings were not allocated to Lands' End unless the cash or restricted cash were held by an entity that will be transferred to Lands' End. Sears Holdings' third-party debt and the related interest expense has not been allocated to us for any of the periods presented as we were not the legal obligor of the debt and the Sears Holdings borrowings were not directly attributable to our business.

The accompanying unaudited pro forma condensed combined balance sheet as of November 1, 2013, is presented to give effect to a dividend to Sears Holdings totaling \$500.0 million. Additionally, the unaudited pro forma balance sheet also reflects pro forma incremental borrowing as of November 1, 2013 of \$515.0 million, pursuant to our expected senior secured term loan facility in order to fund the anticipated subsequent distribution and to pay fees and expenses associated with the Facilities of \$15.0 million.

NOTE 2. INCOME TAXES

Lands' End and Sears Holdings will enter into a tax sharing agreement (the "Tax Sharing Agreement") prior to the Separation which will generally govern Sears Holdings' and Lands' End's respective rights, responsibilities and obligations after the Separation with respect to liabilities for U.S. federal, state, local and foreign taxes attributable to the Lands' End business. In addition to the allocation of tax liabilities, the Tax Sharing Agreement will address the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Generally, Sears Holdings will be liable for all pre-separation U.S. federal, state and local income taxes. Lands' End generally will be liable for all other income taxes attributable to its business, including all foreign taxes.

As of November 1, 2013, the Company had gross unrecognized tax benefits ("UTBs") of \$8.6 million. Of this amount, \$5.6 million would, if recognized, impact the effective tax rate with the remaining amount being comprised of unrecognized tax benefits related to gross temporary differences. The Company does not expect that UTBs will fluctuate in the next 12 months for tax audit settlements and the expiration of the statutes of limitations for certain jurisdictions. Pursuant to the Tax Sharing Agreement, Sears Holdings will generally be responsible for UTBs through the date of the Separation and, as such, they have been classified in Net parent company investment on the Condensed Combined Balance Sheets.

The Company classifies interest expense and penalties related to UTBs and interest income on tax overpayments as components of income tax expense. As of November 1, 2013, the total amount of interest and penalties recognized on the Condensed Combined Balance Sheet was \$4.6 million (\$3.0 million net of federal benefit). The total amount of net interest expense recognized in the Condensed Combined Statements of Comprehensive Operations was \$0.2 million and \$0.3 million for the 39 weeks ended November 1, 2013 and October 26, 2012, respectively. The Company files income tax returns in both the United States and various foreign jurisdictions. The IRS has completed its examination of the 2008 and 2009 federal income tax returns of Sears Holdings. Sears Holdings is currently working with the U.S. Internal Revenue Service ("IRS") Appeals Division to resolve a single issue arising from these exams that is unrelated to the Company. Sears Holdings has resolved all matters arising from prior IRS exams. In addition, the Company is under examination by various state and foreign income tax jurisdictions for the years 2002-2012.

[Table of Contents](#)**NOTE 3. 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.

Cash, accounts receivable, accounts payable and other current liabilities are reflected on the Condensed Combined Balance Sheets at cost, which approximates fair value due to the short-term nature of these instruments.

The following table provides the fair value measurement amounts for other financial assets and liabilities recorded on the Condensed Combined Balance Sheets at fair value.

<i>(in thousands)</i>	November 1, 2013	Level 1	Level 2	Level 3
Restricted cash	<u>\$ 3,300</u>	<u>\$3,300</u>	<u>\$ —</u>	<u>\$ —</u>
	October 26, 2012	Level 1	Level 2	Level 3
Restricted cash	<u>\$ 3,303</u>	<u>\$3,303</u>	<u>\$ —</u>	<u>\$ —</u>
	February 1, 2013	Level 1	Level 2	Level 3
Restricted cash	<u>\$ 3,300</u>	<u>\$3,300</u>	<u>\$ —</u>	<u>\$ —</u>

Restricted cash amounts are valued based upon statements received from financial institutions. There were no nonfinancial assets or nonfinancial liabilities recognized at fair value on a nonrecurring basis as of November 1, 2013, October 26, 2012 or February 1, 2013.

NOTE 4. GOODWILL AND INTANGIBLE ASSETS

Goodwill is the excess of the purchase price over the fair value of the net assets acquired in business combinations accounted for under the purchase method. The net carrying amount of goodwill, trade names and customer lists are within the Direct segment of reportable business segments. Total amortization expense relating to intangible assets was \$2.0 million for both the 39 weeks ended November 1, 2013 and October 26, 2012. There were no impairments of goodwill or intangible assets during these periods.

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The following summarizes goodwill and intangible assets:

<i>(in thousands)</i>	Useful Life	November 1, 2013		October 26, 2012		February 1, 2013	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizing intangible assets:							
Customer lists	10	\$ 26,300	\$ 22,601	\$ 26,300	\$ 19,971	\$ 26,300	\$ 20,628
Indefinite-lived intangible assets:							
Trade names		528,300	—	528,300	—	528,300	—
Total intangible assets, net		<u>\$554,600</u>	<u>\$ 22,601</u>	<u>\$554,600</u>	<u>\$ 19,971</u>	<u>\$554,600</u>	<u>\$ 20,628</u>
Goodwill		<u>\$110,000</u>		<u>\$110,000</u>		<u>\$110,000</u>	

Estimated Future Amortization Expense

2013	\$ 658
2014	2,630
2015	411

NOTE 5. RELATED PARTY

The Company and Sears Holdings or its subsidiaries have entered into various agreements to support the Lands' End Shops at Sears; various general corporate services; and use of intellectual property or services. Unless indicated otherwise, the fees and expenses charged are included in selling and administrative expenses in the Condensed Combined Statements of Comprehensive Operations. These allocations may not be indicative of the actual expenses we would have incurred as a standalone company or of the costs we will incur in the future.

The components of the transactions between the Company and Sears Holdings 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>	39 Weeks Ended	
	November 1, 2013	October 26, 2012
Rent, CAM and occupancy costs	\$ 21,017	\$ 22,224
Retail services, store labor	25,225	29,228
Supply chain costs	1,619	1,894
Financial services and payment processing	2,220	2,171
Total expenses	<u>\$ 50,081</u>	<u>\$ 55,517</u>
Number of Lands' End Shops at Sears at period end	<u>275</u>	<u>279</u>

Rent, CAM and Occupancy Costs

The Company rents space in Sears Holdings store locations. The agreements include a cost per square foot for rent, common area maintenance ("CAM") and occupancy costs.

Retail Services, Store Labor

The Company contracts with Sears, Roebuck and Co. 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 the

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customer and allocated overhead. The dedicated staff undergoes specific Lands' End brand training. Required tools include point-of-sale, price management and labor scheduling systems.

Supply Chain Costs

The Company contracts with Sears Holdings Management Corporation, a subsidiary of Sears Holdings ("SHMC"), 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. Prior to 2013, the Company also contracted with SHMC to provide third-party warehousing.

Financial Services and Payment Processing

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

General Corporate Services

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

<i>(in thousands)</i>	39 Weeks Ended	
	November 1, 2013	October 26, 2012
Sourcing	\$ 7,725	\$ 7,853
Shop Your Way	5,127	3,130
Shared services	294	601
Co-location and services	19	112
Total expenses, net	<u>\$ 13,165</u>	<u>\$ 11,696</u>

Sourcing

The Company contracts with Sears Holdings Global Sourcing, Ltd., a subsidiary of Sears Holdings, to provide agreed upon buying agency services in foreign territories from where the Company purchases merchandise. These services, allocated to the Company primarily based upon inventory levels, include quality-control functions, regulatory compliance, delivery schedule tracking, product claims management and new vendor identification. These amounts are included in Cost of sales in the Condensed Combined Statements of Comprehensive Operations.

Shop Your Way

The Company participates in Sears Holdings' Shop Your Way ("SYW") member loyalty program. Customers earn points on purchases which may be redeemed to pay for future purchases. The expense for customer points earned is recognized as customers earn them and is recorded in Cost of sales in the Condensed Combined Statements of Comprehensive Operations.

Shared Services

Sears Holdings provides the Company with certain shared corporate services. These shared services include financing services (which includes use of the Private Label Letter of Credit program), treasury services (including tax and risk management), insurance coverage, shipping costs, legal counseling and compliance.

Co-Location and Services

The Company contracts with SHMC to host and support certain redundant information technology hardware, software and operations for disaster mitigation and recovery efforts at the Sears Data Center in Troy, Michigan.

[Table of Contents](#)**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>	39 Weeks Ended	
	November 1, 2013	October 26, 2012
Royalty income	\$ 77	\$ 80
Call center services	890	900
Gift card revenue	772	582
Credit card revenue	863	826
Total income	\$ 2,602	\$ 2,388

Royalty Income

The Company entered into a licensing agreement with a subsidiary of Sears Holdings whereby royalties are paid in consideration for sharing or use of intellectual property. Royalties received under this agreement are included in Merchandise sales and services, net in the Condensed Combined Statements of Comprehensive Operations.

Call Center Services

The Company has entered into a contract with SHMC to provide call center services in support of Sears Holdings' SYW program. This income is net of agreed upon costs directly attributable for the Company providing these services. The income is included in Merchandise sales and services, net and costs are included in Selling and administrative expenses in the Condensed Combined Statements of Comprehensive Operations.

Gift Card Revenue

The Company has entered into a contract with SHC Promotions LLC, a subsidiary of Sears Holdings ("SHCP"), to provide gift certificates, gift cards and store credits ("Credits") for use by the Company. The Company offers Credits for sale on behalf of SHCP and redeems such Credits via 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 card sold. SHCP receives a transaction/redemption fee for each card the Company redeems. The income is included in Merchandise sales and services, net in the Condensed Combined Statements of Comprehensive 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 merchandise sales and receives a fee based on the generation of new credit card accounts. This income is included in Merchandise sales and services, net in the Condensed Combined Statements of Comprehensive Operations.

NOTE 6. 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. Both segments sell similar products—apparel, which includes accessories and footwear, and products for the home. Apparel and home revenues constituted over 99% of total revenues during each of the 39 weeks ended November 1, 2013 and October 26, 2012. The Company identifies reportable segments according to how business activities are managed

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and evaluated. Each of the Company's operating segments are reportable segments and 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). Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is the primary measure used to make decisions on allocating resources and assessing performance of each operating segment. Adjusted EBITDA is computed as Income before taxes appearing on the Condensed Combined Statements of Comprehensive Operations net of interest expense, depreciation and amortization and other significant items which, 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. Reportable segment assets are those directly used in or clearly allocable to an operating 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 39 weeks ended November 1, 2013 and October 26, 2012.

- 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 advertising costs); order processing and shipping costs; direct labor and benefit 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 the Company's standalone Lands' End Inlet stores and dedicated Lands' End Shops at Sears across the United States. Operating costs consist primarily of labor and benefit 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.

The 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 benefit costs, corporate headquarters occupancy costs and other administrative expenses. Assets include corporate headquarters and facilities, corporate cash and deferred income taxes. Financial information by segment is presented in the following tables for the 39 weeks ended November 1, 2013 and October 26, 2012.

SUMMARY OF SEGMENT DATA

<i>(in thousands)</i>	Direct	Retail	Corporate/ Other	Total
39 Weeks Ended November 1, 2013				
Merchandise sales and services, net	\$ 860,774	\$171,596	\$ 77	\$1,032,447
Costs and expenses:				
Cost of sales (excluding depreciation and amortization)	455,794	97,941	—	553,735
Selling and administrative	316,882	75,476	16,424	408,782
Depreciation and amortization	12,590	2,655	1,008	16,253
Other operating expense, net	—	—	59	59
Total costs and expenses	785,266	176,072	17,491	978,829
Operating income (loss)	75,508	(4,476)	(17,414)	53,618
Other income, net	—	—	33	33
Income (loss) before income taxes	75,508	(4,476)	(17,381)	53,651
Other income, net	—	—	33	33
Depreciation and amortization	12,590	2,655	1,008	16,253
Loss on sale of property and equipment	—	—	59	59
Adjusted EBITDA	<u>\$ 88,098</u>	<u>\$ (1,821)</u>	<u>\$ (16,347)</u>	<u>\$ 69,930</u>
Total assets	<u>\$1,176,621</u>	<u>\$ 90,149</u>	<u>\$ 34,846</u>	<u>\$1,301,616</u>
Capital expenditures	<u>\$ 3,356</u>	<u>\$ —</u>	<u>\$ 273</u>	<u>\$ 3,629</u>

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	<u>Direct</u>	<u>Retail</u>	<u>Corporate/ Other</u>	<u>Total</u>
39 Weeks Ended October 26, 2012				
Merchandise sales and services, net	\$ 852,063	\$188,278	\$ 80	\$1,040,421
Costs and expenses:				
Cost of sales (excluding depreciation and amortization)	445,716	107,506	—	553,222
Selling and administrative	325,422	83,032	22,358	430,812
Depreciation and amortization	12,023	3,591	1,004	16,618
Other operating expense, net	—	—	65	65
Total costs and expenses	<u>783,161</u>	<u>194,129</u>	<u>23,427</u>	<u>1,000,717</u>
Operating income (loss)	68,902	(5,851)	(23,347)	39,704
Other income, net	—	—	66	66
Income (loss) before income taxes	68,902	(5,851)	(23,281)	39,770
Other income, net	—	—	66	66
Depreciation and amortization	12,023	3,591	1,004	16,618
Restructuring costs	1,951	—	—	1,951
Loss on sale of property and equipment	—	—	65	65
Adjusted EBITDA	<u>\$ 82,876</u>	<u>\$ (2,260)</u>	<u>\$ (22,278)</u>	<u>\$ 58,338</u>
Total assets	<u>\$1,215,895</u>	<u>\$103,242</u>	<u>\$ 30,798</u>	<u>\$1,349,935</u>
Capital expenditures	<u>\$ 8,710</u>	<u>\$ 84</u>	<u>\$ 100</u>	<u>\$ 8,894</u>

NOTE 7. COMMITMENTS AND CONTINGENCIES**Legal Proceedings**

The Company is party to various legal proceedings arising in the ordinary course of business. These actions include commercial, intellectual property, employment, regulatory and product liability claims. Some of these actions involve complex factual and legal issues and are subject to uncertainties. There are no material legal proceedings presently pending, except for routine litigation incidental to the business to which the Company is a party or of which any of its property is the subject, and the matters described below. The Company does not believe that the outcome of any current legal proceeding would have a material adverse effect on results of operations, cash flows or financial position taken as a whole.

Beginning in 2005, the Company initiated the first of several claims in Iowa County Circuit Court against the City of Dodgeville to recover overpaid taxes resulting from the city's excessive assessment of the Company's headquarters campus. As of January 10, 2014, the courts reviewing these claims have ordered the city to return, and the city has refunded, over \$3.2 million in excessive taxes and interest to the Company, including approximately \$1.6 million for the case involving the 2005 and 2006 tax years that was recognized in 2009, and a partial recovery of approximately \$1.6 million for the consolidated cases, involving the 2007, 2009 and 2010 tax years, recognized in 2013 within Selling and administrative costs in the Condensed Combined Statement of Comprehensive Operations and for which the Company has appealed seeking the remainder of our claim of \$1.2 million plus additional interest. In September 2013, the Wisconsin Court of Appeals awarded the Company \$725,000 in tax reimbursement plus an as-yet uncalculated amount of interest on the Company's claim relating to the 2008 tax year, which the City of Dodgeville has not yet paid and has appealed. Excluding the claim relating to the 2005 and 2006 tax years for which all appeals have been exhausted, the Company believes its outstanding claims covering the still-disputed tax years from 2007 through 2012 may yield a potential aggregate recovery from the City of Dodgeville of up to \$4.6 million, none of which has been recorded in the Condensed Combined Financial Statements.

[Table of Contents](#)**Tax Contingencies**

While the Company believes all taxes have been paid or accrued based on correct interpretations of applicable law, tax laws are complex and interpretations differ from state to state. It is possible that taxing authorities may make additional assessments in the future. In addition to taxes, penalties and interest, these assessments could cause the Company to incur legal fees associated with resolving disputes with taxing authorities.

Lands' End and Sears Holdings will enter into a Tax Sharing Agreement prior to the Separation which will generally govern Sears Holdings' and Lands' End's respective rights, responsibilities and obligations after the Separation with respect to liabilities for U.S. federal, state, local and foreign taxes attributable to the Lands' End business. In addition to the allocation of tax liabilities, the Tax Sharing Agreement will address the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Generally, Sears Holdings will be liable for all pre-separation U.S. federal, state and local taxes, other than non-income taxes that are accrued and unpaid as of the distribution date. Lands' End generally will be liable for all other taxes attributable to its business, including all foreign taxes.

Pledged Assets

Sears Holdings' domestic credit facility and senior secured notes are (1) secured, in part, by a first lien on certain of the Company's assets consisting primarily of the inventory and credit card receivables directly or indirectly owned by the Company and one of its subsidiaries; and (2) guaranteed by the Company and such subsidiary. The asset balances were \$391.6 million, \$297.5 million and \$416.5 million as of November 1, 2013, February 1, 2013 and October 26, 2012, respectively. The Company expects that this lien and these guarantee obligations will be released prior to the completion of the Separation.

NOTE 8. SUPPLEMENTAL FINANCIAL INFORMATION

Prepaid expenses and other current assets consisted of the following at the periods ended:

<i>(in thousands)</i>	November 1, 2013	October 26, 2012	February 1, 2013
Prepaid advertising costs	\$ 25,299	\$ 22,568	\$ 18,641
Other prepaid expenses	12,303	13,679	7,379
Total prepaid expenses and other current assets	\$ 37,602	\$ 36,247	\$ 26,020

Other current liabilities consisted of the following at the periods ended:

<i>(in thousands)</i>	November 1, 2013	October 26, 2012	February 1, 2013
Deferred gift card revenue	\$ 25,983	\$ 24,560	\$ 25,984
Accrued employee compensation and benefits	15,233	13,129	13,406
Reserve for sales returns and allowances	16,463	10,379	13,524
Deferred revenue	24,030	20,223	14,559
Accrued property, sales and other taxes	3,911	1,430	2,909
Other	11,466	16,101	9,368
Total other current liabilities	\$ 97,086	\$ 85,822	\$ 79,750

Comprehensive income—no amounts were reclassified out of Accumulated other comprehensive loss during any of the periods presented.

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In the third quarter of 2012, the Company incurred approximately \$2.0 million of restructuring costs related to the reduction of call center staff and streamlining overall business operations. These actions were taken to address consumer needs and the continued growth in digital commerce in the Company's Direct segment and were completed in the fourth quarter of 2012 with the overall cost being approximately \$2.5 million. These costs were primarily severance and related costs recognized in Selling and administrative expense in the Condensed Combined Statement of Comprehensive Operations. Approximately \$1.6 million of remaining payments were included in Accounts payable in the Condensed Combined Balance Sheet as of October 26, 2012. There were no remaining payments in the Condensed Combined Balance Sheet as of November 1, 2013.

NOTE 9. NEW ACCOUNTING PRONOUNCEMENTS

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss or a Tax Credit Carryforward Exists

In July 2013, the Financial Accounting Standards Board ("FASB") issued Auditing Standards Update ("ASU") 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss or a Tax Credit Carryforward Exists, which requires an unrecognized tax benefit to be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward that the entity intends to use and is available for settlement at the reporting date. The update will be effective for the Company in the first quarter of 2014 and is not expected to have a material impact on the Company's combined financial position, results of operations or cash flows.

Disclosures about Reclassification Adjustments out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which requires entities to disclose additional information about reclassification adjustments, including changes in accumulated other comprehensive income balances by component and significant items reclassified out of accumulated other comprehensive income. The update was effective in the first quarter of 2013 and did not have a material impact on the Company's combined financial position, results of operations or cash flows.

Testing Indefinite-Lived Intangible Assets for Impairment

In July 2012, the FASB issued ASU No. 2012-02, Intangibles—Goodwill and Other: Testing Indefinite-Lived Intangible Assets for Impairment, which provides, subject to certain conditions, the option to perform a qualitative, rather than quantitative, assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. The update was effective in the first quarter of 2013 and may, under certain circumstances, reduce the complexity and costs of testing indefinite-lived intangible assets for impairment, but otherwise did not have a material impact on the Company's combined financial position, results of operations or cash flows.

NOTE 10. SUBSEQUENT EVENTS

Lands' End evaluated subsequent events for recognition or disclosure through January 10, 2014, the date the Condensed Combined Financial Statements were available to be issued.