

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

FORM 10-K

(Mark One)

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

For the fiscal year ended January 30, 2015

-OR-

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

For the transition period from to _____ to _____.

Commission File Number: 001-09769

Lands' End, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation of Organization)
1 Lands' End Lane
Dodgeville, Wisconsin
(Address of Principal Executive Offices)

36-2512786
(I.R.S. Employer
Identification No.)
53595
(Zip Code)

Issuer's Telephone Number, Including Area Code: (608) 935-9341

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

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

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

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

None
(Title of Class)

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) YES NO

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller Reporting Company

Indicate by check mark whether the Registrant is a shell company. YES NO

The aggregate market value (based on the closing price of the Registrant's common stock quoted on the NASDAQ Stock Market) of the Registrant's common stock owned by non-affiliates (which are assumed, solely for the purpose of this calculation, to be stockholders other than (i) directors and executive officers of the Registrant and (ii) any person known by the Registrant to beneficially own five percent or more of the Registrant's common shares), as of August 1, 2014, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$452.8 million.

As of April 17, 2015, the registrant had 31,956,521 shares of common stock, \$0.01 par value, outstanding.

LANDS' END, INC.
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PART I

ITEM 1. BUSINESS

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

- *Fiscal 2014 - The fifty-two weeks ended January 30, 2015*
- *Fiscal 2013 - The fifty-two weeks ended January 31, 2014*
- *Fiscal 2012 - The fifty-three weeks ended February 1, 2013*
- *Fiscal 2015 - Our next fiscal year representing the fifty-two weeks ending January 29, 2016*
- *Sears Holdings - Sears Holdings Corporation, a Delaware Corporation, and its consolidated subsidiaries (other than, for all periods following the Separation, Lands' End)*
- *Sears Roebuck - Sears, Roebuck and Co., a wholly owned subsidiary of Sears Holdings*
- *Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders*
- *ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert*
- *ABL Facility - Asset-based senior secured credit agreement, dated as of April 4, 2014, with Bank of America, N.A and certain other lenders*
- *Term Loan Facility - Term loan credit agreement, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders*
- *Facilities - Collectively, the ABL Facility and the Term Loan Facility*
- *UK Borrower - A United Kingdom subsidiary borrower of Lands' End under the ABL Facility*
- *GAAP - Accounting principles generally accepted in the United States*
- *SEC - United States Securities and Exchange Commission*
- *FASB - Financial Accounting Standards Board*
- *FASB ASC - FASB Accounting Standards Codification, which serves as the source for authoritative GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative GAAP for SEC registrants*
- *CAM - Common area maintenance for leased properties*
- *ERP - enterprise resource planning software solutions*

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, stand-alone Lands' End Inlet stores and international shop-in-shops that sell merchandise in retail department 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 women, men, kids and the home. Lands' End was founded in 1963 by Gary Comer and his partners in Chicago, Illinois, to sell sailboat hardware and equipment by catalog. While our product focus has shifted significantly over the years, we have continued to adhere to our founder's motto as one of our guiding principles: “Take care of the customer, take care of the employee and the rest will take care of itself.”

On March 14, 2014, the Sears Holdings board of directors approved the distribution of the issued and outstanding shares of Lands' End common stock on the basis of 0.300795 shares of Lands' End common stock for each share of Sears Holdings common stock held on March 24, 2014, the record date for the distribution. Sears Holdings distributed 100 percent of the outstanding common stock of Lands' End to its shareholders on April 4, 2014.

A Registration Statement on Form 10 relating to the Separation was filed by the Company with the SEC, and was subsequently amended by the Company and declared effective by the SEC on March 17, 2014. The Company's common stock began "regular way" trading on the NASDAQ Stock Market on April 7, 2014 under the symbol "LE."

In Fiscal 2014, we generated revenue of approximately \$1.6 billion. Our revenues are generated worldwide through an international, multi-channel network in the United States, United Kingdom, Germany, France and Japan that permits distribution to approximately 156 countries and territories. This network reinforces and supports sales across the multiple channels in which we do business. In Fiscal 2014, sales outside the United States totaled approximately \$246.1 million, or 15.8% of revenue.

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 and provide services. Product sales are divided by product categories: Apparel and Non-apparel. The Non-apparel sales include accessories, footwear, and home goods. Services and other revenue includes embroidery, monogramming, gift wrapping, shipping and other services. Merchandise sales and services, net are grouped by product category in the following table:

(in thousands)	Fiscal 2014	Fiscal 2013	Fiscal 2012
Merchandise sales and services, net:			
Apparel	\$ 1,248,847	\$ 1,245,670	\$ 1,269,685
Non-apparel	220,385	226,302	224,057
Services and other	86,121	90,904	92,185
Total merchandise sales and services, net	\$ 1,555,353	\$ 1,562,876	\$ 1,585,927

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).

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

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

Merchandise sales and services, net is presented by segment in the following table:

(in thousands)	Fiscal 2014	Fiscal 2013	Fiscal 2012
Merchandise sales and services, net:			
Direct	\$ 1,320,642	\$ 1,303,862	\$ 1,304,009
Retail	234,632	258,922	281,821
Corporate/ other	79	92	97
Total merchandise sales and services, net	\$ 1,555,353	\$ 1,562,876	\$ 1,585,927

Additionally, selected financial data for our segments is presented in Note 11—Segment Reporting, to our Consolidated and Combined Financial Statements included in "Item 8. Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

Key Capabilities

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 marketing. 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 that our customer base consists primarily of affluent, college-educated, professional and style-conscious women and men. In Fiscal 2014, our customers had average annual household income of \$105,000 and approximately 42% of our customers were within the 35-54 age group, according to an analysis of our customer file with data provided by our third-party consumer information provider using its proprietary demographic, behavioral, lifestyle, financial and home attribute databases.

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.

Customer service. We are committed to building on Lands' End's legacy of strong customer service. We believe that we have a strong track record of improving the customer service experience through innovation. We believe that we were one of the first apparel retailers to offer shoppers a toll-free number and one of the first apparel retailers 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. Due to our commitment to excellent customer service, we have received many accolades over the years. Most recently, in 2014, we were rated Excellent by StellaService and named a Customer Service Champion by Prosper Insights and Analytics, as featured on forbes.com.

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, tablets, and smartphones.

- *Relaunching with a new email service provider and rearchitecting our email database* in 2014 to enable deeper segmentation and targeted messaging. Enhancements included new trigger campaigns and updated transactional email templates, as well as testing new responsive design email templates. Responsive design templates for email is currently scheduled to fully launch in 2015.
- *A new fit solution tool launched on www.landsend.com in 2014* to help new and existing customers decide which size product they should order. 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 via stories and video on our website, in our emails, and in social media. 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 recent 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 also has a presence on all other major social media platforms including but not limited to Twitter, Instagram, Pinterest, Wanelo, and Shop Your Way Rewards.

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 six countries and ship our products to approximately 156 countries and territories 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 France and Canada.

In Fiscal 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.

Experienced management team. Our executive management team 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.

Sustainable practices. We have made sustainability a key initiative in our business. We 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. Key highlights of our sustainability initiatives include:

- 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 Fiscal 2014, we reused or recycled approximately 90% 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.

- In Fiscal 2013 Lands' End joined the Sustainable Apparel Coalition in order to increase our knowledge of global product sustainability. Lands' End continues to strengthen its relationship with this organization and will continue to collaborate with its members in order to reduce the environmental impact created by the apparel industry.

Our Brand

We believe that our most important asset is our brand. 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." We believe that this commitment has generated our large and loyal customer base for over fifty years. We invest significantly in brand development through our focus on providing excellent customer service and our emphasis on digital transformation and innovative product development.

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 30 - 35 countries and substantially all are imported from Asia and South America depending on the nature of the product mix. Our top 10 vendors accounted for 60% of our merchandise purchases in Fiscal 2014. In Fiscal 2014, we worked with approximately 100 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 Procurement

Lands' End's non-product procurement team manages our non-product spend. The process is intended to assure that budgets are spent within approved guidelines, and synergies and volume discounts are leveraged enterprise wide. This process is designed to ensure that our contractual commitments are approved from a financial and legal control process. Significant areas of spend include transportation, information systems, marketing, packaging and catalog paper and print.

Sales and Marketing 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 marketing. 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 that our customer base consists primarily of affluent, college-educated, professional and style-conscious women and men. In Fiscal 2014, our customers had average annual household incomes of \$105,000 and approximately 42% of our customers were within the 35-54 age group, according to an analysis of our customer file with data provided by our third-party consumer information provider using its proprietary demographic, behavioral, lifestyle, financial and home attribute databases.

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 marketing, email marketing, via www.landsend.com, and through the Shop Your Way Rewards 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 marketing.

Distribution

We own and operate three distribution centers in Wisconsin to support our United States Direct and Retail businesses and a portion of our international business. Our Dodgeville facility is approximately 1.15 million square feet and is a full-service distribution center, including monogramming, embroidering and hemming. 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 national postal carriers and third-party parcel carriers.

We own and operate a distribution center in the United Kingdom based in Oakham, a rural community north of London. 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.

Vendors

We prioritize the selection of vendors 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 vendors 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.

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 Fiscal 2013 and Fiscal 2014 we introduced new human resources and payroll solutions, new digital capabilities including search, navigation and mobile device optimization, and a new e-commerce platform for Lands' End Business Outfitters. In Fiscal 2015 we are exploring additional strategic investments, including an integrated global platform to support business growth and additional digital capabilities including more personalized e-mail, online, mobile and social interactions for our customers.

We plan to implement an ERP and other complementary information technology systems over the next several years to create efficiencies within our internal processing and reporting. Implementation of these solutions and systems is highly dependent on coordination of numerous software and system providers. See also "Item 1a. Risk Factors" in this Annual Report on Form 10-K.

Sources and Availability of Raw Materials

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

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 have entered into leases or subleases with Sears Roebuck for the portion of the space in which our store operates and pay rent directly to Sears Roebuck or one of its affiliates on the terms negotiated in connection with the Separation. 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.

International Office, Customer Service and Distribution Properties

We own offices and a distribution center in Oakham, United Kingdom that support our European business. Customer sales and services for northern Europe are supported out of the Oakham facility, and 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 January 30, 2015, our retail properties consisted of 236 Lands' End Shops at Sears, which averaged approximately 7,700 square feet, 14 Lands' End Inlet stores, which averaged approximately 9,300 square feet, and five United Kingdom-based shop-in-shops. We lease the premises of our Lands' End Shops at Sears from Sears Roebuck. Under the terms of the master lease agreement and master sublease agreement pursuant to which Sears Roebuck leases or subleases to us the premises for the Lands' End Shops at Sears, Sears Roebuck has certain rights to (1) relocate our leased premises within the building in which such premises are located, subject to certain limitations, including our right to terminate the applicable lease if we are not satisfied with the new premises, and (2) terminate without liability the lease with respect to a particular Lands' End Shop if the overall Sears store in which such Lands' End Shop is located is closed or sold. With respect to our Lands' End Inlet stores, as of January 30, 2015, 13 were leased and one was owned, with 11 located in the United States, two in the United Kingdom and one in Germany.

Sustainability Initiatives

Lands' End is working towards improving its sustainable footprint through key practices like waste reduction, a "paper to digital strategy," and a goal to make our products more sustainable; as well as corporate partnerships with the National Forest Foundation and the Sustainable Apparel Coalition. Lands' End hopes to inspire customers and other corporations to increase sustainability awareness and initiatives.

Environment. In 2009, we collaborated with our then parent company, Sears Holdings, to create an updated 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. Following the Separation, we continued to follow this paper policy while also looking for ways for additional improvement.

We continue to drive a “paper to digital” roadmap that aims to engage, acquire, and migrate customers to a digital platform. With www.landsend.com as the center of the experience, we are utilizing email, social media, digital marketing and optimized searching to reach a larger group of customers. Since 2012, we have engaged with customers on multiple digital devices and platforms. Going forward we will rely less on traditional paper formats in our marketing campaigns.

Additionally, we believe that we also demonstrate marketplace leadership by participating in industry educational workshops and initiatives. We select 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 Forest Stewardship Council, the Sustainable Forestry Initiative and the Program for the Endorsement of Forest Certification. Between 2003 and 2014, use of corrugated cardboard packaging was reduced by 25%. In addition, the corrugated cardboard we use now contains a minimum of 60% 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 and distribution centers to address our use of paper products, aluminum cans, glass and plastic as well as maintenance operations, disposal of non-recyclables and water management. In 2014, we reused or recycled approximately 90% of waste generated at our corporate headquarters.

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 and brown manila envelopes. We consistently monitor our efforts in each of these areas and constantly look for improvements.

Partnerships. Finally, Lands' End has formed strategic partnerships with organizations like the Sustainable Apparel Coalition, National Forest Foundation, and the Clean Lakes Alliance. These partnerships, which respectively operate globally, nationally, and locally allow us to engage at a variety of levels. The Sustainable Apparel Coalition brings apparel companies around the world together to improve the sustainability of products, which is helpful to Lands' End as we look to make our products more sustainable. Our partnership with the National Forest Foundation has allowed us to give back by funding the planting of over half a million trees in national forests over the past three years. Partnering with the Clean Lakes Alliance has allowed us help improve water quality in southern Wisconsin where our employees work, live, and play.

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 32.4%, 33.9% and 34.4% of our net sales in the fourth fiscal quarter of Fiscal 2014, Fiscal 2013 and Fiscal 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 fourth quarter of the fiscal year due to reduced working capital requirements during that period.

Intellectual Property

Lands' End owns or has rights to use certain trademarks, service marks and trade names that are registered or exist under common law in the United States and other jurisdictions. The Lands' End® trade name and trademark is used both in the United States and internationally, and is material to our business. Trademarks that are important in identifying and distinguishing our products and services are Guaranteed, Period®, Lands' End Canvas®, Square Rigger®, Squall®, Super-T™, 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 approximately 6,000 employees throughout our operations: approximately 5,000 employees in the United States and approximately 1,000 employees outside the United States. With the seasonal nature of the retail industry, over 2,000 flexible part-time employees join us each year to support our varying peak seasons, including the fourth quarter holiday shopping season. The non-peak workforce is comprised of approximately 16% salaried exempt employees, 7% salaried non-exempt employees, 25% regular hourly employees and 52% year-round flexible part-time employees.

Pledged Assets

In connection with the Separation, Lands' End entered into the ABL Facility and the Term Loan Facility. All domestic obligations under the Facilities are 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 are guaranteed by its existing and future direct and indirect subsidiaries organized in the United Kingdom. The ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

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

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. On March 14, 2014, the Sears Holdings board of directors approved the distribution of the issued and outstanding shares of Lands' End common stock on the basis of 0.300795 shares of Lands' End common stock for each share of Sears Holdings common stock held on March 24, 2014, the record date for the distribution. Sears Holdings distributed 100 percent of the outstanding common stock of Lands' End to its stockholders on April 4, 2014.

We have entered into various agreements with Sears Holdings or its subsidiaries that govern our relationship with Sears Holdings with respect to the Lands' End Shops at Sears; various general corporate services; and other relationships. Accordingly, the terms of these agreements may be more or less favorable than those we could have negotiated with unaffiliated third parties. See Note 10 - Related Party Agreements and Transactions.

Corporate Information

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

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

Our website address is www.landsend.com. Information contained on our website is not incorporated by reference unless specifically stated herein. We file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and all amendments to those reports electronically with the SEC, and they are available on the SEC's web site (www.sec.gov). In addition, all reports filed by Lands' End with the SEC may be read and copied at the SEC's Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

Our Corporate Governance Guidelines, the charters of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Technology Committee of the Board of Directors, our Code of Conduct, and our Board of Directors Code of Conduct are available at the "Investor Relations" link under "Corporate Governance" at www.landsend.com. References to www.landsend.com do not constitute incorporation by reference of the information at www.landsend.com, and the information at www.landsend.com is not part of this Annual Report on Form 10-K.

Executive Officers of the Registrant

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

Name	Position	Age	Date First Became an Executive Officer
Federica Marchionni	President and Chief Executive Officer	43	2015
Michael P. Rosera	Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer	51	2012
Steven G. Rado	Senior Vice President, Chief Marketing Officer	51	2014
Kelly Ritchie	Senior Vice President, Employee and Customer Services	52	1999
Dorian R. Williams	Senior Vice President, General Counsel and Corporate Secretary	55	2014

Federica Marchionni joined Lands' End as President and Chief Executive Officer and as a member of the Board of Directors in February 2015. From 2001 until 2010, she was a global group director based at the headquarters of Dolce & Gabbana, a designer and retailer of apparel and accessories. She rejoined the company in October 2011 to serve as the President of Dolce & Gabbana USA. Prior to rejoining Dolce & Gabbana, she was a Senior Vice President at Ferrari, a luxury automaker and merchandising retailer. Earlier in her career Ms. Marchionni held positions of increasing responsibility in product marketing and sales at industry-leading customer technology and telecommunications companies such as Samsung, Phillips, and Ericsson.

Michael P. Rosera has served as Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer of the Company since 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. Mr. Rosera also previously served as Senior Vice President-Finance and Operations of Abercrombie & Fitch Co., a specialty retailer of apparel and accessories.

Steven G. Rado joined the Company in May 2014 as Senior Vice President, Chief Marketing Officer. From March 2012 to February 2014, he served as Senior Vice President of Marketing and Customer Strategy for Office Depot, Inc., a supplier of office products and services. From October 2008 to February 2012, he was Vice President of Marketing for the Victoria's Secret Direct division of Limited Brands, Inc., a specialty retailer.

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

Dorian R. Williams joined Lands' End in August 2014 as Senior Vice President, General Counsel and Corporate Secretary. Prior to joining the Company and since 2002, he served in positions with increasing levels of responsibility in the law department of Sears Holdings, most recently as Vice President, Deputy General Counsel and Assistant Secretary. Prior to joining Sears in 2002, he served as Senior Counsel at Galileo International, Inc. and he was a partner in the Chicago office of the law firm of Rudnick & Wolfe (now DLA Piper).

ITEM 1A. RISK FACTORS

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

Risks Related to Our Business

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

Our products and services must satisfy the desires of customers, whose preferences change over time. In order to be successful, we must identify, obtain supplies of, and offer 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 85% of our revenues in 2014, depends on customers' use of our e-commerce websites and their response to our direct mail catalogs and digital marketing.

The level of customer traffic and volume of customer purchases on our e-commerce websites is substantially dependent on our ability to provide attractive and accessible websites, a high-quality customer experience and reliable delivery of our merchandise. The success of our e-commerce websites also has historically been dependent on performance of our direct mail catalogs. 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 characteristics for the products we offer, has also been a key component of our overall strategy. If the performance of our catalogs, emails and e-commerce websites decline, or if our overall marketing strategy is not successful, our business and results of operations could be adversely affected.

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

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

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

Sears Holdings point of sale information technology systems are leveraged in support of our Lands' End Shops at Sears, and its supply chain management information technology systems are leveraged in support of our Lands' End Shops at Sears. In addition, we 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, and shared use of several key commercial contracts with third parties. There can be no assurance that Sears Holdings will maintain and protect these information technology systems in such a way that would prevent breakdowns or breaches in such systems, which could adversely affect our business.

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

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

We plan to implement an ERP software solution and other complementary information technology systems over the next several years. Implementation of these solutions and systems is highly dependent on coordination of numerous software and system providers and internal business teams. The interdependence of these solutions and systems is a significant risk to the successful completion of the initiatives and the failure of any one system could have a material adverse effect on the implementation of our overall information technology infrastructure. We may experience difficulties as we transition to these new or upgraded systems and processes, including loss or corruption of data, delayed shipments, decreases in productivity as our personnel implement and become familiar with new systems, increased costs and lost revenues. In addition, transitioning to these new systems requires significant capital investments and personnel resources. Difficulties in implementing new or upgraded information systems or significant system failures could disrupt our operations and have a material adverse effect on our capital resources, financial condition, results of operations or cash flows. Implementation of this new information technology infrastructure has a significant impact on our business processes and information systems across a significant portion

of our operations. As a result, we will be undergoing significant changes in our operational processes and internal controls as our implementation progresses, which in turn require significant change management, including recruiting and training of qualified personnel. If we are unable to successfully manage these changes as we implement these systems, including harmonizing our systems, data, processes and reporting analytics, our ability to conduct, manage and control routine business functions could be negatively affected and significant disruptions to our business could occur. In addition, we could incur material unanticipated expenses, including additional costs of implementation or costs of conducting business. These risks could result in significant business disruptions or divert management's attention from key strategic initiatives and have a material adverse effect on our capital resources, financial condition, results of operations or cash flows.

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

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

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, or whether intentional or inadvertent, could significantly damage our reputation and result in additional costs, lost sales, fines and lawsuits. The regulatory environment related to information security and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs. There is no guarantee that the procedures that 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 and information security laws and regulations, and our business and reputation could be adversely affected by any resulting loss of customer confidence, litigation, civil or criminal penalties or adverse publicity.

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. Similarly, our inability to market and sell our products in foreign jurisdictions could have an adverse effect on our business and results of operations.

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

The success of our Retail segment, which accounted for approximately 15% of our revenues in Fiscal 2014, depends on the success of our Lands' End Shops at Sears. We operated 236 Lands' End Shops at Sears as of the end of Fiscal 2014. These stores had revenues of approximately \$212.0 million in Fiscal 2014, representing 90% of our Retail sales and 14% of our overall sales for Fiscal 2014. The Lands' End Shops at Sears may decrease or be eliminated entirely if Sears Roebuck sells, disposes of or transfers ownership or control of any or all of its retail stores. The 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, and maintaining dedicated sales areas for Lands' End branded products and shopping lounges where customers can search our offerings via the Internet and catalog. If Sears Holdings does not provide these services going forward 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) and does not deliver a rewarding shopping experience to our customers, our reputation could suffer and our business and results of operations could be adversely affected.

Under the terms of the master lease agreement and master sublease agreement pursuant to which Sears Roebuck leases or subleases to us the premises for the Lands' End Shops at Sears, Sears Roebuck has certain rights to (1) relocate our leased premises within the building in which such premises are located, subject to certain limitations, including our right to terminate the applicable lease if we are not satisfied with the new premises, and (2) terminate without liability the lease with respect to a particular Lands' End Shop if the overall Sears store in which such Lands' End Shop is located is closed or sold. Sears Holdings recently announced that it intends to continue to right-size, redeploy and highlight the value of its assets, including its real estate portfolio, in its transition from an asset-intensive, store-focused retailer and that it has entered into lease agreements with third party retailers for stand-alone stores. Sears Holdings also recently announced and that it expects to complete the formation of a Real Estate Investment Trust (REIT) that would purchase and lease back 254 Sears and Kmart stores by June 1, 2015, and that it has completed the formation of real estate joint ventures with third parties. We believe that in connection with these transactions, Sears Roebuck has or intends to sell and leaseback approximately 75 Sears stores that contain a Lands' End Shop, the impact on the Company of which is not known. If Sears Roebuck continues to dispose of retail stores that contain Lands' End Shops, and/or offer us relocation alternatives for Lands' End Shops that are less attractive than the current premises, our business and results of operations could be adversely affected.

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

Substantially all of our merchandise is imported from vendors in China and other emerging markets in Asia and Central America, either directly by us or indirectly by distributors who, in turn, sell products to us. We also sell our products in Canada, Northern and Central Europe and Japan, and we may develop a sales presence in other

international markets. Our reliance on vendors in and marketing of products to customers in foreign markets create risks inherent in doing business in foreign jurisdictions, including:

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

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

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

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

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

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

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

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 nature or contract disputes. Any failure by a third party to provide us with contracted-for services on a timely basis or within service level expectations and performance standards could result in a disruption of our business and have an adverse effect on our business and results of operations.

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

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

We rely upon 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 rises or remains at current levels, the cost to deliver merchandise from distribution centers to customers may rise, and, although some of these costs are paid by our customers, such costs could have an adverse impact on our profitability. Failure to procure and deliver merchandise to customers in a timely, effective and economically viable manner could damage our reputation and adversely affect our business. In addition, any increase in distribution costs and expenses could adversely affect our future financial performance.

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.

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

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

We may be subject to 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, privacy laws, and laws relating to electronic commerce. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have an adverse effect on our business and results of operations. Regardless of the outcome of any litigation or regulatory proceedings, any such proceeding could result in substantial costs and may require that we devote substantial resources to defend the proceeding, which could affect the future premiums we would be required to pay on our insurance policies. Changes in governmental regulations could also have adverse effects on our business and subject us to additional regulatory actions.

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

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

As of January 30, 2015, we had goodwill and intangible asset balances totaling \$638.7 million, most of which are subject to testing for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Our intangible assets consist of \$528.3 million for our trade name, \$0.4 million of finite-lived customer lists and a goodwill balance of \$110.0 million. Any event that impacts our reputation could result in impairment charges for our trade name. Long-lived assets, primarily property and equipment, are also subject to testing for impairment if events or changes in circumstances indicate that the asset might be impaired. A significant amount of judgment is involved in our impairment assessment. If actual results are not consistent with our estimates and assumptions used in estimating revenue growth, 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. The loss of members of our executive management may disrupt our business and adversely affect our results of operations. Furthermore, our ability to manage further expansion will require us to continue to train, motivate and manage employees and to attract, motivate and retain additional qualified personnel. We believe that having personnel who are passionate about our brand and have industry experience and a strong customer service ethic has been an important factor in our historical success, and we believe that it will continue to be important to growing our business. Competition for these types of personnel is intense, and we may not be successful in attracting, assimilating and retaining the personnel required to grow and operate our business profitably. With the seasonal nature of the retail business, over 2,000 flexible part-time employees join us each year to support our varying peak seasons, including the fourth quarter holiday shopping season. An inability to attract qualified seasonal personnel could interrupt our sales during this period.

Our international expansion may not be successful.

Our future strategies may 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 international expansion is not successful or does 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. Increases in the rates of unemployment, decreases in home values, reduced access to credit and issues related to the domestic and international political situations may adversely affect consumer confidence and disposable income levels. Low consumer confidence and disposable incomes could lead to reduced consumer spending and lower demand for our products, which are discretionary items, the purchase of which can be reduced before customers adjust their budgets for necessities. These factors could have a negative impact on our sales and cause us to increase inventory markdowns and promotional expenses, thereby reducing our gross margins and operating results.

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

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

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

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

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

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 information about us in this Annual Report on Form 10-K prior to the Separation date of April 4, 2014 refers to the Lands' End's business as operated by and integrated with Sears Holdings. Accordingly, such historical financial information included in this Annual Report on Form 10-K 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 Separation, Sears Holdings or its subsidiaries provides some of these functions to us. Our historical financial results prior to the Separation 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 Separation, we may not be able to perform these functions as efficiently or at comparable costs;
- Prior to the Separation, we were 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 entered into a transition services agreement and other commercial agreements with Sears Holdings or its subsidiaries in connection with the Separation, these arrangements may not fully capture the benefits we 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 Separation, which could have an adverse effect on our business and results of operations;
- Generally, our working capital requirements and capital for our general corporate purposes were satisfied as part of the corporate-wide cash management policies of Sears Holdings. As an independent company, 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 financial information for periods prior to the Separation does not reflect the debt we incurred in connection with the Separation.

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 and the related expiration of agreements with Sears Holdings and from the termination of our rights to operate under third party agreements that were executed when we were a subsidiary of 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 "Item 6. Selected Historical Financial Data," "Item 7. 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 Annual Report on Form 10-K.

Sears Holdings or its subsidiaries may fail to perform under various agreements with us 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 Separation, we entered into various agreements, including a buying agency agreement, 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 Separation. In addition, we entered 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 Rewards retail establishment agreement. We 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.

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.

We may have received better terms from unaffiliated third parties than the terms of our agreements with Sears Holdings and its subsidiaries.

Our agreements with Sears Holdings or its subsidiaries in connection with the Separation, including the buying agency agreement, 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 Rewards retail establishment agreement, were prepared in the context of the Separation 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.

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 provides, among other things, the principal corporate transactions required to effect the Separation, certain conditions to the Separation and provisions governing the relationship between us and Sears Holdings with respect to and resulting from the Separation. 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 Separation, 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.

We might not be able to engage in certain corporate transactions.

To preserve the tax-free treatment to Sears Holdings of the Separation, under the tax sharing agreement that we entered into with Sears Holdings, we agreed to refrain from taking or failing to take any action that prevents the Separation and related transactions from being tax-free. Further, for the two-year period following the Distribution, in certain circumstances we agreed to restrictions with respect to the following transactions:

- entering into any transaction resulting in the acquisition of 40% or more of our stock or 60% or more of our assets, whether by merger or otherwise;
- merging, consolidating or liquidating;
- issuing equity securities beyond certain thresholds;
- repurchasing capital stock beyond certain thresholds; and
- ceasing to be engaged in our pre-Separation business.

These restrictions may limit our ability to pursue strategic transactions or engage in new business or other transactions that may maximize the value of our business. Furthermore, we could be liable for any resulting tax if our actions are deemed to be in violation of the tax sharing agreement.

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

According to a Schedule 13D filed on April 8, 2014 with the SEC, ESL beneficially owned on the filing date 48.6% of our outstanding shares of common stock. Accordingly, ESL could have substantial influence over many, if not all, actions to be taken or approved by our stockholders, and will have a significant voice in the election of directors and any transactions involving a change of control. The interests of ESL, which has investments in other companies (including Sears Holdings), may from time to time diverge from the interests of our other stockholders. Mr. Lampert is the Chairman of the Board and Chief Executive Officer of Sears Holdings.

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

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

Risks Related to Our Indebtedness

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

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

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

- the agreements governing our debt contain covenants that limit our ability to pay dividends or make other restricted payments and investments;
- the agreements governing our debt contain operating covenants that limit our ability to engage in activities that may be in our best interests in the long term, including, without limitation, by restricting our subsidiaries' ability to incur debt, create liens, enter into transactions with affiliates or prepay certain kinds of indebtedness; and
- the failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of the applicable debt, 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 or growth strategies, and such financing may not be available on favorable terms, or at all, and may be dilutive to existing stockholders.

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

Risks Related to Our Common Stock

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

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

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. 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.

Our share price may be volatile.

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

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

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

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

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

Being a public company subjects us to expenses and administrative burdens, in particular compliance with certain provisions of the Sarbanes-Oxley Act of 2002.

As a public company, we incur certain legal, accounting and other expenses that we would not otherwise incur. These 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. We are required to, among other things, maintain the roles and duties of board committees, maintain additional internal controls and disclosure controls and procedures, and maintain an insider trading policy in compliance with our obligations under the securities laws.

Being a public company subjects us to additional laws, rules and regulations that require the investment of 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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 have entered into a lease or sublease with Sears Roebuck for the portion of the space in which our store operates and pay rent directly to Sears Roebuck or one of its affiliates on the terms negotiated in connection with the Separation. 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.

International Office, Customer Service and Distribution Properties

We own a distribution center and customer sales/service center in Oakham, United Kingdom that supports our northern European business. We lease two buildings in Mettlach, Germany for customer sales/service center supporting our central European business. We also lease office space in 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 January 30, 2015, our retail properties consisted of 236 Lands' End Shops at Sears, which averaged approximately 7,700 square feet; 14 Lands' End Inlet stores, which averaged approximately 7,800 square feet; and five United Kingdom based shop-in-shops. We lease the premises of our Lands' End Shops at Sears from Sears Roebuck. With respect to our Lands' End Inlet stores, as of January 30, 2015, 13 were leased and one was owned, with 11 located in the United States, two in the United Kingdom and one in Germany.

ITEM 3. 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.

Lands' End's legal proceedings include commercial, intellectual property, employment, regulatory, and consumer fraud claims. Some of these actions involve complex factual and legal issues and are subject to

uncertainties. At this time, the Company is not able to either predict the outcome of these legal proceedings or reasonably estimate a potential range of loss with respect to the proceedings. 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.

See Part II, Item 8 "Financial Statements and Supplementary Data - Notes to Consolidated and Combined Financial Statements," Note 12 "Commitments and Contingencies - Legal Proceedings" for additional information regarding legal proceedings (incorporated herein by reference).

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

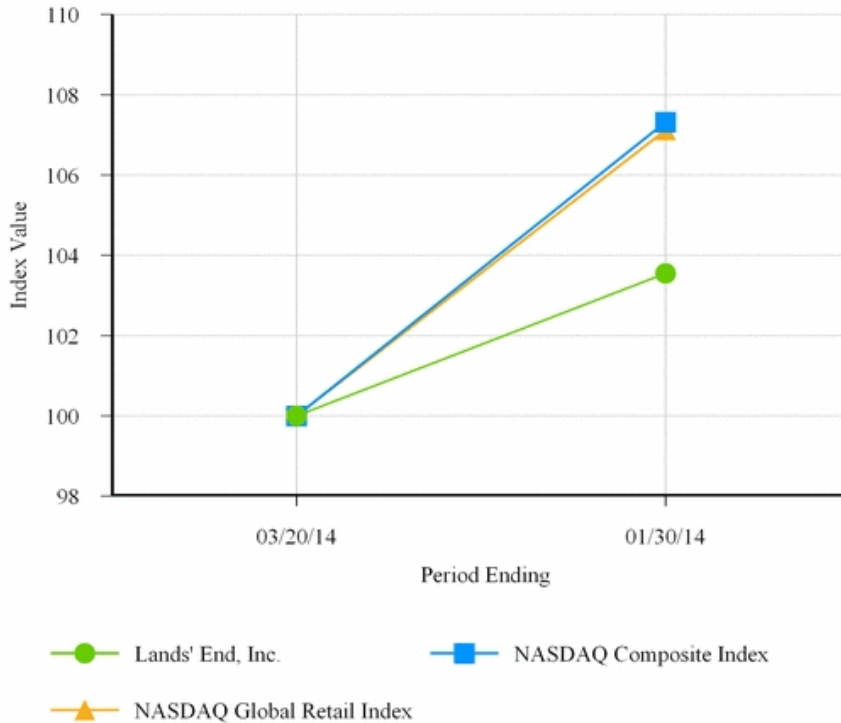
Market Information

Lands' End's common stock is traded on the NASDAQ Stock Market under the ticker symbol LE. There were 10,156 stockholders of record at April 13, 2015. The quarterly high and low sales prices for Lands' End common stock are set forth below.

	Fiscal Year 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Common Stock Price				
High	\$35.00	\$37.92	\$48.25	\$56.25
Low	25.35	26.03	32.03	34.58

Stock Performance Graph

The following graph compares the cumulative total return to stockholders on Lands' End common stock from March 20, 2014, the first day our common stock began “when-issued” trading on the NASDAQ Stock Market, through January 30, 2015, the last day of fiscal year 2014, with the return on the NASDAQ Composite Index and the NASDAQ Global Retail Index for the same period. Our common stock began “regular-way” trading following the Separation on April 7, 2014. The graph assumes an initial investment of \$100 on March 20, 2014 in each of our common stock, the NASDAQ Composite Index and the NASDAQ Global Retail Index.



	3/20/2014	1/30/2015
Lands' End, Inc.	\$ 100	\$ 104
NASDAQ Composite Index	\$ 100	\$ 107
NASDAQ Retail Index	\$ 100	\$ 107

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

Dividends

Except for a \$500 million dividend we paid to a subsidiary of Sears Holdings prior to the Separation, we have not paid, and we do not expect to pay in the foreseeable future, dividends on our common stock. Any payment of dividends will be at the discretion of our board of directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, any contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant. Additionally, the Term Loan Facility and ABL Facility contain various representations and warranties and restrictive covenants that, among other things, and subject to specified exceptions, restrict the ability of Lands' End and its subsidiaries to make dividends or distributions with respect to capital stock.

Equity Compensation Plan Information

The following table reflects information about securities authorized for issuance under the Company's equity compensation plans as of January 30, 2015.

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans* (in thousands)
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	241	—	759
Total	241	—	759

* Represents shares of common stock that may be issued pursuant to the Lands' End, Inc. 2014 Stock Plan (the “2014 Stock Plan”). Awards under the 2014 Stock Plan may be restricted stock, stock unit awards, incentive stock options, nonqualified stock options, stock appreciation rights, or certain other stock-based awards. The numbers shown exclude shares covered by an outstanding plan award that, subsequent to January 30, 2015, ultimately are not delivered on an unrestricted basis (for example, because the award is forfeited, canceled or used to satisfy tax withholding obligations). Outstanding awards are subject to stockholder approval of the 2014 Stock Plan, which the Company will seek at its 2015 Annual Meeting of Stockholders.

ITEM 6. SELECTED FINANCIAL DATA

The Consolidated and Combined Statements of Comprehensive Operations data set forth below for the fiscal years ended January 30, 2015, January 31, 2014 and February 1, 2013 and the Consolidated and Combined Balance Sheet data as of January 30, 2015 and January 31, 2014 are derived from the audited Consolidated and Combined Financial Statements included elsewhere in this Annual Report on Form 10-K. The Combined Statements of

Comprehensive Operations data for the fiscal year ended 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 audited Combined Financial Statements not included in this Annual Report on Form 10-K. All historical financial and other data prior to the Separation reflects the Lands' End business of Sears Holdings, and the historical financial and other data subsequent to the Separation include the accounts of Lands' End, Inc. and its subsidiaries which are collectively referred to herein as "our" historical financial and other data. See "Note 1—Background and Basis of Presentation" to the Consolidated and Combined Financial Statements and accompanying notes.

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

<i>(in thousands, except per share data and number of stores)</i>	Fiscal Year				
	2014	2013	2012	2011	2010
Consolidated and Combined Statement of Comprehensive Operations Data(1)					
Merchandise sales and services, net	\$ 1,555,353	\$ 1,562,876	\$ 1,585,927	\$ 1,725,627	\$ 1,655,574
Net income(2)	\$ 73,799	\$ 78,847	\$ 49,827	\$ 76,234	\$ 121,264
Basic and diluted earnings per common share(2)(3)	\$ 2.31	\$ 2.47	\$ 1.56	\$ 2.39	\$ 3.79
Basic average shares outstanding	31,957	31,957	31,957	31,957	31,957
Diluted average shares outstanding	32,016	31,957	31,957	31,957	31,957
Consolidated and Combined Balance Sheet Data					
Total assets	\$ 1,353,437	\$ 1,194,275	\$ 1,217,722	\$ 1,238,923	\$ 1,186,585
Other Financial and Operating Data					
Adjusted EBITDA(4)	\$ 164,298	\$ 150,010	\$ 107,673	\$ 144,996	\$ 206,498
Number of retail stores at year end	255	290	293	306	309

- (1) Our fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. Fiscal year 2012 consisted of 53 weeks. All other fiscal years consisted of 52 weeks.
- (2) Fiscal 2014 Net income includes interest expense and stand-alone public company expenses which did not exist in prior periods.
- (3) On April 4, 2014, Sears Holdings Corporation distributed 31,956,521 shares of Lands' End common stock. The computation of basic and diluted shares for all periods prior to April 4, 2014 was calculated using the number of shares of Lands' End common stock outstanding on April 4, 2014, the date on which the Lands' End common stock was distributed to the stockholders of Sears Holdings Corporation. The same number of shares was used to calculate basic and diluted earnings per share. Refer to "Note 2—Summary of Significant Accounting Policies" to the Consolidated and Combined Financial Statements for information regarding earnings per share.
- (4) *Adjusted EBITDA*—In addition to our net income determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), for purposes of evaluating operating performance, we use Adjusted EBITDA, which is adjusted to exclude certain significant items as set forth below. Our management uses Adjusted EBITDA to evaluate the operating performance of our business for comparable periods. This metric is also incorporated into executive compensation plans when compared to our budgeted operating performance. 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:
 - Product recall—costs associated with a recall of selected styles of children's sleepwear that did not meet the federal flammability standard for children's sleepwear.
 - Restructuring costs—costs associated with an initiative to reduce the corporate cost structure. 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:

<i>(in thousands)</i>	Fiscal Year				
	2014	2013	2012	2011	2010
Net income	\$ 73,799	\$ 78,847	\$ 49,827	\$ 76,234	\$ 121,264
Income tax expense	46,758	49,544	32,243	45,669	72,365
Interest expense	20,494	—	—	—	—
Other income, net	(1,408)	(50)	(67)	(95)	(45)
Depreciation and amortization	19,703	21,599	23,121	22,686	21,963
Product recall	4,713	—	—	—	—
Restructuring costs	—	—	2,479	—	—
Gain on litigation settlement	—	—	—	—	(9,051)
Loss on sale of property and equipment	239	70	70	502	2
Adjusted EBITDA	<u>\$ 164,298</u>	<u>\$ 150,010</u>	<u>\$ 107,673</u>	<u>\$ 144,996</u>	<u>\$ 206,498</u>

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

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

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

- *Fiscal 2014 - The fifty-two weeks ended January 30, 2015*
- *Fiscal 2013 - The fifty-two weeks ended January 31, 2014*
- *Fiscal 2012 - The fifty-three weeks ended February 1, 2013*
- *Fiscal 2015 - Our next fiscal year representing the fifty-two weeks ending January 29, 2016*
- *Sears Holdings or Sears Holdings Corporation - Sears Holdings Corporation, a Delaware Corporation, and its consolidated subsidiaries (other than, for all periods following the Separation, Lands' End)*
- *Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders*
- *ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert*
- *ABL Facility - Asset-based senior secured credit agreements, dated as of April 4, 2014, with Bank of America, N.A and certain other lenders*
- *Term Loan Facility - Term loan credit Agreement, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders*
- *Facilities - Collectively, the ABL Facility and the Term Loan Facility*
- *UK Borrower - A United Kingdom subsidiary borrower of Lands' End under the ABL Facility*
- *GAAP - Accounting principles generally accepted in the United States*
- *Same Store Sales - Net sales, from stores that have been open for at least 12 full months where selling square footage has not changed by 15% or more within the past year*
- *SEC - United States Securities and Exchange Commission*
- *FASB - Financial Accounting Standards Board*
- *FASB ASC - FASB Accounting Standards Codification, which serves as the source for authoritative GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative GAAP for SEC registrants*
- *ERP - enterprise resource planning software solutions*
- *UTBs - Gross unrecognized tax benefits*
- *LIBOR - an adjusted London inter-bank offered rate*

Executive Overview

Introduction

Management's discussion and analysis of financial condition and results of operations accompanies our consolidated and 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 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 2014, 2013 and 2012 fiscal years.
- *Liquidity and capital resources.* This section provides an overview of our historical and anticipated cash and financing activities. We also review our historical sources and uses of cash in our operating, investing and financing activities.
- *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.

Description of the Company

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

On March 14, 2014, the board of directors of Sears Holdings approved the distribution of the issued and outstanding shares of Lands' End common stock on the basis of 0.300795 shares of Lands' End common stock for each share of Sears Holdings common stock held on March 24, 2014, the record date. Sears Holdings distributed 100 percent of the outstanding common stock of Lands' End to its shareholders on April 4, 2014.

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).

Basis of Presentation

The financial statements presented herein represent (i) periods prior to April 4, 2014 when we were a wholly owned subsidiary of Sears Holdings Corporation (referred to as "Combined Financial Statements") and (ii) the period as of and subsequent to April 4, 2014 when we became a separate publicly-traded company (referred to as "Consolidated Financial Statements").

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

The Combined Balance Sheets prior to April 4, 2014, include the allocation of certain assets and liabilities that have historically been held by Sears Holdings but which were specifically identifiable or allocable to Lands' End. All intracompany transactions and accounts have been eliminated. Prior to the Separation, all intercompany transactions between Sears Holdings and Lands' End were considered to be effectively settled in the Combined Financial Statements at the time the transactions were 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.

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

Impacts from the Separation from Sears Holdings

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

General administrative and Separation costs. Historically, we had used the corporate functions of Sears Holdings for a variety of shared services. We continue to pay Sears Holdings a fee for certain services. We believe that the assumptions and methodologies underlying 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 as we operate as a publicly traded company independent from Sears Holdings. We entered into agreements with Sears Holdings or its subsidiaries for the continuation of certain of these services on a transitional basis. We believe that the arrangements before the Separation, as reflected in the historical Combined Financial Statements contained herein, are not materially different from the arrangements that were entered into as part of the Separation.

Stand-alone costs. We are also incurring increased costs as a result of becoming a publicly traded company independent from Sears Holdings. Subsequent to the Separation in Fiscal 2014, we incurred approximately \$8.5 million of stand-alone costs for the 10 months we operated as an independent company.

Sears Holdings Agreements. Following the Separation, Lands' End and Sears Holdings operate separately, each as an independent company. We entered into certain agreements with Sears Holdings Corporation or its subsidiaries that effected the Separation, provided a framework for our relationship with Sears Holdings after the Separation and provided 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 Separation.

The prior arrangements, as reflected in the historical Combined Financial Statements contained herein, are not materially different from the arrangements that were entered into with Sears Holdings in connection with the Separation, with the exception of the Shop Your Way Rewards member loyalty program. Net annual costs associated with the Shop Your Way Rewards member loyalty program increased by \$6.4 million in Fiscal 2014 compared to Fiscal 2013.

Subsequent to the Separation, we have not had to employ a significant number of new employees to perform additional stand-alone or transition services. With respect to our retail operations, prior to the Separation, Sears Holdings provided retail staff for the Lands' End Shops at Sears. Pursuant to a retail operations agreement, we contracted with Sears Holdings to continue to provide such staff following the Separation. We continue to rely on our existing field management working in conjunction with retail staff contracted from Sears Holdings to operate our Lands' End Shops at Sears.

The success of our Retail segment depends on the performance of the Lands' End Shops at Sears. Under the terms of the master lease agreement and master sublease agreement pursuant to which Sears Roebuck leases or subleases to us the premises for the Lands' End Shops at Sears, Sears Roebuck has certain rights to (1) relocate our leased premises within the building in which such premises are located, subject to certain limitations, including our right to terminate the applicable lease if we are not satisfied with the new premises, and (2) terminate without liability the lease with respect to a particular Lands' End Shop if the overall Sears store in which such Lands' End Shop is located is closed or sold. Sears Holdings recently announced that it intends to continue to right-size, redeploy and highlight the value of its assets, including its real estate portfolio, in its transition from an asset-intensive, store-focused retailer and that it has entered into lease agreements with third party retailers for stand-alone stores. Sears Holdings also recently announced that it expects to complete the formation of a Real Estate Investment Trust (REIT) that would purchase and lease back 254 Sears and Kmart stores by June 1, 2015, and that it has completed the formation of real estate joint ventures with third parties. We believe that in connection with these transactions, Sears Roebuck has or intends to sell and leaseback approximately 75 Sears stores that contain a Lands' End Shop, the impact on the Company of which is not known. If Sears Roebuck continues to dispose of retail stores that contain Lands' End Shops, and/or offer us relocation alternatives for Lands' End Shops that are less attractive than the current premises, our business and results of operations could be adversely affected. On January 30, 2015 the Company operated 236 Lands' End Shops at Sears, compared to 274 Lands' End Shops at Sears on January 31, 2014.

Debt Service Costs. We are also incurring increased costs related to our \$175.0 million ABL Facility and on our Term Loan Facility with an initial balance of \$515.0 million. On January 30, 2015 the Term Loan Facility had a balance of \$511.1 million. Interest costs related to the Facilities were \$20.5 million for the ten months the Facilities were in place in Fiscal 2014. The interest costs include approximately \$1.6 million of amortization of debt issuance costs. Annual payments under the Facilities are expected to be the cash interest charges plus the Term Loan Facility seven year amortization of principal at a rate equal to 1% per annum. See "Liquidity and Capital Resources - Description of Material Indebtedness" below.

Due to these and other changes related to the Separation, the historical financial information included in this Annual Report on Form 10-K 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 prior to the Separation that are presented.

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 approximately 34% of our net sales in the fourth fiscal quarter of the past three years. 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 fourth quarter of the fiscal year due to reduced working capital requirements during that period.

Results of Operations

Fiscal Year. Our fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. Fiscal years 2014 and 2013 consisted of 52 weeks. Fiscal year 2012 consisted of 53 weeks.

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

<i>(in thousands)</i>	Fiscal 2014		Fiscal 2013		Fiscal 2012	
	\$'s	% of Net Sales	\$'s	% of Net Sales	\$'s	% of Net Sales
Merchandise sales and services, net	\$ 1,555,353	100.0%	\$ 1,562,876	100.0%	\$ 1,585,927	100.0%
Cost of sales (excluding depreciation and amortization)	819,422	52.7%	852,539	54.5%	881,817	55.6%
Gross margin	735,931	47.3%	710,337	45.5%	704,110	44.4%
Selling and administrative	573,335	36.9%	560,327	35.9%	598,916	37.8%
Depreciation and amortization	19,703	1.3%	21,599	1.4%	23,121	1.5%
Other operating expense, net	3,250	0.2%	70	—%	70	—%
Operating income	139,643	9.0%	128,341	8.2%	82,003	5.2%
Interest expense	20,494	1.3%	—	—%	—	—%
Other income, net	1,408	0.1%	50	—%	67	—%
Income before income taxes	120,557	7.8%	128,391	8.2%	82,070	5.2%
Income tax expense	46,758	3.0%	49,544	3.2%	32,243	2.0%
Net income	\$ 73,799	4.8%	\$ 78,847	5.0%	\$ 49,827	3.2%

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 \$73.8 million, \$78.8 million, and \$49.8 million for Fiscal 2014, Fiscal 2013, and Fiscal 2012 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 Consolidated and 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 operating performance, and useful to investors, because:

- EBITDA excludes the effects of financings, investing activities and tax structure by eliminating the effects of interest, depreciation and income tax costs.
- Other significant items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of results. We have adjusted our results for these items to make our statements more comparable and therefore more useful to investors as the items are not representative of our ongoing operations.
 - For Fiscal 2014, Fiscal 2013 and Fiscal 2012, we excluded the loss on disposal of property and equipment as management considers the gains or losses on disposal of assets to result from investing decisions rather than ongoing operations.
 - For Fiscal 2014, we excluded the effects of the product recall as this was an unusual event that affects the comparability of our financial results.
 - For Fiscal 2012, we also excluded restructuring expense, primarily severance, related to an initiative to reduce the corporate cost structure.

(in thousands)	Fiscal 2014		Fiscal 2013		Fiscal 2012	
	\$'s	% of Net Sales	\$'s	% of Net Sales	\$'s	% of Net Sales
Net income	\$ 73,799	4.8%	\$ 78,847	5.0%	\$ 49,827	3.2%
Income tax expense	46,758	3.0%	49,544	3.2%	32,243	2.0%
Other income, net	1,408	0.1%	50	—%	67	—%
Interest expense	20,494	1.3%	—	—%	—	—%
Operating income	139,643	9.0%	128,341	8.2%	82,003	5.2%
Depreciation and amortization	19,703	1.3%	21,599	1.4%	23,121	1.5%
Product Recall	4,713	0.3%	—	—%	—	—%
Restructuring costs	—	—%	—	—%	2,479	0.2%
Loss on disposal of property and equipment	239	—%	70	—%	70	—%
Adjusted EBITDA	\$ 164,298	10.6%	\$ 150,010	9.6%	107,673	6.8%

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 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, reduction or relocations 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.

Fiscal 2014 Compared to Fiscal 2013

Merchandise Sales and Services, Net

Total Merchandise sales and services, net for Fiscal 2014 were \$1.56 billion, compared with \$1.56 billion in the same period of the prior year, a slight decrease of \$7.5 million. Merchandise sales and services, net were negatively impacted by \$3.4 million from the product recall announced on March 23, 2015. Excluding the product recall, Merchandise sales and services, net decreased \$4.1 million in Fiscal 2014 compared to Fiscal 2013. The decrease was attributable to a decrease in our Retail segment of \$24.3 million, partially offset by an increase in our Direct segment of \$16.8 million. The Direct segment excluding the product recall increased \$20.2 million compared to Fiscal 2013.

Direct segment Merchandise sale and services, net were \$1.32 billion in Fiscal 2014, an increase of \$16.8 million, or 1% from \$1.30 billion during the same period of the prior year. The increase was driven by an increase in our United States businesses driven by business and school uniforms, and our women's product offerings, partially offset by decreases in our international business and the product recall. Changes in foreign currency exchange rates compared with Fiscal 2013 negatively affected Merchandise sales and services, net in the Direct segment by approximately 40 basis points.

Merchandise sales and services, net in the Retail segment were \$234.6 million in Fiscal 2014, a decrease of \$24.3 million, or 9% from \$258.9 million during the same period of the prior year. The decrease was driven by a decrease in the number of Lands' End Shops at Sears, a decrease in Shop Your Way Rewards member loyalty program redemption credits resulting from the commercial agreements entered into with Sears Holdings as part of the Separation, and a decrease in same store sales. Same store sales in the Retail segment decreased 2%, driven by lower sales in the Company's Lands' End Shops at Sears. On January 30, 2015 the Company operated 236 Lands'

End Shops at Sears, 14 global Lands' End Inlet stores and five international shop-in-shops compared to 274 Lands' End Shops at Sears and 16 global Lands' End Inlets on January 31, 2014.

Gross Profit and Gross Margin

Total gross profit increased 4% to \$735.9 million and gross margin increased approximately 180 basis points to 47.3% of total Merchandise sales and services, net, compared with \$710.3 million, or 45.5% of total Merchandise sales and services, net, in Fiscal 2014 and Fiscal 2013, respectively.

The increase in gross profit was driven by an increase in Direct segment gross profit to \$636.1 million in Fiscal 2014 compared with \$603.5 million in Fiscal 2013. The Direct segment gross margin increased 190 basis points to 48.2% in Fiscal 2014 from 46.3% in Fiscal 2013, driven by higher gross margin in the United States businesses primarily attributable to improved merchandise assortment architecture and a more targeted promotional strategy. Changes in foreign currency exchange rates compared with Fiscal 2013 negatively affected gross margin in the Direct segment by approximately 30 basis points.

Retail segment gross profit decreased 7% to \$99.7 million in Fiscal 2014 compared with \$106.8 million in Fiscal 2013. Retail segment gross margin increased 130 basis points to 42.5% of Retail Merchandise sales and services, net in Fiscal 2014, from 41.2% in Fiscal 2013, driven by improved merchandise assortment architecture and a more targeted promotional strategy, partially offset by increased net costs associated with the Shop Your Way Rewards member loyalty program.

Selling and Administrative Expenses

Selling and administrative expenses were \$573.3 million, or 36.9% of total Merchandise sales and services, net in Fiscal 2014 compared with \$560.3 million, or 35.9% of total Merchandise sales and services, net for the comparable period in the prior year. The increase of \$13.0 million in Selling and administrative expense was primarily attributable to a \$8.6 million increase in incentive compensation, \$8.5 million in costs associated with being a stand-alone public company, increased investment in marketing and the product recall, partially offset by lower personnel costs. In Fiscal 2013 the Company had \$0.6 million of incentive expenses and no stand-alone public company related expenses.

The Direct segment Selling and administrative expenses were \$445.0 million for Fiscal 2014 compared to \$437.2 million for the prior year. The increase of \$7.8 million in Selling and administrative expense was primarily due to increased marketing investments of \$10.8 million, and increased incentive costs of \$5.4 million, partially offset by declines in personnel costs of \$7.8 million, and decreases in other expenses.

The Retail segment Selling and administrative expenses were \$92.6 million for Fiscal 2014 compared to \$102.1 million for the prior year. The decrease of \$9.5 million in Selling and administrative expense was primarily due to the reduction in the number of locations, including declines in personnel costs of \$4.9 million, marketing investments of \$1.4 million and occupancy costs of \$1.2 million.

Corporate / other Selling and administrative expenses were \$35.7 million for Fiscal 2014 compared to \$21.1 million for the prior year. The increase of \$14.6 million in selling and administrative expense was primarily due to increases in third party professional fees of \$5.3 million which were largely stand-alone costs, increased personnel costs of \$4.4 million and incentive compensation expenses of \$3.0 million.

Depreciation and Amortization

Depreciation and amortization was \$19.7 million in Fiscal 2014, a decrease of \$1.9 million or 9%, compared with \$21.6 million in Fiscal 2013. The decrease in Depreciation and amortization was primarily attributable to an increase in fully depreciated assets.

Other Operating Expenses, Net

Other operating expense, net increased to \$3.2 million in Fiscal 2014 primarily attributable to expenses related to the product recall of \$3.0 million.

Operating Income

Operating income was \$139.6 million in Fiscal 2014, compared with Operating income of \$128.3 million in Fiscal 2013. The increase in Operating income of \$11.4 million, or 9%, was primarily driven by increased gross profit, partially offset by increased Selling and administrative expenses. The product recall announced on March 23, 2015 negatively impacted Operating income by \$4.7 million.

Interest Expense

Interest expense was \$20.5 million in Fiscal 2014, and was attributable to higher debt levels, costs related to the issuance of the Term Loan Facility, which was used to pay a \$500.0 million dividend to a subsidiary of Sears Holdings Corporation immediately prior to the Separation, and costs related to our ABL Facility. We did not incur Interest expense in Fiscal 2013.

Income Tax Expense

Our effective tax rate was 38.8% and 38.6% in Fiscal 2014 and Fiscal 2013, respectively. The increased rate was primarily changes in effective state tax rates.

Net Income

Net income decreased 6% to \$73.8 million, or \$2.31 per diluted share, in Fiscal 2014 compared with \$78.8 million, or \$2.47 per diluted share, in Fiscal 2013. The decrease in Net income was primarily attributable to increased Interest expense partially offset by increased Operating income. The product recall announced on March 23, 2015 negatively impacted Net income by \$2.8 million.

Adjusted EBITDA

Adjusted EBITDA was \$164.3 million in Fiscal 2014, compared with Adjusted EBITDA of \$150.0 million in Fiscal 2013. The 10% increase was primarily driven by the increase in Operating income of \$11.4 million described above.

Fiscal 2013 Compared to Fiscal 2012

Merchandise Sales and Services, Net

Fiscal 2013 had 52 weeks versus 53 weeks in Fiscal 2012. Total revenues for Fiscal 2013 were \$1.56 billion, compared to \$1.59 billion in the prior year, a decrease of \$23.1 million, or 1%. The Company recorded approximately \$24.0 million in revenues during the 53rd week of Fiscal 2012. When adjusting Fiscal 2012 to account for the 53rd week, revenues during Fiscal 2013 increased \$0.9 million compared to Fiscal 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.

Direct segment revenues were \$1.3 billion in Fiscal 2013, essentially flat compared to Fiscal 2012. Improvement in our United States Direct and Lands' End Outfitters businesses of \$23.3 million was offset by a decline in our International businesses. The decline in our international businesses was largely due to decreases in our Germany and Japan businesses. The decrease in Germany was due to lower response rates to our product offerings in the German market. The decrease in Japan was attributable to changes in currency exchange rates.

Retail segment revenues were \$258.9 million in Fiscal 2013, a decrease of \$22.9 million, or 8%, compared to Fiscal 2012. Same store sales decreased 7% compared to the prior year. Retail segment revenues decreased across apparel and home products.

Gross Margin

Gross margin for Fiscal 2013 was \$710.3 million, or 45.5% in Fiscal 2013, compared to \$704.1 million or 44.4% in the prior year. The increase in gross margin rate of 110 basis points was attributable to a 210 basis point improvement in gross margin performance of our fall and winter product offerings, partially offset by increased spring and summer markdowns in our Direct segment. 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.

Direct segment gross margin was \$603.5 million, or 46.3% of total Direct segment revenues, compared to \$598.0 million or 45.9% of total Direct segment revenues for Fiscal 2013 and Fiscal 2012, respectively. The Direct segment gross margin rate improvement of 40 basis points in Fiscal 2013 was primarily attributable to an increase in our United States consumer business due to improvement in our fall and winter product offerings, partially offset by increased markdowns in our International business and increased promotional activity in the spring.

Retail segment gross margin was \$106.8 million, or 41.2% of total Retail segment revenues, compared to \$106.0 million or 37.6% of total Retail segment revenues for Fiscal 2013 and Fiscal 2012, respectively. The Retail segment gross margin rate increased 360 basis points primarily due to our fall and winter product offerings and decreased markdowns.

Selling and Administrative Expenses

Selling and administrative expenses were \$560.3 million for Fiscal 2013 compared to \$598.9 million for the prior year. The decrease of \$38.6 million in Selling and administrative expense was attributable to the Direct and Retail operating segments and Corporate / other.

The Direct segment Selling and administrative expenses were \$437.2 million for Fiscal 2013 compared to \$459.1 million for the prior year. The decrease of \$21.9 million in Selling and administrative expense was primarily due to declines in personnel costs of \$14.8 million, decreased marketing investments of \$4.8 million and restructuring costs incurred in Fiscal 2012 of \$2.5 million.

The Retail segment Selling and administrative expenses were \$102.1 million for Fiscal 2013 compared to \$111.6 million for the prior year. The decrease of \$9.5 million in Selling and administrative expense was primarily due to the declines in personnel costs of \$7.5 million, and third-party professional fees of \$2.0 million.

Corporate / other Selling and administrative expenses were \$21.0 million for Fiscal 2013 compared to \$28.2 million for the prior year. The decrease of \$7.2 million in selling and administrative expense was primarily due to declines in third-party professional fees of \$4.6 million, and property tax recoveries and savings of \$2.2 million.

Operating Income

We recorded operating income of \$128.3 million in Fiscal 2013, compared to Operating income of \$82.0 million in Fiscal 2012. The increase in Operating income of \$46.3 million 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 Fiscal 2013.

Income Tax Expense

Our effective tax rate was 38.6% in Fiscal 2013 compared to 39.3% in Fiscal 2012. The decreased rate was primarily due to decreased effective state tax rates for our Direct segment.

Net Income

Net income increased 58% to \$78.8 million, or \$2.47 per diluted share, in Fiscal 2013 compared with \$49.8 million, or \$1.56 per diluted share, in Fiscal 2012. The increase in Net income was primarily attributable to a decrease in Selling and administrative expenses, and an increase in Gross margin.

Adjusted EBITDA

Adjusted EBITDA was \$150.0 million for Fiscal 2013, compared to Adjusted EBITDA of \$107.7 million for Fiscal 2012. The increase was primarily attributable to the increase in Operating income of \$46.3 million.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. Our cash and cash equivalents and the ABL Facility serve as sources of liquidity for short-term working capital needs and general corporate purposes. We expect that our cash on hand and cash flows from operations, along with our ABL Facility will be adequate to meet our capital requirements and operational needs for the next 12 months. 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 sales and operating cash flows generally occurring in the fourth fiscal quarter of each year.

Prior to the Separation, our working capital needs were met primarily through funds generated from operations, with additional funding from Sears Holdings to meet short-term working capital needs, mainly for our seasonal inventory builds. Sears Holdings used a centralized approach to its United States domestic cash management and financing of its operations. The majority of our cash was transferred to Sears Holdings on a daily basis. Sears Holdings was also our only source of funding for our operating and investing activities prior to the Separation. The principal needs for which Sears Holdings funded Lands' End were to cover corporate and other expenses and to fund our seasonal inventory builds.

Description of Material Indebtedness

Debt Arrangements

Lands' End entered into an asset-based senior secured credit agreement, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders, which provides for maximum borrowings of \$175.0 million under the ABL Facility for Lands' End, subject to a borrowing base, with a \$30.0 million sub facility for the UK Borrower. The ABL Facility has a sub-limit of \$70.0 million for domestic letters of credit and a sub-limit of \$15.0 million for letters of credit for the UK Borrower. The ABL Facility is available for working capital and other general corporate purposes, and was undrawn at the Separation and at January 30, 2015, other than for letters of credit. The Company had borrowing availability under the ABL Facility of \$159.5 million as of January 30, 2015, net of outstanding letters of credit of \$15.5 million.

Also on April 4, 2014, Lands' End entered into a term loan credit agreement with Bank of America, N.A. and certain other lenders, with respect to the Term Loan Facility of \$515.0 million, the proceeds of which were used to pay a dividend of \$500.0 million to a subsidiary of Sears Holdings Corporation immediately prior to the Separation and to pay fees and expenses associated with the Facilities of approximately \$11.4 million, with the remaining proceeds to be used for general corporate purposes.

Maturity; Amortization and Prepayments

The ABL Facility will mature on April 4, 2019. The Term Loan Facility will mature on April 4, 2021 and will amortize at a rate equal to 1% per annum, and is subject to mandatory prepayment in an amount equal to a percentage of the borrower's excess cash flows in each fiscal year, ranging from 0% to 50% depending on Lands' End's secured leverage ratio, and the proceeds from certain asset sales and casualty events.

Guarantees; Security

All domestic obligations under the Facilities are 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 are guaranteed by its existing and future direct and indirect subsidiaries organized in the United Kingdom. The ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

The Term Loan Facility also is secured by a first priority security interest in certain property and assets of the borrowers and guarantors, including certain fixed assets and stock of subsidiaries. The ABL Facility is 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 based on a fluctuating rate of interest measured by reference to, at the borrowers' election, either (i) LIBOR plus a borrowing margin, or (ii) an alternative base rate plus a borrowing margin. The borrowing margin is fixed for the Term Loan Facility at 3.25% in the case of LIBOR loans and 2.25% in the case of base rate loans. For the Term Loan Facility, LIBOR is subject to a 1% interest rate floor. The borrowing margin for the ABL Facility is subject to adjustment based on the average excess availability under the ABL Facility for the preceding fiscal quarter, and will range from 1.50% to 2.00% in the case of LIBOR borrowings and will range from 0.50% to 1.00% in the case of base rate borrowings.

Customary agency fees are payable pursuant to the terms of the Facilities. The ABL Facility fees also include (i) commitment fees, based on a percentage ranging from approximately 0.25% to 0.375% of the daily unused portions of the facility, and (ii) customary letter of credit fees.

Representations and Warranties; Covenants

Subject to specified exceptions, the Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict the ability of Lands' End and its subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business. In addition, if excess availability under the ABL Facility falls below the greater of 10% of the loan cap amount or \$15.0 million, Lands' End will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0. The Facilities do not otherwise contain financial maintenance covenants. The Company was in compliance with all financial covenants related to the Facilities as of January 30, 2015.

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

Events of Default

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

Cash Flows from Operating Activities

Operating activities generated net cash of \$211.1 million, \$114.9 million and \$96.2 million in Fiscal 2014, Fiscal 2013, and Fiscal 2012, respectively. Our primary source of operating cash flows is the sale of merchandise goods and services to customers, while the primary use of cash in operations is the purchase of merchandise inventories.

In Fiscal 2014, net cash provided by operating activities increased \$96.2 million compared to Fiscal 2013 primarily due to improved inventory management and the net effect of changes in the settlement methods with our former parent company and certain suppliers resulting from the Separation, and increased Operating income,

partially offset by interest payments on debt. The net effect of changes in settlement methods with our former parent company and certain suppliers included approximately \$28.8 million in Accounts payable less \$3.5 million in Accounts receivable as of January 30, 2015. These items would have been included in equity as part of Net parent company investment prior to the Separation on April 4, 2014 from Sears Holdings.

In 2013, net cash provided by operating activities increased \$18.7 million compared to 2012 primarily due to higher net income, increases in accounts payable due to timing and volume of payments, partially offset by an increase in accounts receivables and the impact of the change in deferred tax liabilities.

Cash Flows from Investing Activities

Net cash used in investing activities was \$16.6 million, \$9.9 million and \$14.9 million for Fiscal 2014, Fiscal 2013, and Fiscal 2012, respectively. Cash used in investing activities for both periods was primarily used in investing in information technology infrastructure and property and equipment.

For Fiscal 2015, we plan to invest a total of approximately \$35 million in capital expenditures for strategic investments and infrastructure, primarily in technology and general corporate needs.

Cash Flows from Financing Activities

Net cash provided in / (used in) financing activities was \$8.2 million, \$(110.9) million and \$(68.8) million for Fiscal 2014, Fiscal 2013, and Fiscal 2012, respectively. Financing activities in Fiscal 2014 consisted of cash proceeds of \$515.0 million from our Term Loan Facility and a \$8.5 million contribution from Sears Holdings, offset by a \$500.0 million dividend paid to a subsidiary of Sears Holdings Corporation prior to the Separation, \$11.4 million of debt issuance costs related to the Facilities and \$3.9 million of payments on the Term Loan Facility. Financing activities for Fiscal 2014 prior to the Separation, Fiscal 2013 and Fiscal 2012 consisted of intercompany activity with Sears Holdings. Contributions from / (distributions to) parent company, net is the net effect of our former parent's intercompany settlement for transactions with the Lands' End business of Sears Holdings. Subsequent to the Separation, some of these activities are now included in cash flows from operating activities.

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 January 30, 2015, is aggregated in the following table:

<i>(in thousands)</i>	Payments Due by Period				
	Total	Less than 1 year	2-3 Years	4-5 Years	After 5 years
Operating leases ⁽¹⁾	\$ 118,449	\$ 29,123	\$ 53,896	\$ 30,074	\$ 5,356
Principal payments on long-term debt	511,138	5,150	10,300	10,300	485,388
Interest on long-term debt and ABL Facility fees	137,968	23,382	44,910	43,458	26,218
Purchase obligations ⁽²⁾	202,750	202,750	—	—	—
Total contractual obligations	\$ 970,305	\$ 260,405	\$ 109,106	\$ 83,832	\$ 516,962

(1) Operating lease obligations consist primarily of future minimum lease commitments related to store operating leases (refer to Note 4—Leases, of our consolidated and combined financial statements).

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

At January 30, 2015, Lands' End had UTBs of \$9.1 million, which are not reflected in the table above. We are unable to reasonably estimate the timing of liability payments arising from uncertain tax positions in individual years due to uncertainties in the timing of effective settlement of tax positions. Pursuant to the Tax Sharing

Agreement, Sears Holdings Corporation is generally responsible for all United States federal, state and local UTBs through the date of the Separation and, as such, the UTBs are recorded in Other liabilities in the Consolidated and Combined Balance Sheets, and an indemnification asset from Sears Holdings Corporation for the \$8.8 million pre-Separation UTBs is recorded in Other assets in the Consolidated and Combined Balance Sheets.

Financial Instruments with Off-Balance-Sheet Risk

Lands' End entered into the ABL Facility, which provides for maximum borrowings of \$175.0 million for Lands' End, subject to a borrowing base, with a \$30.0 million sub facility for the UK Borrower. The ABL Facility has a sub-limit of \$70.0 million for domestic letters of credit and a sub-limit of \$15.0 million for letters of credit for the UK Borrower. The ABL Facility is available for working capital and other general corporate purposes, and was undrawn at the Separation and at January 30, 2015, other than for letters of credit. The Company had borrowing availability under the ABL Facility of \$159.5 million as of January 30, 2015, net of outstanding letters of credit of \$15.5 million.

In addition, Lands' End has a \$2.1 million foreign subsidiary credit facility that is supported by a Lands' End, Inc. guarantee. This credit facility guarantees and allows for deferred payment of custom duties. This credit facility was not utilized during the fiscal years ended January 30, 2015 and January 31, 2014.

Application of Critical Accounting Policies and Estimates

Our consolidated and combined financial statements have been prepared in accordance with GAAP, which requires management to make estimates and judgments that affect amounts reported in the consolidated and 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 consolidated and combined financial statements. We believe the accounting policies discussed below represent the accounting policies we apply that are the most critical to understanding our consolidated and 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.

For financial reporting and tax purposes, the Company's United States inventory, primarily merchandise held for sale, is stated at last-in, first-out ("LIFO") cost, which is lower than market. The Company accounts for its non-United States inventory on the first-in, first-out ("FIFO") method. The United States inventory accounted for using the LIFO method was 83% and 85% of total inventory as of January 30, 2015 and January 31, 2014, respectively.

We continually make assessments as to whether the carrying cost of inventory exceeds its market value, and, if so, by what dollar amount. Excess inventories may be disposed of through our Direct segment and Retail segment. Based on historical results experienced through various methods of disposition, we write down the carrying value of inventories that are not expected to be sold at or above cost. The excess and obsolete reserve balances were \$18.2 million and \$26.0 million as of January 30, 2015 and January 31, 2014, respectively. For the inventory marked down to net realizable value, a one percentage point increase in our adjustment rate at January 30, 2015 would have had an immaterial impact on our consolidated and combined financial statements.

Goodwill and Intangible Asset Impairment Assessments

Goodwill, trade name and other intangible assets are tested separately for impairment on an annual basis, or are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The 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 Fiscal 2014, Fiscal 2013 and Fiscal 2012, 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 2014 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.

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 the reporting unit.

Indefinite-lived intangible asset impairment assessments. We review our indefinite-lived intangible asset, the Lands' End trade name, for impairment by comparing the carrying amount of the asset to 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.

During 2014, 2013 and 2012, the fair value of the indefinite-lived intangible asset exceeded its carrying values and, as such, we did not record any intangible asset impairment charges.

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 2014 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 60 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. The fair value of our indefinite-lived intangible asset exceeded its carrying value by 12% as of the date of our latest annual impairment test.

We do not believe that the indefinite-lived intangible asset balance is at risk of impairment at the end of the year based on the analysis described above. 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.

Revenue Recognition

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

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

Income taxes

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

At any point in time, many tax years are subject to or in the process of being audited by various taxing authorities. To the extent our estimates of settlements change or the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. Our income tax expense includes changes in our estimated liability for exposures associated with our various tax filing positions. Determining the income tax expense for these potential assessments requires management to make assumptions that are subject to factors such as proposed assessments by tax authorities, changes in facts and circumstances, issuance of new regulations, and resolution of tax audits.

We believe the judgments and estimates discussed above are reasonable. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements made in this Annual Report on Form 10-K contain forward-looking statements. 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 without limitation 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. Such statements are based upon the current beliefs and expectations of our management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements.

The following factors, among others, could cause our actual results, performance, and achievements to differ from those described 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; the success of our ERP implementation; 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; 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 have been executed in connection with the Separation or our failure to have necessary systems and services in place when certain of the transaction agreements expire; our agreements related to the Separation 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 Separation; the ability of our principal shareholders to exert substantial influence over us; adverse effects of the Separation on our business; potential liabilities under fraudulent conveyance and transfer laws and legal capital requirements; 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; stockholders' percentage ownership in Lands' End may be diluted in the future; and increases in our expenses and administrative burden in relation to being a public company, in particular to maintain compliance with certain provisions of the Sarbanes-Oxley Act of 2002; and other factors.

The foregoing factors should not be understood as exhaustive and should be read in conjunction with the other cautionary statements, including the "Risk Factors," that are included in this Annual Report filed on Form 10-K and in our other filings with the SEC and our other public announcements. 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 risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. 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 Annual Report on Form 10-K are made only as of the date of this Annual Report on Form 10-K, and we undertake no 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk inherent in our financial instruments represents the potential loss arising from adverse changes in currency rates. We have not been materially impacted by fluctuations in foreign currency exchange rates as a significant portion of our business is transacted in United States dollars, and is expected to continue to be transacted in United States dollars or United States dollar-based currencies. As of January 30, 2015 we had \$30.2 million of cash denominated in foreign currency, principally in British Pounds, Euros and Yen. We do not enter into financial instruments for trading purposes or hedging and have not used any derivative financial instruments. We do not consider our foreign earnings to be permanently reinvested.

We are subject to interest rate risk with our Term Loan Facility and our ABL Facility, as both require us to pay interest on outstanding borrowings at variable rates. Each one percentage point change in interest rates associated with the Term Loan Facility would result in a \$0.9 million change in our annual cash interest expenses. Assuming our ABL Facility was fully drawn to a principal amount equal to \$175.0 million, each one percentage point change in interest rates would result in a \$1.8 million change in our annual cash interest expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

<u>Report of Independent Registered Public Accounting Firm</u>	<u>51</u>
<u>Consolidated and Combined Statements of Comprehensive Operations for Fiscal Years Ended January 30, 2015, January 31, 2014 and February 1, 2013</u>	<u>53</u>
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<u>Consolidated and Combined Statements of Cash Flows for Fiscal Years Ended January 30, 2015, January 31, 2014 and February 1, 2013</u>	<u>55</u>
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated and combined balance sheets of Lands' End, Inc. and subsidiaries (the "Company") as of January 30, 2015 and January 31, 2014, and the related consolidated and combined statements of comprehensive operations, cash flows, and stockholders' equity for each of the three fiscal years in the period ended January 30, 2015. We also have audited the Company's internal control over financial reporting as of January 30, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We 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 financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of Lands' End, Inc. and subsidiaries as of January 30, 2015 and January 31, 2014, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 30, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 30, 2015, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 1 and Note 10, the combined financial statements, constituting the periods prior to April 4, 2014, include the Lands' End business of Sears Holdings Corporation and 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 prior to April 4, 2014.

/s/ DELOITTE & TOUCHE LLP

Davenport, Iowa
April 17, 2015

LANDS' END, INC.
Consolidated and Combined Statements of Comprehensive Operations
for Fiscal Years Ended January 30, 2015, January 31, 2014 and February 1, 2013

(in thousands except per share data)

	2014	2013	2012
REVENUES			
Merchandise sales and services, net	\$ 1,555,353	\$ 1,562,876	\$ 1,585,927
COSTS AND EXPENSES			
Cost of sales (excluding depreciation and amortization)	819,422	852,539	881,817
Selling and administrative	573,335	560,327	598,916
Depreciation and amortization	19,703	21,599	23,121
Other operating expense, net	3,250	70	70
Total costs and expenses	1,415,710	1,434,535	1,503,924
Operating income	139,643	128,341	82,003
Interest expense	20,494	—	—
Other income, net	1,408	50	67
Income before income taxes	120,557	128,391	82,070
Income tax expense	46,758	49,544	32,243
NET INCOME	\$ 73,799	\$ 78,847	\$ 49,827
Other comprehensive (loss) income, net of tax			
Foreign currency translation adjustments	(5,303)	1,166	(1,623)
COMPREHENSIVE INCOME	\$ 68,496	\$ 80,013	\$ 48,204
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO STOCKHOLDERS (Note 2)			
Basic:	\$ 2.31	\$ 2.47	\$ 1.56
Diluted:	\$ 2.31	\$ 2.47	\$ 1.56
Basic weighted average common shares outstanding	31,957	31,957	31,957
Diluted weighted average common shares outstanding	32,016	31,957	31,957

See accompanying Notes to Consolidated and Combined Financial Statements.

LANDS' END, INC.
Consolidated and Combined Balance Sheets

<i>(in thousands, except share data)</i>	January 30, 2015	January 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 221,454	\$ 22,411
Restricted cash	3,300	3,300
Accounts receivable, net	30,073	33,617
Inventories, net	301,367	369,928
Deferred tax assets	3,438	—
Prepaid expenses and other current assets	31,408	21,993
Total current assets	591,040	451,249
Property and equipment, net	101,223	101,096
Goodwill	110,000	110,000
Intangible assets, net	528,712	531,342
Other assets	22,462	588
TOTAL ASSETS	\$ 1,353,437	\$ 1,194,275
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 132,796	\$ 115,387
Deferred tax liabilities	—	4,019
Other current liabilities	107,553	83,955
Total current liabilities	240,349	203,361
Long-term debt	505,988	—
Long-term deferred tax liabilities	184,483	195,534
Other liabilities	18,424	3,066
TOTAL LIABILITIES	949,244	401,961
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01 - authorized: 480,000,000 shares; issued and outstanding: 31,956,521 as of January 30, 2015	320	—
Additional paid-in capital	342,294	—
Retained earnings	68,877	—
Net parent company investment	—	794,309
Accumulated other comprehensive loss	(7,298)	(1,995)
Total stockholders' equity	404,193	792,314
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,353,437	\$ 1,194,275

See accompanying Notes to Consolidated and Combined Financial Statements.

LANDS' END, INC.
Consolidated and Combined Statements of Cash Flows
for Fiscal Years Ended January 30, 2015, January 31, 2014 and February 1, 2013

<i>(in thousands)</i>	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 73,799	\$ 78,847	\$ 49,827
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,703	21,599	23,121
Product recall	4,713	—	—
Amortization of debt issuance costs	1,563	—	—
Loss on disposal of property and equipment	239	70	70
Stock-based compensation	2,118	—	—
Deferred income taxes	17,545	(4,961)	3,066
Change in operating assets and liabilities:			
Inventories	64,252	10,007	14,672
Accounts payable	19,207	9,145	1,443
Other operating assets	(9,342)	(3,946)	4,739
Other operating liabilities	17,324	4,158	(690)
Net cash provided by operating activities	211,121	114,919	96,248
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment	—	14	15
Change in restricted cash	—	—	82
Purchases of property and equipment	(16,608)	(9,887)	(14,993)
Net cash used in investing activities	(16,608)	(9,873)	(14,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions from / (distributions to) Sears Holdings, net	8,481	(110,936)	(68,799)
Proceeds from issuance of long-term debt	515,000	—	—
Payments on term loan facility	(3,862)	—	—
Debt issuance costs	(11,433)	—	—
Dividend paid to a subsidiary of Sears Holdings Corporation	(500,000)	—	—
Net cash provided by (used in) financing activities	8,186	(110,936)	(68,799)
Effects of exchange rate changes on cash	(3,656)	44	90
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	199,043	(5,846)	12,643
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,411	28,257	15,614
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 221,454	\$ 22,411	\$ 28,257
SUPPLEMENTAL INFORMATION:			
Supplemental Cash Flow Data:			
Unpaid liability to acquire property and equipment	\$ 4,157	\$ 2,208	\$ 1,534
Income taxes paid	\$ 19,842	\$ 4,059	\$ 5,333
Interest paid	\$ 18,726	\$ —	\$ —

See accompanying Notes to Consolidated and Combined Financial Statements.

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

<i>(in thousands except share data)</i>	Common Stock Issued		Additional Paid- in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Net Parent Company Investment	Total Stockholders' Equity
	Shares	Amount					
Balance at January 27, 2012	—	\$ —	\$ —	\$ —	\$ (1,538)	\$ 845,370	\$ 843,832
Net Income	—	—	—	—	—	49,827	49,827
Cumulative translation adjustment, net of tax	—	—	—	—	(1,623)	—	(1,623)
Distribution to Sears Holdings, net	—	—	—	—	—	(68,799)	(68,799)
Balance at February 1, 2013	—	—	—	—	(3,161)	826,398	823,237
Net income	—	—	—	—	—	78,847	78,847
Cumulative translation adjustment, net of tax	—	—	—	—	1,166	—	1,166
Distributions to Sears Holdings, net	—	—	—	—	—	(110,936)	(110,936)
Balance at January 31, 2014	—	—	—	—	(1,995)	794,309	792,314
Net income	—	—	—	68,877	—	4,922	73,799
Cumulative translation adjustment, net of tax	—	—	—	—	(5,303)	—	(5,303)
Stock-based compensation expense	—	—	2,118	—	—	—	2,118
Contribution from Sears Holdings, net	—	—	—	—	—	8,481	8,481
Dividend paid to Sears Holdings	—	—	—	—	—	(500,000)	(500,000)
Separation related adjustments	—	—	—	—	—	32,784	32,784
Reclassification of net parent company investment to common stock and additional paid-in capital in conjunction with the Separation	31,956,521	320	340,176	—	—	(340,496)	—
Balance at January 30, 2015	<u>31,956,521</u>	<u>\$ 320</u>	<u>\$ 342,294</u>	<u>\$ 68,877</u>	<u>\$ (7,298)</u>	<u>\$ —</u>	<u>\$ 404,193</u>

See accompanying Notes to Consolidated and Combined Financial Statements.

LANDS' END, INC.
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 1. BACKGROUND AND BASIS OF PRESENTATION

Description of Business and Separation

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

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

- Fiscal 2014 - The fifty-two weeks ended January 30, 2015
- Fiscal 2013 - The fifty-two weeks ended January 31, 2014
- Fiscal 2012 - The fifty-three weeks ended February 1, 2013
- Fiscal 2015 - The Company's next fiscal year representing the fifty-two weeks ending January 29, 2016
- Sears Holdings or Sears Holdings Corporation - Sears Holdings Corporation, a Delaware Corporation, and its consolidated subsidiaries (other than, for all periods following the Separation, Lands' End)
- Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders
- EPS - Earnings per share
- ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert
- ABL Facility - Asset-based senior secured credit agreements, dated as of April 4, 2014, with Bank of America, N.A and certain other lenders
- Term Loan Facility - Term loan credit Agreement, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders
- Facilities - Collectively, the ABL Facility and the Term Loan Facility
- UK Borrower - A United Kingdom subsidiary borrower of Lands' End under the ABL Facility
- GAAP - Accounting principles generally accepted in the United States
- SEC - United States Securities and Exchange Commission
- FASB - Financial Accounting Standards Board
- FASB ASC - FASB Accounting Standards Codification, which serves as the source for authoritative GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative GAAP for SEC registrants
- ASU - FASB Accounting Standards Update
- Tax Sharing Agreement - A tax sharing agreement entered into by Sears Holdings Corporation and Lands' End in connection with the Separation
- UTBs - Gross unrecognized tax benefits
- Sears Roebuck - Sears, Roebuck and Co., a subsidiary of Sears Holdings Corporation
- SHMC - Sears Holdings Management Corporation, a subsidiary of Sears Holdings Corporation
- SHCP - SHC Promotions LLC, a subsidiary of Sears Holdings Corporation

- CAM - Common area maintenance for leased properties
- SYWR - Shop Your Way Rewards member loyalty program

On March 14, 2014, the board of directors of Sears Holdings approved the distribution of the issued and outstanding shares of Lands' End common stock on the basis of 0.300795 shares of Lands' End common stock for each share of Sears Holdings Corporation common stock held on March 24, 2014. Sears Holdings Corporation distributed 100 percent of the outstanding common stock of Lands' End to its shareholders on April 4, 2014.

A Registration Statement on Form 10 relating to the Separation was filed by the Company with the SEC, and was subsequently amended by the Company and declared effective by the SEC on March 17, 2014. The Company's common stock began "regular way" trading on the NASDAQ Stock Market after the distribution date under the symbol "LE".

Prior to the completion of the Separation, Sears Holdings transferred all the remaining assets and liabilities of Lands' End that were held by Sears Holdings to Lands' End or its subsidiaries. Lands' End also paid a dividend of \$500.0 million to a subsidiary of Sears Holdings Corporation.

Basis of Presentation

The financial statements presented herein represent (i) periods prior to April 4, 2014 when Lands' End was a wholly owned subsidiary of Sears Holdings Corporation (referred to as "Combined Financial Statements") and (ii) the period as of and subsequent to April 4, 2014 when Lands' End became a separate publicly-traded company (referred to as "Consolidated Financial Statements").

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

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

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

The Combined Balance Sheets include the allocation of certain assets and liabilities that have historically been held by Sears Holdings but which are specifically identifiable or allocable to Lands' End. All intracompany transactions and accounts have been eliminated. Prior to the Separation, all intercompany transactions between Sears Holdings and Lands' End were considered to be effectively settled in the Combined Financial Statements at the time the transactions were 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.

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

As a business operation of Sears Holdings, Lands' End did not maintain its own tax and certain other corporate support functions prior to the Separation. Lands' End entered into agreements with Sears Holdings for the continuation of certain of these services, as well as to support the Lands' End Shops at Sears. These expenses had been allocated to Lands' End based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis based upon 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 historical 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 stand-alone company during all periods presented. See Note 10 - Related Party Agreements and Transactions.

Prior to the Separation, Sears Holdings provided financing, cash management and other treasury services to Lands' End. Sears Holdings used a centralized approach to its United States domestic cash management and financing of its operations. The majority of the Company's cash was transferred to Sears Holdings on a daily basis. Sears Holdings was also the Company's only source of funding for its operating and investing activities. Upon Separation, cash and restricted cash held by Sears Holdings were not allocated to Lands' End unless the cash or restricted cash was held by an entity that was transferred to Lands' End. Sears Holdings' third-party debt, and the related interest expense, was not allocated to Lands' End for any of the periods presented as it was not the legal obligor of the debt and the Sears Holdings' borrowings were not directly attributable to the Company's 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 Years 2014 and 2013 each consisted of 52 weeks while Fiscal Year 2012 consisted of 53 weeks. Unless the context otherwise requires. The following fiscal periods are presented in this report.

<u>Fiscal Year</u>	<u>Ended</u>	<u>Weeks</u>
2014	January 30, 2015	52
2013	January 31, 2014	52
2012	February 1, 2013	53

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 that affect the reportable amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company includes deposits in-transit from banks for payments related to third-party credit card and debit card transactions within cash.

Restricted cash

The Company classifies cash balances pledged as collateral for an employee benefit trust fund as Restricted cash on the Consolidated and Combined Balance Sheets.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based on both historical experience and specific identification. Allowances for doubtful accounts on accounts receivable balances were \$0.7 million and \$1.0 million as of January 30, 2015 and January 31, 2014, respectively. 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>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Beginning balance	\$ 1,031	\$ 1,316	\$ 1,293
Provision	371	444	721
Write-offs	(714)	(729)	(698)
Ending balance	\$ 688	\$ 1,031	\$ 1,316

Inventory

Inventories primarily consist of merchandise purchased for resale. For financial reporting and tax purposes, the Company's United States inventory, primarily merchandise held for sale, is stated at last-in, first-out ("LIFO") cost, which is lower than market. The Company accounts for its non-United States inventory on the first-in, first-out ("FIFO") method. The United States inventory accounted for using the LIFO method was 83% and 85% of total inventory as of January 30, 2015 and January 31, 2014, respectively. If the FIFO method of accounting for inventory had been used, the effect on inventory would have been immaterial as of January 30, 2015 and January 31, 2014.

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 \$18.2 million and \$26.0 million January 30, 2015 and January 31, 2014, respectively.

Deferred Catalog Costs and Marketing

Costs incurred for direct response marketing consist primarily of catalog production and mailing costs that are generally amortized within two months from the date catalogs are mailed. Unamortized marketing costs reported as prepaid assets were \$20.7 million and \$15.6 million as of January 30, 2015 and January 31, 2014, respectively. The Company expenses the costs of marketing for website, magazines, newspaper, radio and other general media when the marketing takes place. Marketing expenses, including catalog costs amortization, website-related costs and other print media were \$208.0 million, \$198.6 million and \$204.1 million for Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively. These costs are included within Selling and administrative expenses in the accompanying Consolidated and 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. As of the balance sheet dates, Property and equipment, net consisted of the following:

<i>(in thousands)</i>	Asset Lives	January 30, 2015	January 31, 2014
Land	—	3,529	3,563
Buildings and improvements	15-30	100,583	101,249
Furniture, fixtures and equipment	3-10	76,938	75,625
Computer hardware and software	3-5	73,062	65,810
Leasehold improvements	3-7	12,781	12,517
Gross property and equipment		266,893	258,764
Accumulated depreciation		(165,670)	(157,668)
Total property and equipment, net		101,223	101,096

Depreciation expense is recorded over the estimated useful lives of the respective assets using the straight-line method. Leasehold improvements are depreciated over the shorter of the associated lease term or the estimated useful life of the asset. Depreciation expense included within Depreciation and amortization expense reported in the accompanying Consolidated and Combined Statements of Comprehensive Operations was \$17.1 million, \$19.0 million and \$20.5 million for Fiscal 2014, Fiscal 2013 and Fiscal 2012, 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 Fiscal 2014, Fiscal 2013 or Fiscal 2012.

Goodwill and Intangible Asset Impairment Assessments

Goodwill, trade name and other intangible assets are tested separately for impairment on an annual basis, or are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The majority of the Company's goodwill and intangible assets relate to Kmart Holding Corporation'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. Lands' End recognizes an impairment loss if the asset's carrying value exceeds its estimated fair value.

Frequently the Company's 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. Lands' End performs annual goodwill and indefinite-lived intangible asset impairment tests on the last day of the Company's November accounting period each year and updates the tests between annual tests if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying amount. However, if actual results are not consistent with the Company's estimates and assumptions used in estimating future cash flows and asset fair values, the Company may be exposed to losses that could be material.

Goodwill impairment assessments. The Company's 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. Lands' End estimates 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 the Company's 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. The Company's 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, the Company allocates 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, the Company records an impairment charge for the difference.

During Fiscal 2014, Fiscal 2013 and Fiscal 2012, the fair value of the reporting unit exceeded the carrying value and, as such, the Company did not record any goodwill impairment charges.

Indefinite-lived intangible asset impairment assessments. Lands' End reviews the Company's indefinite-lived intangible asset, 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. The Company considers the income approach when testing the intangible asset with indefinite life for impairment on an annual basis. Lands' End determined that the income approach, specifically the relief from royalty method, was most appropriate for analyzing the Company's indefinite-lived asset. This method is based on the assumption that, in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset class. The relief from royalty method involves two steps: (1) estimation of reasonable royalty rates for the assets and (2) the application of these royalty rates to a net sales stream and discounting the resulting cash flows to determine a value. The Company 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.

During Fiscal 2014, Fiscal 2013 and Fiscal 2012, the fair value of the indefinite-lived intangible asset exceeded its carrying value and, as such, the Company did not record any intangible asset impairment charges.

Financial Instruments with Off-Balance-Sheet Risk

Lands' End entered into the ABL Facility, which provides for maximum borrowings of \$175.0 million for Lands' End, subject to a borrowing base, with a \$30.0 million sub facility for the UK Borrower. The ABL Facility has a sub-limit of \$70.0 million for domestic letters of credit and a sub-limit of \$15.0 million for letters of credit for the UK Borrower. The ABL Facility is available for working capital and other general corporate purposes, and was undrawn at the Separation and at January 30, 2015, other than for letters of credit. The Company had borrowing availability under the ABL Facility of \$159.5 million as of January 30, 2015, net of outstanding letters of credit of \$15.5 million.

Fair Value of Financial Instruments

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

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of accounts receivable. Total accounts receivable were \$30.1 million and \$33.6 million as of January 30, 2015 and January 31, 2014, respectively. Bad debt expense was \$0.4 million and \$0.5 million in Fiscal 2014 and Fiscal 2013, respectively. At January 30, 2015 accounts receivable included \$5.7 million due from Sears Holdings.

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

Long-term debt is reflected in the Consolidated and Combined Balance Sheets at amortized cost. The fair value of debt was determined utilizing level 2 valuation techniques based on the closing inactive market bid price on January 30, 2015. See Note 8—Fair Value of Financial Assets and Liabilities.

Foreign Currency Translations and Transactions

The Company translates the assets and liabilities of foreign subsidiaries from their respective functional currencies to United States dollars at the appropriate spot rates as of the balance sheet date. Revenue and expenses of operations are translated to United States dollars using weighted average exchange rates during the year. The foreign subsidiaries use the local currency as their functional currency. The effects of foreign currency translation adjustments are included as a component of Accumulated other comprehensive loss in the accompanying Consolidated and Combined Statements of Changes in Stockholders' Equity. The Company recognized net foreign exchange transaction losses of \$4.7 million, \$1.8 million and \$3.7 million in Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively, in the accompanying Consolidated and Combined Statements of Comprehensive Operations.

Revenue Recognition

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

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 Consolidated and Combined Balance Sheets.

Reserves for sales returns and allowances consisted of the following:

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Beginning balance	\$ 13,805	\$ 13,524	\$ 14,607
Provision	187,000	211,505	231,817
Write-offs	(186,937)	(211,224)	(232,900)
Ending balance	<u>\$ 13,868</u>	<u>\$ 13,805</u>	<u>\$ 13,524</u>

The Company sells gift certificates, gift cards and e-certificates (collectively, "gift cards") to customers through both the Direct and Retail segments. The gift cards do not have expiration dates. Revenue from gift cards are recognized when (i) the gift card is redeemed by the customer for merchandise, or (ii) after 3 years when the

likelihood of the gift card being redeemed by the customer is remote (“gift card breakage”) and the Company does not have a legal obligation to remit the value of the unredeemed gift cards to the relevant jurisdictions. Revenue recognized from gift card breakage was \$1.7 million, \$1.7 million and \$1.5 million in Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively.

Cost of Sales

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

The Company participates in Sears Holdings' Shop Your Way Rewards member loyalty program. The expenses for this program are recorded in Cost of sales, as described in Note 10—Related Party Agreements and Transactions.

Selling and Administrative Expenses

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

Prior to the Separation, expenses related to the Lands' End Shops at Sears were allocated to the Company by Sears Holdings, as well as shared services, co-location and services costs. Subsequent to the Separation, these expenses were charged to the Company by Sears Holdings. Selling and administrative expenses included \$62.3 million, \$68.4 million and \$75.4 million in Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively, of costs allocated or charged to the Company by Sears Holdings. See Note 10—Related Party Agreements and Transactions.

In September 2012, the Company recognized \$2.5 million of restructuring expenses, primarily severance, related to an initiative to reduce the corporate cost structure. The liability on the Consolidated and Combined Balance Sheet as of January 31, 2014 was not material.

Other Operating Expense

Other operating expense in Fiscal 2014 consisted primarily of \$3.0 million in costs associated with a recall of selected styles of children's sleepwear that did not meet the federal flammability standard. See Note 15—Subsequent Event.

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 paid all United States federal, state and local taxes attributable to the Lands' End business prior to the Separation and the related taxes payable and tax payments are reflected directly in Net parent company investment in the Combined Balance Sheets. Prior to the Separation taxes paid by Lands' End only represent taxes for its wholly owned foreign subsidiaries. Following the Separation, Lands' End is responsible for all taxes due. Taxes paid by Lands' End were \$19.8 million, \$4.1 million and \$5.3 million for Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively.

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

Tax positions are recognized when they are more likely than not to be sustained upon examination. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon settlement. The Company is subject to periodic audits by the United States Internal Revenue Service and other state and local taxing authorities. These audits may challenge certain of the Company's tax positions such as the timing and amount of income and deductions and the allocation of taxable income to various tax jurisdictions. The Company evaluates its tax positions and establishes liabilities in accordance with the applicable accounting guidance on uncertainty in income taxes. These tax uncertainties are reviewed as facts and circumstances change and are adjusted accordingly. This requires significant management judgment in estimating final outcomes. Interest and penalties are classified as Income tax expense in the Consolidated and 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 \$14.1 million, \$16.2 million and \$15.8 million for Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively.

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

Postretirement Benefit Plan

Effective January 1, 2006, the Company decided to indefinitely suspend eligibility to the postretirement medical plan for future company retirees. 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 Fiscal 2014, Fiscal 2013 and Fiscal 2012. At the time of the Separation the \$1.5 million liability related to postretirement benefits was transferred to Sears Holdings Corporation as it assumed administration and funding of the plan after the Separation. This transaction was accounted for as an adjustment to Net parent company investment and did not result in cash flows. The net liability of the plan was \$1.5 million and is included in the Combined Balance Sheet as of January 31, 2014. See Note 7—Postretirement Benefits and Retirement Plan.

Other Comprehensive Income (Loss)

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

(in thousands)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Beginning balance: Accumulated other comprehensive loss (net of tax of \$1,211, \$1,938 and \$942, respectively)	\$ (1,995)	\$ (3,161)	\$ (1,538)
Other comprehensive income (loss)			
Foreign currency translation adjustments (net of tax (expense) benefit of \$2,720, \$(727), and \$996, respectively)	(5,303)	1,166	(1,623)
Ending balance: Accumulated other comprehensive loss (net of tax of \$3,931, \$1,211, and \$1,938, respectively)	<u>\$ (7,298)</u>	<u>\$ (1,995)</u>	<u>\$ (3,161)</u>

Comprehensive income—no amounts were reclassified out of Accumulated other comprehensive loss during any of the periods presented.

Stock-Based Compensation

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

Earnings per Share

The numerator for both basic and diluted EPS is net income attributable to Lands' End. The denominator for basic EPS is based upon the number of weighted average shares of Lands' End common stock outstanding during the reporting periods. The denominator for diluted EPS is based upon the number of weighted average shares of Lands' End common stock and common stock equivalents outstanding during the reporting periods using the treasury stock method in accordance with the FASB ASC. For periods ended April 4, 2014 and prior, basic EPS is computed using the number of shares of Lands' End common stock outstanding on April 4, 2014, the date on which the Lands' End common stock was distributed to the stockholders of Sears Holdings Corporation. The same number of shares was used to calculate basic and diluted EPS for Fiscal 2013 and Fiscal 2012 as there were no dilutive securities during these periods.

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

(in thousands, except per share amounts)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net income	\$ 73,799	\$ 78,847	\$ 49,827
Basic weighted average shares outstanding	31,957	31,957	31,957
Dilutive effect of stock awards	59	—	—
Diluted weighted average shares outstanding	32,016	31,957	31,957
Basic earnings per share	\$ 2.31	\$ 2.47	\$ 1.56
Diluted earnings per share	\$ 2.31	\$ 2.47	\$ 1.56

Anti-dilutive stock awards are comprised of awards which are anti-dilutive in the application of the treasury stock method. There were no anti-dilutive securities excluded from the diluted weighted average shares outstanding.

New Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under today's guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. This guidance will be effective for Lands' End in the first quarter of its fiscal year ending February 2, 2018. The Company is currently in the process of evaluating the impact of adoption of this ASU on the Company's Consolidated and Combined Financial Statements.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which modifies the requirements for disposals to qualify as discontinued operations and expands related disclosure requirements. This guidance will be effective for Lands' End in its fiscal year ending January 29, 2016. The adoption of this guidance is not expected to have a material impact on the Company's Consolidated and Combined Financial Statements.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which changes the required presentation of debt issuance costs from an asset on the balance sheet to a deduction from the related debt liability. This guidance will be effective for Lands' End in its fiscal year ending January 27, 2017. The adoption of this guidance is not expected to have a material impact on the Company's Consolidated and Combined Financial Statements.

NOTE 3. INCOME TAXES

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

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Income before income taxes:			
United States	\$ 114,772	\$ 117,318	\$ 65,131
Foreign	5,785	11,073	16,939
Total income before income taxes	<u>\$ 120,557</u>	<u>\$ 128,391</u>	<u>\$ 82,070</u>

The components of the provision for income taxes are as follows:

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
United States	\$ 44,503	\$ 46,272	\$ 27,645
Foreign	2,255	3,272	4,598
Total provision	<u>\$ 46,758</u>	<u>\$ 49,544</u>	<u>\$ 32,243</u>

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Current:			
Federal	\$ 20,902	\$ 46,355	\$ 18,892
State	6,361	5,631	5,678
Foreign	1,950	2,519	4,607
Total current	<u>29,213</u>	<u>54,505</u>	<u>29,177</u>
Deferred:			
Federal	14,579	(4,238)	3,725
State	2,661	(426)	(650)
Foreign	305	(297)	(9)
Total deferred	<u>17,545</u>	<u>(4,961)</u>	<u>3,066</u>
Total provision	<u>\$ 46,758</u>	<u>\$ 49,544</u>	<u>\$ 32,243</u>

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

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Tax at statutory federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	2.9%	2.6%	4.0%
Other, net	0.9%	1.0%	0.3%
Total	<u>38.8%</u>	<u>38.6%</u>	<u>39.3%</u>

Deferred tax assets and liabilities consisted of the following:

<i>(in thousands)</i>	January 30, 2015	January 31, 2014
Deferred tax assets:		
Deferred revenue	\$ 7,894	\$ 4,144
Credit carryforwards	5,964	—
Product recall and other reserves	5,253	—
Deferred compensation	4,823	—
Reserve for returns	4,695	4,376
Benefit plans	—	1,734
Inventory	4,822	5,631
Property and equipment	153	1,233
Insurance reserves	827	945
Other	10,469	8,323
Total deferred tax assets	44,900	26,386
Deferred tax liabilities:		
Intangible assets	197,786	197,680
LIFO reserve	19,864	17,924
Unremitted foreign earnings	4,782	4,178
Catalog marketing	3,474	3,280
Other	39	2,877
Total deferred tax liabilities	225,945	225,939
Net deferred tax liability	181,045	199,553
Less current deferred tax (asset) liability	(3,438)	4,019
Long-term deferred tax liability	\$ 184,483	\$ 195,534

The Company has a deferred tax asset of approximately \$6.0 million in foreign tax credits which are being carried forward and will expire in 2023.

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

<i>(in thousands)</i>	Federal, State and Foreign Tax		
	Fiscal 2014	Fiscal 2013	Fiscal 2012
Gross UTB balance at beginning of period	\$ 8,718	\$ 8,507	\$ 8,209
Tax positions related to the current period—gross increases	364	252	298
Tax positions related to the prior periods—gross decreases	—	(41)	—
Settlements	—	—	—
Lapse of statutes of limitations	—	—	—
Gross UTB balance at end of period	\$ 9,082	\$ 8,718	\$ 8,507

As of January 30, 2015, the Company had UTBs of \$9.1 million. Of this amount, \$5.9 million would, if recognized, impact its effective tax rate. The Company does not expect that UTBs 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 Corporation is generally responsible for all United States federal, state and local UTBs through the date of the Separation and, as such, the UTBs are recorded in Other liabilities in the Consolidated and Combined Balance Sheets, and an indemnification asset from Sears Holdings Corporation for the \$8.8 million pre-Separation UTBs is recorded in Other assets in the Consolidated and 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 January 30, 2015, the total amount of interest expense and penalties recognized on the balance sheet was \$5.5 million (\$3.6 million net of federal benefit). As of January 31, 2014, the total amount of interest and penalties recognized on the balance sheet was \$4.9 million (\$3.2 million net of federal benefit). The total amount of net interest expense recognized in the Consolidated and Combined Statements of Comprehensive Operations was \$0.4 million, \$0.4 million and \$0.8 million for Fiscal 2014, Fiscal 2013 and Fiscal 2012. Sears Holdings and Lands' End files income tax returns in both the United States and various foreign jurisdictions. The Internal Revenue Service has completed its examination of all federal income tax returns of Sears Holdings through the 2009 return, and all matters arising from such examinations have been resolved. Sears Holdings and the Company are under examination by various state income tax jurisdictions for the years 2002–2012.

Impacts of Separation

Prior to the Separation, the tax provision and related tax accounts represented the tax attributable to the Company as if the Company filed a separate tax return. However, the computed obligations were settled through Sears Holdings Corporation. Accordingly, the taxes payable and related tax payments were reflected directly in Net parent company investment in the Consolidated and Combined Balance Sheets.

As a result of the Separation, the Company will be filing its own income tax returns and, as a result certain tax attributes previously included in Net parent company investment have been reclassified. Specifically, subsequent to the Separation the Company reclassified (i) \$30.4 million of deferred tax assets related primarily to foreign tax credits; and (ii) a \$13.7 million reserve for uncertain tax positions (including penalties and interest) out of Net parent company investment and into Deferred tax liabilities and Other liabilities, respectively, in the Consolidated and Combined Balance Sheets. In addition, pursuant to the tax sharing agreement, a \$13.7 million receivable was recorded by the Company to reflect the indemnification by Sears Holdings Corporation of the pre-Separation uncertain tax positions (including penalties and interest) for which Sears Holdings is responsible. This receivable has been included in Other assets in the Consolidated and Combined Balance Sheets.

NOTE 4. LEASES

The Company leases stores, office space and warehouses under various leasing arrangements. As of January 30, 2015, the Company leases store space in 236 Sears Holdings store locations (see Note 10—Related Party Agreements and Transactions) and 14 Lands' End Inlet Stores. The total number of retail stores, 255, includes one Lands' End Inlet Store that is owned by the Company and 5 international shop-in-shops which have no required minimum lease payments. All leases are accounted for as operating leases. Operating lease obligations are based upon contractual minimum rents. Certain leases include renewal options.

Total rental expense under operating leases was \$32.0 million, \$33.1 million and \$34.5 million for Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively.

Total future commitments under these operating leases (primarily leased Lands' End Shops at Sears space at Sears Holdings locations as described in Note 10—Related Party Agreements and Transactions) as of January 30, 2015 are as follows for the years ending (in thousands):

	2015 \$	29,123
	2016	27,380
	2017	26,516
	2018	18,365
	2019	11,709
Thereafter		5,356

NOTE 5. STOCK-BASED COMPENSATION

Accounting standards require, among other things, that (i) the fair value of all stock awards be expensed over their respective vesting periods; (ii) the amount of cumulative compensation cost recognized at any date must at least be equal to the portion of the grant-date value of the award that is vested at that date and (iii) compensation expense include a forfeiture estimate for those shares not expected to vest. Also in accordance with these provisions, for awards that only have a service requirement with multiple vest dates, the Company is required to recognize compensation cost on a straight-line basis over the requisite service period for the entire award.

The Company has granted time vesting stock awards ("Deferred Awards") and performance-based stock awards ("Performance Awards") to employees at management levels and above. Deferred Awards were granted in the form of restricted stock units that only require each recipient to complete a service period. Deferred Awards generally vest ratably over three years. Performance Awards were granted in the form of restricted stock units which have, in addition to a service requirement, performance criteria that must be achieved for the awards to be earned. Performance Awards have annual vesting, but due to the performance criteria, are not eligible for straight-line expensing. Therefore, Performance Awards are amortized using a graded expense process. The fair value of all awards is based on the closing price of the Company's common stock on the grant date. Compensation expense is reduced for estimated forfeitures of those awards not expected to vest due to employee turnover.

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

<i>(in thousands)</i>	Fiscal 2014
Performance Awards	\$ 1,883
Deferred Awards	235
Total stock-based compensation expense	<u>\$ 2,118</u>

Stock-based compensation costs for certain executives participating in stock-based compensation plans administered by Sears Holdings were included in Selling and administrative expenses and were not material for Fiscal 2013 and Fiscal 2012.

Awards Granted Year to Date January 30, 2015

The Company granted Deferred Awards and Performance Awards to various employees during Fiscal 2014. Generally, the Deferred Awards have a three year vesting period with 25% of the award vesting in both the first and second years and 50% vesting in the third year. In general, the Performance Awards granted to executives vest over a 3-year service period and have a performance measure at the end of the first year of service. If earned, 25% of the awards vest in the first and second years and 50% vests in the third year.

Changes in the Company's Unvested Stock Awards Year to Date January 30, 2015

Deferred Awards

	<u>Number of Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
	(in thousands)	
Unvested Deferred Awards, beginning of period	—	\$ —
Granted	47	27.86
Forfeited	(3)	27.58
Unvested Deferred Awards, end of period	<u>44</u>	<u>28.01</u>

Total unrecognized stock-based compensation expense related to unvested Deferred Awards approximated \$1.0 million as of January 30, 2015, which will be recognized over a weighted average period of approximately 2.3 years.

Performance Awards

	Number of Shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested Performance Awards, beginning of period	—	\$ —
Granted	304	27.56
Forfeited	(107)	26.73
Unvested Performance Awards, end of period	<u>197</u>	<u>28.01</u>

Total unrecognized stock-based compensation expense related to unvested Performance Awards approximated \$3.6 million as of January 30, 2015, which will be recognized over a weighted average period of approximately 2.3 years.

NOTE 6. DEBT

Debt Arrangements

In connection with the Separation, Lands' End entered into an ABL Facility, which provides for maximum borrowings of \$175.0 million for Lands' End, subject to a borrowing base, with a \$30.0 million sub facility for the UK Borrower. The ABL Facility has a sub-limit of \$70.0 million for domestic letters of credit and a sub-limit of \$15.0 million for letters of credit for the UK Borrower. The ABL Facility is available for working capital and other general corporate purposes, and was undrawn at the Separation and at January 30, 2015, other than for letters of credit. The Company had borrowing availability under the ABL Facility of \$159.5 million as of January 30, 2015, net of outstanding letters of credit of \$15.5 million.

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

Maturity; Amortization and Prepayments

The ABL Facility will mature on April 4, 2019. The Term Loan Facility will mature on April 4, 2021, will amortize at a rate equal to 1% per annum, and is subject to mandatory prepayment in an amount equal to a percentage of the borrower's excess cash flows in each fiscal year, ranging from 0% to 50% depending on Lands' End's secured leverage ratio, and the proceeds from certain asset sales and casualty events. The Company's aggregate scheduled maturities of the Term Loan Facility as of January 30, 2015 are as follows:

(in thousands)

Less than 1 year	\$ 5,150
1 - 2 years	5,150
2 - 3 years	5,150
3 - 4 years	5,150
4 - 5 years	5,150
Thereafter	485,388
	<u>\$ 511,138</u>

The current portion of the Term Loan Facility is included in Other current liabilities on the Consolidated Balance Sheet.

Guarantees; Security

All domestic obligations under the Facilities are 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 are guaranteed by its existing and future direct and indirect subsidiaries organized in the United Kingdom. The ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

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

Interest; Fees

The interest rate on the Term Loan Facility was 4.25% at January 30, 2015. The interest rates per annum applicable to the loans under the Facilities are based on a fluctuating rate of interest measured by reference to, at the borrowers' election, either (i) an adjusted London inter-bank offered rate ("LIBOR") plus a borrowing margin, or (ii) an alternative base rate plus a borrowing margin. The borrowing margin is fixed for the Term Loan Facility at 3.25% in the case of LIBOR loans and 2.25% in the case of base rate loans. For the Term Loan Facility, LIBOR is subject to a 1% interest rate floor. The borrowing margin for the ABL Facility is subject to adjustment based on the average excess availability under the ABL Facility for the preceding fiscal quarter, and will range from 1.50% to 2.00% in the case of LIBOR borrowings and will range from 0.50% to 1.00% in the case of base rate borrowings.

Customary agency fees are payable in respect of both Facilities. The ABL Facility fees also include (i) commitment fees, based on a percentage ranging from approximately 0.25% to 0.375% of the daily unused portions of the ABL Facility, and (ii) customary letter of credit fees.

Representations and Warranties; Covenants

Subject to specified exceptions, the Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict the ability of Lands' End and its subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business. In addition, if excess availability under the ABL Facility falls below the greater of 10% of the loan cap amount or \$15.0 million, Lands' End will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0. The Facilities do not otherwise contain financial maintenance covenants. The Company was in compliance with all financial covenants related to the Facilities as of January 30, 2015.

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

Events of Default

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

NOTE 7. POSTRETIREMENT BENEFITS AND RETIREMENT PLAN

The Company had a plan to provide group medical benefits for eligible retired employees. The costs of these insurance benefits were previously 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. At the time of the Separation the \$1.5 million liability related to postretirement benefits was transferred to Sears Holdings Corporation as it assumed administration and funding of the plan after the Separation. This transaction was accounted for as an adjustment to Net parent company investment and did not result in cash flows.

The following table presents the change in the benefit obligation:

<i>(in thousands)</i>	Fiscal 2014		Fiscal 2013	
Change in benefit obligation:				
Benefit obligation at beginning of year	\$	1,541	\$	1,678
Transfer to Sears Holdings		(1,526)		—
Interest cost		12		58
Plan participants' contributions		—		18
Actuarial gain		(27)		(103)
Benefits paid		—		(110)
Benefit obligation at end of year, net amount recognized	\$	—	\$	1,541
Change in plan assets at fair value:				
Employer contributions	\$	—	\$	92
Plan participants' contributions		—		18
Benefits paid		—		(110)
Plan assets at end of year	\$	—	\$	—

The components of net periodic benefit (income) cost are as follows:

<i>(in thousands)</i>	Fiscal 2014		Fiscal 2013		Fiscal 2012	
Interest cost	\$	12	\$	58	\$	70
Recognized net actuarial (gain) loss		(27)		(103)		29
Total postretirement benefit (income) cost	\$	(15)	\$	(45)	\$	99

Weighted-average assumption at end of year:

Discount rate	N/A	4.0%	4.2%
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For measurement purposes, an 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2014 and beyond, moving to an ultimate downward trend rate of 5.0% for 2020 and remaining 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.

The Company also 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 \$3.4 million, \$3.3 million and \$3.6 million for Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively.

NOTE 8. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

Restricted cash is reflected on the Consolidated and Combined Balance Sheets at fair value. The fair value of Restricted cash as of January 30, 2015 and January 31, 2014 was \$3.3 million, based on Level 1 inputs. Restricted cash amounts are valued based upon statements received from financial institutions.

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

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

<i>(in thousands)</i>	January 30, 2015	
	Carrying Amount	Fair Value
Long-term debt, including short-term portion	\$ 511,138	\$ 491,331

Long-term debt was valued utilizing level 2 valuation techniques based on the closing inactive market bid price on January 30, 2015. There were no nonfinancial assets or nonfinancial liabilities recognized at fair value on a nonrecurring basis as of January 30, 2015 and January 31, 2014.

NOTE 9. GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in business combinations accounted for under the purchase accounting method. The net carrying amounts of goodwill, trade name and customer lists are included within the Company's Direct segment. There were no impairments of goodwill or intangible assets 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>	Useful Life	January 30, 2015		January 31, 2014	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizing intangible assets:					
Customer lists	10	\$ 26,300	\$ 25,888	\$ 26,300	\$ 23,258
Indefinite-lived intangible assets:					
Trade names		528,300	—	528,300	—
Gross intangible assets		\$ 554,600	\$ 25,888	\$ 554,600	\$ 23,258
Total intangible assets, net		\$ 528,712		\$ 531,342	
Goodwill		\$ 110,000		\$ 110,000	

Annual Amortization Expense *(in thousands)*

Fiscal 2014	\$ 2,630
Fiscal 2013	2,630
Fiscal 2012	2,630

Estimated Future Amortization Expense *(in thousands)*

Fiscal 2015	\$ 412
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NOTE 10. RELATED PARTY AGREEMENTS AND TRANSACTIONS

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

Prior to the Separation, Sears Holdings Corporation (including certain of its non-Lands' End subsidiaries) and the Company entered into various agreements to, among other things: (i) support the Lands' End Shops at Sears; (ii) provide various general corporate services; (iii) support the Company's participation in the Shop Your Way Rewards program; and (iv) allow for the use of intellectual property or services. The amounts 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 that such costs 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 stand-alone company during all periods presented. Unless indicated otherwise, the fees and expense charged are included in Selling and administrative expense in the Combined Statements of Comprehensive Operations.

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

References to and descriptions of the agreements below represent the agreements entered into in connection with the Separation.

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

Lands' End Shops at Sears

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

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Rent, CAM and occupancy costs	\$ 26,605	\$ 28,021	\$ 29,232
Retail services, store labor	31,087	34,495	39,399
Supply chain costs	1,044	2,037	2,569
Financial services and payment processing	3,034	3,353	3,261
Total expenses	\$ 61,770	\$ 67,906	\$ 74,461
Number of Lands' End Shops at Sears at period end ⁽¹⁾	236	274	276

(1) During Fiscal 2014 and Fiscal 2013, 38 and two Lands' End Shops at Sears were closed, respectively.

Rent, CAM and Occupancy Costs

The Company rents space in store locations owned or leased by Sears Roebuck. The agreements include a cost per square foot for rent, CAM and occupancy costs. The lease terms for the individual store locations generally terminate effective January 31, 2018, 2019, or 2020.

Retail Services, Store Labor

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

Supply Chain Costs

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

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 are as follows:

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Sourcing	\$ 8,986	\$ 9,805	\$ 10,118
Shop Your Way Rewards	4,202	8,788	4,586
Shared services	559	442	819
Co-location and services	15	26	118
Total expenses	<u>\$ 13,762</u>	<u>\$ 19,061</u>	<u>\$ 15,641</u>

Sourcing

The Company contracts with Sears Holdings Global Sourcing, Ltd., a subsidiary of Sears Holdings Corporation, to provide agreed upon buying agency services in foreign territories from where the Company purchases merchandise. These services, primarily based upon quantities purchased, include quality-control functions, regulatory compliance, product claims management and new vendor selection and setup assistance. These amounts are included in Cost of sales in the Consolidated and Combined Statements of Comprehensive Operations.

Shop Your Way Rewards

The Company contracts with SHMC to participate in Sears Holdings' SYWR member loyalty program. Customers earn points issued by SHMC on purchases which may be redeemed to pay for future purchases. The Company pays SHMC an agreed-upon fee for points issued in connection with purchases from the Company. Depending on the ratio of points redeemed in Lands' End formats to points issued in Lands' End formats in the previous 12 months, the Company generally either pays additional fees or is reimbursed fees by SHMC. For Fiscal 2014, the Company recorded an expense for additional fees payable to SHMC based on the preceding formula. All SYWR member loyalty program expenses are recorded in Cost of sales in the Consolidated and Combined Statements of Comprehensive Operations.

In Fiscal 2013 and Fiscal 2012, under the prior arrangements that governed the Company's participation in the SYWR member loyalty program, as customers redeemed points on purchases, Sears Holdings reimbursed the Company through a redemption credit. The redemption credit was \$10.8 million and \$7.9 million for Fiscal 2013 and Fiscal 2012, respectively, and was included in Merchandise sales and services, net in the Combined Statements of Comprehensive Operations. There was no redemption credit recognized in Fiscal 2014.

Shared Services

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

Co-Location and Services

The Company had contracted 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. In July 2014, the Company exited the Sears Data Center and completed the installation of the disaster mitigation and recovery systems at its Dodgeville location. The related contract with SHMC terminated on August 25, 2014.

Use of Intellectual Property or Services

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

<i>(in thousands)</i>	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
Call center services	\$ 2,346	\$ 1,505	\$ 1,539
Lands' End business outfitters revenue	1,995	1,808	130
Credit card revenue	1,519	1,276	1,329
Gift card revenue	239	1,515	1,213
Royalty income	79	92	97
Total	<u>\$ 6,178</u>	<u>\$ 6,196</u>	<u>\$ 4,308</u>

Call Center Services

The Company has entered into a contract with SHMC to provide call center services in support of Sears Holdings' SYWR member loyalty 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 Consolidated and Combined Statements of Comprehensive Operations. Total call center service income included in Merchandise sales and services, net was \$8,126, \$7,246 and \$6,227 in Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively.

Lands' End Business Outfitters Revenue

The Company sells store uniforms and other company apparel to Sears Holdings from time to time. Revenue related to these sales is included in Merchandise sales and services, net in the Consolidated and 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 Consolidated and Combined Statements of Comprehensive Operations.

Gift Card Revenue

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

Royalty Income

The Company entered into a licensing agreement with SHMC whereby royalties are paid in consideration for sharing or use of intellectual property. Royalties received under this agreement are included in Merchandise sales and services, net in the Consolidated and Combined Statements of Comprehensive Operations.

Additional Balance Sheet Information

At January 30, 2015 and January 31, 2014, the Company included \$5.7 million and \$0 million in Accounts Receivable, net, respectively, and \$9.1 million and \$0 million in Accounts payable, respectively, in the Consolidated and Combined Balance Sheets to reflect amounts due from and owed to Sears Holdings. At January 30, 2015, a \$14.3 million receivable was recorded by the Company in Other assets in the Consolidated and Combined Balance Sheets to reflect the indemnification by Sears Holdings Corporation of the pre-Separation uncertain tax positions (including penalties and interest) for which Sears Holdings Corporation is responsible. There was no such receivable recorded in Other assets at January 31, 2014.

NOTE 11. 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 and provide services. Product sales are divided by product categories: Apparel and Non-apparel. The Non-apparel sales include accessories, footwear, and home goods. Services and other revenue includes embroidery, monogramming, gift wrapping, shipping and other services. Merchandise sales and services, net are aggregated by product category in the following table:

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Merchandise sales and services, net:			
Apparel	\$ 1,248,847	\$ 1,245,670	\$ 1,269,685
Non-apparel	220,385	226,302	224,057
Services and other	86,121	90,904	92,185
Total merchandise sales and services, net	<u>\$ 1,555,353</u>	<u>\$ 1,562,876</u>	<u>\$ 1,585,927</u>

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 its warehouses (Direct) or through its 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 Consolidated and Combined Statements of Comprehensive Operations net of interest expense, depreciation and amortization and other significant items that while periodically affecting the Company's results, may vary significantly from period to period and may have a disproportionate effect in a given period, which may affect comparability of results. Reportable segment assets are those directly used in or clearly allocable to 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 years ended January 30, 2015, January 31, 2014 and February 1, 2013.

- The Direct segment sells products through the Company's e-commerce websites and direct mail catalogs. Operating costs consist primarily of direct marketing costs (catalog and e-commerce marketing costs); order processing and shipping costs; direct labor and benefits costs and facility costs. Assets primarily include goodwill and trade name intangible assets, inventory, accounts receivable, prepaid expenses (deferred catalog costs), technology infrastructure, and property and equipment.
- The Retail segment sells products and services through dedicated Lands' End Shops at Sears across the United States, the Company's stand-alone Lands' End Inlet stores and international shop-in-shops. Operating costs consist primarily of labor and benefits costs; rent, CAM and occupancy costs; distribution

costs; and in-store marketing costs. Assets primarily include inventory in the retail stores, fixtures and leasehold improvements.

Corporate overhead and other expenses include unallocated shared-service costs, which primarily consist of employee services and financial services, legal and corporate expenses. These expenses include labor and benefits costs, corporate headquarters occupancy costs and other administrative expenses. Assets include corporate headquarters and facilities, corporate cash and cash equivalents and deferred income taxes.

Financial information by segment is presented as follows:

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Merchandise sales and services, net:			
Direct	\$ 1,320,642	\$ 1,303,862	\$ 1,304,009
Retail	234,632	258,922	281,821
Corporate/ other	79	92	97
Total merchandise sales and services, net	<u>\$ 1,555,353</u>	<u>\$ 1,562,876</u>	<u>\$ 1,585,927</u>

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Adjusted EBITDA:			
Direct	\$ 192,763	\$ 166,313	\$ 141,390
Retail	7,161	4,665	(5,650)
Corporate/ other	(35,626)	(20,968)	(28,067)
Total adjusted EBITDA	<u>\$ 164,298</u>	<u>\$ 150,010</u>	<u>\$ 107,673</u>

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Depreciation and amortization:			
Direct	\$ 15,640	\$ 16,691	\$ 17,173
Retail	2,618	3,547	4,606
Corporate/ other	1,445	1,361	1,342
Total depreciation and amortization	<u>\$ 19,703</u>	<u>\$ 21,599</u>	<u>\$ 23,121</u>

<i>(in thousands)</i>	January 30, 2015	January 31, 2014
Total assets:		
Direct	\$ 1,023,364	\$ 1,074,018
Retail	67,765	75,755
Corporate/ other	262,308	44,502
Total assets	<u>\$ 1,353,437</u>	<u>\$ 1,194,275</u>

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Capital expenditures:			
Direct	\$ 15,160	\$ 9,057	\$ 14,657
Retail	1,004	260	84
Corporate/ other	444	570	252
Total capital expenditures	\$ 16,608	\$ 9,887	\$ 14,993

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

<i>(in thousands)</i>	Fiscal 2014	Fiscal 2013	Fiscal 2012
Merchandise sales and services, net:			
United States	\$ 1,309,252	\$ 1,289,359	\$ 1,282,803
Europe	159,796	181,129	199,548
Asia	56,014	54,948	59,731
Other foreign	30,291	37,440	43,845
Total merchandise sales and services, net	\$ 1,555,353	\$ 1,562,876	\$ 1,585,927

<i>(in thousands)</i>	January 30, 2015	January 31, 2014
Property and equipment, net:		
United States	\$ 88,300	\$ 86,085
Europe	12,380	14,320
Asia	543	691
Total property and equipment, net	\$ 101,223	\$ 101,096

Other than the United States, 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 \$11,826 as of January 30, 2015 and \$13,586 as of January 31, 2014 .

NOTE 12. 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 consumer fraud claims. Some of these actions involve complex factual and legal issues and are subject to uncertainties. At this time, the Company is not able to either predict the outcome of these legal proceedings or reasonably estimate a potential range of loss with respect to the proceedings. 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 (the "City") to recover overpaid taxes resulting from the city's excessive property tax assessment of the Company's headquarters campus. As of April 7, 2015, the City has refunded, as the result of various court decisions, over \$4.0 million in excessive taxes and interest to the Company in the following amounts: (1) approximately \$1.6 million arising from the 2005 and 2006 tax years that was recognized in Fiscal 2009; (2) approximately \$1.6 million arising from the 2007, 2009 and 2010 tax years, recognized in Fiscal 2013 within Selling and administrative costs in the Consolidated and Combined Statement of Operations; (3) approximately \$0.7 million arising from the 2008 tax year, recognized in Fiscal 2014; and (4) an additional \$0.2 million also arising from the

2008 tax year, recognized in Fiscal 2014. The claims arising from 2005 and 2006 tax years are closed. The company claims pending before the circuit court arising from tax years 2007 through 2013 remain unresolved, as is the Company's administrative claim for the 2014 tax year which will soon be filed with the circuit court. The Company believes that the potential additional aggregate recovery from the City of Dodgeville arising from the 2007 to 2014 tax years will range from \$2.8 million to \$4.0 million, none of which has been recorded in the Consolidated and Combined Financial Statements.

NOTE 13. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following:

<i>(in thousands)</i>	January 30, 2015	January 31, 2014
Deferred gift card revenue	\$ 23,025	\$ 28,819
Accrued employee compensation and benefits	18,778	11,811
Reserve for sales returns and allowances	13,868	13,805
Deferred revenue	11,228	15,966
Income taxes payable	9,559	—
Accrued property, sales and other taxes	8,194	6,262
Short-term portion of long-term debt	5,150	—
Product recall	4,406	—
Other	13,345	7,292
Total other current liabilities	<u>\$ 107,553</u>	<u>\$ 83,955</u>

NOTE 14. QUARTERLY FINANCIAL DATA (UNAUDITED)

<i>(in thousands except share data)</i>	Fiscal 2014							
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	\$'s	% Net Sales	\$'s	% Net Sales	\$'s	% Net Sales	\$'s	% Net Sales
Merchandise sales and services, net	\$ 330,483	100.0%	\$ 347,222	100.0%	\$ 373,082	100.0%	\$ 504,566	100.0%
Gross margin	162,022	49.0%	168,406	48.5%	183,295	49.1%	222,208	44.0%
Operating income	18,794	5.7%	25,298	7.3%	35,098	9.4%	60,453	12.0%
Net income	\$ 10,868	3.3%	\$ 11,845	3.4%	\$ 17,991	4.8%	\$ 33,095	6.6%
Basic earnings per common share	\$ 0.34		\$ 0.37		\$ 0.56		\$ 1.04	
Diluted earnings per common share	\$ 0.34		\$ 0.37		\$ 0.56		\$ 1.03	

Fiscal 2013

<i>(in thousands except share data)</i>	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	\$'s	Net Sales	\$'s	Net Sales	\$'s	Net Sales	\$'s	Net Sales
Merchandise sales and services, net	\$ 319,035	100.0%	\$ 329,561	100.0%	\$ 383,852	100.0%	\$ 530,428	100.0%
Gross margin	154,588	48.5%	149,674	45.4%	174,450	45.4%	231,625	43.7%
Operating income	11,960	3.7%	18,386	5.6%	23,271	6.1%	74,724	14.1%
Net income	\$ 7,336	2.3%	\$ 11,289	3.4%	\$ 14,279	3.7%	\$ 45,943	8.7%
Basic and diluted earnings per common share(1)(2)	\$ 0.23		\$ 0.35		\$ 0.45		\$ 1.44	

- (1) For periods ended April 4, 2014 and prior, basic earnings per share are computed using 31,956,521, the number of shares of Lands' End common stock outstanding on April 4, 2014, the date on which the Lands' End common stock was distributed to the stockholders of Sears Holdings Corporation. The same number of shares was used to calculate basic and diluted earnings per share for Fiscal 2013 as there were no dilutive securities during these periods.
- (2) The sum of the quarterly earnings per share—basic and diluted amounts may not equal the fiscal year amount due to rounding.

NOTE 15. SUBSEQUENT EVENT

On March 24, 2015 Lands' End announced a recall of selected styles of children's sleepwear that did not meet the federal flammability standard. All potentially affected styles were sold exclusively through our children's catalogs, www.landsend.com in the United States and various websites in Europe from January 2014 through February 2015. The impacts of the sleepwear recall recorded in Fiscal 2014 are as follows:

<i>(in thousands)</i>	<i>increase/(decrease)</i>
Merchandise sales and services, net	(3,427)
Cost of sales	(1,725)
Other operating expense	3,011
Operating income	(4,713)
Income tax expense	(1,869)
Net income	(2,844)

There will be additional costs related to this recall in Fiscal 2015, but we do not believe that these costs will be material.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and made known to the officers who certify the Company's financial reports and to other

members of senior management and the Board of Directors as appropriate to allow timely decisions regarding required disclosure.

Based on their evaluation for the period covered by this Form 10-K, Lands' End's President and Chief Executive Officer and Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer have concluded that, as of January 30, 2015, the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) are effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Under the supervision and with the participation of our management, including our President and Chief Executive Officer and Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer, we conducted an evaluation of the design and effectiveness of our internal control over financial reporting based on the criteria set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation our management concluded that our internal control over financial reporting was effective as of January 30, 2015. Our independent registered public accounting firm has issued an audit report on the effectiveness of our internal control over financial reporting, which is included herein.

Changes in Internal Control over Financial Reporting

On April 4, 2014, Lands' End, Inc. completed its Separation from Sears Holdings Corporation and became a separate publicly-traded company. During the fourth quarter, we made certain enhancements to our internal control over financial reporting as part of our compliance with the internal control requirements of the Sarbanes-Oxley Act of 2002. Except for these enhancements, there were no changes in our internal control over financial reporting that occurred during the Company's fourth fiscal quarter ended January 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by Item 10 with respect to directors, the audit committee, audit committee financial experts and Section 16(a) beneficial ownership reporting compliance is included under the headings “Item 1. Election of Directors - Committees of the Board of Directors,” “Corporate Governance - Director Independence” and “Other Information - Section 16(a) Beneficial Ownership Reporting Compliance” of our definitive proxy statement for our annual meeting of stockholders to be held on June 5, 2015 (the “2015 Proxy Statement.”) and is incorporated herein by reference.

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

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

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

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive and director compensation is incorporated by reference to the material under the headings “Item 1. Election of Directors - Executive Compensation,” “- Executive Compensation - Compensation Committee Interlocks and Insider Participation,” “- Executive Compensation - Compensation Committee Report” and “- Compensation of Directors,” of the 2015 Proxy Statement. The material incorporated herein by reference to the information set forth under the heading “- Executive Compensation - Compensation Committee Report” of the 2015 Proxy Statement shall be deemed furnished, and not filed, in this Annual Report on Form 10-K and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended as a result of this furnishing except to the extent that it is specifically incorporated by reference by the Company.

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

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference to the material under the heading “Item 1. Election of Directors - Amount and Nature of Beneficial Ownership” of the 2015 Proxy Statement. See also “Equity Compensation Plan Information” in Item 5 of this Report for a discussion of securities authorized for issuance under equity compensation plans.

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

Information regarding certain relationships and related transactions and director independence is incorporated herein by reference to the material under the headings “Certain Relationships and Transactions” and “Corporate Governance” of the 2015 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accountant fees and services is incorporated herein by reference to the material under the heading “Item 6. Ratification of Appointment of Independent Registered Public Accounting Firm - Independent Registered Accounting Firm Fees” of the 2015 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

Exhibits:

The following documents are filed as exhibits hereto:

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1	Separation and Distribution Agreement, dated as of April 4, 2014, by and between Sears Holdings Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 002-09769)).
3.1	Amended and Restated Certificate of Incorporation of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 20, 2014 (File No. 001-09769)).
3.2	Amended and Restated Bylaws of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
4.1	ABL Credit Agreement, dated as of April 4, 2014, by and between Lands' End, Inc. (as the Domestic Borrower), Lands' End Europe Limited (as the UK Borrower), Bank of America, N.A. (as Administrative Agent and Collateral Agent), the Other Lenders party thereto, Bank of America, N.A. and GE Capital Markets, Inc. (as Joint Lead Arrangers and Joint Bookrunners), General Electric Capital Corporation (as Syndication Agent) and Bank of Montreal (as Documentation Agent) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
4.2	Term Loan Credit Agreement, dated as of April 4, 2014, among Lands' End, Inc. (as the Borrower), Bank of America, N.A. (as Administrative Agent and Collateral Agent and as Arranger and Bookrunner) and the Lenders party thereto (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
4.3	Guaranty and Security Agreement, dated as of April 4, 2014, among Lands' End, Inc. (as Domestic Borrower) and certain of its wholly-owned subsidiaries, each as a Grantor, the other grantors from time to time party thereto and Bank of America, N.A., as Agent (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
4.4	Term Loan Guarantee and Security Agreement, dated as of April 4, 2014, among Lands' End, Inc., as Borrower and certain of its wholly-owned subsidiaries, each as a Grantor, the other grantors from time to time party thereto and Bank of America, N.A., as Agent (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
10.1	Transition Services Agreement, dated as of April 4, 2014, by and between Sears Holdings Management Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
10.2	Tax Sharing Agreement, dated as of April 4, 2014, by and between Sears Holdings Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
10.3	Master Lease Agreement, dated as of April 4, 2014, by and between Sears, Roebuck and Co. and Lands' End, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)). ⁽¹⁾
10.4	Master Sublease Agreement, dated as of April 4, 2014, by and between Sears, Roebuck and Co. and Lands' End, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)). ⁽¹⁾
10.5	Lands' End Shops at Sears Retail Operations Agreement, dated as of April 4, 2014, by and between Sears, Roebuck and Co. and Lands' End, Inc. (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).

- 10.6 Shop Your WaySM Retail Establishment Agreement, dated as of April 4, 2014, by and between Sears Holdings Management Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).⁽¹⁾
- 10.7 Financial Services Agreement, dated as of April 4, 2014, by and between Sears Holdings Management Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
- 10.8 Buying Agency Agreement, dated as of April 4, 2014, by and between Sears Holdings Global Sourcing, Ltd. and Lands' End, Inc. (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
- 10.9 Director Compensation Policy of Lands' End, Inc., as amended (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2014 (File No. 001-09769)).**
- *10.10 Resolutions adopted by the Lands' End, Inc. Board of Directors on November 20, 2014 authorizing one-time payment to Board member.**
- *10.11 Lands' End, Inc. 2014 Stock Plan (As Amended and Restated). **
- *10.12 Lands' End, Inc. Umbrella Incentive Program (As Amended and Restated).**
- 10.13 Form of Lands' End, Inc. Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.25 to the Company's Current Report on Form 8-K filed on May 27, 2014 (File No. 007-09769)).**
- *10.14 Lands' End, Inc. Long-Term Incentive Plan (As Amended and Restated).**
- *10.15 Lands' End, Inc. Cash Long-Term Incentive Plan (As Amended and Restated).**
- *10.16 Lands' End, Inc. Annual Incentive Plan (As Amended and Restated).**
- 10.17 Form of Lands' End, Inc. Executive Severance Agreement (incorporated by reference to Exhibit 10.24 to the Company's Current Report on Form 8-K/A filed on July 2, 2014 (File No. 001-09769)).**⁽¹⁾
- *10.18 Letter from Lands' End, Inc. to Federica Marchionni relating to employment, dated January 30, 2015.**
- *10.19 Executive Severance Agreement dated and effective as of January 30, 2015 between Lands' End, Inc. and its affiliates and subsidiaries and Federica Marchionni.**⁽²⁾
- 10.20 Letter from Sears Holdings Corporation to Edgar Huber relating to employment, dated July 18, 2011 (incorporated by reference to Exhibit 10.9 to the Company's Form 10 (File No. 001-09769)).**⁽¹⁾
- *10.21 Executive Severance Agreement dated and effective as of December 5, 2014 between Lands' End, Inc. and its affiliates and subsidiaries and Edgar Huber.**⁽²⁾
- *10.22 Letter from Lands' End, Inc. to Edgar Huber, dated February 1, 2015.**
- 10.23 Letter from Lands' End, Inc. to Michael Rosera relating to employment, dated June 27, 2012 (incorporated by reference to Exhibit 10.11 to the Company's Form 10 (File No. 001-09769)).**
- *10.24 Executive Severance Agreement dated and effective as of December 5, 2014 between Lands' End, Inc. and its affiliates and subsidiaries and Michael Rosera.**⁽²⁾
- 10.25 Letter from Lands' End, Inc. to Michele Donnan-Martin relating to employment, dated September 19, 2013 (incorporated by reference to Exhibit 10.15 to the Company's Form 10 (File No. 001-09769)).**
- *10.26 Executive Severance Agreement dated and effective as of May 30, 2014 between Lands' End, Inc. and its affiliates and subsidiaries and Michele Donnan-Martin.**⁽²⁾
- *10.27 Executive Severance Agreement dated and effective as of December 5, 2014 between Lands' End, Inc. and its affiliates and subsidiaries and Kelly Ritchie.**⁽²⁾
- *10.28 Letter from Lands' End, Inc. to Steven Rado relating to employment, dated April 16, 2014.**
- *10.29 Executive Severance Agreement dated and effective as of August 5, 2014 between Lands' End, Inc. and its affiliates and subsidiaries and Steven Rado.**⁽²⁾
- *10.30 Restricted Stock Unit Agreement dated and effective as of February 17, 2015 between Lands' End, Inc. and Federica Marchionni.**
- *21 Subsidiaries of Lands' End, Inc.
- *23 Consent of Deloitte & Touche LLP.

- *24 Powers of Attorney.
 - *31.1 Certification of Chief Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
 - *31.2 Certification of Chief Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
 - *32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
 - 101.INS XBRL Instance Document***
 - 101.SCH XBRL Taxonomy Extension Schema Document***
 - 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document***
 - 101.DEF XBRL Taxonomy Extension Definition Document***
 - 101.LAB XBRL Taxonomy Extension Label Linkbase Document***
 - 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document***
- * Filed herewith.
 - ** A management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 15(b) of Form 10-K.
 - *** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K shall be deemed to be “furnished” and not “filed.”
- (1) Confidential treatment was granted as to omitted portions of this exhibit. The omitted material has been filed separately with the Securities and Exchange Commission.
 - (2) Confidential treatment requested as to certain terms in this exhibit; these terms have been omitted from this filing and filed separately with the Securities and Exchange Commission.

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

SIGNATURES

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

LANDS' END, INC.
(Registrant)

By: /s/ Michael P. Rosera
Name: Michael P. Rosera
Title: Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer
Date: April 17, 2015

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

Signature		Date
<u>/s/ Federica Marchionni</u> Federica Marchionni	Director, President and Chief Executive Officer (principal executive officer)	April 17, 2015
<u>/s/ Michael P. Rosera</u> Michael P. Rosera	Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer (principal financial officer)	April 17, 2015
<u>/s/ Bernard L. McCracken</u> Bernard L. McCracken	Vice President and Chief Accounting Officer (principal accounting officer)	April 17, 2015
Josephine Linden*	Chairman of the Board of Directors	
Robert Galvin*	Director	
Tracy Gardner*	Director	
Elizabeth Darst Leykum*	Director	
John McClain*	Director	
Jignesh M. Patel*	Director	
Jonah Staw*	Director	

*By: /s/ Michael P. Rosera
Michael P. Rosera
Attorney-in Fact
April 17, 2015

**Resolutions of
the Board of Directors of Lands' End, Inc.
Adopted
November 20, 2014**

WHEREAS, the Board of Directors (the "Board") of Lands' End, Inc. (the "Company") believes that it is desirable and in the best interests of the Company to recognize the exceptional time requirements, additional responsibilities performed at the request of the Board and the Company, and the overall performance of such responsibilities and leadership of the former Chairman of the Board, Elizabeth Darst Leykum, all in connection with the Company's separation from Sears Holdings Corporation, including the transition of the Company as a publicly traded company independent from Sears Holdings Corporation;

NOW, THEREFORE, BE IT RESOLVED, that notwithstanding anything to the contrary in the Company's Director Compensation Policy, as adopted by the Board on March 14, 2014, as amended on August 22, 2014 (the "Policy"), Elizabeth Darst Leykum shall receive a one-time cash payment of \$100,000 for her service as Chairman of the Board, which shall be in addition to the compensation she is otherwise entitled to pursuant to the Policy as a member of the Board; and

FURTHER RESOLVED, that the officers of the Corporation are hereby authorized and directed to pay or cause to be paid such compensation, in the name and on behalf of the Corporation.

Additional Actions and Ratification

FURTHER RESOLVED, that any officer of the Company be, and each hereby is, authorized, directed and empowered to negotiate, execute, acknowledge, seal and deliver, in the name and on behalf of the Company, and to the extent necessary or appropriate, under corporate seal and duly attested by its Secretary or any Assistant Secretary, any and all agreements, instruments and other documents whatsoever (including any powers of attorney authorizing any person to act on behalf of the Company), and do any and all other things whatsoever, as is deemed necessary or appropriate under applicable law or as such officer shall in his or her absolute and unfettered discretion deem appropriate in connection with any of the foregoing resolutions and any matters ancillary thereto and/or to carry out the purposes and intent thereof, with such changes thereto or amendments thereof as the officer executing the same shall in his or her absolute and unfettered discretion deem or determine necessary or appropriate and approve, the execution and delivery thereof to be deemed conclusive evidence of such approval;

FURTHER RESOLVED, that the officers of the Company be, and each of them hereby is, in accordance with the foregoing resolutions, authorized and directed, for and on behalf of the Company, to take all action and execute all documents and make such filings pursuant to federal, state, local and foreign laws as any of them may deem appropriate to effectuate and carry out the purposes of the foregoing resolutions;

FURTHER RESOLVED, that all actions heretofore taken by the Board and any of the officers, representatives or agents of the Company or any of their affiliates in connection with any matter referred to in the foregoing resolutions, be, and each of the same hereby is, ratified, confirmed and approved in all respects as the act and deed of the Company; and

FURTHER RESOLVED, that any resolutions inconsistent with the foregoing or with any action of any officer pursuant to the foregoing are hereby modified or rescinded so as to be consistent herewith and therewith.

LANDS' END, INC.

2014 STOCK PLAN

(As Amended and Restated)

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LANDS' END, INC.

2014 STOCK PLAN

SECTION 1. BACKGROUND AND PURPOSE

1.1. **The Plan.** The name of this Plan is the **Lands' End, Inc. 2014 Stock Plan** (As Amended and Restated). The purpose of this Plan is to promote the interests of the Company and its Subsidiaries through grants to Eligible Individuals of Restricted Stock, Stock Units, Other Stock-Based Awards, Options and Stock Appreciation Rights in order to (1) attract and retain the services of Eligible Individuals, (2) provide an additional incentive to each Eligible Individual to work to increase the value of Stock and (3) provide each Eligible Individual with a stake in the future of the Company which corresponds to the stake of each Company stockholder.

SECTION 2. DEFINITIONS

Each term set forth in this Section 2 shall have the meaning set forth opposite such term for purposes of this Plan and, for purposes of such definitions, the singular shall include the plural and the plural shall include the singular.

2.1. **Board** shall mean the Board of Directors of the Company.

2.2. **Change in Control** shall mean the occurrence of any of the following events:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) fifty percent (50%) or more of either (i) the then-outstanding shares of Stock (the "Outstanding Common Stock") or (ii) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors; provided, however, that for purposes of this subclause (a), the following acquisitions of capital stock of the Company (whether Stock or otherwise) shall not constitute a Change in Control: (i) any acquisition directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for Stock or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly from the Company or an underwriter or agent of the Company), (ii) any acquisition by the Company, (iii) any acquisition by any Person which as of the date hereof beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) twenty percent (20%) or more of the Outstanding Common Stock, or (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company;

(b) The consummation of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than fifty percent (50%) of the combined voting power of the surviving or resulting entity outstanding immediately after such merger or consolidation; or

(c) The consummation of a plan or agreement for the sale or disposition of all or substantially all of the consolidated assets of the Company (other than such a sale or disposition

immediately after which such assets will be owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the Stock immediately prior to such sale or disposition).

2.3. **Code** shall mean the Internal Revenue Code of 1986, as amended.

2.4. **Committee** shall mean the Compensation Committee of the Board to which the responsibility to administer this Plan is delegated by the Board and which shall consist of at least two members of the Board, each of whom shall be a “non-employee director” (within the meaning of Rule 16b-3 under the Exchange Act) and each of whom shall be an “outside director” for purposes of Code Section 162(m).

2.5. **Company** shall mean Lands’ End, Inc., a Delaware corporation, and any successor to such corporation.

2.6. **Employee** shall mean any individual employed by the Company or a Subsidiary on the payroll records thereof. An Employee shall not include any individual during any period he or she is classified or treated by the Company (or any Subsidiary) as an independent contractor or any employee of an employment or temporary agency or firm, without regard to whether such individual is subsequently determined to have been or is subsequently retroactively reclassified as a common-law employee of the Company or any Subsidiary during such period.

2.7. **Eligible Individual** shall mean an Employee, Non-Employee Director or other individual performing advisory or consulting services for the Company or a Subsidiary, as determined and designated by the Committee from time to time. An award may be granted to an Eligible Individual, in connection with hiring, retention or otherwise, prior to the date the Employee, Non-Employee Director or service provider first performs service for the Company or the Subsidiaries, provided such award shall not become vested prior to the date the Employee, Non-Employee Director or other service provider first performs such service. Notwithstanding the above, for purposes of ISOs, Eligible Individual shall be limited to an Employee of the Company or a Subsidiary, as determined and designated by the Committee.

2.8. **Exchange Act** shall mean the Securities Exchange Act of 1934, as amended.

2.9. **Fair Market Value** shall mean, for any given date, the closing price for the Stock, as of such date, as reported by the NASDAQ Stock Market on the relevant valuation date or, if there were no sales on the valuation date, on the next preceding date on which such selling prices were recorded; provided, however, that if the Stock is no longer listed for trading on a national securities exchange, an amount determined in accordance with standards adopted by the Committee on a basis consistently applied.

2.10. **ISO** shall mean an Option granted under Section 8 to purchase Stock and evidenced by an Option Agreement which provides that the Option is intended to satisfy the requirements for an incentive stock option under Code Section 422.

2.11. **NQO** shall mean an Option granted under Section 8 to purchase Stock and evidenced by an Option Agreement which provides that the Option shall not be treated as an incentive stock option under Code Section 422.

2.12. **Non-Employee Director** shall mean a member of the Board who is not an Employee of the Company or a Subsidiary.

2.13. **Option** shall mean an ISO or a NQO.

2.14. **Option Agreement** shall mean the written (or electronic) agreement or instrument which sets forth the terms of an Option granted to an Eligible Individual under this Plan.

2.15. **Option Price** shall mean the price which shall be paid to purchase one share of Stock upon the exercise of an Option granted under this Plan and which is no less than the Fair Market Value of a share of Stock on the date the Option is granted.

2.16. **Other Stock-Based Award** shall mean a grant under Section 7 to an Eligible Individual of Stock or other type of equity-based or equity-related award not otherwise described by the terms of this Plan, including without limitation, the grant or offer for sale of unrestricted Stock or the grant of Stock in settlement of an award under the Lands' End, Inc. Umbrella Incentive Program, as amended and restated from time to time, and any incentive program thereunder, in such amounts and subject to such terms and conditions, as the Committee shall determine.

2.17. **Performance Period** shall mean the period selected by the Committee during which performance is measured for purpose of determining the extent to which an award of SARs, Options, Restricted Stock, Stock Units or Other Stock-Based Awards has been earned.

2.18. **Plan** shall mean this Lands' End, Inc. 2014 Stock Plan (As Amended and Restated), as amended from time to time.

2.19. **Restricted Stock** shall mean Stock granted to an Eligible Individual pursuant to Section 7.

2.20. **SAR Agreement** shall mean the written (or electronic) agreement or instrument which sets forth the terms of a SAR granted to an Eligible Individual under this Plan.

2.21. **SAR Share Value** shall mean the figure which is set forth in each SAR Agreement and which is no less than the Fair Market Value of a share of Stock on the date the related SAR is granted.

2.22. **Stock** shall mean the common stock of the Company, par value \$0.01 per share.

2.23. **Stock Agreement** shall mean the written (or electronic) agreement or instrument which sets forth the terms of a Restricted Stock, Stock Unit or Other Stock-Based Award grant to an Eligible Individual under this Plan.

2.24. **Stock Appreciation Right or SAR** shall mean a right which is granted pursuant to the terms of Section 8 to the appreciation in the Fair Market Value of a share of Stock in excess of the SAR Share Value for such a share.

2.25. **Stock Unit** shall mean a right granted to an Eligible Individual pursuant to Section 7 to receive a payment in cash or shares based on the Fair Market Value of the number of shares of Stock described in such grant.

2.26. **Subsidiary** shall mean any corporation which is a subsidiary corporation (within the meaning of Code Section 424(f)) of the Company.

SECTION 3. SHARES RESERVED UNDER PLAN

3.1. **Shares.** There shall be reserved for issuance under this Plan 1,000,000 shares of Stock; which limit also shall be the maximum number of shares that may be issued pursuant to ISOs under Section 8.

3.2. **Share Counting.** The shares of Stock described in Section 3.1 shall be reserved to the extent that the Company deems appropriate from authorized but unissued shares of Stock and from shares of Stock which have been reacquired by the Company. Shares of Stock covered by an award under the Plan shall only be counted as used to the extent they are actually issued. Furthermore, any shares of Stock issued pursuant to a Restricted Stock or Other Stock-Based Award grant which are forfeited or cancelled thereafter shall again become available for issuance under this Plan. The net number of shares of Stock issued under

a Stock Unit or Other Stock-Based Award, if applicable, shall not again become available under Section 3.1 for issuance under this Plan. If a Stock Unit or Other Stock-Based Award is forfeited or settled in cash, the related shares of Stock shall again become available for issuance under this Plan. The net number of shares of Stock issued under an Option or SAR, to the extent it is exercised, shall not again become available under Section 3.1 for issuance under this Plan. If an Option or SAR is forfeited or settled in cash, if applicable, the related shares of Stock shall again become available for issuance under this Plan. Any shares of Stock which are (a) tendered to, or withheld by, the Company to pay the Option Price of an Option, (b) tendered to, or withheld by, the Company in satisfaction of any condition to a grant of Restricted Stock or Other Stock-Based Award, or (c) used to satisfy a withholding obligation under Section 14.4, shall again become available under Section 3.1 for issuance under this Plan.

3.3. **Use of Proceeds.** The proceeds which the Company receives from the sale of any shares of Stock under this Plan shall be used for general corporate purposes and shall be added to the general funds of the Company.

3.4. **Substitute Awards.** Awards may be granted under the Plan from time to time in substitution for stock options and other awards held by employees or directors of other entities who are about to become Employees, whose employer is about to become an affiliate as the result of a merger or consolidation of the Company with another corporation, or the acquisition by the Company of substantially all the assets of another corporation, or the acquisition by the Company of at least fifty percent (50%) of the issued and outstanding stock of another corporation as the result of which such other corporation will become a Subsidiary. The terms and conditions of the substitute awards so granted may vary from the terms and conditions set forth in the Plan to such extent as the Committee at the time of grant may deem appropriate to conform, in whole or in part, to the provisions of the award in substitution for which they are granted. If shares of Stock are issued under the Plan with respect to a substitute award granted under this Section 3.4, as described above, to the extent permitted by applicable law and exchange rules, such shares of Stock will not count against the maximum number of shares of Stock reserved for issuance under the Plan, as set forth in Section 3.1.

SECTION 4. EFFECTIVE DATE

Subject to the stockholders of the Company (acting at a duly called meeting of such stockholders) approving the adoption of this Plan: (a) this Plan initially became effective on the Effective Time as defined in the Separation and Distribution Agreement by and between Sears Holdings Corporation and the Company and (b) the Plan (As Amended and Restated) was adopted by the Committee on April 9, 2015.

SECTION 5. PLAN ADMINISTRATION

5.1. **Authority of Committee.** The Plan shall be administered by the Committee. Except as limited by law, or by the Certificate of Incorporation or By-Laws of the Company, and subject to the provisions of this Plan, the Committee shall have full power, authority, and sole and exclusive discretion to construe, interpret and administer this Plan, including without limitation, the power and authority to make determinations relating to Plan grants and correct mistakes in Stock, Option, or SAR Agreements, and to take such other action in the administration and operation of this Plan as the Committee deems equitable under the circumstances. The Committee, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective. In addition, the Committee shall have full and exclusive power to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which power shall be executed in the best interests of the Company and in keeping with the objectives of the Plan. This power includes, but is not limited to, selecting award recipients and establishing all award terms and conditions.

5.2. **Amendment of Awards.** The Committee, in its sole discretion, may amend any outstanding award at any time in any manner not inconsistent with the terms of the Plan, provided that no outstanding, vested award may be amended without the grantee's consent if the amendment would have a materially adverse effect on the grantee's rights under the award. Notwithstanding the foregoing, the Committee, in its sole discretion, may amend an award if it determines such amendment is necessary or advisable for the Company to comply with applicable law (including Code Section 409A), regulation, rule, or accounting standard.

5.3. **Delegation.** To the extent permitted by applicable law, the Committee may delegate its authority as identified herein to one or more officers of the Company or members of the Board, including without limitation the authority to approve grants to Eligible Individuals other than any of the Company's officers and Non-employee Directors. To the extent that the Committee delegates its authority to make grants as provided by this Section 5.3, all references in the Plan to the Committee's authority to make grants and determinations with respect thereto shall be deemed to include the Committee's delegate(s). In addition, the Committee may delegate to one or more of its members, officers of the Company or agents or advisors such administrative duties or powers as it may deem advisable. Any such delegate shall serve at the pleasure of, and may be removed at any time by, the Committee.

5.4. **Decisions Binding.** In making any determination or in taking or not taking any action under the Plan, the Committee or its delegate(s) may obtain and may rely on the advice of experts, including Employees of and professional advisors to the Company. Any action taken by, or inaction of, the Committee or its delegate(s) relating to or pursuant to the Plan shall be within the absolute discretion of the Committee or its delegate. Such action or inaction of the Committee or its delegate(s) shall be conclusive and binding on the Company, on each affected Eligible Individual and on each other person directly or indirectly affected by such action.

SECTION 6. ELIGIBILITY

Eligible Individuals shall be eligible for the grant of awards under this Plan.

SECTION 7. RESTRICTED STOCK, STOCK UNITS AND OTHER STOCK-BASED AWARDS

7.1. **Committee Action.**

(a) **General.** The Committee acting in its absolute discretion shall have the right to grant Restricted Stock, Stock Units and Other Stock-Based Awards to Eligible Individuals from time to time.

(b) **Limitations:**

(1) **Other than Non-Employee Directors.** Except as provided herein and subject to subsection (b)(2) immediately below, no Restricted Stock, Stock Unit or Other Stock-Based Award grants in any combination may be made to an Eligible Individual in any calendar year with respect to more than 250,000 shares of Stock. Each grant of Restricted Stock, Stock Units and Other Stock-Based Awards shall be evidenced by a Stock Agreement. Notwithstanding the foregoing, separate and in addition to the above limit, no more than 250,000 shares of Stock may be awarded to any Eligible Individual in any calendar year with respect to Stock that is granted in settlement of an award under the Lands' End, Inc. Umbrella Incentive Program (or any incentive program established thereunder).

(2) **Non-Employee Directors.** Notwithstanding subsection (b)(1) immediately above, no Restricted Stock, Stock Unit and Other Stock-Based Award grants in any

combination may be made to a Non-Employee Director in any calendar year with respect to more than \$250,000 in aggregate value at grant date(s), but determined without regard to any director's fees that a director voluntarily elects to have paid in Stock instead of cash. Each grant of Restricted Stock, Stock Units and Other Stock-Based Awards to a Non-Employee Director shall be evidenced by a Stock Agreement.

7.2. **Forfeiture Conditions.** The Committee may make a Restricted Stock, Stock Unit or Other Stock-Based Award grant subject to one or more employment, performance or other forfeiture conditions which the Committee acting in its absolute discretion deems appropriate under the circumstances, and the related Stock Agreement shall set forth each such forfeiture condition and the deadline for satisfying each such forfeiture condition. Any Restricted Stock or Other Stock-Based Award issued hereunder may be evidenced in such manner, as the Committee, in its sole discretion, shall deem appropriate, including without limitation, book entry registration or issuance of a stock certificate or certificates. In the event any physical stock certificate is issued in respect of Restricted Stock or Other Stock-Based Award granted under the Plan, such certificates shall be registered in the name of the Eligible Individual, shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to the award, and shall be held by the Company as escrow agent until the restrictions on such award have lapsed.

7.3. **Rights Under Awards.**

(a) **Cash Dividends.** Each Stock Agreement which evidences a Restricted Stock or Other Stock-Based Award grant shall state whether the Eligible Individual shall have a right to receive any cash dividends which are paid after any shares of Restricted Stock or Other Stock-Based Award are issued to him or her and before the first day that the Eligible Individual's interest in such Stock is forfeited. If such a Stock Agreement provides that an Eligible Individual has no right to receive a cash dividend when paid, such agreement shall set forth the conditions, if any, under which the Eligible Individual will be eligible to receive one, or more than one, payment in the future to compensate the Eligible Individual for the fact that he or she had no right to receive any cash dividends on his or her Restricted Stock or Other Stock-Based Award when such dividends were paid. If such a Stock Agreement calls for any such payments to be made, the Company shall make such payments from the Company's general assets no later than the 15th day of the third month following the later of the taxable year of the Eligible Individual or the Company when such payments are no longer subject to a substantial risk of forfeiture under Code Section 409A to avoid treatment of the dividend as deferred compensation subject to Code Section 409A (the "409A Short-Term Deferral Period"), and the Eligible Individual shall be no more than a general and unsecured creditor of the Company with respect to such payments. Unless otherwise set forth in the Stock Agreement which evidences a Stock Unit grant, if a cash dividend is paid on the shares of Stock described in a Stock Unit grant, such cash dividend shall be treated as reinvested in shares of Stock and shall increase the number of shares of Stock described in such Stock Unit grant before the end of the corresponding 409A Short-Term Deferral Period. Notwithstanding any provision contained in this paragraph (a) to the contrary, in no event shall dividends, if any, relating to Stock corresponding to a performance-based award subject to Code Section 162(m) be payable prior to the payment, if any, of such performance-based award.

(b) **Stock and Other Dividends.** Unless otherwise provided in the related Stock Agreement, and subject to such rules as the Committee shall adopt with respect to each dividend, if a Stock dividend is declared on a share of Restricted Stock or Other Stock-Based Award, such Stock dividend shall be treated as part of the grant of the related Restricted Stock or Other Stock-Based Award, and an Eligible Individual's interest in such Stock dividend shall be forfeited or shall become nonforfeitable at the same time as the Stock with respect to which the award corresponding to the Stock dividend was paid is forfeited or becomes non-forfeitable. Unless otherwise set forth in the

Stock Agreement which evidences a Stock Unit grant, and subject to such rules as the Committee shall adopt with respect to each dividend, if a Stock dividend is declared on any shares of Stock described in a Stock Unit grant, such dividend shall increase the number of shares of Stock described in such Stock Unit grant. If a dividend is paid on a share of Restricted Stock or Other Stock-Based Award or on a share of Stock described in a Stock Unit grant other than in cash or Stock, the disposition of such dividend with respect to such Restricted Stock or Other Stock-Based Award grant and the treatment of such dividend with respect to such Stock Unit grant shall be effected in accordance with the terms of the related Stock Agreement or such rules as the Committee shall adopt with respect to each such dividend.

(c) **Voting Rights.** An Eligible Individual shall have the right to vote shares of Restricted Stock or Other Stock-Based Award unless otherwise provided in the related Stock Agreement. An Eligible Individual receiving a Stock Unit grant shall not possess any voting rights with respect to such Stock Units.

(d) **Effect of Termination.** In the discretion of the Committee, a Stock Agreement may provide for vesting, payment, or other applicable terms after the Eligible Individual ceases to be employed or provide services to the Company or Subsidiary for any reason whatsoever, including death or disability.

(e) **Nontransferability.** No Restricted Stock or Other Stock-Based Award grant and no shares issued pursuant to a Restricted Stock or Other Stock-Based Award grant shall be transferable by an Eligible Individual other than by will or by the laws of descent and distribution before an Eligible Individual's interest in such shares have become completely nonforfeitable, and no interests in a Stock Unit grant shall be transferable other than by will or the laws of descent and distribution, except as otherwise provided in the related Stock Agreement.

(f) **Creditor Status.** An Eligible Individual to whom a Stock Unit is granted shall be no more than a general and unsecured creditor of the Company with respect to any payment due under such grant.

7.4. **Satisfaction of Forfeiture Conditions.** A share of Stock shall cease to be Restricted Stock or Other Stock-Based Award at such time as an Eligible Individual's interest in such Stock becomes nonforfeitable under this Plan and the terms of the related Stock Agreement. Upon vesting of a Stock Unit, the Eligible Individual shall receive payment in cash or Stock in accordance with the terms of the related Stock Agreement.

SECTION 8. OPTIONS AND SARs

8.1. **Options.** The Committee acting in its absolute discretion shall have the right to grant Options to purchase shares of Stock to Eligible Individuals from time to time, and Options may be granted for any reason the Committee deems appropriate under the circumstances. Each grant of an Option shall be evidenced by an Option Agreement, and each Option Agreement shall set forth whether the Option is an ISO or a NQO and shall set forth such other terms and conditions, including without limitation any performance-based vesting conditions or forfeiture provisions, of such grant, as the Committee acting in its absolute discretion deems consistent with the terms of this Plan.

8.2. **ISO Rules.** Notwithstanding anything in this Plan to the contrary, no term of this Plan relating to ISOs shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan or any ISO under Code Section 422. The aggregate Fair Market Value of ISOs granted to an Eligible Individual under this Plan and incentive stock options granted to such Eligible Individual under any other stock option plan adopted by the Company or a Subsidiary which first

become exercisable in any calendar year shall not exceed \$100,000. Such Fair Market Value figure shall be determined by the Committee on the date the ISO or other incentive stock option is granted, and the Committee shall interpret and administer the limitation set forth in this Section 8.2 in accordance with Code Section 422(d).

8.3. Option Price, Exercise Period and No Dividend Equivalents.

(a) **Option Price.** The Option Price for each share of Stock subject to an Option shall be no less than the Fair Market Value of a share of Stock on the date the Option is granted. The Option Price shall be payable in full upon the exercise of any Option in accordance with the terms of the Plan. Except in accordance with the provisions of Section 12, the Committee shall not, absent the approval of the Company's stockholders, take any action, whether through amendment, cancellation, replacement grants, exchanges or any other means, to directly or indirectly reduce the Option Price of any outstanding Option including: (a) lowering the Option Price after it is granted, (b) canceling an Option when the Option Price per share exceeds the Fair Market Value of a share of Stock in exchange for cash or another award (other than in connection with a Change in Control) or (c) take any other action with respect to an Option that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Stock is listed.

(b) **Exercise Period.** Each Option granted under this Plan shall be exercisable in whole or in part at such time or times as set forth in the related Option Agreement, but no Option Agreement shall make an Option exercisable before the date such Option is granted or on or after the date which is the tenth anniversary of the date such Option is granted. In the discretion of the Committee, an Option Agreement may provide for the exercise of an Option after the Eligible Individual ceases to be employed or provide services to the Company or a Subsidiary for any reason whatsoever, including death or disability.

(c) **No Dividend Equivalents.** In no event shall any Option or Option Agreement granted under the Plan include any right to receive dividend equivalents with respect to such award.

8.4. Method of Exercise.

(a) **Committee Rules.** An Option may be exercised as provided in this Section 8.4 pursuant to procedures (including, without limitation, procedures restricting the frequency or method of exercise) as shall be established by the Committee or its delegate from time to time for the exercise of Options.

(b) **Notice and Payment.** An Option shall be exercised by delivering to the Committee or its delegate during the period in which such Option is exercisable, (1) written (or electronic) notice of exercise in a form acceptable to the Committee indicating the specific number of shares of Stock subject to the Option which are being exercised and (2) payment in full of the Option Price for such specific number of shares. An Option Agreement, at the discretion of the Committee, may provide for the payment of the Option Price by any of the following means:

- (1) in cash, electronic funds transfer or a check acceptable to the Committee;
- (2) in Stock which has been held by the Eligible Individual for a period acceptable to the Committee and which Stock is otherwise acceptable to the Committee, provided that the Committee may impose whatever restrictions it deems necessary or desirable with respect to such method of payment;
- (3) through a broker-facilitated cashless exercise procedure acceptable to the Committee;

(4) through a net exercise feature, whereby the Company withholds shares to cover the payment of the Option Price and any related tax withholding obligation; or

(5) in any combination of the methods described in this Section 8.4(b) which is acceptable to the Committee.

Any payment made in Stock shall be treated as equal to the Fair Market Value of such Stock on the date the properly endorsed stock certificate for such Stock is delivered to the Committee (or to its delegate) or, if payment is effected through a certification of ownership of Stock in lieu of a stock certificate, on the date the Option is exercised.

(c) **Restrictions.** The Committee may from time to time establish procedures for restricting the exercise of Options on any given date as the result of excessive volume of exercise requests or any other problem in the established system for processing Option exercise requests or for any other reason the Committee or its delegate deems appropriate or necessary.

8.5. **SARs.**

(a) **SARs and SAR Share Value.**

(1) The Committee acting in its absolute discretion may grant an Eligible Individual a SAR which will give the Eligible Individual the right to the appreciation in one, or more than one, share of Stock, and any such appreciation shall be measured from the related SAR Share Value; provided, however, in no event shall the SAR Share Value be less than the Fair Market Value of a share of Stock on the date such SAR is granted. The Committee shall have the right to make any such grant subject to such additional terms, including without limitation any performance-based vesting conditions or forfeiture provisions, as the Committee deems appropriate and such terms shall be set forth in the related SAR Agreement.

(2) Each SAR granted under this Plan shall be exercisable in whole or in part at such time or times as set forth in the related SAR Agreement, but no SAR Agreement shall make a SAR exercisable before the date such SAR is granted or on or after the date which is the tenth anniversary of the date such SAR is granted. In the discretion of the Committee, a SAR Agreement may provide for the exercise of a SAR after the Eligible Individual ceases to be employed or provide services to the Company or Subsidiary for any reason whatsoever, including death or disability.

(3) Except in accordance with the provisions of Section 12, the Committee shall not, absent the approval of the Company's stockholders, take any action, whether through amendment, cancellation, replacement grants, exchanges or any other means, to directly or indirectly reduce the SAR Share Value of any outstanding SAR including: (a) lowering the SAR Share Value after it is granted, (b) canceling a SAR when the SAR Share Value exceeds the Fair Market Value of a share of Stock in exchange for cash or another award (other than in connection with a Change in Control) or (c) take any other action with respect to a SAR that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Stock is listed.

(b) **Procedure.** The exercise of a SAR shall be effected by the delivery of the related SAR Agreement to the Committee together with a statement signed by the Eligible Individual which specifies the number of shares of Stock as to which the Eligible Individual exercises his or her SAR.

(c) **Payment.** An Eligible Individual who exercises his or her SAR will receive a payment in cash or in Stock, or in a combination of cash and Stock, equal in amount to the product of (i) the number of shares of Stock with respect to which the SAR is exercised multiplied by (ii) the excess of the Fair Market Value of a share of Stock on the exercise date over the applicable SAR Share Value. The Committee acting in its absolute discretion shall determine the form of such payment. Any cash payment shall be made from the Company's general assets, and an Eligible Individual shall be no more than a general and unsecured creditor of the Company with respect to such payment.

(d) **No Dividend Equivalents.** In no event shall any SAR or SAR Agreement granted under the Plan include any right to receive dividend equivalents with respect to such award.

8.6. **Non-transferability.** Except to the extent the Committee deems permissible and consistent with the best interests of the Company, no Option or SAR shall be transferable by an Eligible Individual other than by will or by the laws of descent and distribution, and any grant by the 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) of an Option or SAR shall be conditioned on the transfer not being made for value or consideration. Any such Option or SAR granted under this Plan shall be exercisable during an Eligible Individual's lifetime, as the case may be, only by (subject to the first sentence in this Section 8.6) the Eligible Individual, provided that in the event an Eligible Individual is incapacitated and unable to exercise such Eligible Individual's Option or SAR, such Eligible Individual's legal guardian or legal representative whom the Committee deems appropriate based on all applicable facts and circumstances presented to the Committee may exercise such Eligible Individual's Option or SAR, in accordance with the provisions of this Plan and the applicable Option or SAR Agreement. The person or persons to whom an Option or SAR is transferred by will or by the laws of descent and distribution (or pursuant to the first sentence of this Section 8.6) thereafter shall be treated as the Eligible Individual under this Plan.

8.7. **Share Limitations.**

(a) **Other than Non-Employee Directors.** Subject to subsection (b) immediately below, an Eligible Individual may not be granted in any calendar year Options, or SARs, or one or more Options and SARs in any combination which in the aggregate relate to more than 500,000 shares of Stock.

(b) **Non-Employee Directors.** Notwithstanding subsection (a) immediately above, a Non-Employee Director may not be granted in any calendar year Options, or SARs, or one or more Options and SARs in any combination which in the aggregate relate to more than \$250,000 in aggregate value at grant date(s), based on the accounting value as recognized by the Company.

SECTION 9. PERFORMANCE-BASED AWARDS

9.1. **Establishment of Performance Goals.** If, at the time of grant, the Committee intends an award to qualify as "performance based compensation" within the meaning of Code Section 162(m)(4), the Committee must establish in writing, objective performance goals for the applicable Performance Period no later than ninety (90) days after the Performance Period begins (but in no event after twenty-five percent (25%) of the Performance Period has elapsed), and while the outcome as to the performance goals is substantially uncertain. Such performance goals established by the Committee may be with respect to corporate performance, operating group or sub-group performance, individual company performance, other group or individual performance, or division performance, and shall be based on one or more of the criteria described in Section 9.2.

9.2. **Performance Measures.** A performance goal 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 of the Company, or its Subsidiaries, 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 of the Company or its Subsidiaries, and/or the past or current performance of other companies, or an index. For the avoidance of doubt, any performance measures that are financial metrics will be determined in accordance with United States Generally Accepted Accounting Principles (“GAAP”) or will be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP; provided, however, that the Committee may elect to use other standards for performance goals that are not intended to meet the requirements of performance-based compensation under Code Section 162(m).

9.3. **Certification of Performance.** A Participant otherwise entitled to receive an award intended to meet the requirements of performance-based compensation under Code Section 162(m) and the regulations thereunder for any Performance Period shall not receive a settlement of the award until the Committee has determined that the applicable performance goal(s) have been attained. To the extent that the Committee exercises discretion in making the determination required by this subsection, such exercise of discretion may not result in an increase in the amount of the payment with respect to such award.

9.4. **Extraordinary Items.** In establishing any performance goals, the Committee may, no later than the date such performance goals are established in accordance with Section 9.1, provide for the exclusion of the effects of the following items, to the extent identified in the audited financial statements of the Company, including footnotes, or in the Management Discussion and Analysis of Financial Condition and Results of Operations accompanying such financial statements: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) extraordinary, unusual, and/or infrequently incurring items of gain or loss; (d) gains or losses on acquisitions or divestitures or store closings; (e) domestic pension expenses; (f) noncapital, purchase accounting items; (g) changes in tax or accounting principles, regulations or laws; (h) mergers or acquisitions; (i) integration costs disclosed as merger related; (j) accruals for reorganization or restructuring programs; (k) investment income or loss; (l) foreign exchange gains and losses; and (m) tax valuation allowances and/or tax claim judgment or settlements. To the extent the exclusion of any item affects awards intended to constitute performance-based compensation under Code Section 162(m), such exclusion shall be specified in a manner that satisfies the requirements of Code Section 162(m) and the regulations thereunder, including without limitation the requirement that performance goals be objectively determinable.

SECTION 10. SECURITIES REGISTRATION

For Stock issued pursuant to this Plan, the Company at its expense shall take such action as it deems necessary or appropriate to register the original issuance of such Stock to an Eligible Individual under the Securities Act of 1933, as amended, or under any other applicable securities laws or to qualify such Stock for an exemption under any such laws prior to the issuance of such Stock to an Eligible Individual; however, the Company shall have no obligation whatsoever to take any such action in connection with the transfer, resale or other disposition of such Stock by an Eligible Individual.

SECTION 11. LIFE OF PLAN

No award shall be granted under this Plan on or after the earlier of: (a) the tenth (10th) anniversary of the date the Company adopts this Plan, in which event this Plan otherwise thereafter shall continue in effect until all Options and SARs have been exercised in full or no longer are exercisable and all Restricted Stock, Stock Unit and Other Stock-Based Award grants under this Plan have been forfeited or the forfeiture conditions on the related Stock or cash payments have been satisfied in full, or (b) the date on which all of the Stock reserved under Section 3 has been issued or is no longer available for use under this Plan and all cash payments due under any Stock Unit grants have been paid or forfeited, in which event this Plan also shall terminate on such date.

SECTION 12. ADJUSTMENT

12.1. **Corporate Transactions.** The Committee shall make equitable adjustments to reflect any corporate transaction, which may include (a) adjusting the number, kind or class (or any combination thereof) of shares of Stock reserved under Section 3, the grant limitations described in Section 7.1(b) and Section 8.7, the number, kind or class (or any combination thereof) of shares of Stock subject to Options and SARs granted under this Plan and the applicable Option Price and SAR Share Value as well as the number, kind or class of shares of Stock subject to Restricted Stock, Stock Unit and Other Stock-Based Award grants under this Plan, (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 Committee determines to be equitable. For purposes of this paragraph a corporate transaction includes without limitation any dividend (other than a cash dividend that is not an extraordinary cash dividend) or other distribution (whether in the form of cash, Stock, securities of a subsidiary of the Company, other securities or other property), 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. Notwithstanding anything in this paragraph to the contrary, an adjustment to an Option or SAR under this paragraph shall be made in a manner that will not result in the grant of a new Option or SAR under Code Section 409A or cause the Option or SAR to fail to be exempt from Code Section 409A.

12.2. **General.** If any adjustment under this Section 12 would create a fractional share of Stock or a right to acquire a fractional share of Stock, such fractional share shall be disregarded and the number of shares of Stock reserved under this Plan and the number subject to any grant shall be the next lower number of shares of Stock, rounding all fractions downward. Any adjustment made under this Section 12 by the Committee shall be conclusive and binding on all affected persons.

12.3. **Change in Control.**

(a) Upon the occurrence of a Change in Control, except to the extent specified in an Stock Agreement, any non-vested portion of an Eligible Individual's award shall fully vest in the event of either

(i) the failure by the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), to assume or continue the Company's rights and obligations under each or any award or portion thereof outstanding immediately prior to the Change in Control, or to substitute for each or any such outstanding award or portion thereof a substantially equivalent award with respect to the Acquiror's stock or other consideration of equivalent value as of the effective date of the Change in Control; or

(ii) the Eligible Individual's termination of employment within eighteen (18) months following a Change in Control on account of a termination by the Company (or any Acquiror) for any reason other than Cause or on account of an Eligible Individual's resignation for Good Reason.

(b) For purposes of Section 12.3(a):

(i) "Cause" means (i) a material breach by the Eligible Individual (other than a breach resulting from the Eligible Individual's incapacity due to a Disability) of the Eligible Individual's duties and responsibilities which breach is demonstrably willful and deliberate on the Eligible Individual's part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written (or electronic) notice from the Company specifying such breach; (ii) the commission by the Eligible Individual of a felony; or (iii) dishonesty or willful misconduct in connection with the Eligible Individual's employment.

(ii) "Good Reason" shall mean, without the Eligible Individual's written (or electronic) consent, (i) a reduction of more than ten percent (10%) in the sum of the Eligible Individual's annual base salary and target bonus under Company's Annual Incentive Plan; (ii) the Eligible Individual's mandatory relocation to an office more than fifty (50) miles from the primary location at which the Eligible Individual was previously required to perform his or her duties; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement, provided that the Company shall have failed to remedy any Good Reason event within sixty (60) days of the Eligible Individual's providing notice to the Company of the Good Reason event.

Notwithstanding the foregoing, with respect to any Eligible Individual who is party to an executive severance agreement or other employment agreement with the Company as of the date of his or her termination of employment (an "ESA"), "Cause" and "Good Reason" as used in Section 12.3(a) shall have the same meaning as those terms are defined in the Eligible Individual's ESA.

(c) Excess Parachute Payment Limitations. Notwithstanding any provision of the Plan or a Stock Agreement to the contrary for awards issued on or after April 9, 2015, if any portion of any payment or benefit under this Plan, either individually or in conjunction with any payment or benefit under any other plan, agreement or arrangement with the Company (all such payments and benefits are collectively referred to as, the "Total Payments"), would constitute an "excess parachute payment" within the meaning of Code Section 280G, that is subject to the excise tax imposed by Code Section 4999, then such payments or benefits made hereunder to the Participant shall be reduced, such that the value of the Total Payments that the Participant is entitled to receive shall be \$1 less than the maximum amount which the Participant may receive without becoming subject to the excise tax under Section 4999; provided, however, that such reduction shall only apply if it results in the Participant receiving a greater amount on an after-tax basis that he or she would receive absent such reduction. For purposes of this Section 12.3(c), the determination of whichever amount is greater on an after-tax basis shall be (i) based on maximum federal, state and local income and employment tax rates and the tax that would be imposed on the Participant pursuant to Code Section 4999 and (ii) made at Company expense by an independent accountants selected by the Company and the Participant (which may be the Company's income tax return preparers if Participant so agrees), and such determination shall be final and binding on both the Participant and the Company.

SECTION 13. AMENDMENT OR TERMINATION

The Board or the Committee may at any time in its sole discretion, for any reason whatsoever, terminate or suspend the Plan, and from time to time may amend or modify the Plan; provided that without the approval of stockholders of the Company, no amendment or modification to the Plan may: (a) materially modify the Plan in any way that would require stockholder approval under any regulatory requirement that the Committee determines to be applicable, including without limitation, the rules of any exchange or (b) modify the prohibition on repricing an Option or SAR as set forth in Sections 8.3 and 8.5, respectively. No amendment, modification, suspension or termination of the Plan shall have a materially adverse effect on any vested and outstanding award on the date of such amendment, modification, suspension or termination, without the written (or electronic) consent of the affected grantee. Notwithstanding the foregoing, no Eligible Individual consent shall be needed for an amendment, modification, or termination of the Plan if the Committee determines such amendment, modification, or termination is necessary or advisable for the Company to comply with applicable law (including Code Section 409A), regulation, rule, or accounting standard. Suspension or termination of the Plan shall not affect the Committee's ability to exercise the powers granted to it with respect to awards under this Plan prior to the date of such suspension or termination.

SECTION 14. MISCELLANEOUS

14.1. **Stockholder Rights.** No Eligible Individual shall have any rights as a stockholder of the Company as a result of the grant of an Option or SAR under this Plan or his or her exercise of such Option or SAR pending the actual delivery of any Stock subject to such Option or SAR to such Eligible Individual. Except as otherwise provided in this Plan, an Eligible Individual's rights as a stockholder in the shares of Stock related to a Restricted Stock or Other Stock-Based Award grant shall be set forth in the related Stock Agreement.

14.2. **No Contract of Employment or Contract for Services.** The grant of an award to an Eligible Individual under this Plan shall not constitute a contract of employment or contract for the performance of services or an agreement to continue his or her status as an Eligible Individual and shall not confer on an Eligible Individual any rights in addition to those rights, if any, expressly set forth in any Stock, Option or SAR Agreement.

14.3. **Coordination with Corporate Policies.** Shares of Stock and cash acquired by an Eligible Individual under this Plan shall be subject to share retention, forfeiture, and clawback policies established by the Company in accordance with the terms of such policies.

14.4. **Withholding.** The exercise of any Option or SAR granted under this Plan and the acceptance of a Restricted Stock, Stock Unit or Other Stock-Based Award grant shall constitute an Eligible Individual's full and complete consent to whatever action the Committee deems necessary to satisfy the minimum tax withholding requirements, if any, which the Committee acting in its discretion deems applicable. Subject to applicable law, the Committee, in its discretion, shall have the right to condition the delivery of any shares of Stock (or other benefit) under the Plan on the satisfaction of an Eligible Individual's applicable withholding obligation and shall have the right to satisfy such tax withholding requirements, if any: (a) through cash payment by the Eligible Individual; (b) with the Committee's consent, through the surrender of shares of Stock which the Eligible Individual already owns (provided, however, that to the extent shares of Stock described in this subsection (b) are used to satisfy more than the minimum statutory withholding obligation, then, except as otherwise provided by the Committee, payments made with shares of Stock in accordance with this subsection (b) shall be limited to shares of Stock held by the Eligible Individual for not less than six (6) months prior to the payment date); or (c) through the surrender of shares of Stock to which the Eligible Individual is otherwise entitled under the Plan; provided, however, that such shares of Stock under this subsection (c) may be used to satisfy not more than 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) (or any higher withholding amount permitted by applicable regulatory requirements without triggering variable accounting under GAAP).

14.5. **Compliance with Code Section 409A.** To the extent that amounts payable under this Plan are subject to Code Section 409A, the Plan is intended to comply with Code Section 409A and official guidance issued thereunder. Notwithstanding anything herein to the contrary, the Plan shall be interpreted, operated and administered in a manner consistent with this intention.

14.6. **Requirements of Law.** The granting of awards and the issuance of Stock under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

14.7. **Indemnification.** Each person who is or shall have been a member of the Committee and each delegate of such Committee shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be made a party or in which he or she may be involved in by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided that the Company is given an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it personally. Such foregoing right of indemnification shall not apply in circumstances involving such person's bad faith or willful misconduct. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-laws, by contract, as a matter of law, or otherwise.

14.8. **Headings and Captions.** The headings and captions here are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

14.9. **Governing Law.** This Plan shall be governed under the internal laws of the state of Wisconsin without regard to principles of conflicts of laws, to the extent not superseded by federal law. The state and federal courts located in the state of Wisconsin shall have exclusive jurisdiction in any action, lawsuit or proceeding based on or arising out of the Plan.

14.10. **Invalid Provisions.** In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

14.11. **Conflicts.** In the event of a conflict between the terms of this Plan and any Stock, Option or SAR Agreement, the terms of the Plan shall prevail.

14.12. **Successors.** All obligations of the Company under the Plan with respect to awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

14.13. **Deferral of Awards.** The Committee may, in a Stock Agreement or otherwise, establish procedures for the deferral of Stock or cash deliverable upon settlement, vesting or other events with respect to Restricted Stock, Stock Units or Other Stock-Based Awards. Notwithstanding anything herein to the contrary, in no event will any deferral of Stock or any other payment with respect to any award granted under

the Plan be allowed if the Committee determines, in its sole discretion, that the deferral would result in the imposition of the additional tax under Code Section 409A.

14.14. **Employees in Foreign Jurisdictions.** Notwithstanding any provision of this Plan to the contrary, in order to achieve the purposes of this Plan or to comply with provisions of the laws in countries outside the United States in which the Company operates or has Employees, the Committee, in its sole discretion, shall have the power and authority to (i) determine which Eligible Individuals (if any) employed by the Company outside the United States should participate in the Plan, (ii) modify the terms and conditions of any awards made to such Eligible Individuals, and (iii) establish sub-plans and other award terms, conditions and procedures to the extent such actions may be necessary or advisable to comply with provisions of the laws in such countries outside the United States in order to assure the lawfulness, validity and effectiveness of awards granted under this Plan.

14.15. **Reimbursement of Excess Awards.** If the Company's financial statements or approved performance measures under the Plan are the subject of a restatement due to error or misconduct, to the extent permitted by governing law, in all appropriate cases, the Company will seek reimbursement of Excess Awards paid under the Plan to an Employee (and any other Employee who is determined to have known of or been involved in any such misconduct) for the relevant performance period(s). For purposes of the Plan, an "Excess Award" means the positive difference, if any, between (a) the performance-based award paid to an Employee under the Plan and (b) the performance-based award that would have been paid to the Employee, had the award been calculated based on the Company's financial statements or performance measures as restated. The Company will not be required to award Employees an additional Plan-related payment should the restated financial statements or performance measures result in a higher performance-based award under the Plan.

LANDS' END, INC.

UMBRELLA INCENTIVE PROGRAM

(As Amended and Restated)

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LANDS' END, INC.

UMBRELLA INCENTIVE PROGRAM

**SECTION 1
GENERAL**

1.1. **Purpose.** The **Lands' End, Inc. Umbrella Incentive Program** (As Amended and Restated) (the "UIP") is a performance-based program. The UIP is designed to motivate the salaried employees of Lands' End, Inc., a Delaware corporation (the "Company") and their Subsidiaries, to achieve significant, lasting change that successfully positions the Company for future growth. Performance goals under the UIP align Participants' financial incentives with the financial goals of the Company. Awards under the UIP are designed to vary commensurately with achieved performance. Both Awards structured to satisfy the requirements for "performance-based compensation" outlined in regulations issued under Section 162(m) of the Code ("Code Section 162(m)") and Awards not so structured may be issued hereunder. The UIP is subject to approval of the shareholders in accordance with, and to the extent required under, Code Section 162(m). The UIP initially was effective as of the Effective Time as defined in the Separation and Distribution Agreement by and between Sears Holdings Corporation ("Sears Holdings") and the Company (the "Effective Date"), and the UIP (As Amended and Restated) was adopted by the Committee on April 9, 2015.

The Committee may make an Award to an Eligible Employee under the UIP, or from time to time may establish under the UIP annual and long-term incentive plans for specific performance periods for specified groups of Eligible Employees, and make Awards under such plans, consistent with the terms of the UIP. References throughout this document to Awards under the UIP shall also refer to Awards under any annual or long-term incentive plan established pursuant to the UIP. All Awards hereunder, including Awards under any annual or long-term incentive plan established pursuant hereto, that are intended to constitute "performance-based compensation" within the meaning of Code Section 162(m) and the regulations thereunder are contingent on shareholder approval of the UIP, as provided in subsection 3.1.

1.2. **Operation, Administration, and Definitions.** The operation and administration of the UIP, including the Awards made under the UIP, shall be subject to the provisions of Section 6 (relating to operation and administration). Capitalized terms in the UIP shall be defined as set forth in the UIP (including the definitional provisions of Section 9).

**SECTION 2
PARTICIPATION**

2.1. **Eligible Employee.** The term "Eligible Employee" means those salaried employees of the Company or a Subsidiary who are designated as Eligible Employees by the "Committee" (as such term is defined in subsection 6.2 and further described in Section 7). Subject to the terms and conditions of the UIP, the Committee shall determine and designate, from time to time, from among the Eligible Employees, those persons who shall be granted one or more Awards under the UIP, and thereby become "Participants" in the UIP. Notwithstanding the foregoing, with respect to any annual incentive plan or long-term incentive plan established under the UIP, the term "Eligible Employee" shall mean those salaried and hourly employees of the Company or a Subsidiary who are designated as Eligible Employees under the terms of the applicable annual incentive plan or long-term incentive plan and thereby become "Participants" under such incentive plan.

2.2. **New Hires.** The Committee may designate as Participants those salaried employees whom the Committee determines have been newly hired or promoted into the group of Eligible Employees, provided that the terms and conditions of Awards to such individuals shall be subject to such adjustments as the Committee deems necessary or desirable to qualify such Awards as performance-based compensation for purposes of Code Section 162(m), if such Awards are intended to meet the requirements of Code Section 162(m) and the regulations thereunder. Notwithstanding the foregoing, with respect to any annual incentive plan or long-term incentive plan established under the UIP, the eligibility of newly hired employees shall be determined in accordance with the terms of the applicable incentive plan.

SECTION 3 **AWARDS**

3.1. **Awards.** An Award may be granted under the UIP in the form of a “Cash Incentive Award” or a “Stock Award”.

(a) A Cash Incentive Award is a grant of a right to receive a payment of cash (or, in the discretion of the Committee, shares of Stock having Fair Market Value, as of the date of payment, equivalent to the cash otherwise payable) that is contingent upon achievement of performance goals for the applicable performance period, as established by the Committee.

(b) A Stock Award is a grant of shares of Stock, which grant shall be subject to risk of forfeiture or other restrictions that will lapse upon the achievement of performance goals for the applicable performance period, as established by the Committee. For the avoidance of doubt, Stock Awards granted under the UIP shall be subject to the terms and conditions of, and be made in accordance with, the Stock Plan (as defined herein).

The grant of an Award may also be subject to such other conditions, restrictions and contingencies as determined by the Committee. Except as otherwise provided in this Section 3, Awards are intended to be “performance-based compensation” as that term is used in regulations issued under Code Section 162(m), and shall comply with the requirements of this Section 3 to the extent such compliance is determined by the Committee to be required for the Awards to be treated as performance-based compensation. With respect to Awards that are intended to constitute “performance-based compensation” within the meaning of Code Section 162(m), any such Award shall be contingent upon shareholder approval of the UIP, or any amendment to the UIP requiring shareholder approval, in accordance with, and to the extent required under, Code Section 162(m). Except as provided under Code Section 162(m), no amount shall be paid under any such Award unless and until such shareholder approval has been obtained.

3.2. **Maximum Amount.** For Awards that are intended to be performance-based compensation under Code Section 162(m) and the regulations issued thereunder: (A) the maximum value payable under all Cash Awards granted to any one individual during any (i) consecutive thirty-six (36) month period shall not exceed \$15,000,000, and (ii) consecutive forty-eight (48) month period shall not exceed \$20,000,000; and (B) the maximum number of shares of Stock corresponding to a Stock Award shall be determined under the Stock Plan. Awards that are not intended to constitute “performance-based compensation” under Code Section 162(m) and the regulations issued thereunder are not subject to the foregoing limits.

3.3. **Performance Goals.** The performance goals established for the performance period established by the Committee with respect to Awards intended to constitute performance-based compensation under Code Section 162(m) and the regulations thereunder shall be objective (as that term is described in regulations under Code Section 162(m)), and shall be established in writing by the

Committee 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 performance goals established by the Committee may be with respect to corporate performance, operating group or sub-group performance, individual company performance, other group or individual performance, or division performance, and shall be based on one or more of the Performance Measures described in subsection 3.6, below

3.4. **Attainment of Performance Goals.** A Participant otherwise entitled to receive an Award intended to meet the requirements of performance-based compensation under Code Section 162(m) and the regulations thereunder for any performance period shall not receive a settlement of the Award until the Committee has determined that the applicable performance goal(s) have been attained. To the extent that the Committee exercises discretion in making the determination required by this subsection, such exercise of discretion may not result in an increase in the amount of the payment with respect to an Award intended to meet the requirements of performance-based compensation under Code Section 162(m) and the regulations thereunder.

3.5. **Partial Achievement.** The terms of an Award may provide that partial achievement of the performance goals may result in a payment or vesting based upon the degree of achievement.

3.6. **Performance Measures.**

(a) **Generally.** 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 of the Company, or its Subsidiaries, 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 of the Company or its Subsidiaries, and/or the past or current performance of other companies, or an index. For the avoidance of doubt, any performance measures that are financial metrics will be determined in accordance with United States Generally Accepted Accounting Principles (“GAAP”) or will be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP.

(b) **Extraordinary Items.** In establishing any performance goals, the Committee may, no later than the date such performance goals are established in accordance with subsection 3.3, provide for the exclusion of the effects of the following items, to the extent identified in the audited financial statements of the Company, including footnotes, or in the Management Discussion and Analysis of Financial Condition and Results of Operations accompanying such financial statements: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) extraordinary, unusual, and/or infrequently occurring items of gain or loss; (iv) gains or losses on acquisitions or divestitures or store closings; (v) domestic pension expenses; (vi) noncapital, purchase accounting items; (vii) changes in tax or accounting principles, regulations or laws; (viii) mergers or acquisitions; (ix) integration costs disclosed as merger related; (x) accruals for reorganization or restructuring programs; (xi) investment income or loss; (xii) foreign exchange

gains and losses; and (xiii) tax valuation allowances and/or tax claim judgment or settlements. To the extent the exclusion of any item affects Awards intended to constitute performance-based compensation under Code Section 162(m), such exclusion shall be specified in a manner that satisfies the requirements of Code Section 162(m) and the regulations thereunder, including without limitation the requirement that performance goals be objectively determinable.

3.7. **Non-Performance-Based Compensation**. Nothing in this Section 3 shall preclude the Committee, the Company, or any Subsidiary from granting Awards that are not intended to be performance-based compensation under Code Section 162(m) and the regulations thereunder; provided, however, that, at the time of grant of Awards by the Committee, the Committee shall designate whether such amounts are intended to constitute performance-based compensation within the meaning of Code Section 162(m) and the regulations thereunder. To the extent that the provisions of this Section 3 reflect the requirements applicable to performance-based compensation under Code Section 162(m) and the regulations thereunder, such provisions shall not apply to any Award which is not intended to satisfy such performance-based compensation requirements.

SECTION 4 **DISTRIBUTION**

4.1. **General**. Subject to Sections 5 and 6, the shares of Stock or the cash that result from an Award, granted with respect to a particular performance period, shall be distributed, in a single lump sum, as soon as practicable after the first Committee meeting after the results for the applicable performance period are available to the Committee (or in the case of Awards not intended to satisfy the requirements of Code Section 162(m) and the regulations thereunder, such time as specified by the Committee in the Award). Notwithstanding anything herein to the contrary, as to Awards intended to meet the requirements of performance-based compensation under Code Section 162(m) and the regulations thereunder, no distribution shall be made hereunder until after the Committee has certified the attainment of the performance goals and the amount to be paid to each Participant. Further, each Award shall be paid to each Participant no later than the date that is the 15th day of the third month following the last day of the relevant performance period or such other date as required by Code Section 409A to avoid treatment of the Award as deferred compensation subject to Code Section 409A. The date as of which payment is made in accordance with this subsection 4.1 is referred to herein as the “payment date.”

4.2. **Termination and Other Provisions**. All distributions are subject to the provisions of Sections 5 and 6, below.

SECTION 5 **TERMINATION**

5.1. **Termination of Employment Event**. The effect of death, disability, or termination of employment on a Participant’s right to receive an Award (whether payable in cash or Stock) shall be determined by the Committee under the terms of the Award (or the terms of the annual or long term incentive plan under which the Award is granted) and may depend both on the reason for the termination, if applicable, and the point in the performance period at which the event occurs, subject to the requirements of Code Section 162(m) and the regulations thereunder in the case of Awards intended to constitute performance-based compensation under that Code Section.

SECTION 6 **OPERATION AND ADMINISTRATION**

6.1. **Source of Awards**. In the case of Awards under the UIP that are settled in shares of Stock, such shares shall be distributed under the Stock Plan adopted by the Company and approved by the

shareholders thereof that provides for the issuance of Stock in satisfaction of Awards hereunder (which in no event shall be an employee stock purchase plan). In the event of any conflict between this document and the Stock Plan, the provisions of the Stock Plan shall govern.

6.2. **Committee.** The UIP is administered by the Compensation Committee of the Board of Directors of the Company (the “Committee”), as further described at Section 7. Any determinations by the Committee regarding the UIP are binding on all Participants. The Committee may make changes that it deems appropriate for the effective administration of the UIP. Subject to subsection 6.3, these changes may not increase the benefits to which Participants may become entitled under an Award, nor change the pre-established measures in goals that have been approved with respect to any Award that is intended to constitute performance-based compensation under Code Section 162(m) and the regulations thereunder.

6.3. **Discretion.** Notwithstanding anything in the UIP to the contrary, prior to the settlement of any Award, the Committee may (i) reduce the amount of such Award, or the number of shares of Stock or amount of cash to be delivered in connection with such Award, and (ii) with respect to Awards that are not intended to constitute performance-based compensation under Code Section 162(m) and the regulations thereunder, 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.

6.4. **General Restrictions.** Notwithstanding any other provision of the UIP, the Company shall have no obligation to deliver any shares of Stock or make any other distribution of benefits under the UIP unless such delivery or distribution complies with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933, as amended), and the applicable requirements of any securities exchange or similar entity.

6.5. **Tax-Withholding.** All distributions under an Award are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any shares or other benefits under an Award on satisfaction of the applicable withholding obligations. To the extent permitted by the Committee, such withholding obligations may be satisfied (i) through cash payment by the Participant, (ii) through the surrender of shares of Stock which the Participant already owns (provided, however, that to the extent shares described in this clause (ii) are used to satisfy more than the minimum statutory withholding obligation, as described below, then, except as otherwise provided by the Committee, payments made with shares of Stock in accordance with this clause (ii) shall be limited to shares held by the Participant for not less than six months prior to the payment date (or such other period of time as the Company’s accountants may require), or (iii) through the surrender of shares of Stock to which the Participant is otherwise entitled under the UIP; provided, however, that such shares under this clause (iii) may be used to satisfy not more than 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) (or any higher withholding amount permitted by applicable regulatory requirements without triggering variable accounting under GAAP).

6.6. **Settlement of Awards.** The obligation to make payments and distributions with respect to Awards may be satisfied through cash payments, the delivery of shares of Stock, or a combination thereof, subject, in the case of settlement in shares, to the terms of the Stock Plan under which the Stock is issued. Satisfaction of any such obligations under an Award, which is sometimes referred to as the “settlement” of the Award, may be subject to such conditions, restrictions and contingencies as the Committee shall determine. Each Subsidiary shall be liable for payment of cash due under the UIP with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for cash payments shall be resolved by the Committee.

6.7. **Transferability.** Except as otherwise provided by the Committee, Awards under the UIP are not transferable except as designated by the Participant by will or by the laws of descent and distribution.

6.8. **Form and Time of Elections.** Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under an Award, and any permitted modification, or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the UIP, as the Committee shall require.

6.9. **Agreement with Company.** Any Award under the UIP shall be subject to such terms and conditions, not inconsistent with the UIP, as the Committee shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written (including electronic) document as is determined by the Committee. A copy of such document shall be provided to the Participant, and the Committee may, but need not, require that the Participant sign a copy of such document. Such document is referred to as an "Award Agreement" regardless of whether any Participant signature is required.

6.10. **Action by Company or Subsidiary.** Any action required or permitted to be taken under the UIP by the Company or any Subsidiary shall be by resolution of its respective board of directors, or by action of one or more members of the board of directors of such company (including a committee of the board) who are duly authorized to act for such board with respect to the applicable action, or (except to the extent prohibited by applicable law or applicable rules of any securities exchange or similar entity) by a duly authorized officer of such company.

6.11. **Gender and Number.** Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

6.12. **Limitation of Implied Rights.**

(a) Neither a Participant nor any other person shall, by reason of participation in the UIP, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the UIP. A Participant shall have only a contractual right to the cash or Stock, if any, payable under the UIP, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the UIP shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any benefits to any person.

(b) The UIP does not constitute a contract of employment, and selection as a Participant shall not give any participating employee the right to be retained in the employ of the Company or any Subsidiary, nor any right or claim to any benefit under the UIP, unless such right or claim has specifically accrued under the terms of the UIP. Except as otherwise provided in the UIP, no Award under the UIP shall confer upon the holder thereof any rights as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.

6.13. **Evidence.** Evidence required of anyone under the UIP may be by certificate, affidavit, document or other information, which the person charged with acting on such evidence considers pertinent and reliable, and which has been signed, made or presented by the proper party or parties.

6.14. **Corporate Transaction.** In the event of a corporate transaction involving the Company (including without limitation, any Stock dividend, Stock split, extraordinary cash dividend,

recapitalization, reorganization, merger, consolidation, split-up, spin-off, sale of assets or subsidiaries, combination or exchange of shares), the Committee shall adjust Awards, in the manner it deems appropriate, to preserve, but in no event increase, the benefits or potential benefits of the Awards; provided, however, that no such adjustment may be made to the extent such adjustment would cause Awards that are intended to constitute performance-based compensation to cease to qualify as such under Code Section 162(m) and the regulations thereunder. Actions permitted under the preceding sentence by the Committee may include any adjustments that the Committee determines to be equitable (which may include, without limitation, (a) replacement of Awards with other Awards which the Committee determines have comparable value and which are based on stock of a company resulting from the transaction, and (b) cancellation of the Award in return for cash payment of the current value of the Award, determined as though the Award is fully vested at the time of the payment.

6.15. **Governing Law.** The UIP will be governed under the internal laws of the state of Wisconsin without regard to principles of conflicts of laws. The state and federal courts located in the state of Wisconsin shall have exclusive jurisdiction in any action, lawsuit or proceeding based on or arising out of the UIP.

6.16. **Severability.** If any provision(s) of the UIP shall be found invalid, illegal, or unenforceable, in whole or in part, then such provision(s) shall be modified or restricted so as to effectuate as nearly as possible in a valid and enforceable way the provisions hereof, or shall be deemed excised from the UIP, as the case may require, and the UIP shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted or as if such provision(s) had not been originally incorporated herein, as the case may be.

6.17. **Reimbursement of Excess Awards.** If the Company's financial statements or approved performance measures under the UIP are the subject of a restatement due to error or misconduct, to the extent permitted by governing law, in all appropriate cases, the Company will seek reimbursement of Excess Awards paid under the UIP to an Employee (and any other Employee who is determined to have known of or been involved in any such misconduct) for the relevant performance period(s). For purposes of the UIP, an "Excess Award" means the positive difference, if any, between (a) the performance-based award paid to an Employee under the UIP and (b) the performance-based award that would have been paid to the Employee, had the award been calculated based on the Company's financial statements or performance measures as restated. The Company will not be required to award Employees an additional UIP-related payment should the restated financial statements or performance measures result in a higher performance-based award under the UIP.

SECTION 7

COMMITTEE

7.1. **Administration.** As provided in subsection 6.2, the authority to control and manage the operation and administration of the UIP shall be vested in the Committee.

7.2. **Powers of Committee.** The Committee's administration of the UIP shall be subject to the following:

(a) As provided in subsection 2.1 above, the Committee shall have the authority and discretion to determine those salaried employees who are Eligible Employees and to select from among the Eligible Employees those persons who shall receive Awards.

(b) Subject to the other provisions of the UIP, the Committee shall have the authority and discretion to determine the time or times of receipt and the types of Awards, to establish the terms, conditions, restrictions, and other provisions of Awards, and (subject to the restrictions

imposed by Section 8) to amend, cancel, or suspend Awards. However (and subject at all times to the requirements of Code Section 162(m) and the regulations thereunder as to Awards that are intended to constitute performance-based compensation under that Section), to the extent that the Committee determines that the restrictions imposed by the UIP preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Committee shall have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(c) The Committee shall have the authority and discretion to interpret the UIP, to establish, amend, and rescind any rules and regulations relating to the UIP, to determine the terms and provisions of any Award Agreement made pursuant to the UIP, and to make all other determinations that may be necessary or advisable for the administration of the UIP.

(d) Any interpretation of the UIP by the Committee and any decision made by it under the UIP are final and binding on all persons.

7.3. **Delegation by Committee.** Except to the extent prohibited by applicable law or the applicable rules of a securities exchange or similar entity, or as would cause UIP Awards intended to constitute performance-based compensation under Code Section 162(m) and the regulations thereunder to fail to so qualify, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. The Committee may revoke any such allocation or delegation at any time.

7.4. **Information to be Furnished to Committee.** The Company and its Subsidiaries, shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties hereunder. The records of the Company and its Subsidiaries, as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment, and compensation shall be conclusive on all persons unless determined by the Company or the Committee to be incorrect. Participants and other persons entitled to benefits under the UIP must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the UIP, subject to any applicable privacy laws.

SECTION 8

AMENDMENT AND TERMINATION

The Board or the Committee may, at any time, amend or terminate the UIP, and the Board or the Committee may amend any Award; provided, that no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), materially adversely affect the rights of any Participant or beneficiary under any Award granted under the UIP prior to the date such amendment or termination is adopted by the Board or the Committee, and no amendment requiring shareholder approval, including, but not limited to, under Code Section 162(m) and the regulations thereunder may be made without consent of the shareholders of the Company.

Notwithstanding anything herein to the contrary, (i) no amendment shall be made that would cause the Plan not to comply with the requirements of Code Section 409A or any other applicable law or rule of any applicable securities exchange or similar entity, and (ii) the UIP and any Award thereunder may be amended without Participant consent to the extent that the Committee determines such amendment

necessary to cause the UIP or Award to comply with the requirements of Code Section 409A or any other applicable law or rule of any applicable securities exchange or similar entity.

SECTION 9
DEFINED TERMS

In addition to the other definitions contained herein, the following definitions shall apply:

- (a) **Award**. The term “Award” means any Cash Incentive Award or Stock Award as described in Section 3.1.
- (b) **Board**. The term “Board” means the Board of Directors of the Company.
- (c) **Code**. The term “Code” means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code.
- (d) **Fair Market Value**. The term “Fair Market Value” shall mean, for any given date, the closing price for the Stock, as of such date, as reported by the NASDAQ Stock Market on the relevant valuation date or, if there were no sales on the valuation date, on the next preceding date on which such selling prices were recorded; provided, however, that if the Stock is no longer listed for trading on a national securities exchange, an amount determined in accordance with standards adopted by the Committee on a basis consistently applied.
- (e) **Stock**. The term “Stock” means shares of common stock of the Company.
- (f) **Stock Plan**. The term “Stock Plan” means the Lands’ End, Inc. 2014 Stock Plan, as amended from time to time, or any successor stock plan designated by the Committee as being applicable to this UIP, as adopted by the Board and approved by the shareholders of the Company, that provides for the issuance of Stock in satisfaction of Awards hereunder (which in no event shall be an employee stock purchase plan).
- (g) **Subsidiary**. The term “Subsidiary” means any company during any period in which it is a “subsidiary corporation” (as that term is defined in Section 424(f) of the Code) with respect to the Company.

LANDS' END, INC.
LONG-TERM INCENTIVE PROGRAM
(As Amended and Restated)

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SECTION 1

GENERAL

1.1. **Purpose.** The **Lands' End, Inc. Long-Term Incentive Program** (As Amended and Restated) (the "LTIP") is a performance-based program. The LTIP is designed to motivate the executive leadership of Lands' End, Inc. (the "Company") and the participating Subsidiaries (as defined in Section 8) to achieve significant, lasting change that successfully positions the Company for future growth. Performance goals under the LTIP align Participants' financial incentives with the financial goals of the Company. Awards (as defined in Section 8) under the LTIP are designed to vary commensurately with achieved performance. Both (a) Awards not structured to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code and (b) Awards which are structured to satisfy the requirements of Section 162(m) of the Code ("Section 162(m) Awards"), may be issued under the LTIP. The LTIP initially was effective as of the Effective Time as defined in the Separation and Distribution Agreement by and between Sears Holdings Corporation ("Sears Holdings") and the Company (the "Effective Date"). For purposes of this document, the Effective Date shall also refer to the effective date of a long-term incentive program established in the future by the Compensation Committee under the LTIP. The LTIP (As Amended and Restated) was adopted by the Compensation Committee on April 9, 2015.

1.2. **Operation, Administration, and Definitions.** The operation and administration of the LTIP, including the Awards made under the LTIP, shall be subject to the provisions of Section 6 (relating to operation and administration). Capitalized terms in the LTIP shall be defined as set forth in the LTIP (including as defined in Section 8). The LTIP is established under, and constitutes a part of, the Lands' End, Inc. Umbrella Incentive Program ("UIP").

SECTION 2

PARTICIPATION

2.1. **Eligible Employee.** Except as provided herein, "Eligible Employee" means as to any Performance Period an employee of the Company or a participating Subsidiary, who is designated by the Compensation Committee or Senior Corporate Compensation Executive as eligible to participate in an LTIP as of such Performance Period. The Senior Corporate Compensation Executive shall make eligibility determinations under this Section 2 with respect to all Eligible Employees other than those who are Executives for whom compensation matters are under the purview of the Compensation Committee (as defined in Section 8), and the Compensation Committee shall make eligibility determinations with respect to all Executives. Once designated as eligible to participate, an Eligible Employee shall become a "Participant" in the applicable LTIP.

2.2. **New Hires and Promotions to Eligible Employee Status.** The Compensation Committee or Senior Corporate Compensation Executive, as applicable, may designate as Participants those employees whom the Compensation Committee or Senior Corporate Compensation Executive, as applicable, determines have been newly hired or promoted into the group of Eligible Employees identified in subsection 2.1 above. The Award of any Participant who was hired or promoted after the first day of the Performance Period (as described in subsection 3.2) shall be subject to a fraction, the numerator of which is the number of full days remaining in the Performance Period beginning with the Participant's date of hire or promotion, as applicable, and the denominator of which is the number of full days in the Performance Period.

2.3. **Demotions from Eligible Employee Status.** If a Participant is demoted below a position of divisional vice president (or equivalent), as of the date of such demotion, the individual will no longer be a Participant, will be deemed to have forfeited any unvested portion of his or her Award, and will receive no LTIP distribution under Section 4.

2.4. Other Changes in Status

(a) If a Participant is promoted or transferred after the Effective Date of the LTIP for a particular Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may make a second Target Incentive Award (as defined in subsection 3.1) to such individual and the total amount payable to such individual shall be based on a pro-ratio, whereby the Target Incentive Award for the new position will apply to the remainder of the Performance Period and the Target Incentive Award for the immediately preceding long-term incentive-eligible position, if applicable, will apply to the portion of the Performance Period immediately preceding the effective date of the promotion.

(b) If a Participant is demoted after the Effective Date of the LTIP for a particular Performance Period, but is still an Eligible Employee, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may make a second Target Incentive Award to such individual and the total Award for such an individual shall be based on a pro-ratio, whereby the Target Incentive Award for the new position will apply only to the remainder of the Performance Period and the Target Incentive Award for the immediately preceding position will apply only to the portion of the Performance Period immediately preceding the effective date of the demotion, and in either case an Award will only be paid if the Target for the full Performance Period is met.

SECTION 3 **LTIP INCENTIVE AWARDS**

3.1. **Target Incentive Awards.** As of and after the applicable Effective Date, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may award “Target Incentive Awards” (as defined in subsection 3.1(a) below) to each Participant designated by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, in an amount determined by the applicable entity in its sole discretion. In connection with such Awards, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall establish a “Target” and “Threshold”, as well as applicable award levels at the Target and Threshold achievement levels, under each objective performance goal or plan established under subsection 3.3 below; provided, however, that Threshold shall be expressed as a percentage of Target. The Senior Corporate Compensation Executive shall make the determinations referred to in this Section 3 with respect to all Participants other than those who are Executives for whom compensation matters are under the purview of the Compensation Committee.

(c) A Target Incentive Award shall, at the date of grant, consist of a commitment by the Company to distribute, at the time specified in, and in accordance with the provisions of, Section 4 below, a designated amount based on a target level of performance.

(d) An “LTIP Incentive Award” refers to a percentage of a Participant’s Target Incentive Award payable on the payment date (as defined in subsection 4.1 below), if any, based on the actual performance relative to the objective performance goals during the Performance Period, subject to approval of the final award amount by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, and to the provisions of subsection 6.4.

3.2. **Performance Period.** The “Performance Period” refers to the applicable Fiscal Years (as defined in Section 8) as determined by the Compensation Committee with respect to which an Award may be granted under the LTIP. The Compensation Committee shall determine the Fiscal Years that shall constitute the Performance Period for each long-term incentive program established under the LTIP; provided that, in the case of an employee who is newly hired or promoted into the group of Eligible Employees after the Effective Date, the Performance Period shall be such shorter period as established by the Compensation

Committee or Senior Corporate Compensation Executive, if applicable. Notwithstanding the foregoing, the Compensation Committee may establish, in its sole discretion, a Performance Period other than a Fiscal Year. The amount of the LTIP Incentive Award shall be determined at the completion of the Performance Period in accordance with subsection 3.1 above and subsection 4.1 below.

3.3. **Financial Goals and Performance.** For each Performance Period, the Compensation Committee or Senior Corporate Compensation Executive shall establish in writing one or more performance plans that includes one or more objective performance goals and the required levels of performance as described in this Section 3.3. The Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall determine the level of performance for each performance plan, the performance plan to apply to each business unit, and which performance plan applies to each Participant.

(a) **Goals.** Except as otherwise approved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, with respect to a Performance Period, the performance goals shall be based upon one or more of the performance measures identified in the UIP.

(b) **Performance.** Except as otherwise approved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, with respect to a Performance Period, the following concepts shall apply:

(i) **Achievement of Target.** With respect to each Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall establish a target level of achievement for each performance goal (“Target”). If achieved, payout of Awards to which that performance goal applies shall be at 100%.

(ii) **Achievement of Threshold.** With respect to each Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall establish a threshold level of achievement that must be met with respect to a performance goal before any portion of an Award to which the performance goal applies is payable (“Threshold”). If achieved, payout of Awards to which that performance goal applies shall be at a specified percentage established in writing at the same time and manner as the Threshold achievement level is established.

(iii) **Achievement Between Threshold and Target.** In the event achievement of a performance goal falls between Threshold and Target with respect to a Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may establish a formula for determining payout levels between these two points in writing at the same time and manner as the achievement levels are established.

(iv) **Payout Above Target.** In the event achievement of a performance goal exceeds the Target with respect to a Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may establish a formula for determining payout levels above Target in writing at the same time and manner as the Target achievement level is established. The Compensation Committee or Senior Corporate Compensation Executive, as applicable, also may provide for a maximum payout level or no maximum.

3.4. **Awards Subject to Code Section 162(m).**

(a) **General Rules.**

(i) Notwithstanding anything in the LTIP to the contrary, this subsection 3.4 will apply to all Section 162(m) Awards. To the extent there is a conflict between the rules of this subsection 3.4 and any other section in the LTIP, the terms of this subsection 3.4 will control.

(ii) In no event will positive discretion be applied, by the Compensation Committee or Senior Corporate Compensation Executive, to any Section 162(m) Award with respect to a Performance Period or as of the payment date (as defined under subsection 4.1).

(iii) To the extent that an Executive experiences a promotion or other change in status, no adjustment to a Section 162(m) Award shall be made if such adjustment would not otherwise meet the requirements of Code Section 162(m).

(b) **Performance Measures.** Section 162(m) Awards shall use the performance measures established under the UIP. As provided in the UIP, at the time of establishing the performance goals, the Compensation Committee may exclude the effects of extraordinary items in a manner that satisfies the requirements of Code Section 162(m).

(c) **Establishment of Performance Goals.** Section 162(m) Awards shall have the applicable objective performance goals and any particulars or components established in writing and approved by the Compensation Committee by the deadline established in the UIP in accordance with Code Section 162(m).

(d) **Attainment of Performance Goals.** Distributions under Section 162(m) Awards shall not be made until the Compensation Committee has determined, and certifies in writing, that the performance goals have been satisfied.

3.5. **Limitation on Individual Awards.** Notwithstanding anything herein to the contrary, the total LTIP Incentive Award paid to any Participant for a Performance Period pursuant to the LTIP shall in no event exceed \$20 million.

3.6. **Additional Requirements.** All LTIP Incentive Awards awarded under the LTIP (and any Stock, as defined in Section 4.2, or cash otherwise distributable pursuant thereto) are subject to the provisions of Sections 4, 5 and 6.

3.7. **Reimbursement of Excess Awards.** If Company's financial statements or approved performance measures under the LTIP are the subject of a restatement due to error or misconduct, to the extent permitted by governing law, in all appropriate cases, the Company will seek reimbursement of Excess Awards paid under the LTIP to Executives (and any other Participant who is determined to have known of or been involved in any such misconduct) for the relevant performance period(s). For purposes of the LTIP, an "Excess Award" means the positive difference, if any, between (a) the LTIP Incentive Award paid to an Executive and (b) the LTIP Incentive Award that would have been paid to the Executive, had the Award been calculated based on the Company's financial statements or performance measures as restated. The Company will not be required to award Participants, including Executives, an additional LTIP payment should the restated financial statements or performance measures result in a higher LTIP Incentive Award.

SECTION 4 **DISTRIBUTION**

4.1. **Time of Payment.** Subject to Sections 5 and 6, the cash or shares of Stock, if any, that result from the payout formula described at Section 3 shall be distributed, in a single lump sum, as soon as practicable after the Compensation Committee or Senior Corporate Compensation Executive, as appropriate has determined and approved the amount to be paid to each Participant, which shall in no event be later than the date that is the 15th day of the third month following the last day of the relevant Performance Period. Notwithstanding anything herein to the contrary, such distributions shall be made no later than required by Code Section 409A to avoid treatment of the LTIP as a deferred compensation plan under Code Section 409A. The date as of which payment is made in accordance with this subsection 4.1 is referred to herein as the “payment date.”

4.2. **Form of Payment.** An LTIP Incentive Award shall generally be satisfied by a distribution in cash to the Participant, provided, however, that, at the discretion of the Compensation Committee, the Company may elect, by such deadline as specified under uniform and nondiscriminatory rules established by the Compensation Committee, to satisfy such LTIP Incentive Award by payment of shares of Company common stock (“Stock”) in lieu of cash, or a combination of cash and shares of Stock. The number of shares of Stock shall be equal to (i) the amount of the Award to be paid in stock in accordance with this subsection 4.2, divided by (ii) the fair market value of a share of Stock as evidenced by its closing price, on the principal securities exchange or market on which the shares are then listed or admitted, on the business day immediately preceding the date of distribution or, if the Stock is not traded on that date, on the next preceding date on which Stock was traded; provided that issuance of any shares of Stock in accordance with this subsection 4.2 shall be contingent on the availability of shares of Stock under any shareholder-approved plan of the Company providing for the issuance of Stock in satisfaction of the Awards hereunder (which in no event shall be an employee stock purchase plan).

SECTION 5 **TERMINATION OF EMPLOYMENT**

The effect of termination of employment on a Participant’s right to receive a LTIP Incentive Award (whether payable in cash or Stock) depends on the reason for the termination, as described below.

5.1. **Termination of Employment.**

(a) **Voluntary Termination or Involuntary Termination.** In the event that a Participant (i) voluntarily terminates employment (for any reason other than due to permanent and total disability, as defined in the Company’s long-term disability program, regardless of whether the Participant is covered by such program) or (ii) is involuntarily terminated for any reason (other than death) prior to the payment date (as defined in subsection 4.1 above) of his or her Award, such Participant shall forfeit all of his or her Award.

(b) **Disability.** In the event that, prior to the payment date (as defined in subsection 4.1 above) of his or her Award, a Participant suffers a permanent and total disability (as defined in the Company’s long term disability program, regardless of whether the Participant is covered by such program) while employed by the Company or a Subsidiary, resulting in termination or retirement, subject to Section 6 below, such individual shall be entitled to receive a LTIP Incentive Award, equal to his or her Target Incentive Award, if any, that would otherwise be payable to the Participant under subsection 3.1 above, pro-rated through the date of termination in accordance with subsection 5.2 below; provided, however, that in no event shall a Participant receive any payment hereunder unless (i) the applicable performance measure (under subsection 3.3) for the period from the inception of

the Performance Period through the last completed full month that occurs on or preceding the Participant's date of termination is equal to or greater than the Target for that performance measure, pro-rated through the date of termination in accordance with subsection 5.2 below, (ii) the applicable performance measure is equal to or greater than the applicable Target for the Performance Period, and (iii) as of his date of termination, the Participant had been employed by one or more of the Company or a Subsidiary, for at least twelve (12) months of the Performance Period applicable to such individual.

(c) **Death.** In the event that a Participant dies while employed by the Company or a Subsidiary and prior to the payment date for his or her Award, his or her Target Incentive Award shall be pro-rated through the date of death, in accordance with subsection 5.2 below, and, subject to Section 6 below, his or her surviving spouse (or if no surviving spouse the estate) shall be entitled to receive a LTIP Incentive Award, equal to his or her prorated Target Incentive Award and payable in cash; provided, however, that in no event shall a payment be made with respect to a deceased Participant hereunder unless as of his date of death, (i) the applicable performance measure (under subsection 3.3) for the period from the inception of the Performance Period through the last completed full month that occurs on or preceding the Participant's date of death is equal to or greater than the Target for that performance measure, prorated through the date of death in accordance with subsection 5.2 below, (ii) the applicable performance measure is equal to or greater than the Target for that performance measure for the Performance Period, and (iii) he had been employed by one or more of the Company or a Subsidiary, for at least twelve (12) months of the Performance Period applicable to such individual.

5.2. **Pro-rations.** Any pro-ration of a LTIP Incentive Award, Target Incentive Award, or Target performance measure, as applicable, under this Section 5 shall be based on a fraction, the numerator of which is the number of full months during the Performance Period in which the Participant was a Participant in the LTIP, and the denominator of which is the full number of months in the Performance Period, as adjusted in Section 2, if applicable.

SECTION 6

OPERATION AND ADMINISTRATION

6.1. **Compensation Committee and Senior Corporate Compensation Executive.** The authority to control and manage the operation and administration of the LTIP shall be vested in the Compensation Committee and the Senior Corporate Compensation Executive, as provided herein.

- (a) **Compensation Committee.** Notwithstanding paragraph (b) immediately below, the Compensation Committee:
- (i) Shall approve the Target Incentive Award and the Awards for Participants who are Executives under its purview;
 - (ii) With respect to Participants who are Executives, shall have the authority and discretion to establish the terms, conditions, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by subsection 6.4 and Section 7) to amend, cancel, or suspend Awards; provided, however (and subject to the requirements of Code Section 162(m), if applicable) that to the extent the Compensation Committee determines that the restrictions imposed by the LTIP preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Compensation Committee shall have the authority and discretion to modify those restrictions as the Compensation Committee

determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States;

(iii) May make additional changes that it deems appropriate for the effective administration of the LTIP, subject to subsection 6.4 and provided that these changes may not increase the benefits to which Participants may become entitled under the LTIP, nor change the pre-established measures or goals that have been approved except as explicitly provided in the LTIP; and

(iv) Shall be responsible for all other duties and responsibilities allocated to the Compensation Committee under the terms and conditions of the LTIP.

(b) **Senior Corporate Compensation Executive.** Except as provided in paragraph (a) immediately above, the Senior Corporate Compensation Executive:

(i) Shall determine the Target Incentive Award and the Awards for Participants other than Executives under the purview of the Compensation Committee;

(ii) Notwithstanding paragraph (a) above, shall have the authority and discretion to establish the terms, conditions, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by subsection 6.4 and Section 7) to amend, cancel, or suspend Awards;

(iii) Shall have the authority to control and manage the operation and administration of the LTIP with respect to all Participants, subject to the direction of the Compensation Committee with respect to Executives, except as otherwise provided in this LTIP;

(iv) Shall be responsible for the day-to-day administration of the LTIP except as otherwise provided in this LTIP; and

(v) Shall be responsible for all other duties and responsibilities allocated to the Senior Corporate Compensation Executive under the terms and conditions of the LTIP.

(c) The Compensation Committee and the Senior Corporate Compensation Executive, as appropriate, shall have the authority and discretion to interpret the LTIP, to establish, amend, and rescind any rules and regulations relating to the LTIP and to make all other determinations that may be necessary or advisable for the administration of the LTIP.

(d) Any determinations by the Compensation Committee or the Senior Corporate Compensation Executive, as applicable, regarding this LTIP are binding on the applicable Participants.

6.2. **Source of Awards.** In the case of Awards under the LTIP that are settled in shares of Stock, such shares shall be distributed under a stock plan adopted by the Company and approved by the shareholders thereof that provides for the issuance of Stock in satisfaction of Awards hereunder (which in no event shall be an employee stock purchase plan). In the event of any conflict between this document and such stock plan, the provisions of the stock plan shall govern.

6.3. **Delegation by Compensation Committee.** Except to the extent prohibited by applicable law or the applicable rules of a securities exchange or similar entity, or as would cause Section 162(m) Awards to not satisfy the requirements for performance-based compensation under Code Section 162(m), the Compensation Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or

persons selected by it. The Compensation Committee may revoke any such allocation or delegation at any time.

6.4. **Negative Discretion**. Notwithstanding anything in the LTIP to the contrary, prior to the settlement of any LTIP Incentive Award, the Compensation Committee (or the Senior Corporate Compensation Executive with respect to Participants who are not under the purview of the Compensation Committee) may (a) reduce the amount of such Award, or the number of shares of Stock or amount of cash to be delivered in connection with such Award, and (b) with respect to Awards that are not Section 162(m) Awards, 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.

6.5. **General Restrictions**. Delivery of shares of Stock under the LTIP, in satisfaction of a LTIP Incentive Award, shall be subject to the following:

(a) Notwithstanding any other provision of the LTIP, the Company shall have no obligation to deliver any shares of Stock or make any other distribution of benefits under the LTIP unless such delivery or distribution complies with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

(b) To the extent that the LTIP provides for issuance of Stock certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any exchange or similar entity.

6.6. **Tax Withholding**. All distributions under the LTIP are subject to withholding of all applicable taxes. In the case of Awards under the LTIP that are settled in shares of Stock, if any, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may condition the delivery of any shares or other benefits under the LTIP on satisfaction of the applicable withholding obligations. To the extent permitted by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, such withholding obligations may be satisfied: (a) through cash payment by the Participant; (b) through the surrender of shares of Stock which the Participant already owns (provided, however, that to the extent shares described in this paragraph (b) are used to satisfy more than the minimum statutory withholding obligation, as described below, then, except as otherwise provided by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, payments made with shares of Stock in accordance with this paragraph (b) shall be limited to shares held by the Participant for not less than six months prior to the payment date (or such other period of time as the Company's accountants may require)); or (c) through the surrender of shares of Stock to which the Participant is otherwise entitled under the LTIP, provided, however, that such shares under this paragraph (c) may be used to satisfy not more than 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) (or any higher withholding amount permitted by applicable regulatory requirements without triggering variable accounting under generally accepted accounting principles).

6.7. **Settlement of Awards**. The obligation to make payments and distributions with respect to Awards may be satisfied through cash payments, the delivery of shares of Stock, or a combination thereof, as provided under subsections 4.1 and 4.2, subject, in the case of settlement in shares, to the terms of the stock plan under which the Stock is issued. Satisfaction of any such obligations under an Award, which is sometimes referred to as the "settlement" of the Award, may be subject to such conditions, restrictions and contingencies as the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall determine. Each Subsidiary shall be liable for payment of an Award due under the LTIP with respect

to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for payment of an Award shall be resolved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable.

6.8. **Transferability.** Except as otherwise provided by the Compensation Committee, Awards under the LTIP are not transferable except as designated by the Participant by will or by the laws of descent and distribution (including Awards originally determined by the Senior Corporate Compensation Executive).

6.9. **Form and Time of Elections.** Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the LTIP, and any permitted modification, or revocation thereof, shall be in writing filed with the Compensation Committee or Senior Corporate Compensation Executive, as applicable, at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the LTIP, as the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall require.

6.10. **Agreement With Company.** Any Award under the LTIP shall be subject to such terms and conditions, not inconsistent with the LTIP, as the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written (including electronic) document as is determined by the Compensation Committee. A copy of such document shall be provided to the Participant, and the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may, but need not, require that the Participant sign a copy of such document. Such document is referred to as an "Award Agreement" regardless of whether any Participant signature is required.

6.11. **Action by Company or Subsidiary.** Any action required or permitted to be taken under the LTIP by the Company or any Subsidiary, if any, of the foregoing shall be by resolution of its board of directors, or by action of one or more members of the board of directors of such company (including a committee of the board) who are duly authorized to act for such board with respect to the applicable action, or (except to the extent prohibited by applicable law or applicable rules of any securities exchange or similar entity) by a duly authorized officer of such company.

6.12. **Gender and Number.** Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

6.13. **Limitation of Implied Rights.**

(a) Neither a Participant nor any other person shall, by reason of participation in the LTIP, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the LTIP. A Participant shall have only a contractual right to the cash or Stock, if any, payable under the LTIP, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the LTIP shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any benefits to any person.

(b) The LTIP does not constitute a contract of employment, and selection as a Participant shall not give any participating employee the right to be retained in the employ of the Company or any Subsidiary, nor any right or claim to any benefit under the LTIP, unless such right or claim has specifically accrued under the terms of the LTIP. Except as otherwise provided in the LTIP, no Award under the LTIP shall confer upon the holder thereof any rights as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.

6.14. **Evidence.** Evidence required of anyone under the LTIP may be by certificate, affidavit, document or other information, which the person charged with acting on such evidence considers pertinent and reliable, and which has been signed, made or presented by the proper party or parties.

6.15. **Information to be Furnished to the Compensation Committee or Senior Corporate Compensation Executive.** The Company and the Subsidiaries shall furnish the Compensation Committee or Senior Corporate Compensation Executive, as applicable, with such data and information as it determines may be required for it to discharge its duties. The records of the Company and the Subsidiaries, as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment, and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the LTIP must furnish the Compensation Committee or Senior Corporate Compensation Executive, as applicable, such evidence, data or information as such entity considers desirable to carry out the terms of the LTIP, subject to any applicable privacy laws.

6.16. **Corporate Transaction.** In the event of a corporate transaction involving the Company (including without limitation, any Stock dividend, Stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, sale of assets or subsidiaries, combination or exchange of shares), the Compensation Committee may adjust Awards to preserve but in no event increase the benefits or potential benefits of the Awards (including Awards originally determined by the Senior Corporate Compensation Executive); provided, however, that no such adjustment may be made to the extent such adjustment would cause Section 162(m) Awards to cease to qualify as "performance-based compensation" under Code Section 162(m). Actions permitted under the preceding sentence by the Compensation Committee may include any adjustments that the Compensation Committee determines to be equitable (which may include, without limitation, (a) replacement of Awards with other Awards which the Compensation Committee determines have comparable value and which are based on stock of a company resulting from the transaction, and (b) cancellation of the Award in return for cash payment of the current value of the Award, determined as though the Award is fully vested at the time of the payment).

6.17. **Governing Law.** The LTIP will be governed under the internal laws of the state of Wisconsin without regard to principles of conflicts of laws. The state and federal courts located in the state of Wisconsin shall have exclusive jurisdiction in any action, lawsuit or proceeding based on or arising out of the LTIP.

6.18 **Severability.** If any provision(s) of the LTIP shall be found invalid, illegal, or unenforceable, in whole or in part, then such provision(s) shall be modified or restricted so as to effectuate as nearly as possible in a valid and enforceable way the provisions hereof, or shall be deemed excised from the LTIP, as the case may require, and the LTIP shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted or as if such provision(s) had not been originally incorporated herein, as the case may be.

SECTION 7

AMENDMENT AND TERMINATION

The Board or Compensation Committee may, at any time, amend or terminate the LTIP, or any Award, provided that no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the LTIP prior to the date such amendment is adopted by the Board or the Compensation Committee, if applicable. No amendment shall be made that would cause the LTIP not to comply with the requirements of any applicable law or rule of any applicable securities exchange or similar entity, or cause Participants to experience adverse tax consequences under Code Section 409A. The LTIP and any Award thereunder may be amended without Participant consent to the extent that the Compensation Committee determines such amendment necessary to cause the LTIP or

Award to comply with any applicable law or rule of any applicable securities exchange or similar entity, or to prevent adverse tax consequences under Code Section 409A for Participants.

SECTION 8 **DEFINED TERMS**

8.1 Each capitalized term in the LTIP is defined where it first appears herein or in this Section 8. In addition to the terms previously defined previously in the LTIP, the following definitions shall apply:

- (a) **Award**. The term “Award” or “Awards” means any LTIP Incentive Award(s), whether settled in cash or Stock.
- (b) **Board**. The term “Board” means the Board of Directors of the Company.
- (c) **Code**. The term “Code” means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code (and the regulations issued thereunder).
- (d) **Compensation Committee**. The term “Compensation Committee” refers to the Compensation Committee of the Board of Directors of the Company.
- (e) **Executive**. The term “Executive” refers to any employee of the Company or a participating Subsidiary who holds a position of senior vice president or higher of the Company (not of any subsidiary or affiliate) or any employee who is an officer under Section 16(b) of the Securities and Exchange Act of 1934 with respect to the Company.
- (f) **Fiscal Year**. The capitalized term “Fiscal Year” refers to the fiscal year of the Company.
- (g) **Section 162(m) Award**. The term “Section 162(m) Award” refers to any Award that is designated by the Compensation Committee as intended to meet the requirements for “performance-based compensation” under Code Section 162(m).
- (h) **Senior Corporate Compensation Executive**. The term “Senior Corporate Compensation Executive” refers to the Senior Vice President (or equivalent) of Employee Services of the Company, or if he or she has explicitly delegated his or her duties with respect to the LTIP, as provided herein, then the term Senior Corporate Compensation Executive shall refer to such authorized representative to whom the duties of administering the LTIP have been delegated.
- (i) **Subsidiary**. The term “Subsidiary” or “Subsidiaries” refers to any company during any period in which it is a “subsidiary corporation” (as that term is defined in Section 424(f) of the Code) with respect to the Company.

SECTION 9 **EXPIRATION OF LTIP**

A payment obligation under the LTIP with respect to a specific Performance Period shall expire, subject to earlier termination pursuant to Section 7, on the date on which all LTIP Incentive Awards (if any) for the Performance Period are paid in full or would have been payable in accordance with the provisions of the LTIP (or, if earlier, on the date that the Compensation Committee determines that the results are less than the Thresholds for the performance measures) with respect to such Performance Period. Notwithstanding this Section 9, the Company’s right to reimbursement under Section 3.7 will continue to survive after the expiration of the LTIP.

LANDS' END, INC.

CASH LONG-TERM INCENTIVE PLAN

(As Amended and Restated)

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LANDS' END, INC.
CASH LONG-TERM INCENTIVE PLAN

SECTION 1
GENERAL

1.1. **General.** The **Lands' End, Inc. Cash Long-Term Incentive Plan** (As Amended and Restated) (the "Cash LTI Plan"), is a time-based incentive plan. The Cash LTI Plan is designed to motivate the executive leadership of Lands' End, Inc. (the "Company") and the participating Subsidiaries. Awards under the Cash LTI Plan are designed to constitute a percentage of a Participant's overall long-term incentive opportunity. The Cash LTI Plan initially was effective as of the Effective Time as defined in the Separation and Distribution Agreement by and between Sears Holdings Corporation ("Sears Holdings") and the Company (the "Effective Date"). For purposes of this document, the Effective Date shall also refer to the effective date of a program approved for future Fiscal Years (as defined in Section 8) by the Compensation Committee under the Cash LTI Plan. The Cash LTI Plan (As Amended and Restated) was adopted by the Committee on April 9, 2015.

1.2. **Operation, Administration, and Definitions.** The operation and administration of the Cash LTI Plan, including the Awards made under the Cash LTI Plan, shall be subject to the provisions of Section 6 (relating to operation and administration). Capitalized terms in the Cash LTI Plan shall be defined as set forth in the Cash LTI Plan (including as defined in Section 8).

SECTION 2
PARTICIPATION

2.1. **Eligible Employee.** Except as provided herein, "Eligible Employee" means as to any Service Period an employee of the Company or a participating Subsidiary who is designated by the Compensation Committee or Senior Corporate Compensation Executive as eligible to participate in a Cash LTI Plan as of such Service Period. The Senior Corporate Compensation Executive shall make eligibility determinations under this Section 2 with respect to all Eligible Employees other than those who are Executives for whom compensation matters are under the purview of the Compensation Committee (as defined in Section 8), and the Compensation Committee shall make eligibility determinations with respect to all Executives. Once designated as eligible to participate, an Eligible Employee shall become a "Participant" in the applicable Cash LTI Plan.

2.2. **New Hires and Promotions to Eligible Employee Status.** The Compensation Committee or Senior Corporate Compensation Executive, as applicable, may designate as Participants those employees whom the Compensation Committee or Senior Corporate Compensation Executive, as applicable, determines have been newly hired or promoted into the group of Eligible Employees identified in subsection 2.1 above. The Award of any Participant who was hired or promoted after the first day of the Service Period (as described in subsection 3.2) shall be subject to a fraction, the numerator of which is the number of full days remaining in the Service Period beginning with the Participant's date of hire or promotion, as applicable, and the denominator is the number of full days in the Service Period.

2.3. **Demotions from Eligible Employee Status.** If a Participant is demoted below a position of divisional vice president (or equivalent), as of the date of such demotion, the individual will no longer be a Participant, will be deemed to have forfeited any unvested portion of his or her Award, and will receive no Cash LTI Plan distribution under Section 4.

2.4. Other Changes in Status

(a) If a Participant is promoted or transferred after the Effective Date of the Cash LTI Plan for a particular Service Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may make a second Cash LTI Award (as defined in subsection 3.1) to such individual and the total amount payable to such individual shall be based on a pro-rata, whereby the Cash LTI Award for the new position will apply to the remainder of the Service Period and the Cash LTI Award for the immediately preceding long-term incentive-eligible position, if applicable, will apply to the portion of the Service Period immediately preceding the effective date of the promotion.

(b) If a Participant is demoted after the Effective Date of the Cash LTI Plan for a particular Service Period, but is still an Eligible Employee, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may make a second Cash LTI Award to such individual and the total Award for such an individual shall be based on a pro-rata, whereby the Cash LTI Award for the new position will apply only to the remainder of the Service Period and the Cash LTI Award for the immediately preceding position will apply only to the portion of the Service Period immediately preceding the effective date of the demotion, and in either case an Award will only be paid if the Participant remains employed through the vesting date (as defined in Section 4.1).

SECTION 3 CASH LTI PLAN AWARDS

3.1. **Cash LTI Plan Awards.** As of and after the applicable Effective Date, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may award “Cash LTI Plan Awards”, with respect to a Service Period, to each Participant designated by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, in an amount determined by the applicable entity in its sole discretion. The Senior Corporate Compensation Executive shall make the determinations referred to in this Section 3 with respect to all Participants other than those who are Executives for whom compensation matters are under the purview of the Compensation Committee. A Cash LTI Award shall, at the date of grant, consist of a commitment by the Company to distribute, at the specified time, a designated cash amount, subject to Section 4 below.

3.2. **Service Period.** The “Service Period” refers to the applicable Fiscal Years (as defined in Section 9) as determined by the Compensation Committee with respect to which an Award may be granted under the Cash LTI Plan. The Compensation Committee shall determine the Fiscal Years that shall constitute the Service Period for each cash long-term incentive established under the Cash LTI Plan; provided that, in the case of an employee who is newly hired or promoted into the group of Eligible Employees after the Effective Date, the Service Period shall be such shorter period as established by the Compensation Committee or Senior Corporate Compensation Executive, if applicable.

3.3. **Additional Requirements.** All Cash LTI Awards awarded under the Cash LTIP Plan are subject to the provisions of Sections 4, 5 and 6.

SECTION 4 VESTING AND DISTRIBUTION

4.1. **Time of Vesting.** Subject to Sections 5 and 6, a Participant shall become vested in his or her Cash LTI Award with respect to a Service Period as of the April 1st following the end of the Service Period, provided that the Participant is employed as of such date (the “vesting date”).

4.2. **Time and Form of Payment.** A Cash LTI Award shall be satisfied by a distribution in a single, lump sum cash payment 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. Notwithstanding anything herein to the contrary, such distributions shall be made no later than required by Code Section 409A to avoid treatment of the Cash LTI Plan as a deferred compensation plan under Code Section 409A.

SECTION 5

TERMINATION OF EMPLOYMENT

The effect of termination of employment on a Participant's right to receive a Cash LTI Award depends on the reason for the termination, as described below.

5.1. Termination of Employment.

(a) **Voluntary Termination or Involuntary Termination.** In the event that a Participant (i) voluntarily terminates employment (for any reason other than due to permanent and total disability, as defined in the Company's long-term disability program, regardless of whether the Participant is covered by such program) or (ii) is involuntarily terminated for any reason (other than death) prior to the vesting date (as defined in subsection 4.1 above) of his or her Award, such Participant shall forfeit all of his or her Award.

(b) **Disability.** In the event that, prior to the vesting date (as defined in subsection 4.1 above) of his or her Award, a Participant suffers a permanent and total disability (as defined in the Company's long term disability program, regardless of whether the Participant is covered by such program) while employed by the Company or a Subsidiary, resulting in termination or retirement, subject to Section 6 below, such individual shall be entitled to receive the Cash LTI Award that would otherwise be payable to the Participant under subsection 3.1 above, prorated through the date of termination in accordance with subsection 5.2 below; provided, however, that in no event shall a Participant receive any payment hereunder unless as of his or her date of termination, the Participant had been employed by one or more of the Company or a Subsidiary, for at least twelve (12) months of the Service Period applicable to such individual.

(c) **Death.** In the event that a Participant dies while employed by the Company or a Subsidiary and prior to the vesting date for his or her Award, his or her Cash LTI Award shall be prorated through the date of death, in accordance with subsection 5.2 below, and, subject to Section 6 below, his or her surviving spouse (or if no surviving spouse the estate) shall be entitled to receive a Cash LTI Award, equal to his or her prorated Award and payable in cash; provided, however, that in no event shall a payment be made with respect to a deceased Participant hereunder unless as of his or her date of death, the Participant had been employed by one or more of the Company or a Subsidiary, for at least twelve (12) months of the Service Period applicable to such individual.

5.2. **Prorations.** Any proration of a Cash LTI Award under this Section 5 shall be based on a fraction, the numerator of which is the number of full months during the Service Period in which the Participant was a Participant in the Cash LTI Plan, and the denominator of which is the full number of months in the Service Period, as adjusted in Section 2, if applicable.

SECTION 6
OPERATION AND ADMINISTRATION

6.1. **Compensation Committee and Senior Corporate Compensation Executive.** The authority to control and manage the operation and administration of the Cash LTI Plan shall be vested in the Compensation Committee and the Senior Corporate Compensation Executive, as provided herein.

(a) **Compensation Committee.** Notwithstanding subsection (b) immediately below, the Compensation Committee:

- (i) Shall approve the Cash LTI Awards for Participants who are Executives under its purview;
- (ii) With respect to Participants who are Executives, shall have the authority and discretion to establish the terms, conditions, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section 7) to amend, cancel, or suspend Awards;
- (iii) May make additional changes that it deems appropriate for the effective administration of the Cash LTI Plan; and
- (iv) Shall be responsible for all other duties and responsibilities allocated to the Compensation Committee under the terms and conditions of the Cash LTI Plan.

(b) **Senior Corporate Compensation Executive.** Except as provided in subsection (a) immediately above, the Senior Corporate Compensation Executive:

- (i) Shall determine the Cash LTI Awards for Participants other than Executives under the purview of the Compensation Committee;
- (ii) Notwithstanding subsection (a) above, shall have the authority and discretion to establish the terms, conditions, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section 7) to amend, cancel, or suspend Awards;
- (iii) Shall have the authority to control and manage the operation and administration of the Cash LTI Plan with respect to all Participants, subject to the direction of the Compensation Committee with respect to Executives, except as otherwise provided in this Cash LTI Plan;
- (iv) Shall be responsible for the day-to-day administration of the Cash LTI Plan except as otherwise provided in this Cash LTI Plan; and
- (v) Shall be responsible for all other duties and responsibilities allocated to the Senior Corporate Compensation Executive under the terms and conditions of the Cash LTI Plan.

(c) The Compensation Committee and the Senior Corporate Compensation Executive, as appropriate, shall have the authority and discretion to interpret the Cash LTI Plan, to establish, amend, and rescind any rules and regulations relating to the Cash LTI Plan and to make all other determinations that may be necessary or advisable for the administration of the Cash LTI Plan.

(d) Any determinations by the Compensation Committee or the Senior Corporate Compensation Executive, as applicable, regarding this Cash LTI Plan are binding on the applicable Participants.

6.2. **Delegation by Compensation Committee.** Except to the extent prohibited by applicable law or the applicable rules of a securities exchange or similar entity, the Compensation Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. The Compensation Committee may revoke any such allocation or delegation at any time.

6.3. **Tax Withholding.** All distributions under the Cash LTI Plan are subject to withholding of all applicable taxes.

6.4. **Settlement of Awards.** The obligation to make payments and distributions with respect to Awards shall be satisfied through cash payments. Satisfaction of any such obligations under an Award, which is sometimes referred to as the “settlement” of the Award, may be subject to such conditions, restrictions and contingencies as the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall determine. Each Subsidiary shall be liable for payment of an Award due under the Cash LTI Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for payment of an Award shall be resolved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable.

6.5. **Transferability.** Except as otherwise provided by the Compensation Committee, Awards under the Cash LTI Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution (including Awards originally determined by the Senior Corporate Compensation Executive).

6.6. **Agreement with Company.** Any Award under the Cash LTI Plan shall be subject to such terms and conditions, not inconsistent with the Cash LTI Plan, as the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written (including electronic) document as is determined by the Compensation Committee. A copy of such document shall be provided to the Participant, and the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may, but need not, require that the Participant sign a copy of such document. Such document is referred to as an “Award Agreement” regardless of whether any Participant signature is required.

6.7. **Action by Company or Subsidiary.** Any action required or permitted to be taken under the Cash LTI Plan by the Company or any Subsidiary, if any, of the foregoing shall be by resolution of its board of directors, or by action of one or more members of the board of directors of such company (including a committee of the board) who are duly authorized to act for such board with respect to the applicable action, or (except to the extent prohibited by applicable law or applicable rules of any securities exchange or similar entity) by a duly authorized officer of such company.

6.8. **Gender and Number.** Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

6.9. **Limitation of Implied Rights.**

(a) Neither a Participant nor any other person shall, by reason of participation in the Cash LTI Plan, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets, or other property

which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the Cash LTI Plan. A Participant shall have only a contractual right to the cash payable under the Cash LTI Plan, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the Cash LTI Plan shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any benefits to any person.

(b) The Cash LTI Plan does not constitute a contract of employment, and selection as a Participant shall not give any participating employee the right to be retained in the employ of the Company or any Subsidiary, nor any right or claim to any benefit under the Cash LTI Plan, unless such right or claim has specifically accrued under the terms of the Cash LTI Plan. Except as otherwise provided in the Cash LTI Plan, no Award under the Cash LTI Plan shall confer upon the holder thereof any rights as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.

6.10. **Evidence.** Evidence required of anyone under the Cash LTI Plan may be by certificate, affidavit, document or other information, which the person charged with acting on such evidence considers pertinent and reliable, and which has been signed, made or presented by the proper party or parties.

6.11. **Information to be Furnished to the Compensation Committee or Senior Corporate Compensation Executive.** The Company and the Subsidiaries shall furnish the Compensation Committee or Senior Corporate Compensation Executive, as applicable, with such data and information as it determines may be required for it to discharge its duties. The records of the Company and the Subsidiaries, as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment, and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Cash LTI Plan must furnish the Compensation Committee or Senior Corporate Compensation Executive, as applicable, such evidence, data or information as such entity considers desirable to carry out the terms of the Cash LTI Plan, subject to any applicable privacy laws.

6.12. **Governing Law.** The Cash LTI Plan will be governed under the internal laws of the state of Wisconsin without regard to principles of conflicts of laws. The state and federal courts located in the state of Wisconsin shall have exclusive jurisdiction in any action, lawsuit or proceeding based on or arising out of the Cash LTI Plan.

6.13. **Severability.** If any provision(s) of the Cash LTI Plan shall be found invalid, illegal, or unenforceable, in whole or in part, then such provision(s) shall be modified or restricted so as to effectuate as nearly as possible in a valid and enforceable way the provisions hereof, or shall be deemed excised from the Cash LTI Plan, as the case may require, and the Cash LTI Plan shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted or as if such provision(s) had not been originally incorporated herein, as the case may be.

Reimbursement of Excess Benefits. If the Company's financial statements or approved performance measures under the Cash LTI Plan are the subject of a restatement due to error or misconduct, to the extent permitted by governing law, in all appropriate cases, the Company will seek reimbursement of Excess Awards paid under the Cash LTI Plan to an Employee (and any other Employee who is determined to have known of or been involved in any such error or misconduct) for the relevant performance period(s) or the periods covering such financial statements. For purposes of the Cash LTI Plan, an "Excess Award" means: (A) any Award granted or paid under the Cash LTI Plan to an Employee involved in the error or misconduct involving, and during the period covered by, the Company's restated

financial statements or (B) the positive difference, if any, between (a) the performance-based Award paid to an Employee under the Cash LTI Plan and (b) the performance-based Award that would have been paid to the Employee, had the Award been calculated based on the Company's financial statements or performance measures as restated. The Company will not be required to Award Employees an additional Plan-related payment should the restated financial statements or performance measures result in a higher performance-based Award under the Cash LTI Plan.

SECTION 7
AMENDMENT AND TERMINATION

The Board or Compensation Committee may, at any time, amend or terminate the Cash LTI Plan, or any Award, provided that no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Cash LTI Plan prior to the date such amendment is adopted by the Board or the Compensation Committee, if applicable. No amendment shall be made that would cause the Cash LTI Plan not to comply with the requirements of any applicable law or rule of any applicable securities exchange or similar entity, or cause Participants to experience adverse tax consequences under Code Section 409A. The Cash LTI Plan and any Award thereunder may be amended without Participant consent to the extent that the Compensation Committee determines such amendment necessary to cause the Cash LTI Plan or Award to comply with any applicable law or rule of any applicable securities exchange or similar entity, or to prevent adverse tax consequences under Code Section 409A for Participants.

SECTION 8
DEFINED TERMS

8.1. **Defined Terms**. Each capitalized term in the Cash LTI Plan is defined where it first appears herein or in this Section 8. In addition to the terms previously defined previously in the Cash LTI Plan, the following definitions shall apply:

- (a) **Award**. The term "Award" or "Awards" means any Cash LTI Award(s).
- (b) **Board**. The term "Board" means the Board of Directors of the Company.
- (c) **Code**. The term "Code" means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code (and the regulations issued thereunder).
- (d) **Compensation Committee**. The term "Compensation Committee" refers to the Compensation Committee of the Board of Directors of the Company.
- (e) **Executive**. The term "Executive" refers to any employee of the Company or a participating Subsidiary who holds a position of senior vice president or higher of the Company (not of any subsidiary or affiliate) or any employee who is an officer under Section 16(b) of the Securities and Exchange Act of 1934 with respect to the Company.
- (f) **Fiscal Year**. The capitalized term "Fiscal Year" refers to the fiscal year of the Company.
- (g) **Senior Corporate Compensation Executive**. The term "Senior Corporate Compensation Executive" refers to the Senior Vice President (or equivalent) of Employee Services, or if he or she has explicitly delegated his or her duties with respect to the Cash LTI Plan, as provided herein, then the term Senior Corporate Compensation Executive shall refer to such

authorized representative to whom the duties of administering the Cash LTI Plan have been delegated.

(h) **Subsidiary.** The term “Subsidiary” or “Subsidiaries” refers to any company during any period in which it is a “subsidiary corporation” (as that term is defined in Section 424(f) of the Code) with respect to the Company.

SECTION 9
EXPIRATION OF CASH LTI PLAN

A payment obligation under the Cash LTI Plan with respect to a specific Service Period shall expire, subject to earlier termination pursuant to Section 7, on the date on which all Cash LTI Awards (if any) for the Service Period are paid in full or would have been payable in accordance with the provisions of the Cash LTI Plan with respect to such Service Period.

LANDS' END, INC.

ANNUAL INCENTIVE PLAN

(As Amended and Restated)

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LANDS' END, INC.
ANNUAL INCENTIVE PLAN

SECTION 1
GENERAL

1.1. **Purpose.** The **Lands' End, Inc. Annual Incentive Plan** (As Amended and Restated) (the "AIP") is a performance-based incentive program. The purpose of the AIP is to reward eligible employees of Lands' End, Inc. (the "Company") and its participating subsidiaries and affiliates (collectively referred to as "Employers"), for sustained Company fiscal performance. Awards (as defined in Section 9) under the AIP are designed to vary commensurately with achieved performance. Both (a) Awards not structured to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code and (b) Awards which are structured to satisfy the requirements under Section 162(m) of the Code ("Section 162(m) Awards"), may be issued under the AIP. The AIP initially was effective as of the Effective Time as defined in the Separation and Distribution Agreement by and between Sears Holdings Corporation ("Sears Holdings") and the Company ("Effective Date"). For purposes of this document, the Effective Date shall also refer to the effective date of an annual incentive plan established in the future by the Compensation Committee under the AIP. The AIP (As Amended and Restated) was adopted by the Committee on April 9, 2015.

1.2. **Operation, Administration and Definitions.** The operation and administration of the AIP, including the Awards made under the AIP with respect to any Performance Period (as defined under subsection 3.3), shall be subject to the provisions of Section 7. Capitalized terms in the AIP shall be defined in the provision in which a term first appears or as set forth in Section 9. The AIP is established under, and constitutes a part of, the Lands' End, Inc. Umbrella Incentive Program ("UIP").

1.3. **Participating Employers.** Each Employer whose eligible employees are covered by the AIP may be referred to herein as a "Participating Employer". Participating Employers are listed on Appendix A.

SECTION 2
PARTICIPATION

2.1. **Eligible Employee.** Except as provided herein, "Eligible Employee" means as to any Performance Period an employee of the Company or a participating Subsidiary who is designated by the Compensation Committee or Senior Corporate Compensation Executive as eligible to participate in an AIP as of such Performance Period. The Senior Corporate Compensation Executive shall make eligibility determinations under this Section 2 with respect to all Eligible Employees other than those who are "Executives" for whom compensation matters are under the purview of the Compensation Committee (as defined in Section 9), and the Compensation Committee shall make eligibility determinations with respect to all Executives. Once designated as eligible to participate, an Eligible Employee shall become a "Participant" in the applicable AIP; provided, however, that an otherwise Eligible Employee shall not be a Participant in the AIP with respect to any portion of a Performance Period during which he or she is participating under any other annual incentive program that is sponsored by the Company or any subsidiary or affiliate of the Company regardless of when awards under such program are paid.

2.2. **New Hires; Changes in Status; Promotions and Demotions.**

(a) **New Hires.** The Compensation Committee, the Senior Corporate Compensation Executive, or an authorized representative of either, as applicable, shall determine whether and when an employee who is a new hire is an Eligible Employee. The terms and conditions of any Award for such an individual shall be (i) based on the Target Annual Incentive for the new hire's

incentive-eligible position and (ii) subject to a fraction, the numerator of which is the number of full days on active payroll (except as otherwise provided in Section 6.2) during the applicable Performance Period (as defined in subsection 3.3) that the Eligible Employee was a Participant in the AIP and the denominator of which is the number of full days in such Performance Period.

(b) **Changes in Status.** The Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall determine whether and when an employee who has a change in status becomes or ceases to be an Eligible Employee during the Performance Period. The terms and conditions of any Award for such an individual shall be (i) based on the Target Annual Incentive for the incentive-eligible position and (ii) subject to a fraction, the numerator of which is the number of full days on active payroll (except as otherwise provided in Section 6.2) during the applicable Performance Period that the Eligible Employee was a Participant in the AIP and the denominator of which is the number of full days in such Performance Period.

(c) **Promotion.** If a Participant is promoted, the Award for such an individual shall be based on a pro-ration, whereby the Target Annual Incentive for the new position will apply to the remainder of the applicable Performance Period and the Target Annual Incentive for the immediately preceding incentive-eligible position will apply to the portion of such Performance Period immediately preceding the effective date of the promotion, subject to subsection 3.2.

(d) **Demotions.** If a Participant is demoted, the Award for such an individual shall be based on a pro-ration, whereby the Target Annual Incentive for the new incentive-eligible position (if any) will apply only to the remainder of the Performance Period and the Target Annual Incentive for the immediately preceding incentive-eligible position will apply only to the portion of the Performance Period immediately preceding the effective date of the demotion, subject to subsection 3.2.

SECTION 3 **ANNUAL INCENTIVE AWARDS**

3.1. **Annual Incentive Awards.** Except as provided herein, the Senior Corporate Compensation Executive shall determine, in its sole discretion, the “Target Annual Incentive” (as defined herein) for each Participant. Notwithstanding the forgoing, the Compensation Committee shall approve the Target Annual Incentives and the Awards for Executives (as defined in Section 9) under its purview.

(a) A “Target Annual Incentive” shall refer to the percentage of a Participant’s rate of base pay during a Performance Period, which may be reflected as a percentage of base pay or flat dollar amount (or combination thereof). The Target Award Incentive shall consist of any annual, quarterly and/or monthly award components applicable to a Participant.

(b) The “Target Incentive Award” shall consist of a commitment by the Company to distribute, at the time(s) specified in, and in accordance with the applicable provisions of, Section 5 below, a dollar amount based on a Participant’s Target Annual Incentive and based on actual performance of the Company and the Participant, as compared to established performance goals described in Section 4 below, subject to subsection 4.1(b)(vii). The Target Incentive Award shall be subject to pro-ration (if applicable) and certification of the calculation of the final Award amount by the Compensation Committee or Senior Corporate Compensation Executive, as applicable. A Participant’s Target Incentive Award may consist of annual, quarterly and/or monthly award components as described below in this Section 3.1.

(c) The “Quarterly Incentive Award” shall refer to the final quarterly portion of a Participant’s Target Incentive Award that is based on applicable quarterly performance goal(s) and

measures, and, if any, may be payable on a Quarterly Payment Date (as defined in subsection 5.1(b) below) or the Annual Payment Date (as defined in subsection 5.1(a) below), as determined by the Compensation Committee or Senior Corporate Compensation Executive, as applicable. Notwithstanding the foregoing, this does not preclude the Compensation Committee or Senior Corporate Compensation Executive, as applicable, from creating a Performance Period by combining Fiscal Quarters (as defined in Section 9) months into a period less than a Fiscal Year.

(d) The “Monthly Incentive Award” shall refer to the final monthly portion of a Participant’s Target Incentive Award that is based on applicable monthly performance goal(s) and measures, and, if any, may be payable on a Monthly Payment Date (as defined in subsection 5.1(b) below) or the Annual Payment Date (as defined in subsection 5.1(a) below), as determined by the Compensation Committee or Senior Corporate Compensation Executive, as applicable. Notwithstanding the foregoing, this does not preclude the Compensation Committee or Senior Corporate Compensation Executive, as applicable, from creating a Performance Period by combining Fiscal Months (as defined in Section 9) into a period less than a Fiscal Year.

(e) The “Annual Incentive Award” shall refer to the final annual portion of a Participant’s Target Incentive Award payable on the Annual Payment Date, if any.

(f) Any Quarterly Incentive Award, Monthly Incentive Award and/or Annual Incentive Award shall be satisfied by a distribution in accordance with Section 5 and subject to Sections 6 and 7.

3.2. **Adjustments based on Status Changes during Performance Period.** Notwithstanding anything in the AIP to the contrary, with respect to Awards that are not Section 162(m) Awards, and prior to the settlement of any such Award, if the Target Annual Incentive for a new incentive-eligible position (including if due to promotion or demotion) is lower or higher than the Target Annual Incentive for a Participant’s immediately prior position, the Participant’s Target Incentive Award may be adjusted by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, to ensure that the overall target cash compensation (i.e., the sum of base pay and Target Annual Incentive) for the new position is comparable to the overall target cash compensation for the immediately prior position.

3.3. **Performance Period.** The “Performance Period” refers to (a) with respect to the portion of an Award that is payable based on the Fiscal Year (as defined in Section 9), the applicable Fiscal Year, (b) with respect to the portion of an Award that is payable based on a Fiscal Quarter (as defined in Section 9), the applicable Fiscal Quarter, and (c) with respect to the portion of an Award that is payable based on a Fiscal Month (or months), the applicable calendar or Fiscal Month(s); in either case, as determined by the Compensation Committee or Senior Corporate Compensation Executive, as applicable. The amount of an Award, if any, shall be determined following completion of the applicable Performance Period in accordance with this Section 3 and Section 4.

3.4. **Pro-ration.**

(a) The Annual Incentive Award and applicable Quarterly Incentive Awards and/or Monthly Incentive Awards, if any, of a Participant who experiences a status change or position change are subject to proration based on the number of days worked on active payroll in each incentive-eligible position during the applicable Performance Period.

(b) The Annual Incentive Award and applicable Quarterly Incentive Awards and/or Monthly Incentive Awards, if any, of a Participant who experiences a demotion, promotion, status or location change are subject to proration based on the Target Annual Incentives in effect during the applicable Performance Period, subject to Sections 2.2 and 3.2 above.

(c) The Annual Incentive Award and applicable Quarterly Incentive Awards and/or Monthly Incentive Awards, if any, of a Participant who experiences a disability or death, as described in subsections 6.1(b) and (c) respectively, shall be pro-rated based upon a fraction, the numerator of which is the number of days worked on active payroll in an incentive-eligible position during the applicable Performance Period and the denominator of which is the number of days in such Performance Period.

(d) The Annual Incentive Award and applicable Quarterly Incentive Awards and/or Monthly Incentive Awards, if any, of a Participant who experiences an unpaid leave of absence during the applicable Performance Period shall be pro-rated in accordance with subsection 6.2(a).

3.5. **Reimbursement of Excess Awards.** If the Company's financial statements or approved performance measures under the AIP are the subject of a restatement due to error or misconduct, to the extent permitted by governing law, in all appropriate cases, the Company will seek reimbursement of Excess Awards paid under the AIP to Executives (and any other Participant who is determined to have known of or been involved in any such misconduct) for the relevant performance period(s). For purposes of the AIP, an "Excess Award" means the positive difference, if any, between (a) the Annual Incentive Award, Quarterly Incentive Awards and/or Monthly Incentive Award paid to an Executive and (b) the Annual Incentive Award, Quarterly Incentive Awards and/or Monthly Incentive Award that would have been paid to the Executive, had the Award been calculated based on the Company's financial statements or performance measures as restated. The Company will not be required to award Participants, including Executives, an additional AIP payment should the restated financial statements or performance measures result in a higher Annual Incentive Award, Quarterly Incentive Awards or Monthly Incentive Award.

SECTION 4 **GOALS AND PERFORMANCE**

4.1. **Company Goals and Performance.** For each Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall establish in writing the performance goals and any particulars or components (including without limitation Targets or Thresholds) applicable to each business unit (including sub-business units) and, with respect to each Participant, his or her Assignment (as defined in Section 9). The performance goals and any particulars or components will be objectively measurable and any payment based upon the achievement of a specified percentage or level of performance.

(a) **Goals.** Except as otherwise approved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, with respect to a Performance Period, the performance goals shall be based upon one or more of the performance measures identified in the UIP.

(b) **Performance.** Except as otherwise approved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, with respect to a Performance Period, the following concepts shall apply:

(i) **Achievement of Target.** With respect to each Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall establish a target level of achievement for each performance goal ("Target"), which may be reflected as annual, quarterly and/or monthly Targets, as applicable to the performance measure. If achieved, payout of applicable Award(s) to which that performance goal applies shall be at 100%, subject to any applicable modifiers or adjustments.

(ii) **Achievement of Threshold.** With respect to each Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall establish a threshold level of achievement that must be met with respect to a performance goal before any portion of an applicable Award to which the performance goal applies is payable (“Threshold”), which may be reflected as annual, quarterly and/or monthly Thresholds. If achieved, payout of Awards to which that performance goal applies shall be at the Threshold percentage, subject to any applicable modifiers or adjustments.

(iii) **Achievement Between Threshold and Target.** In the event achievement of a performance goal falls between Threshold and Target with respect to a Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may establish a formula for determining payout levels between these two points, which payout shall be subject to any applicable modifiers or adjustments.

(iv) **Payout Above Target.** In the event achievement of a performance goal exceeds the Target with respect to a Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may establish a formula for determining payout levels above Target, which payout shall be subject to any applicable modifiers or adjustments. The Compensation Committee or Senior Corporate Compensation Executive, as applicable, also may provide for a maximum payout level or no maximum.

(v) **Modifiers.** Notwithstanding this subsection 4.1, for each Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall have the discretion to establish individual, team, department, store or other unit performance modifiers to an Annual Incentive Award, Quarterly Incentive Award or Monthly Incentive Award, which enables the Award to be modified, positively (subject to subsection 4.2 below) or negatively, based on the performance of an individual, team, department, store or other unit with respect to a Performance Period.

(vi) **Qualifiers.** Notwithstanding this subsection 4.1, for each Performance Period, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, shall have the discretion to establish qualifiers based on Company, business unit, store, department or other unit performance measures, which qualifiers would need to be achieved, in addition to achievement of the performance goals described above, in order for any Annual Incentive Award, Quarterly Incentive Award or Monthly Incentive Award to be paid. Such qualifiers may or may not be (1) equivalent to specific AIP goals and thresholds, and (2) the same for all Participants.

(vii) **Discretionary Allocation.** Notwithstanding this subsection 4.1 or anything else in the AIP to the contrary, with respect to non-Executive Participants, for each Performance Period the Senior Corporate Compensation Executive shall have the discretion to establish that a portion of a Participant’s Target Incentive Award shall be subject to a discretionary performance measure, based on relative contribution and overall productivity as determined in the sole discretion of the Company.

4.2. **Awards Subject to Code Section 162(m)**

(a) **General Rules.**

(i) Notwithstanding anything in the AIP to the contrary, this Section 4.2 will apply to all Section 162(m) Awards. To the extent there is a conflict between the rules of this Section 4.2 and any other section in the AIP, the terms of this Section 4.2 will control.

(ii) In no event will positive discretion be applied, by the Compensation Committee or Senior Corporate Compensation Executive, to any Section 162(m) Award with respect to the Performance Period or as of the Payment Date (as defined under subsection 5.1(c) below). Modifiers described in Section 4.1(b)(v) shall not apply to any Section 162(m) Award.

(iii) To the extent that an Executive experiences a promotion or other change in status, no adjustment to a Section 162(m) Award shall be made if such adjustment would not otherwise meet the requirements of Code Section 162(m).

(b) **Performance Measures.** Section 162(m) Awards shall use the performance measures established under the UIP. As provided in the UIP, at the time of establishing the performance goals, the Compensation Committee may exclude the effects of extraordinary items in a manner that satisfies the requirements of Code Section 162(m).

(c) **Establishment of Performance Goals.** Section 162(m) Awards shall have the applicable objective performance goals and any particulars or components established in writing and approved by the Compensation Committee by the deadline established in the UIP, in accordance with Code Section 162(m) and the regulations issued thereunder.

(d) **Attainment of Performance Goals.** Distributions under Section 162(m) Awards shall not be made until the Compensation Committee has determined, and certifies in writing, that the performance goals have been satisfied.

(e) **Maximum Award.** Section 162(m) Awards are subject to the maximum award limits established under the UIP.

4.3. **Additional Requirements.** All Annual Incentive Awards, Quarterly Incentive Awards and Monthly Incentive Awards awarded under the AIP are subject to the provisions of Sections 5, 6 and 7.

SECTION 5 **DISTRIBUTION**

5.1. **Time of Payment.** Subject to Sections 6 and 7, the Annual Incentive Awards, Quarterly Incentive Awards and Monthly Incentive Awards that are payable under the AIP, based on the Awards and payout formulas described at Sections 3 and 4, shall be distributed after the Compensation Committee or Senior Corporate Compensation Executive, as appropriate, has determined the amount to be paid to each Participant, subject to the following:

(a) The Annual Incentive Award, if any, shall be distributed no later than the date that is the 15th day of the third month following the last day of the relevant Performance Period; provided, however, that no distribution shall be made hereunder until after the Compensation Committee has certified the attainment of the performance goals and the Compensation Committee or Corporate Compensation, as appropriate, has determined the amount to be paid to each Participant. Notwithstanding anything herein to the contrary, such distributions shall be made no

later than required by Code Section 409A to avoid treatment of the AIP as a deferred compensation plan under Code Section 409A. The date as of which payment of an Annual Incentive Award is made in accordance with this subsection 5.1(a) shall be the “Annual Payment Date.”

(b) The Quarterly Incentive Awards, if any, shall be distributed, as follows:

(i) If payable quarterly, then with respect to the first three Fiscal Quarters of the Performance Period, within sixty (60) days of the close of the applicable Fiscal Quarter (or quarters if combined as a Performance Period within the applicable Fiscal Year) (or as soon as administratively feasible thereafter if later), and with respect to the fourth Fiscal Quarter of the Performance Period, no later than the date that is the 15th day of the third month following the last day of the applicable fourth Fiscal Quarter; which may be referred to as a “Quarterly Payment Date”;

(ii) If payable annually, no later than the date that is the 15th day of the third month following the last day of the applicable Fiscal Year that constitutes the Performance Period; and

(iii) Provided, however, that no distribution shall be made hereunder until after the Compensation Committee or Corporate Compensation, as appropriate, has certified the attainment of the performance goals and the Compensation Committee or Corporate Compensation, as appropriate, has determined the amount to be paid to each Participant.

(c) The Monthly Incentive Awards, if any, shall be distributed, as follows:

(i) If payable monthly, then with respect to the first eleven Fiscal Months of the Performance Period, within thirty (30) days of the close of the applicable Fiscal Month (or months if combined as a Performance Period within the applicable Fiscal Year) (or as soon as administratively feasible thereafter if later), and with respect to the twelfth Fiscal Month of the Performance Period, no later than the date that is the 15th day of the third month following the last day of the applicable twelfth Fiscal Month; which may be referred to as a “Monthly Payment Date”;

(ii) If payable annually, no later than the date that is the 15th day of the third month following the last day of the applicable Fiscal Year that constitutes the Performance Period; and

Provided, however, that no distribution shall be made hereunder until after the Compensation Committee or Corporate Compensation, as appropriate, has certified the attainment of the performance goals and the Compensation Committee or Corporate Compensation, as appropriate, has determined the amount to be paid to each Participant.

(d) The Annual Payment Date, Quarterly Payment Date and Monthly Payment Date may be referred to herein generically as the “Payment Date”.

5.2. **Form of Payment.** An Annual Incentive Award, Quarterly Incentive Awards and Monthly Incentive Awards shall generally be satisfied by a single, lump sum cash payment to the Participant with respect to the applicable Performance Period, provided, however, that, at the discretion of the Compensation Committee, the Company may elect, by such deadline as specified under uniform and nondiscriminatory rules established by the Compensation Committee, to satisfy such Award by payment of shares of Company common stock (“Stock”) in lieu of cash, or a combination of cash and shares of Stock. The number of shares of Stock shall be equal to (a) the amount of the Award to be paid in stock in accordance with this subsection 5.2, divided by (b) the fair market value of a share of Stock as evidenced

by its closing price, on the principal securities exchange or market on which the Stock is then listed or admitted, on the business day immediately preceding the date of distribution or, if the Stock is not traded on that date, on the next preceding date on which Stock was traded; provided that issuance of any shares of Stock in accordance with this subsection 5.2 shall be contingent on the availability of shares of Stock under any shareholder-approved plan of the Company providing for the issuance of Stock in satisfaction of the Awards hereunder (which in no event shall be an employee stock purchase plan).

SECTION 6
TERMINATION OF EMPLOYMENT; LEAVE OF ABSENCE; REINSTATEMENT

Any Award payable under this Section 6 shall be payable in accordance with Section 5.

6.1. **Termination of Employment.** If a Participant incurs a termination of employment before the applicable Payment Date (as defined in Section 5.1(c) above) for a Performance Period, the effect of termination of employment on a Participant's right to receive an Award under the AIP shall depend on the reason for the termination, as described in this subsection 6.1.

(a) **Voluntary Termination or Involuntary Termination.** In the event that prior to the Payment Date of an Award, a Participant (i) voluntarily terminates employment (for any reason other than due to permanent and total disability (as defined in subsection (b) immediately below)) or (ii) is involuntarily terminated for any reason (other than death), such Participant shall forfeit his or her Award, except as prohibited by law. A Participant's decision to retire prior to the Payment Date of an Award is a voluntary termination and such Participant shall forfeit his or her Award.

(b) **Disability.** Except as otherwise approved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, in the event that prior to the Payment Date of an Award, a Participant suffers a permanent and total disability (as defined in the Company's long-term disability program, regardless of whether the Participant is covered by such program) while employed by the Company or an Employer resulting in termination or retirement, subject to Section 7 below, such Participant shall be entitled to a distribution of the Award that would otherwise be payable to the Participant under Sections 3 and 4 above, pro-rated based upon a fraction, the numerator of which is the number of full days worked on active payroll in an incentive-eligible position during the applicable Performance Period and the denominator of which is the number of days in such Performance Period (or the number of days remaining in such Performance Period after the individual is assigned to an incentive-eligible position).

(c) **Death.** Except as otherwise approved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, in the event that a Participant dies while employed by a Participating Employer but prior to the Payment Date of his or her Award, the surviving spouse (or, if no surviving spouse, the estate) of such Participant shall be entitled to a distribution of the Award, if any, payable in cash that would otherwise be payable to the Participant under Sections 3 and 4 above, pro-rated based upon a fraction, the numerator of which is the number of full days worked on active payroll in an incentive-eligible position during the applicable Performance Period and the denominator of which is the number of full days in such Performance Period (or the number of days remaining in such Performance Period after the individual is assigned to an incentive-eligible position).

6.2. **Leave of Absence.**

(a) **General.** Except as otherwise approved by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, in the event that a Participant is on an unpaid

leave of absence any time during the Performance Period or at the time of the Payment Date, subject to subsections (b) and (c) immediately below and Section 7, such Participant shall be entitled to a distribution of the Award that would otherwise be payable to the Participant under Sections 3 and 4 above, pro-rated based upon a fraction, the numerator of which is the number of full days worked on active payroll in an incentive-eligible position during the applicable Performance Period and the denominator of which is the number of days in such Performance Period.

(b) **Short-Term Disability**. Subject to subsection 6.2(a) above, In the event that a Participant is on a leave of absence due to short-term disability (including, for purposes of the AIP, paid maternity leave) any time during the Performance Period, subject to subsection (c) below and Section 7, the period of the leave of absence shall be treated as time on active payroll and will be credited toward the determination of the Participant's Award and the Participant shall be entitled to payment of the Award in accordance with Section 5, even if the Participant is on the short-term disability leave of absence as of the Payment Date.

(c) **Salary Continuation**. In the event that a Participant is receiving salary continuation under a severance-related agreement or a Company-sponsored transition pay or severance pay plan as of the Payment Date, such Participant shall forfeit his or her Award.

6.3. **Reinstatement**. If a Participant who forfeited his or her Award with respect to a Performance Period as a result of a termination of employment is reinstated or rehired during the Performance Period, any Award attributable to the portion of such Performance Period prior to the termination of employment shall remain forfeited. Notwithstanding the foregoing, such a Participant shall be eligible for an Award based on a fraction, the numerator of which is the number of days worked on active payroll in an incentive-eligible position on or after the date of reinstatement or rehire during the Performance Period and the denominator of which is the number of days in such Performance Period.

SECTION 7

OPERATION AND ADMINISTRATION

7.1. Compensation Committee and Senior Corporate Compensation Executive.

(a) **Compensation Committee**. Notwithstanding subsection (b) immediately below, the Compensation Committee:

(i) Shall approve the Target Annual Incentives and the Awards, including eligibility for Quarterly Incentive Awards, for Executives under its purview;

(ii) With respect to Executives under its purview, shall have the authority and discretion to establish the terms, conditions, restrictions, and other provisions of such Awards, including without limitation the performance goals and the performance measures for each such Executive's Assignment in accordance with Section 4, and to amend, cancel, or suspend Awards (in accordance with Section 8), subject to the requirements of Code Section 162(m), if applicable;

(iii) May make additional changes to the AIP that it deems appropriate for the effective administration of the AIP; provided however, that these changes may not increase the benefits to which Participants may become entitled under the AIP nor change the pre-established measures or goals that have been approved, except as explicitly provided in the AIP; and

(iv) Shall be responsible for all other duties and responsibilities allocated to the Compensation Committee under the terms and conditions of the AIP.

(b) **Senior Corporate Compensation Executive.** Except as provided in subsection (a) immediately above, the Senior Corporate Compensation Executive:

(i) Shall Determine the Target Annual Incentive and Awards, including eligibility for Quarterly Incentive Awards and Monthly Incentive Awards, for Participants other than Executives under the purview of the Compensation Committee;

(ii) Shall have the authority to control and manage the operation and administration of the AIP;

(iii) Shall be responsible for the day-to-day administration of the AIP, including without limitation the exception process described in Section 7.2 below;

(iv) With respect to Participants other than Executives under the purview of the Compensation Committee and subject to the other provisions of the AIP, shall have the authority and discretion to determine the time or times of receipt of Awards, to establish the terms, conditions, restrictions, and other provisions of such Awards, and to amend, cancel, or suspend Awards (in accordance with Section 8), subject to the requirements of Code Section 162(m), if applicable; and

(v) Shall be responsible for all other duties and responsibilities allocated to the Senior Corporate Compensation Executive under the terms and conditions of the AIP.

(c) Any determinations by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, regarding this AIP are binding on all applicable Participants.

(d) The Compensation Committee and the Senior Corporate Compensation Executive, as appropriate, shall have the authority and discretion to interpret the AIP, to establish, amend, and rescind any rules and regulations relating to the AIP and to make all other determinations that may be necessary or advisable for the administration of the AIP.

7.2. **Incentive Exceptions.** The Senior Corporate Compensation Executive shall have the authority to receive and consider requests by business units of the Participating Employers for an exception to an established performance measure due to circumstances outside of the business unit's control. The Senior Corporate Compensation Executive may establish a procedure for reviewing and approving or rejecting an exception. Any exception determination shall be binding.

7.3. **Discretion.** Notwithstanding Section 7.2 or anything in the AIP to the contrary, with respect to Awards that are not Section 162(m) Awards, and prior to the settlement of any such Award, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may change the pre-established measures and goals that have been approved for such Award and increase or reduce the amount of such Award.

7.4. **Tax Withholding.** All distributions under the AIP are subject to withholding of all applicable taxes. In the case of Awards under the AIP that are settled in shares of Stock, if any, the Compensation Committee or Senior Corporate Compensation Executive, as applicable, may condition the delivery of any shares or other benefits under the AIP on satisfaction of the applicable withholding obligations. To the extent permitted by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, such withholding obligations may be satisfied: (a) through cash payment by the

Participant; (b) through the surrender of shares of Stock which the Participant already owns (provided, however, that to the extent shares described in this subsection (b) are used to satisfy more than the minimum statutory withholding obligation, as described below, then, except as otherwise provided by the Compensation Committee or Senior Corporate Compensation Executive, as applicable, payments made with shares of Stock in accordance with this subsection (b) shall be limited to shares held by the Participant for not less than six months prior to the Payment Date (or such other period of time as the Company's accountants may require)); or (c) through the surrender of shares of Stock to which the Participant is otherwise entitled under the AIP, provided, however, that such shares under this subsection (c) may be used to satisfy not more than 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) (or any higher withholding amount permitted by applicable regulatory requirements without triggering variable accounting under generally accepted accounting principles).

7.5. **Source of Awards.** In the case of Awards under the AIP that are settled in shares of Stock, such shares shall be distributed under a stock plan adopted by the Company and approved by the shareholders thereof that provides for the issuance of Stock in satisfaction of Awards hereunder (which in no event shall be an employee stock purchase plan). In the event of any conflict between this document and such stock plan, the provisions of the stock plan shall govern.

7.6. **Settlement of Awards.** The obligation to make payments and distributions with respect to Awards may be satisfied through cash payments, the delivery of shares of Stock, or a combination thereof, as provided under subsection 5.2, subject, in the case of settlement in shares, to the terms of the stock plan under which the Stock is issued. Satisfaction of any such obligations under an Award, which is sometimes referred to as the "settlement" of the Award, may be subject to such conditions, restrictions and contingencies as the Compensation Committee or Senior Corporate Compensation Executive, as appropriate, shall determine. Each Employer shall be liable for payment of an Award due under the AIP with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Employer by the Participant. Any disputes relating to liability of an Employer for payment of an Award shall be resolved by the Compensation Committee or Senior Corporate Compensation Executive, as appropriate.

7.7. **Transferability.** Except as otherwise provided by the Senior Corporate Compensation Executive, Awards under the AIP are not transferable except as designated by the Participant by will or by the laws of descent and distribution.

7.8. **Form and Time of Elections.** Unless otherwise specified herein, any election required or permitted to be made by any Participant or other person entitled to benefits under the AIP, and any permitted modification, or revocation thereof, shall be in writing filed with the Senior Corporate Compensation Executive at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the AIP, as the Senior Corporate Compensation Executive shall require.

7.9. **Action by Company or Employer.** Any action required or permitted to be taken under the AIP by the Company or any other Employer shall be by resolution of its board of directors, or by action of one or more members of the board of directors of such company (including a committee of the board) who are duly authorized to act for such board with respect to the applicable action, or (except to the extent prohibited by applicable law or applicable rules of any securities exchange or similar entity) by a duly authorized officer of such company.

7.10. **Gender and Number.** Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

7.11. **Limitation of Implied Rights.**

(a) Neither a Participant nor any other person shall, by reason of participation in the AIP, acquire any right in or title to any assets, funds or property of the Company or any Employer whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Employer, in its sole discretion, may set aside in anticipation of a liability under the AIP. A Participant shall have only a contractual right to the cash, if any, payable under the AIP, unsecured by any assets of the Company or any Employer, and nothing contained in the AIP shall constitute a guarantee that the assets of the Company or any Employer shall be sufficient to pay any benefits to any person.

(b) The AIP does not constitute a contract of employment, and status as a Participant shall not give any Eligible Employee the right to be retained in the employ of the Company or any Employer, nor any right or claim to any benefit under the AIP, unless such right or claim has specifically accrued and vested under the terms of the AIP.

7.12. **Evidence.** Evidence required of anyone under the AIP may be by certificate, affidavit, document or other information, which the person charged with acting on such evidence considers pertinent and reliable, and which has been signed, made or presented by the proper party or parties.

7.13. **Information to be Furnished.** The Company and the Participating Employers shall furnish the Compensation Committee and the Senior Corporate Compensation Executive with such data and information as it determines may be required for it to discharge its duties. The records of the Company and the Participating Employers as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment, and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the AIP must furnish the Compensation Committee or Senior Corporate Compensation Executive, as appropriate, such evidence, data or information as the Compensation Committee or Senior Corporate Compensation Executive considers desirable to carry out the terms of the AIP, subject to any applicable privacy laws.

7.14. **Governing Law.** The AIP will be governed under the internal laws of the state of Wisconsin without regard to principles of conflicts of laws. The state and federal courts located in the state of Wisconsin shall have exclusive jurisdiction in any action, lawsuit or proceeding based on or arising out of the AIP.

7.15. **Severability.** If any provision(s) of the AIP shall be found invalid, illegal, or unenforceable, in whole or in part, then such provision(s) shall be modified or restricted so as to effectuate as nearly as possible in a valid and enforceable way the provisions hereof, or shall be deemed excised from the AIP, as the case may require, and the AIP shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted or as if such provision(s) had not been originally incorporated herein, as the case may be.

SECTION 8
AMENDMENT AND TERMINATION

The Board of Directors of the Company (the "Board") or the Compensation Committee may amend or terminate the AIP at any time and for any reason in its sole discretion. No amendment shall be made that would cause the AIP not to comply with any applicable law or rule of any applicable securities exchange or similar entity, or cause Participants to experience adverse tax consequences under Code Section 409A. The AIP and any Award thereunder may be amended without Participant consent to the extent that the Compensation Committee (or its authorized representative) determines such amendment necessary to cause the AIP or any Award to comply with any applicable law or rule of any applicable

securities exchange or similar entity or to prevent adverse tax consequences under Code Section 409A for Participants.

SECTION 9

DEFINED TERMS

9.1. **Defined Terms.** Each capitalized term in the AIP is defined where it first appears herein or in this Section 9. In addition to the terms defined previously in the AIP, the following definitions shall apply:

(a) **Assignment.** The term “Assignment” refers to the performance goals and measure(s) that have been assigned by the Compensation Committee or Senior Corporate Compensation Executive, as appropriate, to a Participant, based upon position, location and/or business unit. Assignment also includes the weight of each performance measure assigned to the Participant.

(b) **Award.** The term “Award” or “Awards” refers to any Annual Incentive Award(s), Quarterly Incentive Award(s) and Monthly Incentive Award(s), as applicable, awarded under the AIP.

(c) **Compensation Committee.** The term “Compensation Committee” refers to the Compensation Committee of the Board.

(d) **Code.** The term “Code” means the Internal Revenue Code of 1986, as amended from time to time (and the regulations issued thereunder). A reference to any provision of the Code shall include reference to any successor provision of the Code (and the regulations issued thereunder).

(e) **Executive.** The term “Executive” refers to any employee of an Employer who holds a position of senior vice president or higher of the Company or any employee who is an officer under Section 16(b) of the Securities and Exchange Act of 1934, as amended, with respect to the Company.

(f) **Fiscal Month.** The capitalized term “Fiscal Month” refers to a fiscal month within the applicable Fiscal Year of the Company.

(g) **Fiscal Quarter.** The capitalized term “Fiscal Quarter” refers to a fiscal quarter within the applicable Fiscal Year of the Company.

(h) **Fiscal Year.** The capitalized term “Fiscal Year” refers to the applicable fiscal year of the Company.

(i) **Section 162(m) Award.** The term “Section 162(m) Award” refers to any Award that is designated by the Compensation Committee as intended to meet the requirements for “performance-based compensation” under Code Section 162(m).

(j) **Senior Corporate Compensation Executive.** The term “Senior Corporate Compensation Executive” refers to the Senior Vice President (or equivalent) of Employee Services of the Company, or if he or she has explicitly delegated his or her duties with respect to the AIP, as provided herein, then the term Senior Corporate Compensation Executive shall refer to such authorized representative to whom the duties of administering the AIP have been delegated.

SECTION 10
EXPIRATION OF AIP

The payment obligation under the AIP with respect to a specific Performance Period shall expire, subject to earlier termination pursuant to Section 8, on the date on which all Annual Incentive Awards, Quarterly Incentive Awards and/or Monthly Incentive Awards (if any) are paid in full or would have been payable in accordance with the provisions of the AIP with respect to such Performance Period. Notwithstanding this Section 10, the Company's right to reimbursement under Section 3.5 will continue to survive after the expiration of the AIP.

January 30, 2015

Dear Federica,

We are pleased to extend to you our offer to join Lands' End, Inc. ("*Lands' End*") as its Chief Executive Officer, reporting directly to the Board of Directors of Lands' End (the "*Board*") as the principal executive officer of Lands' End, contingent on our mutual execution of this letter agreement and the Executive Severance Agreement (described below). Your employment start date as Chief Executive Officer of Lands' End will be February 17, 2015 (your "*Start Date*"). This letter also serves as confirmation of our intention to appoint you as a member of the Board on your Start Date, for an initial term to run through the next annual meeting of the Lands' End shareholders, and to nominate you for reelection by the Lands' End shareholders.

The key elements of your compensation package are as follows:

- Annual base salary at a rate of \$950,000.
- Participation in the Lands' End Annual Incentive Plan ("*AIP*") with an annual incentive target opportunity of 100% of your base salary. Notwithstanding the foregoing, for Lands' End's fiscal year beginning February of 2015 ("*FY 2015*"), you will receive an incentive payment equal to the greater of (a) the actual incentive earned and payable to you under the AIP in respect of such fiscal year and (b) \$475,000 ("*2015 Special Incentive Award*"). Any incentive award payable with respect to a fiscal year (including the 2015 Special Incentive Award) will be paid by April 15 of the following fiscal year, provided that you are actively employed at the payment date.
- You will receive a special cash retention bonus of \$475,000 ("*2016 Special Retention Award*") following Lands' End's fiscal year beginning in calendar year 2016 ("*FY 2016*"), except that the 2016 Special Retention Award will be reduced by any amount payable to you under the AIP in respect of such fiscal year, and will be paid by April 15, 2017, provided that you are actively employed at the payment date of incentive awards payable under the AIP in respect of such fiscal year.
- You will receive a one-time sign-on bonus of \$1,000,000 ("*Sign-On Bonus*"). This Sign-On Bonus will be payable in cash within thirty (30) days following your Start Date. If your employment with Lands' End terminates within twelve (12) months of your Start Date, you will be required to repay all of the portion of the Sign-On Bonus that you retained after payment of taxes in respect thereof to Lands' End, unless such termination is (a) by Lands' End other than for Cause (as defined in the Executive Severance Agreement referred to below), (b) by you for Good Reason (as defined in the Executive Severance Agreement), or (c) due to your death or Disability (as defined in the Executive Severance Agreement). Such repayment will be required to be paid to Lands' End within thirty (30) days of your last day as an employee of Lands' End.
- You will receive a grant of restricted stock units in respect of FY 2015 valued at \$2,750,000 pursuant to the form of restricted stock unit award agreement approved by the Compensation Committee of the Board (the "*Compensation Committee*") on May 20, 2014, under the Lands' End, Inc. 2014 Stock Plan, as amended August 1, 2014 (the "*2014 Plan*"). The number of the restricted stock units granted will be determined using the market closing price of Lands' End shares on the grant date. The grant date of these restricted stock units will be your Start Date. The restricted stock units granted will be scheduled to vest on a graded basis, with twenty-five percent (25%) of the units granted vesting on the first anniversary of the grant date, twenty-five percent (25%) of the units granted vesting on the second anniversary of the grant date, and fifty (50) percent of the units granted vesting on the third anniversary of the grant date. Any restricted stock units that vest will be settled within thirty (30) days after the applicable vesting date by delivery of one share of Lands' End common stock for each restricted stock unit being settled.

- Your eligibility to participate in future long-term compensation programs of Lands' End, beginning with FY 2015, will be determined at the same time and in the same manner as other senior executive officers of Lands' End; provided, however, that your target award opportunity with respect to any given performance cycle will be not less than 150% of your annual base salary as in effect on the date of grant of any such award. Long-term compensation awards will be granted under the 2014 Plan (or a successor plan), in accordance with the terms thereof.
- Except as set forth herein, you agree to devote all of your professional time and attention to the duties required by your positions with Lands' End while employed and to the best interests of Lands' End. To that end, you represent and warrant to Lands' End that: (a) except as disclosed to Lands' End in Exhibit A attached hereto, as of your Start Date with Lands' End, you are not subject to any obligation, written or oral, containing any non-competition provision or any other restriction (including, without limitation, any confidentiality provision) that would result in any restriction on your ability to accept and perform this or any other position with Lands' End or any of its affiliates; and (b) you are not (i) a member of any board of directors, board of trustees or similar governing body of any for-profit, non-profit or not-for-profit entity or (ii) a party to any agreement, written or oral, with any entity under which you would receive remuneration for your services, except as disclosed to Lands' End in Exhibit A attached hereto, all of which have been approved by the Board as set forth in Exhibit A, as of the date of this offer. You agree that you will not (A) become a member of more than one (1) board or body described in clause (b)(i) of the preceding sentence, or (B) become a party to any agreement described in clause (b)(ii) of the preceding sentence, in each such case, without the prior written consent of the Board, such consent not to be unreasonably withheld; and that in any event no such activities may be engaged in without the Board's consent if such activities would interfere, individually or in the aggregate in any material respect, with your ability to devote the time and attention necessary to perform your duties under this letter agreement. You further agree to the limitations regarding your intended publication of a work to be authored (in whole or in part) by you, as set forth on Exhibit A attached hereto. Finally, you agree you will not disclose or use, in violation of an obligation of confidentiality, any information that you acquired as a result of any previous employment or otherwise.
- Together with your acceptance of the offer contained in this letter agreement, you will be required to sign an Executive Severance Agreement with Lands' End in the form attached as Exhibit B hereto (the "*Executive Severance Agreement*").
- This offer of employment to you by Lands' End is contingent upon you signing the Executive Severance Agreement.
- Lands' End and you agree that your principal workplace location will be in the New York metropolitan area, and that you will not be required to relocate your primary residence to, and will not be required to perform the majority of your duties with Lands' End at, its current principal executive offices in Dodgeville, Wisconsin ("*Corporate Headquarters*"); provided, however, that you acknowledge and agree that you will perform your duties, in person, at the Corporate Headquarters between February 17, 2015 through February 19, 2015, and for the full three week period beginning on February 23, 2015 except as otherwise mutually agreed upon with the Chair of the Board, and thereafter as otherwise agreed by you and Lands' End as set forth on Exhibit B to this letter agreement, the terms of which may be changed from time to time as you and Lands' End reasonably and mutually may agree. In addition, you will engage in such business-related travel, to the extent reasonably required in order for you to perform the duties necessary for you to satisfy your obligations as Chief Executive Officer of Lands' End. Lands' End will reimburse you for all reasonable expenses incurred by you in the course of performing your duties with Lands' End, subject to its requirements with respect to reporting and documentation of expenses under its expense reimbursement policy, including all travel, hotel and other expenses incurred by you in performing your duties at the Corporate Headquarters and in connection with other business-related travel.
- You will be eligible to receive four (4) weeks paid vacation (no more than two of which can be taken consecutively, consistent with Lands' End policy). Added to this, you will qualify for six (6) paid National

Holidays each year. You also will be eligible for up to four (4) personal days per year, after completing six (6) months of service.

- You will be eligible to participate in all retirement, health and welfare programs of Lands' End on a basis no less favorable than other senior executives of Lands' End, in accordance with the applicable terms, conditions and availability of those programs. You will also be provided one-on-one corporate training, and with such prerequisites as may be agreed between you and Lands' End (the costs of which will not exceed \$25,000 per fiscal year).
- Lands' End will promptly pay or reimburse you for reasonable legal fees and expenses incurred by you in connection with the negotiation and drafting of this offer letter and the Executive Severance Agreement, subject to a maximum of \$35,000.
- All cash amounts referenced in this letter agreement are, unless otherwise expressly stated, subject to applicable income and employment tax withholding as required under applicable law.
- This offer also is contingent upon satisfactory completion of a pre-employment drug test, background check, and employment eligibility verification (i.e., Form I-9).

Federica, we are looking forward to you joining Lands' End. We are excited about the important contributions you will make to the company and look forward to your acceptance of our offer. If you need additional information or clarification, please do not hesitate to call.

The offer of employment contained in this letter will expire, if not accepted by you, within one week from the date of this letter. To accept, please sign below and return this letter along with your signed Executive Severance Agreement to my attention.

[END OF DOCUMENT. SIGNATURES ON NEXT PAGE.]

Sincerely,

/s/ Josephine Linden

Josephine Linden
Chair, Board of Directors
Lands' End, Inc.

Enclosures

Accepted:

/s/ Federica Marchionni

Federica Marchionni

Exhibit A
to Lands' End Offer Letter dated January 30, 2015

I. Other Obligations. Executive is a party to an Employment Agreement with her current employer that (i) prohibits her disclosure or use of confidential information, (ii) for two years after the end of her employment, prohibits her from, directly or indirectly, hiring or soliciting for employment by any person any individual who was employed by the current employer or its affiliates as of the date of her termination of employment or from encouraging any such employee to leave his or her employment, and (iii) prohibits her from, directly or indirectly, encouraging, requesting or advising a customer of the current employer or its affiliates to alter, curtail or cancel such customer's business relationship with the Company or its affiliates.

II. Limitations on Work of Authorship. Executive has represented to Lands' End her intention to publish a book or other similar written work product (in a format that may be electronic, hard copy, or both), to be authored, in whole or in part, by Executive (the "*Book*"). As a condition to Lands' End employing Executive, Executive will be subject to the following limitations regarding the publication of the Book:

- Executive will not include in the Book any information (including stories, commentary or other material, whether personal or generated by any other person or entity) regarding, or make any reference to Lands' End or any of its subsidiaries, ESL Investments, Inc. or any of its directors or officers, or any member of the Board or any current or former executive officer of Lands' End or any of its subsidiaries, (and in the case of any individual referenced herein, as of the Start Date and at any time during which Executive is employed with Lands' End) (collectively, the "*Protected Parties*"), except as otherwise agreed by the Chairman of the Board (the "*Chair*").
- At any time that the writing of the Book is completed (whether before or after the Start Date), Executive will provide the Chair with a copy of the Book and the Chair will be provided with a reasonable opportunity to review and comment on the Book, a reasonable period of time prior to it being sent for publication. In the event that the Chair, in her good faith and reasonable judgment (which may be made after consultation with legal counsel to Lands' End), determines that any passage(s) or chapter(s) in the Book could reasonably be expected to result in material reputational or material business harm to any of the Protected Parties (e.g., abuse of illegal substances), Executive will remove any such passage(s) prior to the Book being sent for publication, and will provide the Chair with a copy of the Book as so modified prior to such publication.

Exhibit B
to Lands' End Offer Letter dated January 30, 2015

Requirements for on-site attendance at Corporate Headquarters:

Federica Marchionni ("*Executive*") and Lands' End agree that during Executive's employment with Lands' End, Executive will: (a) perform her duties under the letter agreement at Corporate Headquarters at least, on average during each calendar year, one calendar week of every calendar month; (b) attend, in person, all shareholder, Board (and Board committee), and executive strategy, meetings, and such other meetings as may be reasonably necessary for Executive to attend, that are held at Corporate Headquarters or otherwise in Dodgeville, WI; and (c) attend, in person, all social events (e.g., any Lands' End holiday party) of import that are commonly held in Dodgeville, WI for the benefit of corporate or other employees of Lands' End, which the Chief Executive Officer of Lands' End historically has attended. Notwithstanding the foregoing, Lands' End and Executive agree to use all commercially reasonable efforts to cause the meetings and events referenced in clauses (b) and (c) above to be scheduled efficiently and in a manner during any calendar week that Executive is otherwise required to be on-site in Dodgeville, WI. Lands' End and Executive further agree to evaluate the requirements set forth on this Exhibit B from time to time, to determine whether such requirements remain applicable.

***** 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.

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (“*Agreement*”) is made this 30th day of January, 2015, between Lands’ End, Inc., a Delaware corporation (together with its successors and Affiliates, the “*Company*”), and Federica Marchionni (“*Executive*”).

WHEREAS, in light of the Company’s size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; and

WHEREAS, the Company and Executive have entered into an employment letter agreement dated January 30, 2015 (the “*Offer Letter*”), pursuant to which the Company has agreed to employ Executive on the terms and conditions contained in the Offer Letter, which includes Executive entering into this Agreement, and Executive has agreed to accept such employment on such terms and conditions, including those obligations contained in this Agreement; and

WHEREAS, the Company shall, in connection with Executive commencing employment with the Company, share with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company shall, in connection with Executive commencing employment with the Company, imbue Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, in consideration for Executive commencing employment with the Company and entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company shall grant to Executive restricted stock units pursuant to a Restricted Stock Unit Agreement entered into between the Company and the Executive, as referenced in the Offer Letter.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the meanings indicated:
 - a. “*Affiliate*” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity.

- b. “Cause” means (i) a material breach by Executive (other than a breach resulting from Executive’s incapacity due to a Disability) of Executive’s duties and responsibilities, which breach (A) is demonstrably willful and deliberate on Executive’s part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and (B) is not remedied in a reasonable period of time after receipt of written notice from the Board specifying such breach; (ii) the commission by Executive of a felony; or (iii) willful fraud or other willful misconduct in connection with Executive’s employment.
- c. “Change in Control” has the same meaning as such term is defined in the Company 2014 Stock Plan, as amended August 1, 2014.
- d. “Competitive Business” means any corporation, partnership, association, or other person or entity listed on Appendix A, provided that the Company shall have the right to propose to modify Appendix A, with written notice to Executive, periodically (but in no event adding more than one company to the list of entities in any consecutive 24-month period, beginning with the 24-month period starting as of the date of this Agreement) to include businesses that engage in marketing, manufacturing or selling apparel and/or home products in the lines of business of the Company, at a price point similar to that of the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.
- e. “Code” means the Internal Revenue Code of 1986, as amended.
- f. “Confidential Information” means information related to the Company’s business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive’s Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.
- g. “Disability” means disability as defined under the Company’s long-term disability plan (regardless of whether Executive is a participant under such plan).
- h. “Executive’s Company Employment” means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of “Company”, regardless of any change in the entity actually employing Executive.
- i. “Good Reason” means, without Executive’s written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive’s annual base salary or target bonus under the Company’s Annual Incentive Plan (“Target Bonus”); (ii) Executive’s mandatory relocation to an office outside the Borough of Manhattan (subject in all instances to Executive’s travel requirements set forth in the Offer Letter); (iii) Executive no longer being the principal executive officer of the Company; (iv) failure to nominate Executive for election (or reelection) to the Board; (v) a material diminution in Executive’s duties or responsibilities, or the assignment to Executive of duties or responsibilities materially inconsistent with Executive’s position as principal executive officer of the Company; or (vi) any other action or inaction that constitutes a material breach of the terms of the Offer Letter or this Agreement, including failure of a successor company to assume or fulfill the obligations under the Offer Letter and this Agreement. In each case, Executive must provide Company with written notice of the facts giving rise to a claim that “Good Reason” exists for purposes of this Agreement, within sixty (60) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such

event within sixty (60) days after receipt of Executive's written notice. "Good Reason" shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

- i Executive fails to provide the above-referenced written notice of the Good Reason event within sixty (60) days of its occurrence;
- ii Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or
- iii Executive fails to resign within 180 days of Executive's written notice of the Good Reason event.
 - j. "*Restricted Period*" means (i) twenty-four (24) months following the Date of Termination that corresponds to any Separation from Service described in Section 3(a) below or (ii) twelve (12) months following the Date of Termination that corresponds to any Separation from Service not described in Section 3(a) below.
 - k. "*Salary Continuation*" means continuation of base salary, based on Executive's annual base salary rate as of the date Executive's Company Employment terminates (the "*Date of Termination*"), payable for a period of twenty-four (24) months following the Date of Termination (the "*Salary Continuation Period*"); provided, however, that if Executive's Date of Termination occurs within the eighteen (18) months following a Change in Control, "Salary Continuation" will be at the annual rate equal to the sum of Executive's annual base salary rate and the amount equal to Executive's Target Bonus, and the "Salary Continuation Period" will be for a period of thirty (30) months following the Date of Termination.
 - l. "*Section 409A Threshold*" means an amount equal to the sum of the following amounts: (x) two times the lesser of (i) Executive's base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service, and (y) the amount of Executive's Salary Continuation that does not otherwise provide for a deferral of compensation by application of Treasury Regulation Section 1.409A-1(b)(4). In all events, this amount shall be limited to the amounts specified under Treasury Regulation Sections 1.409A-1(b)(9)(iii)(A) and 1.409A-1(b)(9)(iii)(B) and the amount of any payments of Salary Continuation described in Treasury Regulation Section 1.409A-1(b)(4)(i) or any successors thereto.
 - m. "*Separation from Service*" means a "separation from service" with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any qualified retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.
 - n. "*Specified Employee*" means a "specified employee" under Code Section 409A (and regulations issued thereunder).
 - o. "*Trade Secret(s)*" means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value

from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. **Employment.** During Executive's Company Employment, Executive shall comply with all generally applicable policies of the Company, including but not limited to the Company's Code of Conduct, as such policies may be amended from time to time. Except as may be otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive's Company Employment is terminable by either party at will.

3. **Severance.**

- a. If Executive's Company Employment is involuntarily terminated without Cause, or if Executive resigns for Good Reason, Executive shall be entitled to the following:
- i Salary Continuation during the Salary Continuation Period.
 - ii Continuation of health, dental and vision coverage for Executive, her spouse and her dependents, as applicable, at the applicable active employee rate (which shall be withheld, as applicable, from payments of Executive's Salary Continuation) until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company's ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("*COBRA*"). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full *COBRA* premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage available to active participants as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.
 - iii Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to six (6) months or until subsequent employment is obtained, whichever occurs first.
 - iv Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of Termination.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet, in all material respects, the other requirements under, or otherwise materially violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive the Salary Continuation due under Section 3(a)(i) in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. For avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation, and there shall be no offset against amounts due Executive on account of future earnings by Executive. Further, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 8) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation paid during the Salary Continuation Period. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the first six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A of the Code and is required to be deferred during such six (6) months, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

d. If any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this paragraph, be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then such payments shall be reduced by

the minimum possible amounts until no amount payable to Executive will be subject to the Excise Tax; provided, however, that no such reduction shall be made if the net after-tax payment (after taking into account federal, state, local or other income, employment and excise taxes) to which Executive would otherwise be entitled without such reduction would be greater than the net after-tax payment (after taking into account federal, state, local or other income, employment and excise taxes) to Executive resulting from the receipt of such payments with such reduction. In applying any such reduction, to the extent any such payments may be subject to Code Section 409A, the reduction shall first be applied to any payments of Salary Continuation on a *pro rata* basis, and next to the remaining payments on a *pro rata* basis in proportion to the amount of such payments that are considered “contingent on a change in ownership or control” within the meaning of Section 280G of the Code. All calculations and determinations under this subsection (d) shall be made by an independent accounting firm or independent tax counsel appointed by the Company whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. All fees and expenses of the accounting firm or tax counsel shall be borne solely by the Company and shall be paid by the Company.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive’s Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company’s behalf with a need to know such information). Notwithstanding the foregoing, Executive may disclose Confidential Information when required to do so by legal process, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) that requires Executive to divulge, disclose or make accessible such information. If Executive is so ordered to divulge Confidential Information, she will give prompt written notice to the Company in order to allow it the opportunity to object to or otherwise resist such order.

5. Non-Disclosure of Trade Secrets. During Executive’s Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret. Notwithstanding the foregoing, Executive may disclose Trade Secrets when required to do so by legal process, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) that requires Executive to divulge, disclose or make accessible such Trade Secrets. If Executive is so ordered to divulge Trade Secrets, she will give prompt written notice to the Company in order to allow it the opportunity to object to or otherwise resist such order.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research

and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment, other than the items described on Exhibit A to the Offer Letter (the "*Work Product*"), is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End, Inc. and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims substantially in the form attached as Appendix B (the "*General Release and Waiver*"). If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and thereafter for the applicable Restricted Period, Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for twelve (12) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by herself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and thereafter for the applicable Restricted Period, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation.

a. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will reasonably cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (ii), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation. Notwithstanding the foregoing, nothing in this Section 12 shall prevent Executive from (i) making any truthful statement to the extent, but only to the extent (A) necessary with respect to any litigation, arbitration or mediation involving this Agreement or the Offer Letter, including, but not limited to, the enforcement of this Agreement or the Offer Letter, in the forum in which such litigation, arbitration or mediation properly takes place or (B) required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction over Executive, (ii) making normal competitive statements any time after the

expiration of the applicable Restricted Period and/or (iii) making any statements in the good faith performance of Executive's duties to the Company.

b. The Company shall direct its executive officers, its senior human resources officer and its senior public relations officer upon Executive's termination of employment, for two years thereafter not to criticize or disparage or encourage or induce others to criticize or disparage Executive, provided that such direction shall except any: (i) truthful statements to the extent (A) necessary with respect to any litigation, arbitration or mediation involving this Agreement or the Offer Letter, in the forum in which such litigation, arbitration or mediation properly takes place or (B) required by law, legal process or by any court, arbitrator or mediator or legislative body (including the committee thereof) with apparent jurisdiction over the Company or the applicable officer; and/or (ii) normal competitive statements during any period after the termination of Executive's employment.

13. Indemnification. The Company shall continue and maintain a directors and officers liability insurance policy covering Executive to the extent the Company provides such coverage for its executive officers, and shall provide Executive with a form of indemnification agreement on the same terms as it provides to any other senior executive officer of the Company, to the extent the Company elects to provide any such agreement to any such officer.

14. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (or received, as applicable) upon the calendar date when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or, subsequent to the date of this Agreement, to the last address (if any) which Executive has furnished to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

15. Enforceability; Expiration of Certain Covenants. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act; *provided, however*, that notwithstanding any provision of this Agreement to the contrary, on and after the first anniversary of the Date of Termination, Executive may elect, by written notice to the Company, to forfeit all rights to the payments and benefits otherwise to be provided under Section 3 of this Agreement between the date of such notice through the end of the Salary Continuation Period, in which case the restrictions imposed on Executive under Section 9 of this Agreement shall cease to apply to Executive immediately upon receipt by the Company of such notice.

16. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors and Affiliates.

17. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

18. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of New York, but without

regard to the State of New York's conflict of laws rules. The parties further agree that the state and federal courts in New York City, New York, shall have exclusive jurisdiction over any claim which in any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

19. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent. Notwithstanding any provision of this Agreement to the contrary, for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment that are considered deferred compensation under Section 409A, references to Executive's "termination of employment" (and corollary terms) with the Company shall be construed to refer to Executive's "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) with the Company. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A. With respect to any reimbursement or in-kind benefit arrangements of the Company that constitute deferred compensation for purposes of Section 409A, except as otherwise permitted by Section 409A, the following conditions shall be applicable: (i) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year, (ii) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

20. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

[END OF DOCUMENT. SIGNATURES ON NEXT PAGE.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/ Federica Marchionni

Federica Marchionni

Address:

LANDS' END, INC.

By: /s/ Josephine Linden

Name: Josephine Linden

Its: Chair, Board of Directors

5 Lands' End Lane
Dodgeville, WI 53595

Appendix B

NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MUST DELIVER A SIGNED COPY TO LANDS' END BY NO LATER THAN THE THIRTIETH (30TH) DAY AFTER YOUR LAST DAY OF WORK TO THE GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO THE GENERAL COUNSEL AT THE ADDRESS SET FORTH ABOVE. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

GENERAL RELEASE AND WAIVER

In consideration of the severance benefits that are described in the attached Executive Severance Agreement that I previously entered into with Lands' End, Inc. dated January 30, 2015 (the "ESA"), I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; the New York State Human Rights Law; the New York City Administrative Code; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are (1) any claims that cannot be waived by law, including but not limited to my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to indemnification, to coverage under directors and officers liability insurance, to payments and benefits under the ESA and to the benefits accrued under benefit plans maintained by Lands' End and governed by ERISA or otherwise payable under Land's End's compensation and benefits plans and programs in accordance with their terms. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are

related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute, without objection or delay, an "opt-out" form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands' End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands' End in writing at Lands' End, Inc., 5 Lands' End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands' End and that Lands' End expressly denies any wrongdoing or liability.

Date: **SAMPLE ONLY-DO NOT DATE**

Signed by: **SAMPLE ONLY-DO NOT SIGN**

Witness by: **SAMPLE ONLY-DO NOT SIGN**

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 THE EXHIBIT WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (“Agreement”) is made as of the 5th day of December, 2014, between Lands’ End, Inc., a Delaware corporation (together with its successors, assigns and Affiliates, the “Company”), and **Edgar Huber** (“Executive”).

WHEREAS, in light of the Company’s size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; and

WHEREAS, the Company has shared with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company has imbued Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, as consideration for entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company has granted to Executive restricted stock units pursuant to a Restricted Stock Agreement entered into between the Company and the Executive.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the meanings indicated:
 - a. “Affiliate” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity. Notwithstanding the foregoing, if the Executive’s “Salary Continuation” exceeds the “Section 409A Threshold” (as such terms are defined below), then Affiliate shall mean any person with whom the Company is considered to be a single employer under Code Section 414(b) and all persons with whom the Company would be considered a single employer under Code Section 414(c), substituting “50%” for the “80%” standard that would otherwise apply.

b. "Cause" means (i) a material breach by Executive (other than a breach resulting from Executive's incapacity due to a Disability) of Executive's duties and responsibilities which breach is demonstrably willful and deliberate on Executive's part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach; (ii) the commission by Executive of a felony; or (iii) dishonesty or willful misconduct in connection with Executive's employment.

c. "Competitive Business" means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that:

1. is listed on Appendix A, each of which Executive acknowledges is a Competitive Business, whether or not it falls within the categories in subsection (c)(2) immediately below, and further acknowledges that this is not an exclusive list of Competitive Businesses and is not intended to limit the generality of subsection (c)(2) immediately below; or

2. engages in any business which, at any time during the most recent eighteen (18) months of Executive's Company Employment and regardless the business format (including but not limited to a department store, specialty store, discount store, direct marketing, or electronic commerce), consists of marketing, manufacturing or selling apparel and/or home products, and which has combined annual revenue in excess of \$100 million.

Executive acknowledges that the Company shall have the right to propose modifications to Appendix A periodically to include (i) emergent Competitive Businesses in the existing lines of business of the Company, and (ii) Competitive Businesses in lines of business that are new for the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.

d. "Code" means the Internal Revenue Code of 1986, as amended.

e. "Confidential Information" means information related to the Company's business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive's Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

f. "Disability" means disability as defined under the Company's long-term disability plan (regardless of whether Executive is a participant under such plan).

g. "Executive's Company Employment" means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of "Company", regardless of any change in the entity actually employing Executive.

h. “Good Reason” shall mean, without Executive’s written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive’s annual base salary and target bonus under Company’s Annual Incentive Plan; (ii) Executive’s mandatory relocation to an office more than fifty (50) miles from the primary location at which Executive was previously required to perform Executive’s duties; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement. In each case, Executive must provide Company with written notice of the facts giving rise to a claim that “Good Reason” exists for purposes of this Agreement, within thirty (30) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within sixty (60) days after receipt of Executive’s written notice. “Good Reason” shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

- i. Executive fails to provide the above-referenced written notice of the Good Reason event within thirty (30) days of its occurrence;
- ii. Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or
- iii. Executive fails to resign within ninety (90) days of Executive’s written notice of the Good Reason event.

i. “Salary Continuation” means continuation of base salary, based on Executive’s annual base salary rate as of the date Executive’s Company Employment terminates (“Date of Termination”), payable for a period of twenty-four (24) months following the Date of Termination (“Salary Continuation Period”).

j. “Section 409A Threshold” means an amount equal to two times the lesser of (i) Executive’s base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service. In all events, this amount shall be limited to the amount specified under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any successor thereto.

k. “Separation from Service” means a “separation from service” with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

l. “Specified Employee” means a “specified employee” under Code Section 409A (and regulations issued thereunder).

m. “Trade Secret(s)” means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can

obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. Employment. During Executive's Company Employment, Executive agrees to devote all of Executive's professional time and attention to the duties required by such Company Employment and to the best interests of the Company, and to engage in other business, professional or philanthropic activities only with the prior written approval of the Company's Board of Directors. Executive shall also comply with all generally applicable policies of the Company, including but not limited to the Company's Code of Conduct, as such policies may be amended from time to time. Except as may be otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive's Company Employment is terminable by either party at will.

3. Severance.

a. If Executive's Company Employment is involuntarily terminated without Cause, or if Executive resigns for Good Reason, Executive shall be entitled to the following:

- i. Salary Continuation.
- ii. Continuation of health, dental and vision coverage at the applicable active employee rate until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company's ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.
- iii. Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to twelve (12) months or until subsequent employment is obtained, whichever occurs first.

- iv. Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of Termination to the maximum extent permitted pursuant to Section 409A of the Code.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet all of the other requirements under, or otherwise violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive Salary Continuation in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. Notwithstanding the foregoing, the obligations of the Company to pay Salary Continuation shall be reduced on a dollar-for-dollar basis (but not below zero) by the amount, if any, of fees, salary or wages that Executive earns from a subsequent employer (including those arising from self-employment) during the Salary Continuation Period. Executive shall promptly notify the Company of any subsequent employment or self-employment and the amount of any such fees, salary, wages or any other form of compensation earned. Any such fees, salary, wages or compensation shall reduce the Salary Continuation payments in reverse chronological order, beginning with the Salary Continuation payment that would be the final Salary Continuation payment in the absence of such reduction. For avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation. Further, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 8) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation paid during the Salary Continuation Period. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related

tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the first six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive's Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company's behalf with a need to know such information).

5. Non-Disclosure of Trade Secrets. During Executive's Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims in a form to be provided by the Company ("General Release and Waiver"). The General Release and Waiver will be in a form substantially similar

to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and for twelve (12) months following Executive's Date of Termination (but regardless whether the Executive is receiving Salary Continuation or other benefits under Section 3), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 8), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further, during Executive's Company Employment and for two years following the termination of such employment for any reason, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will fully cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (i), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or to such other person or address which Executive shall furnish to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which in any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent.

19. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/Edgar O. Huber

Name: Edgar O. Huber

Address: Address Omitted

LANDS' END, INC.

5 Lands' End Lane

Dodgeville, WI 53595

By: /s/Josephine Linden

Its: Chairman of the Board

Appendix B

NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

GENERAL RELEASE AND WAIVER

In consideration of the severance benefits that are described in the attached Executive Severance Agreement, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first

opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute, without objection or delay, an “opt-out” form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands’ End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands’ End in writing at Lands’ End, Inc., 5 Lands’ End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands’ End and that Lands’ End expressly denies any wrongdoing or liability.

Date: **SAMPLE ONLY - DO NOT DATE** Signed by: **SAMPLE ONLY - DO NOT SIGN**

Witness by: **SAMPLE ONLY - DO NOT SIGN**

February 1, 2015

Mr. Edgar Huber
VIA EMAIL

Dear Edgar:

This letter is to confirm our further agreement regarding your resignation from employment with Lands' End, Inc. (the "Company"), to be effective as of February 16, 2015. In connection with the foregoing, the Company and you agree that your resignation shall be treated as a termination without "Cause" pursuant to that certain Executive Severance Agreement, dated December 5, 2014, between you and the Company (the "Executive Severance Agreement") for all purposes thereunder, and in recognition of your service and dedication to the Company, you will be entitled to receive the following additional payments, subject to the terms and conditions described below.

- I. **2014 Annual Incentive Plan Payment.** The Company will pay to you the annual bonus that you would otherwise be entitled to receive under the Annual Incentive Plan (the "AIP") in respect of the performance period ending on January 30, 2015 (i.e., the end of the 2014 fiscal year), as if you had remained employed through the date in 2015 that annual bonuses would otherwise be paid under the AIP. This bonus payment will be calculated based on the Company's actual performance during fiscal year 2014, to be paid at the same time bonuses are paid under the AIP generally, but in no event later than two and one-half months following the end of the calendar year in which such fiscal year ends.
- II. **Cash Make-Whole Award Payment.** The Company will pay the entire amount of the \$247,976.47 make-whole cash award that would otherwise be payable to you if you had remained employed through September 1, 2015. This amount will be paid to you within seven days following the execution and non-revocation of the General Release and Waiver attached to this letter agreement as Exhibit A, which is substantially in the form attached to your Executive Severance Agreement with such revisions as have been agreed between you and the Company, within the time period referenced below.
- III. **Interim Period.** In addition to the foregoing and for the avoidance of doubt, in consideration for your continuing to remain as an employee of the Company as sitting Chief Executive Officer of the Company from the date hereof through February 16, 2015 (the "Interim Period"), the Company will provide you with continued payment of your base salary and continued coverage under all welfare and retirement benefit plans. The Company shall also pay or reimburse up to \$5,000 in legal fees that you may incur in connection with the negotiation of these arrangements.

The Company will provide all of the foregoing payments to you so long as (x) you do not engage in conduct that constitutes "Cause" (as such term is defined in the Executive Severance Agreement) during the Interim Period and (y) you do not resign prior to the expiration of the Interim Period. The Company and you agree that during the Interim Period, you shall only be required to execute such duties and authorities as you may be expressly requested to perform by the Chairman of the Board of Directors of the Company.

Further, the payments provided above will only be provided to you if you (i) execute the director resignation letter, attached hereto as Exhibit B, no later than February 4, 2015, (ii) execute the employment resignation letter, attached hereto as Exhibit C, no later than February 16, 2015 and (iii) execute (and do not subsequently revoke) the General Release and Waiver, within 21 days after the date your employment terminates on February 16, 2015 in accordance with the requirements of the Executive Severance Agreement.

To receive the payments provided hereunder, please sign and return the documents described in the foregoing clauses to the Company's outside legal counsel in this matter:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: Andrea K. Wahlquist
Phone: (212) 403-1205
Email: AKWahlquist@wlrk.com

If you, or your legal counsel or other representative, have any questions or comments regarding the process for returning the release and receiving the payments and benefits to be provided, please Andrea Wahlquist of Wachtell Lipton Rosen & Katz, using the contact information listed above.

Sincerely,

/s/ Josephine Linden
Josephine Linden
Chairman of the Board of Directors
Lands' End, Inc.

[Signature page to letter agreement with Lands' End, Inc. dated February 1, 2015]

Accepted and agreed this 1st day of February, 2015.

/s/ Edgar Huber

Edgar Huber

EXHIBIT A

February 1, 2015

To: Lands' End, Inc.
1 Lands' End Lane
Dodgeville, Wisconsin 53533

Attention: Chairman of the Board of Directors

Effective as of February 1, 2015, and for the avoidance of doubt without prejudice to any rights I may have under that certain Executive Severance Agreement between myself and Lands' End, Inc. dated December 5, 2014 and that certain letter agreement between myself and Lands' End dated February 1, 2015, or other employee compensation or benefit plan maintained by Lands' End, Inc., I hereby resign as a member of the board of directors of Lands' End, Inc. and from any other position that I occupy as a director of any of its subsidiaries.

Yours truly,

Edgar Huber

EXHIBIT B

February 1, 2015

To: Lands' End, Inc.

1 Lands' End Lane
Dodgeville, Wisconsin 53533

Attention: Chairman of the Board of Directors

Effective as of the close of business on February 16, 2015, and for the avoidance of doubt without prejudice to any rights I may have under that certain Executive Severance Agreement between myself and Lands' End, Inc. dated December 5, 2014 and that certain letter agreement between myself and Lands' End dated February 1, 2015, I hereby resign as an officer and employee of Lands' End, Inc. and from any other position that I occupy as an officer, employee or otherwise of any of its subsidiaries.

Yours truly,

Edgar Huber

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 THE EXHIBIT WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (“Agreement”) is made as of the 5th day of December, 2014, between Lands’ End, Inc., a Delaware corporation (together with its successors, assigns and Affiliates, the “Company”), and **Michael Rosera** (“Executive”).

WHEREAS, in light of the Company’s size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; and

WHEREAS, the Company has shared with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company has imbued Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, as consideration for entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company has granted to Executive restricted stock units pursuant to a Restricted Stock Agreement entered into between the Company and the Executive.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the meanings indicated:
 - a. “Affiliate” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity. Notwithstanding the foregoing, if the Executive’s “Salary Continuation” exceeds the “Section 409A Threshold” (as such terms are defined below), then Affiliate shall mean any person with whom the Company is considered to be a single employer under Code Section 414(b) and all persons with whom the Company would be considered a single employer under Code Section 414(c), substituting “50%” for the “80%” standard that would otherwise apply.

b. "Cause" means (i) a material breach by Executive (other than a breach resulting from Executive's incapacity due to a Disability) of Executive's duties and responsibilities which breach is demonstrably willful and deliberate on Executive's part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach; (ii) the commission by Executive of a felony; or (iii) dishonesty or willful misconduct in connection with Executive's employment.

c. "Competitive Business" means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that:

1. is listed on Appendix A, each of which Executive acknowledges is a Competitive Business, whether or not it falls within the categories in subsection (c)(2) immediately below, and further acknowledges that this is not an exclusive list of Competitive Businesses and is not intended to limit the generality of subsection (c)(2) immediately below; or

2. engages in any business which, at any time during the most recent eighteen (18) months of Executive's Company Employment and regardless the business format (including but not limited to a department store, specialty store, discount store, direct marketing, or electronic commerce), consists of marketing, manufacturing or selling apparel and/or home products, and which has combined annual revenue in excess of \$100 million.

Executive acknowledges that the Company shall have the right to propose modifications to Appendix A periodically to include (i) emergent Competitive Businesses in the existing lines of business of the Company, and (ii) Competitive Businesses in lines of business that are new for the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.

d. "Code" means the Internal Revenue Code of 1986, as amended.

e. "Confidential Information" means information related to the Company's business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive's Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

f. "Disability" means disability as defined under the Company's long-term disability plan (regardless of whether Executive is a participant under such plan).

g. "Executive's Company Employment" means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of "Company", regardless of any change in the entity actually employing Executive.

h. “Good Reason” shall mean, without Executive’s written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive’s annual base salary and target bonus under Company’s Annual Incentive Plan; (ii) Executive’s mandatory relocation to an office more than fifty (50) miles from the primary location at which Executive was previously required to perform Executive’s duties; (iii) a change in structure so that Executive is no longer directly reporting to the chief executive of Lands’ End, Inc.; or (iv) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement. In each case, Executive must provide Company with written notice of the facts giving rise to a claim that “Good Reason” exists for purposes of this Agreement, within thirty (30) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within sixty (60) days after receipt of Executive’s written notice. “Good Reason” shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

- i. Executive fails to provide the above-referenced written notice of the Good Reason event within thirty (30) days of its occurrence;
- ii. Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or
- iii. Executive fails to resign within ninety (90) days of Executive’s written notice of the Good Reason event.

i. “Salary Continuation” means continuation of base salary, based on Executive’s annual base salary rate as of the date Executive’s Company Employment terminates (“Date of Termination”), payable for a period of twelve (12) months following the Date of Termination (“Salary Continuation Period”).

j. “Section 409A Threshold” means an amount equal to two times the lesser of (i) Executive’s base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service. In all events, this amount shall be limited to the amount specified under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any successor thereto.

k. “Separation from Service” means a “separation from service” with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

l. “Specified Employee” means a “specified employee” under Code Section 409A (and regulations issued thereunder).

m. “Trade Secret(s)” means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can

obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. Employment. During Executive's Company Employment, Executive agrees to devote all of Executive's professional time and attention to the duties required by such Company Employment and to the best interests of the Company, and to engage in other business, professional or philanthropic activities only with the prior written approval of the Company. Executive shall also comply with all generally applicable policies of the Company, including but not limited to the Company's Code of Conduct, as such policies may be amended from time to time. Except as may be otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive's Company Employment is terminable by either party at will.

3. Severance.

a. If Executive's Company Employment is involuntarily terminated without Cause, or if Executive resigns for Good Reason, Executive shall be entitled to the following:

- i. Salary Continuation.
- ii. Continuation of health, dental and vision coverage at the applicable active employee rate until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company's ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.
- iii. Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to twelve (12) months or until subsequent employment is obtained, whichever occurs first.
- iv. Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its

vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of Termination to the maximum extent permitted pursuant to Section 409A of the Code.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet all of the other requirements under, or otherwise violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive Salary Continuation in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. Salary Continuation shall not be reduced by any fees, salary or wages that Executive earns from a subsequent employer (including those arising from self-employment) during the Salary Continuation Period, nor shall Executive be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation. However, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 8) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation paid during the Salary Continuation Period. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the first six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary

Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive's Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company's behalf with a need to know such information).

5. Non-Disclosure of Trade Secrets. During Executive's Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims in a form to be provided by the Company ("General Release and Waiver"). The General Release and Waiver will be in a form substantially similar to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and for a period of time after the Date of Termination equal to the Salary Continuation Period referred to in Section 1(i) above (but regardless whether the Executive is receiving Salary Continuation or other benefits under Section 3), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 8), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further, during Executive's Company Employment and for two years following the termination of such employment for any reason, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will fully cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (i), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or to such other person or address which Executive shall furnish to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which in any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent.

19. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/Michael Rosera

Name: Michael Rosera

Address: Address Omitted

LANDS' END, INC.

5 Lands' End Lane

Dodgeville, WI 53595

By: /s/Kelly Ritchie

Its: Senior Vice President, Employee and Customer Services

Appendix B

NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

GENERAL RELEASE AND WAIVER

In consideration of the severance benefits that are described in the attached Executive Severance Agreement, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first

opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute, without objection or delay, an “opt-out” form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands’ End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands’ End in writing at Lands’ End, Inc., 5 Lands’ End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands’ End and that Lands’ End expressly denies any wrongdoing or liability.

Date: **SAMPLE ONLY - DO NOT DATE** Signed by: **SAMPLE ONLY - DO NOT SIGN**

Witness by: **SAMPLE ONLY - DO NOT SIGN**

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR PORTIONS OF THIS EXHIBIT. THE COPY FILED HERewith OMITTS THE INFORMATION SUBJECT TO THE CONFIDENTIALITY REQUEST. OMISSIONS ARE DESIGNATED AS [*****]. A COMPLETE VERSION OF THE EXHIBIT WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (“Agreement”) is made as of the 30th day of May, 2014, between Lands’ End, Inc., a Delaware corporation (together with its successors, assigns and Affiliates, the “Company”), and **Michele Donnan-Martin** (“Executive”).

WHEREAS, in light of the Company’s size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; and

WHEREAS, the Company has shared with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company has imbued Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, as consideration for entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company has granted to Executive restricted stock units pursuant to a Restricted Stock Agreement entered into between the Company and the Executive.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the meanings indicated:
 - a. “Affiliate” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity. Notwithstanding the foregoing, if the Executive’s “Salary Continuation” exceeds the “Section 409A Threshold” (as such terms are defined below), then Affiliate shall mean any person with whom the Company is considered to be a single employer under Code Section 414(b) and all persons with whom the Company would be considered a single employer under Code Section 414(c), substituting “50%” for the “80%” standard that would otherwise apply.
 - b. “Cause” means (i) a material breach by Executive (other than a breach resulting from Executive’s incapacity due to a Disability) of Executive’s duties and

responsibilities which breach is demonstrably willful and deliberate on Executive's part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach; (ii) the commission by Executive of a felony; or (iii) dishonesty or willful misconduct in connection with Executive's employment.

c. "Competitive Business" means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that:

1. is listed on Appendix A, each of which Executive acknowledges is a Competitive Business, whether or not it falls within the categories in subsection (c)(2) immediately below, and further acknowledges that this is not an exclusive list of Competitive Businesses and is not intended to limit the generality of subsection (c)(2) immediately below; or

2. engages in any business which, at any time during the most recent eighteen (18) months of Executive's Company Employment and regardless the business format (including but not limited to a department store, specialty store, discount store, direct marketing, or electronic commerce), consists of marketing, manufacturing or selling apparel and/or home products, and which has combined annual revenue in excess of \$100 million.

Executive acknowledges that the Company shall have the right to propose modifications to Appendix A periodically to include (i) emergent Competitive Businesses in the existing lines of business of the Company, and (ii) Competitive Businesses in lines of business that are new for the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.

d. "Code" means the Internal Revenue Code of 1986, as amended.

e. "Confidential Information" means information related to the Company's business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive's Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

f. "Disability" means disability as defined under the Company's long-term disability plan (regardless of whether Executive is a participant under such plan).

g. "Executive's Company Employment" means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of "Company", regardless of any change in the entity actually employing Executive.

h. "Good Reason" shall mean, without Executive's written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive's annual base salary and target bonus under Company's Annual Incentive Plan; (ii) Executive's mandatory relocation to an office more than fifty (50) miles from the primary location at which Executive was previously required to perform Executive's duties; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement.

In each case, Executive must provide Company with written notice of the facts giving rise to a claim that “Good Reason” exists for purposes of this Agreement, within thirty (30) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within sixty (60) days after receipt of Executive’s written notice. “Good Reason” shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

- i. Executive fails to provide the above-referenced written notice of the Good Reason event within thirty (30) days of its occurrence;
- ii. Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or
- iii. Executive fails to resign within ninety (90) days of Executive’s written notice of the Good Reason event.

i. “Salary Continuation” means continuation of base salary, based on Executive’s annual base salary rate as of the date Executive’s Company Employment terminates (“Date of Termination”), payable for a period of twelve (12) months following the Date of Termination (“Salary Continuation Period”).

j. “Section 409A Threshold” means an amount equal to two times the lesser of (i) Executive’s base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service. In all events, this amount shall be limited to the amount specified under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any successor thereto.

k. “Separation from Service” means a “separation from service” with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

l. “Specified Employee” means a “specified employee” under Code Section 409A (and regulations issued thereunder).

m. “Trade Secret(s)” means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. Employment. During Executive’s Company Employment, Executive agrees to devote all of Executive’s professional time and attention to the duties required by such Company Employment and to the best interests of the Company, and to engage in other business, professional or philanthropic activities only with the prior written approval of the Company. Executive shall also comply with all generally applicable policies of the Company, including but not limited to the Company’s Code of Conduct, as such policies may be amended from time to time. Except as may be otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive’s Company Employment is terminable by either party at will.

3. Severance.

- a. If Executive's Company Employment is involuntarily terminated without Cause, or if Executive resigns for Good Reason, Executive shall be entitled to the following:
- i. Salary Continuation.
 - ii. Continuation of health, dental and vision coverage at the applicable active employee rate until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company's ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.
 - iii. Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to six (6) months or until subsequent employment is obtained, whichever occurs first.
 - iv. Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of Termination to the maximum extent permitted pursuant to Section 409A of the Code.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet all of the other requirements under, or otherwise violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive Salary Continuation in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. Notwithstanding the foregoing, the obligations of the Company to pay Salary Continuation shall be reduced on a dollar-for-dollar basis (but not below zero) by the amount, if any, of fees, salary or wages that Executive earns from a subsequent employer (including those arising from self-employment) during the Salary Continuation Period. Executive shall promptly notify the Company of any subsequent employment or self-employment and the amount of any such fees, salary, wages or any other form of compensation earned. Any such fees, salary, wages or compensation shall reduce the Salary Continuation payments in reverse chronological order, beginning with the Salary Continuation payment that would be the final Salary Continuation payment in the absence of such reduction. For avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation. Further, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 8) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation paid during the Salary Continuation Period. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the first six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive's Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company's behalf with a need to know such information).

5. Non-Disclosure of Trade Secrets. During Executive's Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims in a form to be provided by the Company ("General Release and Waiver"). The General Release and Waiver will be in a form substantially similar to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and for a period of time after the Date of Termination equal to the Salary Continuation Period referred to in Section 1(i) above (but regardless whether the Executive is receiving Salary Continuation or other benefits under Section 3), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 8), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further,

during Executive's Company Employment and for two years following the termination of such employment for any reason, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will fully cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (i), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or to such other person or address which Executive shall furnish to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which is any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent.

19. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/Michele Donnan-Martin

Name: Michele Donnan-Martin

Address:

LANDS' END, INC.

5 Lands' End Lane

Dodgeville, WI 53595

By: /s/ Mary Ann Reichling

Its: Director, Benefits, Compensation & EIS

Appendix B

NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

GENERAL RELEASE AND WAIVER

In consideration of the severance benefits that are described in the attached Executive Severance Agreement, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute,

without objection or delay, an “opt-out” form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands’ End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands’ End in writing at Lands’ End, Inc., 5 Lands’ End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands’ End and that Lands’ End expressly denies any wrongdoing or liability.

Date: **SAMPLE ONLY - DO NOT DATE** Signed by: **SAMPLE ONLY - DO NOT SIGN**

Witness by: **SAMPLE ONLY - DO NOT SIGN**

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 THE EXHIBIT WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (“Agreement”) is made as of the 5th day of December, 2014, between Lands’ End, Inc., a Delaware corporation (together with its successors, assigns and Affiliates, the “Company”), and **Kelly Ritchie** (“Executive”).

WHEREAS, in light of the Company’s size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; and

WHEREAS, the Company has shared with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company has imbued Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, as consideration for entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company has granted to Executive restricted stock units pursuant to a Restricted Stock Agreement entered into between the Company and the Executive.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the meanings indicated:
 - a. “Affiliate” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity. Notwithstanding the foregoing, if the Executive’s “Salary Continuation” exceeds the “Section 409A Threshold” (as such terms are defined below), then Affiliate shall mean any person with whom the Company is considered to be a single employer under Code Section 414(b) and all persons with whom the Company would be considered a single employer under Code Section 414(c), substituting “50%” for the “80%” standard that would otherwise apply.
 - b. “Cause” means (i) a material breach by Executive (other than a breach resulting from Executive’s incapacity due to a Disability) of Executive’s duties and

responsibilities which breach is demonstrably willful and deliberate on Executive's part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach; (ii) the commission by Executive of a felony; or (iii) dishonesty or willful misconduct in connection with Executive's employment.

c. "Competitive Business" means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that:

1. is listed on Appendix A, each of which Executive acknowledges is a Competitive Business, whether or not it falls within the categories in subsection (c)(2) immediately below, and further acknowledges that this is not an exclusive list of Competitive Businesses and is not intended to limit the generality of subsection (c)(2) immediately below; or

2. engages in any business which, at any time during the most recent eighteen (18) months of Executive's Company Employment and regardless the business format (including but not limited to a department store, specialty store, discount store, direct marketing, or electronic commerce), consists of marketing, manufacturing or selling apparel and/or home products, and which has combined annual revenue in excess of \$100 million.

Executive acknowledges that the Company shall have the right to propose modifications to Appendix A periodically to include (i) emergent Competitive Businesses in the existing lines of business of the Company, and (ii) Competitive Businesses in lines of business that are new for the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.

d. "Code" means the Internal Revenue Code of 1986, as amended.

e. "Confidential Information" means information related to the Company's business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive's Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

f. "Disability" means disability as defined under the Company's long-term disability plan (regardless of whether Executive is a participant under such plan).

g. "Executive's Company Employment" means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of "Company", regardless of any change in the entity actually employing Executive.

h. "Good Reason" shall mean, without Executive's written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive's annual base salary and target bonus under Company's Annual Incentive Plan; (ii) Executive's mandatory relocation to an office more than fifty (50) miles from the primary location at which Executive was previously required to perform Executive's duties; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement.

In each case, Executive must provide Company with written notice of the facts giving rise to a claim that “Good Reason” exists for purposes of this Agreement, within thirty (30) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within sixty (60) days after receipt of Executive’s written notice. “Good Reason” shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

- i. Executive fails to provide the above-referenced written notice of the Good Reason event within thirty (30) days of its occurrence;
- ii. Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or
- iii. Executive fails to resign within ninety (90) days of Executive’s written notice of the Good Reason event.

i. “Salary Continuation” means continuation of base salary, based on Executive’s annual base salary rate as of the date Executive’s Company Employment terminates (“Date of Termination”), payable for a period of twelve (12) months following the Date of Termination (“Salary Continuation Period”).

j. “Section 409A Threshold” means an amount equal to two times the lesser of (i) Executive’s base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service. In all events, this amount shall be limited to the amount specified under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any successor thereto.

k. “Separation from Service” means a “separation from service” with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

l. “Specified Employee” means a “specified employee” under Code Section 409A (and regulations issued thereunder).

m. “Trade Secret(s)” means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. Employment. During Executive’s Company Employment, Executive agrees to devote all of Executive’s professional time and attention to the duties required by such Company Employment and to the best interests of the Company, and to engage in other business, professional or philanthropic activities only with the prior written approval of the Company. Executive shall also comply with all generally applicable policies of the Company, including but not limited to the Company’s Code of Conduct, as such policies may be amended from time to time. Except as may be otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive’s Company Employment is terminable by either party at will.

3. Severance.

- a. If Executive's Company Employment is involuntarily terminated without Cause, or if Executive resigns for Good Reason, Executive shall be entitled to the following:
- i. Salary Continuation.
 - ii. Continuation of health, dental and vision coverage at the applicable active employee rate until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company's ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.
 - iii. Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to twelve (12) months or until subsequent employment is obtained, whichever occurs first.
 - iv. Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of Termination to the maximum extent permitted pursuant to Section 409A of the Code.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet all of the other requirements under, or otherwise violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive Salary Continuation in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. Notwithstanding the foregoing, the obligations of the Company to pay Salary Continuation shall be reduced on a dollar-for-dollar basis (but not below zero) by the amount, if any, of fees, salary or wages that Executive earns from a subsequent employer (including those arising from self-employment) during the Salary Continuation Period. Executive shall promptly notify the Company of any subsequent employment or self-employment and the amount of any such fees, salary, wages or any other form of compensation earned. Any such fees, salary, wages or compensation shall reduce the Salary Continuation payments in reverse chronological order, beginning with the Salary Continuation payment that would be the final Salary Continuation payment in the absence of such reduction. For avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation. Further, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 8) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation paid during the Salary Continuation Period. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the first six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive's Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company's behalf with a need to know such information).

5. Non-Disclosure of Trade Secrets. During Executive's Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims in a form to be provided by the Company ("General Release and Waiver"). The General Release and Waiver will be in a form substantially similar to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and for a period of time after the Date of Termination equal to the Salary Continuation Period referred to in Section 1(i) above (but regardless whether the Executive is receiving Salary Continuation or other benefits under Section 3), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 8), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further,

during Executive's Company Employment and for two years following the termination of such employment for any reason, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will fully cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (i), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or to such other person or address which Executive shall furnish to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which is any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent.

19. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/Kelly Ritchie

Name: Kelly Ritchie

Address: Address Omitted

LANDS' END, INC.

5 Lands' End Lane

Dodgeville, WI 53595

By: /s/Edgar O. Huber

Its: President and Chief Executive Officer

Appendix B

NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO THE GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

GENERAL RELEASE AND WAIVER

In consideration of the severance benefits that are described in the attached Executive Severance Agreement, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first

opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute, without objection or delay, an “opt-out” form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands’ End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands’ End in writing at Lands’ End, Inc., 5 Lands’ End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands’ End and that Lands’ End expressly denies any wrongdoing or liability.

Date: **SAMPLE ONLY - DO NOT DATE** Signed by: **SAMPLE ONLY - DO NOT SIGN**

Witness by: **SAMPLE ONLY - DO NOT SIGN**

[LETTERHEAD OF LANDS' END, INC.]

April 16, 2014

Steven Rado
[Address Omitted]

Dear Steven,

We are pleased to confirm an offer of employment to you as SVP, Chief Marketing Officer, reporting directly to me. We all believe the future of Lands' End will provide us with many opportunities for growth and the company is well positioned for continued success.

Some key elements of the offer are as follows:

- A start date TBD
 - Annual base salary of \$400,000 paid in bi-weekly payments (your first check will be a live check and followed by direct deposit the next pay period). Increases will be determined based on a number of factors, with performance typically being the most significant factor.
 - You will also receive a \$50,000 sign on bonus (less appropriate taxes), which will be paid via check along with your first regular paycheck.
 - Participation in the Lands' End, Inc. Annual Incentive Plan ("AIP") with an annual target incentive opportunity of 50% of your base salary. Any incentive payable with respect to a fiscal year will be paid on or about April 15th of the following fiscal year, provided that you are actively employed at the payment date.
 - You will be eligible to participate in the Lands' End, Inc. Retirement Plan, which includes a 401(k) contribution feature and currently includes a Company Match. Lands' End will begin matching your contributions at 50%, maximum of 6% of your earnings, after a year of service, beginning on the next quarter, subject to the continued availability of the match.
 - In recognition of your previous related experience, you will receive (4) weeks of vacation as of your start date.
 - Relocation Benefits Modifications: Temporary living and storage of household goods will be covered up to a maximum of 90 days. We will allow shipment of two automobiles.
 - Participation in the Lands' End long-term incentive program ("LTIP"). Your current target incentive opportunity under the LTIP would be 100% of your base salary. We annually review the LTIP design, which will be provided to you prior to your start date.
 - You will be required to sign an Executive Severance Agreement. While the exact terms of the ESA will govern, it will provide, among other things, certain severance benefits following the termination of your employment with Lands' End under particular circumstances, and that you shall not use or disclose Lands' End's confidential or proprietary information, provide services to a Lands' End competitor, or solicit our employees away from Lands' End during your employment and for a certain period of time after the conclusion of your employment with Lands' End. The non-disclosure, non-solicitation, and non-compete and non-affiliation provisions will apply regardless of whether you receive severance benefits under the ESA.
-

- If your employment is terminated by Lands' End for Cause (which will be defined in ESA) or by you without Good Reason within twenty four (24) months of your start date, you will be required to reimburse the company 100% of your signing bonus paid to you and relocation assistance, along with any and all costs we incur to collect that reimbursement, including attorneys' fees.

If you need additional information or clarification, please feel free to call me at 608-935-4181.

We look forward to having you a part of the Lands' End team.

Sincerely,

/s/Edgar Huber

/s/Steven Rado

Edgar Huber
CEO/President

Steven Rado

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 THE EXHIBIT WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

EXECUTIVE SEVERANCE agreement

This Executive Severance Agreement (“Agreement”) is made as of the 5th day of August, 2014, between Lands’ End, Inc., a Delaware corporation (together with its successors, assigns and Affiliates, the “Company”), and **Steven Rado** (“Executive”).

WHEREAS, in light of the Company’s size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; and

WHEREAS, the Company has shared with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company has imbued Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, as consideration for entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company has granted to Executive restricted stock units pursuant to a Restricted Stock Agreement entered into between the Company and the Executive.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the meanings indicated:
 - a. “Affiliate” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity. Notwithstanding the foregoing, if the Executive’s “Salary Continuation” exceeds the “Section 409A Threshold” (as such terms are defined below), then Affiliate shall mean any person with whom the Company is considered to be a single employer under Code Section 414(b) and all persons with whom the Company would be considered a single employer under Code Section 414(c), substituting “50%” for the “80%” standard that would otherwise apply.
 - b. “Cause” means (i) a material breach by Executive (other than a breach resulting from Executive’s incapacity due to a Disability) of Executive’s duties and

responsibilities which breach is demonstrably willful and deliberate on Executive's part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach; (ii) the commission by Executive of a felony; or (iii) dishonesty or willful misconduct in connection with Executive's employment.

c. "Competitive Business" means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that:

1. is listed on Appendix A, each of which Executive acknowledges is a Competitive Business, whether or not it falls within the categories in subsection (c)(2) immediately below, and further acknowledges that this is not an exclusive list of Competitive Businesses and is not intended to limit the generality of subsection (c)(2) immediately below; or

2. engages in any business which, at any time during the most recent eighteen (18) months of Executive's Company Employment and regardless the business format (including but not limited to a department store, specialty store, discount store, direct marketing, or electronic commerce), consists of marketing, manufacturing or selling apparel and/or home products, and which has combined annual revenue in excess of \$100 million.

Executive acknowledges that the Company shall have the right to propose modifications to Appendix A periodically to include (i) emergent Competitive Businesses in the existing lines of business of the Company, and (ii) Competitive Businesses in lines of business that are new for the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.

d. "Code" means the Internal Revenue Code of 1986, as amended.

e. "Confidential Information" means information related to the Company's business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive's Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

f. "Disability" means disability as defined under the Company's long-term disability plan (regardless of whether Executive is a participant under such plan).

g. "Executive's Company Employment" means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of "Company", regardless of any change in the entity actually employing Executive.

h. "Good Reason" shall mean, without Executive's written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive's annual base salary and target bonus under Company's Annual Incentive Plan; (ii) Executive's mandatory relocation to an office more than fifty (50) miles from the primary location at which Executive was previously required to perform Executive's duties; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement.

In each case, Executive must provide Company with written notice of the facts giving rise to a claim that “Good Reason” exists for purposes of this Agreement, within thirty (30) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within sixty (60) days after receipt of Executive’s written notice. “Good Reason” shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

- i. Executive fails to provide the above-referenced written notice of the Good Reason event within thirty (30) days of its occurrence;
- ii. Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or
- iii. Executive fails to resign within ninety (90) days of Executive’s written notice of the Good Reason event.

i. “Salary Continuation” means continuation of base salary, based on Executive’s annual base salary rate as of the date Executive’s Company Employment terminates (“Date of Termination”), payable for a period of twelve (12) months following the Date of Termination (“Salary Continuation Period”).

j. “Section 409A Threshold” means an amount equal to two times the lesser of (i) Executive’s base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service. In all events, this amount shall be limited to the amount specified under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any successor thereto.

k. “Separation from Service” means a “separation from service” with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

l. “Specified Employee” means a “specified employee” under Code Section 409A (and regulations issued thereunder).

m. “Trade Secret(s)” means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. Employment. During Executive’s Company Employment, Executive agrees to devote all of Executive’s professional time and attention to the duties required by such Company Employment and to the best interests of the Company, and to engage in other business, professional or philanthropic activities only with the prior written approval of the Company. Executive shall also comply with all generally applicable policies of the Company, including but not limited to the Company’s Code of Conduct, as such policies may be amended from time to time. Except as may be otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive’s Company Employment is terminable by either party at will.

3. Severance.

- a. If Executive's Company Employment is involuntarily terminated without Cause, or if Executive resigns for Good Reason, Executive shall be entitled to the following:
- i. Salary Continuation.
 - ii. Continuation of health, dental and vision coverage at the applicable active employee rate until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company's ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.
 - iii. Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to twelve (12) months or until subsequent employment is obtained, whichever occurs first.
 - iv. Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of Termination to the maximum extent permitted pursuant to Section 409A of the Code.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet all of the other requirements under, or otherwise violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive Salary Continuation in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. Notwithstanding the foregoing, the obligations of the Company to pay Salary Continuation shall be reduced on a dollar-for-dollar basis (but not below zero) by the amount, if any, of fees, salary or wages that Executive earns from a subsequent employer (including those arising from self-employment) during the Salary Continuation Period. Executive shall promptly notify the Company of any subsequent employment or self-employment and the amount of any such fees, salary, wages or any other form of compensation earned. Any such fees, salary, wages or compensation shall reduce the Salary Continuation payments in reverse chronological order, beginning with the Salary Continuation payment that would be the final Salary Continuation payment in the absence of such reduction. For avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation. Further, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 8) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation paid during the Salary Continuation Period. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the first six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive's Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company's behalf with a need to know such information).

5. Non-Disclosure of Trade Secrets. During Executive's Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims in a form to be provided by the Company ("General Release and Waiver"). The General Release and Waiver will be in a form substantially similar to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and for a period of time after the Date of Termination equal to the Salary Continuation Period referred to in Section 1(i) above (but regardless whether the Executive is receiving Salary Continuation or other benefits under Section 3), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 8), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further,

during Executive's Company Employment and for two years following the termination of such employment for any reason, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will fully cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (i), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or to such other person or address which Executive shall furnish to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which is any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent.

19. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/Steven G. Rado

Name: Steven G. Rado

Address: Address Omitted

LANDS' END, INC.

5 Lands' End Lane

Dodgeville, WI 53595

By: /s/Kelly Ritchie

Its: Senior Vice President, Employee and Customer Services

Appendix B

NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

GENERAL RELEASE AND WAIVER

In consideration of the severance benefits that are described in the attached Executive Severance Agreement, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute,

without objection or delay, an “opt-out” form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands’ End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands’ End in writing at Lands’ End, Inc., 5 Lands’ End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands’ End and that Lands’ End expressly denies any wrongdoing or liability.

Date: **SAMPLE ONLY - DO NOT DATE** Signed by: **SAMPLE ONLY - DO NOT SIGN**

Witness by: **SAMPLE ONLY - DO NOT SIGN**

LANDS' END, INC.
RESTRICTED STOCK UNIT AGREEMENT

Name of Grantee: Federica Marchionni (the "Grantee")
No. of Restricted Stock Units: 76,751
Issuance Date: February 17, 2015 (the "Issuance Date")

WHEREAS, the Grantee is currently an employee of Lands' End, Inc., a Delaware corporation (the "Company");

WHEREAS, the Company desires to (i) provide the Grantee with an incentive to remain in the employ of the Company and (ii) increase the Grantee's interest in the success of the Company by granting restricted stock units (the "Restricted Stock Units") payable in the form of common stock of the Company to the Grantee; and

WHEREAS, the issuance of the Restricted Stock Units is made pursuant to the Lands' End, Inc. 2014 Stock Plan (the "Plan"); and (ii) made subject to the terms and conditions of this Lands' End, Inc. Restricted Stock Unit Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan. This Agreement and the Restricted Stock Units shall be subject to the Plan and the terms of the Plan are incorporated into this Agreement by reference. The Grantee hereby acknowledges receipt of a copy of the Plan.

2. Grant of Restricted Stock Units.

(a) Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants and issues to the Grantee the Restricted Stock Units specified above. The Company shall credit to a bookkeeping account (the "Account") maintained by the Company, or a third party on behalf of the Company, for the Grantee's benefit the Restricted Stock Units, each of which shall be deemed to be the equivalent of one share of the Company's common stock, par value \$.01 per share (each, a "Share").

(b) If and whenever any cash dividends are declared on the Shares, on the date such dividend is paid, the Company will credit to the Account an amount which shall be equal to the amount of such dividend with respect to such Shares. Such amount shall be subject to the vesting and forfeiture provisions contained in Section 3(a) below. The amount shall only be payable in cash and shall be payable at the same time as amounts are otherwise payable under this Agreement.

(c) If and whenever the Company declares and pays a dividend or distribution on the Shares in the form of additional shares, or there occurs a forward split of Shares, then a number of additional Restricted Stock Units shall be credited to the Account as of the payment date for such dividend or distribution or forward split equal to (i) the total number of Restricted Stock Units credited to the Account on the record date for such dividend or distribution or split (other than previously settled or forfeited Restricted Stock Units), multiplied by (ii) the number of additional Shares actually paid as a dividend or distribution or issued in such split in respect of each outstanding Share. The additional Restricted Stock Units shall be or become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units.

3. Terms and Conditions.

(a) Vesting.

(i) All of the Restricted Stock Units shall initially be unvested. All Restricted Stock Units shall be subject to the following vesting schedule and if a Grantee terminates employment prior to the date provided below, such Grantee shall forfeit any unvested Restricted Stock Units upon such termination of employment:

Vesting of Restricted	
Date of Vesting	Stock Units
February 17, 2016	25%
February 17, 2017	25%
February 17, 2018	50%

(ii) If, following the twelve (12) month anniversary of the Issuance Date, the Grantee's employment terminates due to a permanent and total disability (as defined in the Company's long-term disability program, regardless of whether the Participant is covered by such program), Restricted Stock Units not previously vested shall be vested on a prorated basis through the date of termination.

(iii) If, following the twelve (12) month anniversary of the Issuance Date, the Grantee's employment terminates due to the Grantee's death, Restricted Stock Units not previously vested shall be vested on a prorated basis through the date of death, and her estate shall be entitled to receive such pro-rated Restricted Stock Unit award, payable in cash.

(iv) Any proration of the Restricted Stock Units described in subsections 3(a)(ii)-(iii) shall be based on a fraction, the numerator of which is the number of full months lapsed during the vesting period through the date of termination or death, as applicable, and the denominator of which is the full number of months in the vesting period.

(b) Forfeiture. Upon the termination of the Grantee's employment with the Company for any reason other than death or Disability, the Grantee shall forfeit any and all Restricted Stock Units which have not vested as of the date of such termination; provided that, for the avoidance of doubt, upon the occurrence of a Change in Control, Section 12.3 of the Plan shall govern.

(c) Settlement. Restricted Stock Units not previously forfeited shall be settled within thirty (30) days after the applicable Date of Vesting under Section 3(a)(ii) by delivery of one share of common stock for each Restricted Stock Unit being settled.

4. Taxes.

(a) This Section 4(a) applies only to (a) all Grantees who are U.S. employees, and (b) to those Grantees who are employed by a Subsidiary of the Company that is obligated under applicable local law to withhold taxes with respect to the settlement of the Restricted Stock Units. Such Grantee shall pay to the Company or a designated Subsidiary, promptly upon request, and in any event at the time the Grantee recognizes taxable income with respect to the Restricted Stock Units, an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to the Restricted Stock Units. The Grantee may satisfy the foregoing requirement by making a payment to the Company in cash or by delivering already owned unrestricted Shares or by having the Company withhold a number of Shares in which the Grantee would otherwise become vested under this Agreement, in each case, having a value equal to the minimum amount of tax required to be withheld. Such Shares shall be valued at their fair market value on the date as of which the amount of tax to be withheld is determined.

(b) The Grantee acknowledges that the tax laws and regulations applicable to the Restricted Stock Units and the disposition of the shares following the settlement of Restricted Stock Units are complex and subject to change.

5. Protections Against Violations of Agreement. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security

interest in or lien on, any of the Restricted Stock Units by any holder thereof in violation of the provisions of this Agreement or the Certificate of Incorporation or the Bylaws of the Company, will be valid, and the Company will not transfer any shares resulting from the settlement of Restricted Stock Units on its books nor will any of such shares be entitled to vote, nor will any dividends be paid thereon, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce such provisions.

6. Rights as a Stockholder. The Grantee shall not possess the right to vote the shares underlying the Restricted Stock Units until the Restricted Stock Units have settled in accordance with the provisions of this Agreement and the Plan.

7. Survival of Terms. This Agreement shall apply to and bind the Grantee and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or sent by certified or registered mail, return receipt requested, postage prepaid, addressed, if to the Grantee, to the Grantee's attention at the mailing address set forth at the foot of this Agreement (or to such other address as the Grantee shall have specified to the Company in writing) and, if to the Company, to the Company's office at 1 Lands' End Lane, Dodgeville, Wisconsin 53595, Attention: General Counsel (or to such other address as the Company shall have specified to the Grantee in writing). All such notices shall be conclusively deemed to be received and shall be effective, if sent by hand delivery, upon receipt, or if sent by registered or certified mail, on the fifth day after the day on which such notice is mailed.

9. Waiver. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

10. Authority of the Administrator. The Compensation Committee shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the Compensation Committee as to any such matter of interpretation or construction shall be final, binding and conclusive.

11. Representations. The Grantee has reviewed with her own tax advisors the applicable tax (U.S., foreign, state, and local) consequences of the transactions contemplated by this Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Grantee understands that she (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

12. Entire Agreement; Governing Law. This Agreement and the Plan and the other related agreements expressly referred to herein set forth the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Wisconsin.

13. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

14. Amendments; Construction. The Compensation Committee may amend the terms of this Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Grantee hereunder without her consent. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Restricted Stock Units and shall have no effect on the interpretation hereof.

15. Acceptance. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understand the terms and provision thereof, and accepts the shares of Restricted Stock Units subject to all the terms and conditions of the Plan and this Agreement. The Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee upon any questions arising under this Agreement.

16. Miscellaneous.

(a) No Rights to Grants or Continued Employment. The Grantee acknowledges that the award granted under this Agreement is not an employment right, and is being granted at the sole discretion of the Company's Compensation Committee. The Grantee shall not have any claim or right to receive grants of awards under the Plan. Neither the Plan nor this Agreement, nor any action taken or omitted to be taken hereunder or thereunder, shall be deemed to create or confer on the Grantee any right to be retained as an employee of the Company or any Subsidiary thereof, or to interfere with or to limit in any way the right of the Company or any Subsidiary thereof to terminate the employment of the Grantee at any time.

(b) No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan nor this Agreement shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred, or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the assets or business of the Company, or any other corporate act or proceeding, whether of a similar character or otherwise.

(c) Assignment. The Company shall have the right to assign any of its rights and to delegate any of its duties under this Agreement to any of its Affiliates.

17. Code Section 409A. Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement is intended to be exempt from the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") pursuant to the short term deferral exception. The Restricted Stock Units granted hereunder shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the application of Section 409A of the Code to such grants.

THIS AGREEMENT SHALL BE NULL AND VOID AND UNENFORCEABLE BY THE GRANTEE UNLESS SIGNED AND DELIVERED TO THE COMPANY NOT LATER THAN THIRTY (30) DAYS SUBSEQUENT TO THE ISSUANCE DATE.

BY SIGNING THIS AGREEMENT, THE GRANTEE IS HEREBY CONSENTING TO THE PROCESSING AND TRANSFER OF THE GRANTEE'S PERSONAL DATA BY THE COMPANY TO THE EXTENT NECESSARY TO ADMINISTER AND PROCESS THE AWARDS GRANTED UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Grantee has executed this Agreement, both as of the day and year first above written.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Grantee have executed this Restricted Stock Unit Agreement as of the date first above written.

COMPANY

LANDS' END, INC.

By: /s/ Name: Kelly Ritchie
Name: Kelly Ritchie
Title: Senior Vice President, Employee and Customer
Services

GRANTEE

By: /s/ Federica Marchionni
Name: Federica Marchionni

[Signature Page to Federica Marchionni Restricted Stock Unit Agreement]

Subsidiaries of Registrant

The following is a list of subsidiaries of Lands' End, Inc., the names under which such subsidiaries do business, and the state or country in which each was organized.

<u>Names</u>	<u>State or Other Jurisdiction of Organization</u>
Lands' End Canada Outfitters ULC	Canada
Lands' End Direct Merchants, Inc.	Delaware
Lands' End International, Inc.	Delaware
Lands' End Europe Limited	England and Wales
Lands' End GmbH	Germany
Lands' End Japan, Inc.	Delaware
Lands' End Japan, KK	Japan
Lands' End Media Company	Wisconsin
Lands' End Publishing, LLC	Delaware
LEGC, LLC	Virginia

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-195111 on Form S-8 of our report dated April 17, 2015 (which report expresses an unqualified opinion and includes an explanatory paragraph related to the fact that the combined financial statements, constituting the periods prior to April 4, 2014, include the Lands' End business of Sears Holdings Corporation and were derived from the consolidated financial statements and accounting records of Sears Holdings Corporation ("Holdings") and include expense allocations for certain corporate functions historically provided by Holdings which may not be reflective of the actual expenses which would have been incurred if the Lands' End business of Holdings operated as a separate entity apart from Holdings), relating to the consolidated and combined financial statements of Lands' End, Inc. and subsidiaries, and the effectiveness of Lands' End, Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Lands' End, Inc. for the fiscal year ended January 30, 2015.

/s/ DELOITTE & TOUCHE LLP

Davenport, Iowa
April 17, 2015

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each of the undersigned, being a director or officer, or both, of LANDS' END, INC., a Delaware corporation (the "Company"), does hereby constitute and appoint Federica Marchionni, Michael P. Rosera and Bernard L. McCracken, with full power to each of them to act alone, as the true and lawful attorneys and agents of the undersigned, with full power of substitution and resubstitution to each of said attorneys, to execute, file and deliver any and all instruments and to do any and all acts and things which said attorneys and agents, or any of them, deem advisable to enable the Company to comply with the Securities Exchange Act of 1934, as amended, and any requirements of the Securities and Exchange Commission in respect thereto, relating to the annual report on Form 10-K for the year ended January 30, 2015, including specifically, but without limitation of the general authority hereby granted, the power and authority to sign his or her name in the name and on behalf of the Company or as a director or officer, or both, of the Company, as indicated below opposite his or her signature, to the annual report on Form 10-K for the year ended January 30, 2015 or any amendment or papers supplemental thereto; and the undersigned does hereby fully ratify and confirm all that said attorneys and agents or any of them, or the substitute of any of them, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand this 16th day of April, 2015.

Signature Title/s/ Federica Marchionni

Federica Marchionni

Director, President and Chief Executive Officer
(Principal Executive Officer)/s/ Michael P. Rosera

Michael P. Rosera

Executive Vice President, Chief Operating Officer, Chief Financial Officer and
Treasurer
(Principal Financial Officer)/s/ Bernard L. McCracken

Bernard L. McCracken

Vice President, Chief Accounting Officer
(Principal Accounting Officer)/s/ Josephine Linden

Josephine Linden Director and Chairman

/s/ Robert Galvin

Robert Galvin Director

/s/ Tracy Gardner

Tracy Gardner Director

/s/ Elizabeth Darst Leykum

Elizabeth Darst Leykum Director

/s/ John T. McClain
John T. McClain Director

/s/ Jignesh Patel
Jignesh Patel Director

/s/ Jonah Staw
Jonah Staw Director

CERTIFICATIONS

I, Federica Marchionni, certify that:

1. I have reviewed this annual report on Form 10-K of Lands' End, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 17, 2015

/s/ Federica Marchionni

Federica Marchionni

President and Chief Executive Officer
(Principal Executive Officer)

Lands' End, Inc.

CERTIFICATIONS

I, Michael P. Rosera, certify that:

1. I have reviewed this annual report on Form 10-K of Lands' End, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 17, 2015

/s/ Michael P. Rosera

Michael P. Rosera

Executive Vice President and Chief Operating Officer, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Lands' End, Inc.

CERTIFICATION

Pursuant to 18 U.S.C. 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned, Federica Marchionni, President and Chief Executive Officer of Lands' End, Inc. (the "Company") and Michael P. Rosera, Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer of the Company, has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (the "Report").

Each of the undersigned hereby certifies that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 17, 2015

/s/ Federica Marchionni

Federica Marchionni
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Michael P. Rosera

Michael P. Rosera
Executive Vice President, Chief Operating Officer, Chief
Financial Officer and Treasurer
(Principal Financial Officer)

