UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 28, 2017

-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	**36-2512786**
(State or Other Jurisdiction of Incorporation of Organization)	**(I.R.S. Employer Identification No.)**
1 Lands' End Lane **Dodgeville, Wisconsin**	**53595**
(Address of Principal Executive Offices)	**(Zip Code)**

(608) 935-9341

Registrant's Telephone Number Including Area Code

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 x 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 x NO ☐

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

Large accelerated filer	☐	Accelerated filer	x
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

As of August 31, 2017, the registrant had 32,095,021 shares of common stock, $0.01 par value, outstanding.

LANDS' END, INC.
INDEX TO QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED JULY 28, 2017

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LANDS' END, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

(in thousands, except per share data)	13 Weeks Ended July 28, 2017	13 Weeks Ended July 29, 2016	26 Weeks Ended July 28, 2017	26 Weeks Ended July 29, 2016
Net revenue	$ 302,190	$ 292,010	$ 570,555	$ 565,443
Cost of sales (excluding depreciation and amortization)	168,025	155,858	313,748	299,621
Gross profit	134,165	136,152	256,807	265,822
Selling and administrative	127,336	128,892	248,682	257,926
Depreciation and amortization	6,175	4,488	12,683	8,624
Other operating expense, net	480	60	1,988	46
Operating income (loss)	174	2,712	(6,546)	(774)
Interest expense	6,167	6,174	12,292	12,344
Other income, net	(494)	(528)	(1,236)	(981)
Loss before income taxes	(5,499)	(2,934)	(17,602)	(12,137)
Income tax benefit	(1,619)	(954)	(5,883)	(4,398)
NET LOSS	$ (3,880)	$ (1,980)	$ (11,719)	$ (7,739)
NET LOSS PER COMMON SHARE (Note 2)				
Basic:	$ (0.12)	$ (0.06)	$ (0.37)	$ (0.24)
Diluted:	$ (0.12)	$ (0.06)	$ (0.37)	$ (0.24)
Basic weighted average common shares outstanding	32,079	32,024	32,054	32,013
Diluted weighted average common shares outstanding	32,079	32,024	32,054	32,013

See accompanying Notes to Condensed Consolidated Financial Statements.

LANDS' END, INC.
Condensed Consolidated Statements of Comprehensive Operations
(Unaudited)

(in thousands)	13 Weeks Ended		26 Weeks Ended	
	July 28, 2017	**July 29, 2016**	**July 28, 2017**	**July 29, 2016**
NET LOSS	$ (3,880)	$ (1,980)	$ (11,719)	$ (7,739)
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	622	(3,084)	1,139	(769)
COMPREHENSIVE LOSS	$ (3,258)	$ (5,064)	$ (10,580)	$ (8,508)

See accompanying Notes to Condensed Consolidated Financial Statements.

LANDS' END, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share data)	July 28, 2017	July 29, 2016	January 27, 2017
ASSETS			
Current assets			
Cash and cash equivalents	$ 176,955	$ 210,736	$ 213,108
Restricted cash	3,300	3,300	3,300
Accounts receivable, net	24,632	29,287	39,284
Inventories, net	370,470	354,739	325,314
Prepaid expenses and other current assets	36,216	31,781	26,394
Total current assets	611,573	629,843	607,400
Property and equipment, net	126,825	112,682	122,836
Goodwill	110,000	110,000	110,000
Intangible asset, net	257,000	430,000	257,000
Other assets	17,007	15,913	17,155
TOTAL ASSETS	$ 1,122,405	$ 1,298,438	$ 1,114,391
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$ 181,685	$ 174,940	$ 162,408
Other current liabilities	85,415	82,212	86,446
Total current liabilities	267,100	257,152	248,854
Long-term debt, net	488,146	491,941	490,043
Long-term deferred tax liabilities	91,015	155,451	90,467
Other liabilities	14,144	16,539	13,615
TOTAL LIABILITIES	860,405	921,083	842,979
Commitments and contingencies			
STOCKHOLDERS' EQUITY			
Common stock, par value $0.01- authorized: 480,000,000 shares; issued and outstanding: 32,087,532, 32,029,359 and 32,029,359, respectively	320	320	320
Additional paid-in capital	345,139	345,598	343,971
Retained (deficit) earnings	(72,172)	41,590	(60,453)
Accumulated other comprehensive loss	(11,287)	(10,153)	(12,426)
Total stockholders' equity	262,000	377,355	271,412
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,122,405	$ 1,298,438	$ 1,114,391

See accompanying Notes to Condensed Consolidated Financial Statements.

LANDS' END, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	26 Weeks Ended July 28, 2017	26 Weeks Ended July 29, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (11,719)	$ (7,739)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	12,683	8,624
Amortization of debt issuance costs	856	856
Loss on disposal of property and equipment	62	46
Stock-based compensation	1,800	1,752
Deferred income taxes	(88)	(1,387)
Change in operating assets and liabilities:		
Inventories	(43,493)	(25,983)
Accounts payable	22,434	34,472
Other operating assets	5,603	(4,015)
Other operating liabilities	(1,333)	(4,552)
Net cash (used in) provided by operating activities	(13,195)	2,074
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	—	44
Purchases of property and equipment	(20,223)	(18,017)
Net cash used in investing activities	(20,223)	(17,973)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on term loan facility	(2,575)	(2,575)
Payments of employee withholding taxes on share-based compensation	(629)	(396)
Net cash used in financing activities	(3,204)	(2,971)
Effects of exchange rate changes on cash	469	1,238
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,153)	(17,632)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	213,108	228,368
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 176,955	$ 210,736
SUPPLEMENTAL CASH FLOW DATA		
Unpaid liability to acquire property and equipment	$ 4,438	$ 2,297
Income taxes paid, net of refunds	$ 3,082	$ 3,067
Interest paid	$ 11,257	$ 11,291

See accompanying Notes to Condensed Consolidated 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 and Lands’ End stores.

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

• ABL Facility - Asset-based senior secured credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders

• ASC - Financial Accounting Standards Board 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 Securities and Exchange Commission registrants

• ASU - FASB Accounting Standards Update

• CAM - Common area maintenance for leased properties

• Debt Facilities - Collectively, the ABL Facility and the Term Loan Facility

• EPS - (Loss) earnings per share

• ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert

• FASB - Financial Accounting Standards Board

• First Quarter 2017 - The thirteen weeks ended April 28, 2017

• Fiscal 2017 - The fifty-three weeks ending February 2, 2018

• Fiscal 2016 - The fifty-two weeks ended January 27, 2017

• Fiscal 2015 - The fifty-two weeks ended January 29, 2016

• Fiscal November 2017 - the four week fiscal month ending November 24, 2017

• GAAP - Accounting principles generally accepted in the United States

• LIBOR - London inter-bank offered rate

• 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)

• SEC - United States Securities and Exchange Commission

• Second Quarter 2017 - The thirteen weeks ended July 28, 2017

• Second Quarter 2016 - The thirteen weeks ended July 29, 2016

• Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders

• SHMC - Sears Holdings Management Corporation, a subsidiary of Sears Holdings Corporation

• SYW or Shop Your Way - Shop Your Way member loyalty program

• Tax Sharing Agreement - A tax sharing agreement entered into by Sears Holdings Corporation and Lands' End in connection with the Separation

• Term Loan Facility - Term loan credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders

• UTBs - Gross unrecognized tax benefits related to uncertain tax positions

• Year to Date 2017 - the twenty-six weeks ended July 28, 2017

• Year to Date 2016 - the twenty-six weeks ended July 29, 2016

Basis of Presentation

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

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. 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. Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-Q should be read in conjunction with information included in the Lands' End Annual Report on Form 10-K filed with the SEC on March 31, 2017.

Reclassifications

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

NOTE 2. LOSS PER SHARE

The numerator for both basic and diluted EPS is net loss. 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 ASC. Potentially dilutive securities for the diluted loss per share calculations consist of nonvested equity shares of common stock and in-the-money outstanding stock options to purchase the Company's common stock.

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

(in thousands, except per share amounts)	**13 Weeks Ended**		**26 Weeks Ended**	
	July 28, 2017	**July 29, 2016**	**July 28, 2017**	**July 29, 2016**
Net loss	$ (3,880)	$ (1,980)	$ (11,719)	$ (7,739)
Basic weighted average shares outstanding	32,079	32,024	32,054	32,013
Dilutive effect of stock awards	—	—	—	—
Diluted weighted average shares outstanding	32,079	32,024	32,054	32,013
Basic loss per share	$ (0.12)	$ (0.06)	$ (0.37)	$ (0.24)
Diluted loss per share	$ (0.12)	$ (0.06)	$ (0.37)	$ (0.24)

Stock awards are considered anti-dilutive based on the application of the treasury stock method or in the event of a net loss. There were 41,080, 19,931, 69,239 and 40,360 shares excluded from the diluted weighted average shares outstanding for Second Quarter 2017, Second Quarter 2016, Year to Date 2017 and Year to Date 2016, respectively.

NOTE 3. 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.

(in thousands)	13 Weeks Ended		26 Weeks Ended	
	July 28, 2017	**July 29, 2016**	**July 28, 2017**	**July 29, 2016**
Beginning balance: Accumulated other comprehensive loss (net of tax of $6,189, $3,806, $6,691 and $5,053, respectively)	$ (11,909)	$ (7,069)	$ (12,426)	$ (9,384)
Other comprehensive income (loss):				
Foreign currency translation adjustments (net of tax expense (benefit) of $(135), $1,661, $(637) and $414, respectively)	622	(3,084)	1,139	(769)
Ending balance: Accumulated other comprehensive loss (net of tax of $6,054, $5,467, $6,054 and $5,467, respectively)	$ (11,287)	$ (10,153)	$ (11,287)	$ (10,153)

No amounts were reclassified out of Accumulated other comprehensive loss during any of the periods presented.

NOTE 4. DEBT

The Company's debt consisted of the following:

	July 28, 2017		July 29, 2016		January 27, 2017	
	Amount	**Rate**	**Amount**	**Rate**	**Amount**	**Rate**
Term Loan Facility, maturing April 4, 2021	$ 498,263	4.48%	$ 503,412	4.25%	$ 500,838	4.25%
ABL Facility, maturing April 4, 2019	—	—%	—	—%	—	—%
	498,263		503,412		500,838	
Less: Current maturities in Other current liabilities, net	5,150		5,150		5,150	
Less: Unamortized debt issuance costs - Term Loan Facility	4,967		6,321		5,645	
Long-term debt, net	$ 488,146		$ 491,941		$ 490,043	

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

	July 28, 2017	July 29, 2016	January 27, 2017
ABL maximum borrowing	$ 175,000	$ 175,000	$ 175,000
Outstanding Letters of Credit	10,362	9,398	19,705
Borrowing availability under ABL	$ 164,638	$ 165,602	$ 155,295

Interest; Fees

The interest rates per annum applicable to the loans under the Debt Facilities are based on a fluctuating rate of interest measured by reference to, at the borrowers’ election, either (i) an adjusted LIBOR rate 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 Debt 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 Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict the ability of Lands' End and its subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business. In addition, if excess availability under the ABL Facility falls below the greater of 10% of the loan cap amount or $15.0 million, Lands' End will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0. The Debt Facilities do not otherwise contain financial maintenance covenants. The Company was in compliance with all financial covenants related to the Debt Facilities as of July 28, 2017.

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

NOTE 5. STOCK-BASED COMPENSATION

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

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

i. Time vesting stock awards ("Deferred Awards") which are in the form of restricted stock units which only require each recipient to complete a service period; Deferred Awards generally vest over three years or in full after a three year period. The fair value of Deferred Awards is based on the closing price of the Company's common stock on the grant date and is reduced for estimated forfeitures of those awards not expected to vest due to employee turnover.

ii. Stock option awards ("Option Awards") which provide the recipient with the option to purchase a set number of shares at a stated exercise price over the term of the contract, which is 10 years for all Option Awards granted.

iii. Performance-based stock awards ("Performance Awards") which are 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. Similar to the Deferred Awards, Performance Awards fair value is based on the closing price of the Company's common stock on the grant date and the compensation expense is reduced for estimated forfeitures of those awards not expected to vest due to employee turnover.

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

	13 Weeks Ended		26 Weeks Ended	
(in thousands)	**July 28, 2017**	**July 29, 2016**	**July 28, 2017**	**July 29, 2016**
Deferred Awards	$ 1,015	$ 889	$ 1,436	$ 1,368
Option Awards	185	—	276	—
Performance Awards	21	150	88	384
Total stock-based compensation expense	$ 1,221	$ 1,039	$ 1,800	$ 1,752

The following table provides a summary of the activities for stock awards for Year to Date 2017:

(in thousands, except per share amounts)	Deferred Awards		Option Awards		Performance Awards	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Outstanding as of January 27, 2017	252	$ 24.42	—	$ —	69	$ 26.38
Granted	395	21.99	343	8.73	—	—
Vested	(47)	25.20	—	—	(41)	28.33
Exercised	—	—	—	—	—	—
Forfeited or expired	(55)	25.04	—	—	(28)	23.47
Outstanding as of July 28, 2017	545	22.47	343	8.73	—	—

Total unrecognized stock-based compensation expense related to unvested Deferred Awards was approximately $10.0 million as of July 28, 2017, which is expected to be recognized ratably over a weighted average period of 2.6 years years. Deferred Awards granted to various employees during Second Quarter 2017 generally vest ratably for a period between fifteen months to four years.

There was no unrecognized stock-based compensation expense related to unvested Performance Awards as of July 28, 2017.

Total unrecognized stock-based compensation expense related to unvested Option Awards was approximately $2.7 million as of July 28, 2017, which is expected to be recognized ratably over a weighted average period of 3.6 years. The Option Awards vest ratably over 4.0 years and the contract to buy Option Awards extends for another 6.0 years. The fair value of each Option Award was estimated on the grant date using the Black-Scholes option pricing model. No Option Awards were exercisable as of July 28, 2017.

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

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

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

NOTE 6. 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 Condensed Consolidated Balance Sheets at fair value. The fair value of restricted cash as of July 28, 2017, July 29, 2016 and January 27, 2017 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 Condensed Consolidated Balance Sheets at cost, which approximates fair value due to the short-term nature of these instruments.

Carrying values and fair values of long-term debt, including the short-term portion, in the Condensed Consolidated Balance Sheets are as follows:

	July 28, 2017		July 29, 2016		January 27, 2017	
(in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including short-term portion	$ 498,263	$ 418,541	$ 503,412	$ 395,178	$ 500,838	$ 379,385

Long-term debt was valued utilizing Level 2 valuation techniques based on the closing inactive market bid price on July 28, 2017, July 29, 2016, and January 27, 2017. There were no nonfinancial assets or nonfinancial liabilities recognized at fair value on a nonrecurring basis as of July 28, 2017, July 29, 2016, and January 27, 2017.

NOTE 7. GOODWILL AND INTANGIBLE ASSET

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

ASC 350, *Intangibles - Goodwill and Other,* requires companies to test goodwill and indefinite-lived intangible assets for impairment annually, or more often if an event or circumstance indicates that the carrying amount may not be recoverable. 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 further impairment charges for the intangible asset or goodwill, which could have an adverse effect on our results of operations. The annual test for impairment will be conducted as of the end of Fiscal November 2017.

As a result of the 2016 annual impairment test the Company recorded a non-cash pretax trade name intangible asset impairment charge of $173.0 million in Fiscal 2016. There were no impairment charges recorded for the intangible asset Year to Date 2017.

The intangible asset was $257.0 million, $430.0 million and $257.0 million as of July 28, 2017, July 29, 2016 and January 27, 2017, respectively.

There were no impairments for goodwill during any periods presented or since goodwill was first recognized.

NOTE 8. INCOME TAXES

Lands’ End and Sears Holdings Corporation entered into a 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 income taxes attributable to its business, including all foreign taxes.

As of July 28, 2017, the Company had UTBs of $6.9 million. Of this amount, $4.5 million would, if recognized, impact its effective tax rate, with the remaining amount being comprised of UTBs related to gross temporary differences or other indirect benefits. Pursuant to the Tax Sharing Agreement, Sears Holdings Corporation is generally responsible for all United States federal, state and local UTBs, including interest and penalties, through the date of the Separation and, as such, an indemnification asset from Sears Holdings Corporation for the pre-Separation UTBs is recorded in

Other assets in the Condensed Consolidated Balance Sheets. The indemnification asset was $11.8 million, $14.2 million and $11.4 million as of July 28, 2017, July 29, 2016, and January 27, 2017, respectively.

The Company classifies interest expense and penalties related to UTBs and interest income on tax overpayments as components of income tax expense. As of July 28, 2017, the total amount of interest expense and penalties recognized on our balance sheet was $5.3 million ($3.4 million net of federal benefit). The total amount of such net interest expense recognized in the Condensed Consolidated Statements of Operations was insignificant for all periods presented. The Company files income tax returns in the United States and various foreign jurisdictions. Sears Holdings and the Company are under examination by various state tax jurisdictions for the years 2003 to 2014.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

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

Beginning in 2005, the Company initiated claims in Iowa County Circuit Court against the City of Dodgeville (the "City") to recover overpaid taxes resulting from the City’s excessive property tax assessment of the Company’s headquarters campus for each tax year from 2005 through 2016. As of June 6, 2017 the City has refunded, as the result of various court decisions and a settlement agreement, over $7.5 million in excessive taxes and interest to the Company. All excessive property tax assessment claims arising with respect to the tax years 2005 through 2016 are now closed. The Company received refunds of $1.0 million in the First Quarter 2017 and $1.2 million in the Second Quarter 2016 which were recorded primarily within Selling and administrative costs in the Condensed Consolidated Statements of Operations.

NOTE 10. RELATED PARTY TRANSACTIONS

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

In connection with and subsequent to the Separation, the Company entered into various agreements with Sears Holdings which, among other things, (i) govern specified aspects of the Company's relationship following the Separation, especially with regards to the Lands’ End Shops at Sears, and (ii) establish terms pursuant to which subsidiaries of Sears Holdings Corporation are providing services to us. Descriptions of these transactions are included in the Company's 2016 Annual Report on Form 10-K and proxy statement filed with the SEC on March 31, 2017.

In its annual report on Form 10-K for its fiscal year ended January 28, 2017, Sears Holdings disclosed that its historical operating results indicate substantial doubt exists related to its ability to continue as a going concern. Sears Holdings also disclosed it believes that actions it has taken in the last 12 months and expected benefits from actions to be taken in 2017 are probable to mitigate the substantial doubt raised by its historical operating results and therefore will satisfy its liquidity needs for the 12 months following the issuance of its financial statements.

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:

	13 Weeks Ended		26 Weeks Ended	
(in thousands, except for number of stores)	**July 28, 2017**	**July 29, 2016**	**July 28, 2017**	**July 29, 2016**
Rent, CAM and occupancy costs	$ 5,597	$ 6,237	$ 11,506	$ 12,543
Retail services, store labor	5,594	6,084	11,142	12,029
Financial services and payment processing	676	671	1,148	1,390
Supply chain costs	200	236	391	551
Total expenses	$ 12,067	$ 13,228	$ 24,187	$ 26,513
Number of Lands’ End Shops at Sears at period end	204	224	204	224

General Corporate Services

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

	13 Weeks Ended		26 Weeks Ended	
(in thousands)	**July 28, 2017**	**July 29, 2016**	**July 28, 2017**	**July 29, 2016**
Sourcing	$ 2,682	$ 1,666	$ 5,080	$ 3,038
Shop Your Way	321	612	697	1,074
Shared services	48	48	95	95
Total expenses	$ 3,051	$ 2,326	$ 5,872	$ 4,207

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:

	13 Weeks Ended		26 Weeks Ended	
(in thousands)	**July 28, 2017**	**July 29, 2016**	**July 28, 2017**	**July 29, 2016**
Lands' End Business Outfitters revenue	$ 271	$ 426	$ 542	$ 974
Credit card revenue	221	266	433	511
Royalty income	86	94	114	126
Gift card (expense)	(7)	(6)	(13)	(13)
Total income	$ 571	$ 780	$ 1,076	$ 1,598

The Company is currently in negotiations to extend the contract under which it receives sourcing services and the contract governing its participation in the Shop Your Way program.

Call Center Services

The Company had entered into a contract with SHMC to provide call center services in support of Sears Holdings’ SYW. This income is net of agreed upon costs directly attributable to the Company providing these services. The income is included in Net revenue and costs are included in Selling and administrative expenses in the Condensed Consolidated Statements of Operations. The contract for call center services expired on April 30, 2017. Due to the contract expiration there was no call center service income for Second Quarter 2017. Total call center service income was $1.9 million, $1.2 million and $3.8 million for Second Quarter 2016, Year to Date 2017 and Year to Date 2016, respectively.

Additional Balance Sheet Information

At July 28, 2017, July 29, 2016 and January 27, 2017, the Company included $3.0 million, $3.7 million and $3.7 million in Accounts receivable, net, respectively, and $3.6 million, $3.2 million and $3.1 million in Accounts payable, respectively, in the Condensed Consolidated Balance Sheets to reflect amounts due from and owed to Sears Holdings.

At July 28, 2017, July 29, 2016 and January 27, 2017, an $11.8 million, $14.2 million and $11.4 million receivable, respectively, was recorded by the Company in Other assets in the Condensed Consolidated Balance Sheets to reflect the indemnification by Sears Holdings Corporation of the pre-Separation UTBs (including penalties and interest) for which Sears Holdings Corporation is responsible under the Tax Sharing Agreement.

NOTE 11. SEGMENT REPORTING

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

	13 Weeks Ended		26 Weeks Ended	
(in thousands)	**July 28, 2017**	**July 29, 2016**	**July 28, 2017**	**July 29, 2016**
Net revenue:				
Apparel	$ 256,369	$ 241,822	$ 488,596	$ 472,980
Non-apparel	30,416	30,517	54,548	57,167
Service and other	15,405	19,671	27,411	35,296
Total net revenue	$ 302,190	$ 292,010	$ 570,555	$ 565,443

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 EBITDA is the primary measure used to make decisions on allocating resources and assessing performance of each operating segment. Adjusted EBITDA is computed as Income before taxes appearing on the Condensed Consolidated Statements of Operations net of interest expense, depreciation and amortization and other significant items that while periodically affecting the Company's results, may vary significantly from period to period and may have a disproportionate effect in a given period, which may affect comparability of results. Reportable segment assets are those directly used in or clearly allocable to 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 any periods presented.

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

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

SUMMARY OF SEGMENT DATA

(in thousands)	13 Weeks Ended July 28, 2017	13 Weeks Ended July 29, 2016	26 Weeks Ended July 28, 2017	26 Weeks Ended July 29, 2016
Net revenue:				
Direct	$ 259,938	$ 246,395	$ 488,228	$ 478,580
Retail	42,166	45,521	82,213	86,737
Corporate / other	86	94	114	126
Total net revenue	$ 302,190	$ 292,010	$ 570,555	$ 565,443

(in thousands)	13 Weeks Ended July 28, 2017	13 Weeks Ended July 29, 2016	26 Weeks Ended July 28, 2017	26 Weeks Ended July 29, 2016
Adjusted EBITDA:				
Direct	$ 13,080	$ 14,780	$ 24,918	$ 27,612
Retail	1,773	450	(1,402)	(3,480)
Corporate / other	(8,024)	(7,970)	(15,391)	(16,236)
Total adjusted EBITDA	$ 6,829	$ 7,260	$ 8,125	$ 7,896
Loss on disposal of property and equipment	—	60	62	46
Transfer of corporate functions	480	—	1,926	—
Depreciation and amortization	6,175	4,488	12,683	8,624
Operating income (loss)	$ 174	$ 2,712	$ (6,546)	$ (774)
Interest expense	6,167	6,174	12,292	12,344
Other income, net	(494)	(528)	(1,236)	(981)
Income tax benefit	(1,619)	(954)	(5,883)	(4,398)
NET LOSS	$ (3,880)	$ (1,980)	$ (11,719)	$ (7,739)

(in thousands)	13 Weeks Ended July 28, 2017	13 Weeks Ended July 29, 2016	26 Weeks Ended July 28, 2017	26 Weeks Ended July 29, 2016
Depreciation and amortization:				
Direct	$ 5,489	$ 3,720	$ 11,267	$ 7,070
Retail	353	406	707	825
Corporate / other	333	362	709	729
Total depreciation and amortization	$ 6,175	$ 4,488	$ 12,683	$ 8,624

(in thousands)	July 28, 2017	July 29, 2016	January 27, 2017
Total Assets:			
Direct	$ 846,313	$ 980,173	$ 805,201
Retail	73,953	78,011	69,792
Corporate / other	202,139	240,254	239,398
Total assets	$ 1,122,405	$ 1,298,438	$ 1,114,391

(in thousands)	13 Weeks Ended July 28, 2017	13 Weeks Ended July 29, 2016	26 Weeks Ended July 28, 2017	26 Weeks Ended July 29, 2016
Capital expenditures:				
Direct	$ 8,832	$ 7,461	$ 20,213	$ 17,763
Retail	9	71	10	254
Corporate / other	—	—	—	—
Total capital expenditures	$ 8,841	$ 7,532	$ 20,223	$ 18,017

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

As part of a multi-year plan to implement a global enterprise resource planning ("ERP") system, $11.4 million and $30.7 million of ERP assets were placed in service for Second Quarter 2017 and Year to Date 2017, respectively, in connection with the financial suite assets. The Company began depreciating the assets over useful lives of 3 to 10 years.

NOTE 13. RECENT 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 was deferred by ASU 2015-14, *Revenue from Contracts with Customers*, issued by the FASB in August 2015, and will be effective for Lands' End in the first quarter of its fiscal year ending February 1, 2019. Subsequently, the FASB has also issued accounting standards updates which clarify the guidance.

The Company has developed a road map for implementation and is currently assessing the impact of adopting ASU 2014-09 on our revenue recognition practices. The Company has organized a team and management's preliminary assessment indicates it could impact the timing of recognition of revenues from gift cards and revenues from our Direct segment. The Company expects to finalize its evaluation in Fiscal 2017 and will provide updates on its progress in future filings.

Recognition of Breakage for Certain Prepaid Stored-Value Products

In March 2016, the FASB issued ASU 2016-04, *Recognition of Breakage for Certain Prepaid Stored-Value Products*. This update clarifies when it is acceptable to recognize the unredeemed portion of prepaid gift cards into income. This guidance will be effective for Lands' End in the first quarter of its fiscal year ending February 1, 2019. The Company is currently in the process of evaluating the impact of adoption of this ASU on the Company's Condensed Consolidated Financial Statements.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. This update clarifies issues to reduce the current and potential future diversity in practice of the classification of certain cash receipts and cash payments within the statement of cash flows. This guidance will be effective for Lands' End in the first quarter of its fiscal year ending February 1, 2019. The Company is currently in the process of evaluating the impact of adoption of this ASU on the Company's Condensed Consolidated Financial Statements.

Leases

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

Intangibles - Goodwill and Other

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other*, which simplifies the test for goodwill impairment. This update removes the second step of the goodwill impairment test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. This guidance will be effective for Lands' End for its fiscal year ending January 29, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently in the process of evaluating the adoption of this ASU on the Company’s Condensed Consolidated Financial Statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the Condensed Consolidated Financial Statements and accompanying notes included elsewhere in this Quarterly Report on Form 10-Q. 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 our Annual Report filed on Form 10-K for the year ended January 27, 2017, for a discussion of the uncertainties, risks and assumptions associated with these statements.

As used in this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q are defined as follows:

- *ABL Facility - Asset-based senior secured credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders*
- *Debt Facilities - Collectively, the ABL Facility and the Term Loan Facility*
- *ERP - Enterprise resource planning software solutions*
- *ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert*
- *Fiscal 2017 - the fifty-three weeks ending February 2, 2018*
- *Fiscal 2016 - the fifty-two weeks ended January 27, 2017*
- *Fiscal November 2017 - the four week fiscal month ending November 24, 2017*
- *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 fiscal year*
- *Sears Holdings or Sears Holdings Corporation - Sears Holdings Corporation, a Delaware Corporation, and its consolidated subsidiaries (other than, for all periods following the Separation, Lands' End)*
- *SEC - United States Securities and Exchange Commission*
- *Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders*
- *Term Loan Facility - Term loan credit agreements, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders*
- *Second Quarter 2017 - the thirteen weeks ended July 28, 2017*
- *Second Quarter 2016 - the thirteen weeks ended July 29, 2016*
- *UK Borrower - A United Kingdom subsidiary borrower of Lands' End under the ABL Facility*
- *Year to Date 2016 - the twenty-six weeks ended July 29, 2016*
- *Year to Date 2017 - the twenty-six weeks ended July 28, 2017*

Introduction

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

- *Executive overview.* This section provides a brief description of our business, accounting basis of presentation and a brief summary of our results of operations.
- *Discussion and analysis.* This section highlights items affecting the comparability of our financial results and provides an analysis of our segment results of operations for Second Quarter 2017 and Second Quarter 2016.
- *Liquidity and capital resources.* This section provides an overview of our historical and anticipated cash and financing activities. We also review our historical sources and uses of cash in our operating, investing and financing activities.
- *Contractual Obligations and Off-Balance-Sheet Arrangements.* This section provides details of the Company's off-balance-sheet arrangements and contractual obligations for the next five years and thereafter.
- *Financial Instruments with Off-Balance-Sheet Risk.* This section discusses financial instruments of the Company that could have off-balance-sheet risk.
- *Application of critical accounting policies and estimates.* This section summarizes the accounting policies that we consider important to our financial condition and results of operations and which require significant judgment or estimates to be made in their application.
- *Recent accounting pronouncements.* This section summarizes recently issued accounting pronouncements and the impact or expected impact on the Company's financial statements.

Executive Overview

Description of the Company

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

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

Basis of Presentation

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

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

Seasonality

We experience seasonal fluctuations in our Net revenue and operating results and historically have realized a significant portion of our net sales and earnings for the year during our fourth fiscal quarter. We generated an average of 33% of our Net revenue in the fourth fiscal quarter of the past three years. Thus, lower than expected fourth quarter net revenue could have an adverse impact on our annual operating results.

Working capital requirements typically increase during the third quarter of the fiscal year as inventory builds to support peak shipping/selling period 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

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

	13 Weeks Ended			
	July 28, 2017		**July 29, 2016**	
(in thousands)	**$'s**	**% of Net revenue**	**$'s**	**% of Net revenue**
Net revenue	$ 302,190	100.0 %	$ 292,010	100.0 %
Cost of sales (excluding depreciation and amortization)	168,025	55.6 %	155,858	53.4 %
Gross profit	134,165	44.4 %	136,152	46.6 %
Selling and administrative	127,336	42.1 %	128,892	44.1 %
Depreciation and amortization	6,175	2.0 %	4,488	1.5 %
Other operating expense, net	480	0.2 %	60	— %
Operating income	174	0.1 %	2,712	0.9 %
Interest expense	6,167	2.0 %	6,174	2.1 %
Other income, net	(494)	(0.2)%	(528)	(0.2)%
Loss before income taxes	(5,499)	(1.8)%	(2,934)	(1.0)%
Income tax benefit	(1,619)	(0.5)%	(954)	(0.3)%
NET LOSS	$ (3,880)	(1.3)%	$ (1,980)	(0.7)%

	26 Weeks Ended			
	July 28, 2017		**July 29, 2016**	
(in thousands)	**$'s**	**% of Net revenue**	**$'s**	**% of Net revenue**
Net revenue	$ 570,555	100.0 %	$ 565,443	100.0 %
Cost of sales (excluding depreciation and amortization)	313,748	55.0 %	299,621	53.0 %
Gross profit	256,807	45.0 %	265,822	47.0 %
Selling and administrative	248,682	43.6 %	257,926	45.6 %
Depreciation and amortization	12,683	2.2 %	8,624	1.5 %
Other operating expense, net	1,988	0.3 %	46	— %
Operating loss	(6,546)	(1.1)%	(774)	(0.1)%
Interest expense	12,292	2.2 %	12,344	2.2 %
Other income, net	(1,236)	(0.2)%	(981)	(0.2)%
Loss before income taxes	(17,602)	(3.1)%	(12,137)	(2.1)%
Income tax benefit	(5,883)	(1.0)%	(4,398)	(0.8)%
NET LOSS	$ (11,719)	(2.1)%	$ (7,739)	(1.4)%

Depreciation and amortization is not included in our cost of sales because we are a reseller of inventory and do not believe that including depreciation and amortization is meaningful. As a result, our gross 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 Loss and Adjusted EBITDA

We recorded a Net loss of $3.9 million in Second Quarter 2017 compared to a Net loss of $2.0 million in Second Quarter 2016. In addition to our Net loss determined in accordance with GAAP, for purposes of evaluating operating performance, we use an Adjusted EBITDA measurement. Adjusted EBITDA is computed as Net loss appearing on the Condensed Consolidated Statements of Operations net of Income tax benefit, Other income, net, 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 or benefits.
- Other significant items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of results. We have adjusted our results for these items to make our statements more comparable and therefore more useful to investors as the items are not representative of our ongoing operations.
    - Transfer of corporate functions - severance associated with a transition of certain corporate activities from our New York office to our Dodgeville headquarters.
    - Gain or loss on the sale of property and equipment - management considers the gains or losses on disposal of assets to result from investing decisions rather than ongoing operations.

	13 Weeks Ended			
	July 28, 2017		July 29, 2016	
(in thousands)	$'s	% of Net revenue	$'s	% of Net revenue
Net loss	$ (3,880)	(1.3)%	$ (1,980)	(0.7)%
Income tax benefit	(1,619)	(0.5)%	(954)	(0.3)%
Other income, net	(494)	(0.2)%	(528)	(0.2)%
Interest expense	6,167	2.0 %	6,174	2.1 %
Operating income	174	0.1 %	2,712	0.9 %
Depreciation and amortization	6,175	2.0 %	4,488	1.5 %
Transfer of corporate functions	480	0.2 %	—	— %
Loss on disposal of property and equipment	—	— %	60	— %
Adjusted EBITDA	$ 6,829	2.3 %	$ 7,260	2.5 %

	26 Weeks Ended			
	July 28, 2017		July 29, 2016	
(in thousands)	$'s	% of Net revenue	$'s	% of Net revenue
Net loss	$ (11,719)	(2.1)%	$ (7,739)	(1.4)%
Income tax benefit	(5,883)	(1.0)%	(4,398)	(0.8)%
Other income, net	(1,236)	(0.2)%	(981)	(0.2)%
Interest expense	12,292	2.2 %	12,344	2.2 %
Operating loss	(6,546)	(1.1)%	(774)	(0.1)%
Depreciation and amortization	12,683	2.2 %	8,624	1.5 %
Transfer of corporate functions	1,926	0.3 %	—	— %
Loss on disposal of property and equipment	62	— %	46	— %
Adjusted EBITDA	$ 8,125	1.4 %	$ 7,896	1.4 %

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

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

Discussion and Analysis

Second Quarter 2017 compared with Second Quarter 2016

Net Revenue

Net revenue for Second Quarter 2017 was $302.2 million, compared with $292.0 million in the comparable period of the prior year, an increase of $10.2 million or 3.5%. The increase was comprised of an increase in our Direct segment of $13.5 million and a decrease in our Retail segment of $3.4 million.

Net revenue in our Direct segment was $259.9 million for Second Quarter 2017, an increase of $13.5 million, or 5.5% from the comparable period of the prior year. The increase in the Direct segment was primarily attributable to an increase in our U.S. consumer business. We increased circulation and customer contacts in our U.S. consumer business which resulted in an increase in revenue, particularly in our Women's swimwear product categories.

Net revenue in our Retail segment was $42.2 million for Second Quarter 2017, a decrease of $3.4 million, or 7.4% from the comparable period of the prior year. The decrease was attributable to a decrease in the number of Lands' End Shops at Sears, partially offset by an increase in Same Store Sales of 3.8%. On July 28, 2017, the Company operated 204 Lands' End Shops at Sears, 14 global Lands' End stores and no international shop-in-shops compared with 224 Lands' End Shops at Sears, 13 global Lands' End stores and four international shop-in-shops on July 29, 2016.

Gross Profit

Total gross profit decreased $2.0 million to $134.2 million and gross margin decreased approximately 220 basis points to 44.4% of total Net revenue in Second Quarter 2017, compared with $136.2 million, or 46.6% of total Net revenue, in Second Quarter 2016. The gross profit decrease was comprised of a decrease in our Direct segment of $1.0 million and a decrease in our Retail segment of $1.0 million.

Gross profit in the Direct segment was $115.0 million compared with $116.0 million for Second Quarter 2017 and Second Quarter 2016, respectively. Gross margin in the Direct segment decreased approximately 290 basis points to 44.2%

in Second Quarter 2017 versus 47.1% in the comparable prior year period. The decrease in Gross margin during second quarter was primarily attributable to increased shipping and net duty expenses, unfavorable changes in currency exchange rates as well as increased promotional activity.

Retail segment gross profit decreased $1.0 million to $19.1 million in Second Quarter 2017 from $20.1 million in Second Quarter 2016. Retail segment gross margin increased to 45.3% for Second Quarter 2017 compared to 44.2% for Second Quarter 2016 driven by certain liquidation activities that occurred in Second Quarter 2016 which did not occur in Second Quarter 2017.

Selling and Administrative Expenses

Selling and administrative expenses were $127.3 million, or 42.1% of total Net revenue compared with $128.9 million or 44.1% of total Net revenue in Second Quarter 2017 and Second Quarter 2016, respectively. The decrease in Selling and administrative expenses was primarily due to a decrease of $2.3 million in the Retail segment partially offset by an increase of $0.7 million in the Direct segment.

The Direct segment Selling and administrative expenses were $101.9 million compared with $101.2 million for Second Quarter 2017 and Second Quarter 2016, respectively. The $0.7 million or 0.7% increase, was primarily attributable to an increase in incentive compensation expenses and a property tax refund received in Second Quarter 2016 which did not repeat in Second Quarter 2017, largely offset by lower marketing expenses.

The Retail segment Selling and administrative expenses were $17.3 million compared with $19.6 million for Second Quarter 2017 and Second Quarter 2016, respectively. The $2.3 million or 11.8% decrease was largely attributable to a decrease in marketing expenses and occupancy costs.

Depreciation and Amortization

Depreciation and amortization expense was $6.2 million in Second Quarter 2017, an increase of $1.7 million or 37.6%, compared with $4.5 million in Second Quarter 2016, primarily attributable to an increase in depreciation associated with our ongoing multi-year ERP system implementation. During Second Quarter 2017, the Company placed $11.4 million of ERP assets in service. The useful lives of the assets are 3 to 7 years.

Other Operating Expense, Net

Other operating expense, net was $0.5 million in Second Quarter 2017 compared to $0.1 million in Second Quarter 2016 as the result of a severance charge associated with the transition of certain corporate activities from the New York office to the Company's Dodgeville headquarters.

Operating Income

Operating income decreased to $0.2 million in Second Quarter 2017 from $2.7 million in Second Quarter 2016 primarily due to lower gross margin discussed above.

Interest Expense

Interest expense was unchanged at $6.2 million in Second Quarter 2017 compared to $6.2 million in Second Quarter 2016.

Income Tax Benefit

Income tax benefit was $1.6 million for Second Quarter 2017 compared to $1.0 million in Second Quarter 2016. The effective tax rate was 29.4% in Second Quarter 2017 compared with 32.5% in Second Quarter 2016.

Net Loss

As a result of the above factors, Net loss was $3.9 million and diluted loss per share was $0.12 in Second Quarter 2017 compared with Net loss of $2.0 million and diluted loss per share of $0.06 in Second Quarter 2016.

Adjusted EBITDA

As a result of the above factors, Adjusted EBITDA decreased to $6.8 million in Second Quarter 2017 from $7.3 million in Second Quarter 2016.

Year to Date 2017 compared with Year to Date 2016

Net Revenue

Net revenue for Year to Date 2017 was $570.6 million, compared with $565.4 million in the comparable period of the prior year, an increase of $5.1 million or 0.9%. The increase was comprised of an increase in our Direct segment of $9.6 million and a decrease in our Retail segment of $4.5 million.

Net revenue in our Direct segment was $488.2 million for Year to Date 2017, an increase of $9.6 million, or 2.0% from the comparable period of the prior year. The increase in the Direct segment was largely attributable to an increase in our U.S. consumer business. In our U.S. consumer business, we increased circulation and customer contacts which resulted in an increase in revenue, particularly in Women's swimwear.

Net revenue in our Retail segment was $82.2 million for Year to Date 2017, a decrease of $4.5 million, or 5.2% from the comparable period of the prior year. The decrease was driven by a decrease in the number of Lands' End Shops at Sears, partially offset by an increase in Same Store Sales of 3.0%. On July 28, 2017, the Company operated 204 Lands' End Shops at Sears, 14 global Lands' End stores and no international shop-in-shops compared with 224 Lands' End Shops at Sears, 13 global Lands' End stores and four international shop-in-shops on July 29, 2016.

Gross Profit

Total gross profit decreased $9.0 million to $256.8 million and gross margin decreased approximately 200 basis points to 45.0% of total Net revenue in Year to Date 2017, compared with $265.8 million, or 47.0% of total Net revenue, in Year to Date 2016. The gross profit decrease was comprised of a decrease in our Direct segment of $6.7 million and a decrease in our Retail segment of $2.3 million.

Gross profit in the Direct segment was $222.6 million compared with $229.3 million for Year to Date 2017 and Year to Date 2016, respectively. Gross margin in the Direct segment decreased approximately 230 basis points to 45.6% in Year to Date 2017 versus 47.9% in the comparable prior year period. The decrease in Gross margin during second quarter was primarily attributable to increased promotional activity in the highly competitive retail environment, as well as increased shipping expenses and unfavorable changes in currency exchange rates.

Retail segment gross profit decreased $2.3 million to $34.1 million in Year to Date 2017 from $36.4 million in Year to Date 2016. Retail segment gross margin decreased to 41.4% for Year to Date 2017 compared to 42.0% for Year to Date 2016 driven by increased promotional activity in the highly competitive retail environment, partially offset by certain liquidation activities that occurred in Second Quarter 2016 which did not occur in Second Quarter 2017.

Selling and Administrative Expenses

Selling and administrative expenses were $248.7 million, or 43.6% of total Net revenue compared with $257.9 million or 45.6% of total Net revenue in Year to Date 2017 and Year to Date 2016, respectively. The decrease in Selling and administrative expenses was primarily due to a decrease of $4.0 million in the Direct segment, a decrease of $4.4 million in the Retail segment and a decrease of $0.8 million in the Corporate segment.

The Direct segment Selling and administrative expenses were $197.7 million compared with $201.7 million for Year to Date 2017 and Year to Date 2016, respectively. The $4.0 million or 2.0% decrease, was primarily attributable to a reduction in marketing expenses, partially offset by increased incentive compensation expense.

The Retail segment Selling and administrative expenses were $35.5 million compared with $39.9 million for Year to Date 2017 and Year to Date 2016, respectively. The $4.4 million or 11.0% decrease was primarily attributable to a decrease in marketing expenses as well as occupancy and other operating expenses associated with closed stores.

Corporate / other Selling and administrative expenses decreased to $15.5 million in Year to Date 2017 compared to $16.3 million in Year to Date 2016 due to personnel costs.

Depreciation and Amortization

Depreciation and amortization expense was $12.7 million in Year to Date 2017, an increase of $4.1 million or 47.1%, compared with $8.6 million in Year to Date 2016, primarily attributable to an increase in depreciation associated with our ongoing multi-year ERP system implementation. Year to Date 2017 we have placed $30.7 million of ERP related assets in service. The useful lives of the assets are 3 to 10 years.

Other Operating Expense, Net

Other operating expense, net was $2.0 million in Year to Date 2017 as the result of severance charges associated with the transition of certain corporate activities from the New York office to the Company's Dodgeville headquarters.

Operating Loss

Operating loss increased to a $6.5 million loss in Year to Date 2017 from $0.8 million in Year to Date 2016 primarily due to lower gross margin discussed above.

Interest Expense

Interest expense was unchanged at $12.3 million in Year to Date 2017 compared to $12.3 million in Year to Date 2016.

Income Tax Benefit

Income tax benefit was $5.9 million for Year to Date 2017 compared to $4.4 million in Year to Date 2016. The effective tax rate was 33.4% in Year to Date 2017 compared with 36.2% in Year to Date 2016.

Net Loss

As a result of the above factors, Net loss was $11.7 million and diluted loss per share was $0.37 in Year to Date 2017 compared with Net loss of $7.7 million and diluted loss per share of $0.24 in the Year to Date 2016.

Adjusted EBITDA

As a result of the above factors, Adjusted EBITDA increased to $8.1 million in Year to Date 2017 from $7.9 million in Year to Date 2016.

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 at least 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 revenue and operating cash flows generally occurring in the fourth fiscal quarter of each year.

Description of Material Indebtedness

Debt Arrangements

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 July 28, 2017 and July 29, 2016, other than for letters of credit. The Company had borrowing availability under the ABL Facility of $164.6 million as of July 28, 2017, net of outstanding letters of credit of $10.4 million.

Also on April 4, 2014, Lands' End entered into the $515.0 million Term Loan Facility of which proceeds were used to pay a dividend of $500.0 million to a subsidiary of Sears Holdings Corporation immediately prior to the

Separation and to pay fees and expenses associated with the Debt Facilities of approximately $11.4 million, with the remaining proceeds used for general corporate purposes.

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 Debt 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 Debt 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 Debt 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 Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict the ability of Lands' End and its subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business. In addition, if excess availability under the ABL Facility falls below the greater of 10% of the loan cap amount or $15 million, Lands' End will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0. The Debt Facilities do not otherwise contain financial maintenance covenants. The Company was in compliance with all financial covenants related to the Debt Facilities as of July 28, 2017.

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

Events of Default

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

Cash Flows from Operating Activities

Operating activities used net cash of $13.2 million and provided net cash of $2.1 million for Year to Date 2017 and Year to Date 2016, respectively, primarily due to the combination of:

- Increased use of cash to pay down accounts payable due to higher payables entering the current year, and
- Increased inventory build due to more timely receipts in the current year.

Cash Flows from Investing Activities

Net cash used in investing activities was $20.2 million and $18.0 million for Year to Date 2017 and Year to Date 2016, respectively. Cash used in investing activities for both periods was primarily used for investments to update our information technology infrastructure and property and equipment.

For Fiscal 2017, we plan to invest a total of approximately $35.0 million to $45.0 million in capital expenditures for strategic investments and infrastructure, primarily associated with our ERP investment, other technology investments and general corporate needs.

Cash Flows from Financing Activities

Net cash used by financing activities was $3.2 million and $3.0 million for Year to Date 2017 and Year to Date 2016, respectively, consisting primarily of our quarterly payments for the Term Loan.

Contractual Obligations and Off-Balance-Sheet Arrangements

There have been no material changes to our contractual obligations and off-balance-sheet arrangements as discussed in our Annual Report on Form 10-K for the fiscal year ended January 27, 2017.

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 July 28, 2017 and July 29, 2016, other than for letters of credit. The Company had borrowing availability under the ABL Facility of $164.6 million as of July 28, 2017, net of outstanding letters of credit of $10.4 million.

Application of Critical Accounting Policies and Estimates

We believe that the assumptions and estimates associated with inventory valuation, goodwill and intangible asset impairment assessments and income taxes have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

There have been no material changes to the critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended January 27, 2017.

As previously discussed, 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 fair value on an annual basis, or more frequently if events occur or changes in circumstances indicate that the carrying value is not recoverable. At the date of its most recent annual impairment assessment, 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 revenue 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 were then discounted to present value by the selected discount rate and compared to the carrying value of the asset.

As a result of the Fiscal 2016 annual impairment assessment, the Company recorded a non-cash pretax intangible asset impairment charge of $173.0 million during Fiscal 2016 to reduce the carrying value of the trade name to the fair value. During Year to Date 2017, there were no events or changes in circumstances that indicated that the carrying value of Lands' End trade name is not recoverable. As such, an impairment assessment was not performed and there was no impairment charge related to the trade name in Year to Date 2017. 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 further impairment charges for the intangible asset or goodwill, which could have an adverse effect on our results of operations. The annual test for impairment will be conducted as of the end of Fiscal November 2017.

Recent Accounting Pronouncements

See Part I, Item 1, Note 13 – Recent Accounting Pronouncements, of the Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for information regarding recent accounting pronouncements

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements made in this Quarterly Report on Form 10-Q contain forward-looking statements, including statements about our strategies and our opportunities for growth. 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 important factors and uncertainties, among others, could cause actual results to differ materially from those described in these forward-looking statements: our ability to offer merchandise and services that customers want to purchase; changes in customer preference from our branded merchandise; customers' use of our digital platform, including customer acceptance of our efforts to enhance our e-commerce websites; customer response to our marketing efforts across all types of media; 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 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; if Sears Holdings Corporation sells or disposes of its retail stores, including pursuant to the recapture rights granted to Seritage Growth Properties, and other parties or if its retail business does not attract customers or does not adequately provide services to 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 customer 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; incurrence of charges due to impairment of goodwill, other intangible assets and long-lived assets; the impact on our business of adverse worldwide economic and market conditions, including economic factors that negatively impact consumer spending on discretionary items; the impact of increased costs due to a decrease in our purchasing power following our separation from Sears Holdings (“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 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 certain agreements related to 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; 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; and other risks, uncertainties and factors discussed in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended January 27, 2017. We intend the forward-looking statements to speak only as of the time made and do not undertake to update or revise them as more information becomes available, except as required by law.

ITEM 3. 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. A significant portion of our business is transacted in U.S. dollars, and is expected to continue to be transacted in U.S. dollars or U.S. dollar-based currencies. As of July 28, 2017, we had $40.2 million of cash denominated in foreign currencies, principally in British Pound Sterling, 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 $5.1 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 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on their evaluation for the period covered by this Quarterly Report on Form 10-Q, Lands' End's Chief Executive Officer and President and Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer have concluded that, as of July 28, 2017, 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.

Changes in Internal Control over Financial Reporting

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

Other than the ERP implementation, there have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15 under the Exchange Act during the second quarter ended July 28, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

See Part I, Item 1 "Financial Statements - Notes to Condensed Consolidated Financial Statements," Note 9 Commitments and Contingencies - Legal Proceedings for additional information regarding legal proceedings (incorporated herein by reference).

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended January 27, 2017, which was filed with the SEC on March 31, 2017.

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Lands' End, Inc. 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 Form 8-K filed on April 8, 2014 (File No. 001-09769)).
10.1	Form of Restricted Stock Unit Agreement (Time-Based Vesting) (for use under Company stock plans)*
10.2	Form of Stock Option Agreement (for use under Company stock plans)*
31.1	Certification of Principal 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 Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Principal Executive Officer and Principal 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.
**	Furnished herewith.

SIGNATURES

Pursuant to the requirements 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)

Dated: August 31, 2017

By: /s/ James F. Gooch

James F. Gooch
Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT 10.1

LANDS' END, INC.
RESTRICTED STOCK UNIT AGREEMENT

Name of Grantee:	______________________	(the "Grantee")
No. of Restricted Stock Units:	______________________	
Issuance Date:	______________________	(the "Issuance Date")

WHEREAS, the Grantee is currently an employee of Lands' End, Inc. (the "Company"), a Delaware corporation, or one of its Subsidiaries (collectively, "Lands' End");

WHEREAS, the Company desires to (i) provide the Grantee with an incentive to remain in the employ of Lands' End and (ii) increase the Grantee's interest in the success of Lands' End by granting restricted stock units (the "Restricted Stock Units") payable in the form of common stock of the Company to the Grantee; and

WHEREAS, the issuance of the Restricted Stock Units is made pursuant to the [INSERT PLAN NAME HERE] (the "Plan"); and (ii) made subject to the terms and conditions of this Lands' End, Inc. Restricted Stock Unit Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan. This Agreement and the Restricted Stock Units shall be subject to the Plan and the terms of the Plan are incorporated into this Agreement by reference. The Grantee hereby acknowledges receipt of a copy of the Plan.

2. Grant of Restricted Stock Units.

(a) Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants and issues to the Grantee the Restricted Stock Units specified above. The Company shall credit to a bookkeeping account (the "Account") maintained by the Company, or a third party on behalf of the Company, for the Grantee's benefit the Restricted Stock Units, each of which shall be deemed to be the equivalent of one share of the Company's common stock, par value $.01 per share (each, a "Share").

(b) If and whenever any cash dividends are declared on the Shares, on the date such dividend is paid, the Company will credit to the Account an amount which shall be equal to the amount of such dividend with respect to such Shares. Such amount shall be subject to the vesting and forfeiture provisions contained in Section 3(a) below. The amount shall only be payable in cash and shall be payable at the same time as amounts are otherwise payable under this Agreement.

(c) If and whenever the Company declares and pays a dividend or distribution on the Shares in the form of additional shares, or there occurs a forward split of Shares, then a number of additional Restricted Stock Units shall be credited to the Account as of the payment date for such dividend or distribution or forward split equal to (i) the total number of Restricted Stock Units credited to the Account on the record date for such dividend or distribution or split (other than previously settled or forfeited Restricted Stock Units), multiplied by (ii) the number of additional Shares actually paid as a dividend or distribution or issued in such split in respect of each outstanding Share. The additional Restricted Stock Units shall be or become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units.

3. Terms and Conditions.

(a) Vesting.

(i) All of the Restricted Stock Units shall initially be unvested. All Restricted Stock Units shall be subject to the following vesting schedule and if a Grantee terminates employment prior to the date provided below, such Grantee shall forfeit any unvested Restricted Stock Units upon such termination of employment:

Date of Vesting	**Percent Vested**

(ii) If, following the twelve (12) month anniversary of the Issuance Date, the Grantee's employment terminates due to a permanent and total disability (as defined in the Company's long-term disability program, regardless of whether the Participant is covered by such program) ("Disability"), Restricted Stock Units not previously vested shall be vested on a prorated basis through the date of termination.

(iii) If, following the twelve (12) month anniversary of the Issuance Date, the Grantee's employment terminates due to the Grantee's death, Restricted Stock Units not previously vested shall be vested on a prorated basis through the date of death, and his or her estate shall be entitled to receive such pro-rated Restricted Stock Unit award, payable in cash.

(iv) Any proration of the Restricted Stock Units described in subsections 3(a)(ii)-(iii) shall be based on a fraction, the numerator of which is the number of full months lapsed during the vesting period through the date of termination or death, as applicable, and the denominator of which is the full number of months in the vesting period.

(b) Forfeiture. Upon the termination of the Grantee's employment with Lands' End for any reason other than death or Disability, the Grantee shall forfeit any and all Restricted Stock Units which have not vested as of the date of such termination; provided that, for the avoidance of doubt, upon the occurrence of a Change in Control, Section 12.3 of the Plan shall govern.

(c) Settlement. Restricted Stock Units not previously forfeited shall be settled within thirty (30) days after the applicable Date of Vesting under Section 3(a)(ii) by delivery of one share of common stock for each Restricted Stock Unit being settled.

4. Taxes.

(a) This Section 4(a) applies only to (a) all Grantees who are U.S. employees, and (b) to those Grantees who are employed by a Subsidiary of the Company that is obligated under applicable local law to withhold taxes with respect to the settlement of the Restricted Stock Units. Such Grantee shall pay to the Company or a designated Subsidiary, promptly upon request, and in any event at the time the Grantee recognizes taxable income with respect to the Restricted Stock Units, an amount equal to the taxes Lands' End determines it is required to withhold under applicable tax laws with respect to the Restricted Stock Units. The Grantee may satisfy the foregoing requirement by making a payment to Lands' End in cash or by delivering already owned unrestricted Shares or by having Lands' End withhold a number of Shares in which the Grantee would otherwise become vested under this Agreement, in each case, having a value equal to the minimum amount of tax required to be withheld. Such Shares shall be valued at their fair market value on the date as of which the amount of tax to be withheld is determined.

(b) The Grantee acknowledges that the tax laws and regulations applicable to the Restricted Stock Units and the disposition of the shares following the settlement of Restricted Stock Units are complex and subject to change.

5. Protections Against Violations of Agreement. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Restricted Stock Units by any holder thereof in violation of the provisions of this Agreement or the Certificate of Incorporation or the Bylaws of the Company, will be valid, and the Company will not transfer any shares resulting from the settlement of Restricted Stock Units on its books nor will any of such shares be entitled to vote, nor will any dividends be paid thereon, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce such provisions.

6. Rights as a Stockholder. The Grantee shall not possess the right to vote the shares underlying the Restricted Stock Units until the Restricted Stock Units have settled in accordance with the provisions of this Agreement and the Plan.

7. Survival of Terms. This Agreement shall apply to and bind the Grantee and Lands' End and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or sent by certified or registered mail, return receipt requested, postage prepaid, addressed, if to the Grantee, to the Grantee's attention at the mailing address set forth at the foot of this Agreement (or to such other address as the Grantee shall have specified to the Company in writing) and, if to the Company, to the Company's office at 1 Lands' End Lane, Dodgeville, Wisconsin 53595, Attention: General Counsel (or to such other address as the Company shall have specified to the Grantee in writing). All such notices shall be conclusively deemed to be received and shall be effective, if sent by hand delivery, upon receipt, or if sent by registered or certified mail, on the fifth day after the day on which such notice is mailed.

9. Waiver. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

10. Authority of the Administrator. The Compensation Committee shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the Compensation Committee as to any such matter of interpretation or construction shall be final, binding and conclusive. Notwithstanding the foregoing, any classification of employment termination shall be resolved in accordance with the terms of any severance agreement or other employment agreement with the Company as of the date of his or her termination of employment.

11. Representations. The Grantee has reviewed with his or her own tax advisors the applicable tax (U.S., foreign, state, and local) consequences of the transactions contemplated by this Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of Lands' End or any of its agents. The Grantee understands that he or she (and not Lands' End) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

12. Entire Agreement; Governing Law. This Agreement and the Plan and the other related agreements expressly referred to herein set forth the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Wisconsin.

13. Clawback Policy. The Restricted Stock Units are subject to the terms of any severance or employment agreement between the Company and the Grantee, and, to the extent required by applicable law, any Company recoupment, clawback, or similar policy related to financials as it may be in effect from time to time, any of which could, in certain circumstances, require repayment or forfeiture of the Restricted Stock Units or any Shares or other

cash or property received with respect to the Restricted Stock Units (including any value received from a disposition of the Shares acquired upon vesting of the Restricted Stock Units).

14. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

15. Amendments; Construction. The Compensation Committee may amend the terms of this Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Grantee hereunder without his or her consent. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Restricted Stock Units and shall have no effect on the interpretation hereof.

16. Acceptance. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understand the terms and provision thereof, and accepts the shares of Restricted Stock Units subject to all the terms and conditions of the Plan and this Agreement. The Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee upon any questions arising under this Agreement.

17. Miscellaneous.

(a) No Rights to Grants or Continued Employment. The Grantee acknowledges that the award granted under this Agreement is not an employment right, and is being granted at the sole discretion of the Company's Compensation Committee. The Grantee shall not have any claim or right to receive grants of awards under the Plan. Neither the Plan nor this Agreement, nor any action taken or omitted to be taken hereunder or thereunder, shall be deemed to create or confer on the Grantee any right to be retained as an employee of the Company or any Subsidiary thereof, or to interfere with or to limit in any way the right of the Company or any Subsidiary thereof to terminate the employment of the Grantee at any time.

(b) No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan nor this Agreement shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred, or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the assets or business of the Company, or any other corporate act or proceeding, whether of a similar character or otherwise.

(c) Assignment. The Company shall have the right to assign any of its rights and to delegate any of its duties under this Agreement to any of its Affiliates.

18. Code Section 409A. Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement is intended to be exempt from the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") pursuant to the short term deferral exception. The Restricted Stock Units granted hereunder shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the application of Section 409A of the Code to such grants.

THIS AGREEMENT SHALL BE NULL AND VOID AND UNENFORCEABLE BY THE GRANTEE UNLESS SIGNED AND DELIVERED TO THE COMPANY NOT LATER THAN THIRTY (30) DAYS SUBSEQUENT TO THE ISSUANCE DATE.

BY SIGNING THIS AGREEMENT, THE GRANTEE IS HEREBY CONSENTING TO THE PROCESSING AND TRANSFER OF THE GRANTEE'S PERSONAL DATA BY THE COMPANY TO THE EXTENT NECESSARY TO ADMINISTER AND PROCESS THE AWARDS GRANTED UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Grantee has executed this Agreement, both as of the day and year first above written.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Grantee have executed this Restricted Stock Unit Agreement as of the date first above written.

COMPANY

LANDS' END, INC.

By:

Name:

Title:

GRANTEE

Name:

LANDS' END, INC.
NONQUALIFIED STOCK OPTION AGREEMENT

Name of Grantee:	______________________	(the "Grantee")
No. of Nonqualified Stock Options:	______________________	
	______________________	
Per Share Exercise Price of Nonqualified Stock Options	______________________	
	______________________	
Grant Date:	______________________	(the "Grant Date")

WHEREAS, the Grantee is currently an employee of Lands' End, Inc., a Delaware corporation (the "Company");

WHEREAS, the Company desires to (i) induce the Grantee with an incentive to become and remain an employee of the Company and (ii) increase the Grantee's interest in the success of the Company by granting nonqualified stock options (the "Options") covering shares of common stock of the Company to the Grantee; and

WHEREAS, the issuance of the Options is made pursuant to the Lands' End, Inc. [INSERT PLAN NAME HERE] (the "Plan") and made subject to the terms and conditions of this Lands' End, Inc. Stock Option Agreement (this "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 Options shall be subject to the Plan and the terms of the Plan are incorporated herein by reference. The Grantee hereby acknowledges receipt of a copy of the Plan. The Company represents that the Options will be covered by an S-8.

2. Grant of Options. Subject to the provisions of this Agreement and the Plan, the Company hereby grants to the Grantee the Options specified above. Each Option represents the right to purchase one (1) share of the Company's common stock, par value $0.01 per share (each, a "Share"), at the Exercise Price (defined below). The Options are intended to be nonqualified stock options and will not be treated as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended.

3. Terms and Conditions.

(a) Exercise Price. The exercise price per Share with respect to the Options shall be $_______, which is the Fair Market Value of a Share on the Grant Date.

(b) Option Term. Subject to earlier termination as provided herein, the Options shall expire on the tenth (10th) anniversary of the Grant Date (the "Expiration Date").

(c) Vesting.

(i) All of the Options shall initially be unvested. All of the Options shall be subject to the following vesting schedule, and, except as otherwise provided in this Section 2(c), if the Grantee's employment terminates for any reason prior to any given Vesting Date identified below, the Grantee shall forfeit any unvested Options upon such termination of employment.

Vesting Date	**Percentage of Option Vested**
	%

(ii) If, following the twelve (12) month anniversary of the Grant Date, the Grantee's employment terminates due to a permanent and total disability (as defined in the Company's long-term disability program, regardless of whether the Participant is covered by such program) ("Disability"), any of the Options not previously vested shall vest pro rata through date of termination.

(iii) If, following the twelve (12) month anniversary of the Grant Date, the Grantee's employment terminates due to death, any of the Options not previously vested shall vest pro rata through date of death.

(iv) Any proration of the Options described in subsections 3(c)(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.

(d) Termination.

(i) The Options (to the extent not otherwise forfeited) shall automatically terminate and shall become null and void, be unexercisable and be of no further force and effect upon the earliest of:

(A) The Expiration Date;

(B) The first anniversary of the date of the Grantee's termination of employment due to death or Disability;

(C) The ninetieth (90th) day following the Grantee's termination of employment without Cause (as defined in Section 12.3 of the Plan) or due to the Grantee's resignation;

(D) The date of the Grantee's termination of employment in the case of a termination for Cause.

Notwithstanding the foregoing, with respect to any Grantee who is party to a severance agreement or other employment agreement with the Company as of the date of his or her termination of employment, "Cause," as used in this Section 3(d) shall have the same meaning as such term is defined in such severance or employment agreement.

4. Exercise. The Option may be exercised either for the total number of Shares vested, or for less than the total number of Shares subject to the vested Option. The Options may be exercised only by written notice delivered in accordance with, and payment of the Exercise Price may be made pursuant to any of the methods described in, Section 8.4(b) of the Plan. Upon receipt of notice of exercise and full payment of the aggregate consideration for the Shares in respect of which the Option is being exercised, the Company, or the Company's agent, shall take such action as may be necessary to effect the transfer to the Grantee the number of Shares as to which the exercise was effective.

5. Taxes.

(a) This Section 5(a) applies only to (i) all Grantees who are U.S. employees, and 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 exercise of the Options. The 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 Options, an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to the Options. Consistent with the provisions set forth in Section 14.4 of the Plan, 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 be issued upon exercise of the Options, in each case, having a value equal to the minimum amount of tax required to be withheld. Such Shares shall be valued at 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 Options and the disposition of the shares following the settlement of Options are complex and subject to change.

6. 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 Options 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 exercise of any of the Options 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.

7. No Rights as a Shareholder. The Grantee has no right to receive or accrue any dividends or dividend equivalents with respect to the Options. The Grantee shall not possess the right to vote the shares underlying the Options until the Options have been exercised in accordance with the provisions of this Agreement and the Plan, the Grantee has paid the full aggregate Exercise Price for the number of Shares in respect of which the Option was exercised and made arrangements acceptable to the Company for the payment of applicable withholding taxes and the Company has issued and delivered the Shares to the Grantee.

8. Compliance with Legal Requirements. The grant of the Options, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, and foreign laws, rules, and regulations and to such approvals by any regulatory or governmental agency as may be required. The Committee, in its sole discretion, may postpone the issuance or delivery of Shares as the Committee may consider appropriate and may require the Grantee to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of the Shares in compliance with applicable laws, rules, and regulations.

9. 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.

10. 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 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 (5th) day after the day on which such notice is mailed.

11. 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.

12. Authority of the Administrator. The Committee shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the Committee as to any such matter of interpretation or construction shall be final, binding and conclusive. Notwithstanding the foregoing, any classification of employment termination shall be resolved in accordance with the terms of any severance agreement or other employment agreement with the Company as of the date of his or her termination of employment.

13. Representations. The Grantee has reviewed with the Grantee's 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 the Grantee (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

14. 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.

15. Clawback Policy. The Options are subject to the terms of any severance or employment agreement between the Company and the Grantee, and, to the extent required by applicable law, any Company recoupment, clawback, or similar policy related to financials as it may be in effect from time to time, any of which could, in certain circumstances, require repayment or forfeiture of the Options or any Shares or other cash or property received with respect to the Options (including any value received from a disposition of the Shares acquired upon exercise of the Options).

16. 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.

17. Amendments; Construction. The 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 the Grantee's consent. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of the Options and shall have no effect on the interpretation hereof.

18. Acceptance. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provision hereof and thereof, and accepts the Options 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 Committee upon any questions arising under this Agreement.

19. 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 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 Shares or the rights thereof or which are convertible into or exchangeable for Shares, 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. In such event, any adjustment shall be made in accordance with Section 12 of the Plan.

(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.

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 GRANT 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.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Grantee have executed this Nonqualified Stock Option Agreement as of the date first above written.

COMPANY

LANDS' END, INC.

By: ________________________________

Name:

Title:

GRANTEE

By: ________________________________

Name:

EXHIBIT 31.1

CERTIFICATIONS

I, Jerome S. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

August 31, 2017

/s/ Jerome S. Griffith

Jerome S. Griffith

Chief Executive Officer and President
(Principal Executive Officer)

Lands’ End, Inc.

EXHIBIT 31.2

CERTIFICATIONS

I, James F. Gooch, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

August 31, 2017

/s/ James F. Gooch

James F. Gooch

Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Lands' End, Inc.

EXHIBIT 32.1

CERTIFICATION

Pursuant to 18 U.S.C. 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned, Jerome S. Griffith, Chief Executive Officer and President of Lands' End, Inc. (the "Company") and James F. Gooch, Executive Vice President, Chief Operating Officer, Chief Financial Officer and Treasurer of the Company, has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 28, 2017 (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.

August 31, 2017

/s/ Jerome S. Griffith

Jerome S. Griffith
Chief Executive Officer and President
(Principal Executive Officer)

August 31, 2017

/s/ James F. Gooch

James F. Gooch
Executive Vice President, Chief Operating Officer,
Chief Financial Officer and Treasurer
(Principal Financial Officer)