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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 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 _____

Commission File Number 001-38026

J.Jill, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
4 Batterymarch Park Quincy, MA
(Address of principal executive offices)

45-1459825
(I.R.S. Employer
Identification No.)
02169
(Zip Code)

Registrant's telephone number, including area code: (617) 376-4300

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

Title of each class
Common Stock, \$0.01 par value

Name of each exchange on which registered
New York Stock Exchange

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

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

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

(Check one):

Large accelerated filer ☐
Non-accelerated filer ☒ (Do not check if a small reporting company)

Accelerated filer ☐
Small 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 Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on NYSE Stock Market on April 21, 2017, was \$194,290,605.20.

The number of shares of Registrant's Common Stock outstanding as of April 21, 2017 was 43,747,944.

Table of Contents

	<u>Page</u>
<u>PART I</u>	
Item 1. Business	4
Item 1A. Risk Factors	13
Item 1B. Unresolved Staff Comments	34
Item 2. Properties	34
Item 3. Legal Proceedings	35
Item 4. Mine Safety Disclosures	35
<u>PART II</u>	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	36
Item 6. Selected Financial Data	36
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	40
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	63
Item 8. Financial Statements and Supplementary Data	64
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	65
Item 9A. Controls and Procedures	65
Item 9B. Other Information	66
<u>PART III</u>	
Item 10. Directors, Executive Officers and Corporate Governance	67
Item 11. Executive Compensation	72
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	80
Item 13. Certain Relationships and Related Transactions, and Director Independence	81
Item 14. Principal Accounting Fees and Services	84
<u>PART IV</u>	
Item 15. Exhibits, Financial Statement Schedules	85
Item 16. Form 10-K Summary	85

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Annual Report”) contains forward-looking statements, which involve risks and uncertainties. These forward-looking statements are generally identified by the use of forward-looking terminology, including the terms “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would” and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained in this Annual Report, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management and expected market growth are forward-looking statements. The forward-looking statements are contained principally in the sections entitled “Item 1. Business,” “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and include, among other things, statements relating to:

- our strategy, outlook and growth prospects;
- our operational and financial targets and dividend policy;
- our planned expansion of the store base and the implementation of the new design in our existing stores;
- general economic trends and trends in the industry and markets; and
- the competitive environment in which we operate.

These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause our results to vary from expectations include, but are not limited to:

- our ability to successfully expand and increase sales;
- our ability to maintain and enhance a strong brand image;
- our ability to successfully optimize our omni-channel operations and maintain a relevant and reliable omni-channel experience;
- our ability to generate adequate cash from our existing business to support our growth;
- our ability to identify and respond to new and changing customer preferences;
- our ability to compete effectively in an environment of intense competition;
- our ability to contain the increase in the cost of shipping our merchandise, mailing catalogs, paper and printing;
- our ability to acquire new customers in a cost-effective manner;
- the success of the locations in which our stores are located and our ability to open and operate new retail stores on a profitable basis;
- our ability to adapt to changes in consumer spending and general economic conditions;
- natural disasters, unusually adverse weather conditions, boycotts and unanticipated events;
- our dependence on third-party vendors to provide us with sufficient quantities of merchandise at acceptable prices;
- increases in costs of raw materials, distribution and sourcing costs and in the costs of labor and employment;
- the susceptibility of the price and availability of our merchandise to international trade conditions;

[Table of Contents](#)

- failure of our suppliers and their manufacturing sources to use acceptable labor or other practices;
- our dependence upon key executive management or our inability to hire or retain the talent required for our business;
- failure of our information technology systems to support our current and growing business;
- disruptions in our supply chain and distribution and customer contact center;
- our ability to protect our trademarks or other intellectual property rights;
- infringement on the intellectual property of third parties;
- acts of war, terrorism or civil unrest;
- the impact of governmental laws and regulations and the outcomes of legal proceedings;
- our ability to secure the personal information of our customers and employees and comply with applicable security standards;
- impairment charges for goodwill, indefinite-lived intangible assets or other long-lived assets;
- our failure to maintain adequate internal controls over our financial and management systems;
- increased costs as a result of being a public company; and
- other risks, uncertainties and factors set forth in this Annual Report, including those set forth under “Item 1A. Risk Factors.”

These forward-looking statements reflect our views with respect to future events as of the date of this Annual Report and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this Annual Report and, except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Annual Report. We anticipate that subsequent events and developments will cause our views to change. You should read this Annual Report and the documents filed as exhibits to the Annual Report, completely and with the understanding that our actual future results may be materially different from what we expect. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may undertake. We qualify all of our forward-looking statements by these cautionary statements.

PART I

Item 1. Business

In this Annual Report, unless otherwise indicated or the context otherwise requires, references to the “Company,” “J.Jill,” “we,” “us,” and “our” refer to J.Jill, Inc. and its consolidated subsidiaries. We operate on a 52- or 53-week fiscal year that ends on the Saturday that is closest to January 31. Each fiscal year generally is comprised of four 13-week fiscal quarters, although in the years with 53 weeks, the fourth quarter represents a 14-week period. References in this Annual Report to “fiscal year 2016” refer to the fiscal year ending January 28, 2017 and references to “fiscal year 2014” refer to the fiscal year ended January 31, 2015. References in this Annual Report to “pro forma fiscal year 2015” refer to the unaudited pro forma consolidated statement of operations, which has been derived from our consolidated audited statements of operations included elsewhere in this Annual Report. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional information. Fiscal year 2016, pro forma fiscal year 2015 and fiscal year 2014 were each comprised of 52 weeks.

Company Overview

J.Jill is a nationally recognized women’s apparel brand focused on a loyal, engaged and affluent customer in the attractive 40-65 age segment. The J.Jill brand represents an easy, relaxed and inspired style that reflects the confidence and comfort of a woman with a rich, full life. We operate a highly profitable omni-channel platform that is well diversified across our direct (43% of net sales for fiscal year 2016) and retail (57% of net sales for fiscal year 2016) channels. We began as a catalog company and have been a pioneer of the omni-channel model with a compelling presence across stores, website and catalog since 1999. We have developed an industry-leading customer database that allows us to match approximately 97% of transactions to an identifiable customer. We take a data-centric approach, in which we leverage our database and apply our insights to manage our business as well as to acquire and engage customers to drive optimum value and productivity. Our goals are to Create a great brand, to Build a successful business and to Make J.Jill a great place to work. To achieve this, we have aligned our strategy and team around four guiding pillars – Brand, Customer, Product and Channel.

Brand

We have developed a unique brand image that encourages customers to build deep, personal connections with our brand and that differentiates us from our peers. Our brand promise to the J.Jill woman is to delight her with great wear-now product, to inspire her confidence through J.Jill’s approach to dressing and to provide her with friendly, guiding service wherever and whenever she chooses to shop. We use our key brand attributes—Naturally Authentic, Thoughtfully Engaging, Relaxed Femininity, Positive Energy and Confident Simplicity—to guide all brand messaging, which is consistently communicated to our customers, whether she chooses to shop on our www.jjill.com website, in our retail stores or through our catalog.

We believe we have the ability to create and maintain positive brand associations with customers. We have cultivated a differentiated brand that resonates with our loyal customers, as evidenced by one of the highest levels of brand satisfaction and one of the highest aided brand awareness scores relative to our peers.

Customer

While we find that women of all ages are attracted to our brand, our typical customer is 40 to 65 years old, is college educated and has an annual household income that exceeds \$150,000. She leads a busy, yet balanced life, as she works outside the home, is involved in her community and has a family with children. She values comfort, ease and versatility in her wardrobe, in addition to quality fabrics and thoughtful details. She is fashion conscious and looks to J.Jill to interpret current trends most relevant to her needs and lifestyle. She buys wear-now product and is willing to invest in special, unique pieces. She is tech savvy, but also loves the J.Jill store experience and frequently engages with us across all channels.

As our customers increase their tenure with our brand, they tend to spend more and purchase more frequently. Additionally, as we retain customers over time, they tend to migrate from single channel customers to more valuable omni-channel customers. Omni-channel customers reflect 22% of our active customer base for fiscal year 2016, which has increased from 20% in pro forma fiscal year 2015 and 19% in fiscal year 2014. See “Management’s Discussion of Financial Condition and Results of Operations—Supplemental Unaudited Pro Forma Consolidated Financial Information” for discussion regarding our pro forma fiscal year 2015.

Product

Our Products

Our products are marketed under the J.Jill brand name and sold exclusively through our direct and retail channels. Our diverse assortment of apparel spans knit and woven tops, bottoms and dresses as well as sweaters and outerwear. We also offer a range of complementary footwear and accessories, including scarves, jewelry and hosiery. By presenting our merchandise to her in clear product stories, we strive to uncomplicate fashion across her entire wardrobe, providing comfortable, easy and versatile collections that enable her to dress confidently for a broad range of occasions. Our products are available across the full range of sizes including Misses, Petites, Women’s and Tall, and reflect a modern balance of style, quality, comfort and ease at accessible price points. The core products of our assortment are designed and merchandised in-house around clear product stories, grounded with essential yet versatile styles and fabrications that are typically represented across a season. Assortments are updated each month with fresh colors, layering options, novelty and fashion. Our foundation is comprised of a full assortment of knits, wovens and sweaters, and provides easy dressing options for everyday wear. In addition to our core assortment, we have developed two sub-brands as extensions of our brand aesthetic and our customer lifestyle needs:

Pure Jill : Our Pure Jill sub-brand reflects the art of understated ease. It is designed with a clear focus and minimalist approach to style, and reflected in simple shapes, unstructured silhouettes, interesting textures, soft natural fabrics and artful details.

Wearever : Our Wearever sub-brand consists of our refined rayon jersey knit collection that is designed for work, travel and home. It has a foundational collection of versatile shapes and proportions, in solids and prints that mix easily to provide endless options—everything works together. These soft knits are easy care and wrinkle-free, and always look great.

We also offer accessories in unique, versatile and wearable collections. These accessory collections are primarily driven by scarves and jewelry and seamlessly complete our customer’s wardrobe.

Product Design and Development

Each year we offer 12 merchandise collections that are introduced every four weeks and designed and delivered to provide a consistent flow of fresh products. All of our merchandise is designed in-house, and we create newness through the use of different fabrics, colors, patterns and silhouettes, with approximately 40% new styles in each monthly collection. We introduce each collection simultaneously on our website, in our retail stores and in our catalogs. We support each collection with continuous web updates, sequenced floor sets and 25 corresponding catalog editions in addition to regular, coordinated marketing activities. Our new product development lifecycle typically takes 48 weeks from design concept through delivery. We leverage feedback and purchasing data from our customer database along with continual collaborative hindsighting to guide our product and merchandising decision making. Joann Fielder, our Executive Vice President and Chief Creative and Merchandising Officer, oversees a team responsible for design, product development, sourcing, creative, merchandising and inventory planning. This close coordination between our creative and merchandising teams ensures that our product and brand message is clearly communicated to our customers across all channels.

We believe our merchandising strategy, a flow of fresh, new styles and ability to integrate continuous customer feedback and purchasing data allow us to consistently deliver relevant products to our customers. Our

disciplined planning and product lifecycle management strategies enable effective in-season inventory management to maximize inventory turn and productivity. Through these effective inventory management practices, we are able to minimize markdowns and promotional activity, allowing us to drive favorable gross margins.

Channel

We are an omni-channel retailer, delivering a seamless brand experience to our customer, wherever and whenever she chooses to shop across our website, retail stores and catalog. Driven by our direct-to-consumer heritage, we have a highly profitable omni-channel platform that is well-diversified across our direct and retail channels. In 1999, we became an omni-channel retailer, with the launch of our website and the opening of our first retail stores. Our channels reinforce one another and drive traffic to each other, and we deliver a consistent brand message by coordinating the release of our monthly collection across our website, retail stores and catalogs, allowing our customers to experience a uniform brand message. We believe that our customers' buying decisions are influenced by this consistent messaging and experience across our sales channels. We have a strong track record of migrating customers from a single-channel customer to a more valuable, omni-channel customer over time.

Direct Channel

Our direct channel, which represented 43% of total net sales for fiscal year 2016, consists of our website and catalog orders.

Industry-Leading E-commerce Platform

Our website, www.jjill.com, is a natural extension of our retail stores and our catalog, and provides customers with a broader range of colors and sizes, including Women's and Tall sizes, than available in our stores. Our website has been optimized for shopping and purchasing across desktop, mobile phone and tablet devices. The website features updates on new collections, guidance on how to wardrobe and wear our products and the ability to chat live with a sales representative, all of which facilitate customer engagement and interaction. Additionally, we leverage our website as an efficient inventory clearance vehicle, which allows us to keep our retail store products fresh and representative of our newest collection. Within our direct channel, E-commerce represented 89% of fiscal 2016 net sales.

Catalog

Our catalogs are an integral part of our business. As one of our primary marketing vehicles, our catalogs promote and reinforce our brand image and drive customer acquisition and engagement across all of our channels. We produce 25 annual editions of our catalog that, when combined with an increasing investment in online marketing, drives customer acquisition and engagement across all of our channels. As on our website and in our retail stores, our catalogs reflect our product offering in settings that align with our merchandise segments, including our sub-brands, and provide guidance on styling and wardrobing. Our catalogs are designed in-house, providing us with greater creative control as well as effectively managing our catalog production costs. Within our direct channel, catalog orders represented 11% of fiscal year 2016 net sales.

Retail Channel

Our Stores

Our retail channel represented 57% of net sales for fiscal year 2016. As of January 28, 2017, we operated 275 stores across 43 states with approximately half located in lifestyle centers and the remaining in premium malls; all of our stores are leased. Our stores range in size from approximately 2,350 to 6,550 square feet, and the average store is approximately 3,750 square feet.

[Table of Contents](#)

We introduced a new store design concept in 2013 that showcases our brand concept and elevates, yet simplifies, the J.Jill shopping experience. The new store concept provides a welcoming, easy-to-shop format that guides her through clearly merchandised product stories. With natural materials in soothing neutral colors, comfortable fabrics and elegant seating areas, the atmosphere is aspirational, yet attainable. When she cannot find an item in-stock at her local store, our concierge service leverages our in-store ordering platform and ships products to her home with no shipping charge.

Site Selection

We believe our store expansion model supports our ability to grow our store footprint in both new and existing markets across the United States with the potential to simultaneously enhance our direct channel sales by migrating single-channel customers to omni-channel customers. New store locations are evaluated on various factors, including customer demographics within a market, concentration of existing customers, location of existing stores, and center tenant quality and mix. We also leverage our customer database, including purchasing history and customer demographics, to determine geographic locations that may benefit from a retail store. We target opening new stores in high traffic locations with desirable demographic characteristics and favorable lease economics. We believe we can add up to 100 stores to our store base of 275 over the long term. We plan to open 10-15 new stores in fiscal year 2017 and in each year thereafter. We also plan to selectively close underperforming stores on an annual basis.

The following table shows new store openings since the beginning of fiscal year 2012. The stores opened in the last three years were primarily in lifestyle centers.

Store Open Year	Total Stores Opened	Total Stores at the End of the Fiscal Year
Fiscal Year 2012	7	227
Fiscal Year 2013	13	234
Fiscal Year 2014	19	248
Pro Forma Fiscal Year 2015	15	261
Fiscal Year 2016	15	275

Competitive Strengths

We attribute our success to the following competitive strengths:

Distinct, Well-Recognized Brand. The J.Jill brand represents an easy, relaxed and inspired style that reflects the confidence and comfort of a woman with a rich, full life. We have cultivated a differentiated brand and through our commitment to our customer and our brand building activities, we have created significant brand trust and an emotional connection with our customers.

Industry-Leading Omni-Channel Business. We have developed a powerful, omni-channel business model comprised of our industry-leading direct channel and our retail stores. Our direct and retail channels complement and drive traffic to one another, and we leverage our targeted marketing initiatives to acquire new customers across all channels. We have a strong track record of migrating customers from a single-channel customer to a more valuable, omni-channel customer over time. As a result, our direct penetration has grown rapidly and accounted for 43% of net sales for fiscal year 2016 driven primarily by growth in our E-commerce business. We believe our strong omni-channel capabilities enable us to deliver a seamless brand experience to our customer, wherever and whenever she chooses to shop.

Data-Centric Approach That Drives Consistent Profitability and Mitigates Risk. We believe we have strong customer and transaction data capabilities, but it is our use of the data that distinguishes us from our competitors. We have developed industry-leading data capture capabilities that allow us to match approximately

97% of transactions to an identifiable customer, which we believe is significantly ahead of the industry standard. We maintain an extensive customer database that tracks customer details from personal identifiers and demographic overlay (e.g., name, address, age, household income and occupation) as well as contact history (e.g., catalog and email). We also have significant visibility into our customers' transaction behavior (e.g., orders, returns, order value), including purchases made across our channels. As such, we can identify a single-channel customer who purchases a product through our website, our retail store or our catalog, as well as an omni-channel customer who purchases in more than one channel. We continually leverage this database and apply our insights to operate our business as well as to acquire new customers and then create, build and maintain a relationship with each customer to drive optimum value. As of the end of fiscal year 2016, our database had over ten million names. We believe our data-centric approach allows us to respond to customer preferences and mitigate risk leading to consistent, predictable operating and financial performance over time.

Affluent and Loyal Customer Base. We target an attractive demographic of affluent women in the 40-65 age range, a segment of the population that is experiencing outsized population growth between 2010 and 2020 in the United States, according to the U.S. Census Bureau. With an average annual household income that exceeds \$150,000, our customer has significant spending power. Our private label credit card program also drives customer loyalty and encourages spending. We believe we will continue to develop long-term customer relationships that will drive profitable sales growth.

Customer-Focused Product Assortment. Our customers strongly associate our product with a modern balance of style, quality, comfort and ease suitable for a broad range of occasions at accessible price points. Our customer-focused assortment spans a full range of sizes and is designed to provide easy wardrobing that is relevant to her lifestyle. Each year we offer 12 merchandise collections that are introduced approximately every four weeks and designed and delivered to provide a consistent flow of fresh products. We create product newness through the use of different fabrics, colors, patterns and silhouettes, with approximately 40% new styles delivered in each monthly collection, which motivates our customer to visit our stores and/or our website more frequently. We have an in-house, customer centric product design and development process that leverages our extensive database of customer feedback and allows us to identify and incorporate changes in our customers' preferences, mitigating fashion risk. We believe our customer focused approach to product development and continual delivery of fresh, high quality products drives traffic, frequency and conversion.

Highly Experienced Leadership Team, Delivering Superior Results. Our leadership team is led by President and Chief Executive Officer, Paula Bennett, who joined J.Jill in 2008 and has over 35 years of experience. Ms. Bennett understands the importance of a strong brand, possesses deep knowledge of our customers and has extensive direct to consumer and retail channel experience. She has built a team from leading global organizations with an average of 25 years of industry experience and significant expertise in merchandising, marketing, retail, E-commerce, human resources and finance. We have developed a strong and collaborative culture aligned around our goals to Create a great brand, to Build a successful business and to Make J.Jill a great place to work. Our leadership team is aligned and incentivized around growing Adjusted EBITDA and has delivered superior and consistent operating results, growing net sales by a 10% CAGR, Adjusted EBITDA by a 25% CAGR and Adjusted EBITDA margin by 640 basis points from fiscal year 2012 through fiscal year 2016.

Growth Strategy

Key drivers of our growth strategy include:

Grow Size and Value of Our Customer Base. We have a significant opportunity to continue to attract new customers to our brand and to grow the size and value of our active customer base across all channels. Historically, we grew our business by driving spend per customer. We strategically increased our marketing investment to drive growth through the acquisition of new customers, reactivation of lapsed customers and the retention of existing customers. This investment has proven effective as, for example, in fiscal year 2016 we

increased our active customer base growth of 11% and new customer growth of 13%. We recently began a brand voice and customer segmentation initiative which, upon completion, will further enhance our ability to target the highest value customers and increase customer spending. Through these initiatives, we believe we will continue to attract new customers to our brand, migrate from single-channel to more profitable omni-channel customers and increase overall customer retention and spend.

Increase Direct Sales. Given our strong foundation that positions us to capitalize on the growth of online and mobile shopping, we believe we have the opportunity to grow our direct sales from 43% of our net sales to approximately 50% over the next few years. According to Euromonitor, online apparel sales are expected to grow at a CAGR of approximately 15% from 2015 to 2020, which is significantly above the long-term growth of the broader apparel industry. We are undertaking several initiatives to enhance our capabilities and drive additional direct sales. We are in the process of converting our website to a new platform to improve our customers' personalized shopping experience and increase the ease of navigation, checkout and overall engagement. Our new platform, managed by our experienced team will provide us with the opportunity to expand internationally. In addition, our mobile platform provides us with the ability to effectively engage with our customer on her mobile device by providing her with access to product research and the ability to connect with the brand socially. We believe our powerful direct platform will enable us to further strengthen our dominant market position and broaden our customer reach.

Profitably Expand Our Store Base. Based on our proven new store economics, we believe that we have the potential to grow our store base by up to 100 stores over the long term from our total of 275 stores as of January 28, 2017. We will target new locations in lifestyle centers and premium malls, and we plan to open 10-15 new stores in fiscal year 2017 and in each year thereafter. We introduced a new store design concept in 2013 that showcases our brand concept and elevates, yet simplifies the J.Jill shopping experience. The new store concept provides a welcoming, easy-to-shop format that guides her through clearly merchandised product stories. All of our new stores will reflect our new design concept and we intend to continue this design for new stores and refresh our existing stores as appropriate. We also plan to selectively close underperforming stores on an annual basis.

Strengthen Omni-Channel Capabilities. We are pursuing a variety of initiatives designed to enhance our omni-channel capabilities focused on best serving our customer, wherever and whenever she chooses to shop. In fiscal year 2016, we enhanced our management team to focus on the omni-channel customer experience, including the recent hires of a Chief Information Officer and a Senior Vice President of Marketing. We will continue to leverage our insight into customer attributes and behavior, which will guide strategic investments in our business. For example, we will enhance our ability to seamlessly manage our inventory across all of our channels. We also plan to implement technology to further fulfill customer demand, including ship from store to customer and order online for pickup in store. We expect our sustainable model, combined with our omni-channel initiatives, will continue to drive traffic, increase average transaction value and enhance conversion across all of our channels.

Enhance Product Assortment. We believe there is an opportunity to grow our business by selectively broadening and enhancing our assortment in certain product categories, including our Pure Jill and Wearever sub-brands, our Women's and Petite's businesses, and accessories. Based on strong demand for our extended size product and our sub-brands, we believe we have the opportunity to expand and focus these categories in selected stores as well as test the offering in stand-alone store formats. We also believe we have the opportunity to continue to optimize our assortment architecture and productivity by delivering the right mix and flow of fashion and basics to our channels. In addition, we will continue delivering high quality customer-focused product assortments across each of our channels, while strengthening visual merchandising. Through our focused and enhanced product offering, particularly in our sub-brands and extended sizes, we believe we will continue to drive profitable sales growth over time.

Market

J.Jill operates as a specialty retailer in the large and growing women's apparel industry. According to Euromonitor, total apparel sales in the United States grew from \$301 billion in 2010 to \$343 billion in 2015, reflecting a CAGR of 3%. Within apparel, E-commerce sales grew at a 15% CAGR from \$23 billion to \$46 billion, while brick-and-mortar sales remained relatively flat. As we continue to grow our business and expand beyond the United States, global apparel sales are expected to grow at a CAGR of 4%. Online sales are expected to grow at a CAGR of approximately 15%, which is significantly above the long-term growth of the broader apparel industry. Given our strong foundation that positions us to capitalize on the growth of online and mobile shopping, we believe we have the opportunity to grow our direct sales from 43% of our net sales to approximately 50% over the next few years. Within the women's apparel market, we believe we have an opportunity to gain share within the Sportswear market for women over the age of 40, which has a market size of approximately \$42 billion for the twelve month period ended May 2015, according to data from the NPD Group, Inc., and consists of 79 million women, according to a U.S. Census Bureau projection.

Marketing and Advertising

We leverage a variety of marketing and advertising vehicles to increase brand awareness, acquire new customers, drive customer traffic across our channels, and strengthen and reinforce our brand image. These include our 25 annual catalog editions, promotional mailings, email communications, digital and print advertisements and public relations initiatives. We leverage our customer database to strategically optimize the value of our marketing investments across customer segments and channels. This enables us to productively acquire new customers, effectively market to existing customers, increase customer retention levels and reactivate lapsed customers.

Our catalog, combined with an increased investment in online marketing, drive customer acquisition and engagement across all of our channels. We reinforce a consistent brand message by coordinating the release of our monthly collection across our website, retail stores and catalogs, allowing our customers to experience a uniform brand message wherever and whenever she chooses to shop. We also engage in a wide range of other marketing and advertising strategies to promote our brand, including media coverage in specialty publications and magazines.

In late 2014, we strategically increased our marketing investment to drive growth through the acquisition of new customers, reactivation of lapsed customers and the retention of existing customers. This investment has proven effective as, for example, in fiscal year 2016 we increased our active customer base growth of 11% and new customer growth of 13%. We recently began a brand voice and customer segmentation initiative which, upon completion, will further enhance our ability to target the highest value customers and increase customer spending. Through these initiatives, we believe we will continue to attract new customers to our brand, migrate from single-channel to more profitable omni-channel customers and increase overall customer retention and spend.

We offer a private label credit card program through an agreement with Comenity Capital Bank ("ADS"), under which they own the credit card receivables. We recently renewed our agreement with ADS with more favorable terms to us. All credit card holders receive invitations to exclusive customer events and promotions including special purchase events three times per year, a special offer for her birthday, and a 5% discount when purchases are made on the card. We promote the benefits of the credit card throughout our website, our retail stores and our catalog through banner ads, signage and customer service and selling associate representatives. Additionally, we leverage regional print advertising to promote the card and its benefits to new and existing customers. We believe that our credit card program encourages customer loyalty, repeat visits and additional spending. In fiscal year 2016, 53% of our gross sales were generated by our credit card holders.

Sourcing and Supply Strategy

We outsource the manufacturing of our products, which eliminates the need to own or operate manufacturing facilities. In order to efficiently source our products, we work primarily with agents who represent suppliers and factories. In fiscal year 2016 approximately 83% of our products were sourced through agents and 17% were sourced directly from suppliers and factories. We currently work with three primary agents that help us identify quality suppliers and coordinate our manufacturing requirements. Additionally, the agents manage the development of samples of merchandise produced in the factories, inspect finished merchandise, ensure the timely delivery of goods and carry out other administrative and oversight functions on our behalf. We source the remainder of our products by interacting directly with suppliers and factories both domestically and abroad.

Agents work with 30 suppliers on our behalf and we work directly with five suppliers. We source our merchandise globally from eight countries including China, India, the Philippines, Indonesia, and Vietnam. No single supplier accounts for more than 20% of merchandise purchased.

We have no long-term merchandise supply contracts as we typically transact business on an order-by-order basis to maintain flexibility. We believe our strong relationships with suppliers have provided us with the ability to negotiate favorable pricing terms, further improving our overall cost structure and profitability. Our dedicated sourcing team actively negotiates and manages product costs to deliver initial mark-up objectives. The team further focuses on quality control to ensure that merchandise meets required technical specifications and inspects the merchandise to ensure it meets our strict standards, including regular in-line inspections while goods are in production. Upon receipt, merchandise is further inspected on a test basis for consistency in cut, size and color, as well as for conformity with specifications and overall quality of manufacturing. Our sourcing team ensures that the customer has a consistent product and satisfying brand experience regardless of product size, color or collection.

Omni-Channel Distribution and Customer Contact Center

We lease our 520,000 square foot state-of-the-art distribution and customer contact center in Tilton, New Hampshire. The facility manages the receipt, storage, sorting, packing and distribution of merchandise for our direct and retail channels. Retail stores are replenished at least once a week from this facility and shipped by third-party delivery services, providing our retail stores with a steady flow of new inventory that helps to maintain product freshness. Our distribution system is designed to operate in a highly-efficient and cost-effective manner, including our ability to profitably support individual direct orders which we believe differentiates ourselves from our competitors. In fiscal year 2016, the distribution center handled 33.5 million units, split between 17.0 million retail (51%) and 16.5 million direct (49%) pieces, and we believe this facility is sufficient to support our future growth.

The customer contact center is an extension of our brand, providing a consistent customer experience at every stage of a purchase across all of our channels. In fiscal year 2016, we managed approximately 4.0 million customer interactions through our in-house customer contact center in Tilton, New Hampshire. Our customer contact center is responsible for nearly all live customer interactions, other than in retail stores, including order taking and further serves as an important feedback loop in gathering customer responses to our brand, product and service. We continue to refine and improve our contact center strategy and experience to support the constantly evolving digital landscape.

Information Systems

We use information systems to support business intelligence and processes across our sales channels. We continue to invest in information systems and technology to enhance the customer experience, drive sales and create operating efficiencies. We utilize third-party providers for customer database and customer campaign management, ensuring efficient maintenance of information in a secure, backed-up environment. We also utilize

a proprietary E-commerce platform hosted by a third-party provider and a well-developed proprietary data warehouse for business intelligence.

In fiscal year 2016, we implemented a new core merchandising system in support of a single view of inventory across all channels, increased efficiency in sales support areas and superior product management and reporting tools. This system is foundational to our plans to create a more scalable and seamless omni-channel platform and enhances our capabilities in merchandising and inventory management. We also intend to replace our E-commerce platform in 2017 to drive future growth and further enable digital capabilities.

We also invested in a new central processor and upgraded infrastructure and communication networks to increase system processing speed and uptime, improve security, and increase system back-up and recovery capabilities. We also made strategic investments, including a significant upgrade to our retail inventory allocation system and the implementation of a new, scalable design and sourcing system (PLM) that enables significant benefits by enhancing collaboration and sharing in the creative process, increasing automation and adding analysis tools.

Seasonality

While the retail business is generally seasonal in nature, we have historically not experienced significant seasonal fluctuations in our sales. Our merchandise offering drives consistent sales across seasons with no quarter contributing more than 27% of total annual net sales in fiscal year 2016.

Competition

The women's apparel industry is highly competitive. We compete with local, national and international retail chains and department stores, specialty and discount stores, catalogs and internet businesses offering similar categories of merchandise. We compete primarily on the basis of design, service, quality and value. We believe our distinct combination of design, service, quality and value allows us to compete effectively and we believe we differentiate ourselves from competitors based on the strength of our brand, our industry-leading omni-channel platform, our strong data capabilities, our loyal customer base, our customer-focused product assortment and our highly experienced leadership team. Our competitors range from smaller, growing companies to considerably larger companies with substantially greater financial, marketing and other resources.

Employees

As of January 28, 2017, we employed 1,406 full-time and 2,395 part-time employees. Of these employees, 342 are employed in our headquarters in Quincy, Massachusetts, 3,009 are employed in our retail stores and 450 work in our distribution and customer contact center and administrative office in Tilton, New Hampshire. The number of employees, particularly part-time employees, fluctuates depending upon seasonal needs.

Our employees are not represented by a labor union and are not party to a collective bargaining agreement. We consider our relations with our employees to be good.

Intellectual Property

Our trademarks are important to our marketing efforts. We own or have the rights to use certain trademarks, service marks and trade names that are registered with the U.S. Patent and Trademark Office or other foreign trademark registration offices or exist under common law in the United States and other jurisdictions. Trademarks that are important in identifying and distinguishing our products and services include, but are not limited to, J.Jill®, The J.Jill Wearever Collection® and Pure Jill®. Our rights to some of these trademarks may be limited to select markets. We also own domain names, including www.jjill.com.

Corporate Information

We were originally organized as Jill Intermediate LLC, a Delaware limited liability company, in February 2011. On February 24, 2017, we completed transactions pursuant to which we converted into a Delaware corporation and changed our name to J.Jill, Inc. Our principal executive office is located at 4 Batterymarch Park, Quincy, MA 02169, and our telephone number is (617) 376-4300.

On May 8, 2015, an investment vehicle of investment funds affiliated with TowerBrook Capital Partners L.P. (“TowerBrook”) acquired all of our outstanding equity interests through the newly formed entities JJill Holdings, Inc. (“JJill Holdings”) and JJill Topco Holdings, LP (“JJill Topco Holdings”). We refer to such acquisition and the related financing transactions as the “Acquisition.” See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional information.

Item 1A. Risk Factors

Risks Related to Our Business and Industry

Our business is sensitive to economic conditions and consumer spending.

We face numerous business risks relating to macroeconomic factors. The retail industry is cyclical and consumer purchases of discretionary retail items, including our merchandise, generally decline during recessionary periods and other times when disposable income is lower. Factors impacting discretionary consumer spending include general economic conditions, wages and employment, consumer debt, reductions in net worth based on severe market declines, residential real estate and mortgage markets, taxation, volatility of fuel and energy prices, interest rates, consumer confidence, political and economic uncertainty and other macroeconomic factors. Deterioration in economic conditions or increasing unemployment levels may reduce the level of consumer spending and inhibit consumers’ use of credit, which may adversely affect our revenues and profits. In recessionary periods and other periods where disposable income is adversely affected, we may have to increase the number of promotional sales or otherwise dispose of inventory for which we have previously paid to manufacture, which could further adversely affect our profitability. It is difficult to predict when or for how long any of these conditions can affect our business and a prolonged economic downturn could have a material adverse effect on our business, financial condition and results of operations.

Our inability to anticipate and respond to changing customer preferences and shifts in fashion and industry trends in a timely manner could have a material adverse effect on our business, financial condition and results of operations.

Our success largely depends on our ability to consistently gauge tastes and trends and provide a balanced assortment of merchandise that satisfies customer demands in a timely manner. We enter into agreements to manufacture and purchase our merchandise well in advance of the applicable selling season and our failure to anticipate, identify or react appropriately in a timely manner to changes in customer preferences, tastes and trends and economic conditions could lead to, among other things, missed opportunities, excess inventory or inventory shortages, markdowns and write-offs, all of which could negatively impact our profitability and have a material adverse effect on our business, financial condition and results of operations. Failure to respond to changing customer preferences and fashion trends could also negatively impact our brand image with our customers and result in diminished brand loyalty.

Our inability to maintain our brand image, engage new and existing customers and gain market share could have a material adverse effect on our growth strategy and our business, financial condition and results of operations.

Our ability to maintain our brand image and reputation is integral to our business, as well as the implementation of our strategy to grow. Maintaining, promoting and growing our brand will depend largely on the success of our design, merchandising and marketing efforts and our ability to provide a consistent, high-

quality customer experience. Our reputation could be jeopardized if we fail to maintain high standards for merchandise quality and integrity and any negative publicity about these types of concerns may reduce demand for our merchandise. While our brand enjoys a loyal customer base, the success of our growth strategy depends, in part, on our ability to keep existing customers engaged as well as attract new customers to shop our brand. If we experience damage to our reputation or loss of consumer confidence, we may not be able to retain existing customers or acquire new customers, which could have a material adverse effect on our business, financial condition and results of operations.

Our inability to manage our inventory levels and merchandise mix, including with respect to our omni-channel retail operations, could have a material adverse effect on our business, financial condition and results of operations.

Customer demand is difficult to predict and the lead times required for a substantial portion of our merchandise make it challenging to respond quickly to changes. Though we have the ability to source certain merchandise categories with shorter lead times, we generally enter into contracts for a substantial portion of our merchandise well in advance of the applicable selling season. Our business, financial condition and results of operations could be materially adversely affected if we are unable to manage inventory levels and merchandise mix and respond to changes in customer demand patterns. Inventory levels in excess of customer demand may result in lower than planned profitability. On the other hand, if we underestimate demand for our merchandise, we may experience inventory shortages resulting in missed sales and lost revenues. Either of these events could significantly affect our operating results and brand image and loyalty. Our profitability may also be impacted by changes in our merchandise mix and changes in our pricing. These changes could have a material adverse effect on our business, financial condition and results of operations.

In addition, our omni-channel operations create additional complexities in our ability to manage inventory levels, as well as certain operational issues in stores and on our website, including timely shipping and returns. Accordingly, our success depends to a large degree on continually evolving the processes and technology that enable us to plan and manage inventory levels and fulfill orders, address any related operational issues in store and on our website and further align channels to optimize our omni-channel operations. If we are unable to successfully manage these complexities, it may have a material adverse effect on our business, financial condition and results of operations.

Competitive pressures from other retailers as well as adverse structural developments in the retail sector may have a material adverse effect on our business, financial condition and results of operations.

The women's apparel industry is highly competitive. We compete with local, national and international retail chains and department stores, specialty and discount stores, catalogs and internet businesses offering similar categories of merchandise. We face a variety of competitive challenges, including price pressure, anticipating and quickly responding to changing customer demands or preferences, maintaining favorable brand recognition and effectively marketing our merchandise to our customers in diverse demographic markets, sourcing merchandise efficiently and developing merchandise assortments in styles that appeal to our customers in ways that favorably distinguish us from our competitors. In addition, the internet and other new technologies facilitate competitive entry and comparison shopping. We strive to offer an omni-channel shopping experience for our customers that enhances their shopping experiences. Omni-channel retailing is constantly evolving and we must keep pace with changing customer expectations and new developments by our competitors. Furthermore, many of our competitors have advantages over us, including substantially greater financial, marketing and other resources. Increased levels of promotional activity by our competitors, some of whom may be able to adopt more aggressive pricing policies than we can, both on our website and in stores, may negatively impact our sales and profitability. There can be no assurances that we will be able to compete successfully with these companies in the future. In addition to competing for sales, we compete for favorable store locations, lease terms and qualified sales associates and professional staff. Increased competition in these areas may result in higher costs and reduced profitability, which could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to accurately forecast our operating results and growth rate, which may adversely affect our reported results.

We may not be able to accurately forecast our operating results and growth rate. We use a variety of factors in our forecasting and planning processes, including historical results, recent history and assessments of economic and market conditions, among other things. The growth rates in sales and profitability that we have experienced historically may not be sustainable as our active customer base expands and we achieve higher market penetration rates, and our percentage growth rates may decrease. The growth of our sales and profitability depends on the continued growth of demand for the merchandise we offer. A softening of demand, whether caused by changes in customer preferences or a weakening of the economy or other factors, may result in decreased net sales or growth. Furthermore, many of our expenses and investments are fixed, and we may not be able to adjust our spending in a timely manner to compensate for any unexpected shortfall in our net sales results. Failure to accurately forecast our operating results and growth rate could cause our actual results to be materially lower than anticipated, and if our growth rates decline as a result, investors' perceptions of our business may be adversely affected, and the market price of our common stock could decline.

Our inability to successfully optimize our omni-channel operations and maintain a relevant and reliable omni-channel experience for our customers could have an adverse effect on our growth strategy and our business, financial condition and results of operations.

Growing our business through our omni-channel operations is key to our growth strategy. Our goal is to offer our customers seamless access to our merchandise across our channels, including both our direct and retail channels. Accordingly, our success depends on our ability to anticipate and implement innovations in sales and marketing strategies to appeal to existing and potential customers who increasingly rely on multiple channels, such as E-commerce, to meet their shopping needs. Failure to enhance our technology and marketing efforts to align with our customers' developing shopping preferences could significantly impair our ability to meet our strategic business and financial goals. If we do not successfully optimize our omni-channel operations or if they do not achieve their intended objectives, it could have a material adverse effect on our business, financial condition and results of operations.

We depend on our E-commerce business and failure to successfully manage this business and deliver a seamless omni-channel shopping experience to our customers could have an adverse effect on our growth strategy and our business, financial condition and results of operations.

Sales through our direct channel, of which our E-commerce business constitutes the vast majority, accounted for approximately 43% of our total net sales for fiscal year 2016. Our business, financial condition and results of operations are dependent on maintaining our E-commerce business and expanding this business is an important part of our strategy to grow through our omni-channel operations. Dependence on our E-commerce business and the continued growth of our direct and retail channels subjects us to certain risks, including:

- the failure to successfully implement new systems, system enhancements and internet platforms;
- the failure of our technology infrastructure or the computer systems that operate our website and their related support systems, causing, among other things, website downtimes, telecommunications issues or other technical failures;
- the reliance on third-party computer hardware/software providers;
- rapid technological change;
- liability for online content;
- violations of federal, state, foreign or other applicable laws, including those relating to data protection;
- credit card fraud;

- cyber security and vulnerability to electronic break-ins and other similar disruptions; and
- diversion of traffic and sales from our stores.

Our failure to successfully address and respond to these risks and uncertainties could negatively impact sales, increase costs, diminish our growth prospects and damage the reputation of our brand, each of which could have a material adverse effect on our business, financial condition and results of operations.

Our business depends on effective marketing and increasing customer traffic and the success of our direct channel depends on customers' use of our website and response to catalogs and digital marketing.

We have many initiatives in our marketing programs. If our competitors increase their spending on marketing, if our marketing expenses increase, if our marketing becomes less effective than that of our competitors, or if we do not adequately leverage technology and data analytics needed to generate concise competitive insight, we could experience a material adverse effect on our business, financial condition and results of operations. A failure to sufficiently innovate or maintain adequate and effective marketing strategies could inhibit our ability to maintain brand relevance and increase sales.

In particular, the level of customer traffic and volume of customer purchases through our direct channel, which accounted for approximately 43% of our net sales for fiscal year 2016, is substantially dependent on our ability to provide a content-rich and user-friendly website, widely distributed and informative catalogs, a fun, easy and hassle-free customer experience and reliable delivery of our merchandise. If we are unable to maintain and increase customers' use of our E-commerce platform, and the volume of purchases declines, our business, financial condition and results of operations could be adversely affected.

Customer response to our catalogs and digital marketing is substantially dependent on merchandise assortment, merchandise availability and creative presentation, as well as the selection of customers to whom our catalogs are sent and to whom our digital marketing is directed, changes in mailing strategies and the size of our mailings. Our maintenance of a robust customer database has also been a key component of our overall strategy. If the performance of our website, catalogs and email declines, or if our overall marketing strategy is not successful, it could have a material adverse effect on our business, financial condition and results of operations.

We occupy our stores under long-term leases, which are subject to future increases in occupancy costs and which we may be unable to renew or may limit our flexibility to move to new locations.

We lease all of our store locations, our corporate headquarters and our distribution and customer contact center. We typically occupy our stores under operating leases with terms of up to ten years, which may include options to renew for additional multi-year periods thereafter. We depend on cash flow from operations to pay our lease expenses. If our business does not generate sufficient cash flow from operating activities to fund these expenses, we may not be able to service our lease expenses, which could materially harm our business. In the future, we may not be able to negotiate favorable lease terms. Our inability to do so may cause our occupancy costs to be higher in future years or may force us to close stores in desirable locations. If we are unable to renew our store leases, we may be forced to close or relocate a store, which could subject us to significant construction and other costs. Closing a store, for even a brief period to permit relocation, would reduce the revenue contribution of that store. Additionally, the revenue and profit, if any, generated at a relocated store may not equal the revenue and profit generated at the previous location.

Long-term leases can limit our flexibility to move a store to a new location. Some of our leases have early cancellation clauses, which permit the lease to be terminated if certain sales levels are not met in specific periods, whereas some of our leases are non-cancelable. If an existing or future store is not profitable, and we have the right to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. Moreover, even if a lease

has an early cancellation clause, we may not satisfy the contractual requirements for early cancellation under that lease. Our inability to enter into new leases or renew existing leases on terms acceptable to us or be released from our obligations under leases for stores that we close could have a material adverse effect on our business, financial condition and results of operations.

Our growth strategy depends in part on our ability to open and operate new retail stores on a profitable basis and if we are not successful in implementing future retail store expansion, or if such new stores would negatively impact sales from our existing stores or from our direct channel, our growth and profitability could be adversely impacted.

Our growth strategy depends in part on our ability to open and operate new retail stores on a profitable basis. We may be unable to identify and open new retail locations in desirable places in the future. We compete with other retailers and businesses for suitable retail locations. Local land use, local zoning issues, environmental regulations, governmental permits and approvals and other regulations may affect our ability to find suitable retail locations and also influence the cost of leasing them. We also may have difficulty negotiating real estate leases for new stores on acceptable terms. In addition, construction, environmental, zoning and real estate delays may negatively affect retail location openings and increase costs and capital expenditures. If we are unable to open new retail store locations in desirable places and on favorable terms, our net sales and profits could be materially adversely affected.

As we expand our store base, our lease expense and our cash outlays for rent under the lease terms will increase. Such growth will require that we continue to expand and improve our operating capabilities, including making investments in our information technology and operational infrastructure, and expand, train and manage our employee base, and we may be unable to do so. We primarily rely on cash flow generated from our operations to pay our lease expenses and to fund our growth initiatives. It requires a significant investment to open a new retail store. If we open a large number of stores relatively close in time, the cost of these retail store openings and lease expenses and the cost of continuing operations could reduce our cash position. If our business does not generate sufficient cash flow from operating activities to fund these expenses, we may not have sufficient cash available to address other aspects of our business or we may be unable to service our lease expenses, which could materially harm our business.

As we increase the number of retail stores, our stores may become more highly concentrated in geographic regions we already serve. As a result, the number of customers and related net sales at individual stores may decline and the payback period may be increased. The growth in the number of our retail stores could also draw customers away from our direct business and if our competitors open stores with similar formats, our retail store format may become less unique and may be less attractive to customers as a shopping destination. If either of these events occurs, our business, financial condition and results of operations could be materially adversely affected.

There can be no assurances that we will be able to achieve our store expansion goals, nor can there be any assurances that our newly opened stores will achieve revenue or profitability levels comparable to those of our existing stores in the time periods estimated by us. In addition, the substantial management time and resources which our retail store expansion strategy requires may result in disruption to our existing business operations which may decrease our profitability. If our stores fail to achieve, or are unable to sustain, acceptable revenue, profitability and cash flow levels, we may incur store asset impairment charges, significant costs associated with closing those stores or both, which could have a material adverse effect on our business, financial condition and results of operations.

We rely on third-party service providers, such as Federal Express and the U. S. Postal Service, for the delivery of our merchandise and our catalogs.

We primarily utilize Federal Express to support retail store shipping. We also use the U.S. Postal Service to deliver millions of catalogs each year, and we depend on third parties to print and mail our catalogs. As a result,

postal rate increases and paper and printing costs will affect the cost of our catalog and promotional mailings. We rely on discounts from the basic postal rate structure, such as discounts for bulk mailings and sorting. The operational and financial difficulties of the U.S. Postal Service are well documented. Any significant and unanticipated increase in postage, shipping costs, reduction in service, slow-down in delivery or increase in paper and printing costs could impair our ability to deliver merchandise and catalogs in a timely or economically efficient manner and could adversely impact our profitability if we are unable to pass such increases directly on to our customers or if we are unable to implement more efficient delivery and order fulfillment systems, all of which could have a material adverse effect on our business, financial condition and results of operations.

Competitive pricing pressures with respect to shipping our merchandise to our customers may harm our business and results of operations.

Historically, the shipping and handling fees we charge our direct customers are intended to recover the related shipping and handling expenses. Online and omni-channel retailers are increasing their focus on delivery services, as customers are increasingly seeking faster, guaranteed delivery times and low-price or free shipping. To remain competitive, we may be required to offer discounted, free or other more competitive shipping options to our customers, which may result in declines in our shipping and handling fees and increased shipping and handling expense. Declines in the shipping and handling fees that we generate may have a material adverse effect on our profitability to the extent that our shipping and handling expense is not declining proportionally, or if our shipping and handling expense would increase, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to payment-related risks.

We accept payments using a variety of methods, including credit cards, debit cards, gift cards, cash and bank checks. For existing and future payment methods we offer to our customers, we may become subject to additional regulations and compliance requirements (including obligations to implement enhanced authentication processes that could result in increased costs and reduce the ease of use of certain payment methods), as well as fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time, thereby raising our operating costs and lowering profitability. We rely on third-party service providers for payment processing services, including the processing of credit and debit cards. In each case, it could disrupt our business if these third-party service providers become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, including data security rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, we may be liable for card issuing banks' and others' costs, subject to fines and higher transaction fees and/or lose our ability to accept credit and debit card payments from our customers and process electronic funds transfers or facilitate other types of payments. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

On October 1, 2015, under payment card industry standards, liability shifted for certain debit and credit card transactions to retailers who do not accept Europay, MasterCard and Visa ("EMV") chip technology transactions. Until we complete the implementation of EMV chip technology in our stores, we may be liable for chargebacks related to counterfeit transactions generated through EMV chip enabled cards, which could have a material adverse effect on our business, financial condition and results of operations. Further, we may experience a decrease in transaction volume if we cannot process transactions for cardholders whose issuer has migrated entirely from magnetic strip to EMV chip enabled cards.

If we fail to acquire new customers in a cost-effective manner, it could have an adverse impact on our growth strategy as we may not be able to increase net revenue or profit per active customer.

The success of our growth strategy depends in part on our ability to acquire new customers in a cost-effective manner. In order to expand our active customer base, we must appeal to and acquire customers who identify with our brand. We have made significant investments related to customer acquisition and expect to continue to spend significant amounts to acquire additional customers. As our brand becomes more widely known in the market, future marketing campaigns may not result in the acquisition of new customers at the same rate as past campaigns. There can be no assurances that the revenue from new customers we acquire will ultimately exceed the cost of acquiring those customers.

We use paid and non-paid advertising. Our paid advertising includes catalogs, paid search engine marketing, email, display and other advertising. Our non-paid advertising efforts include search engine optimization and social media. We obtain a significant amount of traffic via search engines and, therefore, rely on search engines such as Google, Yahoo! and Bing. Search engines frequently update and change the logic that determines the placement and display of results of a user's search, such that the purchased or algorithmic placement of links to our site can be negatively affected. A major search engine could change its algorithms in a manner that negatively affects our paid or non-paid search ranking, and competitive dynamics could impact the effectiveness of search engine marketing or search engine optimization. We also obtain traffic via social networking websites or other channels used by our current and prospective customers. As E-commerce and social networking continue to rapidly evolve, we must continue to establish relationships with these channels and may be unable to develop or maintain these relationships on acceptable terms. Additionally, digital advertising costs may continue to rise and as our usage of these channels expands, such costs may impact our ability to acquire new customers in a cost-effective manner. If the level of usage of these channels by our active customer base does not grow as expected, we may suffer a decline in customer growth or net sales. If we are unable to acquire new customers in a cost-effective manner, it could have a material adverse effect on our business, financial condition and results of operations.

Interruptions in our foreign sourcing operations and the relationships with our suppliers and agents could disrupt production, shipment or receipt of our merchandise, which would result in lost sales and increased costs.

We do not own or operate any manufacturing facilities and therefore depend upon independent third-party suppliers for the manufacturing of all of our merchandise, primarily through the use of agents. In fiscal year 2016, approximately 83% of our products were sourced through agents and 17 % were sourced directly from suppliers and factories. Our merchandise is manufactured to our specifications primarily by factories outside of the United States. Some of the factors that might affect a supplier's ability to ship orders of our merchandise in a timely manner or to meet our quality standards are outside of our control, including inclement weather, natural disasters, political and financial instability, legal and regulatory developments, strikes, health concerns regarding infectious diseases, and acts of terrorism. Inadequate labor conditions, health or safety issues in the factories where goods are produced can negatively impact our brand's reputation. Late delivery of merchandise or delivery of merchandise that does not meet our quality standards could cause us to miss the delivery date requirements of our customers or delay timely delivery of merchandise to our stores for those items. These events could cause us to fail to meet customer expectations, cause our customers to cancel orders or cause us to be unable to deliver merchandise in sufficient quantities or of sufficient quality to our stores, which could result in lost sales.

We have no long-term merchandise supply contracts as we typically transact business on an order-by-order basis. If we are unable to maintain the relationships with our suppliers and agents and are unexpectedly required to change suppliers or agents, or if a key supplier or agent is unable or unwilling to supply acceptable merchandise in sufficient quantities on acceptable terms, we could experience a significant disruption in the supply of merchandise. We could also experience operational difficulties with our suppliers, such as reductions in the availability of production capacity, supply chain disruptions, errors in complying with merchandise

specifications, insufficient quality control, shortages of fabrics or other raw materials, failures to meet production deadlines or increases in manufacturing costs.

We source our imported merchandise from eight countries including China, India, the Philippines, Indonesia and Vietnam. Approximately 84% of our products were sourced in southeast Asia in fiscal year 2016. Any event causing a sudden disruption of manufacturing or imports from Asia or elsewhere, including the imposition of additional import restrictions, could materially harm our operations. Many of our imports are subject to existing or potential duties, tariffs or quotas that may limit the quantity of certain types of goods that may be imported into the United States from countries in Asia or elsewhere. We compete with other companies for production facilities and import quota capacity. While substantially all of our foreign purchases of our merchandise are negotiated and paid for in U.S. dollars, the cost of our merchandise may be affected by fluctuations in the value of relevant foreign currencies.

In addition, we are engaging in growing the amount of production carried out in other developing countries. These countries may present other risks with regard to infrastructure available to support manufacturing, labor and employee relations, political and economic stability, corruption, regulatory, environmental, health and safety compliance. While we endeavor to monitor and audit facilities where our production is done, any significant events with factories we use can adversely impact our reputation, brand and product delivery.

Furthermore, many of our suppliers rely on working capital financing to support their operations. To the extent any of our suppliers are unable to obtain adequate credit or their borrowing costs increase, we may experience delays in obtaining merchandise, our suppliers increasing their prices or our suppliers modifying payment terms in a manner that is unfavorable to us.

The failure of our suppliers to comply with our social compliance program requirements could have a material adverse effect on our reputation, business, financial condition and results of operations.

We require our third-party suppliers to comply with all applicable laws and regulations, as well as our Terms of Engagement-Commitment to Ethical Sourcing, which cover many areas, including labor, health, safety, environmental and other legal standards. We monitor compliance with these standards using third-party monitoring firms. Although we have an active program to provide training for our third-party suppliers and monitor their compliance with these standards, we do not control the suppliers or their practices. Any failure of our third-party suppliers to comply with our ethical sourcing standards or labor or other local laws in the country of manufacture, or the divergence of a third-party supplier's labor practices from those generally accepted as ethical in the United States, could disrupt the shipment of merchandise to our stores, force us to locate alternative manufacturing sources, reduce demand for our merchandise, damage our reputation and/or expose us to potential liability for their wrongdoings. Any of these events could have a material adverse effect on our reputation, business, financial condition and results of operations.

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

We have entered into agreements with third parties that include, but are not limited to, logistics services, information technology systems (including hosting our website), servicing certain customer calls, software development and support, catalog production, select marketing services, distribution and employee benefits servicing. Services provided by third-party suppliers could be interrupted as a result of many factors, such as acts of nature or contract disputes. Any failure by a third party to provide services for which we have contracted on a timely basis or within expected service level and performance standards could result in a disruption of our business and have an adverse effect on our business, financial condition and results of operations.

Increases in the demand for, or the price of, cotton and other raw materials used to manufacture our merchandise or other fluctuations in sourcing or distribution costs could increase our costs and negatively impact our profitability.

We believe that we have strong supplier relationships, and we work continuously with our suppliers to manage cost increases. Our overall profitability depends, in part, on the success of our ability to mitigate rising costs or shortages of raw materials used to manufacture our merchandise. Cotton and other raw materials used to manufacture our merchandise are subject to availability constraints and price volatility impacted by a number of factors, including supply and demand for fabrics, weather, government regulations, economic climate and other unpredictable factors. In addition, our sourcing costs may fluctuate due to labor conditions, transportation or freight costs, energy prices, currency fluctuations or other unpredictable factors. The cost of labor at many of our third-party suppliers has been increasing in recent years, and we believe it is unlikely that such cost pressures will abate.

Most of our merchandise is shipped from our suppliers by ocean vessel. If a disruption occurs in the operation of ports through which our merchandise is imported, we may incur increased costs related to air freight or use of alternative ports. Shipping by air is significantly more expensive than shipping by ocean and our margins and profitability could be reduced. Shipping to alternative ports could also lead to delays in receipt of our merchandise. We rely on third-party shipping companies to deliver our merchandise to us. Failures by these shipping companies to deliver our merchandise to us or lack of capacity in the shipping industry could lead to delays in receipt of our merchandise or increased expense in the delivery of our merchandise. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

Reductions in the volume of mall traffic or the closing of shopping malls as a result of changing economic conditions or demographic patterns could significantly reduce our sales and leave us with unsold inventory.

A significant portion of our stores are currently located in shopping malls. Sales at stores located in malls are highly dependent on the traffic in those malls and the ability of developers to generate traffic near our stores. In recent years, there has been increased purchasing of merchandise online. This has adversely affected mall traffic. A continuation of this trend could adversely impact the sales generated by our mall stores, which could have a material adverse effect on our business, financial condition and results of operations.

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

Our business is adversely affected by unseasonal weather conditions. Sales of certain seasonal apparel items are dependent in part on the weather and may decline when weather conditions do not favor the use of this apparel. Severe weather events may also impact our ability to supply our retail stores, deliver orders to customers on schedule and staff our retail stores and distribution and customer contact center, which could have a material adverse effect on our business, financial condition and results of operations.

Material damage to, or interruptions in, our information systems could have a material adverse effect on our business, financial condition and results of operations, and we may be exposed to risks and costs associated with protecting the integrity and security of our customers' information.

We depend largely upon our information technology systems in the conduct of all aspects of our operations, including to operate our website, process transactions, respond to customer inquiries, manage inventory, purchase, sell and ship goods on a timely basis and maintain cost-efficient operations. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches and natural disasters. Damage or interruption to our information technology systems may require a significant investment to fix or replace the affected system, and we may suffer interruptions in our operations in the interim. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations.

Additionally, a significant number of customer purchases across our omni-channel platform are made using credit cards, and a significant number of our customer orders are placed through our website. We process, store and transmit large amounts of data, including personal information, for our customers. From time to time, we may implement strategic initiatives related to elevating our customer service experience, such as customer membership programs, where we collect and maintain increasing amounts of customer data. We also handle and transmit sensitive information about our suppliers and workforce, including social security numbers, bank account information and health and medical information. We depend in part throughout our operations on the secure transmission of confidential information over public networks. In addition, security breaches can also occur as a result of non-technical issues, including vandalism, catastrophic events and human error. Our operations may further be impacted by security breaches that occur at third-party suppliers. Although we maintain cyber-security insurance, there can be no assurances that our insurance coverage will be sufficient, or that insurance proceeds will be paid to us in a timely manner.

States and the federal government have enacted additional laws and regulations to protect consumers against identity theft, including laws governing treatment of personally identifiable information. As the data privacy and security laws and regulations evolve, we may be subject to more extensive requirements to protect the customer information that we process in connection with the purchases of our merchandise. There can be no assurances that we will be able to operate our operations in accordance with Payment Card Industry Data Security Standards (PCI DSS), other industry recommended practices or applicable laws and regulations or any future security standards or regulations, or that meeting those standards will in fact prevent a data breach. These laws have increased the costs of doing business and, if we fail to implement appropriate safeguards or we fail to detect and provide prompt notice of unauthorized access as required by some of these laws, we could be subject to potential claims for damages and other remedies.

If a third party is able to circumvent our security measures, they could destroy or steal valuable information or disrupt our operations. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any security breach could expose us to risks of data loss, fines, litigation and liability and could seriously disrupt our operations and harm our reputation. In addition, we could be required to expend significant resources to change our business practices or modify our service offerings in connection with the protection of personally identifiable information, which could have a material adverse effect on our business, financial condition and results of operations.

The impact of privacy breaches at service providers could also severely damage our business and reputation.

We rely heavily on technology services provided by third parties for the successful operation of our business, including electronic messaging, digital marketing efforts and the collection and retention of customer data and associate information. We also rely on third parties to process credit card transactions, perform E-commerce and social media activities and retain data relating to our financial position and results of operations, strategic initiatives and other important information. The facilities and systems of our third-party service providers may be vulnerable to cyber-security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Any actual or perceived misappropriation, loss or other unauthorized disclosure of confidential or personally identifiable information by our third-party service providers could severely damage our reputation and our relationship with our customers, associates and investors as well as expose us to risks of litigation, liability or other penalties, all of which could have a material adverse effect on our business, financial condition and results of operations.

Our failure to comply with data protection laws and regulations could subject us to sanctions and damages and could harm our reputation and business.

We collect and process personal data as part of our business. As a result, we are subject to U.S. data protection laws and regulations at both the federal and state levels. The legislative and regulatory landscape for

data protection continues to evolve, and in recent years there has been an increasing focus on privacy and data security issues. The strategic use of our customer data base, including interactions with our customers, marketing efforts and analysis of customer behavior, rely on the collection, retention and use of customer data and may be affected by these laws and regulations and their interpretation and enforcement. Alleged violations of laws, regulations or contractual obligations relating to privacy and data protection, and any relevant claims, may expose us to potential liability, require us to expend significant resources in responding to and defending such allegations and claims, and result in negative publicity and a loss of confidence in us by our customers, all of which could have an adverse effect on our business, financial condition and results of operations. Further, it is unclear how the laws and regulations relating to the collection, process and use of personal data will further develop in the United States, and to what extent this may affect our operations in the future. Any failure to comply with data protection laws and regulations, or future changes required to the way in which we use personal data, could have a material adverse effect on our business, financial condition and results of operations.

Increased usage of social media poses reputational risks.

As use of social media becomes more prevalent, our susceptibility to risks related to social media increases. The immediacy of social media precludes us from having real-time control over postings made regarding us via social media, whether matters of fact or opinion. Information distributed via social media could result in immediate unfavorable publicity for which we, like our competitors, do not have the ability to reverse. This unfavorable publicity could result in damage to our reputation and therefore have a material adverse effect on our business, financial condition and results of operations.

We depend on our executive management and key personnel and may not be able to retain or replace these employees or recruit additional qualified personnel, which could harm our business.

We believe that we have benefited substantially from the leadership and experience of our senior executives, including our President and Chief Executive Officer, Paula Bennett. The loss of the services of any of our senior executives could have a material adverse effect on our business, financial condition and results of operations, as we may not be able to find suitable management personnel to replace departing executives on a timely basis. In addition, as our business expands, we believe that our future success will depend greatly on our continued ability to attract and retain highly skilled and qualified personnel. There is a high level of competition for personnel in the retail industry. Our inability to meet our staffing requirements in the future could impair our ability to increase revenue and could otherwise harm our business.

Our failure to find store employees that reflect our brand image and embody our culture could adversely affect our business, financial condition and results of operations.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of store employees, including store managers, who understand and appreciate our culture and customers, and are able to adequately and effectively represent this culture and establish credibility with our customers. The store employee turnover rate in the retail industry is generally high. Labor shortages and excessive store employee turnover will result in higher employee costs associated with finding, hiring and training new store employees. If we are unable to hire and retain store personnel capable of consistently providing a high level of customer service, our ability to open new stores and operate existing stores may be impaired and our performance and brand image may be negatively impacted. Competition for such qualified individuals and wage increases by other retailers could require us to pay higher wages to attract a sufficient number of employees. We are also dependent upon temporary personnel to adequately staff our stores and distribution and customer contact center, with heightened dependence during busy periods such as the holiday season. There can be no assurances that there will be sufficient sources of suitable temporary personnel to meet our demand. Any such failure to meet our staffing needs or any material increases in employee turnover rates could have a material adverse effect on our business, financial condition and results of operations.

Labor organizing and other activities could negatively impact us.

Currently, none of our employees are represented by a union. However, our employees have the right at any time to form or affiliate with a union. Such organizing activities could lead to work slowdowns or stoppages, which could lead to disruption in our operations and increases in our labor costs, either of which could materially adversely affect our business, financial condition and results of operations.

Increases in labor costs, including wages, could adversely affect our business, financial condition and results of operations.

The labor costs associated with our retail stores and our distribution and customer contact center are subject to many external factors, including unemployment levels, prevailing wage rates, minimum wage laws, potential collective bargaining arrangements, health insurance costs and other insurance costs and changes in employment and labor legislation or other workplace regulation. From time to time, legislative proposals are made to increase the federal minimum wage in the United States, as well as the minimum wage in a number of individual states and municipalities, and to reform entitlement programs, such as health insurance and paid leave programs. As minimum wage rates increase or related laws and regulations change, we may need to increase not only the wage rates of our minimum wage employees, but also the wages paid to our other hourly or salaried employees. Any increase in the cost of our labor could have an adverse effect on our business, financial condition and results of operations or if we fail to pay such higher wages we could suffer increased employee turnover. Increases in labor costs could force us to increase prices, which could adversely impact our sales. If competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline and could have a material adverse effect on our business, financial condition and results of operations.

We could be materially and adversely affected if our distribution and customer contact center is damaged or closed or if its operations are diminished.

Our distribution and customer contact center is located in Tilton, New Hampshire. The distribution center manages the receipt, storage, sorting, packing and distribution of merchandise to our stores and to our direct customers. Independent third-party transportation companies then deliver merchandise from the distribution center to our stores or direct to our customers. The customer contact center handles all customer interactions, other than those in retail stores, including phone sales orders and service calls, emails and internet contacts. Any significant interruption in the operations of our Tilton distribution and customer contact center, our third-party distribution, fulfillment or transportation providers, for any reason, including natural disasters, accidents, inclement weather, technology system failures, work stoppages, slowdowns or strikes or other unforeseen events and circumstances, could delay or impair our ability to receive orders and to distribute merchandise to our stores and/or our customers. This could lead to inventory issues, increased costs, lower sales and a loss of loyalty to our brand, among other things, which could adversely affect our business, financial condition and results of operations.

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

We are subject to the risk of inventory loss and theft. Although our inventory shrinkage rates have not been material, or fluctuated significantly in recent years, there can be no assurances that actual rates of inventory loss and theft in the future will be within our estimates or that the measures we are taking will effectively reduce inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security costs to combat inventory theft, it could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to protect our trademarks and other intellectual property rights.

We believe that our trademarks and service marks are important to our success and our competitive position due to their name recognition with our customers. We devote substantial resources to the establishment and protection of our trademarks and service marks. We are not aware of any valid claims of infringement or challenges to our right to use any of our trademarks and service marks. Nevertheless, there can be no assurances that the actions we have taken to establish and protect our trademarks and service marks will be adequate to prevent imitation of our merchandise by others or to prevent others from seeking to block sales of our merchandise as a violation of the trademarks, service marks and intellectual property of others. Also, others may assert rights in, or ownership of, our trademarks and other intellectual property and we may not be able to successfully resolve these types of conflicts to our satisfaction.

We may be subject to liability if we infringe upon the intellectual property rights of third parties.

Third parties may sue us for alleged infringement of their proprietary rights. The party claiming infringement might have greater resources than we do to pursue its claims, and we could be forced to incur substantial costs and devote significant management resources to defend against such litigation. If the party claiming infringement were to prevail, we could be forced to discontinue the use of the related trademark or design and/or pay significant damages or enter into expensive royalty or licensing arrangements with the prevailing party, assuming these royalty or licensing arrangements are available at all on an economically feasible basis, which they may not be. We could also be required to pay substantial damages. Such infringement claims could harm our brand. In addition, any payments we are required to make and any injunction we are required to comply with as a result of such infringement could have a material adverse effect on our business, financial condition and results of operations.

We are subject to laws and regulations in the jurisdictions in which we operate and changes to the regulatory environment in which we operate or failure to comply with applicable laws and regulations could adversely affect our business, financial condition and results of operations.

Our business requires compliance with many laws and regulations in the United States and abroad, including, without limitation, labor and employment, tax, environmental, privacy, anti-bribery laws and regulations, trade laws and customs, truth-in-advertising, E-commerce, consumer protection and zoning and occupancy laws and ordinances that regulate retailers generally and/or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. In addition, in the future, there may be new legal or regulatory requirements or more stringent interpretations of applicable requirements, which could increase the complexity of the regulatory environment in which we operate and the related cost of compliance. While it is our policy and practice to comply with all legal and regulatory requirements and our procedures and internal controls are designed to ensure such compliance, failure to achieve compliance could subject us to lawsuits and other proceedings, and could also lead to damage awards, fines and penalties. Litigation matters may include, among other things, government and agency investigations, employment, commercial, intellectual property, tort, advertising and stockholder claims. We cannot predict with certainty the outcomes of these legal proceedings and other contingencies. The outcome of some of these legal proceedings, audits and other contingencies could require us to take, or refrain from taking, actions which could negatively affect our operations or require us to pay substantial amounts of money adversely affecting our business, financial condition and results of operations. Even a claim of an alleged violation of applicable laws or regulations could negatively affect our reputation. Additionally, defending against these lawsuits and proceedings may be necessary, which could result in substantial costs and diversion of management's attention and resources, causing a material adverse effect on our business, financial condition and results of operations. Any pending or future legal proceedings and audits could have a material adverse effect on our business, financial condition and results of operations.

Changes in tax laws and regulations or in our operations may impact our effective tax rate and may adversely affect our business, financial condition and operating results.

Changes in tax laws in any of the multiple jurisdictions in which we operate, or adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate, could result in an unfavorable change in our effective tax rate, which could adversely affect our business, financial condition and operating results.

Additionally, results of the November 2016 U.S. elections have introduced greater uncertainty with respect to tax and trade policies, tariffs and government regulations affecting trade between the U.S. and other countries. We source the majority of our merchandise from manufacturers located outside of the U.S., including a significant amount from Asia. Major developments in tax policy or trade relations, such as the disallowance of tax deductions for imported merchandise or the imposition of unilateral tariffs on imported products, could have a material adverse effect on our business, results of operations and liquidity.

War, terrorism, civil unrest or other violence may negatively impact availability of merchandise and/or otherwise adversely impact our business.

In the event of war, terrorism, civil unrest or other violence, our ability to obtain merchandise available for sale in our stores or on our websites may be negatively impacted. A substantial portion of our merchandise is imported from other countries, see “— *Interruptions in our foreign sourcing operations and the relationships with our suppliers and agents could disrupt production, shipment or receipt of our merchandise, which would result in lost sales and could increase our costs.*” If commercial transportation is curtailed or substantially delayed, our business may be adversely impacted, as we may have difficulty shipping merchandise to our distribution and customer contact center and stores, as well as fulfilling catalog and website orders. In addition, our stores are located in public areas where large numbers of people typically gather. Terrorist attacks, threats of terrorist attacks or civil unrest involving public areas could cause people not to visit areas where our stores are located. Other types of violence in malls or in other public areas could lead to lower customer traffic in areas in which we operate stores. If any of these events were to occur, we may be required to suspend operations in some or all of our stores, which could have a material adverse effect on our business, financial condition and results of operations.

The terms of our term loan credit agreement and asset-based revolving credit facility restrict our operational and financial flexibility, which could adversely affect our ability to respond to changes in our business and to manage our operations.

Our term loan credit agreement, dated as of May 8, 2015, by and among Jill Holdings LLC, Jill Acquisition LLC, a wholly-owned subsidiary of us, the various lenders party thereto and Jefferies Finance LLC as the administrative agent, as amended on May 27, 2016 by Amendment No. 1 thereto (the “Term Loan”) and our ABL credit agreement, dated as of May 8, 2015, by and among Jill Holdings LLC, Jill Acquisition LLC, certain subsidiaries from time to time party thereto, the lenders party thereto and CIT Finance LLC as the administrative agent and collateral agent, as amended on May 27, 2016 by Amendment No. 1 thereto (the “ABL Facility” and, together with the Term Loan, the “Credit Agreements”), contain, and any additional debt financing we may incur would likely contain, covenants that restrict our operations, including limitations on our ability to grant liens, incur additional debt, pay dividends, cause our subsidiaries to pay dividends to us, make certain investments and engage in certain merger, consolidation or asset sale transactions. A failure by us to comply with the covenants or financial ratios contained in our Credit Agreements could result in an event of default, which could adversely affect our ability to respond to changes in our business and manage our operations. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in our Credit Agreements. If the indebtedness under our Credit Agreements were to be accelerated, our future financial condition could be materially adversely affected. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities.”

Changes to estimates related to our property, fixtures and equipment or operating results that are lower than our current estimates at certain store locations may cause us to incur impairment charges on certain long-lived assets, which may adversely affect our results of operations.

In accordance with accounting guidance as it relates to the impairment of long-lived assets, we make certain estimates and projections with regard to individual store operations, as well as our overall performance, in connection with our impairment analyses for long-lived assets. When impairment triggers are deemed to exist for any location, the estimated undiscounted future cash flows are compared to its carrying value. If the carrying value exceeds the undiscounted cash flows, an impairment charge equal to the difference between the carrying value and the fair value is recorded. The projections of future cash flows used in these analyses require the use of judgment and a number of estimates and projections of future operating results. If actual results differ from our estimates, additional charges for asset impairments may be required in the future. If future impairment charges are significant, our reported operating results would be adversely affected.

Goodwill and identifiable intangible assets represent a significant portion of our total assets and any impairment of these assets could adversely affect our results of operations.

Our goodwill and indefinite-lived intangible assets, which consist of goodwill from the Acquisition, and our trade name, represented a significant portion of our total assets as of January 30, 2016. Accounting rules require the evaluation of our goodwill and indefinite-lived intangible assets for impairment at least annually, or more frequently when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Such indicators are based on market conditions and the operational performance of our business.

To test goodwill for impairment, we may initially use a qualitative approach to determine whether conditions exist to indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. If our management concludes, based on its assessment of relevant events, facts and circumstances that it is more likely than not that a reporting unit's carrying value is greater than its fair value, then a quantitative analysis will be performed to determine if there is any impairment. We may also elect to initially perform a quantitative analysis, which is a two-step assessment. In step one we estimate the reporting unit's fair value by estimating the future cash flows of the reporting units to which the goodwill relates, and then discount the future cash flows at a market-participant-derived weighted average cost of capital. The estimates of fair value of reporting units are based on the best information available as of the date of the assessment. If the carrying value of a reporting unit exceeds its estimated fair value in the first step, a second step is performed. Step two compares the implied fair value of goodwill to the carrying amount of goodwill. The implied fair value of goodwill is determined by a hypothetical purchase price allocation using the reporting unit's fair value as the purchase price. If the implied fair value of the goodwill is less than the reporting unit's carrying amount, then goodwill is impaired and is written down to the implied fair value amount.

To test our other indefinite-lived assets for impairment, which consists of our trade name, we determine the fair value of our trade name using the relief-from-royalty method, which estimates the present value of royalty income that could be hypothetically earned by licensing the brand name to a third party over the remaining useful life. If in conducting an impairment evaluation we determine that the carrying value of an asset exceeded its fair value, we would be required to record a non-cash impairment charge for the difference between the carrying value and the fair value of the asset. If a significant amount of our goodwill and identifiable intangible assets were deemed to be impaired, our business, financial condition and results of operations could be materially adversely affected.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial results or financial condition.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including

but not limited to revenue recognition, business combinations, impairment of goodwill, indefinite-lived intangible assets and long-lived assets, inventory and equity-based compensation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported or expected financial performance or financial condition.

Changes in lease accounting standards may materially and adversely affect us.

The Financial Accounting Standards Board, or FASB, recently adopted new accounting rules, to be effective for our fiscal year beginning after December 2018 that will require companies to capitalize all leases on their balance sheets by recognizing a lessee's rights and obligations. When the rules are effective, we will be required to account for the leases for stores as assets and liabilities on our balance sheet, where previously we accounted for such leases on an "off balance sheet" basis. As a result, a significant amount of lease related assets and liabilities will be recorded on our balance sheet and we may be required to make other changes to the recording and classification of our lease related expenses. Though these changes will not have any direct impact on our overall financial condition, these changes could cause investors or others to believe that we are highly leveraged and could change the calculations of financial metrics and covenants under our debt facilities, as well as third-party financial models regarding our financial condition.

Risks Related to Ownership of Our Common Stock

We are an "emerging growth company," and are taking advantage of reduced disclosure requirements applicable to "emerging growth companies," which could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and, for as long as we continue to be an "emerging growth company," we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies." These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will incur significantly increased costs and devote substantial management time as a result of operating as a public company particularly after we are no longer an "emerging growth company."

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we are required to comply with certain of the requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the Securities and Exchange Commission, and the NYSE, our stock exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business

matters to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes-Oxley Act. In that regard, we expect to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge.

However, for as long as we remain an “emerging growth company” as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an “emerging growth company.”

Under the JOBS Act, “emerging growth companies” can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not “emerging growth companies.”

After we are no longer an “emerging growth company,” we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act.

We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

If we are unable to design, implement and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act, it could have a material adverse effect on our business and stock price. We have identified material weaknesses in our internal control over financial reporting.

As a public company, we have significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and harm our operating results. In addition, we are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of our initial public offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. Testing and maintaining internal controls may divert our management’s attention from other matters that are important to our business. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

In connection with the audit of our consolidated financial statements as of January 30, 2016 and for the period from May 8, 2015 through January 30, 2016, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

We determined that we did not maintain a sufficient complement of personnel with the level of accounting expertise and supervisory review structure commensurate with the complexity of our financial accounting and financial reporting requirements. We also did not design and maintain controls related to the accounting for business combinations. Specifically, we did not design controls to review certain purchase accounting adjustments such as the amortization of customer list intangibles. These control deficiencies resulted in audit adjustments to our consolidated financial statements and could result in material misstatements to our annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that these control deficiencies constitute material weaknesses. In response to the identified material weaknesses, we implemented measures to improve our internal control over financial reporting, including hiring additional personnel in our finance and accounting department with experience commensurate with our financial accounting and financial reporting requirements, establishing an internal audit function to routinely assess our internal control environment, and implementing a control specific to the review of the customer list intangible asset.

We cannot assure you that the measures we have taken to date, together with any measures we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or to avoid potential future material weaknesses. If we are unable to conclude that we have effective internal control over financial reporting or if our efforts are not successful to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or other material weaknesses or control deficiencies occur in the future, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements and investors may lose confidence in our financial reporting, which could have a material adverse effect on the trading price of our stock.

We are a “controlled company” within the meaning of the NYSE rules and, as a result, qualify for and intend to rely on exemptions from certain corporate governance requirements.

TowerBrook controls a majority of the voting power of our outstanding voting stock, and as a result we are a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
- the nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities;
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- there be an annual performance evaluation of the nominating and corporate governance and compensation committees.

These requirements do not apply to us as long as we remain a controlled company. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

We continue to be controlled by TowerBrook, and TowerBrook’s interests may conflict with our interests and the interests of other stockholders.

TowerBrook owns 59% of our common stock. As a result, TowerBrook will have effective control over the outcome of votes on all matters requiring approval by our stockholders, including entering into significant

corporate transactions such as mergers, tender offers and the sale of all or substantially all of our assets and issuance of additional debt or equity. In addition, as long as TowerBrook beneficially owns at least 50% of our common stock, a Stockholders Agreement provides TowerBrook with veto rights with respect to certain material matters. The interests of TowerBrook and its affiliates could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by TowerBrook could delay, defer or prevent a change of control of our company or impede a merger, takeover or other business combination which may otherwise be favorable for us. Additionally, TowerBrook is in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete, directly or indirectly with us. TowerBrook may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as TowerBrook continues to directly or indirectly own a significant amount of our equity, even if such amount is less than 50%, TowerBrook will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions.

Our certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities.

Our certificate of incorporation provides for the allocation of certain corporate opportunities between us and TowerBrook. Under these provisions, neither TowerBrook, its portfolio companies, funds or other affiliates, nor any of their officers, directors, agents, stockholders, members or partners have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. For instance, a director of our company who also serves as a director, officer, partner or employee of TowerBrook or any of its portfolio companies, funds or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations or prospects if attractive corporate opportunities are allocated by TowerBrook to itself or its portfolio companies, funds or other affiliates instead of to us.

Provisions in our organizational documents and Delaware law may discourage our acquisition by a third party.

Our certificate of incorporation authorizes our board of directors to issue preferred stock without stockholder approval. If the board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders.

Section 203 of the General Corporation Law of the State of Delaware (the “DGCL”) affects the ability of an “interested stockholder” to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an “interested stockholder.” We have elected in our certificate of incorporation not to be subject to Section 203 of the DGCL. Nevertheless, our certificate of incorporation contains provisions that have the same effect as Section 203 of the DGCL, except that it provides that affiliates of TowerBrook and their transferees will not be deemed to be “interested stockholders,” regardless of the percentage of our voting stock owned by them, and will therefore not be subject to such restrictions. These charter provisions may limit the ability of third parties to acquire control of our company.

We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries’ ability to pay dividends or other distributions to us. See “Management’s Discussion and Analysis of

Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities.” The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us.

Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price.

We have 43,747,944 outstanding shares of common stock. The number of outstanding shares of common stock includes 31,216,277 shares, including shares controlled by TowerBrook, that are “restricted securities,” as defined under Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”), and eligible for sale in the public market subject to the requirements of Rule 144. We, each of our officers and directors, TowerBrook and substantially all of our existing stockholders have agreed that (subject to certain exceptions), for a period of 180 days after the date of our initial public offering, we and they will not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC and Jefferies LLC, dispose of any shares or any securities convertible into or exchangeable for our common stock, see “Underwriting.” Following the expiration of the applicable lock-up period, all of the issued and outstanding shares of our common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding periods and other limitations of Rule 144. Sales of significant amounts of stock in the public market could adversely affect prevailing market prices of our common stock.

There can be no assurances that a viable public market for our common stock will be maintained.

An active, liquid and orderly trading market for our common stock may not be maintained. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors’ purchase and sale orders. We cannot predict the extent to which investor interest in our common stock will lead to the maintenance of an active trading market on the NYSE or otherwise or how liquid that market might continue to be. If an active public market for our common stock is not sustained, it may be difficult for you to sell your shares at a price that is attractive to you or at all.

Our stock price may be volatile.

The market price of our common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our common stock, you could lose a substantial part or all of your investment in our common stock. The following factors could affect our stock price:

- our operating and financial performance;
- quarterly variations in the rate of growth (if any) of our financial indicators, such as net income per share, net income and revenues;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in operating performance and the stock market valuations of other companies;
- announcements related to litigation;
- our failure to meet revenue or earnings estimates made by research analysts or other investors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- sales of our common stock by us or our stockholders, or the perception that such sales may occur;

- changes in accounting principles, policies, guidance, interpretations or standards;
- additions or departures of key management personnel;
- actions by our stockholders;
- general market conditions;
- domestic and international economic, legal and regulatory factors unrelated to our performance; and
- the realization of any risks described under this “Risk Factors” section, or other risks that may materialize in the future.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company’s securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management’s attention and resources and harm our business, financial condition and results of operations.

If securities or industry analysts do not publish research or reports about our business or publish negative reports, our stock price could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our common stock or if our operating results do not meet their expectations, our stock price could decline.

The issuance by us of additional shares of common stock or convertible securities may dilute your ownership of us and could adversely affect our stock price.

We have filed a registration statement with the SEC on Form S-8 providing for the registration of 2,237,303 shares of our common stock issued or reserved for issuance under our long-term incentive plan. Subject to the satisfaction of vesting conditions and the expiration of lock-up agreements, shares registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction. From time to time in the future, we may also issue additional shares of our common stock or securities convertible into common stock pursuant to a variety of transactions, including acquisitions. The issuance by us of additional shares of our common stock or securities convertible into our common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our common stock.

We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock.

Our certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the common stock.

Our designation of the Delaware Court of Chancery as the exclusive forum for certain types of stockholder legal proceedings could limit our stockholders' ability to obtain a more favorable forum.

Our certificate of incorporation provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our certificate of incorporation described in the preceding sentence. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. See "Description of Capital Stock—Forum Selection." Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs that we do not currently anticipate associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We are headquartered in Quincy, Massachusetts. Our principal executive offices are leased under a lease agreement expiring in December 2021, with options to renew thereafter. Our 520,000 square foot distribution and customer contact center, located in Tilton, New Hampshire, supports both our direct and retail channels and is leased under a lease agreement expiring in September 2030, with options to renew thereafter. We consider these properties to be in good condition and believe that our facilities are adequate for operations and provide sufficient capacity to meet our anticipated future requirements.

As of January 28, 2017, we operated 275 stores in 43 states. Of these stores, 273 are full-price locations with approximately half located in lifestyle centers and half in premium malls. The average size of our stores is approximately 3,750 square feet. All of our retail stores are leased from third parties and new stores historically have had terms of ten years. The average remaining lease term is 4.6 years. A portion of our leases have options to renew for periods up to five years. Generally, store leases contain standard provisions concerning the payment of rent, events of default and the rights and obligations of each party. Rent due under the leases is generally comprised of annual base rent plus a contingent rent payment based on the store's sales in excess of a specified threshold. Some of the leases also contain early termination options, which can be exercised by us or the landlord under certain conditions. The leases also generally require us to pay real estate taxes, insurance and certain common area costs. We renegotiate with landlords to obtain more favorable terms as opportunities arise.

The current terms of our leases expire as follows:

<u>Fiscal Years Lease Terms Expire</u>	<u>Number of Stores</u>
2016 – 2018	107
2019 – 2021	55
2022 – 2024	63
2025 and later	50

[Table of Contents](#)

The table below sets forth the number of retail stores by state that we operated as of January 28, 2017.

State	Number of Stores	State	Number of Stores	State	Number of Stores
Alabama	5	Louisiana	3	Ohio	9
Arizona	6	Maine	2	Oklahoma	2
Arkansas	3	Maryland	8	Oregon	5
California	30	Massachusetts	13	Pennsylvania	11
Colorado	7	Michigan	9	Rhode Island	2
Connecticut	8	Minnesota	8	South Carolina	4
Delaware	1	Mississippi	1	Tennessee	6
Florida	12	Missouri	6	Texas	17
Georgia	10	Nebraska	2	Utah	1
Idaho	1	Nevada	2	Vermont	1
Illinois	16	New Hampshire	1	Virginia	10
Indiana	2	New Jersey	14	Washington	6
Iowa	2	New Mexico	1	Wisconsin	4
Kansas	2	New York	11		
Kentucky	2	North Carolina	9		

Item 3. Legal Proceedings

From time to time, we are subject to certain legal proceedings and claims in the ordinary course of business. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, financial condition, operating results or cash flows. We establish reserves for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock began trading publicly on the New York Stock Exchange (“NYSE”) under the symbol “JILL” on March 9, 2017. Prior to that time, there was no public market for our common stock.

The following table sets forth the high and low sales prices of our common stock as reported on the NYSE from March 9, 2017 through April 21, 2017.

	<u>High</u>	<u>Low</u>
For the period from March 9, 2017 through April 21, 2017	\$ 14.40	\$ 12.00

Holders of Record

As of April 21, 2017, there were approximately 30 holders of record of our common stock. This number does not include beneficial owners whose shares are held of record by banks, brokers and other financial institutions.

Dividends

On June 6, 2016, Jill Intermediate LLC, our predecessor entity prior to our conversion to a Delaware corporation, paid a \$70.0 million dividend to the partners of JJill Topco Holdings.

Since March 9, 2017, we have not declared or paid any cash dividends. We currently do not plan to declare cash dividends on shares of our common stock in the foreseeable future. We expect that we will retain all of our future earnings for use in the operation and expansion of our business. Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, capital requirements, restrictions imposed by applicable law, our overall financial condition, restrictions in our debt agreements, including our Term Loan and ABL Facility, and any other factors deemed relevant by our board of directors. As a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of restrictions on their ability to pay dividends to us under our Term Loan, our ABL Facility and under future indebtedness that we or they may incur. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities.”

Securities Authorized for Issuance Under Equity Compensation Plans

Information regarding our equity compensation plans is set forth in Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

Item 6. Selected Financial Data

The following tables present our selected consolidated financial and other data as of and for the periods indicated. As more fully described below, the periods are presented as “Predecessor” or “Successor”, depending on whether they relate to periods preceding or periods succeeding the acquisition of all of our outstanding equity interests on May 8, 2015. The selected consolidated statements of operations data for the fiscal years ended January 28, 2017 (Successor) and January 31, 2015 (Predecessor), the periods from May 8, 2015 to January 30, 2016 (Successor) and from February 1, 2015 to May 7, 2015 (Predecessor), and the selected consolidated balance sheet data as of January 28, 2017 (Successor) and January 30, 2016 (Successor) are derived from our audited

consolidated financial statements included elsewhere in this Annual Report on Form 10-K. We have derived the selected consolidated balance sheet data as of January 31, 2015 (Predecessor), February 1, 2014 (Predecessor) and February 2, 2013 (Predecessor) and the consolidated statement of operations data for the fiscal years ended February 1, 2014 (Predecessor) and February 2, 2013 (Predecessor) from our audited consolidated financial statements, which are not included in this Annual Report on Form 10-K. Our historical audited results are not necessarily indicative of the results that should be expected in any future period.

On May 8, 2015, an investment vehicle of investment funds affiliated with TowerBrook Capital Partners L.P. acquired all of our outstanding equity interests through the newly formed entities JJill Holdings, Inc. (“JJill Holdings”) and JJill Topco Holdings, LP (“JJill Topco Holdings”). We refer to such acquisition and the related financing transactions as the “Acquisition.” As a result of the Acquisition and related change in control, JJill Holdings applied purchase accounting as of May 8, 2015. We elected to push down the effects of the Acquisition to our consolidated financial statements. As such, the financial information provided in this Annual Report on Form 10-K is presented as “Predecessor” or “Successor” to indicate whether they relate to the period preceding the Acquisition or the period succeeding the Acquisition, respectively. Due to the change in the basis of accounting resulting from the Acquisition, the consolidated financial statements for the Predecessor periods and the consolidated financial statements for the Successor periods, included elsewhere in this Annual Report on Form 10-K are not necessarily comparable.

For purposes of presenting a comparison of our fiscal year 2016 and fiscal year 2014 results, in addition to standalone results for the 2015 Successor Period and 2015 Predecessor Period, we have also presented supplemental unaudited pro forma consolidated financial and other data for the fiscal year ended January 30, 2016. The unaudited pro forma consolidated statement of operations for the fiscal year ended January 30, 2016 has been derived from the historical audited statements of operations included elsewhere in this Annual Report on Form 10-K, and represents the addition of the 2015 Successor Period and the 2015 Predecessor Period and gives effect to certain transactions, as described in “Management Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Fiscal Year Ended January 28, 2017 to Pro Forma Fiscal Year Ended January 30, 2016” contained elsewhere in this Annual Report on Form 10-K, as if they had occurred on February 1, 2015. We believe that this presentation provides meaningful information about our results of operations on a period to period basis. The unaudited pro forma consolidated statement of operations is presented for illustrative purposes and does not purport to represent what the results of operations would actually have been if the transactions had occurred as of the date indicated or what the results of operations would be for any future periods.

[Table of Contents](#)

The selected historical financial data presented below does not purport to project our financial position or results of operations for any future date or period and should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

	Successor		Predecessor	Pro Forma (1)	Predecessor		
	For the Fiscal Year Ended January 28, 2017	For the Period from May 8, 2015 to January 30, 2016	For the Period from February 1, 2015 to May 7, 2015	For the Fiscal Year Ended January 30, 2016	For the Fiscal Year Ended January 31, 2015	For the Fiscal Year Ended February 1, 2014	For the Fiscal Year Ended February 2, 2013
Statements of Operations Data:							
Net sales	\$ 639,056	\$ 420,094	\$ 141,921	\$ 562,015	\$ 483,400	\$ 456,026	\$ 431,881
Costs of goods sold	211,117	155,091	44,232	188,852	164,792	161,261	155,363
Gross profit	427,939	265,003	97,689	373,163	318,608	294,765	276,518
Selling, general and administrative expenses	368,525	246,482	80,151	331,752	279,557	267,319	263,519
Acquisition-related expenses	—	—	13,341	—	—	—	—
Operating income	59,414	18,521	4,197	41,411	39,051	27,446	12,999
Interest expense	18,670	11,893	4,599	16,893	17,895	19,064	19,183
Income (loss) before provision for income taxes	40,744	6,628	(402)	24,518	21,156	8,382	(6,184)
Provision (benefit) for income taxes	16,669	2,322	1,499	10,223	10,860	3,884	(2,583)
Net income (loss)	\$ 24,075	\$ 4,306	\$ (1,901)	\$ 14,295	\$ 10,296	\$ 4,498	\$ (3,601)
Net income (loss) per common share attributable to common shareholders (1)(2):							
Basic and diluted	\$ 0.55	\$ 0.10	\$ (0.04)	\$ 0.33	\$ 0.24	\$ 0.10	\$ (0.08)
Weighted average number of common shares outstanding (1)(2):							
Basic and diluted	43,747,944	43,747,944	43,747,944	43,747,944	43,747,944	43,747,944	43,747,944
Other Financial Data:							
Adjusted EBITDA (3)	\$ 106,220	\$ 59,699	\$ 23,672	\$ 81,955	\$ 65,720	\$ 54,241	\$ 43,913
Adjusted EBITDA margin (4)	16.6%	14.2%	16.7%	14.6%	13.6%	11.9%	10.2%

	Successor		Predecessor		
(in thousands)	January 28, 2017	January 30, 2016	January 31, 2015	February 1, 2014	February 2, 2013
Balance Sheet data (at end of period):					
Cash	\$ 13,468	\$ 27,505	\$ 604	\$ 518	\$ 673
Net operating assets and liabilities (5)	5,754	3,477	(8,055)	(7,472)	2,338
Total assets	567,645	582,032	278,232	259,735	254,441
Current and non-current portions of long-term debt, net of discount and debt issuance cost	267,239	239,978	82,369	94,153	106,318
Preferred capital	—	—	72,824	72,824	72,824
Total equity	120,965	166,571	(1,317)	(16,765)	(22,986)

- (1) See “Management Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Unaudited Pro Forma Consolidated Financial Information” for information regarding our presentation of the pro forma fiscal year ended January 30, 2016. Pro forma adjustments do not impact the weighted average number of basic or diluted common shares outstanding during the period. Accordingly, basic and diluted EPS for the pro forma fiscal year ended January 30, 2016 is impacted only as a result of pro forma adjustments to net income attributable to common shareholders.
- (2) Basic net income (loss) per share attributable to common stockholders is computed by dividing net income (loss) by basic weighted average common shares outstanding. Diluted net income (loss) per share attributable to common stockholders is computed by dividing net income (loss) by the diluted weighted average common shares outstanding, which is adjusted to include potentially dilutive securities, if any. Since there are no potentially dilutive securities outstanding in any of the historical periods presented above, basic and diluted net income (loss) per share attributable to common stockholders is the same in each period.
- (3) Adjusted EBITDA represents net income (loss) plus interest expense, provision (benefit) for income taxes, depreciation and amortization, the amortization of the step-up to fair value of merchandise inventory resulting from the application of a purchase

[Table of Contents](#)

accounting adjustment related to the Acquisition, certain Acquisition-related expenses, sponsor fees, equity-based compensation expense, write-off of property and equipment and other non-recurring expenses, primarily consisting of outside legal and professional fees associated with certain non-recurring transactions and events. We present Adjusted EBITDA on a consolidated basis because our management uses it as a supplemental measure in assessing our operating performance, and we believe that it is helpful to investors, securities analysts and other interested parties as a measure of our comparative operating performance from period to period. Adjusted EBITDA is not a measurement of financial performance under GAAP. It should not be considered an alternative to net income (loss) as a measure of our operating performance or any other measure of performance derived in accordance with GAAP. In addition, Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items, or affected by similar nonrecurring items. Adjusted EBITDA has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under GAAP. Our definition and calculation of Adjusted EBITDA is not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation. We recommend that you review the reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, under “Management Discussion and Analysis of Financial Condition and Result of Operations—Reconciliation of Net Income to Adjusted EBITDA and Calculation of Adjusted EBITDA Margin” and not rely solely on Adjusted EBITDA or any single financial measure to evaluate our business.

- (4) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net sales. We recommend that you review the calculation of Adjusted EBITDA margin, under “Management Discussion and Analysis of Financial Condition and Result of Operations—Reconciliation of Net Income to Adjusted EBITDA and Calculation of Adjusted EBITDA Margin.”
- (5) Net operating assets and liabilities consist of current assets excluding cash, less current liabilities excluding the current portion of long-term debt.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K, as well as the information presented under "Selected Financial Data." The following discussion contains forward-looking statements that reflect our plans, estimates and assumptions. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause such differences are discussed in the sections of this Annual Report on Form 10-K titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

We operate on a 52- or 53-week fiscal year that ends on the Saturday that is closest to January 31. Each fiscal year generally is comprised of four 13-week fiscal quarters, although in the years with 53 weeks, the fourth quarter represents a 14-week period. Fiscal year 2016, pro forma fiscal year 2015 and fiscal year 2014 ended on January 28, 2017, January 30, 2016 and January 31, 2015, respectively, and were each comprised of 52 weeks.

Overview

J.Jill is a nationally recognized women's apparel brand focused on a loyal, engaged and affluent customer in the attractive 40-65 age segment. The J.Jill brand represents an easy, relaxed and inspired style that reflects the confidence and comfort of a woman with a rich, full life. We operate a highly profitable omni-channel platform that is well diversified across our direct (43% of net sales for fiscal year 2016) and retail (57% of net sales for fiscal year 2016) channels. We began as a catalog company and have been a pioneer of the omni-channel model with a compelling presence across stores, website and catalog since 1999. We have developed an industry-leading customer database that allows us to match approximately 97% of transactions to an identifiable customer. We take a data-centric approach, in which we leverage our database and apply our insights to manage our business as well as to acquire and engage customers to drive optimum value and productivity. Our goals are to Create a great brand, to Build a successful business and to Make J.Jill a great place to work. To achieve this, we have aligned our strategy and team around four guiding pillars—Brand, Customer, Product and Channel.

Factors Affecting Our Operating Results

Various factors are expected to continue to affect our results of operations going forward, including the following:

Overall Economic Trends . Consumer purchases of clothing and other merchandise generally decline during recessionary periods and other periods when disposable income is adversely affected, and consequently our results of operations may be affected by general economic conditions. For example, reduced consumer confidence and lower availability and higher cost of consumer credit may reduce demand for our merchandise and may limit our ability to increase or sustain prices. The growth rate of the market could be affected by macroeconomic conditions in the United States.

Consumer Preferences and Fashion Trends . Our ability to maintain our appeal to existing customers and attract new customers depends on our ability to anticipate fashion trends. During periods in which we have successfully anticipated fashion trends, we have generally had more favorable results.

Competition . The retail industry is highly competitive and retailers compete based on a variety of factors, including design, quality, price and customer service. Levels of competition and the ability of our competitors to more accurately predict fashion trends and otherwise attract customers through competitive pricing or other factors may impact our results of operations.

Our Strategic Initiatives . We are in the process of implementing significant business initiatives that have had and will continue to have an impact on our results of operations, including our brand voice and customer

segmentation initiatives. Although these initiatives are designed to create growth in our business and continuing improvement in our operating results, the timing of expenditures related to these initiatives, as well as the achievement of returns on our investments, may affect our results of operation in future periods.

Pricing and Changes in Our Merchandise Mix . Our product offering changes from period to period, as do the prices at which goods are sold and the margins we are able to earn from the sales of those goods. The levels at which we are able to price our merchandise are influenced by a variety of factors, including the quality of our products, cost of production, prices at which our competitors are selling similar products and the willingness of our customers to pay for products.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of financial and operating metrics, including GAAP and non-GAAP measures, including the following:

Net sales consists primarily of revenues, net of merchandise returns and discounts, generated from the sale of apparel and accessory merchandise through our direct channel and retail channel. Net sales also include shipping and handling fees collected from customers. Revenue from our retail channel is recognized at the time of sale and revenue from our direct channel is recognized upon receipt of merchandise by the customer.

Net sales are impacted by the size of our active customer base, product assortment and availability, marketing and promotional activities and the spending habits of our customers. Net sales are also impacted by the migration of single-channel customers to omni-channel customers who, on average, spend nearly three times more than single-channel customers.

Total company comparable sales includes net sales from our full-price stores that have been open for more than 52 weeks and from our direct channel. This measure highlights the performance of existing stores open during the period, while excluding the impact of new store openings and closures. When a store in the total company comparable store base is temporarily closed for remodeling or other reasons, it is included in total company comparable sales only using the full weeks it was open. Certain of our competitors and other retailers may calculate total company comparable sales differently than we do. As a result, the reporting of our total company comparable sales may not be comparable to sales data made available by other companies.

Number of stores reflects all stores open at the end of a reporting period. In connection with opening new stores, we incur pre-opening costs. Pre-opening costs include expenses incurred prior to opening a new store and primarily consist of payroll, travel, training, marketing, initial opening supplies and costs of transporting initial inventory and fixtures to store locations, as well as occupancy costs incurred from the time of possession of a store site to the opening of that store. These pre-opening costs are included in selling, general and administrative expenses and are generally incurred and expensed within 30 days of opening a new store.

Gross profit is equal to our net sales less costs of goods sold. Gross profit as a percentage of our net sales is referred to as gross margin. *Costs of goods sold* includes the direct costs of sold merchandise, inventory shrinkage, and adjustments and reserves for excess, aged and obsolete inventory. We review our inventory levels on an ongoing basis to identify slow-moving merchandise and use product markdowns to efficiently sell these products. Changes in the assortment of our products may also impact our gross profit. The timing and level of markdowns are driven by customer acceptance of our merchandise. Certain of our competitors and other retailers may report costs of goods sold differently than we do. As a result, the reporting of our gross profit and gross margin may not be comparable to other companies.

The primary drivers of the costs of goods sold are raw materials, which fluctuate based on certain factors beyond our control, including labor conditions, transportation or freight costs, energy prices, currency fluctuations and commodity prices. We place orders with merchandise suppliers in United States dollars and, as a result, are not exposed to significant foreign currency exchange risk.

Selling, general and administrative expenses include all operating costs not included in costs of goods sold. These expenses include all payroll and related expenses, occupancy costs and other operating expenses related to our stores and to our operations at our headquarters, including utilities, depreciation and amortization. These expenses also include marketing expense, including catalog production and mailing costs, warehousing, distribution and shipping costs, customer service operations, consulting and software services, professional services and other administrative costs.

Our historical revenue growth has been accompanied by increased selling, general and administrative expenses. The most significant increases were in occupancy costs associated with retail store expansion, and in marketing and payroll investments. While we expect these expenses to increase as we continue to open new stores, increase brand awareness and grow our business, we believe these expenses will decrease as a percentage of net sales over time.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. We expect that compliance with the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the Securities and Exchange Commission, will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes-Oxley Act. In that regard, we expect to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge.

Adjusted EBITDA and Adjusted EBITDA Margin . Adjusted EBITDA represents net income (loss) plus interest expense, provision (benefit) for income taxes, depreciation and amortization, the amortization of the step-up to fair value of merchandise inventory resulting from the application of a purchase accounting adjustment related to the Acquisition, certain Acquisition-related expenses, sponsor fees, equity-based compensation expense, write-off of property and equipment, prior period adjustment for tenant allowances, and other non-recurring expenses, primarily consisting of outside legal and professional fees associated with certain non-recurring transactions and events. We present Adjusted EBITDA on a consolidated basis because our management uses it as a supplemental measure in assessing our operating performance, and we believe that it is helpful to investors, securities analysts and other interested parties as a measure of our comparative operating performance from period to period. We also use Adjusted EBITDA as one of the primary methods for planning and forecasting overall expected performance of our business and for evaluating on a quarterly and annual basis actual results against such expectations. Further, we recognize Adjusted EBITDA as a commonly used measure in determining business value and as such, use it internally to report results. Adjusted EBITDA margin represents, for any period, Adjusted EBITDA as a percentage of net sales.

While we believe that Adjusted EBITDA is useful in evaluating our business, Adjusted EBITDA is a non-GAAP financial measure that has limitations as an analytical tool. Adjusted EBITDA should not be considered an alternative to, or substitute for, net income (loss), which is calculated in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate Adjusted EBITDA differently or not at all, which reduces the usefulness of Adjusted EBITDA as a tool for comparison. We recommend that you review the reconciliation and calculation of Adjusted EBITDA and Adjusted EBITDA margin to net income (loss), the most directly comparable GAAP financial measure, below and not rely solely on Adjusted EBITDA or any single financial measure to evaluate our business.

Reconciliation of Net Income to Adjusted EBITDA and Calculation of Adjusted EBITDA Margin

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA and the calculation of Adjusted EBITDA margin for the periods presented:

	Successor		Predecessor	Pro Forma	Predecessor
	For the Fiscal Year Ended January 28, 2017	For the Period from May 8, 2015 to January 30, 2016	For the Period from February 1, 2015 to May 7, 2015	For the Year Ended January 30, 2016	For the Fiscal Year Ended January 31, 2015
(in thousands, except share and per share data)					
Statements of Operations Data:					
Net income (loss)	\$ 24,075	\$ 4,306	\$ (1,901)	\$ 14,295	\$ 10,296
Interest expense	18,670	11,893	4,599	16,893	17,895
Provision for income taxes	16,669	2,322	1,499	10,223	10,860
Depreciation and amortization	36,219	28,702	5,147	37,802	19,051
Inventory step-up (a)	—	10,471	—	—	—
Acquisition-related expenses (b)	—	—	13,341	—	—
Sponsor fees (c)	—	—	250	—	1,000
Equity-based compensation expense (d)	624	168	441	609	5,152
Write-off of property and equipment (e)	385	237	112	349	58
Other non-recurring expenses (f)	9,741	1,600	184	1,784	1,408
Prior period adjustment for tenant allowance (g)	(163)	—	—	—	—
Adjusted EBITDA	\$ 106,220	\$ 59,699	\$ 23,672	\$ 81,955	\$ 65,720
Net sales	\$ 639,056	\$ 420,094	\$ 141,921	\$ 562,015	\$ 483,400
Adjusted EBITDA margin	16.6%	14.2%	16.7%	14.6%	13.6%

- (a) Represents the impact to costs of goods sold resulting from the amortization of the step-up to fair value of merchandise inventory resulting from the application of a purchase accounting adjustment related to the Acquisition.
- (b) Represents transaction costs incurred in connection with the Acquisition, consisting substantially of legal and advisory fees, which are not expected to recur.
- (c) Represents management fees charged by our previous equity sponsors.
- (d) Represents expenses associated with equity incentive units granted to our management. Prior to the Acquisition, incentive units were accounted for as a liability-classified award and the related compensation expense was recognized based on changes in the intrinsic value of the award at each reporting period. Subsequent to the Acquisition, new incentive units were granted to management and are accounted for as equity-classified awards with the related compensation expense recognized based on fair value at the date of the grants.
- (e) Represents the net loss on the disposal of fixed assets.
- (f) Represents items management believes are not indicative of ongoing operating performance. These expenses are primarily composed of legal and professional fees associated with non-recurring events. The fiscal year 2014 expenses were primarily related to legal and professional services associated with the Company's evaluation of a sale of the business. The pro forma fiscal year 2015 expenses are primarily due to legal, accounting, and professional fees incurred in connection with the initial public offering of our common shares in March 2017.
- (g) Represents the prior period correction to recognize lease incentives as reductions of rental expense by the lessee on a straight-line basis over the term of the new lease, in accordance with ASC 840.

Factors Affecting the Comparability of our Results of Operations

On May 8, 2015, an investment vehicle of investment funds affiliated with TowerBrook Capital Partners L.P. acquired all of our outstanding equity interests through the newly formed entities JJill Holdings, Inc. (“JJill Holdings”) and JJill Topco Holdings, LP (“JJill Topco Holdings”). We refer to such acquisition and the related financing transactions as the “Acquisition.” JJill Holdings acquired approximately 94% of the outstanding interests of Jill Intermediate LLC, our predecessor entity, and JJill Topco Holdings acquired the remaining 6% of the outstanding interests of Jill Intermediate LLC in the Acquisition. The purchase price was \$396.4 million, which consisted of \$386.3 million of cash consideration and \$10.1 million of noncash consideration in the form of an equity rollover by Jill Intermediate LLC’s predecessor management owners. The Acquisition was funded through an equity contribution by JJill Holdings and JJill Topco Holdings and borrowings under our seven-year \$250.0 million Term Loan, as described under “Credit Facilities” below.

JJill Holdings accounted for the Acquisition as a business combination under the acquisition method of accounting. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of Acquisition.

We have elected to push down the effects of the Acquisition to our consolidated financial statements. As such, the financial information provided in this Annual Report on Form 10-K is presented as “Predecessor” or “Successor” to indicate whether they relate to the period preceding the Acquisition or the period succeeding the Acquisition, respectively. The financial information for all periods after May 7, 2015 represents the financial information of the Successor. Prior to, and including, May 7, 2015, the consolidated financial statements, included elsewhere in this Annual Report on Form 10-K, include the accounts of the Predecessor.

Due to the change in the basis of accounting resulting from the Acquisition, the Predecessor’s consolidated financial statements and the Successor’s consolidated financial statements, included elsewhere in this Annual Report on Form 10-K, are not comparable. See our historical audited consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K for additional information regarding the Acquisition.

On February 24, 2017, we completed a conversion from a Delaware limited liability company named Jill Intermediate LLC into a Delaware corporation and changed our name to J.Jill, Inc. In conjunction with the conversion, all of our outstanding equity interests converted into shares of common stock. Accordingly, all historical earnings per share amounts presented in the accompanying consolidated statements of operations and comprehensive income (loss) and the related notes to the consolidated financial statements have been adjusted retroactively to reflect our conversion from a limited liability company to a corporation.

Following our conversion from a limited liability company to a corporation, J.Jill, Inc. merged with and into its direct parent company, JJill Holdings, on February 24, 2017, with J.Jill, Inc. continuing as the surviving entity. JJill Holdings did not have operations of its own, except for buyer transaction costs of \$8,560 incurred to execute the Acquisition.

On May 27, 2016, we entered into an agreement to amend our Term Loan to borrow an additional \$40.0 million. The other terms and conditions of the Term Loan remained substantially unchanged, as discussed in “—Liquidity and Capital Resources—Credit Facilities.” We used the additional loan proceeds, along with cash on hand, to fund a \$70.0 million dividend to the partners of JJill Topco Holdings, which was approved by the members of Jill Intermediate LLC and the board of directors of JJill Topco Holdings on May 27, 2016.

On January 18, 2017, we made a voluntary prepayment of \$10.1 million, including accrued interest, on our Term Loan.

Results of Operations

Fiscal Year Ended January 28, 2017 (Successor) Compared to the Period from May 8, 2015 through January 30, 2016 (Successor) and the Period from February 1, 2015 to May 7, 2015 (Predecessor)

The following table summarizes our consolidated results of operations for the periods indicated:

(in thousands)	Successor				Predecessor	
	For the Fiscal Year Ended January 28, 2017		For the Period May 8, 2015 to January 30, 2016		For the Period February 1, 2015 to May 7, 2015	
	Dollars	% of Net Sales	Dollars	% of Net Sales	Dollars	% of Net Sales
Net sales	\$ 639,056	100.0%	\$ 420,094	100.0%	\$ 141,921	100.0%
Costs of goods sold	211,117	33.0%	155,091	36.9%	44,232	31.2%
Gross profit	427,939	67.0%	265,003	63.1%	97,689	68.8%
Selling, general and administrative expenses	368,525	57.7%	246,482	58.7%	80,151	56.5%
Acquisition-related expenses	—	—	—	—	13,341	9.4%
Operating income	59,414	9.3%	18,521	4.4%	4,197	2.9%
Interest expense	18,670	2.9%	11,893	2.8%	4,599	3.2%
Income (loss) before provision for income taxes	40,744	6.4%	6,628	1.6%	(402)	(0.3)%
Provision for income taxes	16,669	2.6%	2,322	0.6%	1,499	1.0%
Net income (loss)	<u>\$ 24,075</u>	<u>3.8%</u>	<u>\$ 4,306</u>	<u>1.0%</u>	<u>\$ (1,901)</u>	<u>(1.3)%</u>

Net Sales

Net sales were \$639.1 million for the Successor fiscal year ended January 28, 2017 (“fiscal year 2016”) compared to \$420.1 million for the Successor period from May 8, 2015 to January 30, 2016 (“2015 Successor Period”) and \$141.9 million for the Predecessor period from February 1, 2015 to May 7, 2015 (“2015 Predecessor Period”). At the end of those same periods, we operated 275, 261 and 250 retail stores, respectively.

Our direct channel was responsible for 43% of our net sales in fiscal year 2016, 41% in the 2015 Successor Period and 37% in the 2015 Predecessor Period. Our retail channel was responsible for 57% of our net sales in fiscal year 2016, 59% in the 2015 Successor Period and 63% in the 2015 Predecessor Period. The increase in net sales in fiscal year 2016 was due to an increase in total comparable company sales, driven by an increase in our active customer base, and an increase in store count.

Gross Profit and Costs of Goods Sold

Gross profit was \$427.9 million for fiscal year 2016 compared to \$265.0 million for the 2015 Successor Period and \$97.7 million for the 2015 Predecessor Period. The increase in fiscal year 2016 was primarily due to an increase in net sales and an increase in costs of goods sold during the 2015 Successor Period resulting from the amortization of the fair value step-up of merchandise inventory reflected in the purchase price allocation at the date of the Acquisition.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$368.5 million for fiscal year 2016 compared to \$246.5 million for the 2015 Successor Period and \$80.2 million for the 2015 Predecessor Period. The increase in fiscal year 2016 included higher sales related expenses, increased marketing and corporate expenses to support business growth, and costs associated with our initial public offering in March 2017. These increases are partially offset by lower incentive compensation expense.

[Table of Contents](#)

As a percentage of net sales, selling, general and administrative expenses were 57.7% in fiscal year 2016 compared to 58.7% for the 2015 Successor Period and 56.5% for the 2015 Predecessor Period.

Acquisition-Related Expenses

We incurred acquisition-related expenses of \$13.3 million during the 2015 Predecessor Period, consisting primarily of legal and advisory fees. No such costs were incurred during fiscal year 2016 or the 2015 Successor Period.

Interest Expense

Interest expense was \$18.7 million for fiscal year 2016 compared to \$11.9 million for the 2015 Successor Period and \$4.6 million for the 2015 Predecessor Period. The increase in fiscal year 2016 is due to the addition of \$40.0 million to our Term Loan pursuant to an amendment on May 27, 2016 and an acceleration of the amortization of deferred financing costs due to a voluntary prepayment on our Term Loan on January 18, 2017.

Provision for Income Taxes

The provision for income taxes was \$16.7 million for fiscal year 2016 compared to \$2.3 million for the 2015 Successor Period and \$1.5 million for the 2015 Predecessor Period. Our effective tax rates for the same periods were 40.9%, 35.0% and (372.9%), respectively. The increase in fiscal year 2016 was primarily due to higher income (loss) before provision for income taxes. The effective tax rate in the 2015 Predecessor Period reflects transaction costs related to the Acquisition, which were not deductible for tax purposes.

Period from May 8, 2015 through January 30, 2016 (Successor) and Period from February 1, 2015 to May 7, 2015 (Predecessor) Compared to the Fiscal Year Ended January 31, 2015 (Predecessor)

The following table summarizes our consolidated results of operations for the periods indicated:

	Successor		Predecessor			
	For the Period May 8, 2015 to January 30, 2016		For the Period February 1, 2015 to May 7, 2015		For the Fiscal Year Ended January 31, 2015	
	Dollars	% of Net Sales	Dollars	% of Net Sales	Dollars	% of Net Sales
(in thousands)						
Net sales	\$ 420,094	100.0%	\$ 141,921	100.0%	\$ 483,400	100.0%
Costs of goods sold	155,091	36.9%	44,232	31.2%	164,792	34.1%
Gross profit	265,003	63.1%	97,689	68.8%	318,608	65.9%
Selling, general and administrative expenses	246,482	58.7%	80,151	56.5%	279,557	57.8%
Acquisition-related expenses	—	—	13,341	9.4%	—	—
Operating income	18,521	4.4%	4,197	2.9%	39,051	8.1%
Interest expense	11,893	2.8%	4,599	3.2%	17,895	3.7%
Income (loss) before provision for income taxes	6,628	1.6%	(402)	(0.3)%	21,156	4.4%
Provision for income taxes	2,322	0.6%	1,499	1.0%	10,860	2.3%
Net income (loss)	\$ 4,306	1.0%	\$ (1,901)	(1.3)%	\$ 10,296	2.1%

Net Sales

Net sales were \$420.1 million for the 2015 Successor Period and \$141.9 million for 2015 Predecessor Period, compared to \$483.4 million for the Predecessor fiscal year ended January 31, 2015 (“fiscal year 2014”). We operated 261, 250 and 248 retail stores at the end of these same periods, respectively.

Our direct channel was responsible for 41% of our net sales in the 2015 Successor Period, 37% in the 2015 Predecessor Period, and 39% in fiscal year 2014. Our retail channel was responsible for 59% in the 2015 Successor Period, 63% in the 2015 Predecessor Period, and 61% of our net sales in fiscal year 2014. The increase in net sales was due to an increase in total comparable company sales, primarily driven by an increase in our active customer base.

Gross Profit and Costs of Goods Sold

Gross profit was \$265.0 million for the 2015 Successor Period and \$97.7 million for the 2015 Predecessor Period, compared to \$318.6 million for fiscal year 2014. The increase was primarily due to an increase in net sales partially offset by an increase in costs of goods sold during the 2015 Successor Period resulting from the amortization of the fair value step-up of merchandise inventory reflected in the purchase price allocation at the date of the Acquisition.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$246.5 million for the 2015 Successor Period and \$80.2 million for the 2015 Predecessor Period, compared to \$279.6 million for fiscal year 2014. The increase included higher sales related expenses, increased marketing costs to acquire and retain customers and increased corporate payroll and other expenses to support business growth. The increase also reflects increased depreciation and amortization expense, including deferred rent amortization, due to (i) the revaluation of assets and liabilities that occurred in connection with the Acquisition, (ii) increased capital spending in stores as a result of opening new stores and remodeling existing stores, and (iii) increased capital spending on information systems primarily due to the implementation of a new merchandising system. This increase also includes an increase in incentive compensation expense driven by the improved performance of our business.

As a percentage of net sales, selling, general and administrative expenses were 58.7% for the 2015 Successor Period and 56.5% for the 2015 Predecessor Period, compared to 57.8% for fiscal year 2014.

Acquisition-Related Expenses

We incurred acquisition-related expenses of \$13.3 million during the 2015 Predecessor Period, consisting primarily of legal and advisory fees. No such costs were incurred during the 2015 Successor Period or fiscal year 2014.

Interest Expense

Interest expense was \$11.9 million for the 2015 Successor Period and \$4.6 million for the 2015 Predecessor Period, compared to \$17.9 million for fiscal year 2014. During the 2015 Successor Period, interest incurred on debt decreased as a result of a decrease in the weighted average interest rate and lower amortization of deferred financing costs, offset by an increase in debt. In fiscal year 2014, our interest expense was higher due to voluntary prepayments on our predecessor term loan facility, which accelerated the amortization of deferred financing costs.

Provision for Income Taxes

The provision for income taxes was \$2.3 million for the 2015 Successor Period and \$1.5 million for the 2015 Predecessor Period, compared to \$10.9 million for fiscal year 2014. Our effective tax rates for the same periods were 35.0% , (372.9)%, and 51.3%, respectively. The decrease in provision for income taxes was primarily due to lower income (loss) before provision for income taxes for the 2015 Predecessor Period as a result of the inclusion of certain expenses related to the Acquisition in that period.

Supplemental Unaudited Pro Forma Consolidated Financial Information

The following unaudited pro forma financial information should be read in conjunction with our consolidated financial statements and the related notes thereto, included elsewhere in this Annual Report on Form 10-K.

The unaudited pro forma consolidated statement of operations for the year ended January 30, 2016 has been derived from our consolidated audited statements of operations included elsewhere in this Annual Report on Form 10-K and represents the addition of the Predecessor period from February 1, 2015 through May 7, 2015 and the Successor period from May 8, 2015 through January 30, 2016, and gives effect to the following as if they had occurred on February 1, 2015:

- JJill Holdings' acquisition of approximately 94% of the outstanding interests of Jill Intermediate LLC and JJill Topco Holdings' acquisition of approximately 6% of the outstanding interests of Jill Intermediate LLC and our election to push down the effects of the Acquisition to our consolidated financial statements (the "Acquisition"); and
- the related Acquisition financing as provided for under the Term Loan for \$250.0 million and the ABL Facility for \$40.0 million (the "Financing").

The unaudited pro forma consolidated statement of operations does not include the impacts of any revenue, cost or other operating synergies that may result from the Acquisition.

The pro forma adjustments reflect events that are (i) directly attributed to the Acquisition and related Financing; (ii) factually supportable; and (iii) with respect to the pro forma statements of operations, expected to have a continuing impact on the consolidated results.

The unaudited pro forma consolidated financial information presented is based on available information and assumptions we believe are reasonable. The unaudited pro forma consolidated statement of operations is presented for illustrative purposes and does not purport to represent what the results of operations would actually have been if the Acquisition and the related Financing had occurred as of the date indicated or what the results of operations would be for any future periods.

	Successor For the period from May 8, 2015 to January 30, 2016	Predecessor For the Period from February 1, 2015 to May 7, 2015	Pro Forma Adjustments	Pro Forma For the Fiscal Year Ended January 30, 2016
(in thousands)				
Net sales	\$ 420,094	\$ 141,921	\$ —	\$ 562,015
Costs of goods sold	155,091	44,232	(10,471) (1)	188,852
Gross profit	265,003	97,689	10,471	373,163
Operating expenses	246,482	80,151	2,044 (2)	331,752
			1,943 (3)	
			(250) (4)	
			(34) (5)	
			973 (6)	
			443 (7)	
Acquisition-related expenses	—	13,341	(13,341) (8)	—
Operating income	18,521	4,197	18,693	41,411
Interest expense	11,893	4,599	401 (9)	16,893
Income (loss) before provision for income taxes	6,628	(402)	18,292	24,518
Provision for income taxes	2,322	1,499	6,402 (10)	10,223
Net income (loss)	<u>\$ 4,306</u>	<u>\$ (1,901)</u>	<u>\$ 11,890</u>	<u>\$ 14,295</u>

Description of the Acquisition and Financing

On May 8, 2015, JJill Holdings and JJill Topco Holdings completed the Acquisition of the Company. The purchase price of the Acquisition was \$396.4 million, which was funded through an equity contribution by JJill Holdings and JJill Topco Holdings and borrowings under our Term Loan. JJill Holdings accounted for the Acquisition as a business combination under the acquisition method of accounting. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of Acquisition. We have elected to push down the effects of the Acquisition to our consolidated historical financial statements.

In conjunction with the Acquisition, we entered into a seven-year Term Loan of \$250.0 million, which contains certain terms and conditions that require us to comply with financial and other covenants. The Term Loan has a variable interest rate which is based on a rate per annum equal to LIBOR plus 5.0%, with a minimum required LIBOR per annum of 1.0%. The rate per annum was 6.0% at January 30, 2016. The Term Loan is collateralized by all of our assets and contains a provision requiring scheduled quarterly repayments that began October 31, 2015 and that continue until maturity on May 8, 2022.

We also entered into a five-year secured \$40.0 million asset-based ABL Facility. Our ABL Facility is collateralized by a first lien on accounts receivable and inventory. Amounts outstanding under the ABL Facility bear interest of LIBOR plus the applicable margin, as defined in the agreement. The ABL Facility consists of revolving loans whereby interest on each revolving loan is payable upon maturity, with durations ranging between 30 to 180 days. Principal is payable upon maturity of the ABL Facility on May 8, 2020. The ABL Facility also requires the payment of monthly fees based on the average quarterly unused portion, as well as a fee on the balance of the outstanding letters of credit.

In securing the Term Loan and the ABL Facility, we incurred financing and issuance costs of \$9.6 million. Debt issuance costs are deferred and amortized using the effective interest rate method for the Term Loan and the straight-line method for the ABL Facility. Debt discounts are deferred and amortized using the effective interest rate method over the term of the Term Loan agreement.

Notes to Unaudited Pro Forma Consolidated Statement of Operations Adjustments:

- (1) Represents the elimination of the increase in costs of goods sold resulting from the amortization of the fair value step-up of merchandise inventory reflected in the purchase price allocation at the date of the Acquisition.
- (2) Represents the incremental depreciation expense resulting from the increase in fair value of certain fixed assets, reflected in the purchase price allocation at the date of the Acquisition.
- (3) Represents the incremental amortization expense resulting from the increase in fair value of certain definite-lived intangible assets, reflected in the purchase price allocation at the date of the Acquisition.
- (4) Represents the elimination of the management fee charged by our previous equity sponsor for the period from February 1, 2015 through May 7, 2015.
- (5) Represents the net decrease in amortization expense related to recognition of the fair value of favorable/unfavorable leases.
- (6) Represents incremental pro forma deferred rent expense resulting from the recalculation of deferred rent expense from the Acquisition.
- (7) Represents the incremental compensation expense related to certain management incentive bonuses awarded in connection with the Acquisition.
- (8) Represents the elimination of the transaction costs incurred in connection with the Acquisition.
- (9) Represents the net change in interest expense.

(10) Represents the income tax effect for the above adjustments reflecting an estimated statutory tax rate of 35%.

Fiscal Year Ended January 28, 2017 Compared to Pro Forma Fiscal Year Ended January 30, 2016

In addition to the historical analysis of results of operations for the audited historical statements of operations presented for fiscal year 2016, the 2015 Successor Period and the 2015 Predecessor Period, we have also presented a supplemental unaudited pro forma consolidated statement of operations for the fiscal year ended January 30, 2016 (“pro forma fiscal year 2015”).

The following table summarizes our consolidated results of operations for the periods indicated:

(in thousands)	Successor		Pro Forma		Change from Pro Forma Year Ended January 30, 2016 to Fiscal Year Ended January 28, 2017	
	For the Fiscal Year Ended January 28, 2017		For the Fiscal Year Ended January 30, 2016			
	Dollars	% of Net Sales	Dollars	% of Net Sales	\$ Change	% Change
Net sales	\$639,056	100.0%	\$562,015	100.0%	\$77,041	13.7%
Costs of goods sold	211,117	33.0%	188,852	33.6%	22,265	11.8%
Gross profit	427,939	67.0%	373,163	66.4%	54,776	14.7%
Selling, general and administrative expenses	368,525	57.7%	331,752	59.0%	36,773	11.1%
Operating income	59,414	9.3%	41,411	7.4%	18,003	43.5%
Interest expense	18,670	2.9%	16,893	3.0%	1,777	10.5%
Income before provision for income taxes	40,744	6.4%	24,518	4.4%	16,226	66.2%
Provision for income taxes	16,669	2.6%	10,223	1.8%	6,446	63.1%
Net income	<u>\$ 24,075</u>	<u>3.8%</u>	<u>\$ 14,295</u>	<u>2.6%</u>	<u>\$ 9,780</u>	<u>68.4%</u>

Net Sales

Net sales for fiscal year 2016 increased \$77.0 million, or 13.7%, to \$639.1 million, from \$562.0 million for pro forma fiscal year 2015. This increase was primarily due to an increase in total comparable company sales of 11.2%, which was substantially driven by an 11.2% increase in our active customer base. Our direct channel was responsible for 43% of our net sales in fiscal year 2016, an increase from 40% in pro forma fiscal year 2015. Our retail channel was responsible for 57% of our net sales in fiscal year 2016 and 60% in pro forma fiscal year 2015. We operated 275 and 261 retail stores at the end of these same periods, respectively.

Gross Profit and Cost of Goods Sold

Gross profit for fiscal year 2016 increased \$54.8 million, or 14.7%, to \$427.9 million, from \$373.2 million for pro forma fiscal year 2015. This increase was due primarily to the increase in net sales of 13.7%. The balance of the increase reflects gross margin for fiscal year 2016 increasing to 67.0% from 66.4% for pro forma fiscal year 2015. The increased gross margin was primarily due to supply chain efficiencies.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for fiscal year 2016 increased \$36.8 million, or 11.1%, to \$368.5 million from \$331.8 million for pro forma fiscal year 2015. As a percentage of net sales, selling, general and administrative expenses for fiscal year 2016 were 57.7% as compared to 59.0% for pro forma fiscal year

[Table of Contents](#)

2015. These increases related to higher sales related expenses of \$15.2 million, increased marketing costs of \$11.9 million and increased corporate payroll and other expenses of \$17.3 million to support business growth and costs associated with our initial public offering. This increase was offset by decreases related to depreciation and amortization expense of \$3.9 million, including deferred rent amortization, and a decrease in incentive compensation expense of \$3.8 million.

Interest Expense

Interest expense for fiscal year 2016 increased by \$1.8 million, or 10.5%, to \$18.7 million from \$16.9 million for pro forma fiscal year 2015. The increase in interest expense was due to an increase in the average debt outstanding to \$276.7 million during fiscal year 2016 from \$249.4 million in pro forma 2015, the increase in average debt was due to an additional \$40.0 million of debt incurred in May 2016, and higher amortization of deferred financing costs resulting from a voluntary prepayment on our term loan in January 2017.

The average debt balance and weighted average interest rates for pro forma fiscal year 2015 assume our Term Loan and ABL Facility were entered into on February 1, 2015. See “Supplemental Unaudited Pro Forma Consolidated Financial Information,” “—Factors Affecting the Comparability of our Results of Operations,” “—Liquidity and Capital Resources—Credit Facilities” elsewhere in this Annual Report on Form 10-K for additional information regarding our Term Loan and ABL Facility and the Acquisition.

Provision for Income Taxes

The provision for income taxes for fiscal year 2016 increased by \$6.4 million, or 63.1%, to \$16.7 million from \$10.2 million for pro forma fiscal year 2015. Our effective tax rate was 40.9% for fiscal year 2016 and 41.7% for pro forma fiscal year 2015.

Pro Forma Fiscal Year Ended January 30, 2016 Compared to Fiscal Year Ended January 31, 2015 (Predecessor)

In addition to the historical analysis of results of operations for the audited historical statements of operations presented for the 2015 Successor Period, the 2015 Predecessor Period and the fiscal year ended January 31, 2015, we have also presented a supplemental unaudited pro forma consolidated statement of operations for the fiscal year ended January 30, 2016 (“pro forma fiscal year 2015”).

The following table summarizes our consolidated results of operations for the periods indicated:

(in thousands)	Pro Forma		Predecessor		Change from Fiscal Year Ended January 31, 2015 to Pro Forma Fiscal Year Ended January 30, 2016	
	For the Fiscal Year Ended January 30, 2016		For the Fiscal Year Ended January 31, 2015		January 30, 2016	
	Dollars	% of Net Sales	Dollars	% of Net Sales	\$	%
					Change	Change
Net sales	\$562,015	100.0%	\$483,400	100.0%	\$78,615	16.3%
Costs of goods sold	188,852	33.6%	164,792	34.1%	24,060	14.6%
Gross profit	373,163	66.4%	318,608	65.9%	54,555	17.1%
Selling, general and administrative expenses	331,752	59.0%	279,557	57.8%	52,195	18.7%
Operating income	41,411	7.4%	39,051	8.1%	2,360	6.0%
Interest expense	16,893	3.0%	17,895	3.7%	(1,002)	(5.6)%
Income before provision for income taxes	24,518	4.4%	21,156	4.4%	3,362	15.9%
Provision for income taxes	10,223	1.8%	10,860	2.3%	(637)	(5.9)%
Net income	<u>\$ 14,295</u>	<u>2.6%</u>	<u>\$ 10,296</u>	<u>2.1%</u>	<u>\$ 3,999</u>	<u>38.8%</u>

Net Sales

Net sales for pro forma fiscal year 2015 increased \$78.6 million, or 16.3%, to \$562.0 million, from \$483.4 million for fiscal year 2014. This increase was primarily due to an increase in total comparable company sales of 12.4%, which was driven substantially by an 11.6% increase in our active customer base. Our direct channel was responsible for 40% of our net sales in pro forma fiscal year 2015, an increase from 39% in fiscal year 2014. Our retail channel was responsible for 60% of our net sales in pro forma fiscal year 2015 and 61% in fiscal year 2014. We operated 261 and 248 retail stores at the end of these same periods, respectively.

Gross Profit and Costs of Goods Sold

Gross profit for pro forma fiscal year 2015 increased \$54.6 million, or 17.1%, to \$373.2 million, from \$318.6 million for fiscal year 2014. This increase was due primarily to the increase in net sales of 16.3%. The balance of the increase reflects gross margin for pro forma fiscal year 2015 increasing to 66.4% from 65.9% for fiscal year 2014. The increased gross margin was primarily due to supply chain efficiencies.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for pro forma fiscal year 2015 increased \$52.2 million, or 18.7%, to \$331.8 million from \$279.6 million for fiscal year 2014. As a percentage of net sales, selling, general and administrative expenses for pro forma fiscal year 2015 were 59.0% as compared to 57.8% for fiscal year 2014. These increases related to higher sales related expenses of \$16.6 million, increased marketing costs of \$7.6 million and increased corporate payroll and other expenses of \$5.3 million to support business growth. The increase also related to increased depreciation and amortization expense of \$22.6 million, including deferred rent amortization, due to (i) the revaluation of assets and liabilities that occurred in connection with the Acquisition, (ii) increased capital spending in stores as a result of opening new stores and remodeling existing stores, and (iii) increased capital spending on information systems primarily due to the implementation of a new merchandising system. Further, incentive compensation expenses increased \$4.7 million, driven by improved performance of the business, offset by an equity-based compensation decrease of \$4.5 million due to the implementation of a new equity-based compensation plan following the Acquisition compared to the plan that was in place prior to the Acquisition.

Interest Expense

Interest expense for pro forma fiscal year 2015 decreased by \$1.0 million, or 5.6%, to \$16.9 million from \$17.9 million for fiscal year 2014. The decrease in interest expense was due to a decrease in the weighted average interest rate to 6.1% from 15.4% and lower amortization of deferred financing costs. In fiscal year 2014, we incurred additional amortization resulting from voluntary prepayments on our predecessor term loan facility, which accelerated the amortization of deferred financing costs. The decrease in interest expense was partially offset by an increase in average debt outstanding, to \$249.4 million during pro forma fiscal year 2015 from \$97.3 million in fiscal year 2014.

The average debt balance and weighted average interest rates for pro forma fiscal year 2015 assume our Term Loan and ABL Facility were entered into on February 1, 2015. See “Supplemental Unaudited Pro Forma Financial Information,” “—Factors Affecting the Comparability of our Results of Operations,” “—Liquidity and Capital Resources—Credit Facilities” elsewhere in this Annual Report on Form 10-K for additional information regarding our Term Loan and ABL Facility and the Acquisition.

Provision for Income Taxes

The provision for income taxes for pro forma fiscal year 2015 decreased by \$0.6 million, or 5.9%, to \$10.2 million from \$10.9 million for fiscal year 2014. Our effective tax rate was 41.7% for pro forma fiscal year 2015 and 51.3% for fiscal year 2014. This decrease in the effective rate was due to the higher amount of non-deductible equity-based compensation expenses in fiscal year 2014 compared to pro forma fiscal year 2015.

Liquidity and Capital Resources

General

Our primary sources of liquidity and capital resources are cash generated from operating activities and availability under our ABL Facility. Our primary requirements for liquidity and capital are working capital and general corporate needs, including merchandise inventories, marketing, including catalog production and distribution, payroll, store occupancy costs and capital expenditures associated with opening new stores, remodeling existing stores and upgrading information systems. Additional future liquidity needs will include costs of operating as a public company. We believe that our current sources of liquidity and capital will be sufficient to finance our continued operations, growth strategy and additional expenses we expect to incur as a public company for at least the next 12 months. There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our ABL Facility or otherwise to enable us to service our indebtedness, or to make capital expenditures in the future. Our future operating performance and our ability to service or extend our indebtedness will be subject to future economic conditions and to financial, business, and other factors, many of which are beyond our control.

Capital expenditures were \$37.1 million during fiscal year 2016, \$26.6 million during the 2015 Successor Period, \$7.4 million during the 2015 Predecessor Period and \$24.1 million during fiscal year 2014. The increase in capital expenditures in fiscal year 2016 was due primarily to an increase in the remodeling of stores and investment in information systems.

Cash Flow Analysis

The following table shows our cash flows information for the periods presented:

	For the Fiscal Year Ended January 28, 2017	For the Period from May 8, 2015 to January 30, 2016	For the Period from February 1, 2015 to May 7, 2015	For the Fiscal Year Ended January 31, 2015
(in thousands)				
Net cash provided by operating activities	\$ 67,200	\$ 50,562	\$ 5,733	\$ 41,374
Net cash used in investing activities	(37,077)	(412,303)	(7,406)	(24,143)
Net cash (used in) provided by financing activities	(44,160)	389,246	1,604	(17,145)

Net Cash provided by Operating Activities

Net cash provided by operating activities during fiscal year 2016 was \$67.2 million. Key elements of cash provided by operating activities were (i) net income of \$24.1 million, (ii) adjustments to reconcile net income to net cash provided by operating activities of \$36.3 million, primarily driven by depreciation and amortization, and (iii) a decrease in net operating assets and liabilities of \$6.8 million, primarily driven by increases in other noncurrent liabilities.

Net cash provided by operating activities during the 2015 Successor Period was \$50.6 million. Key elements of cash provided by operating activities were (i) net income of \$4.3 million, (ii) adjustments to reconcile net income to net cash provided by operating activities of \$36.4 million, primarily driven by depreciation and amortization and amortization of the step-up to fair value of merchandise inventory resulting from the application of a purchase accounting adjustment related to the Acquisition, and (iii) a decrease in net operating assets and liabilities and other activities of \$9.9 million, primarily due to a decrease in accounts receivable and an increase in accounts payable as well as an increase in accrued incentive plan expenses resulting from increased earnings, partially offset by increases in taxes receivable, prepaid expenses, and other current assets.

Net cash provided by operating activities during the 2015 Predecessor Period was \$5.7 million. Key elements of cash provided by operating activities were (i) net loss of \$1.9 million, (ii) adjustments to reconcile net loss to net cash provided by operating activities of \$6.7 million, which primarily consisted of depreciation and amortization, and payment-in-kind interest on debt, and (iii) a decrease in net operating assets and liabilities and other activities of \$0.9 million, primarily driven by accrued Acquisition expenses paid at the Acquisition date, partially offset by a decrease in accounts payable and increases in accounts receivable and inventories.

Net cash provided by operating activities during fiscal year 2014 was \$41.4 million. Key elements of cash provided by operating activities were (i) net income of \$10.3 million, (ii) adjustments to reconcile net income to net cash provided by operating activities of \$28.8 million, primarily driven by depreciation and amortization, payment-in-kind interest, and equity-based compensation charges, and (iii) a decrease in net operating assets and liabilities of \$2.3 million, largely due to an increase in accrued expenses and an increase in accounts payable partially offset by increases in inventories and accounts receivable.

Net Cash used in Investing Activities

Net cash used in investing activities during fiscal year 2016 was \$37.1 million, representing purchases of property and equipment related to new store openings, remodeling existing stores and upgrading our information systems, including our merchandising system.

Net cash used in investing activities during the 2015 Successor Period was \$412.3 million, consisting of the \$385.7 million of cash paid in connection with the Acquisition, net of cash received, and \$26.6 million of purchases of property and equipment to new store openings, remodeling existing stores and upgrading our information systems, including our merchandising system.

Net cash used in investing activities during the 2015 Predecessor Period was \$7.4 million, consisting of purchases of property and equipment related to new store openings, remodeling existing stores and upgrading our information systems, including our merchandising system.

Net cash used in investing activities during fiscal year 2014 was \$24.1 million, representing purchases of property and equipment related to new store openings, remodeling existing stores and upgrading our information systems infrastructure and select software.

Net Cash (used in) provided by Financing Activities

Net cash used in financing activities during fiscal year 2016 was \$44.2 million, including \$38.3 million of proceeds received on long-term debt, net of \$1.7 million debt issuance costs paid. The proceeds from the long-term debt, along with cash on hand, were used to fund a \$70.0 million dividend to the partners of JJill Topco Holdings. Financing activities also included a \$10.0 million prepayment on our Term Loan and \$2.8 million of scheduled repayments on our Term Loan.

Net cash provided by financing activities during the 2015 Successor Period was \$389.2 million, primarily consisting of \$240.4 million of proceeds from borrowings under our Term Loan, net of \$9.6 million debt issuance costs paid, and \$160.5 million of equity proceeds, both incurred in connection with the Acquisition. Financing activities also included an \$8.6 million distribution to JJill Topco Holdings as reimbursement for Acquisition-related costs and \$1.3 million of scheduled repayments of our Term Loan.

Net cash provided by financing activities during the 2015 Predecessor Period was \$1.6 million, consisting of \$7.3 million of net proceeds from borrowings on our previous revolving credit facility in excess of repayments, which was partially offset by \$5.0 million of prepayments and \$0.7 million of scheduled repayments on our predecessor term loans.

[Table of Contents](#)

Net cash used in financing activities during fiscal year 2014 was \$17.1 million, consisting of the use of cash from operations to make voluntary prepayments and scheduled payments of our predecessor term loans.

Dividends

On June 6, 2016, we paid a \$70.0 million dividend to the partners of JJill Topco Holdings.

We intend to retain any future earnings for use in the operation and growth of our business, and therefore we do not anticipate paying any cash dividends in the foreseeable future.

Credit Facilities

As described above, we entered into our Term Loan and ABL Facility in connection with the Acquisition. Concurrently, we repaid the principal and interest balances outstanding under our previous credit facilities, as required by the respective agreements upon a change-in-control transaction. The following describes the credit facilities entered into in connection with the Acquisition.

On May 8, 2015, we entered into the seven-year Term Loan of \$250.0 million in conjunction with the Acquisition. Obligations under the Term Loan are guaranteed by all of our current and future domestic restricted subsidiaries, subject to certain exceptions. Our borrowings under the Term Loan are secured by (i) first-priority liens on substantially all assets other than the ABL Priority Collateral (as defined below) and (ii) second-priority liens on the ABL Priority Collateral, in each case subject to permitted liens and certain exceptions. The Term Loan contains certain terms and conditions which require us to comply with financial and other covenants, including certain restrictions on our ability to incur additional indebtedness, create liens, enter into transactions with affiliates, transfer assets, pay dividends, cause our subsidiaries to pay dividends to us, consolidate or merge with other entities or undergo a change in control, make advances, investments and loans and modify our organizational documents. The financial covenants requiring us to comply with a maximum leverage ratio and limiting our capital expenditures are considered by us to be the covenants which are currently the most restrictive. The maximum leverage ratio covenant requires us not to exceed, with respect to the four quarter period ending January 28, 2017, a ratio of consolidated debt (net of unrestricted cash) to Adjusted EBITDA (subject to certain adjustments under the Term Loan) of 5.0 to 1.0, which steps down to 3.0 to 1.0 over time. The Term Loan contains a financial covenant limiting our capital expenditures to \$45.0 million for the fiscal year ending January 28, 2017 plus additional amounts as permitted, decreasing to \$27.5 million per fiscal year over time. The Term Loan prohibits our ability to pay dividends to our shareholders and the ability of our subsidiaries to pay dividends to us, subject to certain exceptions. We may pay dividends, and our subsidiaries may pay dividends to us, if our leverage ratio would not exceed 2.5 to 1.0 after giving effect thereto. We may also pay dividends up to the amount of our retained excess cash flow, plus certain other amounts, if our leverage ratio would not exceed 3.25 to 1.0 after giving effect thereto. The Term Loan contains certain events of default. If a default occurs and is not cured within an applicable cure period or is not waived, our obligations under the Term Loan may be accelerated. The Term Loan allows us to elect, at our own option, the applicable interest rate for borrowings under the Term Loan using a LIBOR or Base Rate variable interest rate plus an applicable margin. LIBOR loans under the Term Loan accrue interest at a rate equal to LIBOR plus 5.00%, with a minimum LIBOR per annum of 1.00%. Base Rate loans under the Term Loan accrue interest at a rate equal to (i) the highest of (a) the prime rate, (b) the Federal Funds Effective Rate plus 0.50%, (c) LIBOR with a one-month interest period plus 1.00% and (d) 2.00%. As of January 28, 2017, we were in compliance with all financial covenants under our Term Loan.

On May 8, 2015, we also entered into the ABL Facility, our five-year secured \$40.0 million asset-based revolving credit facility. Obligations under the ABL Facility are guaranteed by all of our current and future domestic restricted subsidiaries, subject to certain exceptions. Our borrowings under the ABL Facility are secured by (i) first-priority liens on accounts, inventory and certain other assets (the “ABL Priority Collateral”) and (ii) second-priority liens on substantially all other assets, in each case subject to permitted liens and certain

exceptions. The ABL Facility provides for a calculated borrowing base of up to (i) 90% of the net amount of eligible credit card receivables, plus (ii) 85% of the net book value of eligible accounts receivable, plus (iii) the lesser of (A) 100% of the value of eligible inventory and (B) 90% of the net orderly liquidation value of eligible inventory, plus (iv) the least of (A) 100% of the value of eligible in-transit inventory, (B) 90% of the net orderly liquidation value of eligible in-transit inventory and (C) the in-transit maximum amount (the in-transit maximum amount is an amount not to exceed \$12.5 million during the 1st and 3rd calendar quarters and \$10.0 million during the 2nd and 4th calendar quarters), minus (v) the sum of certain reserves established from time to time by the administrative agent under the ABL Facility.

The ABL Facility allows us to elect, at our own option, the applicable interest rate for borrowings under the ABL Facility using a LIBOR or Base Rate variable interest rate plus an applicable margin. LIBOR loans under the ABL Facility accrue interest at a rate equal to LIBOR plus a spread ranging from 1.50% to 1.75%, subject to availability. Base Rate loans under the ABL Facility accrue interest at a rate equal to (i) the highest of (a) the prime rate, (b) the overnight Federal Funds Effective Rate plus 0.50%, (c) LIBOR with a one-month interest period plus 1.00% and (d) 2.00%, plus (ii) a spread ranging from 0.50% to 0.75%, subject to availability. Principal is payable upon maturity of the ABL Facility on May 8, 2020. The ABL Facility also requires the payment of monthly fees based on the average quarterly unused portion of the commitment, as well as a fee on the balance of the outstanding letters of credit.

The ABL Facility contains certain terms and conditions which require us to comply with financial and other covenants, including certain restrictions on the ability to incur additional indebtedness, create liens, enter into transactions with affiliates, transfer assets, pay dividends, consolidate or merge with other entities, undergo a change in control, make advances, investments and loans or modify our organizational documents. The ABL Facility contains a financial covenant requiring us to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0, with the ratio being Adjusted EBITDA (subject to certain adjustments under the ABL Facility) to fixed charges. The ABL Facility prohibits our ability to pay dividends to our shareholders and the ability of our subsidiaries to pay dividends to us, subject to certain exceptions. We may pay dividends, and our subsidiaries may pay dividends to us, if our fixed charge coverage ratio is at least 1.0 to 1.0 and our availability under the ABL Facility exceeds certain thresholds after giving effect thereto. The ABL Facility contains certain events of default. If a default occurs and is not cured within an applicable cure period or is not waived, our obligations under the ABL Facility may be accelerated. As of January 28, 2017, we were in compliance with all financial covenants under our ABL Facility.

At January 28, 2017 and January 30, 2016 there were no loan amounts outstanding under the ABL Facility. At those same dates, we had outstanding letters of credit in the amounts of \$2.1 million and \$1.5 million, respectively. Based on the borrowing terms of the ABL Facility, the maximum additional borrowing capacity was \$37.9 million at January 28, 2017 and \$38.5 million as of January 30, 2016.

On May 27, 2016, we entered into an agreement to amend our Term Loan to borrow an additional \$40.0 million in additional loans, for a total of \$288.1 million outstanding, to permit certain dividends and to make certain adjustments to the financial covenant. The other terms and conditions of the Term Loan remained substantially unchanged.

On January 18, 2017, we made a voluntary prepayment of \$10.1 million, including accrued interest, on our Term Loan.

See our audited consolidated financial statements and Note 9 thereto for a discussion of our credit facilities prior to the Acquisition.

Contractual Obligations

We enter into long-term contractual obligations and commitments in the normal course of business. As of January 28, 2017 our outstanding contractual cash obligations were due during the periods presented below.

(in thousands)	Total	Less than 1 year	Payments Due by Period		More than 5 years
			1 - 3 years	3 - 5 years	
Long-Term Debt Obligations					
Principal payment obligations (1)	\$ 275,975	\$ 2,799	\$ 5,598	\$ 5,598	\$ 261,980
Interest expense on long-term debt (2)	86,913	17,114	33,066	32,383	4,350
Operating Lease Obligations (3)	303,444	44,449	74,769	65,906	118,320
Purchase Obligations (4)	125,121	125,121	—	—	—
Total	<u>\$ 791,453</u>	<u>\$ 189,483</u>	<u>\$ 113,433</u>	<u>\$ 103,887</u>	<u>\$ 384,650</u>

- (1) Amounts assume that the Term Loan is paid upon maturity, and the ABL Facility remains undrawn, which may or may not reflect future events.
- (2) Assumes an interest rate of 6.0% per annum, consistent with the interest rate at January 28, 2017.
- (3) Assumes the base lease term included in our outstanding operating lease arrangements as of January 28, 2017. Our future operating lease obligations would change if we were to exercise renewal options or if we renewed existing leases or entered into new operating leases.
- (4) Purchase obligations represent purchase commitments on inventory that are short-term and are typically made six to nine months in advance of planned receipt. It also includes commitments related to certain selling, general and administrative expenses that are generally for periods of a year or less.

Off Balance Sheet Arrangements

We are not a party to any off balance sheet arrangements.

Critical Accounting Policies and Significant Estimates

Our discussion of results of operations and financial condition is based upon the consolidated financial statements included elsewhere in this Annual Report on Form 10-K, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and certain assumptions about future events that affect the classification and amounts reported in our consolidated financial statements and accompanying notes, including revenue and expenses, assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates and assumptions are based on our historical results as well as management's judgment. Although management believes the judgment applied in preparing estimates is reasonable based on circumstances and information known at the time, actual results could vary materially from estimates based on assumptions used in the preparation of our consolidated financial statements.

The most significant accounting estimates involve a high degree of judgment or complexity. Management believes the estimates and judgments most critical to the preparation of our consolidated financial statements and to the understanding of our reported financial results include those made in connection with revenue recognition, including accounting for gift card breakage and estimated merchandise returns; accounting for business combinations; estimating the value of inventory; impairment assessments for goodwill and other indefinite-lived intangible assets, and long-lived assets; and estimating equity-based compensation expense. Management evaluates its policies and assumptions on an ongoing basis. Our significant accounting policies related to these accounts in the preparation of our consolidated financial statements are described below (see Note 2 to our audited consolidated financial statements presented elsewhere in this Annual Report on Form 10-K for additional information regarding our critical accounting policies).

Revenue Recognition

We recognize revenue and the related cost of merchandise sold when merchandise is received by our customers. Revenue from our retail operations is recognized at the time of sale. Revenue from catalog and E-commerce sales is recognized upon receipt of merchandise by the customer. Discounts provided to customers are recorded as a reduction to sales revenue. The criteria for recognition of revenue is met when persuasive evidence that an arrangement exists, delivery of product has occurred, the price is fixed or determinable and collectability is reasonably assured. In circumstances where either title or risk of loss passes upon receipt by the customer, we defer recognition of revenue until such event occurs, based on shipping records.

At the time sales revenue is recognized, we record a reserve for merchandise returns based on prior returns experience and expected future returns in accordance with our return policy and discretionary returns practices. We monitor our returns experience and resulting reserves on an ongoing basis and we believe our estimates are reasonable. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions used to calculate the allowance for sales returns. However, if the actual cost of sales returns are significantly different than the estimated allowance, our results of operations could be materially affected.

We sell gift cards without expiration dates to customers. Proceeds from the sale of gift cards are deferred and reflected as gift cards redeemable until the customer redeems the gift card or when the likelihood of redemption is remote. Based upon historical experience, we estimate the value of outstanding gift cards that will ultimately not be redeemed (breakage) nor escheated under statutory unclaimed property laws. This amount is recognized as revenue over the time pattern established by our historical gift card redemption experience. We monitor our gift card redemption experience and associated accounting on an ongoing basis. Our historical experience has not varied significantly from amounts historically recorded and we believe our assumptions are reasonable.

Business Combinations

JJill Holdings accounted for the Acquisition under the acquisition method of accounting. We elected to push down the effects of the Acquisition and the application of the acquisition method of accounting to our consolidated financial statements. This method requires allocating the purchase price to the acquisition date fair value of assets acquired, including separately identifiable intangible assets, and liabilities assumed. The excess of the purchase price over the fair value of net assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment, based on available information at the time of acquisition and subsequently obtained during a measurement period up to one year following the date of acquisition, relating to events or circumstances that existed at the acquisition date. Management's judgment relies upon estimates and assumptions related to future cash flows, discount rates, useful lives of assets, market conditions and other items. The fair value of assets acquired and liabilities assumed in a business combination is estimated in accordance with the policies described below.

Inventory : Our inventory consists entirely of finished goods merchandise. Management values the inventory acquired in business combinations based on the income approach, which bases fair value on the net retail value, less operating expenses and a reasonable profit allowance.

Property and equipment : Our property and equipment consists primarily of leasehold improvements, furniture and fixtures, computer software and hardware, and construction in progress. To determine the fair value of property and equipment acquired in a business transaction, we primarily apply the replacement cost approach, which assumes that replacement cost is the best indication of fair value. In certain instances, particularly with respect to determining the fair value of assets with an active secondary market, we also give consideration to the market approach, which is based on current selling prices of similar assets available for purchase in an arms-length transaction.

Intangible assets other than goodwill : The fair value of intangible assets other than goodwill acquired in a business combination is recorded at fair value at the date of acquisition, as follows:

Trade Name : The fair value of our trade name is determined using the relief-from-royalty method, a variation of the income approach. The relief-from-royalty method determines the present value of the economic royalty savings associated with the ownership or possession of the trade name based on an estimated royalty rate applied to the cash flows to be generated by the business. The estimated royalty rate is determined based on the assessment of a reasonable royalty rate that a third party would negotiate in an arm's-length license agreement for the use of the trade name.

Customer Relationships : The fair value of customer relationships are calculated using the excess earnings method. Under this method, the value of an intangible asset is equal to the present value of the after-tax cash flows attributable solely to the subject intangible asset, after making adjustments for the required return on and of the other associated assets.

Leasehold interests : Leasehold interests acquired are recorded as intangible real estate assets to the extent the terms of a lease are favorable compared to current market transactions, or as liabilities to the extent lease terms are unfavorable compared to the current market transactions. We assess the value of its assumed leaseholds based on the difference between contractual rent and market rent calculated for each remaining lease year of each lease, discounted to present value. Market rent is estimated by analyzing comparable leases in the location of its retail locations and an assumed annual inflation rate. The rate applied to calculate present value is based upon data available from industry reports. Variations in any of these factors could have an impact on the classification of leaseholds and the value of resulting assets and liabilities. We include favorable and unfavorable leasehold interests as other assets and other liabilities, respectively, on its consolidated balance sheet.

Deferred tax assets and liabilities: We record deferred tax assets and liabilities in connection with a business combination in accordance with the basis of the purchase price consideration for tax purposes as allocated to the assets acquired, based on the established hierarchy of tax regulations.

Merchandise Inventory

Inventory consists of finished goods merchandise held for sale to our customers. Inventory is stated at the lower of cost or net realizable value, net of reserves for inventory. Cost is calculated using the weighted average method of accounting, and includes the cost to purchase merchandise from our manufacturers, duties, commissions and inbound freight.

In the normal course of business, we record inventory reserves based on past and projected sales performance, as well as the inventory on hand. The carrying value of inventory is reduced to estimated net realizable value when factors indicate that merchandise will not be sold on terms sufficient to recover its cost.

We monitor inventory levels, sales trends and sales forecasts to estimate and record reserves for excess, slow-moving and obsolete inventory. We utilize internal channels, including sales catalogs, the internet, and price reductions in retail and outlet stores to liquidate excess inventory. In some cases, external channels such as inventory liquidators are utilized. The prices obtained through these off-price selling methods varies based on many factors. Accordingly, estimates of future sales prices requires management judgment based on historical experience, assessment of current conditions and assumptions about future transactions. In addition, we conduct physical inventory counts to determine and record actual shrinkage. Estimates for shrinkage are recorded between physical counts, based on actual shrinkage experience. Actual shrinkage can vary from these estimates. When observed differences are identified, we adjust our inventory balances accordingly. We believe our assumptions are reasonable, and monitor actual results to adjust estimates and inventory balances on an ongoing basis. We have not made significant changes to our assumptions during the periods presented in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, and estimates have not varied significantly from historically recorded amounts.

Asset Impairment Assessments

Goodwill

We evaluate goodwill annually at year end to determine whether the carrying value reflected on the balance sheet is recoverable, and more frequently if events or circumstances indicate that the fair value of a reporting unit is less than its fair value. Our two reporting units applicable to goodwill impairment assessments are defined as our direct and retail sales channels. Examples of impairment indicators that would trigger an impairment assessment of goodwill between annual evaluations include, among others, macro-economic conditions, competitive environment, industry conditions, changes in our profitability and cash flows, and changes in sales trends or customer demand.

We may assess our goodwill for impairment initially using a qualitative approach (“step zero”) to determine whether conditions exist to indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. If management concludes, based on assessment of relevant events, facts and circumstances, that it is more likely than not that a reporting unit’s fair value is greater than its carrying value, no further impairment testing is required.

If management’s assessment of qualitative factors indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then a two-step quantitative assessment is performed. We also have the option to bypass the qualitative assessment described above and proceed directly to the two-step quantitative assessment. “Step one” requires comparing the fair value of a reporting unit to its carrying value, including goodwill. We estimate the fair value of reporting units using the income approach. The income approach uses a discounted cash flow analysis, which involves significant estimates and assumptions, including preparation of revenue and profitability growth forecasts, selection of the discount rate and the terminal year multiple.

If the fair value of the respective reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and no further testing is required. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is to measure the amount of impairment loss, if any. “Step two” compares the implied fair value of goodwill to the carrying amount of goodwill. The implied fair value of goodwill is determined by a hypothetical purchase price allocation using the reporting unit’s fair value as the purchase price. If the carrying amount of goodwill exceeds the implied fair value, an impairment charge is recorded to write down goodwill to its implied fair value.

During the fourth quarter of fiscal year 2016 we performed a step zero test, during the 2015 Successor Period, we performed a step one test, and for fiscal year 2014 we performed a step zero test. Our tests for impairment of goodwill resulted in a determination that the fair value of each reporting unit exceeded the carrying value of its net assets during fiscal year 2016, the 2015 Successor Period and fiscal year 2014. We do not anticipate any material impairment charges in the near term. This analysis contains uncertainties because it requires us to make assumptions and to apply judgments to estimate industry economic factors and the profitability of future business strategies. If actual results are not consistent with our estimates and assumptions, we may be exposed to future impairment losses that could be material.

Indefinite-Lived Intangible Assets

Our trade name has been assigned an indefinite life as we currently anticipate that it will contribute cash flows to us indefinitely. Our trade name is reviewed at least annually to determine whether events and circumstances continue to support an indefinite, useful life.

We evaluate our trade name for potential impairment at least annually during the fourth fiscal quarter, or whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Conditions that may indicate impairment include, but are not limited to, significant loss of market share to a competitor, the

identification of other impaired assets within a reporting unit, loss of key personnel that negatively and materially has an adverse effect on our operations, the disposition of a significant portion of a reporting unit or a significant adverse change in business climate or regulations.

Impairment losses are recorded to the extent that the carrying value of the indefinite-lived intangible asset exceeds its fair value. We measure the fair value of our trade name using the income approach, which uses a discounted cash flow analysis. The most significant estimates and assumptions inherent in this approach are the preparation of revenue and profitability growth forecasts, selection of the discount rate, and selection of the terminal year multiple.

We assessed the carrying value of intangible assets as described above and determined that no impairment losses were required during fiscal year 2016, the 2015 Successor Period or fiscal year 2014.

Long-Lived Assets

Long-lived assets include definite-lived intangible assets subject to amortization and property and equipment. Long-lived assets obtained in a business combination are recorded at the acquisition-date fair value, while property and equipment purchased in the normal course of business is recorded at cost.

We assess the carrying value of long-lived assets for potential impairment whenever indicators exist that the carrying value of an asset group might not be recoverable. Indicators of impairment include, among others, a significant decrease in the market price of an asset, a significant adverse change in the extent or manner in which an asset is being used or in its physical condition, and operating or cash flow performance that demonstrates continuing losses associated with an asset group.

When indicators of potential impairment exist, we compare the sum of estimated undiscounted future cash flows expected to result from the use and eventual disposition of the asset group to the carrying value of the asset group. If the carrying value of an asset group exceeds the sum of estimated undiscounted future cash flows, we record an impairment loss in the amount required to reduce carrying value of the asset group to fair value. We estimate the fair value of an asset group based on the present value of estimated future cash flows, calculated by discounting the cash flow projections used in the previous step.

We assessed the carrying value of long-lived assets as described above and determined that no impairment losses were required during fiscal year 2016, the 2015 Successor Period, the 2015 Predecessor Period or fiscal year 2014.

Determining the fair value of long-lived assets requires management judgment and relies upon the use of significant estimates and assumptions, including future sales, our margins and cash flows, current and future market conditions, discount rates applied, useful lives and other factors. We believe our assumptions are reasonable based on available information. Changes in assumptions and estimates used in the impairment analysis, or future results that vary from assumptions used in the analysis, could affect the estimated fair value of long-lived intangible assets and could result in impairment charges in a future period.

Equity-based Compensation

Successor

JJill Topco Holdings maintains an Incentive Equity Plan that allows JJill Topco Holdings to grant incentive units to certain of our directors and senior executives, by granting Class A Common Interests ("Common Interests"). During the 2015 Successor Period, JJill Topco Holdings issued Common Interests, which are considered to be equity-classified awards. We recognize the fair value of the awards as compensation expense, net of forfeitures, over the requisite service period, which is generally the vesting period of the award. We account for equity-based compensation for JJill Topco Holdings' Common Interests by recognizing the fair value

of equity-based compensation as an expense within selling, general and administrative expenses in our consolidated statements of operations and comprehensive income (loss) as the costs are deemed to be for our benefit. Fair value of the awards is determined at the date of grant using an option pricing model. Use of an option pricing model requires that we make assumptions as to the volatility of JJill Topco Holdings' Common Interests, the expected dividend yield, the expected term and the risk-free interest rate that approximates the expected term. All key assumptions and inputs are the responsibility of management and we believe them to be reasonable.

During the periods presented, JJill Topco Holdings' Common Interests were not publicly traded. As there has been no public market for JJill Topco Holdings' Common Interests to date, the estimated fair value of the Common Interests has been determined by JJill Topco Holdings' board of directors as of the respective grant date of each Common Interest, with input from management, considering as one of the factors the most recently available third-party valuations of common stock and JJill Topco Holdings' board of directors' assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. JJill Topco Holdings' Common Interests valuation was prepared using the option-pricing method ("OPM"), which uses market approaches to estimate the enterprise value. The OPM treats common interests and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common interest has value only if the funds available for distribution to stockholders exceeded the value of the preferred stock liquidation preferences at the time of the liquidity event, such as a sale. In addition to considering these valuations, JJill Topco Holdings' board of directors considered various objective and subjective factors to determine the fair value of JJill Topco Holdings' common interest as of each grant date, including:

- our financial position, including cash on hand, and our historical and forecasted performance and operating results;
- external market conditions affecting our industry;
- the lack of an active market for JJill Topco Holdings' Common Interests and preferred stock; and
- the likelihood of achieving a liquidity event, such as an initial public offering ("IPO") or sale of our company in light of prevailing market conditions.

The assumptions underlying these valuations represent management's best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our equity-based compensation expense could be materially different.

Following our initial public offering on March 9, 2017, the fair value of our common stock is determined based on the quoted market price of our common stock.

Predecessor

During the Predecessor periods, we accounted for compensation expense related to our share-based awards using the intrinsic value method, as permitted by ASC 718 for nonpublic entities, with changes in the value of the share-based awards being recognized as compensation expense at each reporting period. JJIP LLC ("JJIP"), a Limited Partnership, was formed by our then current owners and held a portion of our outstanding common units. A management incentive unit equity program was established by JJIP to provide the opportunity for our key employees to participate in the appreciation of the business. During such periods, service-based and performance-based awards were issued. For service-only share-based awards, we recognized the related compensation expense in the period in which the award holder is required to provide service, which is generally over the required service period.

For the performance-based awards, vesting occurred upon achievement or satisfaction of a specified performance condition. Such conditions would be met upon the earlier of the attainment of a predetermined return on investment by certain equity investors in the Predecessor entity, or a change in control, whereby all outstanding unvested awards would immediately vest. We considered the probability of achieving the established performance targets in determining our equity-based compensation with respect to these awards at the end of each reporting period. During fiscal year 2014 and the 2015 Predecessor Period, there was no compensation expense recognized for the performance-based awards. The performance conditions of the Predecessor plan were met only on the date of the Acquisition.

Jumpstart Our Business Startups Act of 2012 (JOBS Act)

In April 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for an “emerging growth company.” As an “emerging growth company,” we are electing not to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards, and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth public companies. Section 107 of the JOBS Act provides that our decision not to take advantage of the extended transition period is irrevocable.

We have chosen to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an “emerging growth company” we are not required to, among other things, (i) provide an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Act, (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (United States) regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the consolidated financial statements (auditor discussion and analysis) and (iv) disclose certain executive compensation-related items, such as the correlation between executive compensation and performance and comparisons of the chief executive officer’s compensation to median employee compensation. We may remain an “emerging growth company” until the last day of the fiscal year following the fifth anniversary of the completion of our initial public offering on March 9, 2017. However, if certain events occur prior to the end of such five-year period, including if we become a “large accelerated filer,” our annual gross revenue equals or exceeds \$1.0 billion or we issue more than \$1.0 billion of non-convertible debt in any three-year period, we will cease to be an “emerging growth company” prior to the end of such five-year period.

Recent Accounting Pronouncements

See Note 3 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K for information regarding recently issued accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are subject to interest rate risk in connection with borrowings under the Term Loan and ABL Facility, which bear interest at variable rates equal to LIBOR plus a margin as defined in the respective agreements described above. As of January 28, 2017, there was no outstanding balance under the ABL Facility, and \$2.1 million letters of credit outstanding. The undrawn borrowing availability under the ABL Facility was \$37.9 million and the amount outstanding under the Term Loan had increased to \$276.0 million as a result of the amendment described above. We currently do not engage in any interest rate hedging activity and we have no intention to do so in the foreseeable future. Based on the interest rate on the ABL Facility at January 28, 2017, and the schedule of outstanding borrowings under our Term Loan, a 10% change in our current interest rate would affect net income by \$1.1 million during fiscal year 2017.

Impact of Inflation

Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our results of operations and financial condition have been immaterial. We cannot assure you our business will not be affected in the future by inflation.

Item 8. Financial Statements and Supplementary Data

The financial statements required to be filed pursuant to this Item 8 are appended to this report. An index of those financial statements is found in Item 15.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Annual Report on Form-10-K. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this Annual Report on Form-10-K our disclosure controls and procedures were effective to provide such reasonable assurance.

Limitations on the Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and our management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by SEC rules and regulations for newly public companies.

Remediation of Previously-Identified Material Weaknesses in Internal Control over Financial Reporting

As we previously disclosed, in connection with the audit of our consolidated financial statements as of January 30, 2016 and for the period from May 8, 2015 through January 30, 2016, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. We determined that we did not maintain a sufficient complement of personnel with the appropriate level of accounting expertise and supervisory review structure commensurate with the complexity of our financial accounting and financial reporting requirements. We also did not design and maintain controls related to the accounting for business combinations. Specifically, we did not design controls to review certain purchase accounting adjustments such as the amortization of customer intangibles. These control deficiencies resulted in audit adjustments to our consolidated financial statements and could result in material misstatements to our annual or interim consolidated financial statements that would not be prevented or detected on a timely basis. Accordingly, management determined that these control deficiencies constitute material weaknesses.

[Table of Contents](#)

In response to the identified material weaknesses, we took a number of actions to improve our internal control over financial reporting during the year ended January 28, 2017, including the following:

1. We hired additional personnel in our finance and accounting department with experience commensurate with our financial accounting and financial reporting requirements;
2. We utilized third-parties to consult on technical accounting and reporting matters;
3. We established an internal audit function to routinely assess our internal control environment; and
4. We designed and implemented a control specific to the review of the customer list intangible asset. The design and operation of the control was tested during the year and was determined to be in place and operating effectively to address the prior period control failure.

Management believes that these and other actions taken during the fiscal year ended January 28, 2017 have been implemented and are operating effectively. As a result, we have concluded that our remediation efforts have been successful, and that the previously-identified material weaknesses in our internal controls have been remediated. However, while these material weaknesses have been remediated, we continue to seek improvements to enhance our control environment and to strengthen our internal controls.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the name, age and position of each of our executive officers and directors.

Name	Age	Position(s)
Paula Bennett	67	President, Chief Executive Officer and Director
David Biese	52	Senior Vice President and Chief Financial Officer
Joann Fielder	63	Executive Vice President and Chief Merchandising and Creative Officer
Michael Rahamim	64	Chairman of the Board of Directors
Andrew Rolfe	50	Director
Travis Nelson	46	Director
Marka Hansen	63	Director
Michael Recht	37	Director
Michael Eck	54	Director
Linda Heasley	61	Director

Executive Officers

Paula Bennett was appointed President of J.Jill in January 2008 and was named Chief Executive Officer in July 2009. She has also served on our board of directors since our conversion to a corporation in February 2017 and served on the board of directors of our former parent companies since 2009. Ms. Bennett is responsible for the strategic leadership, growth and profitability of the brand and business, while guiding the organization successfully through profitable turnaround and ownership transitions. Ms. Bennett has over 35 years of retail management experience and has extensive expertise in apparel merchandising, buying, marketing and brand building across both direct and retail marketing channels. Prior to joining J.Jill, Ms. Bennett served as President and Chief Executive Officer of a number of portfolio companies of Orchard Brands Corporation, a direct marketing company. From 1998 through 2005, Ms. Bennett was Chief Operating Officer of Eileen Fisher, Inc., where she led the development of the retail portfolio while launching the E-commerce business. Earlier in her career, she also served as Vice President of Retail Sales at Calvin Klein Collection. From 1987 through 1995, Ms. Bennett held significant leadership positions at Tiffany & Co., including Vice President of Sales and Customer Service, Vice President and General Manager of the Fifth Avenue Flagship store, Vice President of Retail Administration and Vice President of the Trade Division. Ms. Bennett began her career in buying and merchandise management at Bloomingdale's, and later, Federated Merchandising Services. Ms. Bennett is a graduate of The Ohio State University. She was selected to serve on our board of directors because of her experience as an apparel industry executive, including as our Chief Executive Officer, and her extensive knowledge of the omni-channel and women's apparel industry.

David Biese joined J.Jill as Senior Vice President and Chief Financial Officer in August 2009 and is responsible for providing strategic guidance on all financial matters, as well as the Real Estate and Distribution functions. Until the recent hiring of our Chief Information Officer and General Counsel, Mr. Biese was responsible for information services and legal oversight. Before joining J.Jill, he was Senior Vice President of Merchandise Operations for Trans World Entertainment Corporation ("FYE"), a publicly held national specialty retailer. He previously served as Vice President of Finance and Treasurer at FYE. Earlier in his career, Mr. Biese was Vice President and Controller at Carson Pirie Scott & Co., a department store division of publicly held Saks Incorporated. Mr. Biese is a Certified Public Accountant and started his career as a public accountant at KPMG. He is a graduate of the University of Wisconsin at Oshkosh.

Joann Fielder has served as J.Jill's Executive Vice President and Chief Merchandising and Creative Officer since July 2015. Ms. Fielder joined J.Jill in September 2011 as Senior Vice President of Design, Product Development and Sourcing. She was promoted to Senior Vice President, Chief Creative Officer in August 2013.

Ms. Fielder has extensive experience in design and product development. Prior to joining J.Jill, Ms. Fielder served as Senior Vice President and Chief Design Officer at Avenue. Prior to her role at Avenue, she served as Executive Vice President of Design Development at Ann Taylor. Earlier in her career, Ms. Fielder also held roles as Vice President of Merchandising for Brooks Brothers and Vice President of Product Development for Talbots. Ms. Fielder is a graduate of The Tobe Coburn School.

Board of Directors

Michael Rahamim has served as Chairman of the board of directors of J.Jill since our conversion to a corporation in February 2017 and served as Chairman of the board of directors of our former parent company since May 2015. From January 2011 through January 2014, Mr. Rahamim served as the Executive Chairman of Phase Eight (Fashion & Designs) Limited (“Phase Eight”), a portfolio company of TowerBrook, our principal stockholder, and remained Chairman of the Board until January 2015, when Phase Eight was sold. Mr. Rahamim has over 20 years of experience in the fashion retail industry. In 1992, Mr. Rahamim developed the UK franchise of Kookai S.A., a French high fashion business, and introduced the Sandro and Maje French high fashion brands to the UK. Mr. Rahamim has previously worked in soft commodities and financial futures and was one of the founding seat holders on the London International Financial Futures Exchange. He qualified as a Chartered Accountant in 1977. Mr. Rahimim currently serves as a director of Kaporal Jeans and has served as a director of Whistles Limited from March 2009 until April 2016. He is also a member of the Senior Advisory Board of TowerBrook. Mr. Rahamim was selected to serve on our board of directors because of his extensive understanding of the International fashion retail industry through his experience in leadership positions and his investments with other retailers.

Andrew Rolfe has served as a director of J.Jill since our conversion to a corporation in February 2017 and served on the board of directors of our former parent company since May 2015. Mr. Rolfe has served as a Managing Director and the Head of Private Equity, USA of TowerBrook, our principal stockholder, since January 2011. Mr. Rolfe is also the Chairman of the Portfolio Committee and a member of the Management Committee at TowerBrook. Prior to joining TowerBrook, Mr. Rolfe served as President of The Gap Inc.’s (“The Gap”) International Division from November 2003 until February 2006, where he also served as a member of the Executive Leadership Team. Mr. Rolfe has also held roles as the Chairman and Chief Executive Officer of Pret A Manger (Europe) Ltd and the Chief Executive Officer of Booker Foodservice. He currently serves as a director of True Religion Apparel, Inc., Wilton Industries, Inc., Kaporal Jeans and Beverages & More, Inc. Mr. Rolfe received his M.B.A. from Harvard Business School and his B.A. from Oxford University. He was selected to serve on our board of directors because of his extensive experience in leadership positions in the retail industry.

Travis Nelson has served as a director of J.Jill since our conversion to a corporation in February 2017 and served on the board of directors of our former parent company since May 2015. Mr. Nelson has served as a Managing Director at TowerBrook, our principal stockholder, since January 2011. Prior to joining TowerBrook, Mr. Nelson co-founded Pacific Partners LLC (“Pacific Partners”), a private equity firm specializing in healthcare, media and communications investments and served as a Managing Director from 2000 to 2005. Prior to founding Pacific Partners, Mr. Nelson served as a Principal at Oak Hill Capital Management where he worked on private investments in a wide range of companies. Earlier in his career, Mr. Nelson was an investment professional at Goldman Sachs and Freeman Spogli & Co., and served as a consultant to the CEO of NetJets. He currently serves as a director of Vistage International, Inc., Floworks International, LLC, True Religion Apparel, Inc. and Beverages & More, Inc. Mr. Nelson earned his B.A. from DePauw University and received his M.B.A. from the Stanford Graduate School of Business. He was selected to serve on our board of directors because of his broad finance experience, including extensive experience in financing and mergers and acquisitions.

Marka Hansen has served as a director of J.Jill since our conversion to a corporation in February 2017 and served on the board of directors of our former parent company since May 2015. Ms. Hansen previously served as a Retail Consultant at Stitch Fix, Inc. from February 2013 to August 2013. Prior to that, she was the President of Gap North America from February 2007 until February 2011. Ms. Hansen served as the President of Banana

[Table of Contents](#)

Republic, LLC, a division of The Gap, from June 2003 until February 2007, and has served in various leadership positions at The Gap since joining the company in 1987. Ms. Hansen currently serves as a director of Sur la Table, Stitch Fix, Inc., The Orvis Company, Inc. and True Religion Apparel, Inc. She received her B.A. in Liberal Studies from Loyola Marymount University. Ms. Hansen was selected to serve on our board of directors because of her extensive experience in leadership positions in the retail industry.

Michael Recht has served as a director of J.Jill since our conversion to a corporation in February 2017 and served on the board of directors of our former parent company since May 2015. Mr. Recht has served as a Senior Principal at TowerBrook, our principal stockholder, since August 2013. From August 2010 to August 2013, Mr. Recht was a Senior Associate with the Retail & Consumer team at Apax Partners LLP (“Apax”). Prior to joining Apax, Mr. Recht was an Associate at Thoma Cressey Bravo where he focused on investments in the consumer products and services sector. Prior to that, Mr. Recht was a member of the Technology & Defense teams at CIBC World Markets. He currently serves as a director of Wilton Industries, Inc. He received his M.B.A. from the Kellogg School of Management at Northwestern University and his B.A. from Williams College. Mr. Recht was selected to serve on our board of directors because of his broad finance experience, particularly in the retail and consumer products industry.

Michael Eck has served as a director of J.Jill since our conversion to a corporation in February 2017 and served on the board of directors of our former parent company since November 2016. Mr. Eck was the Global Head of the Consumer and Retail Investment Banking Group at Morgan Stanley from 2008 until his retirement in 2014. Prior to that, Mr. Eck worked at Citigroup from 1993 to 2008, where he was the Global Head of the Consumer and Retail Banking Group, and at Credit Suisse First Boston from 1987 to 1993. In January 2016, Mr. Eck joined M Klein and Company, a global strategic advisory firm, as a Senior Advisor. He is currently an independent board member of Blue Buffalo Pet Products, Inc., a publicly-held leading natural pet food company, where he serves as Chairman of the Audit Committee. Mr. Eck is also a board member of USA Ultimate and the co-founder and chief executive officer of Steer for Student Athletes. In addition, he previously served as a member of the Senior Advisory Board of Shopkick. Mr. Eck received his Masters in Management from Northwestern University and his B.S. in Business from the McIntire School of Commerce at the University of Virginia. He was selected to serve on our board of directors because of his extensive knowledge of corporate strategy, corporate financing and accounting, capital investment and operations and the consumer sector.

Linda Heasley has served as a director of J.Jill since March 2017. Ms. Heasley has served as the Chief Executive Officer of The Honey Baked Ham Company, LLC since February 2017. From February 2013 to September 2016, she was the President and Chief Executive Officer of Lane Bryant, Inc., a division of Ascena Retail Group, Inc., and from October 2016 to February 2017, she was the President and Chief Executive Officer of Plus Fashion Segment, also a division of Ascena Retail Group, Inc. Prior to that, Ms. Heasley served as the Chairman, President and Chief Executive Officer of Limited Stores LLC from August 2007 until February 2013. She has held senior leadership roles at CVS Health Corporation, Timberland LLC and Limited Brands, Inc. Ms. Heasley received her M.B.A. from the University of California, Los Angeles (UCLA) and her A.B. from Harvard University. She was selected to serve on our board of directors because of her expertise in women’s apparel businesses and her extensive experience in leadership positions in the retail industry.

Family Relationships

There are no family relationships among any of our directors or executive officers.

Board Composition

Our board of directors consists of eight members. Each director is to hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. The authorized number of each class of directors may be increased or decreased by the stockholders in accordance with our bylaws. At any meeting of the board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes.

[Table of Contents](#)

Our certificate of incorporation provides that the board of directors is divided into three classes of directors, with staggered three-year terms, with the classes to be as nearly equal in number as possible. As a result, approximately one-third of the board of directors will be elected each year. The classification of directors has the effect of making it more difficult for stockholders to change the composition of the board of directors.

We are party to a Stockholders Agreement with TowerBrook. Under the Stockholders Agreement, TowerBrook has the right, to designate for nomination representatives to our board of directors and committees of our board of directors. TowerBrook is currently entitled to designate for nomination five of our eight directors.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. Each of these committees operates under a charter that has been approved by our board of directors.

Audit Committee

Our audit committee assists our board of directors in monitoring the audit of our consolidated financial statements, our independent registered public accounting firm's qualifications and independence, the performance of our audit function and independent auditors and our compliance with legal and regulatory requirements. The audit committee has direct responsibility for the appointment, compensation, retention (including termination) and oversight of our independent auditors, and our independent auditors report directly to the audit committee. The audit committee also reviews and approve related party transactions as required by the applicable NYSE rules.

Michael Eck, Travis Nelson, Michael Rahamim and Linda Heasley serve on our audit committee. Our board of directors has determined that Michael Eck, Michael Rahamim and Linda Heasley are "independent" for purposes of Rule 10A-3 of the Securities Exchange Act of 1934 and under the listing standards of the NYSE. Our board of directors has determined that Michael Eck is an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee

Our compensation committee is responsible for reviewing and recommending policies relating to the compensation and benefits of our directors and employees, including our Chief Executive Officer and other executive officers.

Because we are a "controlled company" under the rules of the NYSE, our compensation committee is not required to be comprised entirely of "independent" directors, although if such rules change in the future or we no longer meet the definition of a controlled company under the current rules, we will adjust the composition of the compensation committee accordingly in order to comply with such rules. Andrew Rolfe, Marka Hansen, Michael Rahamim and Michael Recht serve on our compensation committee.

The compensation committee has the sole authority to retain and terminate any compensation consultant to assist in the evaluation of employee compensation and to approve the consultant's fees and the other terms and conditions of the consultant's retention.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is responsible for selecting or recommending that our board of directors select candidates for election to our board of directors, developing and recommending to the board of directors corporate governance guidelines that are applicable to us and overseeing board of director and management evaluations.

Because we are a “controlled company” under the NYSE rules, our nominating and corporate governance committee is not required to be comprised entirely of “independent” directors, although if such rules change in the future or we no longer meet the definition of a controlled company under the current rules, we will adjust the composition of our nominating and corporate governance committee accordingly in order to comply with such rules. Linda Heasley, Andrew Rolfe and Travis Nelson serve on our nominating and corporate governance committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and beneficial owners of more than 10% of our common stock to file reports with the SEC regarding their ownership and changes in ownership of our securities. Our directors, executive officers and beneficial owners of more than 10% of our common stock did not become subject to such Section 16(a) reporting requirements until March 8, 2017, after the completion of fiscal year 2016.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of conduct and ethics that applies to all of our directors, officers and employees and is intended to comply with the relevant listing requirements for a code of conduct as well as qualify as a “code of ethics” as defined by the rules of the SEC. The statement contains general guidelines for conducting our business consistent with the highest standards of business ethics. We intend to disclose future amendments to certain provisions of our code of conduct and ethics, or waivers of such provisions applicable to any principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, and our directors, on our website at www.jjill.com. The code of conduct and ethics is available on our website at www.jjill.com.

Board Leadership Structure and Board’s Role in Risk Oversight

The board of directors has an oversight role, as a whole and also at the committee level, in overseeing management of its risks. The board of directors regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. The compensation committee of the board of directors is responsible for overseeing the management of risks relating to its employee compensation plans and arrangements and the audit committee of the board of directors oversees the management of financial risks. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors is regularly informed through committee reports about such risks.

Item 11. Executive Compensation

Summary Compensation Table

The following summary compensation table sets forth information regarding the compensation paid to, awarded to, or earned by our President and Chief Executive Officer and our two other most highly compensated executive officers for services rendered in all capacities during the years ended January 30, 2016 and January 28, 2017.

Name and Principal Position	Fiscal Year	Salary (1)	Stock Awards (2)(3)	Non-Equity Incentive Plan Compensation (4)	All Other Compensation (5)	Total
Paula Bennett	2016	\$729,616	—	\$ 1,019,918	\$ 27,415	\$1,776,949
<i>President and Chief Executive Officer</i>	2015	\$700,000	\$ 563,165	\$ 1,657,466	\$ 1,738,471	\$4,659,102
Joann Fielder	2016	\$596,154	—	\$ 500,013	\$ 3,998	\$1,100,165
<i>Executive Vice President, Chief Merchandising and Creative Officer</i>	2015	\$546,298	\$ 175,989	\$ 688,127	\$ 1,099,228	\$2,509,642
David Biese	2016	\$421,397	—	\$ 266,151	\$ 4,004	\$ 691,552
<i>Senior Vice President, Chief Financial Officer</i>	2015	\$420,421	\$ 140,791	\$ 447,965	\$ 1,156,944	\$2,166,121

- (1) The base salary reflects the amount actually paid to each named executive for fiscal years 2015 and 2016 and includes the effect of any mid-year adjustments to their base salaries, if applicable. As of the end of fiscal year 2016, the annual base salary rate for Ms. Bennett, Ms. Fielder, and Mr. Biese was \$735,000, \$600,000, and \$443,226, respectively.
- (2) All equity awards granted to our named executive officers were in the form of Class A Common Interests (“Common Interests”) of JJill Topco Holdings, LP, our former parent company (“JJill Topco Holdings”) which are profits interests. Each profits interest generally entitles the holder, upon a sale transaction or other similar transactions, to a percentage of the appreciation in the equity value of JJill Topco Holdings, arising after the date on which the profits interests was granted (the value of JJill Topco Holdings or of the Common Interests on the date of grant is, in either case, referred to as the “profits interest hurdle”). Therefore, a Common Interest will generally have value only to the extent that the equity value of JJill Topco Holdings has appreciated above the profits interest hurdle applicable to such interest. If, in connection with a sale or similar transactions, there has been no appreciation in the value of JJill Topco Holdings above the applicable profits interest hurdle, no payment will be made with respect to such Common Interests.
- (3) There was no public market for the Common Interests in fiscal year 2015, and thus the market value reflected in the table above is based on the total fair market value attributable to all Common Interests on the date of grant, taking into account the applicable profits interest hurdle for each unit and computed in accordance with FASB ASC Topic 718. For information about the assumptions used in these calculations, see [Note 16] of our audited consolidated financial statements.
- (4) Amounts set forth in the Non-Equity Incentive Plan Compensation column for fiscal year 2015 represent cash bonuses paid to each of our named executive officers pursuant to the Company’s Annual Incentive Plan for such year, which bonuses are determined based on the Company’s EBITDA (adjusted to reflect the payment of such bonuses, which is referred to herein as the “adjusted EBITDA”). In fiscal year 2015, the Company achieved an adjusted EBITDA of \$91.1 million (which exceeded the adjusted EBITDA target by approximately \$13.1 million, resulting in a multiplier of approximately 2.3678x) and the cash bonuses to each of our named executive officers were paid in April 2016.

The Company’s Annual Incentive Plan for fiscal year 2016 is also measured based on the Company’s adjusted EBITDA. Threshold and target adjusted EBITDA performance goals were established along with

[Table of Contents](#)

their corresponding payout opportunities. As was the case in fiscal year 2015, no bonus pool cap was established to the extent that actual adjusted EBITDA exceeds the target performance goal. The annual target bonus (as a % of base salary) for each of Mses. Bennett and Fielder and Mr. Biese under the Company's Annual Incentive Plan for fiscal year 2016 is 100%, 60% and 45%, respectively. The following table outlines the adjusted EBITDA performance objectives and the payout multiplier for fiscal year 2016:

	Below Threshold	Threshold	Above Threshold but Below Target	Target	Above Target
Adjusted EBITDA	< \$91.1 million	\$91.1 million	>\$91.1 million, but < \$105.0 million	\$105.0 million	> \$105.0 million
Payout Multiplier	No payout	0.5x	0.1x increase to multiplier for every additional \$2.78 million in adjusted EBITDA generated	1.0x	0.1x increase to multiplier for every additional \$1.28 million in adjusted EBITDA generated

In fiscal year 2016, the Company achieved an adjusted EBITDA of \$110.5 million (which exceeded the adjusted EBITDA target by approximately \$5.5 million, resulting in a multiplier of approximately 1.3979x) and the cash bonuses to each of our named executive officers were paid in April 2017.

- (5) Amounts shown in the All Other Compensation column for fiscal years 2015 and 2016 represent the following:

	Discretionary Transaction Bonus (a)		Make- Whole Bonus (including tax gross-up) (b)		401(k) Matching Contributions		Other (c)	
	2015	2016	2015	2016	2015	2016	2015	2016
Paula Bennett	\$1,672,350	—	—	—	\$3,571	\$4,015	\$62,550	\$23,400
Joann Fielder	\$1,000,000	—	\$95,455	—	\$3,773	\$3,998	—	—
David Biese	\$1,115,000	—	\$38,182	—	\$3,762	\$4,004	—	—

- (a) These discretionary transaction bonuses were paid in May 2015 to each named executive officer in connection with the Acquisition.
- (b) The so-called "make-whole bonuses" were payable based on the terms of award agreements with Ms. Fielder and Mr. Biese, which provided for payment of a bonus in connection with certain qualifying transactions, including the Acquisition. Pursuant to the terms of the award agreements, the amount of the make-whole bonus was determined based on the value achieved in the qualifying transaction and included a tax gross-up of \$25,455 and \$10,182 for Ms. Fielder and Mr. Biese, respectively.
- (c) The amount in this column is comprised of the following:

	2015	2015
Reimbursement of Legal Fees	\$41,150	\$2,000
Car Allowance	\$21,400	\$21,400

Employment Agreements

We have entered into employment agreements with each of our named executive officers. In addition to customary terms and provisions, the employment agreements set forth the annual base salary, target bonus percentage, equity grants, terms of severance and eligibility for employee benefits.

Employment Agreement with Paula Bennett, our President and Chief Executive Officer

In connection with the Acquisition, we, JJill Topco Holdings, and certain other parties entered into an employment agreement, which became effective on May 8, 2015, with Paula Bennett to serve as President and Chief Executive Officer of Jill Acquisition, LLC and, following the closing of our initial public offering on March 14, 2017 (the “Public Offering”), the Company, until such time as either Ms. Bennett or we terminate Ms. Bennett’s employment. The agreement contemplates that upon the hiring of a new President, Ms. Bennett shall no longer serve as President of the Company, but will remain its Chief Executive Officer. The employment agreement further provides that Ms. Bennett will serve as the senior-most executive officer of Jill Acquisition, LLC or the Company, as applicable, and that she will be nominated as a member of, and shall report directly to, the Company’s board of directors.

Ms. Bennett’s employment agreement provides for an annual base salary of no less than \$700,000 (as may be increased (but not decreased) from time to time), a target bonus of 100% of Ms. Bennett’s annual base salary based on achievement of performance targets, and the grant of 8,045,213 Common Interests (which have been made pursuant to an equity grant agreement). The employment agreement provides that Ms. Bennett is entitled to (i) participate in all of our benefit plans and programs (including four weeks of vacation), (ii) indemnification and director and officer liability insurance protection, and (iii) reimbursement of up to \$25,000 in legal fees incurred in connection with the negotiation of her employment agreement. Notwithstanding the foregoing, the Company ultimately agreed to reimburse Ms. Bennett \$41,150 in legal fees in 2015.

The employment agreement for Ms. Bennett includes confidentiality and assignment of intellectual property provisions, an 18-month post-employment prohibition on competition, and a 24-month post-employment prohibition on solicitation of employees or contract workers with whom Ms. Bennett had material business contact during the course of her employment.

Ms. Bennett is also entitled to severance upon certain terminations of employment, as described below under “Potential Payments Upon Termination of Employment or Change in Control.”

Employment Agreement with Joann Fielder, our Chief Merchandising and Creative Officer

In connection with the Acquisition, we entered into an employment agreement, which became effective on May 8, 2015, with Joann Fielder to serve as Senior Vice President, Chief Creative Officer for an initial five-year term (i.e., through May 8, 2020), which term extends automatically for consecutive one-year periods unless either we or Ms. Fielder provides at least 90 days’ notice of non-renewal prior to the expiration of the initial or any renewal term. The employment agreement provides that Ms. Fielder will report to the Chief Executive Officer. In connection with her promotion to Executive Vice President, Chief Merchandising and Creative Officer, Ms. Fielder’s employment agreement was amended on July 27, 2015, to reflect an increase in salary and target bonus opportunity, and an additional grant of Common Interests.

Pursuant to the terms of her employment agreement, as amended, Ms. Fielder is entitled to a base salary of no less than \$575,000 per year (as may be increased (but not decreased) from time to time) and a target bonus of 60% of her annual base salary based on achievement of performance targets. In addition, Ms. Fielder received two grants of Common Interests: (i) 2,011,303 units granted on May 22, 2015, and (ii) an additional 502,826 units were granted on July 27, 2015, in connection with her promotion. The employment agreement provides that Ms. Fielder is entitled to participate in all of our benefit plans and programs.

Ms. Fielder’s employment agreement includes customary terms and conditions, including confidentiality and assignment of intellectual property provisions, a 12-month post-employment prohibition on competition, a 12-month post-employment prohibition on solicitation of customers, and a 12-month post-employment prohibition on solicitation of employees, agents, or contract workers with whom Ms. Fielder had material business contact during the course of her employment.

[Table of Contents](#)

Ms. Fielder is also entitled to severance upon certain terminations of employment, as described below under “Potential Payments Upon Termination of Employment or Change in Control.”

Employment Agreement with David Biese, our Chief Financial Officer

In connection with the Acquisition, we entered into an employment agreement, which became effective on May 8, 2015, with David Biese to serve as Senior Vice President, Chief Financial Officer for an initial five-year term (*i.e.* , through May 8, 2020), which term extends automatically for consecutive one-year periods unless either we or Mr. Biese provides at least 90 days’ notice of non-renewal prior to the expiration of the initial or any renewal term. The employment agreement provides that Mr. Biese will report to the Chief Executive Officer.

Pursuant to the terms his employment agreement, Mr. Biese is entitled to a base salary of no less than \$423,225, (as may be increased (but not decreased) from time to time) a target bonus of 45% of his annual base salary based on achievement of performance targets, and a grant of 2,011,303 Common Interests. The employment agreement provides that Mr. Biese is entitled to participate in all of our benefit plans and programs.

Mr. Biese’s employment agreement includes customary terms and conditions, including confidentiality and assignment of intellectual property provisions, a six-month post-employment prohibition on competition against any businesses of Sycamore Partners or any of its affiliates or portfolio companies or Golden Gate Capital or any of its affiliates or portfolio companies (*i.e.* , predecessor owners), a 12-month post-employment prohibition on solicitation of customers, and a 12-month post-employment prohibition on solicitation of employees, agents, or contract workers with whom Mr. Biese had material business contact during the course of his employment.

Mr. Biese is also entitled to severance upon certain terminations of employment, as described below under “Potential Payments Upon Termination of Employment or Change in Control.”

Outstanding Equity Awards at Fiscal Year-End

The following table provides information about the outstanding equity awards held by our named executive officers as of January 28, 2017.

Name	Number of Shares or Units of Stock that have not Vested (Unvested Common Interests)	Market Value of Shares or Units of Stock that have not Vested (Unvested Common Interests) ⁽⁴⁾
Paula Bennett	5,363,475 ⁽¹⁾	\$ 10,887,855
Joann Fielder	1,340,869 ⁽²⁾	\$ 2,721,963
	335,217 ⁽³⁾	\$ 680,491
David Biese	1,340,869 ⁽²⁾	\$ 2,721,963

- (1) Grant scheduled to vest in installments of approximately 134,087 units beginning on June 8, 2015, and on the eighth day of each successive month through May 8, 2020. On October 23, 2015, Ms. Bennett transferred all of her Common Interests to BNY Mellon Trust of Delaware, in its capacity as trustee to the Paula L. Bennett 2015 Family Trust.
- (2) Grant scheduled to vest in installments of approximately 33,522 units beginning on May 31, 2015, and on the last day of each successive month through April 30, 2020.
- (3) Grant scheduled to vest in installments of approximately 8,380 units beginning on July 31, 2015, and on the last day of each successive month through April 30, 2020.
- (4) There was no public market for the Common Interests as of January 28, 2017, and thus the market value reflected in the table above is based on the total fair market value of \$2.03 per Common Interest, as determined by the board of directors of JJill Topco Holdings in consultation with a third-party valuation firm in January 2017, taking into account the applicable profits interest hurdle for each unit and a marketability discount of 6%.

Retirement Benefits

We sponsor a 401(k) plan, which is a qualified retirement plan offered to all eligible employees, including our named executive officers, and which permits eligible employees to elect to defer a portion of their compensation on a pre-tax basis. Pursuant to the terms of the 401(k) plan, we provide a company match of 50% of a named executive's contributions to the plan, up to a maximum of 3% of such executive's eligible annual compensation. We do not maintain any defined benefit pension plans or any nonqualified deferred compensation plans.

Potential Payments Upon Termination of Employment or Change in Control

Paula Bennett

Mandatory Retirement (termination without "cause") and/or "Good Reason" Resignation : Upon a termination of employment by us without "cause" (referred to in Ms. Bennett's employment agreement as a "mandatory retirement") or a resignation by Ms. Bennett for "good reason," then upon the execution of an irrevocable release of claims and continued material compliance with the terms of the restrictive covenants set forth in her employment agreement, Ms. Bennett shall be entitled to receive the following:

Payment of any accrued benefits including accrued base salary, benefits, reimbursement of business expenses through the date of termination as well as payment of the unpaid annual bonus for the year preceding the year of termination (except in the event of a termination for "cause"), continued indemnification, and continued right to director & officer liability insurance coverage for a period of six years following such termination of employment, which are collectively referred to herein as "accrued benefits";

An annual bonus for the year of termination (without proration) based on actual results (with any personal non-financial performance goals deemed achieved at 100%), payable at the time annual bonuses are paid to active employees;

If such termination of employment occurs prior to November 8, 2017:

Base salary continuation for a period of 18 months following the date of termination; and

Medical and dental coverage continuation for 18 months following the date of termination with the costs of the premiums shared in the same proportion as before the termination of Ms. Bennett's employment (unless such coverage is otherwise obtained through a new employer); and

Full acceleration of any then-unvested Common Interests if such termination of employment occurs (i) at any time on and after a change in control, (ii) at any time following the execution of a merger, acquisition, sale, or other agreement providing for a change in control (but before the consummation of such change in control), (iii) within six months prior to consummation of a change in control, or (iv) at any time following the Public Offering.

If the severance payments and vesting described above would be a "parachute payment" resulting in a lost tax deduction for the Company under Section 280G of the Code and excise tax to Ms. Bennett under Section 4999 of the Code, the payments and vesting would be reduced to the extent that such reduction would leave Ms. Bennett with a greater after-tax amount.

Voluntary Retirement : If Ms. Bennett voluntarily resigns without "good reason" upon at least six months' notice or such shorter period as mutually agreed between Ms. Bennett and the board of directors, with any such resignation to become effective on or after November 8, 2017 (defined in Ms. Bennett's employment agreement as a "voluntary retirement"), then upon the execution of an irrevocable release of claims, Ms. Bennett shall be entitled to receive the following:

Accrued benefits; and

An annual bonus for the year of termination (prorated for the number of days of employment through such year) based on actual results (with any personal non-financial performance goals deemed achieved at 100%), payable at the time annual bonuses are paid to active employees.

All other terminations of employment : Upon any other termination of employment, including a resignation without “good reason” that does not qualify as a voluntary retirement, Ms. Bennett shall be entitled only to accrued benefits (except that, if Ms. Bennett is terminated for “cause,” she shall not be entitled to any unpaid annual bonus for the year preceding such termination of employment for “cause”).

Joann Fielder and David Biese

Termination without “Cause” and/or “Good Reason” Resignation : Upon a termination of employment by us without “cause” or a resignation by either Mr. Biese or Ms. Fielder for “good reason,” then upon the execution of an irrevocable release of claims and continued compliance with the terms of the restrictive covenants set forth in his or her respective employment agreement, Mr. Biese or Ms. Fielder, as applicable, shall be entitled to:

Payment of any accrued benefits including accrued base salary, benefits and reimbursement of business expenses due through the date of termination;

Base salary continuation for a period of 12 months following the date of termination; and, for Mr. Biese only, an annual bonus for the year of termination based on actual results for the entire year, payable at the time annual bonuses are paid to active employees and prorated for the number of full weeks of employment in the year of termination;

Medical and dental coverage continuation for 12 months following the date of termination with the costs of the premiums shared in the same proportion as before the termination of such executive’s employment (unless such coverage is otherwise obtained through a new employer); and

If such termination occurs within 12 months following a change in control, full acceleration of any then-unvested Common Interests.

If the severance payments and vesting described above would be a “parachute payment” resulting in a lost tax deduction for the Company under Section 280G of the Code and excise tax to the executive under Section 4999 of the Code, such payments and vesting would be reduced to the extent necessary to avoid the imposition of any excise tax or loss in tax deduction.

Resignation without “Good Reason” (Mr. Biese only) . Provided that Mr. Biese has given at least 90 days’ prior written notice of his intent to resign without “good reason” and that he continues to provide services to us through such period (or such shorter period as mutually agreed to by the board of directors and Mr. Biese), then upon the execution of an irrevocable release of claims and continued compliance with the terms of the restrictive covenants set forth in his employment agreement, Mr. Biese shall be entitled to:

Payments of any accrued benefits including accrued base salary, benefits and reimbursement of business expenses due through the date of termination; and

An annual bonus for the year of termination based on actual results for the entire year, payable at the time annual bonuses are paid to active employees and prorated for the number of full weeks of employment in the year of termination.

All other terminations of employment : Upon any other termination of employment, and except as set forth above, Mr. Biese or Ms. Fielder, as applicable, will be entitled only to accrued base salary and benefits through the date of termination.

Definitions of “Cause” and “Good Reason”

For purposes of Ms. Bennett’s employment agreement, the definition of “cause” generally means her (i) willful breach of certain provisions of the restrictive covenants contained in her employment agreement; (ii) willful failure to follow a lawful directive of the board of directors; (iii) willful or gross neglect in the performance or nonperformance of any of her duties or responsibilities; (iv) dishonesty with respect to any material matter arising in the performance of her duties that results in material injury to our financial condition or reputation, or fraud or willful misconduct in connection with her duties; (v) use of alcohol or drugs in a manner that materially interferes with the performance of her duties; or (vi) conviction or plea of no contest to any misdemeanor involving theft, fraud, dishonesty, or act of moral turpitude or to any felony. For purposes of Mr. Biese’s and Ms. Fielder’s employment agreements, “cause” generally means such executive’s (i) breach of any material provisions of his or her employment agreement; (ii) failure to follow a lawful directive of his or her reporting officer; (iii) negligence in the performance or nonperformance of any of his or her duties or responsibilities; (iv) dishonesty, fraud, or willful misconduct with respect to our business or affairs; (v) conviction of or plea of no contest to any misdemeanor involving theft, fraud, dishonesty, or act of moral turpitude or to any felony; or (vi) use of alcohol or drugs in a manner that materially interferes with the performance of his or her duties.

For purposes of Ms. Bennett’s employment agreement, the definition of “good reason” generally means (i) a material reduction in her duties and responsibilities (other than in respect of her removal as President following the hiring of an individual with such title); (ii) her removal as Chief Executive Officer (or President, if applicable) or failure to elect or reelect her as a member of the board of directors; (iii) a reduction in her base salary or target annual bonus; (iv) her ceasing to serve as the senior-most executive officer of the Company (or any entity that directly or indirectly owns 100% of Jill Acquisition, LLC’s securities and/or assets); (v) a change in reporting structure such that Ms. Bennett no longer reports to the board of directors; (vi) the failure of any executive officer (other than the chief legal/compliance officer) to report directly to Ms. Bennett; (vii) a material breach of her Common Interests award agreement; or (viii) the relocation of Ms. Bennett’s work location outside of the Quincy, Massachusetts area. For purposes of Mr. Biese’s and Ms. Fielder’s employment agreements, “good reason” generally means (i) a reduction in such executive’s title below the level of Senior Vice President or Executive Vice President, as applicable; (ii) a material reduction in his or her base salary; or (iii) a relocation of their principal work location outside of the Quincy, Massachusetts area.

Estimated Payments Upon Termination of Employment or Change in Control

The description below shows the severance payments and benefits that each named executive officer would, if applicable, have received had his or her employment been terminated, (1) due to his or her resignation without “good reason” or (2) by us without “cause” (including, for Ms. Bennett, a “mandatory retirement”) or pursuant to a resignation with “good reason,” whether prior to or following a change in control. The amounts are calculated as if the date of termination and, as applicable, the change in control, occurred on January 28, 2017.

Paula Bennett

Mandatory Retirement (termination without “cause”) and/or “Good Reason” Resignation : \$2,139,543, which represents the sum of (x) \$1,102,500 in base salary continuation for a period of 18 months following the date of termination, (y) \$17,125 in continued medical and dental coverage for a period of 18 months following the date of termination, and (z) \$1,019,918 as an annual bonus for the year of termination based on actual results. In the event that such mandatory retirement or “good reason” resignation were to occur following, or within six months prior to, a change in control or at any time following the Public Offering, Ms. Bennett would be entitled to an additional \$10,887,855 in respect of the acceleration of her then-unvested Common Interests.

Joann Fielder

Termination without “Cause” and/or “Good Reason” Resignation : \$616,694, which represents the sum of (x) \$600,000 in base salary continuation for a period of 12 months following the date of termination and (y) \$16,694 in continued medical and dental coverage for a period of 12 months following the date of termination. In the event that such termination were to occur within 12 months following a change in control, Ms. Fielder would be entitled to an additional \$3,402,454 in respect of the acceleration of her then-unvested Common Interests.

David Biese

Termination without “Cause” and/or “Good Reason” Resignation : \$726,071, which represents the sum of (x) \$443,226 in base salary continuation for a period of 12 months following the date of termination, (y) \$16,694 in continued medical and dental coverage for a period of 12 months following the date of termination, and (z) \$266,151 as an annual bonus for the year of termination based on actual results and prorated for the number of full weeks of employment through January 28, 2017 (i.e., 52 weeks). In the event that such termination were to occur within 12 months following a change in control, Mr. Biese would be entitled to an additional \$2,721,963 in respect of the acceleration of his then-unvested Common Interests.

Resignation without “Good Reason” : \$266,151 as an annual bonus for the year of termination based on actual results and prorated for the number of full weeks of employment through January 28, 2017 (i.e. 52 weeks).

A change in control, as defined in the JJill Topco Holdings partnership agreement, includes (i) the sale of all or substantially all of the assets of JJill Topco Holdings on a consolidated basis, (ii) a sale of all or substantially all of the equity interests of JJill Topco Holdings (in either case, whether by merger, recapitalization, consolidation, reorganization, combination or otherwise), or (iii) any other transaction having the same effect as any of the foregoing. The Public Offering, did not constitute a change in control for purposes of determining acceleration of outstanding equity.

Compensation of Directors

In fiscal years 2015 and 2016, as a member-managed limited liability company, the Company did not have a board of directors. Upon its conversion from a Delaware limited liability company to a Delaware corporation in connection with the Public Offering, certain directors of our former direct parent entity, JJill Holdings, Inc., were appointed to serve as members of our newly formed board of directors. Although we continue to evaluate the specific terms of our director compensation program, we anticipate that each of our non-employee directors will receive an annual director fee, fees for attending meetings of the board of directors as well as committee meetings and equity awards in connection with their services. In addition, each director will be reimbursed for out-of-pocket expenses in connection with their services.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves, or in the past has served, as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any entity that has one or more executive officers who serve as members of our board of directors or our compensation committee. None of the members of our compensation committee is, or has ever been, an officer or employee of our company.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth the beneficial ownership of our common stock as of April 7, 2017 by:

- each person, or group of affiliated persons, who we know to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- the selling stockholder.

The percentage of ownership is based on 43,747,944 shares of common stock outstanding as of April 7, 2017.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. Unless otherwise indicated, the address of each person or entity named in the table below is c/o J.Jill, Inc., 4 Batterymarch Park, Quincy, Massachusetts 02169.

	Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Stockholders		
Entities affiliated with TowerBrook (1)	25,770,647	58.9%
Named Executive Officers and Directors		
Paula Bennett (2)	2,254,884	5.2%
David Biese (3)	521,258	1.2%
Joann Fielder (4)	682,403	1.6%
Michael Rahamim (5)	244,493	*
Marka Hansen (6)	89,602	*
Travis Nelson	—	—
Michael Recht	—	—
Andrew Rolfe	—	—
Michael Eck (7)	2,861	*
Linda Heasley	—	—
All current directors and executive officers as a group	3,795,501	8.7%

* Represents beneficial ownership of less than one percent of shares outstanding.

- (1) The shares are held directly by TI IV JJill Holdings, LP. The general partner of TI IV JJill Holdings, LP is TI IV JJ GP, LLC. The sole member of TI IV JJ GP, LLC is TowerBrook Investors IV (Onshore), L.P. The general partner of TowerBrook Investors IV (Onshore), L.P. is TowerBrook Investors GP IV, L.P., and its ultimate general partner is TowerBrook Investors, Ltd. The natural persons that have voting or investment power over shares of common stock beneficially owned by TowerBrook Investors GP IV, L.P. and TowerBrook Investors, Ltd. are Neal Moszkowski and Ramez Sousou. The address of each of the entities and natural persons identified in this footnote is c/o TowerBrook Capital Partners L.P., 65 East 55th Street, 27th Floor, New York, New York 10022.
- (2) Consists of 10,385 shares of common stock held directly by Ms. Bennett, 868,361 shares of common stock held by the Paula L. Bennett Grantor Retained Annuity Trust and 1,376,138 shares of common stock held by

[Table of Contents](#)

the Paula L. Bennett 2015 Family Trust. BNY Mellon Trust of Delaware is the trustee and Elisabeth St. B. McCarthy is the investment advisor of both the Paula L. Bennett Grantor Retained Annuity Trust and the Paula L. Bennett 2015 Family Trust. Of the shares held by the Paula L. Bennett 2015 Family Trust, 886,233 shares are subject to vesting in equal monthly installments through May 8, 2020.

- (3) Of the shares shown, 215,728 shares are subject to vesting in equal monthly installments through April 30, 2020.
- (4) Of the shares shown, 269,660 shares are subject to vesting in equal monthly installments through April 30, 2020.
- (5) Of the shares shown, 209,897 shares are subject to vesting in equal annual installments through May 8, 2020.
- (6) Of the shares shown, 69,966 shares are subject to vesting in equal annual installments through May 8, 2020.
- (7) All of the shares shown are subject to vesting until November 15, 2017.

Securities Authorized for Issuance under Equity Compensation Plans

As of the end of fiscal year 2016, there were no equity securities of the Company authorized for issuance under equity compensation plans.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Other than compensation arrangements for our named executive officers and directors, we describe below each transaction or series of similar transactions, since January 31, 2016, to which we were a party or will be a party, in which:

the amounts involved exceeded or will exceed \$120,000; and

any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

Compensation and indemnification arrangements for our named executive officers and directors are described below under “—Indemnification Agreements.”

Stockholders Agreement

In connection with our initial public offering, on March 14, 2017 we entered into a Stockholders Agreement with TowerBrook, which, as further described below, contains certain rights for TowerBrook.

Consent Rights

For so long as TowerBrook beneficially owns at least 50% of our common stock, TowerBrook will have prior approval rights over the following transactions:

- any increase or decrease in the size of our board of directors;
- any incurrence of indebtedness (other than (i) debt existing as of the date of the Stockholders Agreement or refinancing thereof, (ii) capital leases approved by the board of directors and (iii) intercompany debt) in excess of \$10.0 million;
- any authorization, creation (by way of reclassification, merger, consolidation or otherwise) or issuance of equity securities (including preferred stock) other than issuances (i) pursuant to an equity compensation plan, (ii) by a subsidiary to us or another wholly owned subsidiary or (iii) upon conversion of convertible securities or exercise of options or warrants outstanding as of the date of the Stockholders Agreement or issued in compliance with the Stockholders Agreement;

- any redemption or repurchase of our equity securities, other than (i) from any director, officer, independent contractor or employee in connection with the termination of the employment or services of such director, officer or employee as contemplated by the applicable equity compensation plan or award agreement or (ii) pursuant to an offer made pro rata to all stockholders party to the Stockholders' Agreement;
- any material acquisition of the assets or equity interests of any other entity in any single transaction or series of related transactions;
- any fundamental changes to the nature of our business that involve the entry into any new line of business;
- the adoption, approval or issuance of any "poison pill," stockholder or similar rights plan by us or our subsidiaries or any amendment of such plan;
- any amendment, restatement or modification of our certificate of incorporation or bylaws;
- any payment or declaration of any dividend or other distribution on any of our equity securities or entering into a recapitalization transaction the primary purpose of which is to pay a dividend, other than dividends required to be made pursuant to the terms of any outstanding preferred stock;
- appointment or removal of the chairperson of our board of directors;
- the consummation of a change of control or entry into any contract or agreement the effect of which would be a change of control; and
- our or any of our subsidiaries' entry into any voluntary liquidation, dissolution or commencement of bankruptcy or insolvency proceedings, the adoption of a plan with respect to any of the foregoing or the decision not to oppose any similar proceeding commenced by a third party.

The effect of the Stockholders Agreement will be that TowerBrook may maintain control over our significant corporate transactions even if it holds less than a majority of our common stock.

Composition of the Board of Directors

The Stockholders Agreement also provides TowerBrook with certain rights with respect to the designation of directors to serve on our board of directors. As set forth in the Stockholder's Agreement, for so long as TowerBrook beneficially owns at least 50% of our common stock, it is entitled to designate for nomination a majority of our board of directors. When TowerBrook beneficially owns less than 50% of our common stock but owns at least 10% of our common stock, TowerBrook is entitled to designate for nomination a number of directors in proportion to its ownership of our common stock, rounded up to the nearest whole person. When TowerBrook owns less than 10% of our common stock but owns at least 5% of our common stock, TowerBrook is entitled to designate for nomination the greater of (i) a number of directors in proportion to its ownership of our common stock, rounded up to the nearest whole person, and (ii) one director.

Registration Rights Agreement

In connection with our initial public offering, we entered into a registration rights agreement on March 14, 2017 that provides TowerBrook an unlimited number of "demand" registrations and customary "piggyback" registration rights, and provides certain members of our management with customary "piggyback" registration rights. The registration rights agreement also provides that we will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities which may arise under the Securities Act.

Services Agreement

We are party to a services agreement with TowerBrook, pursuant to which TowerBrook has performed and will perform management support advisory services, planning and finance services for us. Under the terms of the services agreement, effective May 8, 2015, we paid an upfront lump sum advisory fee of \$4.0 million. Under the services agreement, we also agreed to pay and reimburse reasonable out of pocket expenses to TowerBrook for conducting these advisory services. In fiscal year 2016, we reimbursed TowerBrook \$0.2 million in relation to these services.

Indemnification Agreements

In connection with our initial public offering, on March 14, 2017 we entered into customary indemnification agreements with our executive officers and directors that provide, in general, that we will provide them with customary indemnification in connection with their service to us or on our behalf.

These indemnification agreements require us, among other things, to indemnify our directors and officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct. These indemnification agreements also require us to advance any expenses incurred by the directors or officers as a result of any proceeding against them as to which they could be indemnified and to obtain directors' and officers' insurance, if available on reasonable terms.

Policies and Procedures for Related Party Transactions

We have adopted a written Related Person Transaction Policy (the "policy"), which sets forth our policy with respect to the review, approval, ratification and disclosure of all related person transactions by our Audit Committee. In accordance with the policy, our Audit Committee has overall responsibility for implementation of and compliance with the policy.

For purposes of the policy, a "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and the amount involved exceeded, exceeds or will exceed \$120,000 and in which any related person (as defined in the policy) had, has or will have a direct or indirect material interest. A "related person transaction" does not include any employment relationship or transaction involving an executive officer and any related compensation resulting solely from that employment relationship that has been reviewed and approved by our board of directors or Compensation Committee.

The policy requires that notice of a proposed related person transaction be provided to our legal department prior to entry into such transaction. If our legal department determines that such transaction is a related person transaction, the proposed transaction will be submitted to our Audit Committee for consideration. Under the policy, our Audit Committee may approve only those related person transactions that are in, or not inconsistent with, our best interests and the best interests of our stockholders. In the event that we become aware of a related person transaction that has not been previously reviewed, approved or ratified under the policy and that is ongoing or is completed, the transaction will be submitted to the Audit Committee so that it may determine whether to ratify, rescind or terminate the related person transaction.

The policy also provides that the Audit Committee review certain previously approved or ratified related person transactions that are ongoing to determine whether the related person transaction remains in our best interests and the best interests of our stockholders. Additionally, we will make periodic inquiries of directors and executive officers with respect to any potential related person transaction of which they may be a party or of which they may be aware.

Director Independence

We are a “controlled company” for the purposes of the NYSE’s rules and corporate governance standards because more than 50% of the voting power of our common stock is held by TowerBrook. As a “controlled company,” we may elect not to comply with certain NYSE corporate governance requirements, including those that would otherwise require our board of directors to have a majority of independent directors and require that we either establish a Compensation and Nominating and Corporate Governance Committees, each comprised entirely of independent directors, or otherwise ensure that the compensation of our executive officers and nominees for directors are determined or recommended to our board of directors by the independent members of our board of directors.

Our board of directors has determined that Michael Rahamim, Marka Hansen, Michael Eck and Linda Heasley are “independent directors,” as defined by the applicable NYSE rules.

Item 14. Principal Accounting Fees and Services

The Audit Committee pre-approves the use of audit and audit-related services following approval of the independent registered public accounting firm’s audit plan. All services detailed in the audit plan are considered pre-approved. If, during the course of the audit, the independent registered public accounting firm expects fees to exceed the approved fee estimate, those fees must be approved in advance by the Audit Committee.

Principal Accounting Fees and Services

Audit Fees. The aggregate fees billed for the audits of the Company’s i) annual consolidated financial statements for the fiscal year ended January 28, 2017 and ii) consolidated balance sheet as of January 30, 2016 and consolidated statements of operations and comprehensive income (loss), or members’ equity and of cash flows for the periods May 8, 2015 to January 30, 2016 and the for the period February 1, 2015 to May 7, 2015 included in our Annual Report on Form 10-K were i) \$2,467,363 and ii) \$2,219,529, respectively.

Tax Fees. The aggregate fees billed for tax services for i) the fiscal year ended January 28, 2017 and ii) the periods from May 8, 2015 to January 30, 2016 and from February 1, 2015 to May 7, 2015 were i) \$120,000 and ii) nil, respectively.

The Audit Committee has considered and concluded that the provision of permissible non-audit services is compatible with maintaining our independent registered public accounting firm’s independence.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) Financial Statements.

See the “Index to Consolidated Financial Statements” on page F-1 below for the list of financial statements filed as part of this report.

(a)(2) Financial Statement Schedules.

All schedules have been omitted because they are not required or because the required information is given in the Consolidated Financial Statements or Notes thereto set forth below beginning on page F-1.

(a)(3) Exhibits.

See the Exhibit Index immediately following the signature page of this Annual Report on Form 10-K. The exhibits listed in the Exhibit Index below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

J.Jill, Inc.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

[Report of Independent Registered Public Accounting Firm](#)

F-
2

Audited Consolidated Financial Statements

[Consolidated Balance Sheets as of January 28, 2017 \(Successor\) and January 30, 2016 \(Successor\)](#)

F-
4

[Consolidated Statements of Operations and Comprehensive Income \(Loss\) for the Fiscal Year Ended January 28, 2017 \(Successor\), the Period from May 8, 2015 through January 30, 2016 \(Successor\), the Period from February 1, 2015 through May 7, 2015 \(Predecessor\) and the Fiscal Year Ended January 31, 2015 \(Predecessor\)](#)

F-
5

[Consolidated Statements of Members' Equity for the Fiscal Year Ended January 28, 2017 \(Successor\), the Period from May 8, 2015 through January 30, 2016 \(Successor\), the Period From February 1, 2015 through May 7, 2015 \(Predecessor\) and the Fiscal Year Ended January 31, 2015 \(Predecessor\)](#)

F-
6

[Consolidated Statements of Cash Flows for the Fiscal Year Ended January 28, 2017 \(Successor\), the Period from May 8, 2015 through January 30, 2016 \(Successor\), the Period from February 1, 2015 through May 7, 2015 \(Predecessor\) and the Fiscal Year Ended January 31, 2015 \(Predecessor\)](#)

F-
7

[Notes to Consolidated Financial Statements](#)

F-
8

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of J.Jill, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive income (loss), of members' equity and of cash flows present fairly, in all material respects, the financial position of J.Jill, Inc. and its subsidiaries as of January 28, 2017 and January 30, 2016, and the results of their operations and their cash flows for the year ended January 30, 2017 and for the period from May 8, 2015 to January 30, 2016 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
April 28, 2017

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of J.Jill, Inc.

In our opinion, the consolidated statements of operations and comprehensive income (loss), of members' equity and of cash flows for the period from February 1, 2015 to May 7, 2015 and for the year ended January 31, 2015 present fairly, in all material respects, the results of operations and cash flows of J.Jill, Inc. and its subsidiaries (Predecessor) for the period from February 1, 2015 to May 7, 2015 and for the year ended January 31, 2015 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it classifies deferred taxes and the manner in which it classifies debt issuance costs in fiscal year 2015.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts

October 21, 2016, except for the effects of the corporate conversion as discussed in Note 1, Note 15 and Note 18, and the parent merger discussed in Note 18 as to which the date is February 25, 2017

J.Jill, Inc.
CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

	January 28, 2017 (Successor)	January 30, 2016 (Successor)
Assets		
Current assets:		
Cash	\$ 13,468	\$ 27,505
Accounts receivable	3,851	3,164
Inventories, net	66,641	64,406
Prepaid expenses and other current assets	18,559	20,539
Receivable from related party	1,262	—
Total current assets	103,781	115,614
Property and equipment, net	102,322	86,810
Intangible assets, net	163,483	179,965
Goodwill	197,026	196,572
Receivable from related party	—	1,850
Other assets	1,033	1,221
Total assets	<u>\$ 567,645</u>	<u>\$ 582,032</u>
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	\$ 38,438	\$ 41,041
Accrued expenses and other current liabilities	46,121	43,591
Current portion of long-term debt	2,799	2,500
Total current liabilities	87,358	87,132
Long-term debt, net of discount and current portion	264,440	237,478
Deferred income taxes	74,750	78,837
Other liabilities	20,132	12,014
Total liabilities	446,680	415,461
Commitments and contingencies (see Note 11)		
Members' Equity		
Common units, zero par value, 1,000,000 units authorized, issued and outstanding at January 28, 2017 (Successor) and January 30, 2016 (Successor)	—	—
Contributed capital	107,878	162,265
Accumulated earnings	13,087	4,306
Total members' equity	120,965	166,571
Total liabilities and members' equity	<u>\$ 567,645</u>	<u>\$ 582,032</u>

The accompanying notes are an integral part of these consolidated financial statements.

J.Jill, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (LOSS)

(in thousands, except share and per share data)

	Successor		Predecessor	
	For the Fiscal Year Ended January 28, 2017	For the Period from May 8, 2015 to January 30, 2016	For the Period from February 1, 2015 to May 7, 2015	For the Fiscal Year Ended January 31, 2015
Net sales	\$ 639,056	\$ 420,094	\$ 141,921	\$ 483,400
Costs of goods sold	211,117	155,091	44,232	164,792
Gross profit	427,939	265,003	97,689	318,608
Selling, general and administrative expenses	368,525	246,482	80,151	279,557
Acquisition-related expenses	—	—	13,341	—
Operating income	59,414	18,521	4,197	39,051
Interest expense	18,670	11,893	4,599	17,895
Income (loss) before provision for income taxes	40,744	6,628	(402)	21,156
Provision for income taxes	16,669	2,322	1,499	10,860
Net income (loss) and total comprehensive income (loss)	<u>\$ 24,075</u>	<u>\$ 4,306</u>	<u>\$ (1,901)</u>	<u>\$ 10,296</u>
Net income (loss) per common share attributable to common shareholders:				
Basic and diluted	\$ 0.55	\$ 0.10	\$ (0.04)	\$ 0.24
Weighted average number of common shares outstanding:				
Basic and diluted	43,747,944	43,747,944	43,747,944	43,747,944

The accompanying notes are an integral part of these consolidated financial statements.

J.Jill, Inc.
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(PREDECESSOR)
(in thousands, except unit data)

	Preferred Capital	Class A Units		Class B Units		Common Units		Contributed Capital	Accumulated (Deficit)	Total Members' Equity (Deficit)
		Units	Amount	Units	Amount	Units	Amount			
Balance, February 1, 2014	\$ 72,824	100	\$ 1	3,927,601	\$ 39,276	1,000,000	\$ —	\$ 2,140	\$ (58,182)	\$ (16,765)
Equity-based compensation	—	—	—	—	—	—	—	5,152	—	5,152
Net income	—	—	—	—	—	—	—	—	10,296	10,296
Balance, January 31, 2015	\$ 72,824	100	\$ 1	3,927,601	\$ 39,276	1,000,000	\$ —	\$ 7,292	\$ (47,886)	\$ (1,317)
Equity-based compensation	—	—	—	—	—	—	—	441	—	441
Net loss	—	—	—	—	—	—	—	—	(1,901)	(1,901)
Balance, May 7, 2015	72,824	100	1	3,927,601	39,276	1,000,000	—	7,733	(49,787)	(2,777)
Elimination of equity in connection with Acquisition (see Note 4)	(72,824)	(100)	(1)	(3,927,601)	(39,276)	(1,000,000)	—	(7,733)	49,787	2,777
Balance, May 8, 2015	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

J.Jill, Inc.
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(SUCCESSOR)
(in thousands, except unit data)

	Common Units		Contributed Capital	Accumulated Earnings	Total Members' Equity
	Units	Amount			
Balance, May 8, 2015	1,000,000	\$ —	\$ 170,657	\$ —	\$ 170,657
Distribution to member	—	—	(8,560)	—	(8,560)
Equity-based compensation	—	—	168	—	168
Net income	—	—	—	4,306	4,306
Balance, January 30, 2016	1,000,000	—	162,265	4,306	166,571
Distribution to member	—	—	(54,706)	(15,294)	(70,000)
Repurchase of Common Units	—	—	(305)	—	(305)
Equity-based compensation	—	—	624	—	624
Net income	—	—	—	24,075	24,075
Balance, January 28, 2017	<u>1,000,000</u>	<u>\$ —</u>	<u>\$ 107,878</u>	<u>\$ 13,087</u>	<u>\$ 120,965</u>

The accompanying notes are an integral part of these consolidated financial statements.

J.Jill, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Successor		Predecessor	
	For the Fiscal Year Ended January 28, 2017	For the Period from May 8, 2015 to January 30, 2016	For the Period from February 1, 2015 to May 7, 2015	For the Fiscal Year Ended January 31, 2015
Net income (loss)	\$ 24,075	\$ 4,306	\$ (1,901)	\$ 10,296
Operating activities:				
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	36,219	28,702	5,147	19,051
Amortization of inventory fair value adjustment	—	10,471	—	—
Loss on disposal of fixed assets	385	237	112	58
Noncash amortization of deferred financing and debt discount costs	1,861	983	657	1,680
Payment-in-kind interest on debt	—	—	1,192	4,476
Equity-based compensation	624	168	441	5,152
Deferred rent liability	1,785	3,071	84	309
Deferred income taxes	(4,541)	(7,261)	(961)	(1,903)
Changes in operating assets and liabilities, net of Acquisition				
Accounts receivable	(687)	4,017	(3,504)	(2,058)
Inventories	(2,235)	(1,577)	(6,955)	(10,273)
Prepaid expenses and other current assets	1,980	(7,112)	(1,716)	349
Accounts payable	(2,630)	3,931	(7,608)	3,066
Accrued taxes payable	999	(1,966)	1,542	—
Accrued expenses	2,319	8,356	17,285	6,531
Other noncurrent assets	(13)	(1,113)	12	(12)
Other noncurrent liabilities	7,059	5,349	1,906	4,652
Net cash provided by operating activities	67,200	50,562	5,733	41,374
Investing activities:				
Acquisition, net of cash acquired	—	(385,744)	—	—
Purchases of property and equipment	(37,077)	(26,559)	(7,406)	(24,143)
Net cash used in investing activities	(37,077)	(412,303)	(7,406)	(24,143)
Financing activities:				
Repurchase of Common Units	(305)	—	—	—
Repayments on long-term debt	(12,775)	(1,250)	(5,646)	(17,145)
Proceeds from long-term debt	40,000	250,000	—	—
Payment of debt issuance costs	(1,668)	(9,640)	—	—
Proceeds from equity investment	—	160,546	—	—
Receivable from related party	588	(1,850)	—	—
Distribution to member	(70,000)	(8,560)	—	—
Proceeds from revolving credit facility	—	—	58,750	87,750
Repayments of revolving credit facility	—	—	(51,500)	(87,750)
Net cash (used in) provided by financing activities	(44,160)	389,246	1,604	(17,145)
Net change in cash	(14,037)	27,505	(69)	86
Cash:				
Beginning of Period	27,505	—	604	518
End of Period	\$ 13,468	\$ 27,505	\$ 535	\$ 604
Supplemental cash flow information:				
Cash paid for interest	16,406	\$ 11,192	\$ 2,952	\$ 12,531
Cash paid for taxes	15,497	16,033	882	12,599
Noncash investing and financing activities:				
Noncash purchase consideration	—	10,111	—	—
Capital expenditures financed with the ending balance in accounts payable and accrued expenses	740	1,274	2,547	3,605

The accompanying notes are an integral part of these consolidated financial statements.

J.Jill, Inc.
Notes to Consolidated Financial Statements

1. General

J.Jill, Inc., “J.Jill” or the “Company”, is a nationally recognized women’s apparel brand, headquartered in Quincy, Massachusetts, focused on affluent customers in the 40-65 age segment in 43 states. J.Jill operates an integrated omni-channel platform that is well diversified across its retail stores, website and catalogs.

J.Jill, Inc. was formed on February 24, 2017, when the Company converted from a Delaware limited liability company named Jill Intermediate LLC (“Intermediate”) into a Delaware corporation named J.Jill, Inc. In conjunction with the conversion, all of Intermediate’s outstanding equity interests converted into 43,747,944 shares of common stock. Accordingly, all share and per share amounts for all periods presented in the accompanying financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect this conversion.

Intermediate had one class of equity interests, all of which were held by JJill Holdings, Inc. (“Holdings”), its former direct parent company, and JJill Topco Holdings, LP (“Topco”), the direct parent company of Holdings. In conjunction with the Company’s conversion into a Delaware corporation, JJill Holdings and JJill Topco Holdings each received shares of common stock in proportion to the percentage of Intermediate’s equity interests held by them prior to the conversion. Following the Company’s conversion into a Delaware corporation and subsequent to the financial statement date, Holdings, the Company’s former direct parent, merged with and into J.Jill, Inc., and J.Jill, Inc. was the surviving entity to such merger.

In connection with the conversion, J.Jill, Inc. will continue to hold all assets of Intermediate and will assume all of its liabilities and obligations. J.Jill, Inc. is a holding company, and Jill Acquisition LLC, its wholly-owned subsidiary, will remain the operating company for the business assets.

Intermediate was a Delaware Limited Liability Company that was formed on February 17, 2011 and held the ownership interests of Jill Acquisition LLC and its subsidiaries. On May 8, 2015, a 94% controlling interest in the Company was acquired (the “Acquisition”) by Holdings and the remaining 6% was acquired by Topco, a Delaware limited partnership formed by TowerBrook Capital Partners L.P. (“TowerBrook”). The purchase price was \$396.4 million, which consisted of \$386.3 million of cash consideration and \$10.1 million of noncash consideration in the form of an equity rollover by management. Holdings, a Delaware corporation, was formed for the purpose of effecting the Acquisition and had no operations of its own, except for costs incurred related to the Acquisition. Holdings was a wholly-owned subsidiary of Topco. Holdings accounted for the Acquisition as a business combination under the acquisition method of accounting. Accordingly, the assets acquired and liabilities assumed were recorded at fair value with the remaining purchase price recorded as goodwill (see Note 4). The Company elected to pushdown the effects of the Acquisition to its consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements for the periods beginning and subsequent to May 8, 2015 represent the financial information of the Company and its subsidiaries subsequent to the Acquisition and are labeled as Successor (“Successor”). The consolidated financial statements prior to and including May 7, 2015 represent the financial information of the Company and its subsidiaries prior to the Acquisition, as well as consolidated variable interest entities (“VIEs”) (see Note 10), and are labeled as Predecessor (“Predecessor”). Due to the change in the basis of accounting resulting from the Acquisition, the Company’s consolidated financial statements for these reporting periods are not comparable.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

J.Jill, Inc.
Notes to Consolidated Financial Statements

The Company uses a 52 to 53 week fiscal year ending on the Saturday closest to January 31. Each fiscal year generally is comprised of four 13 week fiscal quarters, although in the years with 53 weeks the fourth quarter represents a 14 week period. The Successor fiscal year of 2016 had 52 weeks of operations. The period from May 8, 2015 to January 30, 2016 (Successor period) included approximately 38 weeks of operations. The period from February 1, 2015 to May 7, 2015 (Predecessor period) included approximately 14 weeks of operations. The Predecessor fiscal year of 2014 had 52 weeks of operations.

Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and judgments that affect reported amounts of assets, liabilities, members' equity, net sales and expenses, and the disclosure of contingent assets and liabilities. Significant estimates relied upon in preparing these consolidated financial statements include, but are not limited to, revenue recognition, including merchandise returns and accounting for gift card breakage; accounting for business combinations; estimating the fair value of inventory and inventory reserves; impairment assessments of goodwill, intangible assets, and other long-lived assets; and equity-based compensation. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiaries. For periods prior to the Acquisition, the consolidated financial statements include the assets, liabilities and results of operations of the Predecessor and its subsidiaries, as well as consolidated VIEs, for which the Predecessor had determined that it was the primary beneficiary (see Note 10). All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Segment Reporting

The Company determined its operating segments on the same basis that it assesses performance and makes operating decisions. The Company's operating segments consist of its retail and direct channels, which have been aggregated into one reportable segment.

All of the Company's identifiable assets are located in the United States, which is where the Company is domiciled. The Company does not have sales outside the United States, nor does any customer represent more than 10% of total revenues for any period presented.

Variable Interest Entities

The Company regularly evaluates its relationships with other entities to identify whether they are variable interest entities and to assess whether it is the primary beneficiary of such entities. Under GAAP, a reporting entity shall consolidate a VIE when that reporting entity has a variable interest that provides the reporting entity with a controlling financial interest. The entity that ultimately consolidates the VIE shall be the reporting entity that a) has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and b) has the obligation to absorb losses or the right to receive benefits from the VIE that could be significant to the VIE. If the determination is made that a company is the primary beneficiary of a variable interest entity, then that entity is included in its consolidated financial statements.

As of January 31, 2015 (Predecessor), the Company determined that it had a variable interest in three unrelated entities for which it determined it was the primary beneficiary (see Note 10). These VIEs were consolidated during the 2015 Predecessor period and fiscal year 2014 and all intercompany transactions were eliminated in consolidation.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Concurrent with the May 8, 2015 Acquisition (see Note 4), the obligations held by each of the three VIEs were repaid in full and no further obligations remained. Accordingly, these entities were not consolidated in the 2015 Successor period and they were dissolved.

Business Combinations

The Company accounts for business combinations under the acquisition method of accounting. Under this method, acquired assets, including separately identifiable intangible assets, and any assumed liabilities are recorded at their acquisition date estimated fair value. The excess of purchase price over the fair value amounts assigned to the assets acquired and liabilities assumed represents the goodwill amount resulting from the acquisition. Determining the fair value of assets acquired and liabilities assumed involves the use of significant estimates and assumptions.

Concurrent with the Acquisition, the Company elected to apply pushdown accounting. Pushdown accounting refers to the use of the acquirer's basis in the preparation of the acquiree's separate financial statements as the new basis of accounting for the acquiree. See Note 4 for a discussion of the Acquisition and the related impact of pushdown accounting on the Company's consolidated financial statements.

Accounts Receivable

The Company's accounts receivable relate primarily to payments due from banks for credit and debit transactions for approximately 2 to 5 days of sales. These receivables do not bear interest.

Inventories

Inventory consists of finished goods held for sale. Inventory is stated at the lower of cost or market, net of reserves. Cost is calculated using the weighted average method of accounting, and includes the cost to purchase merchandise from the Company's manufacturers plus duties and inbound freight. The net realizable value of the Company's inventory is estimated based on historical experience, current and forecasted demand, and market conditions. The allowance for excess and obsolete inventory requires management to make assumptions and to apply judgment regarding a number of factors, including past and projected sales performance and current inventory levels. As of January 28, 2017 (Successor) and January 30, 2016 (Successor), an inventory reserve of \$2.0 million and \$1.5 million has been recorded, respectively. The Company sells excess inventory in its stores and on-line at www.jjill.com. In limited cases, discount marketers and inventory liquidators are utilized.

Inventory from domestic suppliers is recorded when it is received at the distribution center. Inventory from foreign suppliers is recorded when goods are cleared for export on board the ship at the port of shipment.

Property and Equipment

Property and equipment purchases are recorded at cost. Property and equipment is presented net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of the term of the related lease or the estimated useful lives of the improvements. Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for betterments and major improvements that significantly enhance the value and increase the estimated useful life of the asset are capitalized and depreciated over the new estimated useful life. The carrying amounts of assets sold or retired and the related accumulated depreciation are eliminated in the year of disposal, and any resulting gains or losses are included in the accompanying consolidated statements of operations and comprehensive income (loss).

J.Jill, Inc.
Notes to Consolidated Financial Statements

Estimated useful lives of property and equipment asset categories are as follows:

Furniture, fixtures and equipment	5-7 years
Computer software and hardware	3-5 years
Leasehold improvements	Shorter of estimated useful life or lease term

Capitalized Interest

The cost of interest that is incurred in connection with ongoing construction projects is capitalized using a weighted average interest rate. These costs are included in property and equipment and amortized over the useful life of the related property or equipment.

Long-lived Assets

The carrying value of long-lived assets, including amortizable identifiable intangible assets, and asset groups are evaluated whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Conditions that may indicate impairment include, but are not limited to, a significant decrease in the market price of an asset, a significant adverse change in the extent or manner in which an asset is being used or a significant decrease in its physical condition, and operating or cash flow performance that demonstrates continuing losses associated with an asset or asset group. A potential impairment has occurred if the projected future undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group are less than the carrying value of the asset or asset group. The estimate of cash flows includes management's assumptions of cash inflows and outflows directly resulting from the use of the asset in operation. If the carrying value exceeds the sum of the undiscounted cash flows, an impairment charge is recorded equal to the excess of the asset or asset group's carrying value over its fair value. Fair value is measured based on a projected discounted cash flow model using a discount rate the Company believes is commensurate with the risk inherent in its business. Any impairment charge would be recognized within operating expenses as a selling, general and administrative expense.

Goodwill and Indefinite-lived Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but are reviewed for impairment at least annually, or more frequently when events or changes in circumstances indicate that the carrying value may not be recoverable. Judgments regarding indicators of potential impairment are based on market conditions and operational performance of the business.

At each fiscal year-end, the Company performs an impairment analysis of goodwill. The Company may assess its goodwill for impairment initially using a qualitative approach ("step zero") to determine whether conditions exist to indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. If management concludes, based on its assessment of relevant events, facts and circumstances that it is more likely than not that a reporting unit's carrying value is greater than its fair value, then a quantitative analysis will be performed to determine if there is any impairment. The Company may also elect to initially perform a quantitative analysis instead of starting with step zero. The quantitative assessment for goodwill is a two-step assessment. "Step one" requires comparing the carrying value of a reporting unit, including goodwill, to its fair value using the income approach. The income approach uses a discounted cash flow model, which involves significant estimates and assumptions, including preparation of revenue and profitability growth forecasts, selection of a discount rate, and selection of a terminal year multiple. If the fair value of the respective reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and no further testing is required. If the carrying amount of a reporting unit exceeds its fair value, the second step of

J.Jill, Inc.
Notes to Consolidated Financial Statements

the goodwill impairment test is to measure the amount of impairment loss, if any. “Step two” compares the implied fair value of goodwill to the carrying amount of goodwill. The implied fair value of goodwill is determined by a hypothetical purchase price allocation using the reporting unit’s fair value as the purchase price. If the carrying amount of goodwill exceeds the implied fair value, an impairment charge is recorded to write down goodwill to its implied fair value and is recorded as a selling, general and administrative expense within the Company’s consolidated statement of operations and comprehensive income (loss).

At each year end, the Company also performs an impairment analysis of its indefinite-lived intangible assets. Impairment losses are recorded to the extent that the carrying value of the indefinite-lived intangible asset exceeds its fair value. The Company measures the fair value of its trade name using the income approach, which uses a discounted cash flow model. The most significant estimates and assumptions inherent in this approach are the preparation of revenue and profitability growth forecasts, selection of a discount rate and a terminal year multiple.

Revenue Recognition

Revenue is primarily derived from the sale of apparel and accessory merchandise through our retail channel and direct channel, which includes website and catalog phone orders and is recognized when all of the following criteria are satisfied: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) delivery of products has occurred. Revenue also includes shipping and handling fees collected from customers. Revenue from our retail channel is recognized at the time of sale and revenue from our direct channel is recognized upon receipt of merchandise by the customer.

The Company has a return policy where merchandise returns will be accepted within 90 days of the original purchase date. At the sole discretion of the Company, returns may also be accepted after 90 days as a customer accommodation. At the time of sale, the Company records an estimated sales reserve for merchandise returns based on historical prior returns experience and expected future returns. The Company collects and remits sales and use taxes in all states in which retail and direct sales occur and taxes are applicable. These taxes are reported on a net basis and are thereby excluded from revenue.

Shipping and handling costs of \$12.6 million, \$7.9 million, \$2.3 million and \$9.0 million were recorded in selling, general and administrative expenses, for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively. Customer payments made in advance of the customer receiving merchandise are recorded as deferred revenue within accrued expenses and other liabilities in the Company’s consolidated balance sheets.

The Company sells gift cards without expiration dates to customers. The Company does not charge administrative fees on unused gift cards. Proceeds from the sale of gift cards are recorded as deferred revenue until the customer redeems the gift card or when the likelihood of redemption is remote. Based upon historical experience, the Company estimates the value of outstanding gift cards that will ultimately not be redeemed (“gift card breakage”) and will not be escheated under statutory unclaimed property laws. This gift card breakage amount is recognized as revenue over the time period established by the Company’s historical gift card redemption pattern.

The Company recognized gift card breakage revenue of \$0.7 million, \$0.4 million, \$0.3 million and \$0.5 million during the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively.

The Company also receives royalty payments through its private label credit card agreement. The royalty payments are recognized as revenue as they are received over the term of the agreement. Royalty payments recognized were \$2.9 million, \$1.3 million, \$0.5 million and \$1.5 million for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Costs of Goods Sold

The Company's costs of goods sold includes the direct costs of sold merchandise, which include customs, taxes, duties, and inbound shipping costs, inventory shrinkage, and adjustments and reserves for excess, aged and obsolete inventory. Costs of goods sold does not include distribution center costs and allocations of indirect costs, such as occupancy, depreciation, amortization, or labor and benefits.

Advertising Costs

The Company incurs costs to produce, print, and distribute its catalogs. Catalog costs are considered direct response advertising, are capitalized as incurred, and are amortized over the expected sales life of each catalog for a period generally not exceeding six months. The expected sales life of each catalog is determined based on a detailed marketing forecast, which considers historical experience for similar catalogs, coupled with current sales trends. Amortized catalog advertising expenses were approximately \$34.2 million, \$21.6 million, \$7.8 million and \$25.5 million the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively, and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss).

Other advertising costs are recorded as incurred. Other advertising expenses recorded were \$18.4 million, \$10.9 million, \$3.2 million and \$10.9 million for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively, and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss).

Operating Leases and Deferred Rent

Certain operating leases contain predetermined escalations of the minimum rental payments to be made over the lease term. The Company recognizes the related rent expense on a straight-line basis over the life of the lease, taking into account fixed escalations as well as reasonably assured renewal periods.

Certain retail store leases include allowances from landlords in the form of cash. These allowances are part of the negotiated terms of the lease. The Company records the full amount of the allowance when specific performance criteria are met as a deferred liability. The deferred liability is amortized into income as a reduction of rent expense over the term of the applicable lease, including reasonably assured renewal periods. The Company recognizes those liabilities to be amortized within a year as a current liability and those greater than a year as a long-term liability. For purposes of recognizing these allowances and minimum rental expenses on a straight-line basis, the Company uses the date it obtains the legal right to use and control the leased space to begin amortization, which is generally when the Company takes possession of the space and begins to make improvements in preparation for its intended use.

Certain retail store leases also provide for contingent rent in addition to fixed rent. The contingent rent is determined as a percentage of gross sales in excess of predefined levels. The Company records a rent liability in accrued liabilities and the corresponding rent expense when it becomes probable that the Company will achieve a specified gross sales amount.

Certain store operating leases contain cancellation clauses allowing the leases to be terminated at the Company's discretion, provided certain minimum sales levels are not achieved within a defined period of time after opening. The Company has not historically exercised these cancellation clauses and has therefore disclosed commitments for the full terms of such leases in the accompanying disclosures.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Debt Issuance Costs

The Company defers costs directly associated with acquiring third-party financing. Debt issuance costs are deferred and amortized using the effective interest rate method over the term of the related long-term debt agreement and the straight-line method for the revolving credit agreement. Debt issuance costs related to long-term debt are reflected as a direct deduction from the carrying amount of the debt in accordance with the Company's adoption of ASU 2015-03 (see Note 3).

Income Taxes

The Company accounts for income taxes using the asset and liability method and elected to be taxed as a C corporation. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and their respective tax bases, using enacted tax rates expected to be applicable in the years in which the temporary differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company evaluates the realizability of its deferred tax assets and establishes a valuation allowance when it is more likely than not that all or a portion of the deferred tax assets will not be realized. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected, scheduling of anticipated reversals of taxable temporary differences, and considering prudent and feasible tax planning strategies.

The Company records liabilities for uncertain income tax positions based on a two-step process. The first step is recognition, where an individual tax position is evaluated as to whether it has a likelihood of greater than 50% of being sustained upon examination based on the technical merits of the position, including resolution of any related appeals or litigation processes. For tax positions that are currently estimated to have less than a 50% likelihood of being sustained, no tax benefit is recorded. For tax positions that have met the recognition threshold in the first step, the Company performs the second step of measuring the benefit to be recorded. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized on ultimate settlement. The actual benefits ultimately realized may differ from the estimates. In future periods, changes in facts, circumstances and new information may require the Company to change the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recorded in income tax expense and liability in the period in which such changes occur.

Any interest or penalties incurred related to unrecognized tax benefits are recorded as tax expense in the provision for income tax expense line item of the accompanying consolidated statements of operations and comprehensive income (loss). The Company has not incurred interest expense or penalties related to income taxes during any period presented in the consolidated financial statements.

Fair Value of Financial Instruments

Certain assets and liabilities are carried at fair value in accordance with GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

J.Jill, Inc.
Notes to Consolidated Financial Statements

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or other inputs other than quoted prices that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities, including interest rates and yield curves, and market corroborated inputs.
- Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These are valued based on management's estimates and assumptions that market participants would use in pricing the asset or liability.

As of January 28, 2017 (Successor) the Company had no assets or liabilities that were measured at fair value for reporting purposes on a recurring basis. The fair value of the Company's debt was approximately \$279.7 million and \$250.4 million at January 28, 2017 (Successor) and January 30, 2016 (Successor), respectively.

The Company believes that the carrying amounts of its other financial instruments, including cash, accounts receivable, accounts payable and any amounts drawn on its revolving credit facilities, consisting primarily of instruments without extended maturities, the fair value of which, based on management's estimates, approximates their carrying value due to the short-term maturities of these instruments.

Comprehensive Income (Loss)

Comprehensive income (loss) is a measure of net income (loss) and all other changes in equity that result from transactions other than with equity holders, and would normally be recorded in the consolidated statements of members' equity and the consolidated statements of comprehensive income (loss). The Company's management has determined that net income (loss) is the only component of the Company's comprehensive income (loss). Accordingly, there is no difference between net income (loss) and comprehensive income (loss).

Equity-based Compensation

Successor

The Company accounts for equity-based compensation for employees and directors by recognizing the fair value of equity-based compensation as an expense in the calculation of net income (loss), based on the grant-date fair value. The Company recognizes equity-based compensation expense in the periods in which the employee or director is required to provide service, which is generally over the vesting period of the individual equity instruments. The fair value of the equity-based awards is determined using the Black-Scholes option pricing model.

All of the equity-based awards granted by the Company during fiscal year 2016 and the 2015 Successor period were considered equity-classified awards and compensation expense for these awards was recognized based on the portion of awards that are expected to vest. In developing a forfeiture rate estimate, the Company has considered its historical experience to estimate pre-vesting forfeitures for service-based awards. The impact of a forfeiture rate adjustment is recognized in full in the period of adjustment, and if the actual forfeiture rate is materially different from the Company's estimate, the Company may be required to record adjustments to equity-based compensation expense in future periods.

The Company recognizes equity-based compensation generated at Topco and records the related expense in its consolidated financial statements as the costs are deemed to be for the benefit of the Company (see Note 16). The expenses were allocated from the parent level to the Company and recognized as an equity contribution.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Predecessor

The Predecessor accounted for liability-classified equity-based compensation for employees and a director of the Company by recognizing the value of equity-based compensation as an expense in the calculation of net income (loss), based on the intrinsic value of the award, in accordance with ASC 718. The awards were revalued at each reporting period and the Predecessor recognized the related equity-based compensation expense.

The Predecessor recognized equity-based compensation generated at JJIP LLC (“JJIP”) (see Note 16) and recognized the related expense in the Predecessor’s consolidated financial statements. These equity-based compensation costs were incurred by JJIP and deemed to be for the benefit of J.Jill, and were therefore recognized as an equity contribution by the Company.

Earnings Per Share

Basic net income (loss) per common share attributable to common shareholders is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding for the period. Diluted net income (loss) per common share attributable to common shareholders is calculated by dividing net income (loss) attributable to common shareholders by the diluted weighted average number of common shares outstanding for the period. There were no potentially dilutive securities outstanding during fiscal year 2016, the 2015 Successor, or 2015 Predecessor periods, or fiscal year 2014.

Credit Card Agreement

The Company has an arrangement with a third party to provide a private label credit card to its customers through February 2018 with two, two-year extension periods. The Company does not bear the credit risk associated with the private label credit card at any point prior to the termination of the agreement, at which point the Company is obligated to purchase the receivables. If the arrangement is terminated prior to September 7, 2021 and other criteria are met, the Company is obligated to pay a purchase price premium. The potential impact of the purchase obligation cannot be reasonably estimated as of the issuance date.

The Company also receives reimbursements for costs of marketing programs related to the credit card, which are recorded as a reduction in operating expenses in the accompanying consolidated statements of operations and comprehensive income (loss). Reimbursements amounted to \$1.6 million, \$0.6 million, \$0.2 million, and \$0.5 million for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively.

The Company also receives royalty payments from the credit card agreement, as discussed in *Revenue Recognition* , above.

Employee Benefit Plan

The Company has a 401(k) retirement plan under third-party administration covering all eligible employees who meet certain age and employment requirements pursuant to Section 401(k) of the Internal Revenue Code. Subject to certain dollar limits, eligible employees may contribute a portion of their pretax annual compensation to the plan, on a tax-deferred basis. The plan operates on a calendar year basis. The Company may, at its discretion, make elective contributions of up to 50% of the first 3% of the gross salary of the employee, which vests over a five year period. Discretionary contributions made by the Company for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, were \$0.6 million, \$0.4 million, \$0.2 million and \$0.6 million, respectively.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of cash held in financial institutions and accounts receivable. The Company considers the credit risk associated with these financial instruments to be minimal. Cash is held by financial institutions with high credit ratings and the Company has not historically sustained any credit losses associated with its cash balances. The Company evaluates the credit risk associated with accounts receivable to determine if an allowance for doubtful accounts is necessary. As of January 28, 2017 (Successor) and January 30, 2016 (Successor), the Company determined that no allowance for doubtful accounts was necessary.

3. Accounting Standards

Recently Adopted Accounting Standards

In September 2015, the FASB issued ASU 2015-16, *Simplifying the Accounting for Measurement—Period Adjustments*. The amendments in this update require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. To simplify the accounting for adjustments made to provisional amounts recognized in a business combination, the amendments in this update eliminate the requirement to retrospectively account for those adjustments. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The adoption of ASU 2015-16 did not have a material impact on the consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis*. Update 2015-02 amended the process that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The amendments in this update are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. The adoption of ASU 2015-02 did not have a material impact on the consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, *Income Statement—Extraordinary and Unusual Items*. The amendments in this update eliminate the concept of extraordinary items in Subtopic 225-20, which required entities to consider whether an underlying event or transaction is extraordinary. However, the amendments retain the presentation and disclosure guidance for items that are unusual in nature or occur infrequently. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of ASU 2015-01 did not have a material impact on the consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. This amendment states that in connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). The amendments in this update are effective for the annual reporting period ending after December 15, 2016, and for annual periods and interim periods thereafter. The standard did not have a material impact on the Company's consolidated financial statements or footnote disclosures as of the January 28, 2017 adoption date, but may require additional disclosures in future periods.

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350) : Simplifying the Accounting for Goodwill Impairment*. ASU 2017-04 removes Step 2 of the goodwill impairment test, which

J.Jill, Inc.
Notes to Consolidated Financial Statements

requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This standard, which will be effective for the Company beginning in the first quarter of fiscal year 2021, is required to be applied prospectively. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact that adopting ASU 2017-04 will have on its consolidated financial statements but does not expect it to have a material impact.

In October 2016 the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra—Entity Transfers of Assets Other Than Inventory*. This update is intended to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. Under the new guidance, an entity would recognize the current and deferred income tax consequences of an intra-entity asset transfer when the transfer occurs. Intra-entity inventory transfers would still be an exception. The provisions of ASU 2016-16 are effective for reporting periods beginning after December 15, 2017. Early adoption is permitted. The amendments in this update should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is evaluating the impact that adopting ASU 2016-16 will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows—Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is evaluating the impact that adopting ASU 2016-15 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share—Based Payment Accounting*. The amendments in this update involve several aspects of accounting for equity-based payment transactions, including income tax consequences, classification of awards, and classification on the statement of cash flows. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The Company is evaluating the impact that adopting ASU 2016-09 will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The amendments in this update include a new FASB ASC Topic 842, which supersedes Topic 840. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted for all entities as of the beginning of interim or annual reporting periods. The Company is currently evaluating the impact that adopting ASU 2016-02 will have on its consolidated financial statements and expects to raise significant "Right of Use" assets and significant, offsetting lease liabilities. These amounts have not yet been quantified.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. The amendments in this update more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards, under which an entity should measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. For public business entities, the

J.Jill, Inc.
Notes to Consolidated Financial Statements

amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years and must apply the amendments of this update prospectively. The Company is evaluating the impact that adopting ASU 2015-11 will have on its consolidated financial statements, but does not expect that impact to be material.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers—Topic 606*, which supersedes the revenue recognition requirements in FASB ASC 605. The new guidance established principles for reporting revenue and cash flows arising from an entity's contracts with customers. This new revenue recognition standard will replace most of the recognition guidance within GAAP. This guidance was deferred by ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) : Deferral of the Effective Date*, issued by the FASB in August 2015, which deferred the effective date of ASU 2014-09 from annual and interim periods beginning after December 15, 2016 to annual and interim periods beginning after December 15, 2017. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations*, which further clarifies the implementation guidance in ASU 2014-09. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606) : Identifying Performance Obligations and Licensing*, to expand the guidance on identifying performance obligations and licensing within ASU 2014-09. In May 2016, the FASB issued ASU 2016-12, *Revenues from Contracts with Customers: Narrow—Scope Improvements and Practical Expedients*, which amends the guidance in the new revenue standard on collectability, noncash consideration, presentation of sales tax, and transition. The amendments are intended to address implementation issues that were raised by stakeholders and provide additional practical expedients to reduce the cost and complexity of applying the new revenue standard. In December 2016, the FASB issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, which addresses various technical corrections for the ASUs listed above. These standards are effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the impact adopting these standards will have on its consolidated financial statements and expects to reach a conclusion during the upcoming fiscal year.

4. Acquisition

On May 8, 2015, Holdings, a wholly owned subsidiary of Topco, acquired approximately 94% of the outstanding interests of the Company, with Topco acquiring the remaining 6% of the outstanding membership interests of the Company (the "Acquisition"). The purchase price was \$396.4 million, which consisted of \$386.3 million of cash consideration and \$10.1 million of noncash consideration in the form of an equity rollover by management owners of the Predecessor entity. The Acquisition was funded through an equity contribution by Holdings and Topco and borrowings under the Company's term loan agreement (see Note 9).

The Acquisition resulted in a new basis of accounting for Holdings, and in accordance with the Company's election to apply pushdown accounting, the impact of the Acquisition has been recognized in the Successor

J.Jill, Inc.
Notes to Consolidated Financial Statements

periods of the Company's consolidated financial statements. The following table summarizes the final allocation of the \$396.4 million purchase price to the assets acquired and liabilities assumed (in thousands):

	As of May 8, 2015
Assets acquired:	
Cash	\$ 535
Accounts receivable	7,181
Inventories	73,300
Prepaid expenses and other	13,427
Property and equipment	78,684
Intangible assets	192,300
Goodwill	196,572
Other assets	256
Total assets acquired	562,255
Liabilities assumed:	
Current liabilities	75,583
Deferred income taxes	86,098
Other liabilities	4,184
Total liabilities assumed	165,865
Net assets acquired	\$ 396,390

As a result of the Company pushing down the effects of the Acquisition recorded by Holdings, certain accounting adjustments are reflected in Intermediate's consolidated financial statements, as discussed below.

The Company recorded goodwill of \$196.6 million in the Successor consolidated balance sheet. Goodwill recognized is primarily attributable to the acquisition of an assembled workforce and other intangible assets that do not qualify for separate recognition.

The fair value of the acquired intangible assets was estimated using the relief from royalty method for our trade name and the excess earnings method for customer relationships. Under the relief-from-royalty method, the fair value estimate of the acquired trade name was determined based on the present value of the economic royalty savings associated with the ownership or possession of the trade name based on an estimated royalty rate applied to the cash flows to be generated by the business. The fair value of the trade name acquired as a result of the Acquisition was \$58.1 million.

The fair value of customer relationships acquired in the Acquisition was estimated using the excess earnings method. Under the excess earnings method, the value of the intangible asset is equal to the present value of the after-tax cash flows attributable solely to the subject intangible asset. The fair value of customer relationships acquired as a result of the Acquisition was \$134.2 million.

The Company also recorded certain favorable and unfavorable leasehold interests as a result of the Acquisition. Favorable leasehold interests are included in other assets and unfavorable leasehold interests are included in other liabilities. The fair value of favorable leasehold interests is determined using the income approach, whereby the difference between contractual rent and market rent is calculated for each remaining term for each lease, and then discounted to present value. All leasehold interests are amortized based upon patterns in which the economic benefits or obligations are expected to be realized. Accordingly, the favorable and unfavorable leasehold interests are being amortized over the respective lease terms of the properties.

J.Jill, Inc.
Notes to Consolidated Financial Statements

The following are the favorable and unfavorable leasehold interests and their respective weighted average useful lives (in thousands):

	Fair Value at Acquisition	Weighted Averaged Useful Life
Leasehold Interests		
Favorable	\$ 161	8.8 years
Unfavorable	(3,727)	6.4 years
Net non-market leasehold interests	<u>\$ (3,566)</u>	

The Company recorded \$13.3 million of costs related to the Acquisition in the 2015 Predecessor period. These costs are included as acquisition-related expenses on the consolidated statement of operations and comprehensive income (loss) of the 2015 Predecessor period and were paid at the close of the Acquisition by Holdings and included as part of consideration for the acquired business. Additionally, there were management incentive bonuses awarded as part of the Acquisition that were deemed to be for the benefit of the acquired entity, and therefore, were recognized separately within sales, general and administrative expenses on the consolidated statement of operations and comprehensive income (loss) in the 2015 Successor period over the service period of 18 months.

The following unaudited pro forma financial information summarizes the combined results of operations for the Company as though the Acquisition occurred on February 2, 2014 (in thousands):

	For the Year Ended January 30, 2016	For the Year Ended January 31, 2015
Net sales	\$ 562,015	\$ 483,400
Net income (loss)	\$ 20,751	\$ (18,138)

Net income for the pro forma year ended January 31, 2015 includes \$13.3 million of acquisition-related expenses incurred during the 2015 Predecessor period. Pro forma net income for the year ended January 31, 2015 also includes \$10.5 million costs of goods sold incurred during the 2015 Successor period resulting from the increase in fair value of merchandise inventory reflected in the purchase price allocation at the date of acquisition, as though the Acquisition occurred on February 2, 2014. These amounts are excluded from pro forma net income for the year ended January 30, 2016. The unaudited pro forma financial information is presented for informational purposes only and may not be indicative of results that would have been achieved if the Acquisition had taken place on February 2, 2014.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include the following (in thousands):

	January 28, 2017	January 30, 2016
Income tax receivable	\$ —	\$ 4,407
Prepaid rent	5,575	5,207
Prepaid catalog costs	3,608	3,326
Prepaid store supplies	2,032	2,607
Other prepaid expenses	3,811	4,281
Other current assets	3,533	711
Total prepaid expenses and other current assets	<u>\$ 18,559</u>	<u>\$ 20,539</u>

J.Jill, Inc.
Notes to Consolidated Financial Statements

6. Goodwill and Other Intangible Assets

Goodwill

The following table shows changes in the carrying amount of goodwill for the 2016, 2015 Successor and 2015 Predecessor periods (in thousands):

Balance at January 31, 2015 (Predecessor)	\$ 67,413
Elimination of Predecessor goodwill	(67,413)
Goodwill recognized as part of the Acquisition	<u>196,572</u>
Balance at January 30, 2016 (Successor)	196,572
Post measurement period tax adjustments	<u>454</u>
Balance at January 28, 2017 (Successor)	<u><u>\$ 197,026</u></u>

As a result of the Acquisition (see Note 4), the carrying value of the Company's goodwill in the Predecessor period was eliminated and goodwill related to the Acquisition was recorded in the Successor period.

During 2016, the Company performed a step zero impairment analysis and determined goodwill and indefinite-lived intangibles were not impaired based on a qualitative analysis. Also during 2016, the Company identified deferred tax liabilities that should have been recorded on the acquisition date; as these were considered immaterial, the Company recognized these liabilities in the current period. At the end of the 2015 Successor period, the Company elected to perform a step one analysis to assess goodwill for any potential impairment. The Company did not recognize impairment charges related to goodwill during the 2016 and 2015 Successor periods or the 2015 and 2014 Predecessor periods.

Intangible Assets

A summary of intangible assets as of January 28, 2017 (Successor) and January 30, 2016 (Successor) is as follows (in thousands):

	Weighted Average Useful Life (Years)	January 28, 2017 (Successor)			January 30, 2016 (Successor)		
		Gross	Accumulated Amortization	Net Book Value	Gross	Accumulated Amortization	Net Book Value
Indefinite-lived:							
Trade name	N/A	\$ 58,100	\$ —	\$ 58,100	\$ 58,100	\$ —	\$ 58,100
Definite-lived:							
Customer Relationships	13.2	134,200	(28,817)	105,383	134,200	(12,335)	121,865
Total Intangible Assets		<u>\$ 192,300</u>	<u>\$ (28,817)</u>	<u>\$ 163,483</u>	<u>\$ 192,300</u>	<u>\$ (12,335)</u>	<u>\$ 179,965</u>

J.Jill, Inc.
Notes to Consolidated Financial Statements

The definite-lived intangible assets are amortized over the period the Company expects to receive the related economic benefit, which for customer lists is based upon estimated future net cash inflows. The estimated useful lives of intangible assets are as follows:

**For intangible assets prior to the Acquisition
(Predecessor)**

<u>Asset</u>	<u>Amortization Method</u>	<u>Estimated Useful Life</u>
Customer lists	Pattern of economic benefit	9 – 14 years
Non-compete agreements	Straight-line basis	1.5 years

**For intangible assets subsequent to the Acquisition
(Successor)**

<u>Asset</u>	<u>Amortization Method</u>	<u>Estimated Useful Life</u>
Customer lists	Pattern of economic benefit	9 – 16 years

Total amortization expense for these amortizable intangible assets was \$16.5 million, \$12.3 million, \$1.8 million and \$7.2 million, for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively. The Company did not recognize any impairment charges related to definite and indefinite-lived intangible assets during the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively.

The estimated amortization expense for each of the next five years and thereafter is as follows (in thousands).

<u>Fiscal Year</u>	<u>Estimated Amortization Expense</u>
2017	\$ 14,522
2018	12,784
2019	11,263
2020	10,015
2021	9,005
Thereafter	47,794
Total	<u>\$ 105,383</u>

7. Property and Equipment

Property and equipment at January 28, 2017 and January 30, 2016 consist of the following (in thousands):

	<u>January 28, 2017 (Successor)</u>	<u>January 30, 2016 (Successor)</u>
Leasehold improvements	\$ 67,966	\$ 51,896
Furniture, fixtures and equipment	35,765	27,973
Computer hardware and software	25,679	10,665
Total property and equipment, gross	129,410	90,534
Accumulated depreciation	(36,619)	(16,924)
	92,791	73,610
Construction in progress	9,531	13,200
Property and equipment, net	<u>\$ 102,322</u>	<u>\$ 86,810</u>

J.Jill, Inc.
Notes to Consolidated Financial Statements

Construction in progress is primarily comprised of leasehold improvements, furniture, fixtures and equipment related to unopened retail stores and costs incurred related to the implementation of certain computer software. Capitalized software, subject to amortization, included in property and equipment at January 28, 2017 and January 30, 2016 had a cost basis of approximately \$18.7 million and \$6.7 million, respectively, and accumulated amortization of \$5.7 million and \$2.4 million, respectively.

Total depreciation expense was \$20.4 million, \$17.0 million, \$3.5 million and \$12.1 million, for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively.

During the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, the Company did not recognize any impairment charges associated with property and equipment.

The Company capitalized interest in connection with construction in progress of \$0.5 million, \$0.4 million, \$0.1 million and \$0.4 million for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively.

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities include the following (in thousands):

	January 28, 2017 (Successor)	January 30, 2016 (Successor)
Accrued payroll and benefits	\$ 10,387	\$ 14,066
Accrued returns reserve	6,883	6,432
Gift certificates redeemable	6,109	5,431
Accrued professional fees	4,681	1,701
Taxes, other than income taxes	2,950	3,437
Accrued occupancy	2,546	1,862
Other	12,565	10,662
Total accrued expenses and other current liabilities	<u>\$ 46,121</u>	<u>\$ 43,591</u>

The following table reflects the changes in the accrued returns reserve for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods (in thousands):

Accrued returns reserve	Beginning of Period	Charged to Expenses	Deductions	End of Period
Fiscal Year Ended January 31, 2015 (Predecessor)	\$ 4,221	\$ 708	\$ —	\$4,929
Period from February 1, 2015 to May 7, 2015 (Predecessor)	4,929	1,231	—	6,160
Period from May 8, 2015 to January 30, 2016 (Successor)	6,160	272	—	6,432
Fiscal Year Ended January 28, 2017 (Successor)	6,432	451	—	6,883

J.Jill, Inc.
Notes to Consolidated Financial Statements

9. Debt

The components of the Company's outstanding debt were as follows (in thousands):

	January 28, 2017 (Successor)	January 30, 2016 (Successor)
Term loan	\$ 275,975	\$ 248,750
Subordinated debt	—	—
Total debt	275,975	248,750
Discount on debt and debt issuance costs	(8,736)	(8,772)
Less: Current portion	(2,799)	(2,500)
Net long-term debt	<u>\$ 264,440</u>	<u>\$ 237,478</u>

The Company recorded interest expense of \$18.7 million, \$11.9 million, \$4.6 million and \$17.9 million, in the 2016, 2015 Successor, 2015 Predecessor and 2014 periods, respectively.

Successor Debt

Term Loan Credit Agreement

On May 8, 2015, the Company entered into a term loan credit agreement (the "Term Loan Agreement") in conjunction with the Acquisition (see Note 4). The seven-year Term Loan Agreement provides for borrowings of \$250.0 million. The Company can elect, at its option, the applicable interest rate for borrowings under the Term Loan Agreement using a LIBOR or Base Rate variable interest rate plus an applicable margin. LIBOR loans under the Term Loan Agreement accrue interest at a rate equal to LIBOR plus 5.00%, with a minimum LIBOR per annum of 1.00%. Base Rate loans under the Term Loan Agreement accrue interest at a rate equal to (i) the greatest of (a) the financial institution's prime rate, (b) the Federal Funds Effective Rate plus 0.50%, or (c) LIBOR, with a minimum LIBOR of 1.00% plus 1.00%, and (d) 2.00%.

On May 27, 2016, the Company entered into an agreement to amend (the "Term Loan Amendment") our Term Loan Agreement to borrow an additional \$40.0 million in additional loans, for a total of \$288.1 million outstanding, to permit certain dividends and to make certain adjustments to the financial covenant. The other terms and conditions of the Term Loan remained substantially unchanged.

On January 18, 2017, the Company made a voluntary prepayment of \$10.1 million, including accrued interest, on our Term Loan.

Current borrowings under the Term Loan Agreement accrue interest at a rate equal to LIBOR plus 5.00%, with a minimum LIBOR per annum of 1.00%, and are payable on a quarterly basis. The rate per annum was 6.00% throughout fiscal year 2016 and the 2015 Successor period. Repayments of \$0.7 million are payable quarterly, beginning on October 31, 2015 and continuing until maturity on May 8, 2022, when the remaining outstanding principal balance of \$261.3 million is due.

The Company incurred \$11.3 million of debt issuance costs in connection with the Term Loan Agreement and Term Loan Amendment. These fees are presented as a direct deduction from the carrying amount of the long-term debt on the consolidated balance sheet.

As of January 28, 2017 (Successor), the Company had \$276.0 million of outstanding borrowings under the Term Loan Agreement. During 2016, the Company recorded interest expense of \$18.7 million on the Term Loan Agreement. During 2016, \$1.7 million of the debt issuance cost was amortized to interest expense.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Borrowings under the Term Loan Agreement are collateralized by all of the assets of the Company. In connection with the Term Loan Agreement, the Company is subject to various financial reporting, financial and other covenants, including maintaining specific liquidity measurements. In addition, there are negative covenants, including certain restrictions on the Company's ability to: incur additional indebtedness, create liens, enter into transactions with affiliates, transfer assets, pay dividends, consolidate or merge with other entities, undergo a change in control, make advances, investments and loans, or modify its organizational documents. As of January 28, 2017 (Successor), the Company was in compliance with all financial covenants.

Asset-Based Revolving Credit Agreement

On May 8, 2015, the Company entered into a five-year secured \$40.0 million asset-based revolving credit facility agreement (the "ABL Facility"). The ABL Facility matures on May 8, 2020.

Under the terms of this agreement, the ABL Facility provides for borrowings up to (i) 90% of eligible credit card receivables, plus (ii) 85% of eligible accounts receivable, plus (iii) the lesser of (a) 100% of the value of eligible inventory at such time and (b) 90% of the net orderly liquidation value of eligible inventory at such time, plus (iv) the lesser of (a) 100% of the value of eligible in-transit inventory at such time, (b) 90% of the net orderly liquidation value of eligible in-transit inventory at such time and (c) the in-transit maximum amount (the in-transit maximum amount is not to exceed \$12.5 million during the 1st and 3rd calendar quarters and \$10.0 million during the 2nd and 4th calendar quarters), less (v) certain reserves established by the lender, as defined in the ABL Facility.

The ABL Facility consists of revolving loans and swingline loans. Borrowings classified as revolving loans under the ABL Facility may be maintained as either LIBOR or Base Rate loans, each of which has a variable interest rate plus an applicable margin. Borrowings classified as swingline loans under the ABL Facility are Base Rate loans. LIBOR loans under the ABL Facility accrue interest at a rate equal to LIBOR plus a spread of 2.00% from May 8, 2015 to August 31, 2015, and thereafter ranging from 1.50% to 1.75%, depending on borrowing amounts. Base Rate loans under the ABL Facility accrue interest at a rate equal to (i) the greatest of (a) the financial institution's prime rate, (b) the overnight Federal Funds Effective Rate plus 0.50%, (c) LIBOR plus 1.00%, and (d) 2.00%, plus (ii) a spread of 1.00% from May 8, 2015 to August 31, 2015, and thereafter ranging from 0.50% to 0.75%, depending on borrowing amounts.

Interest on each LIBOR loan is payable on the last day of each interest period and no more than quarterly, and interest on each Base Rate loan is payable in arrears on the last business day of April, July, October and January. For both LIBOR and Base Rate loans, interest is payable periodically upon repayment, conversion or maturity, with interest periods ranging between 30 to 180 days at the election of the Company, or 12 months with the consent of all lenders.

The ABL Facility also requires the quarterly payment, in arrears, of a commitment fee. The commitment fee is payable in an amount equal to 0.375% from May 8, 2015 to July 1, 2016, and thereafter at an amount equal to (i) 0.375% for each calendar quarter during which historical excess availability is greater than 50% of availability, and (ii) 0.25% for each calendar quarter during which historical excess availability is less than or equal to 50% of availability.

During the fiscal year ended January 28, 2017 (Successor), there were no amounts drawn or outstanding under the ABL Facility. Based on the terms of the agreement and the reduction for the letters of credit, the Company's available borrowing capacity under the ABL Facility as of January 28, 2017 (Successor) was \$37.9 million.

J.Jill, Inc.
Notes to Consolidated Financial Statements

The Company incurred \$1.1 million of debt issuance costs in connection with the related ABL Facility, which were capitalized and are included in other assets on the consolidated balance sheet. During 2016, \$0.2 million of the debt issuance cost was amortized to interest expense.

Borrowings under the ABL Facility are collateralized by a first lien on accounts receivable and inventory. In connection with the ABL Facility, the Company is subject to various financial reporting, financial and other covenants, including maintaining specific liquidity measurements. In addition, there are negative covenants, including certain restrictions on the Company's ability to: incur additional indebtedness, create liens, enter into transactions with affiliates, transfer assets, pay dividends, consolidate or merge with other entities, undergo a change in control, make advances, investments and loans or modify its organizational documents. As of January 28, 2017 (Successor), the Company was in compliance with all financial covenants.

The Term Loan Agreement and the ABL Facility contain provisions on the occurrence of a default event. In the event of a payment default that is not cured within five business days or is not waived, or a covenant default that is not cured within 30 business days or is not waived, the Company's obligations under these credit facilities may be accelerated. In addition, a 2% interest surcharge will be imposed during events of default.

Letters of Credit

As of January 28, 2017 (Successor) and January 30, 2016 (Successor), there were outstanding letters of credit of \$2.1 million and \$1.5 million, respectively, which reduced the availability under the ABL Facility. As of January 28, 2017 (Successor), the maximum commitment for letters of credit was \$10.0 million. Letters of credit accrue interest at a rate equal to revolving loans maintained as Base Rate loans under the ABL facility. In addition, a 2% interest surcharge will be imposed during events of default. The Company primarily used letters of credit to secure payment of workers' compensation claims. Letters of credit are generally obtained for a one year term and automatically renew annually, and would only be drawn upon if the Company fails to comply with its contractual obligations.

Payments of Debt Obligations Due by Period

As of January 28, 2017 (Successor), minimum future principal amounts payable under the Company's Term Loan Agreement are as follows (in thousands):

Fiscal Year	
2017	\$ 2,799
2018	2,799
2019	2,799
2020	2,799
2021	2,799
Thereafter	261,980
Total	<u>\$ 275,975</u>

Predecessor Debt

Prior to the Acquisition on May 8, 2015, the Company had a term loan facility, a revolving credit facility and a subordinated debt facility. In conjunction with the Acquisition (see Note 4), these facilities were settled and the agreements were terminated. Certain prepayment penalties and fees of \$2.9 million related to the settlement of these facilities are not reflected in either the Predecessor or Successor consolidated statements of operation

J.Jill, Inc.
Notes to Consolidated Financial Statements

and comprehensive income (loss) periods, but instead are presented “on the black line.” These terminated facility agreements are discussed below.

Term Loan Facility

On April 29, 2011, the Company entered into a term loan facility agreement and an asset-based revolving credit facility agreement. Both the term loan facility and the asset-based revolving credit facility were subsequently amended on September 27, 2012. These facilities were provided through JJ Lease Funding Corp. and JJ AB Funding Corp., respectively, both of which were variable interest entities established to facilitate such financings (see Note 10).

The amended six-year term loan facility agreement provided for borrowings of \$120.0 million. Borrowings under the amended term loan facility were maintained as either Eurodollar or Base Rate loans, each of which had a variable interest rate plus an applicable margin. Eurodollar loans under the amended term loan facility accrued interest at a rate equal to adjusted LIBOR plus 8.50%, with a minimum adjusted LIBOR per annum of 1.50%. Base Rate loans under the amended term loan facility accrued interest at a rate equal to (i) the greatest of (a) the financial institution’s prime rate, (b) the Federal Funds Effective Rate plus 0.50% and (c) adjusted LIBOR, with a minimum adjusted LIBOR of 1.50%, plus 1.00%, plus (ii) 7.50%. The rate per annum was 10.00% as of January 31, 2015 (Predecessor). Borrowings under the amended term loan facility were collateralized by all of the assets of the Company and the agreement contained a provision requiring scheduled quarterly interest and principal payments.

Revolving Credit Facility

The five-year amended secured asset-based revolving credit facility agreement provided for borrowings up to \$40.0 million. Under the terms of the agreement, the asset-based revolving credit facility agreement provided for borrowings up to (i) 90% of eligible credit card receivables, plus (ii) 85% of the net orderly liquidation value of eligible inventory, plus (iii) the lesser of (a) the in-transit maximum amount or (b) 85% of the net orderly liquidation value of eligible in-transit inventory, less (iv) certain reserves established by the lender, as defined in the agreement. Borrowings under the asset-based revolving credit facility agreements were collateralized by a first lien on accounts receivable and inventory.

The asset-based revolving credit facility consisted of revolving loans and swingline loans. Borrowings classified as revolving loans under the asset-based revolving credit facility were able to be maintained as either Eurodollar or Base Rate loans, each of which had a variable interest rate plus an applicable margin. Borrowings classified as swingline loans under the asset-based revolving credit facility were Base Rate loans. Eurodollar loans accrued interest at a rate equal to LIBOR plus a spread ranging from 2.25% to 2.75%, depending on borrowing amounts. Base Rate loans accrued interest at a rate equal to (i) the greatest of (a) the financial institution’s prime rate, (b) the Federal Funds Effective Rate plus 0.50% and (c) LIBOR plus 1.00%, plus (ii) a spread ranging from 1.25% to 1.75%, depending on borrowing amounts.

Interest on each Eurodollar loan was payable on the last day of each interest period, and interest on each Base Rate loan was payable on the last business day of April, July, October and January. For both Eurodollar and Base Rate loans, interest was payable upon repayment maturity, with durations ranging between 30 to 90 days.

The asset-based revolving credit facility agreement also required the quarterly payment, in arrears, of a commitment fee of 0.5% per annum of the average daily unused portion of the facility as well as a fee on the balance of the outstanding letters of credit. As of January 31, 2015 (Predecessor), there were no amounts outstanding under the asset-based revolving credit facility agreement. Based on the terms of the agreement, the

J.Jill, Inc.
Notes to Consolidated Financial Statements

Predecessor's available borrowing capacity under the asset-based revolving credit facility agreement as of January 31, 2015 (Predecessor) was \$36.7 million.

Subordinated Debt Facility

On September 27, 2012, the Company entered into a six-year subordinated debt facility agreement with an affiliate of the Company in conjunction with the amendment to the term loan facility agreement and asset-based revolving credit facility agreement. The subordinated debt facility was an unsecured mezzanine term loan and provided for borrowings of \$30.0 million. This facility was provided through JJ Mezz Funding Corp., which was a variable interest entity established to facilitate such financing (see Note 10).

Borrowings under the mezzanine term loan accrued interest at a rate of 24.0%. The 24.0% interest rate on the mezzanine term loan included a Payment in Kind ("PIK") interest factor whereby one half of the 24.0% interest due was payable in cash and one half was added to the outstanding principal amount of the mezzanine term loan. The outstanding principal balance was to be payable upon maturity of the mezzanine term loans on September 27, 2018. As a result of the PIK interest factor, additional long-term debt of \$4.5 million was incurred as of January 31, 2015 (Predecessor). As of January 31, 2015 (Predecessor), the Company had \$39.7 million of outstanding borrowings under the mezzanine term loan.

In connection with the amended term loan facility agreement, amended asset-based revolving loan agreement and the subordinated debt facility agreement, the Company was subject to various financial reporting, financial and other covenants, including maintaining specific liquidity measures. In addition, there were negative covenants including certain restrictions on the ability to: incur additional indebtedness, create liens, enter into transactions with affiliates, transfer assets, pay dividends, consolidate or merge with other entities, or undergo a change in control. Each loan also contained provisions in the event of default.

10. Variable Interest Entities

During the Predecessor periods the Company maintained several financing facilities with third-party financing companies, including JJ Lease Funding Corp., JJ AB Funding Corp. and JJ Mezz Funding Corp. The financing facilities were independent special purpose entities established for the sole purpose of obtaining financing for the benefit and at the direction of the Company. Each of these facilities was deemed a VIE, for which the Company was determined to be the primary beneficiary. Each of these VIEs was consolidated within the Company's financial statements for the 2015 Predecessor and 2014 periods.

Contemporaneously with the Acquisition, on May 8, 2015 (see Note 4), these financing facilities were repaid and terminated by the Company. These three financing facilities ceased being VIEs to the Company and were no longer consolidated in the 2015 Successor period.

JJ Lease Funding Corp.

The Company entered into a sale leaseback arrangement with JJ Lease Funding Corp., whereby the Company sold and immediately leased back from JJ Lease Funding Corp. certain tangible and intangible assets of the Company in exchange for cash consideration to the Company of \$120.0 million. The Company did not recognize any gain or loss on the sale of its assets.

The Company's lease financing arrangement with JJ Lease Funding Corp. was funded through a term loan agreement between JJ Lease Funding Corp. and a commercial lender. The terms of the term loan agreement were structured such that the aggregated payments due under the lease financing arrangement would equal the

J.Jill, Inc.
Notes to Consolidated Financial Statements

principal and interest due under the term loan. When the term loan is repaid in full, the ownership of the assets would be reverted back to the Company. JJ Lease Funding Corp. does not have any other assets or liabilities or income and expense other than those associated with the term loan and the sale leaseback arrangement. Under the terms of the lease financing arrangement, the Company's obligations are limited to amounts due to JJ Lease Funding Corp. and the Company has no obligations under the term loan facility. The Company determined that it was the primary beneficiary of JJ Lease Funding Corp. due to i) the establishment of JJ Lease Funding Corp. being for the sole purpose of effecting the lease financing arrangement at the direction of the Company and ii) the Company absorbing any potential variability related to the term loan based on its payment terms equaling the payment terms of the lease financing arrangement.

During the 2015 Predecessor and 2014 periods, the Company consolidated \$1.6 million and \$8.0 million, respectively, in interest expense related to the term loan as interest expense within its consolidated statements of operations and comprehensive income (loss).

JJ AB Funding Corp.

The Company entered into a commodities purchase financing agreement with JJ AB Funding Corp., whereby JJ AB Funding Corp. entered into a five-year secured \$40.0 million asset-based revolving credit facility with a commercial lender. Under the terms of the commodities purchase financing agreement, the Company's obligations were limited to amounts due to JJ AB Funding Corp. and the Company had no obligations under the revolving credit facility. Amounts due by the Company were equal to the purchase price of the commodities purchased plus a nominal agreed upon profit rate, which were equal in total to JJ AB Funding Corp.'s interest and principal obligations under the revolving credit facility.

JJ AB Funding Corp. does not have any other assets or liabilities or income and expense other than those associated with the revolving credit facility and commodities purchase financing agreement. The Company determined that it was the primary beneficiary of JJ AB Funding Corp. due to i) the establishment of JJ AB Funding Corp. being for the sole purpose of effecting the commodities purchase financing agreement at the direction of the Company and ii) the Company absorbing any potential variability related to the revolving credit facility based on its payment terms equaling the payment terms of the commodities purchase financing agreement.

During the 2015 Predecessor and 2014 periods, the Company consolidated \$0.3 million and \$0.7 million, respectively, in interest expense related to the revolving credit facility as interest expense within its consolidated statements of operations and comprehensive income (loss).

JJ Mezz Funding Corp.

The Company entered into a commodities purchase financing arrangement with JJ Mezz Funding Corp., whereby JJ Mezz Funding Corp. entered into a six-year unsecured \$30.0 million subordinated debt facility with a commercial lender. Amounts due under the subordinated debt facility were to be paid through the proceeds received under JJ Mezz Funding Corp.'s commodities purchase financing arrangement, whose payments were guaranteed by the Company. Payments due by the Company to JJ Mezz Funding Corp. for the commodities purchase financing arrangement were equal to the purchase price of the commodities purchased plus a nominal agreed upon profit rate, which were equal in total to JJ Mezz Funding Corp.'s interest and principal obligations under the subordinated debt facility.

JJ Mezz Funding Corp. does not have any other assets or liabilities or income and expense other than those associated with the subordinated debt facility and commodities purchase financing arrangement. Under the terms

J.Jill, Inc.
Notes to Consolidated Financial Statements

of the commodities purchase financing arrangement, the Company's obligations were limited to amounts due to JJ Mezz Funding Corp. and the Company had no obligations under the subordinated debt facility. The Company determined that it was the primary beneficiary of JJ Mezz Funding Corp. due to i) the establishment of JJ Mezz Funding Corp. being for the sole purpose of effecting the commodities purchase financing arrangement at the direction of the Company and ii) the Company absorbing any potential variability related to the subordinated debt facility based on its payment terms equaling the payment terms of the commodities purchase financing arrangement.

During the 2015 Predecessor and 2014 periods, the Company consolidated \$2.7 million and \$9.5 million, respectively, in interest expense related to the subordinated debt facility as interest expense within its consolidated statements of operations and comprehensive income (loss).

11. Commitments and Contingencies

Operating Lease Agreements

The Company leases retail, distribution and corporate office facilities under various operating leases having initial or remaining terms of more than one year. Many of these leases require that the Company pay taxes, maintenance, insurance, and certain other operating expenses applicable to leased properties. Rental payments under the terms of some store facility leases include contingent rent based on sales levels, whereas other payment terms are based on the greater of a minimum rental payment or a percentage of the store's gross receipts.

The original lease terms under existing arrangements range from 1-20 years and may or may not include renewal options, rent escalation clauses, and/or landlord leasehold improvement incentives. In the case of operating leases with rent escalation clauses, the payment escalations are accrued and the rent expense is recognized on a straight-line basis over the lease term. The Company recorded a deferred lease liability of \$6.5 million and \$3.3 million as of January 28, 2017 (Successor) and January 30, 2016 (Successor), respectively. In certain instances, the Company also receives allowances for its store leases, which it accrues and amortizes ratably over the life of the lease. The Company maintained a tenant improvement incentive liability of \$9.9 million and \$5.1 million as of and January 28, 2017 (Successor) and January 30, 2016 (Successor), respectively.

The following table summarizes future minimum rental payments required under all non-cancelable operating lease obligations as of January 28, 2017 (Successor) (in thousands):

<u>Fiscal Year</u>	
2017	\$ 44,449
2018	39,344
2019	35,425
2020	33,873
2021	32,033
Thereafter	118,320
Total	<u>\$ 303,444</u>

Total rental expense was \$55.6 million, \$36.2 million, \$12.7 million and \$44.3 million for the 2016, 2015 Successor period, 2015 Predecessor period and 2014, respectively, exclusive of contingent rental expense recorded of \$2.2 million, \$1.8 million, \$0.5 million and \$1.9 million for the same respective periods.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Legal Proceedings

The Company is subject to various legal proceedings that arise in the ordinary course of business. The Company accrues for liabilities associated with these proceedings which are determined to be probable and can be reasonably estimated. Although the outcome of such proceedings cannot be predicted with certainty, management does not believe that it is reasonably possible that these outstanding proceedings will result in unaccrued losses that would be material. The Company maintains insurance policies to mitigate the financial impact of certain litigation.

Concentration Risk

An adverse change in the Company's relationships with its key suppliers, or loss of the supply of one of the Company's key products for any reason, could have a material effect on the business and results of operations of the Company. One supplier accounted for approximately 16.4% of the Company's purchases during 2016.

Other Commitments

In addition to the lease commitments disclosed above, the Company enters into other cancelable and noncancelable commitments. Typically, these commitments are for less than one year in duration and are principally for the procurement of inventory. Preliminary commitments with the Company's merchandise vendors typically are made six to nine months in advance of the planned receipt date. The Company had outstanding purchase commitments of \$125.1 million as of January 28, 2017 (Successor).

12. Other Liabilities

Other liabilities include the following (in thousands):

	January 28, 2017 (Successor)	January 30, 2016 (Successor)
Deferred rent	\$ 6,493	\$ 3,326
Deferred lease credits	9,878	5,078
Unfavorable leasehold interests	2,411	3,137
Other	1,350	473
Total other liabilities	<u>\$ 20,132</u>	<u>\$ 12,014</u>

13. Preferred Capital and Members' Equity**Successor**

On May 8, 2015, Holdings, a wholly owned subsidiary of Topco, acquired approximately 94% of the 1,000,000 issued and outstanding interests of the Company, with Topco acquiring the remaining 6% of the issued and outstanding membership interests of the Company (see Note 4). In connection with the Acquisition, the Predecessor LLC Agreement of the Company was amended. The terms of the amended agreement were substantially the same as the previously amended and restated agreement, including the rights of Common Unit holders.

On February 24, 2017, Jill Intermediate LLC converted from a Delaware limited liability company into a Delaware corporation named to J.Jill, Inc. In conjunction with the conversion, all 1,000,000 of the outstanding equity interests were converted into 43,747,944 shares of common stock.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Predecessor

In conjunction with the Acquisition (see Note 4), the securities that were in existence in the Predecessor periods, as further discussed below, were settled and no longer outstanding subsequent to May 8, 2015.

Common Units

The Predecessor LLC Agreement, as amended and restated (the “Predecessor LLC Agreement”), authorized the Predecessor to issue up to 1,000,000 Common Units. In April 2011, the Predecessor issued 1,000,000 Common Units, 100 Class A Units and 3,927,601.3 Class B Units, and simultaneously entered into a commodities purchase agreement (the “Commodities Purchase Agreement”) for purposes of providing a preferred capital investment of \$72.8 million (the “Preferred Capital”) to an investor of the Predecessor. The voting and liquidation rights of the holders of the Predecessor’s Common Units were subject to and qualified by rights, powers and preferences of holders of the Preferred Capital, and Class A and Class B Units as set forth below. As of January 31, 2015 (Predecessor), 1,000,000 Common Units were outstanding and no Common Units were available for future issuance.

Preferred Capital

The Preferred Capital is classified outside of members’ equity because it contains certain redemption features that are not solely within the control of the Company. The voting and liquidation rights of the Preferred Capital were subject to and qualified by rights, powers and preferences of the Predecessor’s investors as set forth below.

Class A and B Units

The Predecessor’s LLC Agreement authorized the Predecessor to issue up to 100 Class A Units and 3,927,601.3 Class B Units. In April 2011, the Predecessor issued 100 Class A Units and 3,927,601.3 Class B Units and received \$1,000 and \$39.3 million, respectively, as a capital contribution upon issuance. The voting and liquidation rights of the holders of the Predecessor’s Class A and Class B Units were subject to and qualified by rights, powers and preferences of the holder of the Preferred Capital as set forth below. As of January 31, 2015 (Predecessor), 100 Class A Units and 3,927,601.3 Class B Units were outstanding and no Class A or Class B Units were available for future issuance.

Non-Liquidating Distributions

In the event of a non-liquidating distribution, at the discretion of the Predecessor, the holder of the Preferred Capital and the holders of Class A and Class B Units as a group, were limited to an amount up to each holder’s aggregate unreturned capital on a pro rata basis. Any remaining amounts were to be distributed to holders of Common Units.

Liquidation Preferences

As defined within the Predecessor LLC Agreements, if the Predecessor is liquidated, dissolved or wound-up, the holder of the Preferred Capital would have been entitled to their return of capital in preference of holders of Class A and Class B Units, while Common Unit holders would have been entitled to any remaining liquidating distributions. The holder of the Preferred Capital was entitled to all liquidating distributions paid by the Predecessor until such payments equal the aggregate original issuance price paid of \$72.8 million.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Subject to the payment in full of amounts due to the holder of the Preferred Capital, each holder of Class A and B Units would have been entitled to any liquidating distributions paid by the Predecessor up to an amount equal to each holder's aggregate original issuance price paid of \$1,000 and \$39.3 million, respectively, on a pro rata basis.

Any remaining liquidating distributions paid by the Predecessor, subsequent to payment in full of amounts due first to the holder of the Preferred Capital and second to holders of Class A and Class B Units, would have been paid out to holders of Common Units.

Redemption Rights

The Predecessor was established with a finite life of 49 years, commencing on the date of filing of its certificate of formation. At the end of its 49-year term, the Predecessor would be liquidated and all outstanding unreturned capital would be distributed to the then current owners, in accordance with the liquidation preferences described above. Owners were also entitled to a distribution of their unreturned capital prior to the completion of the Predecessor's 49-year term upon the occurrence of an earlier liquidation event as defined by the Commodities Purchase Agreement.

Voting Rights

The Preferred Capital, Class A Units, Class B Units and Common Units held no voting rights. The Predecessor was governed by the board of managers, for which the holders of the Preferred Capital, Class A and Class B Units each had the right to appoint members to the board of managers, as determined by the Predecessor LLC Agreements.

14. Income Taxes

The provision for income taxes for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods consists of the following (in thousands):

	Successor		Predecessor	
	For the Fiscal Year Ended January 28, 2017	For the Period May 8, 2015 to January 30, 2016	For the Period February 1, 2015 to May 7, 2015	For the Fiscal Year Ended January 31, 2015
Current				
U.S. Federal	\$ 17,442	\$ 8,052	\$ 1,957	\$ 9,843
State and local	3,686	1,533	503	2,920
Total current	21,128	9,585	2,460	12,763
Deferred tax benefit				
U.S. Federal	(3,663)	(6,212)	(793)	(1,615)
State and local	(796)	(1,051)	(168)	(288)
Total deferred tax benefit	(4,459)	(7,263)	(961)	(1,903)
Provision for income taxes	\$ 16,669	\$ 2,322	\$ 1,499	\$ 10,860

J.Jill, Inc.
Notes to Consolidated Financial Statements

A reconciliation of the federal statutory income tax rate to the Company's effective tax rate is as follows for the periods presented:

	Successor		Predecessor	
	For the Fiscal Year Ended January 28, 2017	For the Period May 8, 2015 to January 30, 2016	For the Period February 1, 2015 to May 7, 2015	For the Fiscal Year Ended January 31, 2015
Federal statutory income tax rate	35.0%	35.0%	35.0%	35.0%
State income taxes, net of federal tax effect	4.6%	0.9%	(39.9)%	7.6%
Acquisition-related costs	3.5%	—	(344.5)%	—
Nondeductible equity-based compensation expense	0.5%	0.9%	(38.3)%	8.5%
Other	(2.7)%	(1.8)%	14.8%	0.2%
Effective tax rate	<u>40.9%</u>	<u>35.0%</u>	<u>(372.9)%</u>	<u>51.3%</u>

The effective tax rate in the 2015 Predecessor period reflects transaction costs related to the Acquisition, which were not deductible for tax purposes.

The components of deferred tax assets (liabilities) were as follows (in thousands):

	January 28, 2017 (Successor)	January 30, 2016 (Successor)
Deferred tax assets		
Net credit carry forwards	\$ —	\$ 12
Gift card asset	—	40
Deferred revenue	311	130
Accrued expenses	<u>6,612</u>	<u>3,370</u>
Total deferred tax assets	<u>6,923</u>	<u>3,552</u>
Deferred tax liabilities		
Inventory	(3,878)	(2,480)
Fixed assets	(18,270)	(13,571)
Intangible assets	(58,372)	(65,573)
Prepaid expenses	<u>(1,153)</u>	<u>(765)</u>
Total deferred tax liabilities	<u>(81,673)</u>	<u>(82,389)</u>
Net deferred tax liabilities	<u>\$ (74,750)</u>	<u>\$ (78,837)</u>

The Company had no federal or state tax credit carryforwards as of January 28, 2017 and January 30, 2016 (Successor). As of January 28, 2017 and January 30, 2016 (Successor), the Company had no federal or state net operating loss carryforwards.

The Company has considered the need for a valuation allowance based on the more likely than not criterion. In determining the need for a valuation allowance, management makes assumptions and applies judgment, including forecasting future earnings and considering the reversals of existing deferred tax liabilities. Based on this analysis, management determined that no valuation allowance was required. The Company performed an analysis of its current and historical tax positions and determined that no material uncertain tax positions exist. Therefore, there is no liability for uncertain tax positions as of January 28, 2017 or January 30, 2016 (Successor).

J.Jill, Inc.
Notes to Consolidated Financial Statements

J Jill Holdings, Inc. files a consolidated income tax return for Federal purposes as well as in several state jurisdictions, which include subsidiary entities Jill Acquisition, LLC and J Jill Gift Card Solutions, Inc. The Company is allocated its share of the US Parent Company's Federal and combined state income tax accrual, or benefit, in accordance with an intercompany tax allocation policy which is based on the separate return method. Due to the Parent Merger defined in Note 18, beginning with the fiscal year ending February 3, 2018, J Jill, Inc. will be the parent entity required to file the consolidated income tax returns for Federal and several state jurisdictions.

The Company's income tax returns are periodically examined by the Internal Revenue Service (the "IRS"). The IRS recently completed an examination of the fiscal year 2013 tax return without adjustment. For federal and state income tax purposes, the Company's tax years remain open under statute from 2013 to the present.

15. Earnings Per Share

Successor

In conjunction with the Acquisition (see Note 4), the holder of the Preferred Capital received a return of their original investment of \$72.8 million and the Commodities Purchase Agreement was terminated. In addition, the capital relating to the 100 Class A Units and the 3,927,601.3 Class B Units was returned to the holders and these units were no longer outstanding subsequent to the May 8, 2015 Acquisition.

On February 24, 2017, the Company converted from a Delaware limited liability company named Jill Intermediate LLC into a Delaware corporation named J.Jill, Inc. In conjunction with the conversion, all of the outstanding equity interests converted into 43,747,944 shares of common stock. Accordingly, all share and per share amounts for all periods presented in the accompanying financial statements and notes thereto have been adjusted retroactively, where required, to reflect this conversion.

The following table summarizes the computation of basic and diluted net income (loss) per common unit for the 2016, 2015 Successor, 2015 Predecessor and 2014 periods (in thousands, except share and per share data):

	Successor		Predecessor	
	For the Fiscal Year Ended January 28, 2017	For the Period May 8, 2015 to January 30, 2016	For the Period February 1, 2015 to May 7, 2015	For the Fiscal Year Ended January 31, 2015
<i>Numerator</i>				
Net income (loss) per common share attributable to common shareholders:	\$ 24,075	\$ 4,306	\$ (1,901)	\$ 10,296
<i>Denominator</i>				
Net income (loss) per common share attributable to common shareholders, basic and diluted:	43,747,944	43,747,944	43,747,944	43,747,944
Weighted average number of common share outstanding, basic and diluted:	<u>\$ 0.55</u>	<u>\$ 0.10</u>	<u>\$ (0.04)</u>	<u>\$ 0.24</u>

Predecessor

Given the liquidation preferences and distribution terms as described in Note 13, the Preferred Capital, Class A Units and Class B Units have been excluded from the calculation of earnings per unit as any non-

J.Jill, Inc.
Notes to Consolidated Financial Statements

liquidating distributions to each of these equity holders were limited to each equity holder's return of capital. During the 2015 Predecessor and 2014 there were no non-liquidating distributions approved by the Predecessor's board of managers.

16. Equity-Based Compensation

Successor Plan

On May 8, 2015, Topco established an Incentive Equity Plan (the "Plan"), which allows Topco to grant Topco Class A Common Interests ("Common Interests") to certain directors, senior executives and key employees of the Company. The Plan is administered by Topco's board of directors, along with input from the Company's Chief Executive Officer. Grant date fair value, vesting and any other restrictions are determined at the discretion of Topco's board of directors.

The Plan allows Topco to grant up to 32,683,677 of its Class A Common Interests. As of January 28, 2017 (Successor), there were an aggregate of 10,378,950 Common Interests authorized and available for future issuance. Topco did not grant any Common Interests to nonemployees.

Common Interests participate in distributions from Topco proportionate to their ownership, pursuant first to the full satisfaction and repayment of the unreturned capital of the preferred interests of Topco and then to the achievement of a predefined Profits Interest Threshold ("PIT"), as stated in each grant agreement. The preferred interests and the PITs are considered when determining the fair value of each grant.

Common Interests granted to employees of the Company are classified as equity awards and are generally subject to a five year vesting period, with either a monthly or annual cliff vest. The Plan also contains a fair value repurchase feature, allowing Topco to repurchase vested Common Interests upon termination of employment. The Common Interests contain provisions for accelerated vesting upon an approved sale of the Partnership or the termination of employment. If termination of employment is without cause, as defined in the Grant Agreement, all then-unvested units are forfeited and vested interests are subject to repurchase. If termination of employment is for cause, as defined in the Grant Agreement, all vested and unvested units will be forfeited. Topco repurchased 234,652 units during 2016 and 1,122,978 units were forfeited during the same period. Vested Common Interests that are repurchased or forfeited due to termination will be available for future issuance. As of January 28, 2017 (Successor), Topco does not expect to repurchase Common Interests.

The Company historically has been a private company and lacks certain company-specific historical and implied volatility information. Therefore, it estimates its expected share volatility based on the historical volatility of a publicly traded group of peer companies. The expected term of the Company's Common Interests is estimated based on management's estimate of time until a potential liquidity event. The risk-free rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends, and as of January 28, 2017 (Successor) did not anticipate paying any cash dividends to Common Interest holders in the foreseeable future.

J.Jill, Inc.
Notes to Consolidated Financial Statements

The following assumptions were used by management in its option pricing model to determine the fair value of the Common Interests granted to directors, senior executives and key employees, and is presented on a weighted average basis:

	January 28, 2017
Risk-free rate	0.68%
Expected term (in years)	0.6
Expected volatility	35%
Expected dividend yield	0.0%

The following table summarizes Common Interests activity during 2016 and the 2015 Successor period:

	Number of Units	Weighted Average Grant Date Fair Value
Units outstanding at May 8, 2015 (Successor)	—	\$ —
Granted	20,535,403	0.07
Vested	(2,402,837)	0.07
Forfeited	—	—
Unvested units outstanding at January 30, 2016 (Successor)	18,132,566	0.07
Granted	3,126,954	0.24
Vested	(4,056,798)	0.07
Forfeited	(1,122,978)	0.07
Unvested units outstanding at January 28, 2017 (Successor)	<u>16,079,744</u>	<u>\$ 0.10</u>

The aggregate intrinsic value of Common Interests is calculated as the difference between the price paid, if any, of the Common Interests and its fair value. The aggregate intrinsic value of Common Interests that vested during 2016 was \$8.2 million. Equity-based compensation expense of \$0.6 million and \$0.2 million was recorded as a selling, general and administrative expense in the consolidated statement of operations and comprehensive income (loss) during 2016 and the 2015 Successor period, respectively. As of January 28, 2017 (Successor), there was \$1.5 million of total unrecognized compensation expense related to unvested Common Interests, which is expected to be recognized over a weighted average service period of 3.5 years.

Predecessor Plan

In conjunction with the Acquisition (see Note 4), the equity-based compensation plans that were in existence in the Predecessor periods, as further discussed below, were settled and no longer outstanding subsequent to May 8, 2015.

On March 30, 2012, JJIP, a Limited Partnership (the “Partnership”), was formed by the then current owners of the Company and held a portion of the outstanding common units of the Company. A Management Incentive Unit equity program (the “Predecessor Plan”) was established by JJIP to provide the opportunity for key employees of the Company to participate in the appreciation of the business.

J.Jill, Inc.
Notes to Consolidated Financial Statements

The Predecessor Plan allowed Management Incentive Units (“MIUs”) to be granted to employees of the Company at the discretion of JJIP’s board of managers, not to exceed a maximum of 105,000 outstanding at any given time. The MIUs entitled the employees to an interest in JJIP upon the vesting of the MIU. When distributions are made by the Company to JJIP, a holder of common units in the Predecessor periods, JJIP’s board of managers would determine the allocation of that distribution to the JJIP interest holders. As of January 31, 2015 (Predecessor), there were an aggregate 14,006 MIUs authorized and available for future issuance.

The vesting terms of MIUs granted by JJIP to employees of the Company were determined on a grant-by-grant basis, according to the terms set forth by JJIP’s board of managers. Half of the MIUs were granted as time-based vesting awards with the remaining half granted as performance-based vesting awards. MIUs granted with time-based vesting features generally vested over a four year vesting period, with 25% of the MIUs cliff vesting at the later of one year from the date of employment with the Company (“First Vesting Date”), but not to exceed one year from the date of grant. The remaining 75% of the Units vested quarterly over a three year period, beginning on the First Vesting Date. The MIUs contain provisions for accelerated vesting upon an approved sale of the Partnership or forfeiture of unvested MIUs or both vested and unvested MIUs in the event of termination of employment from the Company without cause or with cause, respectively.

MIUs with a performance-based vesting feature were determined to vest upon the achievement of a specified Threshold Return, as defined by the Plan. The Company reviewed the likelihood of achieving the Threshold Return at the end of each reporting period. During the 2014 and 2015 Predecessor periods, the Company determined that the likelihood of achieving the Threshold Return was not probable, and therefore no compensation expense was recognized related to the MIUs with performance-based vesting features. As of January 31, 2015 (Predecessor), there were 45,450 performance-based vesting units outstanding and unvested.

The MIUs also contained a repurchase feature, whereby upon termination, JJIP had the right to purchase from former employees any or all of the vested MIUs for cash. The amount of consideration provided by JJIP was based on a stated formula, per the terms of the Plan, which prevented employees from being exposed to all of the risks and rewards of owning the MIUs. Based on the repurchase feature of the MIUs, the Company determined that the MIUs were liability classified awards.

Although the MIUs were granted by JJIP, which had an economic interest in the Predecessor entity, the services provided were for the benefit of J.Jill. As a result, the corresponding compensation expense was recognized in the consolidated statement of operations and comprehensive income (loss) of the Company with a corresponding capital contribution from JJIP.

The Company accounted for compensation expense related to liability classified awards using the intrinsic value method, as permitted by ASC 718 for nonpublic entities, and recorded changes in the value of these awards as compensation expense at each reporting period. To determine the intrinsic value, the Predecessor calculated the difference between the exercise price, if any, of the MIU compared to its estimated repurchase price at each reporting period. The repurchase price of the MIUs was determined using an estimate of the excess of the Predecessor’s EBITDA, multiplied by a fixed multiple, over a predetermined dollar value threshold. The difference between these two amounts, if positive, was then divided by the total number of MIUs outstanding. As a result of the pending Acquisition, at January 31, 2015, the repurchase calculation was amended to reflect the anticipated transaction value.

J.Jill, Inc.
Notes to Consolidated Financial Statements

As of January 31, 2015 (Predecessor), 36,113 time vesting units were vested and 9,431 time vesting units were unvested. The following table summarizes the MIU activity of the time vesting units during the 2014 and 2015 Predecessor periods:

	Number of Units
Unvested units outstanding, February 1, 2014	17,197
Granted	3,750
Vested	(11,516)
Forfeited	—
Unvested units outstanding, January 31, 2015	9,431
Granted	—
Vested	(3,403)
Forfeited	—
Unvested units outstanding, May 7, 2015	6,028

The aggregate intrinsic value of MIUs as of January 31, 2015 that vested during the period was \$2.2 million, respectively. The aggregate intrinsic value of the unvested time and performance units was \$9.9 million as of January 31, 2015. Compensation expense of \$1.9 million, \$5.2 million and \$0.4 million was recorded in selling, general and administrative expenses in the consolidated statements of operations and comprehensive income (loss) for the 2013, 2014 and 2015 Predecessor periods, respectively. The intrinsic value of MIUs was \$7.3 million as of January 31, 2015 (Predecessor).

In conjunction with the Acquisition (see Note 4), the unvested time-based MIUs were automatically vested as a result of the change in control and all of the issued and outstanding vested time-based MIUs were settled. All of the performance-based awards issued and outstanding achieved their specified Threshold Return upon the Acquisition and were also settled. The acceleration of the vesting conditions due to a change in control resulted in compensation expense of approximately \$7.4 million, which was not reflected in either the Predecessor or Successor consolidated statements of operations and comprehensive income (loss) periods, but instead are presented “on the black line.”

17. Related Party Transactions

As part of the Acquisition (see Note 4), TowerBrook, an affiliate of Topco, has performed and will continue to perform management support advisory services, planning and finance services for the Company. Under the terms of the services agreement with TowerBrook, effective May 8, 2015, Holdings paid an upfront lump sum fee of \$4.0 million. TowerBrook was also eligible to earn a fee of up to 1% of the Transaction Value at completion of: (i) a sale of all or substantially all of the assets of the Company; or (ii) the sale of a majority of the outstanding voting equity interests of the Company or entity of which the Company is a direct and wholly-owned subsidiary; or (iii) an underwritten public offering and sale of equity securities of the Company or any beneficiary affiliate (“Exit”). The Company also agreed to pay and reimburse reasonable out of pocket expenses. The agreement term is continuous and terminates only upon a complete equity Exit by TowerBrook and its affiliates, mutual written consent, unilateral consent by TowerBrook, or by the Company upon a willful material breach of the agreement that is not cured within 30 days of written notice.

For the 2016 period, the Company incurred out-of-pocket expenses of \$0.2 million in relation to the advisory services agreement described above. These expenses are included in operating expenses in the accompanying 2016 Successor consolidated statements of operations and comprehensive income (loss). The Company also distributed \$70.0 million to Topco in the 2016 Successor period to as a dividend.

J.Jill, Inc.
Notes to Consolidated Financial Statements

The Company had a net receivable from related parties of \$1.3 million recorded at January 28, 2017. This was made up of \$1.6 million receivable from Topco which consisted of \$1.9 million in cash paid directly by investors' to Topco for an ownership stake in J.Jill, Inc. which was partially offset by \$0.3 million related to repurchased MIUs. The Topco receivable was further offset by a \$0.3 million payable to Holdings in relation to tax benefits claimed by the Company for transaction costs paid by Holdings in relation to the Acquisition.

For the 2015 Successor period, the Company incurred out-of-pocket expenses of \$0.3 million in relation to these services, which are included in operating expenses in the accompanying Successor consolidated statements of operations and comprehensive income (loss). Amounts payable to Topco equity holders were \$0.1 million and were included in accrued expenses in the accompanying January 30, 2016 (Successor) consolidated balance sheet. The Company also distributed \$8.6 million to Topco in the Successor period to reimburse them for expenses associated with the Acquisition.

Prior to the May 8, 2015 Acquisition, the Company's equity holders (the "Advisors") performed certain management support, advisory services, planning and finance services for the Company. Under the terms of the services agreement entered into in 2011, the Company paid an annual advisory fee of \$1.0 million, payable in four quarterly installments, and subject to an adjustment increase in the event of an acquisition. The agreement term was continuous and could be terminated only upon a public offering, a change of control to a new equity investor, gross negligence or willful breach by the Advisors, mutual agreement, or dissolution, liquidation, sale or disposal of the Company's assets.

For the 2015 Predecessor and 2014 periods, the Company incurred management fees and out of pocket expenses of \$1.0 million and \$0.3 million, respectively, which are included in operating expenses in the accompanying Predecessor consolidated statements of operations and comprehensive income (loss). Amounts payable to the Company's equity holders were \$0.3 million and are included in accrued expenses in the accompanying January 31, 2015 (Predecessor) consolidated balance sheet.

In connection with a refinancing, the Company entered into a subordinated, unsecured \$30.0 million debt facility with an affiliate of a minority equity holder of the Company. A total amount of \$40.9 million was paid in connection with the Acquisition, including principal and accrued interest, to settle all remaining obligations under this credit facility.

18. Subsequent Events

On February 24, 2017, the Company completed a conversion from a Delaware limited liability company named Jill Intermediate LLC into a Delaware corporation and changed its name to J.Jill, Inc. In conjunction with the conversion, all of the outstanding equity of Jill Intermediate LLC converted into shares of common stock of J.Jill, Inc. Accordingly, all historical earnings per share amounts presented in the accompanying consolidated statements of operations and comprehensive income (loss) and the related notes to the consolidated financial statements have been adjusted retroactively to reflect the Company's conversion from a limited liability company to a corporation.

Following the Company's conversion from a limited liability company to a corporation, JJill Holdings merged with and into J.Jill, Inc. on February 24, 2017, with J.Jill, Inc. continuing as the surviving entity (the "Parent Merger"). The Parent Merger is a reorganization of entities under common control and, in accordance with ASC 805, the Company's financial statements will be retroactively restated to reflect the Parent Merger as of the earliest date that common control existed in the period in which the Parent Merger occurred. JJill Holdings did not have operations of its own, except for buyer transaction costs of \$8,560 incurred to execute the Acquisition. The restated combined results of operations of the Company and JJill Holdings, will be adjusted

J.Jill, Inc.
Notes to Consolidated Financial Statements

retroactively by \$8,560, and will result in the Company's net income (loss) for the period from May 8, 2015 to January 30, 2016 (Successor) to be (\$4,254) and net income (loss) per share attributable to common stockholders to be (\$0.10).

On March 9, 2017, J.Jill, Inc. completed an initial public offering ("IPO"). An existing stockholder of the Company sold 11,666,667 shares of the Company's common stock at a share price of \$13.00 per share. The underwriters in the IPO also exercised an option to purchase 865,000 shares of common stock at the IPO price. All proceeds of the IPO, net of the underwriter's discount, were distributed to the selling stockholder.

On March 14, 2017, J. Jill, Inc. registered 2,237,303 shares of common stock by filing a registration statement on Form S-8. These shares will be issuable to certain employees and directors under the J.Jill, Inc. 2017 Omnibus Equity Incentive Plan (the "2017 Plan"). The 2017 Plan was effective as of March 9, 2017.

The Company has evaluated subsequent events from the balance sheet date through April 28, 2017, the date at which the consolidated financial statements were available to be issued and determined that there are no other material items to disclose.

19. Quarterly Financial Data (unaudited)

The following table sets forth our historical consolidated statements of income for each of the eight fiscal quarters through the year ended January 28, 2017. This unaudited quarterly information has been prepared on the same basis as our annual audited consolidated financial statements, consisting of only normal recurring adjustments that we consider necessary to fairly present the financial information for the fiscal quarters presented below.

	Predecessor		Successor						
			Fiscal Year 2015		Fiscal Year 2016				
				Thirteen weeks ended					
	Thirteen weeks ended May 2, 2015	Period from May 3, 2015 to May 7, 2015	Period from May 8, 2015 to August 1, 2015	October 31, 2015	January 30, 2016	April 30, 2016	July 30, 2016	October 29, 2016	January 28, 2017
(in thousands, unaudited)									
Net sales	\$ 132,552	\$ 9,369	\$ 132,112	\$ 142,629	\$ 145,353	\$ 147,665	\$ 165,035	\$ 159,439	\$ 166,917
Costs of goods sold	42,156	2,076	54,468	46,717	53,906	46,159	52,179	51,335	61,444
Gross profit	90,396	7,293	77,644	95,912	91,447	101,506	112,856	108,104	105,473
Selling, general and administrative expenses	74,946	5,205	75,276	85,960	85,246	87,072	94,173	92,637	94,643
Acquisition-related expenses	—	13,341	—	—	—	—	—	—	—
Operating income	15,450	(11,253)	2,368	9,952	6,201	14,434	18,683	15,467	10,830
Interest expense	4,335	264	3,902	4,020	3,971	4,112	4,674	4,844	5,040
Income (loss) before provision (benefit) for income taxes	11,115	(11,517)	(1,534)	5,932	2,230	10,322	14,009	10,623	5,790
Provision (benefit) for income taxes	790	709	(538)	2,079	781	4,249	5,860	2,815	3,745
Net income (loss)	\$ 10,325	\$ (12,226)	\$ (996)	\$ 3,853	\$ 1,449	\$ 6,073	\$ 8,149	\$ 7,808	\$ 2,045
Net income (loss) per common share attributable to common shareholders:									
Basic and diluted	\$ 0.24	\$ (0.28)	\$ (0.02)	\$ 0.09	\$ 0.03	\$ 0.14	\$ 0.19	\$ 0.18	\$ 0.05
Weighted average number of common shares outstanding:									
Basic and diluted	43,747,944	43,747,944	43,747,944	43,747,944	43,747,944	43,747,944	43,747,944	43,747,944	43,747,944

J.Jill, Inc.
Notes to Consolidated Financial Statements

20. Condensed Financial Information of Registrant

J.Jill, Inc.
(PARENT COMPANY ONLY)
CONDENSED BALANCE SHEETS
(in thousands, except unit data)

	January 28, 2017 (Successor)	January 30, 2016 (Successor)
Assets		
Investment in subsidiaries	\$ 120,965	\$ 166,571
Members' Equity		
Common units, zero par value, 1,000,000 units authorized, issued and outstanding at January 28, 2017 (Successor) and January 30, 2016 (Successor)	—	—
Contributed capital	107,878	162,265
Accumulated earnings	13,087	4,306
Total members' equity	\$ 120,965	\$ 166,571

The accompanying notes are an integral part of these condensed financial statements

J.Jill, Inc.
(PARENT COMPANY ONLY)
CONDENSED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (LOSS)
(in thousands, except per share data)

	Successor		Predecessor	
	For the Fiscal Year Ended January 28, 2017	For the Period from May 8, 2015 to January 30, 2016	For the Period from February 1, 2015 to May 7, 2015	For the Fiscal Year Ended January 31, 2015
Equity in net income (loss) of subsidiaries	\$ 24,075	\$ 4,306	\$ (1,901)	\$ 10,296
Net income (loss) and total comprehensive income (loss)	\$ 24,075	\$ 4,306	\$ (1,901)	\$ 10,296
Net income (loss) per common share attributable to common shareholders:				
Basic and diluted	\$ 0.55	\$ 0.10	\$ (0.04)	\$ 0.24
Weighted average number of common shares outstanding:				
Basic and diluted	43,747,944	43,747,944	43,747,944	43,747,944

The accompanying note is an integral part of these condensed financial statements

A statement of cash flows has not been presented as J.Jill, Inc. parent company did not have any cash as of, or for the year ended January 28, 2017, the period from May 8, 2015 to January 30, 2016, the period from February 1, 2015 to May 7, 2015 or the year ended January 31, 2015.

J.Jill, Inc.
Notes to Consolidated Financial Statements

Note to Condensed Financial Statements of Registrant (Parent Company Only)

Basis of Presentation

These condensed parent company-only financial statements have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X, as the restricted net assets of the subsidiaries of J.Jill, Inc. (as defined in Rule 4-08(e)(3) of Regulation S-X) exceed 25% of the consolidated net assets of the company. The ability of J.Jill, Inc.'s operating subsidiaries to pay dividends may be restricted due to the terms of the subsidiaries' term loan and asset-based revolving credit agreements, as defined in Note 9 to the audited consolidated financial statements.

On February 24, 2017, Jill Intermediate LLC completed a conversion from a Delaware limited liability company into a Delaware corporation and changed its name to J.Jill, Inc. In conjunction with the conversion, all of the outstanding equity of Jill Intermediate LLC converted into shares of common stock of J.Jill, Inc. Accordingly, all historical earnings per share amounts presented in the condensed parent company statements of operations and comprehensive income (loss) have been adjusted retroactively to reflect the Corporate Conversion.

These condensed parent company financial statements have been prepared using the same accounting principles and policies described in the notes to the consolidated financial statements, with the only exception being that the parent company accounts for its subsidiaries using the equity method. These condensed financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

SIGNATURES

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

Company Name

Date: April 28, 2017

By: /s/ Paula Bennett

Paula Bennett
President, Chief Executive Officer and Director

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

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Paula Bennett</u> Paula Bennett	President, Chief Executive Officer and Director (Principal Executive Officer)	April 28, 2017
<u>/s/ David Biese</u> David Biese	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 28, 2017
<u>/s/ Michael Rahamim</u> Michael Rahamim	Chairman of the Board of Directors	April 28, 2017
<u>/s/ Andrew Rolfe</u> Andrew Rolfe	Director	April 28, 2017
<u>/s/ Travis Nelson</u> Travis Nelson	Director	April 28, 2017
<u>/s/ Marka Hansen</u> Marka Hansen	Director	April 28, 2017
<u>/s/ Michael Recht</u> Michael Recht	Director	April 28, 2017
<u>/s/ Michael Eck</u> Michael Eck	Director	April 28, 2017
<u>/s/ Linda Heasley</u> Linda Heasley	Director	April 28, 2017

Exhibit Index

Exhibit Number	Exhibit Description
3.1*	Certificate of Incorporation of J.Jill, Inc.
3.2*	Bylaws of J.Jill, Inc.
10.1	Form of Indemnification Agreement (incorporated by reference from Exhibit 10.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1, dated February 27, 2017 (File No. 333-215993)).
10.2*	Registration Rights Agreement, dated as of March 14, 2017.
10.3*†	J.Jill, Inc. 2017 Omnibus Equity Incentive Plan.
10.4	Term Loan Credit Agreement, dated as of May 8, 2015, among Jill Holdings LLC, Jill Acquisition LLC, the various lenders party thereto from time to time and Jefferies Finance LLC, as the administrative agent (incorporated by reference from Exhibit 10.4 to the Company's Registration Statement on Form S-1, dated February 10, 2017 (File No. 333-215993)).
10.5	Amendment No. 1 to Term Loan Credit Agreement, dated as of May 27, 2016, among Jill Acquisition LLC, Jill Intermediate LLC, the lenders party thereto and Jefferies LCC as the administrative agent (incorporated by reference from Exhibit 10.5 to the Company's Registration Statement on Form S-1, dated February 10, 2017 (File No. 333-215993)).
10.6	ABL Credit Agreement, dated as of May 8, 2015, among Jill Holdings LLC, Jill Acquisition LLC, certain subsidiaries of Jill Acquisition LLC from time to time party thereto, the lenders party thereto and CIT Finance LLC, as the administrative agent and collateral agent (incorporated by reference from Exhibit 10.6 to the Company's Registration Statement on Form S-1, dated February 10, 2017 (File No. 333-215993)).
10.7	Amendment No. 1 to ABL Credit Agreement, dated as of May 27, 2016, among Jill Acquisition LLC, Jill Intermediate LLC, certain subsidiaries of Jill Acquisition LLC from time to time party thereto, the lenders party thereto and CIT Finance LLC, as the administrative agent and collateral agent (incorporated by reference from Exhibit 10.7 to the Company's Registration Statement on Form S-1, dated February 10, 2017 (File No. 333-215993)).
10.8	Services Agreement, dated as of May 8, 2015, by and between Jill Acquisition LLC and TowerBrook Capital Partners L.P (incorporated by reference from Exhibit 10.8 to the Company's Registration Statement on Form S-1, dated February 10, 2017 (File No. 333-215993)).
10.9*†	Second Amended and Restated Employment Agreement, dated as of March 14, 2017, by and between Paula Bennett, J.Jill, Inc., JJill Topco Holdings, LP, Jill Acquisition LLC, and certain other parties thereto.
10.10†	Amended and Restated Employment Agreement, dated as of as May 22, 2015, by and between David Biese and Jill Acquisition LLC (incorporated by reference from Exhibit 10.10 to Amendment No. 1 to the Company's Registration Statement on Form S-1, dated February 27, 2017 (File No. 333-215993)).
10.11†	Amended and Restated Employment Agreement, dated as of May 22, 2015, by and between Joann Fielder and Jill Acquisition LLC and Amendment No. 1 thereto, dated as of July 27, 2015 (incorporated by reference from Exhibit 10.11 to Amendment No. 1 to the Company's Registration Statement on Form S-1, dated February 27, 2017 (File No. 333-215993)).
10.12	Lease Agreement, dated as of September 30, 2010, by and between Cole JJ Tilton NH, LLC and Jill Acquisition LLC (incorporated by reference from Exhibit 10.12 to the Company's Registration Statement on Form S-1, dated February 10, 2017 (File No. 333-215993)).

[Table of Contents](#)

Exhibit Number	Exhibit Description
10.13*	Stockholders Agreement, dated as of March 14, 2017.
10.14†	Form of Stock Option Award Agreement under the J.Jill, Inc. 2017 Omnibus Equity Incentive Plan (incorporated by reference from Exhibit 10.14 to Amendment No. 1 to the Company's Registration Statement on Form S-1, dated February 27, 2017 (File No. 333-215993)).
10.15†	Form of Restricted Stock Unit Award Agreement under the J.Jill, Inc. 2017 Omnibus Equity Incentive Plan (incorporated by reference from Exhibit 10.15 to Amendment No. 1 to the Company's Registration Statement on Form S-1, dated February 27, 2017 (File No. 333-215993)).
10.16	Amended and Restated Agreement of Limited Partnership of JJill Topco Holdings, LP, dated as of May 8, 2015 (incorporated by reference from Exhibit 10.16 to Amendment No. 1 to the Company's Registration Statement on Form S-1, dated February 27, 2017 (File No. 333-215993)).
10.17†	JJill Topco Holdings, LP Incentive Equity Plan (incorporated by reference from Exhibit 10.17 to Amendment No. 1 to the Company's Registration Statement on Form S-1, dated February 27, 2017 (File No. 333-215993)).
10.18†	Form of Grant Agreement under the JJill Topco Holdings, LP Incentive Equity Plan (incorporated by reference from Exhibit 10.18 to Amendment No. 1 to the Company's Registration Statement on Form S-1, dated February 27, 2017 (File No. 333-215993)).
21.1*	Subsidiaries of J.Jill, Inc.
23.1*	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

† Management contract or compensatory plan or arrangement.

CERTIFICATE OF INCORPORATION**OF****J.JILL, INC.**

The undersigned incorporator, in order to form a corporation under the General Corporation Law of the State of Delaware (the “DGCL”), certifies as follows:

ARTICLE I**Name**

The name of the corporation is J.Jill, Inc. (the “Corporation”).

ARTICLE II**Address; Registered Office and Agent**

The address of the Corporation’s registered office in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, State of Delaware 19808; and the name of its registered agent at such address is Corporation Service Company.

ARTICLE III**Purposes**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV**Capital Stock**

4.1 Authorized Stock. The total number of shares of all classes of stock that the Corporation shall have authority to issue is 300,000,000 shares, divided into (a) 250,000,000 shares of Common Stock, with the par value of \$0.01 per share (the “Common Stock”), and (b) 50,000,000 shares of Preferred Stock, with the par value of \$0.01 per share (the “Preferred Stock”). The authorized number of shares of any class or series of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the stock of the Corporation entitled to vote, and no separate vote of such class or series of stock the authorized number of which is to be increased or decreased shall be necessary to effect such change.

4.2 Board Issuance of Preferred Stock. The Board of Directors of the Corporation (the “Board”) is hereby authorized, by resolution or resolutions thereof, to

provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designations, powers, preferences, rights, qualifications, limitations and restrictions in respect of the shares of such series. The powers, designations, preferences and relative, participating, optional or other rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, may differ from those of any and all other series at any time outstanding.

4.3 Voting. Except as may otherwise be provided in this Certificate of Incorporation or by applicable law, each holder of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote. Except as may otherwise be provided in this Certificate of Incorporation (including any certificate filed with the Office of the Secretary of State of the State of Delaware establishing the terms of a series of Preferred Stock in accordance with Section 4.2 (such certificate, a “Preferred Stock Designation”)) or by applicable law, no holder of any series of Preferred Stock, as such, shall be entitled to any voting powers in respect thereof.

4.4 Dividends. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock, dividends may be declared and paid on the Common Stock out of funds legally available therefor at such times and in such amounts as the Board in its discretion shall determine.

4.5 Dissolution, Liquidation or Winding Up. Upon the dissolution, liquidation or winding up of the Corporation, subject to the rights, if any, of the holders of any outstanding series of Preferred Stock, the holders of the Common Stock shall be entitled to receive the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares of Common Stock held by them.

ARTICLE V

Name and Mailing Address of Incorporator

The name and mailing address of the incorporator are: David Biese, c/o J.Jill, Inc., 4 Batterymarch Park, Quincy, Massachusetts 02169.

ARTICLE VI

Board of Directors

6.1 Number of Directors. (a) The business and affairs of the Corporation shall be managed by, or under the direction of, the Board. Except as otherwise provided for or fixed pursuant to the terms of any Preferred Stock Designation relating to the rights of the holders of any series of Preferred Stock to elect additional directors, the total number of directors constituting the entire Board shall be not less than three nor more than twenty, with the then-authorized number of directors being fixed from time to time by the Board.

(b) During any period when the holders of any series of Preferred Stock have the right to elect additional directors pursuant to the terms of any Preferred Stock Designation, then upon the commencement, and for the duration, of the period during which such right continues: (i) the then total authorized number of directors of the Corporation shall automatically be increased by such specified number of additional directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors pursuant to the terms of such Preferred Stock Designation, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to such provisions, whichever occurs earlier, subject to his or her earlier death, disqualification, resignation or removal. Except as otherwise provided in the Preferred Stock Designation establishing such series, whenever the holders of any series of Preferred Stock are divested from time to time of a previous right to elect one or more additional directors pursuant to the provisions of such stock, the terms of office of each such additional director elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional director, shall forthwith terminate and the total and authorized number of directors of the Corporation shall be reduced accordingly.

6.2 Staggered Board. The Board (other than those directors elected by the holders of any series of Preferred Stock pursuant to the terms of any Preferred Stock Designation (the "Preferred Stock Directors")) shall be divided into three classes, as nearly equal in number as possible, designated Class I, Class II and Class III. Class I directors shall initially serve until the first annual meeting of stockholders following the effectiveness of this Article VI, Section 2; Class II directors shall initially serve until the second annual meeting of stockholders following the effectiveness of this Article VI, Section 2; and Class III directors shall initially serve until the third annual meeting of stockholders following the effectiveness of this Article VI, Section 2. Commencing with the first annual meeting of stockholders following the effectiveness of this Article VI, Section 2, directors of each class the term of which shall then expire shall be elected to hold office for a three-year term and until the election and qualification of their respective successors in office. In case of any increase or decrease, from time to time, in the number of directors (other than Preferred Stock Directors), the number of directors in each class shall be apportioned as nearly equal as possible. The Board is authorized to assign members of the Board already in office to such classes at the time this Article VI, Section 2 becomes effective.

6.3 Vacancies and Newly Created Directorships. Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding and subject to obtaining any required stockholder votes or consents under the Stockholders Agreement (as defined below), newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board resulting from death, resignation, retirement, disqualification, removal or other cause shall be filled solely by

the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board, or by a sole remaining director. Any director so chosen shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

6.4 Removal of Directors. Except for Preferred Stock Directors and subject to obtaining any required stockholder votes or consents under the Stockholders Agreement, any director or the entire Board may be removed from office at any time, but only for cause and only by the affirmative vote of at least 66 2/3% of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class; provided, however, that prior to the Triggering Event (as defined below), any director may be removed with or without cause by the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

6.5 Annual Meetings of Stockholders. A meeting of stockholders for the election of directors of the Corporation and such other business as may properly come before the meeting in accordance with the By-laws of the Corporation (the “By-laws”) shall be held annually at such date and time as designated by the Board from time to time.

ARTICLE VII

Meetings of Stockholders

7.1 Action by Written Consent. Prior to the Triggering Event, any action required or permitted to be taken by the stockholders of the Corporation may be effected by the consent in writing of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class in lieu of a duly called annual or special meeting of stockholders. From and after the Triggering Event, any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

7.2 Special Meetings of Stockholders. Subject to any rights of the holders of any series of Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only (i) by or at the direction of the Board pursuant to a written resolution adopted by a majority of the total number of directors that the Corporation would have if there were no vacancies or (ii) by or at the direction of the Chairperson or the Vice Chairperson. In addition, prior to the Triggering Event, special meetings of stockholders of the Corporation may be called by the Secretary of the Corporation at the request of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. Any business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

7.3 Election of Directors by Written Ballot. Unless and except to the extent that the By-laws shall so require, the election of the directors of the Corporation need not be by written ballot.

ARTICLE VIII

Limitation of Liability

To the fullest extent permitted under the DGCL, as amended from time to time, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Any amendment or repeal of this Article VIII shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment or repeal.

ARTICLE IX

Indemnification

9.1 Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a “Covered Person”) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another entity or enterprise, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement (except for judgments, fines and amounts paid in settlement in any action or suit by or in the right of the Corporation to procure a judgment in its favor) actually and reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in Section 9.3, the Corporation shall be required to indemnify a Covered Person in connection with a Proceeding (or part thereof) commenced by such Covered Person only if the commencement of such Proceeding (or part thereof) by the Covered Person was authorized by the Board.

9.2 Prepayment of Expenses. To the extent not prohibited by applicable law, the Corporation shall pay the expenses (including attorneys’ fees) incurred by a Covered Person in defending any Proceeding in advance of its final disposition; provided, however, that, to the extent required by applicable law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article IX or otherwise.

9.3 Claims. If a claim for indemnification or advancement of expenses under this Article IX is not paid in full within 30 days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

9.4 Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article IX shall not be exclusive of any other rights that such Covered Person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, the By-laws, agreement, vote of stockholders or disinterested directors or otherwise.

9.5 Other Sources. Subject to Section 9.6, the Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another entity or enterprise shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other entity or enterprise.

9.6 Indemnitor of First Resort. In all events, the Corporation hereby agrees that (i) its obligation to a Covered Person to provide advancement and/or indemnification to such Covered Person is primary, (ii) any obligation of the Principal Stockholder (including any Affiliate (as defined below) thereof other than the Corporation) to provide advancement or indemnification hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter), or any obligation of any insurer of the Principal Stockholder to provide insurance coverage, for the same expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such expenses, liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by such Covered Person are secondary and subsequent to the foregoing obligation of the Corporation and (iii) if the Principal Stockholder (or any Affiliate thereof, other than the Corporation) pays or causes to be paid, for any reason, any amounts otherwise indemnifiable hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter) with such Covered Person, then (x) the Principal Stockholder (or such Affiliate, as the case may be), as the case may be, shall be fully subrogated to all rights of such Covered Person with respect to such payment and (y) the Corporation shall fully indemnify, reimburse and hold harmless the Principal Stockholder (or such other Affiliate), as the case may be, for all such payments actually made by the Principal Stockholder (or such other Affiliate).

9.7 Amendment or Repeal. Any amendment or repeal of the foregoing provisions of this Article IX shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such amendment or repeal.

9.8 Other Indemnification and Prepayment of Expenses. This Article IX shall not limit the right of the Corporation, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

ARTICLE X

Business Combinations

10.1 Section 203 of the DGCL. The Corporation will not be subject to the provisions of Section 203 of the DGCL.

10.2 Limitations on Business Combinations. Notwithstanding Section 10.1, the Corporation shall not engage in any business combination (as defined below), at any point in time at which the Corporation's common stock is registered under Section 12(b) or 12(g) of the Exchange Act (as defined below), with any interested stockholder (as defined below) for a period of three years following the time that such stockholder became an interested stockholder, unless:

(a) prior to such time, the Board approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, or

(b) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors and also officers or (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or

(c) at or subsequent to such time, the business combination is approved by the Board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the Corporation which is not owned by the interested stockholder.

10.3 Definitions. For purposes of this Article X:

(a) “affiliate” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(b) “associate,” when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

(c) “business combination,” when used in reference to the Corporation and any interested stockholder, means:

(i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation Section 11.2 is not applicable to the surviving entity;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of any corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;

(iii) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (a) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (b) pursuant to a merger under Section 251(g) of the General Corporation Law; (c) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (d) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of said stock; or (e) any issuance or transfer of stock by the Corporation; provided, however, that in no case under items (c)-(e) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments);

(iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or

(v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

(d) “control,” including the terms “controlling,” “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of the Corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article X, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

(e) “interested stockholder” means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of 15% or more of the outstanding voting stock of the Corporation at any time within the three year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, and the affiliates and associates of such person; provided, however, that the term “interested stockholder” shall not include (a) the Principal Stockholder or Principal Stockholder Transferees or (b) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Corporation; provided that such person specified in this clause (b) shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of “owner” below but shall not include any other unissued stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(f) “owner,” including the terms “own” and “owned,” when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:

(i) beneficially owns such stock, directly or indirectly; or

(ii) has (a) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person’s affiliates or associates until such tendered stock is accepted for purchase or exchange; or (b) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person’s right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten or more persons; or

(iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (b) of subsection (ii) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

(g) “person” means any individual, corporation, partnership, unincorporated association or other entity.

(h) “stock” means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

(i) “Principal Stockholder Transferee” means any Person who acquires voting stock of the Corporation from the Principal Stockholder (other than in connection with a public offering) and who is designated in writing by the Principal Stockholder as a “Principal Stockholder Transferee.”

(j) “voting stock” means stock of any class or series entitled to vote generally in the election of directors.

ARTICLE XI

Corporate Opportunities

11.1 Certain Acknowledgement. In recognition and anticipation that (i) certain directors, principals, officers, employees and/or other representatives of investment funds or vehicles affiliated with the Principal Stockholder and its Affiliates may serve as directors, officers or agents of the Corporation or any of its subsidiaries, (ii)

the Principal Stockholder and its Affiliates may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) members of the Board who are not officers or employees of the Corporation (“Non-Employee Directors”) and their respective Affiliates may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, the provisions of this Article XI are set forth to regulate and define the conduct of certain affairs of the Corporation with respect to certain classes or categories of business opportunities as they may involve the Principal Stockholder, certain of the Non-Employee Directors or their respective Affiliates and the powers, rights, duties and liabilities of the Corporation and its directors, officers and stockholders in connection therewith.

11.2 Scope. The Corporation waives, to the maximum extent permitted by law, the application of the doctrine of corporate opportunity, or any other analogous doctrine, with respect to the Corporation, to the Principal Stockholder, any Non-Employee Directors or any of their respective Affiliates (each Person (as defined below) entitled to such waiver, an “Exempted Person”). To the maximum extent permitted by law, except to the extent otherwise provided in any agreement between an Exempted Person and the Corporation and/or any of its subsidiaries, no Exempted Person shall have any obligation to refrain from (i) engaging in the same or similar activities or lines of business as the Corporation or any of its Affiliates or developing or marketing any products or services that compete, directly or indirectly, with those of the Corporation or any of its Affiliates today or in which the Corporation or any of its Affiliates proposes to engage or develop, (ii) investing or owning any interest publicly or privately in, or developing a business relationship with, any Person engaged in the same or similar activities or lines of business as, or otherwise in competition with, the Corporation or any of its Affiliates or (iii) doing business with any client or customer of the Corporation or any of its Affiliates (each of the activities referred to in clauses (i)-(iii) above, a “Specified Activity”). The Corporation renounces any interest or expectancy in, or in being offered an opportunity to participate in, any Specified Activity that may be presented to or become known to any Exempted Person. Notwithstanding anything to the contrary in this Article XI, no Exempted Person shall be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty solely by reason of the fact that such Exempted Person engages in any of the Specified Activities. To the fullest extent permitted by law, the Corporation hereby renounces any interest or expectancy in, or right to be offered an opportunity to participate in, any business opportunity which may be a corporate opportunity for an Exempted Person and the Corporation or any of its Affiliates, except as provided in Section 11.3 hereof. Subject to Section 11.3, in the event that any Exempted Person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself, herself or himself and the Corporation or any of its Affiliates, such Exempted Person shall, except to the extent prohibited by law, have no duty to communicate or offer such transaction or other business opportunity to the Corporation or any of its

Affiliates and, to the fullest extent permitted by law, shall not be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty as a stockholder, director or officer of the Corporation solely by reason of the fact that such Exempted Person pursues or acquires such corporate opportunity for itself, herself or himself, or offers or directs such corporate opportunity to another Person.

11.3 Allocation of Corporate Opportunities. Notwithstanding anything in Section 11.2 to the contrary, the Corporation does not renounce its interest in any corporate opportunity offered to any director who serves as an officer or employee of the Corporation.

11.4 Certain Matters Deemed Not Corporate Opportunities. In addition to and notwithstanding the foregoing provisions of this Article XI, a corporate opportunity shall not belong to the Corporation if it is a business opportunity that the Corporation is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation's business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy.

11.5 Amendment of this Article. No amendment or repeal of this Article XI in accordance with the provisions of Article XII shall apply to or have any effect on the liability or alleged liability of any Exempted Person for or with respect to any activities or opportunities of which such Exempted Person becomes aware or otherwise relies on the protection afforded to such Exempted Person prior to such amendment or repeal. This Article XI shall not limit any protections or defenses available to, or indemnification or advancement rights of, any Director or officer of the Corporation under this Amended Certificate of Incorporation, the By-laws or applicable law.

11.6 Notice of this Article. To the fullest extent permitted by law, any Person purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article 11.

ARTICLE XII

Amendment

12.1 Amendments. The Corporation reserves the right at any time, and from time to time, to amend or repeal any provision contained in this Certificate of Incorporation, and add other provisions authorized by the laws of the State of Delaware at the time in force, in the manner now or hereafter prescribed by applicable law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation (as amended) are granted subject to the rights reserved in this Article XII.

12.2 Vote Required to Amend Certificate of Incorporation. Notwithstanding any other provision of this Certificate of Incorporation or the By-laws and in addition to any other affirmative vote of the holders of any particular class or series of stock of the Corporation required by applicable law, this Certificate of Incorporation (including any Preferred Stock Designation) or the By-laws, the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding shares of capital stock of the Corporation, voting together as a single class, shall be required to amend, repeal or adopt any provisions of this Certificate of Incorporation; provided, however, that prior to the Triggering Event, this Certificate of Incorporation may be modified, amended or repealed upon the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation, voting together as a single class.

ARTICLE XIII

Adoption, Amendment or Repeal of By-Laws

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board is expressly authorized to adopt, amend and repeal By-laws, subject to the power of the stockholders of the Corporation to adopt, amend and repeal any By-laws whether adopted by them or otherwise. Notwithstanding any other provisions of this Certificate of Incorporation or the By-laws (and notwithstanding the fact that a lesser percentage otherwise might have been permitted by applicable law, this Certificate of Incorporation or the By-laws), but in addition to any other affirmative vote of the holders of any particular class or series of stock of the Corporation required by applicable law or this Certificate of Incorporation (including any Preferred Stock Designation), the affirmative vote of the holders of at least 66-2/3% of the voting power of the outstanding shares of capital stock of the Corporation, voting together as a single class, shall be required for the stockholders to adopt new By-laws or to alter, amend or repeal the By-laws; provided, however, that prior to the Triggering Event, the By-Laws may be modified, amended or repealed upon the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class.

ARTICLE XIV

Exclusive Forum

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL, this Certificate of Incorporation or the By-laws, or (d) any action asserting a claim governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware. If the Court of Chancery of the State of Delaware lacks jurisdiction over such action or proceeding, the

sole and exclusive forum for such action or proceeding shall be another court of the State of Delaware or, if no court of the State of Delaware has jurisdiction, then the federal district court for the District of Delaware. To the fullest extent permitted by applicable law, any person who, or entity that, holds, purchases or otherwise acquires an interest in stock of the Corporation shall be deemed to have consented to the personal jurisdiction of the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, another court of the State of Delaware, or if no court of the State of Delaware has jurisdiction, the federal district court for the District of Delaware) in any proceeding brought to enjoin any action by that person or entity that is inconsistent with the exclusive jurisdiction provided for in this Article XIV. To the fullest extent permitted by applicable law, if any action the subject matter of which is within the scope of this Article XIV is filed in a court other than as specified above in the name of any stockholder, such stockholder shall be deemed to have consented to (a) the personal jurisdiction of the Court of Chancery of the State of Delaware, another court in the State of Delaware or the federal district court in the District of Delaware, as appropriate, in connection with any action brought in any such court to enforce this Article XIV and (b) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the action as agent for such stockholder.

ARTICLE XV

Powers of Incorporators

The powers of the incorporator are to terminate upon the filing of this Certificate of Incorporation with the Office of the Secretary of State of the State of Delaware. The name and mailing address of the persons who are to serve as the initial directors of the Corporation, or until their successors are duly elected and qualified, are Paula Bennett, Michael Rahamim, Andrew Rolfe, Travis Nelson, Marka Hansen, Michael Recht and Michael Eck. The address of such persons is c/o J.Jill, Inc., 4 Batterymarch Park, Quincy, MA 02169.

ARTICLE XVI

Severability

If any provision or provisions of this Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

ARTICLE XVII

Effectiveness

This Certificate of Incorporation shall become effective in accordance with Section 103(d) of the DGCL on February 24, 2017 at 9:00 a.m. (Eastern time).

ARTICLE XVIII

Definitions

As used in this Certificate of Incorporation, unless the context otherwise requires or as set forth in another Article or Section of this Certificate of Incorporation, the term:

(a) “Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person; provided, that neither the Corporation nor any of its subsidiaries will be deemed an Affiliate of any stockholder of the Corporation or any of such stockholders’ Affiliates.

(b) “Board” is defined in Section 4.2.

(c) “By-laws” is defined in Section 6.5.

(d) “Chairperson” means the Chairman or Chairwoman of the Board.

(e) “Common Stock” is defined in Section 4.1.

(f) “control” (including the terms “controlling” and “controlled”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of such subject Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

(g) “Corporation” is defined in Article I.

(h) “Covered Person” is defined in Section 9.1.

(i) “DGCL” is defined in the recitals.

(j) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor law or statute, in each case together with the rules and regulations promulgated thereunder.

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- (k) “Exempted Person” is defined in Section 11.2.
- (l) “Non-Employee Directors” is defined in Section 11.1.
- (m) “Person” means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.
- (n) “Preferred Stock” is defined in Section 4.1.
- (o) “Preferred Stock Designation” is defined in Section 4.3.
- (p) “Preferred Stock Directors” is defined in Section 6.2.
- (q) “Principal Stockholder” means, collectively, the investment funds managed, sponsored, controlled or advised, directly or indirectly, by TowerBrook Capital Partners L.P. or one of its Affiliates and their respective successors and Affiliates.
- (r) “Proceeding” is defined in Section 9.1.
- (s) “Specified Activity” is defined in Section 11.2.
- (t) “Stockholders Agreement” means the Stockholders Agreement, dated as of the closing of the initial public offering of our Common Stock, by and between the Corporation and TI IV JJill Holdings, LP, as the same may be amended, restated, supplemented and/or otherwise modified, from time to time.
- (u) “Triggering Event” means the first date on which the Principal Stockholder ceases to beneficially own (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act) shares representing at least fifty percent (50%) of the issued and outstanding shares of Common Stock.
- (v) “Vice Chairperson” means the Vice Chairman or Vice Chairwoman of the Board.

WITNESS the signature of this Certificate of Incorporation this 24th day of February 2017.

/s/ David Biese

Incorporator

Name: David Biese

BY-LAWS
of
J.JILL, INC.
(A Delaware Corporation)

TABLE OF CONTENTS

Article I DEFINITIONS	<u>Page</u> 1
Article II STOCKHOLDERS	3
Article III DIRECTORS	11
Article IV COMMITTEES OF THE BOARD	18
Article V OFFICERS	18
Article VI GENERAL PROVISIONS	20

ARTICLE I

DEFINITIONS

As used in these By-laws, unless the context otherwise requires, the term:

1.1 “Assistant Secretary” means an Assistant Secretary of the Corporation.

1.2 “Assistant Treasurer” means an Assistant Treasurer of the Corporation.

1.3 “Board” means the Board of Directors of the Corporation.

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

1.5 “By-laws” means the By-laws of the Corporation, as amended from time to time.

1.6 “Certificate of Incorporation” means the Certificate of Incorporation of the Corporation, as amended from time to time (including by any Preferred Stock Designation (as defined in the Initial Certificate of Incorporation)).

1.7 “Chairperson” means the Chairman or Chairwoman of the Board.

1.8 “Chief Executive Officer” means the Chief Executive Officer of the Corporation.

1.9 “Control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

1.10 “Corporation” means J.Jill, Inc.

1.11 “Derivative” is defined in Section 2.2(d)(iii).

1.12 “DGCL” means the General Corporation Law of the State of Delaware, as amended from time to time.

1.13 “Directors” means the directors of the Corporation.

1.14 “Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor Law or statute, together with the rules and regulations promulgated thereunder.

1.15 “Initial Certificate of Incorporation” means the Certificate of Incorporation of the Corporation filed with the Office of the Secretary of State of the State of Delaware on February 24, 2017.

1.16 “Law” means any U.S. or non-U.S., federal, state or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a governmental authority (including any department, court, agency or official, or non-governmental self-regulatory organization, agency or authority and any political subdivision or instrumentality thereof).

1.17 “Nominating Stockholder” is defined in Section 3.3(b).

1.18 “Notice of Business” is defined in Section 2.2(c).

1.19 “Notice of Nomination” is defined in Section 3.3(c).

1.20 “Notice Record Date” is defined in Section 2.4(a).

1.21 “Office of the Corporation” means the executive office of the Corporation or any other offices at any other place or places where the Corporation is qualified to do business, as the Board may establish.

1.22 “President” means the President of the Corporation.

1.23 “Proponent” is defined in Section 2.2(d)(i).

1.24 “Public Disclosure” of any date or other information means disclosure thereof by a press release reported by the Dow Jones News Services, Associated Press or comparable U.S. national news service or in a document publicly filed by the Corporation with the SEC pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

1.25 “SEC” means the Securities and Exchange Commission.

1.26 “Secretary” means the Secretary of the Corporation.

1.27 “Stockholder Associated Person” means, with respect to any Stockholder, (i) any other beneficial owner of stock of the Corporation that is owned by such Stockholder and (ii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Stockholder or such beneficial owner.

1.28 “Stockholder Business” is defined in Section 2.2(b).

1.29 “Stockholder Information” is defined in Section 2.2(d)(iii).

1.30 “Stockholder Nominees” is defined in Section 3.3(b).

1.31 “Stockholders” means the stockholders of the Corporation.

1.32 “Stockholders Agreement” means the Stockholders Agreement, dated as of the closing of the initial public offering of our common stock, by and between the Corporation and TI IV JJill Holdings, LP, as the same may be amended, restated, supplemented and/or otherwise modified, from time to time.

1.33 “Treasurer” means the Treasurer of the Corporation.

1.34 “Voting Commitment” is defined in Section 3.4.

1.35 “Voting Record Date” is defined in Section 2.4(a).

ARTICLE II

STOCKHOLDERS

2.1 Place of Meetings. Meetings of Stockholders may be held at such place, if any, either within or without the State of Delaware, or by means of remote communication, as may be designated by the Board from time to time.

2.2 Annual Meetings; Stockholder Proposals. (a) A meeting of Stockholders for the election of Directors and other business shall be held annually at such date and time as may be designated by the Board from time to time.

(b) At an annual meeting of the Stockholders, only business (other than business relating to the nomination or election of Directors which is governed by Section 3.3) that has been properly brought before the Stockholder meeting in accordance with the procedures set forth in this Section 2.2 shall be conducted. To be properly brought before a meeting of Stockholders, such business must be brought before the meeting (i) by or at the direction of the Board or any committee thereof or (ii) by a Stockholder who (A) was a Stockholder of record of the Corporation when the notice required by this Section 2.2 is delivered to the Secretary and at the time of the meeting, (B) is entitled to vote at the meeting and (c) complies with the notice and other provisions of this Section 2.2. Subject to Section 2.2(i), and except with respect to nominations or elections of Directors, which are governed by Section 3.3, Section 2.2(b)(ii) is the exclusive means by which a Stockholder may bring business before a meeting of Stockholders. Any business brought before a meeting in accordance with Section 2.2(b)(ii) is referred to as “Stockholder Business”.

(c) Subject to Section 2.2(i), at any annual meeting of Stockholders, all proposals of Stockholder Business must be made by timely written notice given by or on behalf of a Stockholder of record of the Corporation (the “Notice of Business”) and must otherwise be a proper matter for Stockholder action. To be timely, the Notice of Business must be delivered personally or mailed to, and received at the Office of the Corporation, addressed to the Secretary, by no earlier than 120 days and no later than 90

days before the first anniversary of the date of the prior year's annual meeting of Stockholders; provided, however, that if (i) the annual meeting of Stockholders is advanced by more than 30 days, or delayed by more than 60 days, from the first anniversary of the prior year's annual meeting of Stockholders, (ii) no annual meeting was held during the prior year or (iii) in the case of the Corporation's first annual meeting of Stockholders as a corporation with a class of equity securities registered under the Exchange Act, the notice by the Stockholder to be timely must be received (A) no earlier than 120 days before such annual meeting and (B) no later than the later of 90 days before such annual meeting and the tenth day after the day on which the notice of such annual meeting was first made by mail or Public Disclosure. In no event shall an adjournment, postponement or deferral, or Public Disclosure of an adjournment, postponement or deferral, of a Stockholder meeting commence a new time period (or extend any time period) for the giving of the Notice of Business.

(d) The Notice of Business must set forth:

(i) the name and record address of each Stockholder proposing Stockholder Business (the "Proponent"), as they appear on the Corporation's books;

(ii) the name and address of any Stockholder Associated Person;

(iii) as to each Proponent and any Stockholder Associated Person, (A) the class or series and number of shares of stock directly or indirectly held of record and beneficially by the Proponent or Stockholder Associated Person, (B) the date such shares of stock were acquired, (C) a description of any agreement, arrangement or understanding, direct or indirect, with respect to such Stockholder Business between or among the Proponent, any Stockholder Associated Person or any others (including their names) acting in concert with any of the foregoing, (D) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions and borrowed or loaned shares) that has been entered into, directly or indirectly, as of the date of the Proponent's notice by, or on behalf of, the Proponent or any Stockholder Associated Person, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the Proponent or any Stockholder Associated Person with respect to shares of stock of the Corporation (a "Derivative"), (E) a description in reasonable detail of any proxy (including revocable proxies), contract, arrangement, understanding or other relationship pursuant to which the Proponent or any Stockholder Associated Person has a right to vote any shares of stock of the Corporation, (F) any rights to dividends on the stock of the Corporation owned beneficially by the Proponent or any Stockholder Associated Person that are separated or separable from the underlying stock of the Corporation, (G) any proportionate interest in stock of the Corporation or Derivatives held, directly or indirectly, by a limited liability company or general or limited partnership in which the Proponent or any Stockholder Associated

Person is a member or general partner or, directly or indirectly, beneficially owns an interest in a member or general partner and (H) any performance-related fees (other than an asset-based fee) that the Proponent or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of stock of the Corporation or Derivatives thereof, if any, as of the date of such notice. The information specified in Section 2.2(d)(i) to (iii) is referred to herein as “Stockholder Information”;

(iv) a representation that each Proponent is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such Stockholder Business,

(v) a brief description of the Stockholder Business desired to be brought before the annual meeting, the text of the proposal (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend the By-laws, the language of the proposed amendment) and the reasons for conducting such Stockholder Business at the meeting;

(vi) any material interest of each Proponent and any Stockholder Associated Person in such Stockholder Business;

(vii) a representation as to whether the Proponent intends (A) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s outstanding capital stock required to approve or adopt such Stockholder Business or (B) otherwise to solicit proxies from stockholders in support of such Stockholder Business;

(viii) all other information that would be required to be filed with the SEC if the Proponents or Stockholder Associated Persons were participants in a solicitation subject to Section 14 of the Exchange Act; and

(ix) a representation that the Proponents shall provide any other information reasonably requested by the Corporation.

(e) The Proponents shall also provide any other information reasonably requested by the Corporation within ten Business Days after the Corporation makes such request.

(f) In addition, the Proponent shall affirm as true and correct the information provided to the Corporation in the Notice of Business or at the Corporation’s request pursuant to Section 2.2(e) (and shall update or supplement such information as needed so that such information shall be true and correct) as of (i) the record date for the meeting, (ii) the date that is ten calendar days before the first anniversary date of the Corporation’s proxy statement released to Stockholders in connection with the previous year’s annual meeting and (iii) the date that is the later of ten Business Days before the meeting or any adjournment or postponement thereof. Such affirmation, update and/or supplement must be delivered personally or mailed to, and received at the Office of the

Corporation, addressed to the Secretary, by no later than (x) five Business Days after the applicable date specified in clause (i) or (ii) of the foregoing sentence (in the case of the affirmation, update and/or supplement required to be made as of those dates), and (y) not later than seven Business Days before the date for the meeting (in the case of the affirmation, update and/or supplement required to be made as of ten Business Days before the meeting or any adjournment or postponement thereof).

(g) The person presiding over the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the procedures set forth in this Section 2.2, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(h) If the Proponent (or a qualified representative of the Proponent) does not appear at the meeting of Stockholders to present the Stockholder Business such business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.2, to be considered a qualified representative of the Stockholder, a person must be a duly authorized officer, manager or partner of such Stockholder or must be authorized by a writing executed by such Stockholder or an electronic transmission delivered by such Stockholder to act for such Stockholder as proxy at the meeting of Stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of Stockholders.

(i) The notice requirements of this Section 2.2 shall be deemed satisfied with respect to Stockholder proposals that have been properly brought under Rule 14a-8 of the Exchange Act and that are included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. Further, nothing in this Section 2.2 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate of Incorporation.

2.3 Special Meetings. Special meetings of the Stockholders may be called only in the manner set forth in the Certificate of Incorporation. Notice of every special meeting of the Stockholders shall state the purpose or purposes of such meeting. Except as otherwise required by Law, the business conducted at a special meeting of Stockholders shall be limited exclusively to the business set forth in the Corporation's notice of meeting, and the individual or group calling such meeting shall have exclusive authority to determine the business included in such notice.

2.4 Record Date.

(a) For the purpose of determining the Stockholders entitled to notice of any meeting of Stockholders or any adjournment thereof, unless otherwise required by the Certificate of Incorporation or applicable Law, the Board may fix a record date (the "Notice Record Date"), which record date shall not precede the date on which the resolution fixing the record date was adopted by the Board and shall not be more than 60

or less than ten days before the date of such meeting. The Notice Record Date shall also be the record date for determining the Stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such Notice Record Date, that a later date on or before the date of the meeting shall be the date for making such determination (the “Voting Record Date”). Subject to Section 2.12, for the purposes of determining the Stockholders entitled to express consent to corporate action in writing without a meeting, unless otherwise required by the Certificate of Incorporation or applicable Law, the Board may fix a record date, which record date shall not precede the date on which the resolution fixing the record date was adopted by the Board and shall not be more than ten days after the date on which the record date was fixed by the Board. For the purposes of determining the Stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, exercise any rights in respect of any change, conversion or exchange of stock or take any other lawful action, unless otherwise required by the Certificate of Incorporation or applicable Law, the Board may fix a record date, which record date shall not precede the date on which the resolution fixing the record date was adopted by the Board and shall not be more than 60 days prior to such action.

(b) Subject to Section 2.12, if no such record date is fixed:

(i) The record date for determining Stockholders entitled to notice of and to vote at a meeting of Stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held;

(ii) The record date for determining Stockholders entitled to express consent to corporate action in writing without a meeting (unless otherwise provided in the Certificate of Incorporation), when no prior action by the Board is required by applicable Law, shall be the first day on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable Law; and when prior action by the Board is required by applicable Law, the record date for determining Stockholders entitled to express consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board takes such prior action; and

(iii) When a determination of Stockholders of record entitled to notice of or to vote at any meeting of Stockholders has been made as provided in this Section 2.4, such determination shall apply to any adjournment thereof, unless the Board fixes a new Voting Record Date for the adjourned meeting, in which case the Board shall also fix such Voting Record Date or a date earlier than such date as the new Notice Record Date for the adjourned meeting.

2.5 Notice of Meetings of Stockholders. Whenever under the provisions of applicable Law, the Certificate of Incorporation or these By-laws, Stockholders are required or permitted to take any action at a meeting, notice shall be

given stating the place, if any, date and hour of the meeting, the means of remote communication, if any, by which Stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the Notice Record Date and the Voting Record Date, if such date is different from the Notice Record Date, and, in the case of a special meeting, the purposes for which the meeting is called. Unless otherwise provided by these By-laws or applicable Law, notice of any meeting shall be given, not less than ten nor more than 60 days before the date of the meeting, to each Stockholder entitled to vote at such meeting as of the Notice Record Date. If mailed, such notice shall be deemed to be given when deposited in the U.S. mail, with postage prepaid, and directed to the Stockholder at his or her address as it appears on the records of the Corporation. An affidavit of the Secretary, an Assistant Secretary or other agent of the Corporation that the notice required by this Section 2.5 has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. If a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Any business that might have been transacted at the meeting as originally called may be transacted at the adjourned meeting. If, however, the adjournment is for more than 30 days or, if after the adjournment a new Notice Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Stockholder of record entitled to vote at the meeting. If, after the adjournment, a new Voting Record Date is fixed for the adjourned meeting, the Board shall fix a new Notice Record Date in accordance with Section 2.4(b)(iii) hereof and shall give notice of such adjourned meeting to each Stockholder entitled to vote at such meeting as of the Notice Record Date.

2.6 Waivers of Notice. Whenever the giving of any notice to Stockholders is required by applicable Law, the Certificate of Incorporation or these By-laws, a written waiver, signed by the Stockholder entitled to notice, or a waiver by electronic transmission by such Stockholder, whether before or after the event as to which such notice is required, shall be deemed equivalent to notice. Attendance by a Stockholder at a meeting shall constitute a waiver of notice of such meeting except when the Stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Neither the business to be transacted at, nor the purposes of, any regular or special meeting of the Stockholders need be specified in any waiver of notice.

2.7 List of Stockholders. The Secretary shall prepare and make, at least ten days before every meeting of Stockholders, a complete, alphabetical list of the Stockholders entitled to vote at the meeting, and showing the address of each Stockholder and the number of shares registered in the name of each Stockholder. Such list may be examined by any Stockholder, at the Stockholder's expense, for any purpose germane to the meeting, for a period of at least ten days prior to the meeting, during ordinary business hours at the principal place of business of the Corporation or on a reasonably accessible electronic network as provided by applicable Law. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any Stockholder who is present.

If the meeting is held solely by means of remote communication, the list shall also be open for inspection as provided by applicable Law. Except as provided by applicable Law, the stock ledger shall be the only evidence as to who are the Stockholders entitled to examine the list of Stockholders or to vote in person or by proxy at any meeting of Stockholders.

2.8 Quorum of Stockholders; Adjournment. Except as otherwise provided by these By-laws, at each meeting of Stockholders, the presence in person or represented by proxy of the holders of a majority of the voting power of all outstanding shares of stock entitled to vote at the meeting of Stockholders, shall constitute a quorum for the transaction of any business at such meeting. In the absence of a quorum, the holders of a majority of the voting power of the shares of stock present in person or represented by proxy at any meeting of Stockholders, including an adjourned meeting, or the person presiding over the meeting may adjourn such meeting to another time and place. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of Directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

2.9 Voting; Proxies. At any meeting of Stockholders, all matters other than the election of directors, except as otherwise provided by the Certificate of Incorporation, these By-laws or any applicable Law, shall be decided by the affirmative vote of a majority of the voting power of shares of stock present in person or represented by proxy and entitled to vote thereon. At all meetings of Stockholders for the election of Directors, a plurality of the votes cast shall be sufficient to elect. Each Stockholder entitled to vote at a meeting of Stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such Stockholder by proxy but no such proxy shall be voted or acted upon after three years from its date, unless the proxy expressly provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in Law to support an irrevocable power. A Stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or by delivering a new duly authorized proxy bearing a later date.

2.10 Voting Procedures and Inspectors at Meetings of Stockholders. The Board, in advance of any meeting of Stockholders, shall appoint one or more inspectors, who may be employees of the Corporation, to act at the meeting and make a written report thereof. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall

(a) ascertain the number of shares outstanding and the voting power of each, (b) determine the shares represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and (e) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties. Unless otherwise provided by the Board, the date and time of the opening and the closing of the polls for each matter upon which the Stockholders will vote at a meeting shall be determined by the person presiding at the meeting and shall be announced at the meeting. No ballot, proxies, votes or any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by a Stockholder shall determine otherwise. In determining the validity and counting of proxies and ballots cast at any meeting of Stockholders, the inspectors may consider such information as is permitted by applicable Law. No person who is a candidate for office at an election may serve as an inspector at such election.

2.11 Conduct of Meetings: Adjournment. The Board may adopt such rules and procedures for the conduct of Stockholder meetings as it deems appropriate. At each meeting of Stockholders, the President or, in the absence of the President, the Chairperson or, if the Chairperson is absent, any officer of the Corporation designated by the Board, shall preside over the meeting. Except to the extent inconsistent with the rules and procedures as adopted by the Board, the person presiding over the meeting of Stockholders shall have the right and authority to convene, adjourn and reconvene the meeting from time to time, to prescribe such additional rules and procedures and to do all such acts as, in the judgment of such person, are appropriate for the proper conduct of the meeting. Such rules and procedures, whether adopted by the Board or prescribed by the person presiding over the meeting, may include, (a) the establishment of an agenda or order of business for the meeting, (b) rules and procedures for maintaining order at the meeting and the safety of those present, (c) limitations on attendance at or participation in the meeting to Stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the person presiding over the meeting shall determine, (d) restrictions on entry to the meeting after the time fixed for the commencement thereof and (e) limitations on the time allotted to questions or comments by participants. The order of business at all meetings of Stockholders shall be as determined by the person presiding over the meeting. The person presiding over any meeting of Stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, may determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, he or she shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of Stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The Secretary or, in his or her absence, one of the Assistant Secretaries, shall act as secretary of the meeting. If none of the officers above designated to act as the person presiding over the meeting or as secretary of the meeting

shall be present, a person presiding over the meeting or a secretary of the meeting, as the case may be, shall be designated by the Board and, if the Board has not so acted, in the case of the designation of a person to act as secretary of the meeting, such secretary of the meeting shall be designated by the person presiding over the meeting.

2.12 Written Consent of Stockholders Without a Meeting. If, and only if, the Certificate of Incorporation expressly permits action to be taken at any annual or special meeting of Stockholders without a meeting, without prior notice and without a vote, then a consent or consents in writing, setting forth the action to be so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered (by hand or by certified or registered mail, return receipt requested) to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of Stockholders are recorded. Every written consent shall bear the date of signature of each Stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this Section 2.12, written consents signed by a sufficient number of holders to take action are delivered to the Corporation as aforesaid. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall, to the extent required by applicable Law, be given to those Stockholders who have not consented in writing, and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation.

ARTICLE III

DIRECTORS

3.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board. The Board may adopt such rules and procedures, not inconsistent with the Certificate of Incorporation, these By-laws or applicable Law, as it may deem proper for the conduct of its meetings and the management of the Corporation.

3.2 Number; Term of Office. The Board shall consist of three to twenty members, the number thereof to be determined in accordance with the Certificate of Incorporation. Subject to the Stockholders Agreement (as long as such agreement is in effect), each Director shall hold office until a successor is duly elected and qualified or until the Director's earlier death, resignation, disqualification or removal.

3.3 Nominations of Directors. (a) Subject to Section 3.3(k) and the Stockholders Agreement and except as otherwise provided by the Stockholders Agreement, only persons who are nominated in accordance with the procedures set forth in this Section 3.3 are eligible for election as Directors.

(b) Nominations of persons for election to the Board may only be made at a meeting properly called for the election of Directors and only (i) by or at the direction of the Board or any committee thereof or (ii) by a Stockholder who (A) was a Stockholder of record of the Corporation when the notice required by this Section 3.3 is delivered to the Secretary and at the time of the meeting, (B) is entitled to vote for the election of Directors at the meeting and (C) complies with the notice and other provisions of this Section 3.3. Subject to Section 3.3(k) and the Stockholders Agreement, Section 3.3(b)(ii) is the exclusive means by which a Stockholder may nominate a person for election to the Board. Persons nominated in accordance with Section 3.3(b)(ii) are referred to as “Stockholder Nominees”. A Stockholder nominating persons for election to the Board is referred to as the “Nominating Stockholder”.

(c) Subject to Section 3.3(k) and the Stockholders Agreement, all nominations of Stockholder Nominees must be made by timely written notice given by or on behalf of a Stockholder of record of the Corporation (the “Notice of Nomination”). To be timely, the Notice of Nomination must be delivered personally or mailed to and received at the Office of the Corporation, addressed to the attention of the Secretary, by the following dates:

(i) in the case of the nomination of a Stockholder Nominee for election to the Board at an annual meeting of Stockholders, no earlier than 120 days and no later than 90 days before the first anniversary of the date of the prior year’s annual meeting of Stockholders; provided, however, that if (A) the annual meeting of Stockholders is advanced by more than 30 days, or delayed by more than 60 days, from the first anniversary of the prior year’s annual meeting of Stockholders, (B) no annual meeting was held during the prior year or (C) in the case of the Corporation’s first annual meeting of Stockholders as a corporation with a class of equity security registered under the Exchange Act, the notice by the Stockholder to be timely must be received (1) no earlier than 120 days before such annual meeting and (2) no later than the later of 90 days before such annual meeting and the tenth day after the day on which the notice of such annual meeting was first made by mail or Public Disclosure; and

(ii) in the case of the nomination of a Stockholder Nominee for election to the Board at a special meeting of Stockholders, no earlier than 120 days before and no later than the later of 90 days before such special meeting and the tenth day after the day on which the notice of such special meeting was first made by mail or Public Disclosure.

(d) Notwithstanding anything to the contrary, if the number of Directors to be elected to the Board at a meeting of Stockholders is increased and there is no Public Disclosure by the Corporation naming the nominees for the additional directorships at least 100 days before the first anniversary of the preceding year’s annual meeting, a Notice of Nomination shall also be considered timely, but only with respect to

nominees for the additional directorships, if it shall be delivered personally and received at the Office of the Corporation, addressed to the attention of the Secretary, no later than the close of business on the tenth day following the day on which such Public Disclosure is first made by the Corporation.

(e) In no event shall an adjournment, postponement or deferral, or Public Disclosure of an adjournment, postponement or deferral, of an annual or special meeting commence a new time period (or extend any time period) for the giving of the Notice of Nomination.

(f) The Notice of Nomination shall set forth:

(i) the Stockholder Information with respect to each Nominating Stockholder and Stockholder Associated Person (except that references to the “Proponent” in Section 2.2(d)(i) to (iii) shall instead refer to the “Nominating Stockholder” for purposes of this Section 3.3(f)(i));

(ii) a representation that each Stockholder nominating a Stockholder Nominee is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such nomination;

(iii) all information regarding each Stockholder Nominee and Stockholder Associated Person that would be required to be disclosed in a solicitation of proxies subject to Section 14 of the Exchange Act;

(iv) the written consent of each Stockholder Nominee to being named in a proxy statement as a nominee and to serve if elected and a completed signed questionnaire, representation and agreement required by Section 3.4;

(v) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among a Nominating Stockholder, Stockholder Associated Person or their respective associates, or others acting in concert therewith, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Nominating Stockholder, Stockholder Associated Person or any person acting in concert therewith, were the “registrant” for purposes of such rule and the Stockholder Nominee were a director or executive of such registrant;

(vi) a representation as to whether the Nominating Stockholders intends (A) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s outstanding capital stock required to approve the nomination or (B) otherwise to solicit proxies from stockholders in support of such nomination;

(vii) all other information that would be required to be filed with the SEC if the Nominating Stockholders and Stockholder Associated Persons were participants in a solicitation subject to Section 14 of the Exchange Act; and

(viii) a representation that the Nominating Stockholders shall provide any other information reasonably requested by the Corporation.

(g) The Nominating Stockholders shall also provide any other information reasonably requested by the Corporation within ten Business Days after the Corporation makes such request.

(h) In addition, the Nominating Stockholder shall affirm as true and correct the information provided to the Corporation in the Notice of Nomination or at the Corporation's request pursuant to Section 3.3(g) (and shall update or supplement such information as needed so that such information shall be true and correct) as of (i) the record date for the meeting, (ii) the date that is ten calendar days before the first anniversary date of the Corporation's proxy statement released to Stockholders in connection with the previous year's annual meeting (in the case of an annual meeting) or 50 days before the date of the meeting (in the case of a special meeting) and (iii) the date that is ten Business Days before the date of the meeting or any adjournment or postponement thereof. Such affirmation, update and/or supplement must be delivered personally or mailed to, and received at the Office of the Corporation, addressed to the Secretary, by no later than (1) five Business Days after the applicable date specified in clause (i), or (ii), of the foregoing sentence (in the case of the affirmation, update and/or supplement required to be made as of those dates), and (2) not later than seven Business Days before the date for the meeting (in the case of the affirmation, update and/or supplement required to be made as of ten Business Days before the meeting or any adjournment or postponement thereof).

(i) The person presiding over the meeting shall, if the facts warrant, determine and declare to the meeting, that the nomination was not made in accordance with the procedures set forth in this Section 3.3, and, if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

(j) If the Stockholder (or a qualified representative of the Stockholder) does not appear at the applicable Stockholder meeting to nominate the Stockholder Nominees, such nomination shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 3.3, to be considered a qualified representative of the Stockholder, a person must be a duly authorized officer, manager or partner of such Stockholder or must be authorized by a writing executed by such Stockholder or an electronic transmission delivered by such Stockholder to act for such Stockholder as proxy at the meeting of Stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of Stockholders.

(k) Nothing in this Section 3.3 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate of Incorporation.

3.4 Nominee Qualifications. Unless the Board determines otherwise or the Stockholders Agreement provides otherwise (as long as such agreement is in effect), to be eligible to be a nominee for election or reelection as a Director, the Stockholder Nominee must deliver (in accordance with the time periods prescribed for delivery of notice under Section 3.3) to the Secretary at the Office of the Corporation (a) a completed and signed written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person will act or vote as a Director on any issue or question (a “Voting Commitment”) that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person’s ability to comply with such person’s fiduciary duties as a Director under applicable Law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director that has not been disclosed therein and (iii) will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading and other policies and guidelines of the Corporation that are applicable to Directors and (b) such person’s written consent to being named as a Stockholder Nominee and to serving as a Director if elected; provided, however, that notwithstanding anything in these By-laws to the contrary, unless the Stockholder Agreement provides otherwise (as long as such agreement is in effect), the provisions of this Section 3.4 shall not apply to any Director nominated pursuant to the terms of the Stockholders Agreement.

3.5 Newly Created Directorships and Vacancies. Subject to the Stockholders Agreement and the rights of holders of any series of preferred stock to elect Directors under specific circumstances, any newly created directorships resulting from an increase in the authorized number of Directors and any vacancies occurring in the Board, may be filled solely by the affirmative votes of a majority of the remaining members of the Board, although less than a quorum, or a sole remaining Director. A Director so elected shall be elected to hold office until the earlier of the expiration of the term of office of the Director whom he or she has replaced, a successor is elected and qualified or the Director’s death, resignation, disqualification or removal.

3.6 Resignation. Any Director may resign at any time by notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect at the date of receipt of such notice or at such later time as is therein specified, and, unless otherwise specified in such resignation, the acceptance of such resignation shall not be necessary to make it effective.

3.7 Compensation. Each Director, in consideration of his or her service as such, shall be entitled to receive from the Corporation such amount per annum or such fees (payable in cash or equity) for attendance at Directors' meetings, or both, as the Board may from time to time determine, together with reimbursement for the reasonable out-of-pocket expenses, if any, incurred by such Director in connection with the performance of his or her duties. Each Director who shall serve as a member of any committee of Directors in consideration of serving as such shall be entitled to such additional amount per annum or such fees for attendance at committee meetings, or both, as the Board may from time to time determine, together with reimbursement for the reasonable out-of-pocket expenses, if any, incurred by such Director in the performance of his or her duties. Nothing contained in this Section 3.7 shall preclude any Director from serving the Corporation or its subsidiaries in any other capacity and receiving proper compensation therefor.

3.8 Regular Meetings. Regular meetings of the Board may be held without notice at such times and at such places within or without the State of Delaware as may be determined from time to time by the Board or its Chairperson.

3.9 Special Meetings. Special meetings of the Board may be held at such times and at such places within or without the State of Delaware as may be determined by the Chairperson or the President on at least 24 hours' notice to each Director given by one of the means specified in Section 3.12 hereof other than by mail or on at least three days' notice if given by mail. Special meetings shall be called by the Chairperson, President or Secretary in like manner and on like notice on the written request of any two or more Directors.

3.10 Telephone Meetings. Board or Board committee meetings may be held by means of telephone conference or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation by a Director in a meeting pursuant to this Section 3.10 shall constitute presence in person at such meeting.

3.11 Adjourned Meetings. A majority of the Directors present at any meeting of the Board, including an adjourned meeting, whether or not a quorum is present, may adjourn and reconvene such meeting to another time and place. At least 24 hours' notice of any adjourned meeting of the Board shall be given to each Director whether or not present at the time of the adjournment; provided, however, that notice of the adjourned meeting need not be given if (a) the adjournment is for 24 hours or less and (b) the time, place, if any, and means of remote communication, if any, are announced at the meeting at which the adjournment is taken. Any business may be transacted at an adjourned meeting that might have been transacted at the meeting as originally called.

3.12 Notice Procedure. Subject to Sections 3.9 and 3.13 hereof, whenever notice is required to be given to any Director by applicable Law, the Certificate

of Incorporation or these By-laws, such notice shall be deemed given effectively if given in person or by telephone, mail or electronic mail addressed to such Director at such Director's address or email address, as applicable, as it appears on the records of the Corporation, telecopy or by other means of electronic transmission.

3.13 Waiver of Notice. Whenever the giving of any notice to Directors is required by applicable Law, the Certificate of Incorporation or these By-laws, a written waiver signed by the Director, or a waiver by electronic transmission by such Director, whether before or after such notice is required, shall be deemed equivalent to notice. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting except when the Director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special Board or committee meeting need be specified in any waiver of notice.

3.14 Organization. At each meeting of the Board, the Chairperson or, in his or her absence, another Director selected by the Board shall preside. The Secretary shall act as secretary at each meeting of the Board. If the Secretary is absent from any meeting of the Board, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all Assistant Secretaries, the person presiding at the meeting may appoint any person to act as secretary of the meeting.

3.15 Quorum of Directors. The presence of a majority of the total number of Directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board; provided, however, that in no case shall a quorum consist of less than one-third of the total number of Directors that the Corporation would have if there were no vacancies on the Board.

3.16 Action by Majority Vote. Except as otherwise expressly required by these By-laws or the Certificate of Incorporation, the vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board; provided, that to the extent one or more Directors recuses himself or herself from an act, the act of a majority of the remaining Directors then in office shall be the act of the Board.

3.17 Action Without Meeting. Unless otherwise restricted by these By-laws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all Directors or members of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee.

ARTICLE IV

COMMITTEES OF THE BOARD

The provisions of this Article IV shall be subject in all respects to the terms of the Stockholders Agreement (so long as such Stockholders Agreement remains in effect). The Board may designate one or more committees in accordance with Section 141(c) of the DGCL. Unless the Board provides otherwise, at all meetings of such committee, a majority of the then authorized number of members of the committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Each committee shall keep regular minutes of its meetings. Unless the Board provides otherwise, each committee designated by the Board may make, alter and repeal rules and procedures for the conduct of its business. In the absence of such rules and procedures each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article III.

ARTICLE V

OFFICERS

5.1 Positions; Election. The officers of the Corporation shall be a Chairperson, Chief Executive Officer, President, Secretary, Treasurer and any other officers as the Board may elect from time to time, who shall exercise such powers and perform such duties as shall be determined by the Board from time to time. Any number of offices may be held by the same person.

5.2 Term of Office. Each officer of the Corporation shall hold office until such officer's successor is elected and qualifies or until such officer's earlier death, resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Such resignation shall take effect at the date of receipt of such notice or at such later time as is therein specified. The resignation of an officer shall be without prejudice to the contract rights of the Corporation, if any. Any officer may be removed at any time with or without cause by the Board. Any vacancy occurring in any office of the Corporation may be filled by the Board. The election or appointment of an officer shall not of itself create contract rights.

5.3 Chairperson. The Chairperson shall preside at all meetings of the Board and shall exercise such powers and perform such other duties as shall be determined from time to time by the Board.

5.4 Chief Executive Officer. The Chief Executive Officer shall have general supervision over, and direction of, the business and affairs of the Corporation, subject, however, to the control of the Board and of any duly authorized committee of the Board. The Chief Executive Officer shall preside at all meetings of the Stockholders and

at all meetings of the Board at which the Chairperson and the Vice Chairperson (if there be one) are not present. The Chief Executive Officer may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by resolution of the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable Law otherwise to be signed or executed and, in general, the Chief Executive Officer shall perform all duties incident to the office of Chief Executive Officer of a corporation and such other duties as may be determined from time to time by the Board.

5.5 President. The President shall have general supervision over the business of the Corporation and other duties incident to the office of President, and any other duties as may from time to time be assigned to the President by the Chief Executive Officer (if the President and Chief Executive Officer are not the same person) or the Board and subject to the control of the Chief Executive Officer (if the President and Chief Executive Officer are not the same person) and the Board in each case. The President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable Law otherwise to be signed or executed.

5.6 Secretary. The Secretary shall attend all meetings of the Board and of the Stockholders, record all the proceedings of the meetings of the Board and of the Stockholders in a book to be kept for that purpose and perform like duties for committees of the Board, when required. The Secretary shall give, or cause to be given, notice of all special meetings of the Board and of the Stockholders and perform such other duties as may be prescribed by the Board, the Chief Executive Officer or the President. The Secretary shall have custody of the corporate seal of the Corporation, and the Secretary or an Assistant Secretary, shall have authority to affix the same on any instrument that may require it, and when so affixed, the seal may be attested by the signature of the Secretary or by the signature of such Assistant Secretary. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the same by such officer's signature. The Secretary or an Assistant Secretary may also attest all instruments signed by the President, the Chief Executive Officer or any other officer of the Corporation. The Secretary shall have charge of all the books, records and papers of the Corporation relating to its organization and management, see that the reports, statements and other documents required by applicable Law are properly kept and filed and, in general, perform all duties incident to the office of secretary of a corporation and such other duties as may from time to time be assigned to the Secretary by the Board, the Chief Executive Officer or the President.

5.7 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds, securities and notes of the Corporation, receive and give receipts for moneys due and payable to the Corporation from any sources whatsoever; deposit all such moneys and valuable effects in the name and to the credit of the

Corporation in such depositaries as may be designated by the Board, against proper vouchers, cause such funds to be disbursed by checks or drafts on the authorized depositaries of the Corporation signed in such manner as shall be determined by the Board and be responsible for the accuracy of the amounts of all moneys so disbursed, regularly enter or cause to be entered in books or other records maintained for the purpose full and adequate account of all moneys received or paid for the account of the Corporation, have the right to require from time to time reports or statements giving such information as the Treasurer may desire with respect to any and all financial transactions of the Corporation from the officers or agents transacting the same, render to the Chief Executive Officer, President or the Board, whenever the Chief Executive Officer, President or the Board shall require the Treasurer so to do, an account of the financial condition of the Corporation and of all financial transactions of the Corporation, disburse the funds of the Corporation as ordered by the Board and, in general, perform all duties incident to the office of Treasurer of a corporation and such other duties as may from time to time be assigned to the Treasurer by the Board, the Chief Executive Officer or the President.

5.8 Assistant Secretaries and Assistant Treasurers. Assistant Secretaries and Assistant Treasurers shall perform such duties as shall be assigned to them by the Secretary or by the Treasurer, respectively, or by the Board, the Chief Executive Officer or the President.

ARTICLE VI

GENERAL PROVISIONS

6.1 Certificates Representing Shares. The shares of stock of the Corporation shall be represented by certificates or all of such shares shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock, or a combination of both. If shares are represented by certificates, such certificates shall be in the form approved by the Board. The certificates representing shares of stock of each class shall be signed by, or in the name of, the Corporation by any two authorized officers of the Corporation. Any or all such signatures may be facsimiles. Although any officer, transfer agent or registrar whose manual or facsimile signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue.

6.2 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agents and registry offices or agents at such place or places as may be determined from time to time by the Board.

6.3 Lost, Stolen or Destroyed Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the

lost, stolen or destroyed certificate or his legal representative to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

6.4 Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be maintained on any information storage device or method; provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to applicable Law.

6.5 Seal. The Corporation may have a corporate seal, which shall be in such form as may be approved from time to time by the Board. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

6.6 Fiscal Year. The fiscal year of the Corporation shall be determined by the Board.

6.7 Amendments. These By-laws may be altered, amended or repealed in accordance with the Certificate of Incorporation and the DGCL, subject to the Stockholders Agreement (as long as such agreement is in effect).

6.8 Conflict with Applicable Law or Certificate of Incorporation. These By-laws are adopted subject to any applicable Law and the Certificate of Incorporation. Whenever these By-laws may conflict with any applicable Law or the Certificate of Incorporation, such conflict shall be resolved in favor of such Law or the Certificate of Incorporation.

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

J.JILL, INC.

AND

CERTAIN STOCKHOLDERS

DATED AS OF MARCH 14, 2017

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I EFFECTIVENESS	1
Section 1.1 Effectiveness	1
ARTICLE II DEFINITIONS	1
Section 2.1 Definitions	1
Section 2.2 Other Interpretive Provisions	5
ARTICLE III REGISTRATION RIGHTS	6
Section 3.1 Demand Registration	6
Section 3.2 Shelf Registration	8
Section 3.3 Piggyback Registration	11
Section 3.4 Lock-Up Agreements	14
Section 3.5 Registration Procedures	14
Section 3.6 Underwritten Offerings	20
Section 3.7 No Inconsistent Agreements; Additional Rights	21
Section 3.8 Registration Expenses	22
Section 3.9 Indemnification	22
Section 3.10 Rules 144 and 144A and Regulation S	25
Section 3.11 Existing Registration Statements	26
ARTICLE IV MISCELLANEOUS	26
Section 4.1 Authority; Effect	26
Section 4.2 Notices	27
Section 4.3 Termination and Effect of Termination	27
Section 4.4 Permitted Transferees	27
Section 4.5 Remedies	28
Section 4.6 Amendments	28
Section 4.7 Governing Law	28
Section 4.8 Consent to Jurisdiction	28
Section 4.9 WAIVER OF JURY TRIAL	29
Section 4.10 Merger; Binding Effect, Etc.	29
Section 4.11 Counterparts	29
Section 4.12 Severability	30
Section 4.13 No Recourse	30

This REGISTRATION RIGHTS AGREEMENT (as it may be amended from time to time in accordance with the terms hereof, this “Agreement”), dated as of March 14, 2017, is made by and among:

- i. J.Jill, Inc., a Delaware corporation (the “Company”);
- ii. TI IV JJill Holdings, LP, a Delaware limited partnership (“TI IV JJill Holdings”);
- iii. JJ Holdings GP, LLC, a Delaware limited liability company (together with TI IV JJill Holdings and their Permitted Transferees that become party hereto, the “Qualified Holder”);
- iv. the other Persons who execute the signature pages hereto under the heading “Additional Holders” (the “Other Holders”); and
- v. such other Persons, if any, that from time to time become party hereto as holders of Registrable Securities pursuant to Section 4.4 in their capacity as Permitted Transferees (together with the Qualified Holder and the Other Holders, the “Holders”).

RECITALS

WHEREAS, as of the date hereof, the Holders own shares of the Company’s common stock, par value \$0.01 per share (the “Common Stock”); and

WHEREAS, the parties believe that it is in the best interests of the Company and the other parties hereto to set forth their agreements regarding registration rights with respect to the Common Stock and certain other matters following the initial public offering (the “IPO”) by the Company of its shares of the Common Stock.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

EFFECTIVENESS

Section 1.1 Effectiveness. This Agreement shall become effective upon the closing of the IPO.

ARTICLE II

DEFINITIONS

Section 2.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Adverse Disclosure” means public disclosure of material non-public information that, in the good faith judgment of the Board of Directors of the Company, after consultation with

outside counsel to the Company: (i) would be required to be made in any Registration Statement filed with the SEC by the Company so that such Registration Statement, from and after its effective date, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) would not be required to be made at such time but for the filing, effectiveness or continued use of such Registration Statement; and (iii) the Company has a bona fide business purpose for not disclosing publicly.

“Affiliate” means, with respect to any specified Person, (a) any Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person or (b) in the event that the specified Person is a natural Person, a Member of the Immediate Family of such Person; provided, that the Company and each of its subsidiaries shall be deemed not to be Affiliates of the Qualified Holder. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” shall have the meaning set forth in the preamble to this Agreement.

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of New York, and on which the SEC is open for business.

“Common Stock” shall have the meaning set forth in the recitals to this Agreement.

“Company” shall have the meaning set forth in the preamble to this Agreement.

“Demand Notice” shall have the meaning set forth in Section 3.1.3.

“Demand Registration” shall have the meaning set forth in Section 3.1.1(a).

“Demand Registration Request” shall have the meaning set forth in Section 3.1.1(a).

“Demand Registration Statement” shall have the meaning set forth in Section 3.1.1(c).

“Demand Suspension” shall have the meaning set forth in Section 3.1.6.

“Demanding Holder” means a Qualified Holder after exercising its right to include its Registrable Securities in a Demand Registration pursuant to Section 3.1.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

“FINRA” means the Financial Industry Regulatory Authority.

“Holders” shall have the meaning set forth in the preamble to this Agreement.

“IPO” shall have the meaning set forth in the recitals to this Agreement.

“Issuer Free Writing Prospectus” means an issuer free writing prospectus, as defined in Rule 433 under the Securities Act, relating to an offer of the Registrable Securities.

“Issuer Shares” means the shares of Common Stock or other equity securities of the Company, and any securities into which such shares of Common Stock or other equity securities shall have been changed or any securities resulting from any reclassification or recapitalization of such shares of Common Stock or other equity securities.

“Loss” shall have the meaning set forth in Section 3.9.1.

“Member of the Immediate Family” means, with respect to any Person who is a natural person, (a) each parent, spouse (but not including a former spouse or a spouse from whom such Person is legally separated) or child (including those adopted) of such individual and (b) each trustee, solely in his or her capacity as trustee, for a trust naming only one or more of the Persons listed in sub-clause (a) as beneficiaries.

“Other Holders” shall have the meaning set forth in the preamble to this Agreement.

“Participation Conditions” shall have the meaning set forth in Section 3.2.5(b).

“Permitted Transferee” shall have the meaning set forth in Section 4.4.

“Person” means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

“Piggyback Notice” shall have the meaning set forth in Section 3.3.1.

“Piggyback Registration” shall have the meaning set forth in Section 3.3.1.

“Potential Takedown Participant” shall have the meaning set forth in Section 3.2.5(b).

“Pro Rata Portion” means, with respect to each Holder requesting that its shares be registered pursuant to a Demand Registration or sold in a Public Offering, a number of such shares equal to the aggregate number of Registrable Securities to be registered in such Demand Registration or sold in such Public Offering (excluding any shares to be registered or sold for the account of the Company) multiplied by a fraction, the numerator of which is the aggregate number of Registrable Securities held by such Holder, and the denominator of which is the aggregate number of Registrable Securities held by all Holders requesting that their Registrable Securities be registered in such Demand Registration or sold in such Public Offering.

“Prospectus” means (i) the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments, and all other material incorporated by reference in such prospectus, and (ii) any Issuer Free Writing Prospectus.

“Public Offering” means the offer and sale of Registrable Securities for cash pursuant to an effective Registration Statement under the Securities Act (other than a Registration Statement on Form S-4 or Form S-8 or any successor form).

“Qualified Holder” shall have the meaning set forth in the preamble to this Agreement.

“Registrable Securities” means (i) all shares of Common Stock owned by the Holders, whether now held or hereinafter acquired, including any shares of Common Stock issuable or issued upon exercise, conversion or exchange of any option, warrant or convertible security and (ii) all shares of Common Stock directly or indirectly issued or issuable with respect to the securities referred to in clause (i) above by way of unit or stock dividend or unit or stock split, or in connection with a combination of units or shares, recapitalization, merger, consolidation or other reorganization. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (x) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (y) such securities shall have been Transferred to the public pursuant to Rule 144, or (z) such securities shall have ceased to be outstanding.

“Registration” means registration under the Securities Act of the offer and sale to the public of any Issuer Shares under a Registration Statement. The terms “register”, “registered” and “registering” shall have correlative meanings.

“Registration Expenses” shall have the meaning set forth in Section 3.8.

“Registration Statement” means any registration statement of the Company filed with, or to be filed with, the SEC under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement other than a registration statement (and related Prospectus) filed on Form S-4 or Form S-8 or any successor form thereto.

“Representatives” means, with respect to any Person, any of such Person’s Affiliates and such Person’s and its Affiliates’ respective officers, directors, employees, agents, attorneys, accountants, actuaries, consultants, equity financing partners or financial advisors or other Person associated with, or acting on behalf of, such Person.

“Requisite Investor Approval” means the approval of the Qualified Holder; provided, that, for purposes of this definition, the Qualified Holder shall be deemed to have approved an action to the extent that the Qualified Holder or its Permitted Transferees holding a majority of the Issuer Shares held by the Qualified Holder and its Permitted Transferees vote in favor of, or provide their written consent to, such action.

“Rule 144” means Rule 144 under the Securities Act (or any successor Rule).

“SEC” means the Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

“Securities Act” means the Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

“Shelf Period” shall have the meaning set forth in Section 3.2.3.

“Shelf Registration” shall have the meaning set forth in Section 3.2.1(a).

“Shelf Registration Notice” shall have the meaning set forth in Section 3.2.2.

“Shelf Registration Request” shall have the meaning set forth in Section 3.2.1(a).

“Shelf Registration Statement” shall have the meaning set forth in Section 3.2.1(a).

“Shelf Suspension” shall have the meaning set forth in Section 3.2.4.

“Shelf Takedown Notice” shall have the meaning set forth in Section 3.2.5(b).

“Shelf Takedown Request” shall have the meaning set forth in Section 3.2.5(a).

“TI IV JJill Holdings” shall have the meaning set forth in the preamble to this Agreement.

“Transfer” means, with respect to any Registrable Security, any interest therein, or any other securities or equity interests, a direct or indirect transfer, distribution, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition thereof, including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily, by operation of law, pursuant to judicial process or otherwise. “Transferred” shall have a correlative meaning.

“Underwritten Shelf Takedown” means an underwritten Public Offering pursuant to an effective Shelf Registration Statement.

“WKSJ” means any Securities Act registrant that is a well-known seasoned issuer as defined in Rule 405 under the Securities Act at the most recent eligibility determination date specified in paragraph (2) of that definition.

Section 2.2 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words “hereof”, “herein”, “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection and section references are to this Agreement unless otherwise specified.

(c) The term “including” is not limiting and means “including without limitation.”

(d) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

- (e) Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

ARTICLE III

REGISTRATION RIGHTS

The Company will perform and comply, and cause each of its subsidiaries to perform and comply, with such of the following provisions as are applicable to it. Each Holder will perform and comply with such of the following provisions as are applicable to such Holder.

Section 3.1 Demand Registration.

Section 3.1.1. Request for Demand Registration.

- (a) Following the effective date of this Agreement, any one or more Qualified Holders shall have the right to make a written request from time to time (a “Demand Registration Request”) to the Company for Registration of all or part of the Registrable Securities held by such the Qualified Holders. Any such Registration pursuant to a Demand Registration Request shall hereinafter be referred to as a “Demand Registration.”
- (b) Each Demand Registration Request shall specify (x) the kind and aggregate amount (or maximum amount or desired range) of Registrable Securities to be registered, and (y) the intended method or methods of disposition thereof.
- (c) Upon receipt of the Demand Registration Request, the Company shall as promptly as practicable file a Registration Statement (a “Demand Registration Statement”) relating to such Demand Registration, and use its reasonable best efforts to cause such Demand Registration Statement to be promptly declared effective under the Securities Act.

Section 3.1.2. Limitation on Demand Registrations. The Company shall not be obligated to take any action to effect any Demand Registration (i) less than one hundred and eighty (180) days following the effectiveness of the IPO (unless otherwise consented to by the Company’s Board of Directors) or (ii) if a Demand Registration was declared effective or an Underwritten Shelf Takedown was consummated within the preceding ninety (90) days (unless otherwise consented to by the Company’s Board of Directors).

Section 3.1.3. Demand Notice. Promptly upon receipt of a Demand Registration Request pursuant to Section 3.1.1 (but in no event more than two (2) Business Days thereafter), the Company shall deliver a written notice (a “Demand Notice”) of any such Demand Registration Request to all other Qualified Holders, if any, and the Demand Notice shall offer each such Qualified Holder the opportunity to include in the Demand Registration that number of Registrable Securities as each such Qualified Holder may request in writing. The Company shall include in the Demand Registration all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within two (2) Business Days after the date that the Demand Notice was delivered.

Section 3.1.4. Demand Withdrawal. A Demanding Holder that has requested its Registrable Securities be included in a Demand Registration pursuant to Section 3.1.3 may withdraw all or any portion of its Registrable Securities included in a Demand Registration from such Demand Registration at any time prior to the effectiveness of the applicable Demand Registration Statement. Upon receipt of a notice to such effect from a Demanding Holder (or if there is more than one Demanding Holder, from all such Demanding Holders) with respect to all of the Registrable Securities included by such Demanding Holder(s) in such Demand Registration, the Company shall cease all efforts to secure effectiveness of the applicable Demand Registration Statement.

Section 3.1.5. Effective Registration. The Company shall use reasonable best efforts to cause the Demand Registration Statement to become effective and remain effective for not less than one hundred eighty (180) days (or such shorter period as will terminate when all Registrable Securities covered by such Demand Registration Statement have been sold or withdrawn), or, if such Demand Registration Statement relates to an underwritten Public Offering, such longer period as in the opinion of counsel for the underwriter or underwriters a Prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer.

Section 3.1.6. Delay in Filing; Suspension of Registration. If the filing, initial effectiveness or continued use of a Demand Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, delay the filing or initial effectiveness of, or suspend use of, the Demand Registration Statement (a “Demand Suspension”); provided, however, that the Company shall not be permitted to exercise a Demand Suspension for a period exceeding thirty (30) days on any one occasion or for more than ninety (90) days in the aggregate during any twelve (12)-month period. In the case of a Demand Suspension, the Holders agree to suspend use of the applicable Prospectus in connection with any sale or purchase, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Holders in writing upon the termination of any Demand Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Holders such numbers of copies of the Prospectus as so amended or supplemented as the Holders may reasonably request. The Company shall, if necessary, supplement or make amendments to the Demand Registration Statement, if required by the registration form used by the Company for the Demand Registration or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Holders of a majority of Registrable Securities that are included in such Demand Registration Statement.

Section 3.1.7. Priority of Securities Registered Pursuant to Demand Registrations. If the managing underwriter or underwriters of a proposed underwritten Public Offering of the Registrable Securities included in a Demand Registration, advise

the Company in writing that, in its or their opinion, the number of securities requested to be included in such Demand Registration exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be in the case of any Demand Registration (x) first, allocated to each Demanding Holder that has requested to participate in such Demand Registration an amount equal to the lesser of (i) the number of such Registrable Securities requested to be registered or sold by such Demanding Holder, and (ii) a number of such shares equal to such Demanding Holder's Pro Rata Portion, and (y) second, and only if all the securities referred to in clause (x) have been included, the number of other securities that, in the opinion of such managing underwriter or underwriters can be sold without having such adverse effect. In the event that any Holders have requested pursuant to Section 3.3.1 to have Registrable Securities included in such Public Offering, the priority with respect to such Holders shall be determined in accordance with Section 3.3.2.

Section 3.1.8. Resale Rights. In the event that a Qualified Holder requests to participate in a Registration pursuant to this Section 3.1 in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for resale by such partners or members, if requested by such Qualified Holder.

Section 3.2 Shelf Registration.

Section 3.2.1. Request for Shelf Registration.

- (a) Upon the written request of one or more Qualified Holders from time to time following the effective date of this agreement (a "Shelf Registration Request"), the Company shall promptly file with the SEC a shelf Registration Statement pursuant to Rule 415(a)(1)(x) under the Securities Act ("Shelf Registration Statement") relating to the offer and sale of Registrable Securities by any Holders thereof from time to time in accordance with the methods of distribution elected by such Holders and set forth in the Shelf Registration Statement and the Company shall use its reasonable best efforts to cause such Shelf Registration Statement to promptly become effective under the Securities Act. Any such Registration pursuant to a Shelf Registration Request shall hereinafter be referred to as a "Shelf Registration."
- (b) If on the date of the Shelf Registration Request: (i) the Company is a WKSI, then the Shelf Registration Request may request Registration of an unspecified amount of Registrable Securities; and (ii) the Company is not a WKSI, then the Shelf Registration Request shall specify the aggregate amount of Registrable Securities to be registered. The Company shall provide to any Holder, at such Holder's request, the information necessary to determine the Company's status as a WKSI upon request.

Section 3.2.2. Shelf Registration Notice. Promptly upon receipt of a Shelf Registration Request (but in no event more than two (2) Business Days thereafter), the Company shall deliver a written notice (a “Shelf Registration Notice”) of any such request to all other Holders, which notice shall specify, if applicable, the amount of Registrable Securities to be registered, and the Shelf Registration Notice shall offer each such Holder the opportunity to include in the Shelf Registration that number of Registrable Securities as each such Holder may request in writing. The Company shall include in such Shelf Registration all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within two (2) Business Days after the date that the Shelf Registration Notice has been delivered.

Section 3.2.3. Continued Effectiveness. The Company shall use its reasonable best efforts to keep such Shelf Registration Statement continuously effective under the Securities Act in order to permit the Prospectus forming part of the Shelf Registration Statement to be usable by Holders until the earlier of: (i) the date as of which all Registrable Securities have been sold pursuant to the Shelf Registration Statement or another Registration Statement filed under the Securities Act (but in no event prior to the applicable period referred to in Section 4(a)(3) of the Securities Act and Rule 174 thereunder); and (ii) the date as of which all included securities have otherwise ceased to be Registrable Securities (such period of effectiveness, the “Shelf Period”). Subject to Section 3.2.4, the Company shall be deemed not to have used its reasonable best efforts to keep the Shelf Registration Statement effective during the Shelf Period if the Company voluntarily takes any action or omits to take any action that would result in Holders of the Registrable Securities covered thereby not being able to offer and sell any Registrable Securities pursuant to such Shelf Registration Statement during the Shelf Period, unless such action or omission is required by applicable law. The Company shall not include in a Shelf Registration Statement any securities to be offered and sold for the Company’s own account without Requisite Investor Approval.

Section 3.2.4. Suspension of Registration. If the continued use of such Shelf Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, suspend use of the Shelf Registration Statement (a “Shelf Suspension”); provided, however, that the Company shall not be permitted to exercise a Shelf Suspension for a period exceeding thirty (30) days on any one occasion or for more than ninety (90) days in the aggregate during any twelve (12)-month period. In the case of a Shelf Suspension, the Holders agree to suspend use of the applicable Prospectus and in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Holders in writing upon the termination of any Shelf Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Holders such numbers of copies of the Prospectus as so amended or supplemented as the Holders may reasonably request. The Company shall, if necessary, supplement or make amendments to the Shelf Registration Statement, if required by the registration form used by the Company for the Shelf Registration Statement or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Holders.

Section 3.2.5. Shelf Takedown.

- (a) At any time during which the Company has an effective Shelf Registration Statement, but subject to Section 3.2.4, by notice to the Company specifying the intended method or methods of disposition thereof, a Qualified Holder may make a written request (a “Shelf Takedown Request”) to the Company to effect a Public Offering, including an Underwritten Shelf Takedown, of all or a portion of the Qualified Holder’s Registrable Securities that are covered by such Shelf Registration Statement (stating the approximate number or range of the Registrable Securities to be included in the Public Offering), and as soon as practicable the Company shall amend or supplement the Shelf Registration Statement for such purpose.
- (b) Promptly upon receipt of a Shelf Takedown Request (but in no event more than two (2) Business Days thereafter) for any Underwritten Shelf Takedown, the Company shall deliver a notice (a “Shelf Takedown Notice”) to each other Holder with Registrable Securities covered by the applicable Shelf Registration Statement, or to all other Holders if such Registration Statement is undesignated (each a “Potential Takedown Participant”). The Shelf Takedown Notice shall offer each such Potential Takedown Participant the opportunity to include in any Underwritten Shelf Takedown that number of Registrable Securities as each such Potential Takedown Participant may request in writing. The Company shall include in the Underwritten Shelf Takedown all such Registrable Securities with respect to which the Company has received written requests for inclusion therein no later than 9:00 a.m., New York City time, on the second business day immediately following the Shelf Takedown Notice Delivery Time; it being understood that for the purposes of this Section 3.2.5, the “Shelf Takedown Notice Delivery Time” shall be deemed to be the date of delivery of such notice if it is delivered to Holders at or prior to 12:00 p.m. New York City time and shall be deemed to be the business day immediately following delivery of such notice if it is delivered to Holders after 12:00 p.m. New York City time. Subject to Section 3.2.6, any Potential Takedown Participant’s participation in an Underwritten Shelf Takedown shall be on the same terms as the Holders who made the Shelf Takedown Request. Any Potential Takedown Participant’s request to participate in an Underwritten Shelf Takedown shall be binding on the Potential Takedown Participant, except that such participation may be conditioned on the Underwritten Shelf Takedown being completed within ten (10) Business Days of its acceptance at a price per share (after giving effect to any underwriters’ discounts or commissions) to such Potential Takedown Participant of not less than ninety percent (90%) of the closing price for the shares on their principal

trading market on the Business Day immediately prior to such Potential Takedown Participant's election to participate (the "Participation Conditions"). Notwithstanding the delivery of any Shelf Takedown Notice, but subject to the Participation Conditions (to the extent applicable), all determinations as to whether to complete any Underwritten Shelf Takedown and as to the timing, manner, price and other terms of any Underwritten Shelf Takedown contemplated by this Section 3.2.5 shall be determined by the Holders of a majority of the Registrable Securities offered by the Holders who made the applicable Shelf Takedown Request.

- (c) The Company shall not be obligated to take any action to effect any Underwritten Shelf Takedown if a Demand Registration or an Underwritten Shelf Takedown was consummated within the preceding ninety (90) days (unless otherwise consented to by the Company's Board of Directors).

Section 3.2.6. Priority of Securities Sold Pursuant to Shelf Takedowns. If the managing underwriter or underwriters of a proposed Underwritten Shelf Takedown pursuant to Section 3.2.5 advise the Company in writing that, in its or their opinion, the number of securities requested to be included in the proposed Underwritten Shelf Takedown exceeds the number that can be sold in such Underwritten Shelf Takedown without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the number of Registrable Securities to be included in such offering shall be (x) first, allocated to each Holder that has requested to participate in such Underwritten Shelf Takedown an amount equal to the lesser of (i) the number of such Registrable Securities requested to be registered or sold by such Holder, and (ii) a number of such shares equal to such Holder's Pro Rata Portion, and (y) second, and only if all the securities referred to in clause (x) have been included, the number of other securities that, in the opinion of such managing underwriter or underwriters can be sold without having such adverse effect; provided, however, that Registrable Securities held by a Qualified Holder shall not be subject to reduction pursuant to this Section 3.2.6 without its prior consent.

Section 3.2.7. Resale Rights. In the event that a Holder elects to request a Registration pursuant to this Section 3.2 in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for resale by such partners or members, if requested by the Holder.

Section 3.3 Piggyback Registration.

Section 3.3.1. Participation. If the Company at any time proposes to file a Registration Statement under the Securities Act or to conduct a Public Offering with respect to any offering of its equity securities for its own account or for the account of any other Persons (other than (i) a Registration under Section 3.2 of which the Holder has received a Shelf Registration Notice pursuant to Section 3.2.2, (ii) a Registration on Form S-4 or Form S-8 or any successor form to such Forms, (iii) a Registration of securities solely relating to an offering and sale to employees or directors of the Company or its

subsidiaries pursuant to any employee stock plan or other employee benefit plan arrangement or (iv) pursuant to a rights offering), then, as soon as practicable (but in no event less than two (2) Business Days prior to the proposed date of filing of such Registration Statement or, in the case of any such Public Offering, the anticipated pricing or trade date), the Company shall give written notice (a “Piggyback Notice”) of such proposed filing or Public Offering to all Holders, and such Piggyback Notice shall offer the Holders the opportunity to register under such Registration Statement, or to sell in such Public Offering, such number of Registrable Securities as each such Holder may request in writing (a “Piggyback Registration”). Subject to Section 3.3.2, the Company shall include in such Registration Statement or in such Public Offering as applicable, all such Registrable Securities that are requested to be included therein within three (3) Business Days after the receipt by such Holder of any such notice; provided, however, that if at any time after giving written notice of its intention to register or sell any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, or the pricing or trade date of such Public Offering, the Company shall determine for any reason not to register or sell or to delay Registration or the sale of such securities, the Company shall give written notice of such determination to each Holder and, thereupon, (i) in the case of a determination not to register or sell, shall be relieved of its obligation to register or sell any Registrable Securities in connection with such Registration or Public Offering (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of any Holders entitled to request that such Registration or sale be effected as a Demand Registration under Section 3.1 or an Underwritten Shelf Takedown under Section 3.2, as the case may be, and (ii) in the case of a determination to delay Registration or sale, in the absence of a request for a Demand Registration or an Underwritten Shelf Takedown, as the case may be, shall be permitted to delay registering or selling any Registrable Securities, for the same period as the delay in registering or selling such other securities. If the offering pursuant to such Registration Statement or Public Offering is to be underwritten, then each Holder making a request for a Piggyback Registration pursuant to this Section 3.3.1 shall, and the Company shall make such arrangements with the managing underwriter or underwriters so that each such Holder may, participate in such underwritten offering. If the offering pursuant to such Registration Statement or Public Offering is to be on any other basis, then each Holder making a request for a Piggyback Registration pursuant to this Section 3.3.1 shall, and the Company shall make such arrangements so that each such Holder may, participate in such offering on such basis. Any Holder shall have the right to withdraw all or part of its request for inclusion of its Registrable Securities in a Piggyback Registration by giving written notice to the Company of its request to withdraw; provided, that such request must be made in writing prior to the effectiveness of such Registration Statement or, in the case of a Public Offering, at least two (2) Business Days prior to the earlier of the anticipated filing of the “red herring” Prospectus, if applicable, and the anticipated pricing or trade date.

Section 3.3.2. Priority of Piggyback Registration.

(A) If the registration or Public Offering referred to in the first sentence of Section 3.3.1. is to be a registration or Public Offering on behalf of the Company, and the managing underwriter or underwriters of any proposed offering of

Registrable Securities included in a Piggyback Registration informs the Company and the participating Holders in writing that, in its or their opinion, the number of securities that such Holders and any other Persons intend to include in such offering exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be (i) first, one hundred percent (100%) of the securities that the Company proposes to sell, (ii) second, and only if all the securities referred to in clause (i) have been included, the number of Registrable Securities that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect, with such number to be allocated among the Holders that have requested to participate in such Registration based on an amount equal to the lesser of (i) the number of such Registrable Securities requested to be sold by such Holder, and (ii) a number of such shares equal to such Holder's Pro Rata Portion and (iii) third, and only if all of the Registrable Securities referred to in clause (ii) have been included in such Registration, any other securities eligible for inclusion in such Registration.

(B) If the registration or Public Offering referred to in the first sentence of Section 3.3.1. is to be a registration or Public Offering on behalf of a Demanding Holder, and the managing underwriter or underwriters of any proposed offering of Registrable Securities included in a Piggyback Registration informs the Demanding Holder and the participating Holders in writing that, in its or their opinion, the number of securities that such Holders and any other Persons intend to include in such offering exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be (i) first, one hundred percent (100%) of the Registrable Securities that the Demanding Holders propose to sell, (ii) second, and only if all the securities referred to in clause (i) have been included, the number of Registrable Securities that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect, with such number to be allocated among the other Holders that have requested to participate in such Registration based on an amount equal to the lesser of (i) the number of such Registrable Securities requested to be sold by such Holder, and (ii) a number of such shares equal to such Holder's Pro Rata Portion, (iii) third, and only if all of the Registrable Securities referred to in clause (ii) have been included in such Registration, the number of securities that the Company proposes to sell that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect and (iv) fourth, and only if all of the securities referred to in clauses (ii) and (iii) have been included in such Registration, any other securities eligible for inclusion in such Registration.

Section 3.3.3. No Effect on Other Registrations. No Registration of Registrable Securities effected pursuant to a request under this Section 3.3 shall be deemed to have been effected pursuant to Sections 3.1 and 3.2 or shall relieve the Company of its obligations under Sections 3.1 and 3.2.

Section 3.4 Lock-Up Agreements. In connection with each Registration or sale of Registrable Securities pursuant to Section 3.1, 3.2 or 3.3 conducted as an underwritten Public Offering, each Holder agrees, if requested and without regard to whether or not such Holder has elected to participate in such Public Offering, to become bound by and to execute and deliver a “lock-up” agreement with the underwriter(s) of such Public Offering in the same form as is entered into by the Holders participating in such Public Offering.

Section 3.5 Registration Procedures.

Section 3.5.1. Requirements. In connection with the Company’s obligations under Sections 3.1, 3.2 and 3.3, the Company shall use its reasonable best efforts to effect such Registration and to permit the sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof as expeditiously as reasonably practicable, and in connection therewith the Company shall:

- (a) prepare the required Registration Statement, including all exhibits and financial statements required under the Securities Act to be filed therewith, and, before filing a Registration Statement or Prospectus or any amendments or supplements thereto, (x) furnish to the underwriters, if any, and to the Holders of the Registrable Securities covered by such Registration Statement, copies of all documents prepared to be filed, which documents shall be subject to the review of such underwriters and such Holders and their respective counsel, (y) make such changes in such documents concerning the Holders prior to the filing thereof as such Holders, or their counsel, may reasonably request and (z) except in the case of a Registration under Section 3.3, not file any Registration Statement or Prospectus or amendments or supplements thereto to which the participating Holders, or the underwriters, if any, shall reasonably object;
- (b) prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and supplements to the Prospectus as may be (x) reasonably requested by any participating Holder (to the extent such request relates to information relating to such Holder), or (y) necessary to keep such Registration Statement effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;
- (c) notify the participating Holders and the managing underwriter or underwriters, if any, and (if requested) confirm such notice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by the Company (a) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or any

amendment or supplement thereto has been filed, (b) of any written comments by the SEC, or any request by the SEC or other federal or state governmental authority for amendments or supplements to such Registration Statement or such Prospectus, or for additional information (whether before or after the effective date of the Registration Statement) or any other correspondence with the SEC relating to, or which may affect, the Registration, (c) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final Prospectus or the initiation or threatening of any proceedings for such purposes, (d) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects and (e) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

- (d) promptly notify each selling Holder and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement or the Prospectus included in such Registration Statement (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus or any preliminary Prospectus, in light of the circumstances under which they were made) not misleading, when any Issuer Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement or Prospectus in order to comply with the Securities Act and, as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to the selling Holders and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement or Prospectus, which shall correct such misstatement or omission or effect such compliance;
- (e) to the extent the Company is eligible under the relevant provisions of Rule 430B under the Securities Act, if the Company files any Shelf Registration Statement, and to the extent requested by the Holders whose Registrable Securities are included in such Shelf Registration Statement, the Company shall include in such Shelf Registration Statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities by the Holders) in order to ensure that the Holders may be added to such Shelf Registration Statement at a later time through the filing of a Prospectus supplement rather than a post-effective amendment;

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- (f) use its reasonable best efforts to prevent, or obtain the withdrawal of, any stop order or other order or notice preventing or suspending the use of any preliminary or final Prospectus;
 - (g) promptly incorporate in a Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment such information as the managing underwriter or underwriters and the Holders of a majority of Registrable Securities being sold agree should be included therein relating to the plan of distribution with respect to such Registrable Securities; and make all required filings of such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment;
 - (h) furnish to each selling Holder and each underwriter, if any, without charge, as many conformed copies as such Holder or underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment or supplement thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);
 - (i) deliver to each selling Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary prospectus) and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by such Holder or underwriter (it being understood that the Company shall consent to the use of such Prospectus or any amendment or supplement thereto by each of the selling Holders and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto);
 - (j) on or prior to the date on which the applicable Registration Statement becomes effective, use its reasonable best efforts to register or qualify, and cooperate with the selling Holders, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the Registration or qualification of such Registrable Securities for offer and sale under the securities or “Blue Sky” laws of each state and other jurisdiction as any such selling Holder or managing underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable to keep such Registration or qualification in effect for such period as required by Section 3.1 or Section 3.2, as applicable, provided, that the Company shall not be required to qualify generally to do business

in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

- (k) cooperate with the selling Holders and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (or dematerialized evidence of ownership) representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations and registered in such names as the applicable Holder or managing underwriters may request at least two (2) Business Days prior to any delivery of such Registrable Securities;
- (l) use its reasonable best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;
- (m) not later than the effective date of the applicable Registration Statement, provide a CUSIP number for all Registrable Securities and make all arrangements necessary for the Registrable Securities to be eligible for deposit with The Depository Trust Company;
- (n) make such representations and warranties to the Holders whose Registrable Securities are being registered, and their underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in public offerings similar to the offering then being undertaken;
- (o) enter into such customary agreements (including underwriting and indemnification agreements) and take all such other actions as the participating Holders or the managing underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the Registration and disposition of such Registrable Securities;
- (p) in the case of an underwritten Public Offering, obtain for delivery to the Holders participating in such Public Offering and to the underwriter or underwriters, if any, an opinion or opinions (including a “negative assurance” or “disclosure letter”) from counsel for the Company dated the date of each closing under the underwriting agreement, in customary form, scope and substance, which opinions shall be reasonably satisfactory to such Holders or underwriters, as the case may be, and their respective counsel;
- (q) in the case of an underwritten Public Offering, obtain for delivery to the Company and the managing underwriter or underwriters, with copies to the Holders participating in the Public Offering or sale, a comfort letter

from the Company's independent certified public accountants or independent auditors (and, if necessary, any other independent certified public accountants or independent auditors of any subsidiary of the Company or any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement) and a letter from any other expert named in the Registration Statement in customary form and covering such matters of the type customarily covered by such letters as the managing underwriter or underwriters reasonably request, dated the date of execution of the underwriting agreement and brought down to the date of each closing under the underwriting agreement;

- (r) cooperate with each seller of Registrable Securities and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;
- (s) use its reasonable best efforts to comply with all applicable securities laws and, if a Registration Statement was filed, make available to its security holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder;
- (t) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;
- (u) use its best efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company's equity securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company's equity securities are then quoted;
- (v) make available upon reasonable notice at reasonable times and for reasonable periods for inspection by a representative appointed by the majority of the Holders covered by the applicable Registration Statement, by any underwriter participating in any disposition to be effected pursuant to such Registration Statement and by any attorney, accountant or other agent retained by such Holders or any such underwriter, all pertinent financial and other records and pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available to discuss the business of the Company and to supply all information reasonably requested by any such Person in connection with such Registration Statement; provided, however, that any such Person gaining access to

information regarding the Company pursuant to this Section 3.5.1 (v) shall agree to hold in strict confidence and shall not make any disclosure or use any information regarding the Company that the Company determines in good faith to be confidential, and of which determination such Person is notified, unless (a) the release of such information is requested or required (by deposition, interrogatory, requests for information or documents by a governmental entity, subpoena or similar process), (b) disclosure of such information, in the opinion of counsel to such Person, is otherwise required by law, (c) such information is or becomes publicly known other than through a breach of this Agreement or any other agreement of which such Person has knowledge, (d) such information is or becomes available to such Person on a non-confidential basis from a source other than the Company or (e) such information is independently developed by such Person;

- (w) in the case of a marketed Public Offering, cause the senior executive officers of the Company to participate in the customary “road show” presentations that may be reasonably requested by the managing underwriter or underwriters in any such offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;
- (x) take no direct or indirect action prohibited by Regulation M under the Exchange Act;
- (y) take all reasonable action to ensure that any Issuer Free Writing Prospectus utilized in connection with any Registration complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related Prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and
- (z) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities in accordance with the terms of this Agreement.

Section 3.5.2. Company Information Requests. The Company may require each seller of Registrable Securities as to which any Registration or sale is being effected to furnish to the Company such information regarding the distribution of such securities and such other information relating to such Holder and its ownership of Registrable Securities as the Company may from time to time reasonably request in writing and the Company may exclude from such Registration or sale the Registrable Securities of any such Holder who unreasonably fails to furnish such information within a reasonable time after receiving such request. Each Holder agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary to enable the Company to comply with the provisions of this Agreement.

Section 3.5.3. Discontinuing Registration. Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.5.1(d), such Holder will forthwith discontinue disposition of Registrable Securities pursuant to such Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3.5.1(d) or until such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus, or any amendments or supplements thereto, and if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus contemplated by Section 3.5.1(d) or is advised in writing by the Company that the use of the Prospectus may be resumed.

Section 3.6 Underwritten Offerings.

Section 3.6.1. Shelf and Demand Registration. If requested by the underwriters for any underwritten Public Offering, pursuant to a Registration or sale under Sections 3.1 or 3.2, the Company shall enter into an underwriting agreement with such underwriters, such agreement to be reasonably satisfactory in substance and form to each of the Company, the participating Holders and the underwriters, and to contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of that type, including indemnities no less favorable to the recipient thereof than those provided in Section 3.9. The Holders of the Registrable Securities proposed to be distributed by such underwriters shall cooperate with the Company in the negotiation of the underwriting agreement and shall give consideration to the reasonable suggestions of the Company regarding the form thereof. Such Holders shall be parties to such underwriting agreement, which underwriting agreement shall: (i) contain such representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such Holders as are customarily made by issuers to selling stockholders in public offerings similar to the applicable offering; and (ii) provide that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also shall be conditions precedent to the obligations of such Holders. Any such Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, such Holder's title to the Registrable Securities, such Holder's intended method of distribution and any other representations required to be made by the Holder under applicable law, and the aggregate amount of the liability of such Holder shall not exceed such Holder's net proceeds from such offering.

Section 3.6.2. Piggyback Registrations. If the Company proposes to register or sell any of its securities under the Securities Act as contemplated by Section 3.3 and such securities are to be distributed through one or more underwriters, the Company shall, if requested by any Holder pursuant to Section 3.3 and, subject to the provisions of Section 3.3.2, use its reasonable best efforts to arrange for such underwriters to include on the same terms and conditions that apply to the other sellers in such Registration or sale all the Registrable Securities to be offered and sold by such Holder among the securities of the Company to be distributed by such underwriters in such Registration or sale. The Holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between the Company and such underwriters, which underwriting agreement shall (i) contain such representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such Holders as are customarily made by issuers to selling stockholders in public offerings similar to the applicable offering and (ii) provide that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also shall be conditions precedent to the obligations of such Holders. Any such Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, such Holder's title to the Registrable Securities and such Holder's intended method of distribution or any other representations required to be made by the Holder under applicable law, and the aggregate amount of the liability of such Holder shall not exceed such Holder's net proceeds from such offering.

Section 3.6.3. Participation in Underwritten Registrations. Subject to the provisions of Section 3.6.1 and Section 3.6.2 above, no Person may participate in any underwritten Public Offering, hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

Section 3.6.4. Selection of Underwriters. In the case of an underwritten Public Offering, under Sections 3.1 or 3.2, the managing underwriter or underwriters to administer the offering shall be determined by the Qualified Holder(s) if any Qualified Holder is participating in such Public Offering, or by the Holders of a majority of the Registrable Securities included in such Public Offering if no Qualified Holder is participating in such Public Offering; provided, that such underwriter or underwriters shall be reasonably acceptable to the Company.

Section 3.7 No Inconsistent Agreements; Additional Rights. Neither the Company nor any of its subsidiaries shall hereafter enter into, and neither the Company nor any of its subsidiaries is currently a party to, any agreement with respect to its securities that is inconsistent with the rights granted to the Holders by this Agreement. Without Requisite Investor Approval, neither the Company nor any of its subsidiaries shall enter into any agreement granting

registration or similar rights to any Person, and the Company hereby represents and warrants that, as of the date hereof, no registration or similar rights have been granted to any other Person other than pursuant to this Agreement.

Section 3.8 Registration Expenses. All expenses incident to the Company's performance of or compliance with this Agreement shall be paid by the Company, including (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC or FINRA, (ii) all fees and expenses in connection with compliance with any securities or "Blue Sky" laws (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants or independent auditors of the Company and any subsidiaries of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance), (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice, (vi) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or quotation of the Registrable Securities on any inter-dealer quotation system, (vii) all applicable rating agency fees with respect to the Registrable Securities, (viii) all reasonable fees and disbursements of legal counsel for the Holders (who shall be selected by the Qualified Holders if any Qualified Holder is participating in the relevant Registration, or by the Holders of a majority of the Registrable Securities included in the relevant Registration if no Qualified Holder is participating), (ix) any reasonable fees and disbursements of underwriters customarily paid by issuers or sellers of securities, (x) all fees and expenses incurred in connection with the distribution or Transfer of Registrable Securities to or by a Holder or its Permitted Transferees, (xi) all fees and expenses of any special experts or other Persons retained by the Company in connection with any Registration or sale, (xii) all of the Company's internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties) and (xiii) all expenses related to the "roadshow" for any underwritten Public Offering (including the reasonable out-of-pocket expenses of the Qualified Holder), including all travel, meals and lodging. All such expenses are referred to herein as "Registration Expenses." The Company shall not be required to pay any fees and disbursements to underwriters not customarily paid by the issuers of securities in an offering similar to the applicable offering, including underwriting discounts and commissions and transfer taxes, if any, attributable to the sale of Registrable Securities.

Section 3.9 Indemnification.

Section 3.9.1. Indemnification by the Company. The Company shall indemnify and hold harmless, to the full extent permitted by law, each Holder, each shareholder, member, limited or general partner thereof, each shareholder, member, limited or general partner of each such shareholder, member, limited or general partner, each of their respective Affiliates, officers, directors, shareholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each of their respective Representatives from and against any and

all losses, penalties, judgments, suits, costs, claims, damages, liabilities and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a “Loss” and collectively, “Losses”) arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities are registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or any other disclosure document produced by or on behalf of the Company or any of its subsidiaries including any report and other document filed under the Exchange Act, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading or (iii) any violation or alleged violation by the Company or any of its subsidiaries of any federal, state, foreign or common law rule or regulation applicable to the Company or any of its subsidiaries and relating to action or inaction in connection with any such registration, disclosure document or other document or report; provided, that no selling Holder shall be entitled to indemnification pursuant to this Section 3.9.1 in respect of any untrue statement or omission contained in or omitted from any information furnished in writing by such selling Holder to the Company specifically for inclusion in a Registration Statement that has not been corrected in a subsequent writing prior to or concurrently with the sale of the Registrable Securities to the Person asserting the claim. This indemnity shall be in addition to any liability the Company may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the Transfer of such securities by such Holder. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above with respect to the indemnification of the indemnified parties.

Section 3.9.2. Indemnification by the Selling Holders. Each selling Holder agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) from and against any Losses resulting from (i) any untrue statement of a material fact in any Registration Statement under which such Registrable Securities were registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission is contained in or omitted from any information furnished in writing by such selling Holder to the Company specifically for inclusion in such Registration Statement that has not been corrected in a subsequent writing prior to or concurrently with the sale of the Registrable Securities to the Person asserting the claim. In no event shall the liability of any selling Holder hereunder be greater in amount than

the dollar amount of the net proceeds received by such Holder from the sale of Registrable Securities giving rise to such indemnification obligation less any amounts paid by such Holder pursuant to Section 3.9.4 and any amounts paid by such Holder as a result of liabilities incurred under the underwriting agreement, if any, related to such sale. The Company shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, to the same extent as provided above (with appropriate modification) with respect to information furnished in writing by such Persons specifically for inclusion in any Prospectus or Registration Statement.

Section 3.9.3. Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it is actually and materially prejudiced by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the indemnifying party has agreed in writing to pay such fees or expenses, (ii) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (iii) the indemnified party has reasonably concluded (based upon advice of its counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (iv) in the reasonable judgment of any such Person (based upon advice of its counsel) a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party. No indemnifying party shall consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation without the prior written consent of such indemnified party. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its prior written consent, but such consent may not be unreasonably withheld. It is understood that the indemnifying party or parties shall not, except as specifically set forth in this Section 3.9.3, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements or other charges of more than one separate firm admitted to practice in such jurisdiction at any one time unless (x) the employment of more than one counsel has been authorized in writing by the indemnifying party or parties, (y) an indemnified party has reasonably concluded (based on the advice of

counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or may exist (based upon advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

Section 3.9.4. Contribution. If for any reason the indemnification provided for in Section 3.9.1 and Section 3.9.2 is unavailable to an indemnified party (other than as a result of exceptions contained in Section 3.9.1 and Section 3.9.2) or insufficient in respect of any Losses referred to therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party or parties on the other hand in connection with the acts, statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. In connection with any Registration Statement filed with the SEC by the Company, the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 3.9.4 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 3.9.4. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party as a result of the Losses referred to in Sections 3.9.1 and 3.9.2 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3.9.4, in connection with any Registration Statement filed by the Company, a selling Holder shall not be required to contribute any amount in excess of the dollar amount of the net proceeds received by such holder under the sale of Registrable Securities giving rise to such contribution obligation less any amounts paid by such Holder pursuant to Section 3.9.2 and any amounts paid by such Holder as a result of liabilities incurred under the underwriting agreement, if any, related to such sale. If indemnification is available under this Section 3.9, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 3.9.1 and 3.9.2 hereof without regard to the provisions of this Section 3.9.4. The remedies provided for in this Section 3.9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

Section 3.10 Rules 144 and 144A and Regulation S. The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such

reports, it will, upon the request of any Holder, make publicly available such necessary information for so long as necessary to permit sales that would otherwise be permitted by this Agreement pursuant to Rule 144, Rule 144A or Regulation S under the Securities Act, as such Rules may be amended from time to time or any similar rule or regulation hereafter adopted by the SEC), and the Company will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without Registration under the Securities Act in transactions that would otherwise be permitted by this Agreement and within the limitation of the exemptions provided by (i) Rules 144, 144A or Regulation S under the Securities Act, as such rules may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements and, if not, the specifics thereof.

Section 3.11 Existing Registration Statements. Notwithstanding anything herein to the contrary and subject to applicable law and regulation, the Company may satisfy any obligation hereunder to file a Registration Statement or to have a Registration Statement become effective by a specified date by designating, by notice to the Holders, a Registration Statement that previously has been filed with the SEC or become effective, as the case may be, as the relevant Registration Statement for purposes of satisfying such obligation, and all references to any such obligation shall be construed accordingly; provided, that such previously filed Registration Statement may be amended or, subject to applicable securities laws, supplemented to add the number of Registrable Securities, and, to the extent necessary, to identify as selling stockholders those Holders requesting the filing of a Registration Statement pursuant to the terms of this Agreement. To the extent this Agreement refers to the filing or effectiveness of other Registration Statements by or at a specified time and the Company has, in lieu of then filing such Registration Statements or having such Registration Statements become effective, designated a previously filed or effective Registration Statement as the relevant Registration Statement for such purposes, in accordance with the preceding sentence, such references shall be construed to refer to such designated Registration Statement, as amended.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Authority; Effect. Each party hereto represents and warrants to and agrees with each other party that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized on behalf of such party and do not violate any agreement or other instrument applicable to such party or by which its assets are bound. This Agreement does not, and shall not be construed to, give rise to the creation of a partnership among any of the parties hereto, or to constitute any of such parties members of a joint venture or other association. The Company and its subsidiaries shall be jointly and severally liable for all obligations of each such party pursuant to this Agreement.

Section 4.2 Notices. Any notices, requests, demands and other communications required or permitted in this Agreement shall be effective if in writing and (i) delivered personally, (ii) sent by facsimile or e-mail, or (iii) sent by overnight courier, in each case, addressed as follows:

If to the **Company** to:

J.Jill, Inc.
4 Batterymarch Park
Quincy, Massachusetts 02169
Attention: General Counsel
E-mail: Vijay.Moses@jjill.com

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attention: Raphael M. Russo
Ariel J. Deckelbaum
Facsimile: (212) 757-3990
E-mail: rrusso@paulweiss.com

If to the **Qualified Holder** to:

c/o TowerBrook Capital Partners L.P.
Park Avenue Tower
65 East 55 th Street
New York, New York 10022
Attention: General Counsel
Facsimile: (917) 591-4789
E-mail: Michael.Recht@towerbrook.com
Glenn.Miller@towerbrook.com

Unless otherwise specified herein, such notices or other communications shall be deemed effective (i) on the date received, if personally delivered, (ii) on the date received if delivered by facsimile or e-mail on a Business Day, or if not delivered on a Business Day, on the first Business Day thereafter and (iii) two (2) Business Days after being sent by overnight courier. Each of the parties hereto shall be entitled to specify a different address by giving notice as aforesaid to each of the other parties hereto.

Section 4.3 Termination and Effect of Termination. This Agreement shall terminate upon the date on which no Holder holds any Registrable Securities, except for the provisions of Sections 3.9 and 3.10, which shall survive any such termination. No termination under this Agreement shall relieve any Person of liability for breach prior to termination. In the event this Agreement is terminated, each Person entitled to indemnification rights pursuant to Section 3.9 hereof shall retain such indemnification rights with respect to any matter that (i) may be an indemnified liability thereunder and (ii) occurred prior to such termination.

Section 4.4 Permitted Transferees. The rights of a Holder hereunder may be assigned (but only with all related obligations as set forth below) in connection with a Transfer of Registrable Securities effected in accordance with the terms of this Agreement to a Person who,

if not already a Holder, has delivered to the Company a written acknowledgment and agreement in form and substance reasonably satisfactory to the Company that such Person will be bound by, and will be a party to, this Agreement (a “Permitted Transferee”). A Permitted Transferee to whom rights are transferred pursuant to this Section 4.4 may not again transfer those rights to any other Permitted Transferee, other than as provided in this Section 4.4. For the avoidance of doubt, this Section 4.4 shall not permit the Transfer of any Registrable Securities that is otherwise prohibited under any other agreement, plan or award document relating to such Registrable Securities.

Section 4.5 Remedies. The parties to this Agreement shall have all remedies available at law, in equity or otherwise in the event of any breach or violation of this Agreement or any default hereunder. The parties acknowledge and agree that in the event of any breach of this Agreement, in addition to any other remedies that may be available, each of the parties hereto shall be entitled to specific performance of the obligations of the other parties hereto and, in addition, to such other equitable remedies (including preliminary or temporary relief) as may be appropriate in the circumstances. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

Section 4.6 Amendments. This Agreement may not be orally amended, modified, extended or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be amended, modified, extended or terminated, and the provisions hereof may be waived, only by an agreement in writing signed by the Company and Qualified Holder(s) constituting Requisite Investor Approval. Each such amendment, modification, extension or termination shall be binding upon each party hereto and each other Holder. In addition, each party hereto may waive any right hereunder by an instrument in writing signed by such party.

Section 4.7 Governing Law. This Agreement and all claims arising out of or based upon this Agreement or relating to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of New York without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

Section 4.8 Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (i) hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the County of New York in the State of New York for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (ii) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court and (iii) hereby agrees not to commence or

maintain any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof or thereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Notwithstanding the foregoing, to the extent that any party hereto is or becomes a party in any litigation in connection with which it may assert indemnification rights set forth in this Agreement, the court in which such litigation is being heard shall be deemed to be included in clause (i) above. Notwithstanding the foregoing, any party to this Agreement may commence and maintain an action to enforce a judgment of any of the above-named courts in any court of competent jurisdiction. Each party hereto hereby consents to service of process in any such proceeding in any manner permitted by New York law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 4.2 hereof is reasonably calculated to give actual notice.

Section 4.9 WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 4.9 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.9 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

Section 4.10 Merger; Binding Effect, Etc. This Agreement constitutes the entire agreement of the parties with respect to its subject matter, supersedes all prior or contemporaneous oral or written agreements or discussions with respect to such subject matter, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, representatives, successors and permitted assigns. Except as otherwise expressly provided herein, no Holder or other party hereto may assign any of its respective rights or delegate any of its respective obligations under this Agreement without the prior written consent of the other parties hereto, and any attempted assignment or delegation in violation of the foregoing shall be null and void.

Section 4.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one instrument.

Section 4.12 Severability. In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 4.13 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, the Company and each Holder covenant, agree and acknowledge that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee, general or limited partner or member of any Holder or of any Affiliate or assignee thereof, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of any Holder or any current or future member of any Holder or any current or future director, officer, employee, partner or member of any Holder or of any Affiliate or assignee thereof, as such, for any obligation of any Holder under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

[Signature pages follow]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Agreement (or caused this Agreement to be executed on its behalf by its officer or representative thereunto duly authorized) as of the date first above written.

J.Jill, Inc.

By: /s/ David Biese

Name: David Biese

Title: Chief Financial Officer

[Signature Page to Registration Rights Agreement]

TI IV JJill Holdings, LP

By: /s/ Glenn Miller

Name: Glenn Miller

Title: Vice President

JJ Holdings GP, LLC

By: /s/ Glenn Miller

Name: Glenn Miller

Title: Vice President

[Signature Page to Registration Rights Agreement]

J.Jill, Inc. 2017 Omnibus Equity Incentive Plan

1. **Purpose.** The J.Jill, Inc. 2017 Omnibus Equity Incentive Plan (the “*Plan*”) is intended to help J.Jill, Inc., a Delaware corporation (including any successor thereto, the “*Company*”) and its Affiliates (i) attract and retain key personnel by providing them the opportunity to acquire an equity interest in the Company or other incentive compensation measured by reference to the value of Common Stock and (ii) align the interests of key personnel with those of the Company’s shareholders.

2. **Effective Date; Duration.** The Plan shall be effective as of the date on which the Plan is approved by the shareholders of the Company (the “*Effective Date*”). The expiration date of the Plan, on and after which date no Awards may be granted, shall be the tenth anniversary of the Effective Date; provided, however, that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

3. **Definitions.** The following definitions shall apply throughout the Plan.
 - (a) “Affiliate” means (i) any person or entity that directly or indirectly controls, is controlled by or is under common control with the Company and/or (ii) to the extent provided by the Committee, any person or entity in which the Company has a significant interest. The term “control” (including, with correlative meaning, the terms “controlled by” and “under common control with”), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

 - (b) “Award” means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Deferred Stock Unit, Other Stock-Based Award and/or Performance Compensation Award granted under the Plan.

 - (c) “Award Agreement” means the agreement (whether in written or electronic form) or other instrument or document evidencing any Award granted under the Plan.

 - (d) “Beneficial Ownership” has the meaning set forth in Rule 13d-3 promulgated under Section 13 of the Exchange Act.

 - (e) “Board” means the Board of Directors of the Company.

 - (f) “Cause” in the case of a particular Award, unless the applicable Award agreement states otherwise, (i) shall have the meaning given such term in any employment, consulting, change-in-control, severance or any other agreement between the Participant and the Company or an Affiliate in effect at the time of such termination or (ii) if “cause” or term of similar import is not defined or, in the absence of, any such employment, consulting, change-in-control, severance or any other agreement, means the Participant’s (A) willful misconduct or gross neglect of the Participant’s duties; (B) having engaged in conduct harmful (whether financially, reputationally or otherwise) to the Company or an Affiliate; (C) failure or refusal to perform the Participant’s duties; (D) conviction of, or guilty or no contest plea to, a felony or any crime involving dishonesty or moral turpitude; (E) willful violation of the written policies of the Company or an Affiliate; (F) misappropriation or misuse of Company or Affiliate funds or property or other act of personal dishonesty in connection with the Participant’s employment; or (G) willful breach of fiduciary duty. The determination of whether Cause exists shall be made by the Committee in its sole discretion.

(g) “Change in Control” shall mean, in the case of a particular Award, unless the applicable Award Agreement (or any employment, consulting, change-in-control, severance or other agreement between the Participant and the Company or an Affiliate) states otherwise, the first to occur of any of the following events:

(i) the acquisition by any Person or related “group” (as such term is used in Section 13(d) and Section 14(d) of the Exchange Act) of Persons, or persons acting jointly or in concert, of Beneficial Ownership (including control or direction) of 50% or more (on a fully diluted basis) of either (A) the then-outstanding shares of Common Stock, including Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock (the “**Outstanding Company Common Stock**”); or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote in the election of directors (the “**Outstanding Company Voting Securities**”); but excluding any acquisition by the Company or any of its Affiliates, or the Investor, its Permitted Transferees or any of their respective Affiliates or by any employee benefit plan sponsored or maintained by the Company or any of its Affiliates;

(ii) a change in the composition of the Board such that members of the Board during any consecutive 12-month period (the “**Incumbent Directors**”) cease to constitute a majority of the Board. Any person becoming a director through election or nomination for election approved by a valid vote of at least two thirds of the Incumbent Directors shall be an Incumbent Director; provided, however, that no individual becoming a director as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board, shall be an Incumbent Director;

(iii) the approval by the shareholders of the Company of a plan of complete dissolution or liquidation of the Company; and

(iv) the consummation of a reorganization, recapitalization, merger, amalgamation, consolidation, statutory share exchange or similar form of corporate transaction involving the Company (a “**Business Combination**”), or sale, transfer or other disposition of all or substantially all of the business or assets of the Company to an entity that is not an Affiliate of the Company (a “**Sale**”), unless immediately following such Business Combination or Sale: (A) more than 50% of the total voting power of the entity resulting from such Business Combination or the entity that acquired all or substantially all of the business or assets of the Company in such Sale (in either case, the “**Surviving Company**”), or the ultimate parent entity that has Beneficial Ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the “**Parent Company**”), is represented by the Outstanding Company Voting Securities that were outstanding immediately prior to such Business Combination or Sale (or, if applicable, is represented by shares into which the Outstanding Company Voting Securities were converted pursuant to such Business Combination or Sale), and such voting power among the holders thereof is in substantially the same proportion as the voting power of the Outstanding Company Voting Securities among the holders thereof immediately prior to the Business Combination or Sale, (B) no Person (other than any employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company) is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) and (C) at least a majority of the members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving

Company) following the consummation of the Business Combination or Sale were Board members at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination or Sale.

(h) "Code" means the U.S. Internal Revenue Code of 1986, as amended, and any successor thereto. References to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successors thereto.

(i) "Committee" means the Compensation Committee of the Board or subcommittee thereof if required with respect to actions taken to obtain the exception for performance-based compensation under Section 162(m) of the Code or to comply with Rule 16b-3 promulgated under the Exchange Act in respect of Awards or, if no such Compensation Committee or subcommittee thereof exists, or if the Board otherwise takes action hereunder on behalf of the Committee, the Board.

(j) "Common Stock" means the common stock of the Company, par value \$0.01 per share (and any stock or other securities into which such common stock may be converted or into which it may be exchanged).

(k) "Deferred Stock Unit" means a right granted by the Company to a Participant to receive upon settlement, on a deferred basis, one share of Common Stock or the cash equivalent thereof on the terms contained herein.

(l) "Disability" means cause for termination of the Participant's employment or service due to a determination that the Participant is disabled in accordance with a long-term disability insurance program maintained by the Company or a determination by the U.S. Social Security Administration that the Participant is totally disabled.

(m) "\$" shall refer to the United States dollars.

(n) "Eligible Director" means a director who satisfies the conditions set forth in Section 4(a) of the Plan.

(o) "Eligible Person" means any (i) individual employed by the Company or an Affiliate; provided, however, that no employee covered by a collective bargaining agreement shall be an Eligible Person; (ii) director or officer of the Company or an Affiliate; (iii) consultant or advisor to the Company or an Affiliate who may be offered securities registrable on Form S-8 under the Securities Act; or (iv) prospective employee, director, officer, consultant or advisor who has accepted an offer of employment or service from the Company or its Affiliates (and would satisfy the provisions of clause (i), (ii) or (iii) above once such Person begins employment with or providing services to the Company or an Affiliate).

(p) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and any successor thereto. References to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successors thereto.

(q) "Exercise Price" has the meaning set forth in Section 7(b) of the Plan.

(r) "Fair Market Value" means, (i) with respect to Common Stock on a given date, (x) if the Common Stock is listed on a national securities exchange, the closing sales price of the common shares of Common Stock reported on such exchange on such date, or if there is no such sale on that date, then on

the last preceding date on which such a sale was reported; or (y) if the Common Stock is not listed on any national securities exchange, the amount determined by the Committee in good faith to be the fair market value of the Common Stock, or (ii) with respect to any other property on any given date, the amount determined by the Committee in good faith to be the fair market value of such other property as of such date.

(s) “Incentive Stock Option” means an Option that is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.

(t) “Immediate Family Members” has the meaning set forth in Section 15(b)(ii) of the Plan.

(u) “Indemnifiable Person” has the meaning set forth in Section 4(e) of the Plan.

(v) “Investor” means TowerBrook Capital Partners, L.P.

(w) “NYSE” means The New York Stock Exchange.

(x) “Nonqualified Stock Option” means an Option that is not designated by the Committee as an Incentive Stock Option.

(y) “Option” means an Award granted under Section 7 of the Plan.

(z) “Option Period” has the meaning set forth in Section 7(c) of the Plan.

(aa) “Other Stock-Based Awards” means an Award granted under Section 10 of the Plan.

(bb) “Participant” has the meaning set forth in Section 6 of the Plan.

(cc) “Performance Compensation Award” means an Award designated by the Committee as a Performance Compensation Award pursuant to Section 11 of the Plan.

(dd) “Performance Criterion” or “Performance Criteria” shall mean the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance Compensation Award under the Plan.

(ee) “Performance Formula” shall mean, for a Performance Period, the one or more objective formulae applied against the relevant Performance Goal to determine, with regard to the Performance Compensation Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Compensation Award has been earned for the Performance Period.

(ff) “Performance Goals” shall mean, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria.

(gg) “Performance Period” shall mean the one or more periods of time as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining the Participant’s right to, and the payment with respect to, a Performance Compensation Award.

(hh) “Permitted Transferee” has the meaning set forth in Section 15(b)(ii) of the Plan.

(ii) “Person” has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company.

(jj) “Released Unit” has the meaning set forth in Section 9(d)(ii) of the Plan.

(kk) “Restricted Period” has the meaning set forth in Section 9(a) of the Plan.

(ll) “Restricted Stock” means an Award of Common Stock, subject to certain specified restrictions, granted under Section 9 of the Plan.

(mm) “Restricted Stock Unit” means an Award of an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain specified restrictions, granted under Section 9 of the Plan.

(nn) “SAR Period” has the meaning set forth in Section 8(c) of the Plan.

(oo) “Securities Act” means the U.S. Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or other interpretive guidance.

(pp) “Strike Price” has the meaning set forth in Section 8(b) of the Plan.

(qq) “Stock Appreciation Right” or “SAR” means an Award granted under Section 8 of the Plan.

(rr) “Substitute Awards” has the meaning set forth in Section 5(e) of the Plan.

4. Administration.

(a) The Committee shall administer the Plan, and shall have the sole and plenary authority to: (i) designate Participants; (ii) determine the type, size, and terms and conditions of Awards to be granted and to grant such Awards; (iii) determine the method by which an Award may be settled, exercised, canceled, forfeited, suspended, or repurchased by the Company; (iv) determine the circumstances under which the delivery of cash, property or other amounts payable with respect to an Award may be deferred, either automatically or at the Participant’s or Committee’s election; (v) interpret and administer, reconcile any inconsistency in, correct any defect in and supply any omission in the Plan and any Award granted under, the Plan; (vi) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of the Plan; (vii) accelerate the vesting, delivery or exercisability of, or payment for or lapse of restrictions on, or waive any condition in respect of, Awards; and (viii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan or to comply with any applicable law, including Section 162(m) of the Code. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if applicable and if the Board is not acting as the Committee under the Plan) or necessary to obtain the exception for performance-based compensation under Section 162(m) of the Code, or any exception or exemption under applicable securities laws or the applicable the rules of the NYSE or any other securities exchange or inter-dealer

quotation service on which the Common Stock is listed or quoted, as applicable, it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan, be (i) a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Exchange Act, (ii) an “outside director” within the meaning of Section 162(m) of the Code and/or (iii) an “independent director” under the rules of the NYSE or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, or a person meeting any similar requirement under any successor rule or regulation (“**Eligible Director**”). However, the fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Award granted or action taken by the Committee that is otherwise validly granted or taken under the Plan.

(b) The Committee may allocate all or any portion of its responsibilities and powers to any person(s) selected by it, except for grants of Awards to persons (i) who are non-employee members of the Board or are otherwise subject to Section 16 of the Exchange Act or (ii) who are or may reasonably be expected to be “covered employees” for purposes of Section 162(m) of the Code. Any such allocation or delegation may be revoked by the Committee at any time.

(c) As further set forth in Section 15(f) of the Plan, the Committee shall have the authority to amend the Plan and Awards to the extent necessary to permit participation in the Plan by Eligible Persons who are located outside of the United States on terms and conditions comparable to those afforded to Eligible Persons located within the United States; provided, however, that no such action shall be taken without shareholder approval if such approval is required by applicable securities laws or regulation.

(d) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions regarding the Plan or any Award or any documents evidencing Awards granted pursuant to the Plan shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons or entities, including, without limitation, the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, and any shareholder of the Company.

(e) No member of the Board or the Committee, nor any employee or agent of the Company (each such person, an “**Indemnifiable Person**”), shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or willful criminal omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys’ fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be involved as a party, witness or otherwise by reason of any action taken or omitted to be taken or determination made under the Plan or any Award Agreement and against and from any and all amounts paid by such Indemnifiable Person with the Company’s approval (not to be unreasonably withheld), in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined as provided below that the Indemnifiable Person is not entitled to be indemnified); provided, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of recognized standing of the Company’s choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts or omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person’s fraud or willful criminal act or willful criminal omission or

that such right of indemnification is otherwise prohibited by law or by the Company's certificate of incorporation or by-laws. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the Company's certificate of incorporation or by-laws, as a matter of law, individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold them harmless.

(f) The Board may from time to time grant Awards and administer the Plan with respect to such Awards. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

5. Grant of Awards; Shares Subject to the Plan; Limitations.

(a) The Committee may grant Awards to one or more Eligible Persons.

(b) Subject to Section 12 of the Plan and subsection (e) below, the following limitations apply to the grant of Awards: (i) no more than 2,237,303 shares of Common Stock may be reserved for issuance and delivered in the aggregate pursuant to Awards granted under the Plan; (ii) no more than 570,000 shares of Common Stock may be subject to grants of Options or SARs under the Plan to any single Participant during any single fiscal year; (iii) no more than 2,237,303 shares of Common Stock may be delivered pursuant to the exercise of Incentive Stock Options granted under the Plan; (iv) no more than 570,000 shares of Common Stock may be delivered in respect of Performance Compensation Awards denominated in shares of Common Stock granted pursuant to Section 11 of the Plan to any Participant for a single Performance Period (or with respect to each single fiscal year if a Performance Period extends beyond a single fiscal year), or if such Performance Compensation Award is paid in cash, other securities, other Awards or other property, no more than the Fair Market Value of 570,000 shares of Common Stock on the last day of the Performance Period to which such Award relates; (v) the maximum amount that can be paid to any individual Participant for a single fiscal year during a Performance Period (or with respect to each single year in the event a Performance Period extends beyond a single fiscal year) pursuant to a Performance Compensation Award denominated in cash described in Section 11(a) of the Plan shall be \$5,000,000; and (vi) the maximum amount (based on the Fair Market Value of shares of Common Stock on the date of grant as determined in accordance with applicable financial accounting rules) of Awards that may be granted in any single fiscal year to any non-employee member of the Board shall be \$300,000; provided, that the foregoing limitation shall not apply in respect of any Restricted Stock Units or Deferred Stock Units issued to a non-employee director in lieu of payment of cash director compensation or board or committee fees or in respect of any one-time initial equity grant upon a nonemployee director's appointment to the Board.

(c) Shares of Common Stock shall be deemed to have been used in settlement of Awards whether or not they are actually delivered or the Fair Market Value on the date of issuance equivalent of such shares is paid in cash; provided, however, that if shares of Common Stock issued upon exercise, vesting or settlement of an Award, or shares of Common Stock owned by the Participant are surrendered or tendered to the Company in payment of the Exercise Price or any taxes required to be withheld in respect of an Award, in each case, in accordance with the terms and conditions of the Plan and any applicable Award Agreement, such surrendered or tendered shares shall again become available for other Awards; provided, further, that in no event shall such shares increase the number of shares of Common Stock that may be delivered pursuant to Incentive Stock Options. If and to the extent that all or any portion of an Award expires, terminates or is canceled or forfeited for any reason without the Participant's having received any benefit therefrom, the shares covered by such Award or portion thereof shall again become available for other Awards. For purposes of the foregoing sentence, the Participant shall not be deemed to have received any "benefit" (i) in the case of forfeited Restricted Stock by reason of having enjoyed voting rights and dividend rights prior to the date of forfeiture or (ii) in the case of an Award canceled by reason of a new Award being granted in substitution therefor.

(d) Shares of Common Stock delivered by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase, or a combination of the foregoing.

(e) The Committee may grant Awards in assumption of, or in substitution for, outstanding awards previously granted by the Company or any Affiliate or an entity directly or indirectly acquired by the Company or with which the Company combines (“**Substitute Awards**”), and such Substitute Awards shall not be counted against the aggregate number of shares of Common Stock available for Awards; provided, that Substitute Awards issued or intended as “incentive stock options” within the meaning of Section 422 of the Code shall be counted against the aggregate number of Incentive Stock Options available under the Plan.

6. Eligibility. Participation shall be limited to Eligible Persons who have been selected by the Committee and who have entered into an Award Agreement with respect to an Award granted to them under the Plan (each such Eligible Person, a “**Participant**”).

7. Options.

(a) Generally. Each Option shall be subject to the conditions set forth in the Plan and in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the Award Agreement expressly states otherwise. Incentive Stock Options shall be granted only subject to and in compliance with Section 422 of the Code, and only to Eligible Persons who are employees of the Company and its Affiliates and who are eligible to receive an Incentive Stock Option under the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option properly granted under the Plan.

(b) Exercise Price. The exercise price (“**Exercise Price**”) per share of Common Stock for each Option shall not be less than 100% of the Fair Market Value of such share, determined as of the date of grant. Any modification to the Exercise Price of an outstanding Option shall be subject to the prohibition on repricing set forth in Section 14(b).

(c) Vesting, Exercise and Expiration. The Committee shall determine the manner and timing of vesting, exercise and expiration of Options. The period between the date of grant and the scheduled expiration date of the Option (“**Option Period**”) shall not exceed ten years, unless the Option Period (other than in the case of an Incentive Stock Option) would expire at a time when trading in the shares of Common Stock is prohibited by the Company’s insider trading policy or a Company-imposed “blackout period,” in which case the Option Period shall be automatically extended until the 30th day following the expiration of such prohibition (so long as such extension shall not violate Section 409A of the Code). The Committee may accelerate the vesting and/or exercisability of any Option, which acceleration shall not affect any other terms and conditions of such Option.

(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be delivered pursuant to any exercise of an Option until the Participant has paid the Exercise Price to the Company in full, and an amount equal to any U.S. federal, state and local income and employment taxes and non-U.S. income and employment taxes, social contributions and any other tax-related items required to be withheld. Options may be exercised by delivery of written or electronic notice of exercise to the

Company or its designee (including a third-party administrator) in accordance with the terms of the Option and the Award Agreement accompanied by payment of the Exercise Price and such applicable taxes. The Exercise Price and delivery of all applicable required withholding taxes shall be payable (i) in cash or by check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual delivery of such shares to the Company) (or any combination of the foregoing); provided, that such shares of Common Stock are not subject to any pledge or other security interest (or any combination of the foregoing); or (ii) by such other method as elected by the Participant and that the Committee may permit, in its sole discretion, including without limitation: (A) in the form of other property having a Fair Market Value on the date of exercise equal to the Exercise Price and all applicable required withholding taxes; (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted “cashless exercise” pursuant to which the Company or its designee (including third-party administrators) is delivered a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding taxes against delivery of the shares of Common Stock to settle the applicable trade; or (C) by means of a “net exercise” procedure effected by withholding the minimum number of shares of Common Stock otherwise deliverable in respect of an Option that are needed to pay for the Exercise Price and all applicable required withholding taxes. Notwithstanding the foregoing, unless otherwise determined by the Committee or as set forth in an Award Agreement, if on the last day of the Option Period, the Fair Market Value of the Common Stock exceeds the Exercise Price, the Participant has not exercised the Option, and the Option has not previously expired, such Option shall be deemed exercised by the Participant on such last day by means of a “net exercise” procedure described above. In all events of cashless or net exercise, any fractional shares of Common Stock shall be settled in cash.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date on which the Participant makes a disqualifying disposition of any Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Stock before the later of (i) two years after the date of grant of the Incentive Stock Option and (ii) one year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instruction from such Participant as to the sale of such Common Stock.

(f) Compliance with Laws. Notwithstanding the foregoing, in no event shall the Participant be permitted to exercise an Option in a manner that the Committee determines would violate the Sarbanes-Oxley Act of 2002, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation service on which the Common Stock of the Company is listed or quoted.

(g) Incentive Stock Option Grants to 10% Shareholders. Notwithstanding anything to the contrary in this Section 7, if an Incentive Stock Option is granted to a Participant who owns stock representing more than ten percent of the voting power of all classes of stock of the Company or of a subsidiary or a parent of the Company, the Option Period shall not exceed five years from the date of grant of such Option and the Option Price shall be at least 110% of the Fair Market Value (on the date of grant) of the shares subject to the Option.

(h) \$100,000 Per Year Limitation for Incentive Stock Options. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company) exceeds \$100,000, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options.

8. Stock Appreciation Rights (SARs).

(a) Generally. Each SAR shall be subject to the conditions set forth in the Plan and the Award Agreement. Any Option granted under the Plan may include a tandem SAR. The Committee also may award SARs independent of any Option.

(b) Strike Price. The strike price (“**Strike Price**”) per share of Common Stock for each SAR shall not be less than 100% of the Fair Market Value of such share, determined as of the date of grant; provided, however, that a SAR granted in tandem with (or in substitution for) an Option previously granted shall have a Strike Price equal to the Exercise Price of the corresponding Option. Any modification to the Strike Price of an outstanding SAR shall be subject to the prohibition on repricing set forth in Section 14(b).

(c) Vesting and Expiration. A SAR granted in tandem with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. A SAR granted independently of an Option shall vest and become exercisable and shall expire in such manner and on such date or dates determined by the Committee and shall expire after such period, not to exceed ten years, as may be determined by the Committee (the “**SAR Period**”); provided, however, that notwithstanding any vesting or exercisability dates set by the Committee, the Committee may accelerate the vesting and/or exercisability of any SAR, which acceleration shall not affect the terms and conditions of such SAR other than with respect to vesting and/or exercisability. If the SAR Period would expire at a time when trading in the shares of Common Stock is prohibited by the Company’s insider trading policy or a Company-imposed “blackout period,” the SAR Period shall be automatically extended until the 30th day following the expiration of such prohibition (so long as such extension shall not violate Section 409A of the Code).

(d) Method of Exercise. SARs may be exercised by delivery of written or electronic notice of exercise to the Company or its designee (including a third-party administrator) in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded. Notwithstanding the foregoing, if on the last day of the Option Period (or in the case of a SAR independent of an Option, the SAR Period), the Fair Market Value exceeds the Strike Price, the Participant has not exercised the SAR or the corresponding Option (if applicable), and neither the SAR nor the corresponding Option (if applicable) has previously expired, such SAR shall be deemed to have been exercised by the Participant on such last day and the Company shall make the appropriate payment therefor.

(e) Payment. Upon the exercise of a SAR, the Company shall pay to the holder thereof an amount equal to the number of shares subject to the SAR that are being exercised multiplied by the excess, if any, of the Fair Market Value of one share of Common Stock on the exercise date over the Strike Price, less an amount equal to any U.S. federal, state and local income and employment taxes and non-U.S. income and employment taxes, social contributions and any other tax-related items required to be withheld. The Company shall pay such amount in cash, in shares of Common Stock valued at Fair Market Value as determined on the date of exercise, or any combination thereof, as determined by the Committee. Any fractional shares of Common Stock shall be settled in cash.

9. Restricted Stock; Restricted Stock Units; and Deferred Stock Units.

(a) Generally. Each Restricted Stock, Restricted Stock Unit, and Deferred Stock Unit Award shall be subject to the conditions set forth in the Plan and the applicable Award Agreement. Subject to such rules, approvals, and conditions as the Committee may impose from time to time, an Eligible Person who is a non-employee director may elect to receive all or a portion of such Eligible Person's cash director fees and other cash director compensation payable for director services provided to the Company by such Participant in any fiscal year, in whole or in part, in the form of Deferred Stock Units. The Committee shall establish restrictions applicable to Restricted Stock and Restricted Stock Units, including the period over which the restrictions shall apply (the "**Restricted Period**"), and the time or times at which Restricted Stock or Restricted Stock Units shall become vested. Deferred Stock Units shall be fully vested upon grant. The Committee may accelerate the vesting and/or the lapse of any or all of the restrictions on Restricted Stock and Restricted Stock Units, which acceleration shall not affect any other terms and conditions of such Awards. No share of Common Stock shall be issued at the time an Award of Restricted Stock Units or Deferred Stock Units is made, and the Company will not be required to set aside a fund for the payment of any such Award.

(b) Stock Certificates; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Committee shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions. The Committee may also cause a stock certificate registered in the name of the Participant to be issued. In such event, the Committee may provide that such certificates shall be held by the Company or in escrow rather than delivered to the Participant pending vesting and release of restrictions, in which case the Committee may require the Participant to execute and deliver to the Company or its designee (including third-party administrators) (i) an escrow agreement satisfactory to the Committee, if applicable, and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock. If the Participant shall fail to execute and deliver the escrow agreement and blank stock power within the amount of time specified by the Committee, the Award shall be null and void. Subject to the restrictions set forth in this Section 9 and the Award Agreement, the Participant shall have the rights and privileges of a shareholder as to such Restricted Stock, including without limitation the right to vote such Restricted Stock.

(c) Restrictions; Forfeiture. Restricted Stock and Restricted Stock Units awarded to the Participant shall be subject to forfeiture until the expiration of the Restricted Period and the attainment of any other vesting criteria established by the Committee, and shall be subject to the restrictions on transferability set forth in the Award Agreement. In the event of any forfeiture, all rights of the Participant to such Restricted Stock (or as a shareholder with respect thereto), and/or to such Restricted Stock Units, as applicable, including to any dividends and/or dividend equivalents that may have been accumulated and withheld during the Restricted Period in respect thereof, shall terminate without further action or obligation on the part of the Company. The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock and Restricted Stock Units whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the date of grant of the Restricted Stock Award or Restricted Stock Unit Award, such action is appropriate.

(d) Delivery of Restricted Stock and Settlement of Restricted Stock Units.

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock and the attainment of any other vesting criteria, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect, except as set forth in the Award Agreement. If an escrow arrangement is used, upon such expiration the Company shall deliver to the Participant or such Participant's beneficiary (via book entry notation or, if applicable, in stock certificate form) the shares of Restricted Stock with respect to which the Restricted Period has

expired (rounded down to the nearest full share). Dividends, if any, that may have been withheld by the Committee and attributable to the Restricted Stock shall be distributed to the Participant in cash or in shares of Common Stock having a Fair Market Value (on the date of distribution) (or a combination of cash and shares of Common Stock) equal to the amount of such dividends, upon the release of restrictions on such share.

(ii) Unless otherwise provided by the Committee in an Award Agreement, upon the expiration of the Restricted Period and the attainment of any other vesting criteria established by the Committee, with respect to any outstanding Restricted Stock Units, the Company shall deliver to the Participant, or such Participant's beneficiary (via book entry notation or, if applicable, in stock certificate form), one share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit that has not then been forfeited and with respect to which the Restricted Period has expired and any other such vesting criteria are attained ("**Released Unit**"); provided, however, that the Committee may elect to (A) pay cash or part cash and part Common Stock in lieu of delivering only shares of Common Stock in respect of such Released Units or (B) defer the delivery of Common Stock (or cash or part Common Stock and part cash, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal to the Fair Market Value of the Common Stock as of the date on which the shares of Common Stock would have otherwise been delivered to the Participant in respect of such Restricted Stock Units.

(iii) Unless otherwise provided by the Committee in an Award Agreement, upon a Participant's separation from service with the Company, the Company shall deliver to the Participant, or the Participant's beneficiary (via book entry notation or, if applicable, in share certificate form), one share of Common Stock (or other securities or other property, as applicable) for each such outstanding Deferred Stock Unit then held by the Participant; provided, however, unless otherwise provided in the Award Agreement, that the Committee may elect to pay cash or part cash and part shares of Common Stock in lieu of delivering only shares of Common Stock in respect of such Deferred Stock Units. If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal to the Fair Market Value of the shares of Common Stock as of the date on which such shares would have otherwise been delivered to the Participant in respect of such Deferred Stock Units.

(iv) To the extent provided in an Award Agreement, the holder of outstanding Restricted Stock Units or Deferred Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in cash or, if determined by the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends as of the date of payment (or a combination of cash and shares of Common Stock) (and interest may, if determined by the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time as the underlying Restricted Stock Units or Deferred Stock Units, as applicable, are settled (in the case of Restricted Stock Units, following the release of restrictions on such Restricted Stock Units), and if such Restricted Stock Units are forfeited, the holder thereof shall have no right to such dividend equivalent payments.

(e) Legends on Restricted Stock. Each certificate representing Restricted Stock awarded under the Plan, if any, shall bear a legend substantially in the form of the following in addition to any other information the Company deems appropriate until the lapse of all restrictions with respect to such Common Stock:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE J.JILL, INC. 2017 OMNIBUS EQUITY INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT, DATED AS OF _____, BETWEEN J.JILL, INC. AND _____. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF J.JILL, INC.

10. Other Stock-Based Awards. The Committee may issue unrestricted Common Stock, rights to receive future grants of Awards, or other Awards denominated in Common Stock (including performance shares or performance units), or Awards that provide for cash payments based in whole or in part on the value or future value of shares of Common Stock under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts as the Committee shall from time to time determine (“**Other Stock-Based Awards**”). Each Other Stock-Based Award shall be evidenced by an Award Agreement, which may include conditions including, without limitation, the payment by the Participant of the Fair Market Value of such shares of Common Stock on the date of grant.

11. Performance Compensation Awards.

(a) Generally. The Committee shall have the authority, at or before the time of grant of any Award described in Sections 7 through 10 of the Plan, to designate such Award as a Performance Compensation Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code. In addition, the Committee shall have the authority to grant a cash bonus Award to any Participant and designate such Award as a Performance Compensation Award intended to qualify as “performance based compensation” under Section 162(m) of the Code. Notwithstanding the foregoing, (i) any Award to a Participant who is a “covered employee” within the meaning of Section 162(m) of the Code for a fiscal year that satisfies the requirements of this Section 11 may be treated as a Performance Compensation Award in the absence of any such Committee designation and (ii) if the Company determines that a Participant who has been granted an Award designated as a Performance Compensation Award is not (or is no longer) a “covered employee” within the meaning of Section 162(m) of the Code, then the terms and conditions of such Award may be modified without regard to any restrictions or limitations set forth in this Section 11 (but subject otherwise to the provisions of Section 14 of the Plan). Notwithstanding any other provision of the Plan, any Award that is intended to qualify as a Performance Compensation Award shall be subject to any additional limitations set forth in Section 162(m) of the Code that are requirements for such qualification, and the Plan and the Award Agreement shall be deemed amended to the extent necessary to conform to such requirements.

(b) Discretion of Committee with Respect to Performance Compensation Awards. The Committee may select the length of a Performance Period, the type(s) of Performance Compensation Awards to be issued, the Performance Criteria used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s) and the Performance Formula. Within the first 90 days of a Performance Period (or the maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance Compensation Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence and record the same in writing (which may be in the form of minutes of a meeting of the Committee).

(c) Performance Criteria. The Performance Criteria that will be used to establish the Performance Goal(s) may be based on the attainment of specific levels of performance of the Company (and/or one or more Affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, units, or any combination of the foregoing) and shall be limited to the following: (i) net earnings or net income (before or after taxes); (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment, assets, net assets, capital, gross revenue or gross revenue growth, invested capital, equity or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow and cash flow return on capital), which may but are not required to be measured on a per-share basis; (viii) earnings before or after taxes, interest, depreciation, and amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total shareholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) operating efficiency; (xiv) objective measures of customer satisfaction; (xv) working capital targets; (xvi) measures of economic value added or other “value creation” metrics; (xvii) enterprise value; (xviii) stockholder return; (xix) customer retention; (xx) competitive market metrics; (xxi) employee retention; (xxii) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (xxiii) system-wide revenues; (xxiv) cost of capital, debt leverage year-end cash position or book value; (xxv) strategic objectives, development of new product lines and related revenue, sales and margin targets, or international operations; (xxvi) total company comparable sales; or (xxvii) any combination of the foregoing. Any one or more of the Performance Criteria may be stated as a percentage of other Performance Criteria, or a percentage of a prior period’s Performance Criteria, or used on an absolute, relative or adjusted basis to measure the performance of the Company and/or one or more Affiliates as a whole or any divisions or operational and/or business units, product lines, brands, business segments, administrative departments of the Company and/or one or more Affiliates or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Criteria may be compared to the performance of a group of comparator companies, or a published or special index that the Committee deems appropriate, or as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting, delivery and exercisability of any Award based on the achievement of Performance Goals pursuant to the Performance Criteria specified in this paragraph. To the extent required under Section 162(m) of the Code, the Committee shall, within the first 90 days of a Performance Period (or within the maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period.

(d) Modification of Performance Goal(s). The Committee may alter Performance Criteria without obtaining shareholder approval if applicable tax and/or securities laws so permit. The Committee may modify the calculation of a Performance Goal during the first 90 days of a Performance Period (or within the maximum period allowed under Section 162(m) of the Code), or at any time thereafter if the change would not cause any Performance Compensation Award to fail to qualify as “performance-based compensation” under Section 162(m), to reflect any of the following events: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (iv) any reorganization and restructuring programs; (v) extraordinary nonrecurring items as described in Accounting Standards Codification Topic 225-20 (or any successor pronouncement thereto) and/or in management’s discussion and analysis of financial condition and results of operations appearing in the Company’s annual report to shareholders for the applicable year; (vi) acquisitions or divestitures; (vii) any other specific unusual or nonrecurring events, or objectively determinable category thereof; (viii) foreign exchange gains and losses; (ix) discontinued operations and nonrecurring charges; and (x) a change in the Company’s fiscal year.

(e) Payment of Performance Compensation Awards.

(i) Condition to Receipt of Payment. Unless otherwise provided in the applicable Award Agreement or any employment, consulting, change-in-control, severance or other agreement between the Participant and the Company or an Affiliate, the Participant must be employed by or rendering services for the Company or an Affiliate on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(ii) Limitation. Unless otherwise provided in the applicable Award Agreement, or any employment, consulting, change-in-control, severance or other agreement between the Participant and the Company or an Affiliate, the Participant shall be eligible to receive payment or delivery, as applicable, in respect of a Performance Compensation Award only to the extent that the Committee determines that: (A) the Performance Goal(s) for such period are achieved; and (B) all or some of the portion of such Participant's Performance Compensation Award has been earned for the Performance Period based on the application of the Performance Formula to such achieved Performance Goals; provided, however, that if so provided by the Committee in its sole discretion, in the event of (x) the termination of the Participant's employment or service by the Company other than for Cause (and other than due to death or Disability), in each case within 12 months following a Change in Control, or (y) the termination of a Participant's employment or service due to the Participant's death or Disability, the Participant shall receive payment in respect of a Performance Compensation Award based on (1) actual performance through the date of termination as determined by the Committee, or (2) if the Committee determines that measurement of actual performance cannot be reasonably assessed, the assumed achievement of target performance as determined by the Committee (but not to the extent that application of this clause (2) would result in the loss of the deduction of the compensation payable in respect of such Performance Compensation Award for any Participant reasonably expected to be a "covered employee" within the meaning of Section 162(m) of the Code), in each case prorated based on the time elapsed from the date of grant to the date of termination of employment or service with payment or delivery, as applicable, to be made at the same time that other Participants receive payment or delivery, as applicable, of awards for such Performance Period.

(iii) Certification. Following the completion of a Performance Period, the Committee shall review and certify in writing (which may be in the form of minutes of a meeting of the Committee) whether, and to what extent, the Performance Goal(s) for the Performance Period have been achieved and, if so, calculate and certify in writing (which may be in the form of minutes of a meeting of the Committee) that amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Committee shall then determine the amount of each Participant's Performance Compensation Award actually payable for the Performance Period and, in so doing, may apply discretion to eliminate or reduce the size of a Performance Compensation Award consistent with Section 162(m) of the Code. Unless otherwise provided in the applicable Award Agreement, the Committee shall not have the discretion to (A) provide payment or delivery in respect of Performance Compensation Awards for a Performance Period if the Performance Goal(s) for such Performance Period have not been attained; or (B) increase a Performance Compensation Award above the applicable limitations set forth in Section 5 of the Plan.

(f) Timing of Award Payments. Unless otherwise provided in the applicable Award Agreement, Performance Compensation Awards granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by this Section 11. Any Performance Compensation Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (i) with respect to a Performance Compensation Award that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Committee or (ii) with respect to a Performance Compensation Award that is payable in shares of Common Stock, by an amount greater than the appreciation of a share of Common Stock from the date such Award is deferred to the payment date. Unless otherwise provided in an Award Agreement, any Performance Compensation Award that is deferred and is otherwise payable in shares of Common Stock shall be credited (during the period between the date as of which the Award is deferred and the payment date) with dividend equivalents (in a manner consistent with the methodology set forth in the last sentence of Section 9(d)(iv)).

12. Changes in Capital Structure and Similar Events. In the event of (a) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event (including, without limitation, a Change in Control) that affects the shares of Common Stock, or (b) unusual or nonrecurring events (including, without limitation, a Change in Control) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation service, accounting principles or law, such that in any case an adjustment is determined by the Committee to be necessary or appropriate, then the Committee shall make any such adjustments in such manner as it may deem equitable, including without limitation any or all of the following:

- (i) adjusting any or all of (A) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) that may be delivered in respect of Awards or with respect to which Awards may be granted under the Plan (including, without limitation, adjusting any or all of the limitations under Section 5 of the Plan) and (B) the terms of any outstanding Award, including, without limitation, (1) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate, (2) the Exercise Price or Strike Price with respect to any Award and/or (3) any applicable performance measures (including, without limitation, Performance Criteria, Performance Formulae and Performance Goals);
- (ii) providing for a substitution or assumption of Awards (or awards of an acquiring company), accelerating the delivery, vesting and/or exercisability of, lapse of restrictions and/or other conditions on, or termination of, Awards or providing for a period of time (which shall not be required to be more than ten (10) days) for Participants to exercise outstanding Awards prior to the occurrence of such event (and any such Award not so exercised shall terminate or become no longer exercisable upon the occurrence of such event); and
- (iii) cancelling any one or more outstanding Awards (or awards of an acquiring company) and causing to be paid to the holders thereof, in cash, shares of Common Stock, other securities or other property, or any combination thereof, the value of such Awards, if any,

as determined by the Committee (which if applicable may be based upon the price per share of Common Stock received or to be received by other shareholders of the Company in such event), including without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or Strike Price of such Option or SAR, respectively (it being understood that, in such event, any Option or SAR having a per share Exercise Price or Strike Price equal to, or in excess of, the Fair Market Value (as of the date specified by the Committee) of a share of Common Stock subject thereto may be canceled and terminated without any payment or consideration therefor);

provided, however, that the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect any “equity restructuring” (within the meaning of the Financial Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)). Except as otherwise determined by the Committee, any adjustment in Incentive Stock Options under this Section 12 (other than any cancellation of Incentive Stock Options) shall be made only to the extent not constituting a “modification” within the meaning of Section 424(h)(3) of the Code, and any adjustments under this Section 12 shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 promulgated under the Exchange Act. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes. In anticipation of the occurrence of any event listed in the first sentence of this Section 12, for reasons of administrative convenience, the Committee in its sole discretion may refuse to permit the exercise of any Award during a period of up to 30 days prior to the anticipated occurrence of any such event.

13. Effect of Change in Control. Except to the extent otherwise provided in an Award Agreement, or any applicable employment, consulting, change-in-control, severance or other agreement between the Participant and the Company or an Affiliate, in the event of a Change in Control, notwithstanding any provision of the Plan to the contrary:

(a) If the acquirer or Successor Company in such Change in Control has agreed to provide for the substitution, assumption, exchange or other continuation of Awards granted pursuant to the Plan, then, if the Participant’s employment with the Company or an Affiliate is terminated by the Company or Affiliate without Cause (and other than due to death or Disability) on or within 12 months following a Change in Control, the Committee may provide that all Options and SARs held by such Participant shall become immediately exercisable with respect to 100% of the shares subject to such Options and SARs, and that the Restricted Period (and any other conditions) shall expire immediately with respect to 100% of the shares of Restricted Stock and Restricted Stock Units and any other Awards held by such Participant (including a waiver of any applicable Performance Goals); provided, that if the vesting or exercisability of any Award would otherwise be subject to the achievement of performance conditions, the portion of such Award that shall become fully vested and immediately exercisable shall be based on the assumed achievement of target performance as determined by the Committee and prorated for the number of days elapsed from the grant date of such Award through the date of termination.

(b) If that the acquirer or Successor Company has not agreed to a provision for the substitution, assumption, exchange or other continuation of Awards granted pursuant to the Plan, then, in either case, the Committee may provide that all Options and SARs held by such Participant shall become immediately exercisable with respect to 100% of the shares subject to such Options and SARs, and that the Restricted Period (and any other conditions) shall expire immediately with respect to 100% of the shares of Restricted Stock and Restricted Stock Units and any other Awards held by such Participant (including a waiver of any applicable Performance Goals); provided, that if the vesting or exercisability of any Award would otherwise be subject to the achievement of performance conditions, the portion of such

Award that shall become fully vested and immediately exercisable shall be based on the assumed achievement of target performance as determined by the Committee and prorated for the number of days elapsed from the grant date of such Award through the date of termination.

(c) In addition, the Committee may upon at least ten (10) days' advance notice to the affected persons, cancel any outstanding Award and pay to the holders thereof, in cash, securities or other property (including of the acquiring or successor company), or any combination thereof, the value of such Awards based upon the price per share of Common Stock received or to be received by other shareholders of the Company in the event. Notwithstanding the above, the Committee shall exercise such discretion over the timing of settlement of any Award subject to Code Section 409A at the time such Award is granted.

To the extent practicable, the provisions of this Section 13 shall occur in a manner and at a time that allows affected Participants the ability to participate in the Change in Control transaction with respect to the Common Stock subject to their Awards.

14. Amendments and Termination.

(a) Amendment and Termination of the Plan. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided, that no such amendment, alteration, suspension, discontinuation or termination shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any applicable rules or requirements of any securities exchange or inter-dealer quotation service on which the shares of Common Stock may be listed or quoted, for changes in GAAP to new accounting standards, or to prevent the Company from being denied a tax deduction under Section 162(m) of the Code); provided, further, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary, unless the Committee determines that such amendment, alteration, suspension, discontinuance or termination is either required or advisable in order for the Company, the Plan or the Award to satisfy any applicable law or regulation. Notwithstanding the foregoing, no amendment shall be made to the last proviso of Section 14(b) without shareholder approval.

(b) Amendment of Award Agreements. The Committee may, to the extent not inconsistent with the terms of any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after the Participant's termination of employment or service with the Company); provided, that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant unless the Committee determines that such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination is either required or advisable in order for the Company, the Plan or the Award to satisfy any applicable law or regulation; provided, further, that except as otherwise permitted under Section 12 of the Plan, if (i) the Committee reduces the Exercise Price of any Option or the Strike Price of any SAR, (ii) the Committee cancels any outstanding Option or SAR and replaces it with a new Option or SAR (with a lower Exercise Price or Strike Price, as the case may be) or other Award or cash in a manner that would either (A) be reportable on the Company's proxy statement or Form 10-K (if applicable) as Options that have been "repriced" (as such term is used in Item 402 of Regulation S-K promulgated under the Exchange Act), or (B) result in any "repricing" for financial statement reporting purposes (or otherwise cause the Award to fail to qualify

for equity accounting treatment), (iii) the Committee takes any other action that is considered a “repricing” for purposes of the shareholder approval rules of the applicable securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, or (iv) the Committee cancels any outstanding Option or SAR that has a per-share Exercise Price or Strike Price (as applicable) at or above the Fair Market Value of a share of Common Stock on the date of cancellation, and pays any consideration to the holder thereof, whether in cash, securities, or other property, or any combination thereof, then, in the case of the immediately preceding clauses (i) through (iv), any such action shall not be effective without shareholder approval.

15. General.

(a) Award Agreements; Other Agreements. Each Award under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto. In the event of any conflict between the terms of the Plan and any Award Agreement or employment, change-in-control, severance or other agreement in effect with the Participant, the term of the Plan shall control.

(b) Nontransferability.

(i) Each Award shall be exercisable only by the Participant during the Participant’s lifetime, or, if permissible under applicable law, by the Participant’s legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or an Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Committee may permit Awards (other than Incentive Stock Options) to be transferred by the Participant, without consideration, subject to such rules as the Committee may adopt, to: (A) any person who is a “family member” of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statements promulgated by the Securities and Exchange Commission (collectively, the “**Immediate Family Members**”); (B) a trust solely for the benefit of the Participant or the Participant’s Immediate Family Members; (C) a partnership or limited liability company whose only partners or shareholders are the Participant and the Participant’s Immediate Family Members; or (D) any other transferee as may be approved either (1) by the Board or the Committee, or (2) as provided in the applicable Award Agreement; (each transferee described in clause (A), (B), (C) or (D) above is hereinafter referred to as a “**Permitted Transferee**”); provided, that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with the immediately preceding paragraph shall apply to the Permitted Transferee, and any reference in the Plan, or in any applicable Award Agreement, to the Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award

Agreement, that such a registration statement is necessary or appropriate; (C) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of the termination of the Participant's employment by, or services to, the Company or an Affiliate under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the transferred Award, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(c) Dividends and Dividend Equivalents. The Committee may provide the Participant as part of an Award with dividends or dividend equivalents, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Committee, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock, Restricted Stock or other Awards; provided, that no dividends or dividend equivalents shall be payable in respect of outstanding (i) Options or SARs or (ii) unearned Performance Compensation Awards or other unearned Awards subject to performance conditions (other than or in addition to the passage of time); provided, further, that dividend equivalents may be accumulated in respect of unearned Awards and paid as soon as administratively practicable, but no more than 60 days, after such Awards are earned and become payable or distributable (and the right to any such accumulated dividends or dividend equivalents shall be forfeited upon the forfeiture of the Award to which such dividends or dividend equivalents relate).

(d) Tax Withholding.

(i) The Participant shall be required to pay to the Company or any Affiliate, and the Company or any Affiliate shall have the right (but not the obligation) and is hereby authorized to withhold, from any cash, shares of Common Stock, other securities or other property deliverable under any Award or from any compensation or other amounts owing to the Participant, the amount (in cash, Common Stock, other securities or other property) of any required withholding taxes (up to the maximum permissible withholding amounts) in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as the Committee or the Company deem necessary to satisfy all obligations for the payment of such withholding taxes.

(ii) Without limiting the generality of paragraph (i) above, the Committee may permit the Participant to satisfy, in whole or in part, the foregoing withholding liability by (A) payment in cash, (B) the delivery of shares of Common Stock (which shares are not subject to any pledge or other security interest) owned by the Participant having a Fair Market Value on such date equal to such withholding liability or (C) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value on such date equal to such withholding liability.

(e) No Claim to Awards; No Rights to Continued Employment, Directorship or Engagement. No employee or director of the Company or an Affiliate, or other person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither the

Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Company or an Affiliate, or to continue in the employ or the service of the Company or an Affiliate, nor shall it be construed as giving any Participant who is a director any rights to continued service on the Board.

(f) International Participants. With respect to Participants who reside or work outside of the United States and who are not (and who are not expected to be) “covered employees” within the meaning of Section 162(m) of the Code, the Committee may amend the terms of the Plan or appendices thereto, or outstanding Awards, with respect to such Participants, in order to conform such terms with or accommodate the requirements of local laws, procedures or practices or to obtain more favorable tax or other treatment for the Participant, the Company or its Affiliates. Without limiting the generality of this subsection, the Committee is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on death, disability, retirement or other terminations of employment, available methods of exercise or settlement of an Award, payment of income, social insurance contributions or payroll taxes, withholding procedures and handling of any stock certificates or other indicia of ownership that vary with local requirements. The Committee may also adopt rules, procedures or sub-plans applicable to particular Affiliates or locations.

(g) Beneficiary Designation. The Participant’s beneficiary shall be the Participant’s spouse (or domestic partner if such status is recognized by the Company and in such jurisdiction), or if the Participant is otherwise unmarried at the time of death, the Participant’s estate, except to the extent that a different beneficiary is designated in accordance with procedures that may be established by the Committee from time to time for such purpose. Notwithstanding the foregoing, in the absence of a beneficiary validly designated under such Committee-established procedures and/or applicable law who is living (or in existence) at the time of death of a Participant residing or working outside the United States, any required distribution under the Plan shall be made to the executor or administrator of the estate of the Participant, or to such other individual as may be prescribed by applicable law.

(h) Termination of Employment or Service. The Committee, in its sole discretion, shall determine the effect of all matters and questions related to the termination of employment of or service of a Participant. Except as otherwise provided in an Award Agreement, or any employment, consulting, change-in-control, severance or other agreement between the Participant and the Company or an Affiliate, unless determined otherwise by the Committee: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with the Company to employment or service with an Affiliate (or vice versa) shall be considered a termination of employment or service with the Company or an Affiliate; and (ii) if the Participant’s employment with the Company or its Affiliates terminates, but such Participant continues to provide services with the Company or its Affiliates in a non-employee capacity (including as a non-employee director) (or vice versa), such change in status shall not be considered a termination of employment or service with the Company or an Affiliate for purposes of the Plan.

(i) No Rights as a Shareholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no person shall be entitled to the privileges of ownership in respect of shares of Common Stock that are subject to Awards hereunder until such shares have been issued or delivered to that person.

(j) Government and Other Regulations.

(i) The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of share of Common Stock and the payment of money under the Plan or under Awards

granted or awarded under the Plan are subject to compliance with all applicable U.S. federal, state, local, and non-U.S. laws, rules, and regulations (including but not limited to state, U.S. federal, and non-U.S. securities law, and margin requirements) and to such approvals by any listing, regulatory, or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules, and regulations.

(ii) Nothing in the Plan shall be deemed to authorize the Committee or Board or any members thereof to take any action contrary to applicable law or regulation, or rules of the NYSE or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted.

(iii) The obligation of the Company to settle Awards in Common Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to and in compliance with the terms of an available exemption. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all shares of Common Stock or other securities of the Company or any Affiliate delivered under the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement, U.S. federal securities laws, or the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, any securities exchange or inter-dealer quotation service upon which such shares or other securities of the Company are then listed or quoted and any other applicable federal, state, local or non-U.S. laws, rules, regulations and other requirements, and, without limiting the generality of Section 9 of the Plan, the Committee may cause a legend or legends to be put on any such certificates of Common Stock or other securities of the Company or any Affiliate delivered under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of the Company or any Affiliate delivered under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under the Plan that it in its sole discretion deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(iv) The Committee may cancel an Award or any portion thereof if it determines that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an

Award in accordance with the foregoing, unless prevented by applicable laws, the Company shall pay to the Participant an amount equal to the excess of (A) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or delivered, as applicable), over (B) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of delivery of shares of Common Stock (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof.

(k) No Section 83(b) Elections Without Consent of Company. No election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Committee in writing prior to the making of such election. If the Participant, in connection with the acquisition of shares of Common Stock under the Plan or otherwise, is expressly permitted to make such election and the Participant makes the election, the Participant shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.

(l) Payments to Persons Other Than Participants. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for the Participant because of illness or accident, or is a minor, or has died, then any payment due to such person or the Participant's estate (unless a prior claim therefor has been made by a duly appointed legal representative or a beneficiary designation form has been filed with the Company) may, if the Committee so directs the Company, be paid to such person's spouse, child, or relative, or an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(m) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options or awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(n) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate, on the one hand, and the Participant or other person or entity, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or to otherwise segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company.

(o) Reliance on Reports. Each member of the Committee and each member of the Board (and each such member's respective designees) shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent registered public accounting firm of the Company and its Affiliates and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than such member or designee.

(p) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan.

(q) Purchase for Investment. Whether or not the Options and shares covered by the Plan have been registered under the Securities Act, each person exercising an Option under the Plan or acquiring shares under the Plan may be required by the Company to give a representation in writing that such person is acquiring such shares for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. The Company will endorse any necessary legend referring to the foregoing restriction upon the certificate or certificates representing any shares issued or transferred to the Participant upon the exercise of any Option granted under the Plan.

(r) Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

(s) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or entity or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, person or entity or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(t) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Company.

(u) 409A of the Code.

(i) It is intended that the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan or any other plan maintained by the Company, including any taxes and penalties under Section 409A of the Code, and neither the Company nor any Affiliate shall have any obligation to indemnify or otherwise hold such Participant or any beneficiary harmless from any or all of such taxes or penalties. With respect to any Award that is considered “deferred compensation” subject to Section 409A of the Code, references in the Plan to “termination of employment” (and substantially similar phrases) shall mean “separation from service” within the meaning of Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as a separate payment.

(ii) Notwithstanding anything in the Plan to the contrary, if the Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments or deliveries in respect of any Awards that are “deferred compensation” subject to Section 409A of the Code shall be made to such Participant prior to the date that is six months after the date of

such Participant's "separation from service" within the meaning of Section 409A of the Code or, if earlier, the Participant's date of death. All such delayed payments or deliveries will be paid or delivered (without interest) in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

(iii) In the event that the timing of payments in respect of any Award that would otherwise be considered "deferred compensation" subject to Section 409A of the Code would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of "disability" pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder.

(v) Clawback/Forfeiture. Notwithstanding anything to the contrary contained herein, the Committee may cancel an Award if the Participant, without the consent of the Company, (A) has engaged in or engages in activity that is in conflict with or adverse to the interests of the Company or any Affiliate while employed by or providing services to the Company or any Affiliate, including fraud or conduct contributing to any financial restatements or irregularities, (B) violates a non-competition, non-solicitation, non-disparagement or non-disclosure covenant or agreement with the Company or any Affiliate, as determined by the Committee, or (C) if the Participant's employment or service is terminated for Cause. The Committee may also provide in an Award Agreement that in such event the Participant will forfeit any compensation, gain or other value realized thereafter on the vesting, exercise or settlement of such Award, the sale or other transfer of such Award, or the sale of shares of Common Stock acquired in respect of such Award, and must promptly repay such amounts to the Company. The Committee may also provide in an Award Agreement that if the Participant receives any amount in excess of what the Participant should have received under the terms of the Award for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), all as determined by the Committee, then the Participant shall be required to promptly repay any such excess amount to the Company. In addition, the Company shall retain the right to bring an action at equity or law to enjoin the Participant's activity and recover damages resulting from such activity. Further, to the extent required by applicable law (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) and/or the rules and regulations of the NYSE or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, or if so required pursuant to a written policy adopted by the Company, Awards shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into all outstanding Award Agreements).

(w) No Representations or Covenants With Respect to Tax Qualification. Although the Company may endeavor to (i) qualify an Award for favorable U.S. or non-U.S. tax treatment or (ii) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.

(x) Code Section 162(m) Re - Approval. If the Company becomes subject to the provisions of Section 162(m) of the Code, the Committee may, for purposes of exempting certain Awards granted after such time from the deduction limitations of Section 162(m) of the Code, submit the provisions of the Plan regarding Performance Compensation Awards for re-approval by the shareholders of the Company

(i) prior to the first shareholder meeting at which directors are to be elected that occurs in calendar year 2021, or such earlier time as required under applicable Treasury Regulations, and (ii) thereafter not later than every five years in accordance with applicable Treasury Regulations. Nothing in this subsection, however, shall affect the validity of Awards granted after such time if such shareholder approval has not been obtained.

(y) No Interference. The existence of the Plan, any Award Agreement, and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company, the Board, the Committee, or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants, or rights to purchase stock or of bonds, debentures, or preferred or prior preference stocks whose rights are superior to or affect the Common Shares or the rights thereof or that are convertible into or exchangeable for Common Shares, or the dissolution or liquidation of the Company or any Affiliate, or any sale or transfer of all or any part of their assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(z) Expenses; Titles and Headings. The expenses of administering the Plan shall be borne by the Company and its Affiliates. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

* * *

As adopted by the Board of Directors of the Company on March 8, 2017.

As approved by the shareholders of the Company on March 8, 2017.

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Second Amended and Restated Employment Agreement (this “Agreement”), entered into as of March 14, 2017 (the “Signing Date”), by and among J.Jill, Inc. (“J.Jill”), Jill Acquisition LLC (the “Company”), and PAULA BENNETT (“Executive,” and together with J.Jill and the Company, the “Parties”), amends and restates in its entirety, effective as of the Effective Date (defined below), that certain amended and restated employment agreement dated March 30, 2015, by and among JJill Topco Holdings, LP (“Topco”), Executive, J.Jill (f/k/a Jill Intermediate LLC) and certain other parties thereto (the “Prior Agreement”). In addition, Topco and JJ Holdings GP, LLC (“Topco GP”) shall be Parties hereto for the limited purposes set forth in paragraph 13.

RECITALS

WHEREAS, J.Jill is currently contemplating the consummation of an initial public offering of its shares of common stock, par value \$0.01 per share (the “IPO”);

WHEREAS, in connection with the IPO, the Parties wish to enter into this Agreement to amend and restate the Prior Agreement to, among other things, set forth the terms and conditions of Executive’s continued employment with J.Jill and the Company commencing on the date on which the IPO is consummated (the “Effective Date”);

WHEREAS, to secure Executive’s skills and services, for the benefit of J.Jill, the Company, and their respective direct or indirect subsidiaries, whether existing on the Effective Date or thereafter acquired or formed (collectively, the “J.Jill Companies”), the J.Jill Companies desires to continue to employ Executive and Executive desires to accept such continued employment and to provide such skills and services to the J.Jill Companies, on the terms and conditions set forth herein; and

WHEREAS, the Prior Agreement shall continue to govern the terms of Executive’s employment with Topco and the Company through the date immediately preceding the Effective Date.

NOW, THEREFORE, in consideration of the mutual promises, terms, covenants, and conditions set forth in this Agreement, and the performance of each, the Parties, and for the limited purposes set forth herein, Topco and Topco GP, intending to be legally bound, agree as follows:

AGREEMENTS

1. **Term**. The term of this Agreement shall begin on the Effective Date and shall continue until Executive’s employment with J.Jill and the Company ends in accordance with paragraph 6 below (such period, the “Term”). In the event that the IPO is not consummated, this Agreement shall automatically terminate, and cease to have any further force or effect, on the date on which J.Jill completes an application with the Securities and Exchange Commission to withdraw its Registration Statement on Form S-1, and in such event, notwithstanding anything contained herein, no party hereto shall have any liability or obligation hereunder.

2. **Position and Duties**.

(a) *Position and Duties at the Company* . During the Term, Executive shall be employed as Chief Executive Officer (“CEO”) of the Company, and until such time as the Company hires a new President (the “New President”), Executive shall also be employed as President of the Company. During the Term, Executive shall be the senior most executive officer of the Company.

(b) *Position and Duties at J.Jill and Intermediary Entities* . During the Term Executive shall serve as the CEO and the senior-most executive officer of J.Jill, and any intermediary entity between J.Jill and the Company, and until a New President is hired by J.Jill, Executive shall serve as President of J.Jill and any intermediary entity between the Company and J.Jill.

(c) *Reporting and Board Duties* . During the Term, Executive shall be nominated for election as a member of, and shall report directly to, the board of directors of J.Jill (the “Board”). During the Term, the Board may also require Executive to serve as a member of the board of directors of any subsidiary of J.Jill, in each case without additional compensation.

(d) *Scope of Duties* . During the Term, Executive shall have such responsibilities, duties, and authorities as are commensurate with the position of CEO and, if applicable, President of a company the size and nature of J.Jill and the Company and as may be assigned by the Board consistent with such positions. During the Term, all executive officers (including any New President) of the Company, J.Jill, and any intermediary entities shall report directly to Executive or her designee; provided, however, that J.Jill and the Company shall be permitted to hire (i) a Non-Executive Chairman who may report directly to the Board or its designee and (ii) a chief legal/compliance officer who will report directly to Executive and may also report on a dotted line basis to the Board or its designee. Executive shall fulfill her duties and responsibilities in a reasonable and appropriate manner and in compliance with J.Jill’s and the Company’s policies and practices and applicable law.

(e) *Standard of Performance* . During the Term, Executive shall devote her full business time and attention to the business and affairs of the J.Jill Companies and shall not be engaged in or employed by or provide services to any other business enterprise without the written approval of the Board; provided, however, that Executive may manage her personal affairs, finances, and investments, may participate in charitable and not-for-profit activities, and may serve on industry boards and advisory groups (and retain any compensation from same) subject to the Board’s consent (which consent shall not be unreasonably withheld), so long as such service does not create an actual or potential conflict of interest with, or interfere with the performance of, Executive’s duties hereunder or conflict with Executive’s covenants under paragraph 7, 8 or 10 of this Agreement, in each case as determined in the sole judgment of the Board.

3. **Compensation.** For all services rendered by Executive (including her agreement to the covenants contained in paragraphs 7(b)-(d) through 10 of this Agreement), J.Jill and the Company shall compensate Executive as follows:

(a) *Base Salary.* As of the Effective Date, the gross annual salary payable to Executive shall be Seven Hundred Thirty-Five Thousand Dollars (\$735,000.00) per year and as of March 26, 2017 the gross annual salary payable to Executive shall be increased to \$800,000, which shall be paid in substantially equal installments on a regular basis in accordance with the Company's standard payroll procedures, but not less than monthly (the "Base Salary"). During the Term, the Base Salary shall be reviewed by the Board (or the appropriate committee of the Board) annually at the same time as other executive reviews and shall be subject to increase (but not decrease) by the Board (or the appropriate committee of the Board) in its discretion. After any such increase, "Base Salary" for purposes of this Agreement shall mean such increased amount.

(b) *Annual Bonus.* For all of 2017 (without proration) and subsequent fiscal years ending during the Term, Executive shall be eligible for an annual bonus as set forth herein (the "Annual Bonus"). The Annual Bonus shall be determined by the Board based upon J.Jill's and the Company's achievement of financial and other goals to be determined annually by the Board, in consultation with Executive, which goals shall, except as otherwise agreed by the Board and Executive, apply for all senior executives of the Company who are participants in the Annual Bonus plan. Executive's target Annual Bonus shall be equal to one hundred percent (100%) of Executive's Base Salary (the "Target Bonus"), and if all performance objectives for the applicable performance year are obtained or exceeded, Executive shall receive no less than the Target Bonus. In addition, Executive shall have an opportunity under the terms of the Annual Bonus to receive an Annual Bonus in excess of the Target Bonus as set forth in the applicable Annual Bonus plan. Executive's target bonus opportunity as a percentage of Base Salary shall be reviewed by the Board (or the appropriate committee of the Board) annually at the same time as the review of Executive's Base Salary and shall be subject to increase (but not decrease) by the Board (or the appropriate committee of the Board) in its discretion. After any such increase, "Target Bonus" for purposes of this Agreement shall mean such increased amount. The Annual Bonus awarded for a fiscal year shall be determined by the Board after the end of such fiscal year and shall be paid in cash and in accordance with the Company's customary practices for payment of annual bonuses to senior executive employees in the calendar year following, and not within, the fiscal year for which the Annual Bonus is earned, but in all events no later than the earlier of (i) seventy-five (75) days after the later of (x) the close of the fiscal year for which the Annual Bonus was earned and (y) the completion of such fiscal year's financial audit or (ii) April 15 of such calendar year; provided, however, that except as otherwise provided in this Agreement, Executive must be employed through the end of the applicable fiscal year to be entitled to receive the Annual Bonus.

(c) *Benefits and Perquisites.* During the Term, Executive shall be entitled to participate in the employee benefit plans and programs of the J.Jill

Companies in accordance with the terms of such plans and programs and shall be entitled to the same perquisites as are made available to other senior executive employees of J.Jill and the Company.

(d) *Vacation.* During the Term, Executive shall be entitled to not less than four (4) weeks of paid vacation during each calendar year (pro-rated for any partial calendar year of employment) in accordance with the Company's policies and practices for senior executive employees of the Company.

(e) *Equity Compensation Plan.* As of the Effective Date and during the Term, Executive shall be eligible to participate in, and receive grants of stock options, restricted stock, restricted stock units or other forms of equity compensation subject to the terms of, any of J.Jill's equity compensation plans and related documents, including, without limitation, J.Jill's 2017 Omnibus Equity Incentive Plan being implemented in connection with the IPO, as determined by the Compensation Committee of the Board.

4. **Expense Reimbursement.** During the Term, J.Jill and the Company shall reimburse Executive for (or, at J.Jill's or the Company's option, pay) all business travel and other out-of-pocket expenses reasonably incurred by Executive in the performance of her duties under this Agreement. All reimbursable expenses shall be appropriately documented by Executive upon submission of any request for reimbursement in a manner consistent with J.Jill's and the Company's expense reporting policies and applicable federal and state tax recordkeeping requirements. The amount of expenses eligible for reimbursement during any taxable year of Executive under this Agreement will not affect the expenses eligible for reimbursement in any other taxable year of Executive, and Executive's right to reimbursement of expenses is not subject to liquidation or exchange for another benefit. The Company shall also pay directly to Executive's counsel the legal fees incurred in connection with the review of this Agreement, its Exhibits and documentation related to the IPO, subject to a cap of \$15,000.

5. **Place of Performance.** During the Term, Executive shall carry out her duties and responsibilities under this Agreement principally in and from J.Jill's offices in the Quincy, Massachusetts, area. Executive understands that her position will involve substantial travel and agrees to undertake such travel as may be necessary or desirable in the performance of her duties and responsibilities under this Agreement.

6. **Termination; Rights on Termination.** Executive's employment and the Term may be ended in any one of the ways set forth in sub-paragraphs 6(a)-6(e). Except as otherwise may be agreed between the applicable J.Jill Companies and Executive at the time such employment ends, upon Executive's separation from employment with J.Jill and the Company she shall be deemed to have resigned from any and all offices and directorships she then holds relating to any J.Jill Company and, if requested by the Company, Executive shall deliver written instruments of resignation evidencing such resignations.

(a) *Termination by the Company for Cause.* The Board may terminate the Term and Executive's employment hereunder for Cause (as defined below) effective immediately upon provision of notice to Executive that her employment has been terminated for Cause, subject to (i) any applicable cure periods described below and (ii) receiving a majority vote of the Board. For purposes of this Agreement, "Cause" shall mean any of the following: (i) Executive's willful breach of any provision of paragraph 7(b)-(d), 8 or 10 of this Agreement; (ii) Executive's willful failure to follow a lawful directive of the Board; (iii) Executive's willful or gross neglect in the performance or nonperformance of any of her duties or responsibilities hereunder; (iv) Executive's dishonesty with respect to any material matter arising in the performance of her duties for any J.Jill Company that results in material injury to the financial condition or business reputation of any J.Jill Company, or Executive's fraud or willful misconduct in connection with her duties for any J.Jill Company; (v) Executive's use of alcohol or drugs in a manner that materially interferes with the performance of her duties for any J.Jill Company; or (vi) Executive's conviction of or plea of no contest to any misdemeanor involving theft, fraud, dishonesty, or act of moral turpitude or to any felony. In the event of a breach or failure described in clauses (i), (ii), (iii), (iv), or (v) the Board shall provide Executive with notice of the facts and circumstances which constitute such breach or failure and, if curable, shall provide Executive a ten (10) day period in which to cure such breach or failure and shall not terminate Executive for Cause if Executive cures such breach or failure within such ten (10) day period. In the event that the Term and Executive's employment hereunder are terminated by the Board for Cause, no compensation or benefits shall be payable to Executive after the date of such termination, except as provided for in paragraph 6(f)(i).

(b) *Termination for Executive's Death or Disability.* The Term and Executive's employment hereunder shall terminate automatically upon Executive's death during the Term. If the Disability (as defined herein) of Executive has occurred during the Term, J.Jill may provide Executive with written notice of the termination of the Term and Executive's employment hereunder. In such event, the Term and Executive's employment hereunder shall terminate effective on the thirtieth (30th) day following receipt of such notice by Executive. In the event that the Term and Executive's employment hereunder are terminated due to Executive's death or Disability, no compensation or benefits shall be payable to Executive or her estate after the date of such termination, except as provided for in paragraph 6(f)(i). For purposes of this Agreement, "Disability" shall mean either (i) Executive's inability to perform the essential duties and responsibilities of her position (even with reasonable accommodation taken into account) by reason of Executive's mental or physical disability, illness, or impairment that has already lasted for a period of ninety (90) or more days during any twelve (12) month period, or (ii) Executive's inability to perform the essential duties and responsibilities of her position (even with reasonable accommodation taken into account) by reason of Executive's mental or physical disability, illness, or impairment that can be expected to result in death or that can be expected to last for a period of ninety (90) or more days during any twelve (12) month period, as determined by a physician selected by J.Jill and reasonably agreeable to Executive.

(c) *Termination due to Mandatory Retirement.* At any time during the Term, J.Jill may, without Cause and for any reason whatsoever, require Executive to mandatorily retire from her employment with J.Jill and the Company and to terminate the Term hereunder, effective upon the expiration of a notice period of no less than thirty (30) days set forth in a written notice delivered to Executive by the Company (such termination, a “Mandatory Retirement”); provided, that the notice period stated above may, upon consultation with the Board, be waived by Executive, in which case such Mandatory Retirement shall be effective immediately upon the Board’s acceptance of Executive’s waiver of the notice period. In the event that the Term and Executive’s employment hereunder are terminated as a result of a Mandatory Retirement, no compensation or benefits shall be payable to Executive except as provided for in paragraph 6(f)(iii).

(d) *Termination by Executive For Good Reason.* Executive may terminate the Term and her employment hereunder for Good Reason (as defined below). “Good Reason” shall mean, without Executive’s prior written consent (i) a material reduction in Executive’s duties and responsibilities; provided, that Executive hereby acknowledges that the hiring of (x) a President who reports to Executive or her designees and is granted customary duties and responsibilities commensurate with the title of President and/or (y) a chief legal/compliance officer reporting to the Board on a dotted line basis (provided such person also reports directly to Executive) shall not constitute Good Reason pursuant to this clause (i); (ii) removal of Executive as CEO or President of the Company and/or of J.Jill or as a member of the Board, or in connection with any term expiration, the failure to elect or reelect Executive as a member of the Board; provided, that the hiring by the Company and/or J.Jill of a New President pursuant to paragraph 2 of this Agreement who reports to Executive shall not constitute Good Reason pursuant to this clause (ii); (iii) a reduction of Base Salary or Target Bonus opportunity; (iv) Executive’s no longer serving as the senior most executive officer of the Company or J.Jill; (v) a change in reporting structure such that Executive no longer reports to the Board; (vi) the failure of any executive officer of the Company or J.Jill to report directly to Executive or her designee; provided that the chief legal/compliance officer also reporting to the Board on a dotted line basis shall not constitute Good Reason pursuant to this clause (vi); (vii) a material breach by J.Jill or the Company of that certain amended and restated grant agreement by and between Executive and J.Jill and the Company, a copy of which is attached hereto as Exhibit A (the “Amended Grant Agreement”)] (viii) the relocation of Executive’s principal work location outside of the Quincy, Massachusetts, area; (ix) Executive is not the senior-most executive of the entity that directly or indirectly owns 100% of J.Jill’s and the Company’s securities and/or assets; provided, however, that Executive shall not be entitled to resign for Good Reason unless (A) Executive gives the Board a written statement of the basis for Executive’s belief that Good Reason exists, (B) such written statement is provided not later than ninety (90) days after the later of Executive’s knowledge of the existence of the condition that Executive believes forms the basis for resignation for Good Reason or the occurrence of such condition (which for any event that has a materiality standard shall be measured from the last event giving rise to the event(s) being material), (C) Executive gives the Board at least thirty (30) days after receipt of such written statement to cure the basis for

such belief (the “Cure Period”), and (D) the Board does not cure the basis for such belief within the Cure Period. In the event that the Term and Executive’s employment hereunder are terminated by Executive for Good Reason, no compensation or benefits shall be payable to Executive except as provided for in paragraph 6(f)(iii). For the avoidance of doubt, Executive hereby acknowledges and agrees that none of the following shall constitute “Good Reason” pursuant to the terms of the Prior Agreement or this Agreement: (i) the consummation of the IPO (and any Parent Separation (as such term is defined in the Prior Agreement) occurring in connection therewith), (ii) a liquidation of Topco following the IPO, (iii) Executive’s ceasing to serve as a member of the board of directors of Topco or of Topco GP, or (iv) the execution of the Amended Grant Agreement.

(e) *Termination by Executive Without Good Reason or due to Voluntary Retirement.* Executive may resign or terminate her employment hereunder without Good Reason on at least either (i) thirty (30) days’ prior written notice to the Board for any resignation or termination without Good Reason (other than a Voluntary Retirement) or (ii) six (6) months’ prior written notice to the Board of a Voluntary Retirement; provided, that the notice period stated above may be waived by the Board in its absolute discretion, in which case, such resignation or termination shall be effective immediately upon the Board’s receipt of notice thereof from Executive. In the event that the Term and Executive’s employment hereunder are terminated by Executive without Good Reason (other than a Voluntary Retirement), no compensation or benefits shall be payable to Executive after the date of such termination, except as provided for in paragraph 6(f)(i). In the event of Executive’s Voluntary Retirement during the Term, no compensation or benefits shall be payable to Executive after the date of such termination, except as provided for in paragraph 6(f)(ii). For purposes of this Agreement, Executive’s “Voluntary Retirement” shall mean Executive’s voluntary resignation of her employment, other than for Good Reason, on no less than six (6) months’ prior written notice, to be effective on or after the 30-month anniversary of the Effective Date (or such other earlier date determined by the Board to be Executive’s retirement date if the Board waives the six (6) month prior notice requirement).

(f) *Payments Due Upon Termination.*

(i) Upon a termination of the Term and Executive’s employment hereunder (A) by reason of Executive’s death, (B) due to Executive’s Disability, (C) by the Board for Cause, or (D) by Executive without Good Reason (and not due to a Voluntary Retirement), Executive (or her estate, if applicable) shall be entitled to receive (1) any Base Salary payable to Executive pursuant to paragraph 3(a) of this Agreement, accrued up to and including the date on which Executive’s employment is terminated, less required statutory deductions, paid in accordance with the Company’s standard payroll procedures; (2) any payments, benefits and rights under any employee benefit and equity plans, programs or agreements of any J.Jill Company to which Executive is entitled upon termination of her employment with J.Jill and/or the Company (including, without limitation, under this Agreement and/or the Amended Grant Agreement, but excluding any benefit plans or programs providing for cash severance

benefits), in accordance with the terms and conditions of the applicable employee benefit or equity plans, programs or agreements of any J.Jill Company; (3) reimbursement for any unreimbursed business expenses under paragraph 4 of this Agreement incurred by Executive prior to her date of termination, paid in accordance with the Company's reimbursement policies and procedures; (4) except in the case of Executive's termination for Cause, payment of any unpaid Annual Bonus earned for any fiscal year which has been completed prior to Executive's date of termination, paid in accordance with paragraph 3(b) of this Agreement; and (5) continuation of any rights Executive may have under paragraph 18 of this Agreement in accordance with such paragraph (collectively, the "Accrued Obligations"). For the avoidance of doubt, upon termination of Executive's employment for any reason, Executive's rights with respect to her equity interests in J.Jill (or any successor thereto) (other than the Amended Grant Agreement) shall be governed by the terms of the award agreement applicable to such equity interests (for the avoidance of the doubt, the Amended Grant Agreement shall govern her pre-IPO equity).

(ii) Upon a termination of the Term and Executive's employment hereunder due to Executive's Voluntary Retirement, and provided that Executive satisfies the requirements set forth in paragraph 6(g) of this Agreement, Executive shall be entitled to receive (1) the Accrued Obligations, and (2) payment of any Annual Bonus for the fiscal year of such termination, prorated based on the number of days Executive was actively employed by the Company during such fiscal year and determined as if Executive had remained actively employed through the payment date (with any personal non-financial performance goals deemed to be achieved at 100%), payable at the time any such Annual Bonus would otherwise be paid in accordance with paragraph 3(b) of this Agreement.

(iii) In the event that the Term and Executive's employment hereunder are terminated due to Mandatory Retirement or by Executive for Good Reason, and provided that Executive satisfies the requirements set forth in paragraph 6(g) of this Agreement, then Executive shall be paid or be entitled to receive the Accrued Obligations, and (1) an Annual Bonus for the year of termination based on the actual bonus Executive would have received had she remained employed for the full performance period and through the date of payment (with any personal non-financial performance goals deemed achieved at 100%), payable in accordance with paragraph 3(b) of this Agreement, and (2) to the extent that such termination occurs prior to the 30-month anniversary of the Effective Date, (A) continued payment of Executive's Base Salary during the eighteen (18) month period after the effective date of such termination (such period, the "Continuation Period"), and (B) during the Continuation Period, or, if shorter, until coverage is obtained from another employer (which coverage Executive shall promptly disclose to the Company), to the extent permitted by applicable law, Executive shall also receive a continuation of the medical and dental coverage to which Executive was entitled under paragraph 3(c) immediately prior to such termination (including dependent coverage), at the same premium cost to Executive as determined immediately prior to such termination; provided, that any right Executive has to COBRA under Employer's group health plan will run concurrently with the continuation of coverage provided herein, and, provided further, that any Company-paid premiums shall

be reported as taxable income to Executive. Notwithstanding the foregoing, Executive shall not be entitled to the amounts and benefits set forth in clauses (1) and (2) above following a Mandatory Retirement or termination by Executive for Good Reason if in connection with such retirement or termination of employment, J.Jill and Executive enter into a written agreement memorializing the terms of Executive's continued service on the Board, except as may expressly be provided in such agreement.

(g) *Post-Employment Covenants; Release.* Notwithstanding any provision of this Agreement to the contrary, the payment of any amount or provision of any benefit pursuant to paragraph 6(f)(ii) or 6(f)(iii) of this Agreement (other than items (1), (2), (3), and (5) set forth in the definition of Accrued Obligations) (collectively, the "Severance Benefits") shall be conditioned upon (i) Executive's not violating any of her obligations under paragraph 7(b)-(d), 8(d) or 10 of this Agreement, (ii) Executive's not materially violating any of her obligations under paragraph 8(c) or 9 of this Agreement, (iii) Executive's execution, delivery to the Board, and non-revocation of a general release of the J.Jill Companies and their respective affiliates and their respective employees, officers, directors, owners and members from any and all claims, obligations and liabilities of any kind whatsoever, including, without limitation, those arising from or in connection with Executive's employment or termination of employment with J.Jill and the Company, Executive's service as a director or officer of any J.Jill Company or removal therefrom, or this Agreement (including, without limitation, civil rights claims), in the form attached hereto as Exhibit B (modified as necessary to conform to then-existing legal requirements) (the "Release"), and (iv) the expiration of any revocation period contained in such Release; provided, that Executive shall not be treated as incurring a violation described in clause (i) or (ii) above unless the Company provides Executive with written notice of the facts and circumstances that constitute such violation and, if curable, provides Executive a ten (10) day period in which to cure such violation and such violation is not cured within such ten (10) day period. If Executive fails to execute the Release in a timely manner so as to permit any revocation period to expire prior to the end of the sixty (60) day period immediately following Executive's termination of employment, or timely revokes her acceptance of such Release following its execution, Executive shall not be entitled to any of the Severance Benefits. Further, to the extent that any of the Severance Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), subject to any Delay Period (as defined in paragraph 6(j)(v) below), any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60th) day following the date of Executive's termination of employment hereunder, but for the condition on executing the Release as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60th) day, after which any remaining Severance Benefits shall thereafter be provided to Executive according to the applicable schedule set forth herein.

(h) *Provisions that Survive Termination or Expiration of Agreement.* All rights and obligations of the Parties under this Agreement shall cease as of the effective date of termination of Executive's employment under this Agreement, except that (i) J.Jill's and the Company's obligations under paragraphs 6, 17 and 18 of

this Agreement and the Amended Grant Agreement, and (ii) Executive's obligations under paragraphs 7(b)-(d), 8, 9, 10, 16 and 17 of this Agreement shall, in each of clauses (i), and (ii) above, survive such termination in accordance with their terms.

(i) *No Mitigation; Right to Offset.* In the event of any termination of Executive's employment under this Agreement for any reason, Executive shall not be under any duty to mitigate damages by seeking subsequent employment, and J.Jill's and/or the Company's obligation to make any payments hereunder shall not be subject to offset for any reason other than for any debts or expenses that Executive owes to J.Jill or the Company. All payments and benefits payable under this Agreement are gross payments subject to applicable taxes and withholdings.

(j) *Compliance with Code Section 409A.*

(i) To the extent this Agreement is subject to Section 409A of the Code ("Section 409A"), the Parties intend all payments under this Agreement to comply with the requirements of Section 409A, and this Agreement shall, to the extent practical, be operated and administered to effectuate such intent. In furtherance thereof, if payment or provision of any amount or benefit hereunder at the time specified in this Agreement would subject such amount or benefit to any additional tax under Section 409A, the payment or provision of such amount or benefit shall be postponed to the earliest commencement date on which the payment or the provision of such amount or benefit could be made without incurring such additional tax (including paying any severance that is delayed in a lump sum upon the earliest possible payment date which is consistent with Section 409A). In addition, to the extent that any regulations or guidance issued under Section 409A (after application of the previous provision of this paragraph) would subject Executive to the payment of interest or any additional tax under Section 409A, the Parties agree, to the extent reasonably possible, to amend this Agreement in order to avoid the imposition of any such interest or additional tax under Section 409A, which amendment shall have the minimum economic effect necessary on Executive and be reasonably determined in good faith by the Parties; provided however, that the Parties shall not be required to substitute a cash payment for any non-cash benefit herein.

(ii) A termination of Executive's employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of Executive's employment, unless such termination is also a "separation from service" within the meaning of Section 409A and the payment thereof prior to a "separation from service" would violate Section 409A. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(iii) For purposes of Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this

Agreement specifies a payment period with reference to a number of days (e.g., “payment shall be made within thirty (30) days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company; provided that if the payment date can fall in one of two calendar years it shall be paid in the second calendar year.

(iv) With respect to any payment under this Agreement constituting nonqualified deferred compensation subject to Section 409A, (A) all expenses or other reimbursements provided herein shall be payable in accordance the applicable J.Jill Company policy in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive; (B) no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year; and (C) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(v) If Executive is deemed on the date of termination to be a “specified employee” within the meaning of that term under Section 409A, then with regard to any payment or the provision of any benefit under this Agreement that is considered nonqualified deferred compensation under Section 409A payable on account of a “separation from service,” such payment or benefit shall be made or provided on the first business day following the earlier of (A) the expiration of the six (6)-month period measured from the date of such “separation from service” of Executive, and (B) the date of Executive’s death (the “Delay Period”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this paragraph 6(j) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum on the first business day following the Delay Period, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(k) *Compliance with Code Section 280G.* If any amounts or benefits to be paid or provided under this Agreement or otherwise would cause payments or benefits (or other compensation) to not be fully deductible by the Company, J.Jill or any of their respective affiliates for federal income tax purposes because of Section 280G of the Code, or any successor provision thereto (or that would subject Executive to the excise tax imposed by Section 4999 of the Code, or any successor provision thereto), such payments and benefits (and other compensation) will be reduced to the extent necessary such that no portion of such payments or benefits (or other compensation) will be subject to the excise tax imposed by Section 4999 of the Code, or any successor provision thereto; provided, that such a reduction will be made only if, by reason of such reduction, Executive’s net after-tax benefit exceeds the net after-tax benefit she would realize if such reduction were not made. The determination of whether any such payments or benefits to be provided under this Agreement or otherwise would not be so deductible (or whether Executive would be subject to such excise tax) shall, at the cost of J.Jill or the Company, be made at by a firm of independent accountants or a law firm

selected by the Board and reasonably acceptable to Executive. Any such reduction of such payments and benefits (and other compensation) shall be made by reducing the payments and benefits due to Executive under this Agreement or otherwise in the following order: (i) payments under paragraph 6(f)(iii)(2)(A) of this Agreement, as applicable, in inverse order from the last date of payment, (ii) the payment under paragraph 6(f)(ii)(2) or 6(f)(iii)(1) as applicable, (iv) all other payments and benefits under paragraph 6(f)(iii) of this Agreement, as applicable, in inverse order from the last date the payment or benefit is to be paid or provided, (v) payments and benefits under paragraph 6(f)(i)(4) of this Agreement, and (vi) any other payments and benefits due to Executive that constitute a “parachute payment” for purposes of Section 280G of the Code, with any cash payments being reduced first before any non-cash payments in inverse order from the last date of payment and all amounts that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) being reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c)).

7. Executive Covenants.

(a) The Parties acknowledge and agree that during her employment with the J.Jill Companies, she will perform each of the following duties except as otherwise set forth herein: (1) have the primary duty of managing the day-to-day operations of the J.Jill Companies; (2) customarily and regularly direct the work of all executives of the J.Jill Companies (including the New President); and (3) have the authority to hire or fire other employees of J.Jill and the Company or have particular weight given to her suggestions and recommendations as to the hiring, firing, advancement, promotion, or any other change of status of other employees of J.Jill and the Company. Executive further acknowledges and agrees that by reason of the J.Jill Companies’ investment of time, training, money, trust, exposure to the public, or exposure to customers, vendors, or other business relationships, she will gain (1) a high level of notoriety, fame, reputation, or public persona as the J.Jill Companies’ representative or spokesperson, or (2) a high level of influence or credibility with the J.Jill Companies’ respective customers, vendors, or other business relationships. Executive further acknowledges and agrees that she will be intimately involved in the planning for or direction of the business of the J.Jill Companies, and that she has or will obtain selective or specialized skills, knowledge, abilities, or customer contacts or information by reason of working for the J.Jill Companies.

(b) During Executive’s employment with the J.Jill Companies and for a period of eighteen (18) months thereafter (the “Noncompetition Restricted Period”), Executive shall not, either directly or indirectly, for herself or on behalf of or in conjunction with any other person, company, partnership, corporation, business, group, or other entity (each, a “Person”) engage, within the Territory (as described below), as an officer, director, owner, partner, member, joint venturer, or in a managerial capacity (whether as an employee, independent contractor, agent, representative, or consultant), in any business engaged in the Business of the J.Jill Companies (as defined below).

(c) During Executive’s employment with the J.Jill Companies and for a period of twenty-four (24) months thereafter (the “Nonsolicitation Restricted”

Period”), Executive shall not, either directly or indirectly, for herself or on behalf of or in conjunction with any Person, cause any Person to solicit or attempt to solicit, recruit or attempt to recruit, any employee or contract worker of the Company or any employee of the Associated Companies (as defined below) with whom Executive had material business contact during the course of her employment with the J.Jill Companies to end his or her relationship with the J.Jill Companies.

(d) In addition, in furtherance of the Company’s reasonable efforts to safeguard Confidential Information (defined below), Executive agrees that, during Executive’s employment with the J.Jill Companies and during the Noncompetition Restricted Period, Executive shall not serve as a council member or participate in any similar capacity for Gerson Lehrman Group, Inc., Coleman Research, GuidePoint Global, or any other firm the primary purpose of which is to connect its clients with executives or industry specialists (whether through in-person meetings, telephone conversations, on-line forums or other mediums) as a means for its clients to conduct primary research on a particular company, industry or business sector.

(e) For purposes of paragraphs 7 through 10:

(i) The “Territory” shall be defined as the United States of America and any other territory where Executive is working at the time of Executive’s termination of employment with the J.Jill Companies; which Executive acknowledges and agrees is the territory in which she is providing services to the J.Jill Companies pursuant to this Agreement.

(ii) The “Associated Companies” shall mean the J.Jill Companies and any company in which any J.Jill Company has a twenty percent or greater ownership interest.

(iii) The “Business of the J.Jill Companies” shall be defined as a women’s retail, catalog, phone and/or internet apparel business (regardless of its form of organization, and including a division of a general retailer, such as a department store, if the division is engaged in a specialty retail or specialty catalog business for women, including, for purposes of illustration, but not limited to, ANN INC. and its subsidiaries, Chico’s FAS, Inc. and its subsidiaries, Coldwater Creek Inc., Eddie Bauer LLC, Inc., Eileen Fisher Inc. and its subsidiaries, Nordstrom Inc., Sundance Catalog, L.L. Bean, Inc., Lands’ End, The Talbots, Inc., and The Gap, Inc.). Notwithstanding the foregoing, “Business of the J.Jill Companies” shall not include any affiliate, subsidiary or division of any Person engaged in women’s retail, catalog, phone and/or internet apparel business if (A) such affiliate, subsidiary or division is not itself engaged in a women’s retail, catalog, phone and/or internet apparel business, and (B) Executive does not provide services to any entity engaged in a women’s retail, catalog, phone and/or internet apparel business.

(f) The covenants in this paragraph 7 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this paragraph 7 relating to the time period,

scope, or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction or arbitrator to exceed the maximum time period, scope, or geographic area, as applicable, that such court or arbitrator deems reasonable and enforceable, then this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

(g) All of the covenants in this paragraph 7 shall be construed as an agreement independent of any other provisions in this Agreement, and the existence of any claim or cause of action Executive may have against any J.Jill Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by such J.Jill Company of such covenants.

(h) Executive has carefully read and considered the provisions of this paragraph 7 and, having done so, agrees that the restrictive covenants in this paragraph 7 impose a fair and reasonable restraint on Executive and are reasonably required to protect the interests of the J.Jill Companies and their respective officers, directors, employees, and equityholders.

(i) Executive agrees to disclose in advance the existence and terms of the restrictions and covenants contained in this paragraph 7 to any employer or other service recipient by whom Executive may be employed or retained during the Noncompetition Restricted Period and/or the Nonsolicitation Restricted Period, as applicable.

8. Trade Secrets and Confidential Information.

(a) For purposes of this paragraph, “Confidential Information” means any data or information (other than Trade Secrets) that is valuable to the Company or the Associated Companies (or, if owned by someone else, is valuable to that third party) and not generally known to the public or to competitors in the industry, including, but not limited to, any nonpublic information (regardless of whether in writing or retained as personal knowledge) pertaining to research and development; product costs, designs and processes; equityholder information; pricing, cost, or profit factors; quality programs; annual budget and long-range business plans; marketing plans and methods; contracts and bids; business ideas and methods, store concepts, inventions, innovations, developments, graphic designs, web site designs, patterns, specifications, procedures, databases and personnel. “Trade Secret” means trade secret as defined by applicable state law. In the absence of such a definition, Trade Secret means information including, but not limited to, any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(b) Executive acknowledges that in the course of her employment with the J.Jill Companies, she has received or will receive and has had or will have access to Confidential Information and Trade Secrets of the Company and the Associated Companies, and that unauthorized or improper use or disclosure by Executive of such Confidential Information or Trade Secrets will cause serious and irreparable harm to the J.Jill Companies. Accordingly, Executive is willing to enter into the covenants contained in paragraphs 7, 8, 9 and 10 of this Agreement in order to provide the J.Jill Companies with what Executive considers to be reasonable protection for their respective interests.

(c) Executive hereby agrees to hold in confidence all Confidential Information of the Company and the Associated Companies that came into her knowledge during her employment by the J.Jill Companies and will not disclose, publish or make use of such Confidential Information without the prior written consent of the Board for as long as the information remains Confidential Information.

(d) Executive hereby agrees to hold in confidence all Trade Secrets of the Company and the Associated Companies that came into her knowledge during her employment by the Company and shall not disclose, publish, or make use of at any time after the date hereof such Trade Secrets without the prior written consent of the Board for as long as the information remains a Trade Secret.

(e) Notwithstanding the foregoing, the provisions of this paragraph 8 will not apply to (i) information required to be disclosed by Executive in the ordinary course of her duties hereunder, or required to be disclosed by law, judicial (including arbitration or mediation) or governmental proceedings, (ii) any litigation, arbitration or mediation involving this Agreement, any of its Exhibits or any other agreement to which J.Jill and/or the Company or any of their affiliates and Executive are parties, or (iii) Confidential Information or Trade Secrets that otherwise becomes generally known in the industry or to the public through no act of Executive or any person or entity acting by or on Executive's behalf.

(f) The Parties agree that the restrictions stated in this paragraph 8 are in addition to and not in lieu of protections afforded to trade secrets and confidential information under applicable state and federal law. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting any J.Jill Company's rights under applicable state or federal law to protect their respective trade secrets and confidential information.

9. **Return of Company Property.** All records, designs, patents, business plans, financial statements, manuals, memoranda, customer lists, computer data, customer information, and other property or information delivered to or compiled by Executive by or on behalf of the Company, the Associated Companies, of their respective representatives, vendors or customers shall be and remain the property of the Company, and be subject at all times to its discretion and control. Upon the reasonable request of the Company and, in any event, upon the termination of Executive's employment with the J.Jill Companies, Executive shall deliver all such materials to the Company.

Notwithstanding the foregoing, Executive shall be entitled to retain her personal non-business related papers and any information relating to her compensation hereunder or status as an equityholder in J.Jill or Topco.

10. Work Product and Inventions.

(a) *Works.* Executive acknowledges that Executive's work on and contributions to documents, programs, methodologies, protocols, and other expressions in any tangible medium (including, without limitation, all business ideas and methods, store concepts, inventions, innovations, developments, graphic designs (such as catalog designs, in-store signage and posters), web site designs, patterns, specifications, procedures or processes, market research, databases, works of authorship, products, and other works of creative authorship) which have been or will be prepared by Executive, or to which Executive has contributed or will contribute, in connection with Executive's services to any J.Jill Company (collectively, "Works"), are and will be within the scope of Executive's employment and part of Executive's duties and responsibilities. Executive's work on and contributions to the Works will be rendered and made by Executive for, at the instigation of, and under the overall direction of any J.Jill Company, and are and at all times shall be regarded, together with the Works, as "work made for hire" as that term is used in the United States Copyright Laws. However, to the extent that any court or agency should conclude that the Works (or any of them) do not constitute or qualify as a "work made for hire", Executive hereby assigns, grants, and delivers exclusively and throughout the world to the Company all rights, titles, and interests in and to any such Works, and all copies and versions, including all copyrights and renewals. Executive agrees to cooperate with the Company and to execute and deliver to the Company and its successors and assigns, any assignments and documents the Company requests for the purpose of establishing, evidencing, and enforcing or defending its complete, exclusive, perpetual, and worldwide ownership of all rights, titles, and interests of every kind and nature, including all copyrights, in and to the Works, and Executive constitutes and appoints the Board as its agent to execute and deliver any assignments or documents Executive fails or refuses to execute and deliver, this power and agency being coupled with an interest and being irrevocable; provided that after the termination of Executive's employment hereunder, the Company shall reimburse Executive for all reasonable out of pocket expenses incurred by Executive in rendering such services as are approved by the Board. Without limiting the preceding provisions of this paragraph 10(a), Executive agrees that the Company may edit and otherwise modify, and use, publish and otherwise exploit, the Works in all media and in such manner as the Company, in its sole discretion, may determine.

(b) *Inventions and Ideas.* Executive shall disclose promptly to the Board (which shall receive it in confidence), and only to the Board, any invention or idea of Executive in any way connected with Executive's services or related to the Business of the J.Jill Companies, any J.Jill Company's research or development, or demonstrably anticipated research or development (developed alone or with others), conceived or made during the Term or within three (3) months thereafter and hereby assigns to the Company any such invention or idea. Executive agrees to cooperate with

the Company and sign all papers deemed necessary by the Company to enable it to obtain, maintain, protect and defend patents covering such inventions and ideas and to confirm the Company's exclusive ownership of all rights in such inventions, ideas and patents, and irrevocably appoints the Board as its agent to execute and deliver any assignments or documents Executive fails or refuses to execute and deliver promptly, this power and agency being coupled with an interest and being irrevocable; provided that after the termination of Executive's employment hereunder, the Company shall reimburse Executive for all reasonable out of pocket expenses incurred by Executive in rendering such services as are approved by the Board. This constitutes the Company's written notification that this assignment does not apply to an invention for which no equipment, supplies, facility or trade secret information of any J.Jill Company was used and which was developed entirely on Executive's own time, unless (a) the invention relates (i) directly to the Business of the J.Jill Companies, or (ii) any J.Jill Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by Executive for any J.Jill Company.

11. **No Prior Agreements**. Executive hereby represents and warrants to the Company that the execution of this Agreement by Executive and her employment by the J.Jill Companies and the performance of her duties hereunder will not violate or be a breach of any agreement with any former employer, client, or any other person or entity.

12. **Assignment; Binding Effect**. Executive understands that she has been selected for employment by the J.Jill Companies on the basis of her personal qualifications, experience, and skills. Executive agrees, therefore, that she cannot assign all or any portion of her performance under this Agreement. J.Jill may assign this Agreement to the purchaser of substantially all of the assets of J.Jill and the Company, provided that any such assignment does not adversely affect Executive's financial rights and duties under this Agreement or the Amended Grant Agreement, expand any restrictive covenant hereunder or impair her rights to resign for Good Reason. Subject to the preceding two sentences, as of the Signing Date, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their respective heirs, legal representatives, successors, and assigns. In the event of Executive's death while any payment, benefit or entitlement is due to her hereunder or otherwise, such payment, benefit or entitlement shall be paid to her spouse (or if such spouse is not alive, to her estate).

13. **Complete Agreement; Waiver; Amendment**. This Agreement shall be binding on the Parties as of the Signing Date, but shall not amend or supersede the Prior Agreement until the Effective Date. Except as otherwise provided in this Agreement, as of the Effective Date, Executive has no oral representations, understandings, or agreements with any of the J.Jill Companies or any of its officers, directors, or representatives covering the same subject matter as this Agreement (including, without limitation, the restrictive covenants contained in paragraphs 7(b)-(d) through 10 of this Agreement); other than, for so long as Topco has not been liquidated, that certain Amended and Restated Limited Partnership Agreement of Topco dated as of

May 8, 2015, as such may be further amended from time to time in accordance therewith. Except as otherwise provided in this Agreement, including the preceding sentence, as of the Effective Date, this Agreement, the Release and the Amended Grant Agreement are the final, complete, and exclusive statement of expression of the agreement among Topco, Topco GP, J.Jill, the Company, and Executive with respect to the subject matter hereof (including, without limitation, the restrictive covenants contained in paragraphs 7(b)-(d) through 10 of this Agreement), and cannot be varied, contradicted, or supplemented by evidence of any prior or contemporaneous oral or written agreements (including without limitation the Prior Agreement). This written Agreement may not be later modified except by a further writing signed by (i) a duly authorized officer of J.Jill or a member of the Board (in each case other than Executive), in which case the Board shall also cause the Company to execute the same amendment, and (ii) Executive, and no term of this Agreement may be waived except by a writing signed by the party waiving the benefit of such term.

Topco and Topco GP are joining this Agreement for the purpose of acknowledging the restatement of the Prior Agreement. Following the Effective Date, neither Topco nor Topco GP shall have any further right or obligations hereunder and shall cease to be party hereto.

14. **Notice**. Whenever any notice is required hereunder, it shall be given in writing addressed as follows:

To the Board or J.Jill:

J.Jill, Inc.
4 Battery March Park
Quincy, MA 02169
Attn: General Counsel

To Executive:

The most recent address the Company has on file for Executive

15. **Severability: Headings**. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. This severability provision shall be in addition to, and not in place of, the provisions of paragraph 7(f) of this Agreement. The paragraph and section headings are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent of the Agreement or of any part hereof.

16. **Equitable Remedy**. Because of the difficulty of measuring economic losses to the J.Jill Companies as a result of a breach of the covenants set forth in paragraphs 7(b)-(d) through 10 of this Agreement, and because of the immediate and irreparable damage that would be caused to the J.Jill Companies for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the J.Jill Companies, at law or in equity, each J.Jill Company shall be entitled to seek specific performance and any injunctive or other

equitable relief as a remedy for any breach or threatened breach by Executive of any provision of paragraphs 7(b)-(d) through 10 of this Agreement. Each J.Jill Company may seek temporary and/or permanent injunctive relief for an alleged violation of paragraphs 7(b)-(d), 8, 9 and/or 10 of this Agreement without the necessity of first arbitrating the matter pursuant to paragraph 17 of this Agreement and without the necessity of posting a bond.

17. **Arbitration.** Except for an action by any J.Jill Company for injunctive relief as described in paragraph 16 of this Agreement, any disputes or controversies arising under or related to this Agreement or Executive's employment with J.Jill and/or the Company will be settled by binding arbitration in Wilmington, Delaware through the use of and in accordance with the applicable rules of the American Arbitration Association relating to arbitration of commercial disputes ("AAA") and pursuant to the Federal Arbitration Act. One neutral arbitrator shall hear the dispute. The determination and findings of such arbitrator will be binding on all parties and may be enforced, if necessary, in any court of competent jurisdiction. The arbitrator shall be mutually acceptable to the parties and need not be selected from the AAA's roster of arbitrators if the parties can agree otherwise. If the parties are unable to agree on an arbitrator, then the arbitrator shall be selected pursuant to the AAA's rules. Except as prohibited by applicable law, each party shall be liable for its or her own legal fees and expenses, and shall split equally all arbitration and administration fees, as well as all fees and expenses of the arbitrator. Notwithstanding the foregoing, disputes or controversies relating to Executive's status as, or rights arising as, an equityholder of J.Jill shall be governed by the terms of the Amended Grant Agreement and related documents.

18. **Indemnification/D&O Liability Insurance.** The Company and J.Jill shall indemnify Executive (and her legal representatives, heirs or other successors) to the fullest extent permitted by applicable law or, if greater, pursuant to J.Jill's or the Company's respective corporate documents in effect as of the Effective Date (or pursuant to any amendments thereafter which are favorable to Executive), as applicable, against all reasonable costs, charges and expenses incurred or sustained by Executive (or her legal representatives, heirs or other successors), including the reimbursement of reasonable costs and expenses of legal counsel, in connection with any action, suit or proceeding to which Executive (or her legal representatives, heir or other successors) may be made a party by reason of Executive's being or having been an officer, director or employee of any J.Jill Company or her serving or having served as a director, officer or employee of another enterprise at the request of J.Jill or the Company (including, in all cases, with respect to service and/or acts or omissions prior to the Effective Date); provided that neither J.Jill nor the Company shall indemnify Executive for any costs, charges or expenses incurred or sustained by Executive as a result of any act or omission described in paragraph 6(a)(i)-(vi) of this Agreement. In addition, during the Term of the Prior Agreement, the Term of this Agreement and for six (6) years thereafter, Executive shall be covered, at J.Jill's or the Company's expense, as applicable, by officer and director liability insurance in amounts and on terms no less favorable to her in any respect than the coverage afforded to other executives and/or directors of the Company or J.Jill. J.Jill also agrees to enter into the indemnification agreement with Executive attached hereto as Exhibit C as of the Effective Date (the "Indemnification Agreement").

19. **J.Jill, Topco, Topco GP and Company Representations**. J.Jill, Topco, Topco GP, and the Company represent to Executive that (i) the execution and delivery of this Agreement has been fully and validly authorized by all necessary corporate actions, (ii) the officer signing this Agreement is duly authorized to do so, and (iii) upon execution and delivery of this Agreement by the aforementioned parties, it shall be a valid and binding obligation of such party enforceable against it in accordance with their terms, extent to the extent that enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

20. **Jointly Drafted**. The Parties and their respective counsel have participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

21. **Governing Law**. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Delaware, not including the choice-of-law rules thereof. All Parties hereby consent to the exclusive and sole jurisdiction and venue of the state and federal courts located in Delaware for the litigation of disputes not subject to arbitration and waive any claims of improper venue, lack of personal jurisdiction, or lack of subject matter jurisdiction as to any such disputes.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of J.Jill, Topco, Topco GP, the Company and Executive has caused this Agreement to be duly executed as of the date first written above.

J.Jill Inc.

/s/ David Biese

By: David Biese
Title: Chief Financial Officer

Jill Acquisition LLC

/s/ David Biese

By: David Biese
Title: Chief Financial Officer

/s/ Paula Bennett

PAULA BENNETT

For the limited purposes set forth in paragraph 13:

JJill Topco Holdings, LP

/s/ Glenn Miller

By: Glenn F. Miller
Title: Vice President

[Signature Pages to Employment Agreement – Bennett, Paula]

For the limited purposes set forth in paragraph 13:

JJ Holdings GP, LLC

/s/ Glenn Miller

By: Glenn F. Miller

Title: Vice President

[Signature Pages to Employment Agreement – Bennett, Paula]

Exhibit A

Form of Amended Grant Agreement

March 14, 2017

Re: Treatment of MIUs Following IPO

Dear Paula:

As you know, JJill Topco Holdings, LP (“**Topco**”) has commenced steps towards undertaking an initial public offering (the “**IPO**”) of shares of common stock (the “**J.Jill Shares**”) of J.Jill, Inc. (“**J.Jill**”), which will be structured as an offering and sale to the public of a portion of the J.Jill Shares currently held by Topco. Topco confirms that the IPO will constitute a “Public Offering” as defined in the Topco partnership agreement.

As a result of the IPO, and depending on the elections you made pursuant to the IPO Proceeds Election Form for Holders of Management Incentive Units, you will receive a distribution from Topco in respect of your Class A Common Interests (“**MIUs**”) consisting of some or all of the following: (i) unrestricted cash, (ii) cash held in an escrow account administered by J.Jill and subject to future vesting (“**Escrowed Cash**”), (iii) fully vested J.Jill Shares, and (iv) restricted J.Jill Shares subject to future vesting (“**Restricted Shares**”).

Following the distribution of the IPO proceeds, it is anticipated that Topco will be liquidated, after which you will cease to be a partner, or hold any equity interests (including MIUs), in Topco. This memorandum clarifies certain terms and conditions that will apply to any Escrowed Cash (if applicable) and Restricted Shares to be received by you in respect of your MIUs (collectively, “**Unvested Proceeds**”). For the avoidance of doubt, this memorandum does not apply to any distributions received by you in respect of any other interests in Topco that are held by you, nor will it apply to any unrestricted cash or vested J.Jill Shares received by you in respect of your MIUs.

The following terms and conditions will apply to your Unvested Proceeds following their distribution to you:

1. **Post-IPO Administration** . Although your Unvested Proceeds will remain subject to the terms and conditions set forth in the grant agreement for your MIUs (the “MIU Agreement”) and the JJill Topco Holdings, LP, Incentive Equity Plan (the “**Plan**”), the Compensation Committee of the Board of Directors of J.Jill (the “**Committee**”) will administer the Unvested Proceeds following the liquidation of Topco, and any reference to the “Board” in the Plan or your MIU Agreement will be deemed to refer to the Committee, which will be authorized to take all actions with respect to the Unvested Proceeds otherwise provided to such Board under your MIU Agreement and the Plan.

2. **Vesting and Payment of Unvested Proceeds Following the IPO** . Your Unvested Proceeds will continue to vest (ratably as between Escrowed Cash (if applicable) and Restricted Shares) in accordance with the provisions of Section 4 of your MIU Agreement. For the avoidance of doubt, on each date on which your MIUs would have become Vested Incentive Interests (as defined in your MIU Agreement) pursuant to Section 4 of your MIU Agreement, the corresponding portion of your Unvested Proceeds will vest (and, in the case of Escrowed Cash, released to you within 10 business days thereafter); provided, however, that following the IPO, the term “Approved Partnership Sale” as used in the MIU Agreement will be deemed to refer solely to a “Change in Control” (as such term is defined in J.Jill’s 2017 Omnibus Equity Incentive Plan, which is being adopted by J.Jill in connection with the IPO). Further, your Unvested Proceeds will vest in full upon the death or Disability (as such term is defined in Paula Bennett’s employment agreement with Topco, J.Jill (f/k/a Jill Intermediate LLC) of Paula Bennett, and certain other parties thereto, dated as of March 30, 2015, as subsequently amended and/or restated from time to time.) Notwithstanding anything to the contrary in your MIU Agreement, (i) none of your Unvested Proceeds will vest in connection with a liquidation of Topco pursuant to Article X of Topco’s partnership agreement and (ii) Section 5 of the MIU Agreement shall cease to apply to unrestricted cash or vested J.Jill Shares distributed to you in respect of your MIUs and in connection with the IPO. For the avoidance of doubt, any termination of employment referenced in the MIU Agreement shall be deemed to be a termination of employment of Paula Bennett.

3. **No Rights to Forfeited Amounts** . Other than the right to receive your allocable share of IPO proceeds prior to or in connection with the liquidation of Topco, you will have no other rights in respect of your MIUs, whether from Topco or otherwise. Further, notwithstanding anything in the Plan, your MIU Agreement or Topco’s partnership agreement to the contrary, any forfeiture of your Unvested Proceeds (whether in the form of Restricted Shares or Escrowed Cash), and any forfeiture of unvested IPO proceeds received by any other holder of MIUs, will revert back to J.Jill and will inure to the benefit of all remaining shareholders of J.Jill, pro rata, including J.Jill’s public shareholders.

4. **Miscellaneous** . Following the distribution of your Unvested Proceeds, each reference in your MIU Agreement to “this Agreement,” “herein,” “hereof,” “hereunder,” or words of similar import, and each reference in the Plan or your employment agreement with J.Jill to a “Grant Agreement” or “Amended Grant Agreement” will mean and be a reference to your MIU Agreement as modified by this memorandum. Sections 8 through 19 of your MIU Agreement will apply, mutatis mutandis, to this memorandum (with any notices to Topco pursuant to Section 9 to be made to J.Jill at its principal executive office, Attention: Compensation Committee of the Board of Directors); provided the reference to “the Partnership” in Section 17 of your MIU Agreement shall be replaced by a reference to “J.Jill”.

Sincerely,

JJill Topco Holdings, LP

By: _____
Name:
Title:

J.Jill, Inc.

By: _____
Name:
Title:

Accepted by:

Paula Bennett

Date: _____

BNY Mellon Trust, in its capacity as trustee to the PAULA L.
BENNETT 2015 Family Trust

Date:

Exhibit B

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims (“Release”) is entered into and delivered to the Board of Directors of J.Jill, Inc. (“J.Jill”), as of this [●] day of , 201[], by Paula Bennett (the “Executive”). The Executive agrees as follows:

1. The employment relationship between the Executive and J.Jill and Jill Acquisition LLC (the “Company”), terminated on the [●] day of 20[] (the “Termination Date”) pursuant to Section [] of the Second Amended and Restated Employment Agreement by and among the Company, J.Jill, Executive, and for certain purposes, only, certain other parties thereto dated March 14, 2017 (the “Employment Agreement”). Capitalized terms used but not defined in this Release shall have the meaning ascribed to them in the Employment Agreement.

2. In consideration of the payments, rights and benefits provided for in paragraph 6(f) of the Employment Agreement (“Separation Terms”) that are conditioned upon the effectiveness of this Release, the sufficiency of which the Executive hereby acknowledges, the Executive, on behalf of herself and her agents, representatives, attorneys, administrators, heirs, executors and assigns (collectively, the “Employee Releasing Parties”), hereby releases and forever discharges the Company Released Parties (as defined below), from all claims, charges, causes of action, obligations, expenses, damages of any kind (including attorneys’ fees and costs actually incurred) or demands, in law or in equity, whether known or unknown, that may have existed or which may now exist from the beginning of time to the date of this Release, arising from or relating to Executive’s employment or termination from employment with J.Jill, the Company or otherwise, including a release of any rights or claims the Executive may have under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (“ADEA”); the Older Workers Benefit Protection Act; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; the Family and Medical Leave Act of 1993; Section 1981 of the Civil Rights Act of 1866; Section 1985(3) of the Civil Rights Act of 1871; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; any other federal, state or local laws against discrimination; or any other federal, state, or local statute, regulation or common law relating to employment, wages, hours, or any other terms and conditions of employment. This includes a release by the Executive of any and all claims or rights arising under contract (whether written or oral, express or implied), covenant, public policy, tort or otherwise. For purposes hereof, “Company Released Parties” shall mean each J.Jill Company (and predecessor thereof) and any of their respective past or present employees, agents, insurers, attorneys, administrators, officials, directors, shareholders, divisions, parents, members, subsidiaries, affiliates, predecessors, successors, employee benefit plans, and the sponsors, fiduciaries, or administrators of any J.Jill Company employee benefit plans (but with respect to any agent, insurer, attorney, administrator or any individual only in its or his or her official capacity with the J.Jill Companies and not in any individual capacity unrelated to the business of the J.Jill Companies).

3. The Executive acknowledges that the Executive is waiving and releasing rights that the Executive may have under the ADEA and other federal, state and local statutes contract and the common law and that this Release is knowing and voluntary. The Executive, J.Jill and the Company agree that this Release does not apply to any rights or claims that may arise after the date of execution by Executive of this Release. The Executive acknowledges that the consideration given for this Release is in addition to anything of value to which the Executive is already entitled. The Executive further acknowledges that the Executive has been advised by this writing that: (i) the Executive should consult with an attorney prior to executing this Release; (ii) the Executive has at least twenty-one (21) days within which to consider this Release and such additional time provided in the Employment Agreement, although the Executive may, at the Executive's discretion, sign and return this Release at an earlier time, in which case the Executive waives all rights to the balance of this twenty-one (21) day review period; and (iii) for a period of 7 days following the execution of this Release in duplicate originals, the Executive may revoke this Release in a writing delivered to the Chairman of the Board of Directors of J.Jill, and this Release shall not become effective or enforceable until the revocation period has expired.

4. This Release does not release the Company Released Parties from (i) any obligations due to the Executive under the Separation Terms, (ii) any rights Executive has to indemnification, including, without limitation, under paragraph 18 the Employment Agreement and the Indemnification Agreement, and to directors and officers liability insurance coverage, (iii) any vested rights the Executive has under any J.Jill Company employee pension benefit and group healthcare benefit plans as a result of Executive's actual service with the Company, or (iv) any fully vested and nonforfeitable rights of the Executive as an equityholder of J.Jill.

5. The Executive represents and warrants that she has not filed any action, complaint, charge, grievance, arbitration or similar proceeding against the Company Released Parties.

6. This Release is not an admission by the Company Released Parties or the Employee Releasing Parties of any wrongdoing, liability or violation of law.

7. The Executive waives any right to reinstatement or future employment with any J.Jill Company following the Executive's separation from the Company on the Termination Date.

8. The Executive shall continue to be bound by the restrictive covenants contained in Sections 7(b)-(d) through 10 of the Employment Agreement.

9. This Release shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws.

10. Each of the sections contained in this Release shall be enforceable independently of every other section in this Release, and the invalidity or unenforceability of any section shall not invalidate or render unenforceable any other section contained in this Release.

11. **The Executive acknowledges that the Executive has carefully read and understands this Release, that the Executive has the right to consult an attorney with respect to its provisions and that this Release has been entered into knowingly and voluntarily. The Executive acknowledges that no representation, statement, promise, inducement, threat or suggestion has been made by any of the Company Released Parties to influence the Executive to sign this Release except such statements as are expressly set forth herein or in the Employment Agreement.**

The Executive has executed this Release as of the day and year first written above.

EXECUTIVE

[Signature Page to Release Agreement – Bennett, Paula]

Exhibit C

Form of Indemnification Agreement

J.JILL, INC.

[]

Dated as of _____, 2017

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1	2
DEFINITIONS	
ARTICLE 2	6
INDEMNITY IN THIRD-PARTY PROCEEDINGS	
ARTICLE 3	7
INDEMNITY IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY	
ARTICLE 4	7
INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL	
ARTICLE 5	8
INDEMNIFICATION FOR EXPENSES OF A WITNESS	
ARTICLE 6	8
ADDITIONAL INDEMNIFICATION, HOLD HARMLESS AND EXONERATION RIGHTS	
ARTICLE 7	8
CONTRIBUTION IN THE EVENT OF JOINT LIABILITY	
ARTICLE 8	9
EXCLUSIONS	
ARTICLE 9	10
ADVANCES OF EXPENSES; SELECTION OF LAW FIRM	
ARTICLE 10	11
PROCEDURE FOR NOTIFICATION; DEFENSE OF CLAIM; SETTLEMENT	
ARTICLE 11	12
PROCEDURE UPON APPLICATION FOR INDEMNIFICATION	
ARTICLE 12	13
PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS	
ARTICLE 13	14
REMEDIES OF INDEMNITEE	
ARTICLE 14	16
SECURITY	
ARTICLE 15	16
NON-EXCLUSIVITY; SURVIVAL OF RIGHTS; INSURANCE; PRIMACY OF INDEMNIFICATION; SUBROGATION	
ARTICLE 16	19
ENFORCEMENT AND BINDING EFFECT	
ARTICLE 17	19
MISCELLANEOUS	

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated effective as of [], 2017 (this “Agreement”), by and between J.Jill, Inc., a Delaware corporation (the “Company”), and [] (“Indemnatee”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in Article 1.

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnatee, to serve the Company;

WHEREAS, in order to induce Indemnatee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnatee to the fullest extent permitted by law;

WHEREAS, the Company and Indemnatee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and scope of coverage of liability insurance provide increasing challenges for the Company;

WHEREAS, the Company’s Certificate of Incorporation (as the same may be amended and/or restated from time to time, the “Certificate of Incorporation”) requires indemnification of the officers and directors of the Company, and Indemnatee may also be entitled to indemnification pursuant to applicable provisions of the Delaware General Corporation Law (“DGCL”);

WHEREAS, the Certificate of Incorporation and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts providing for indemnification may be entered into between the Company and members of the board of directors of the Company (the “Board”), executive officers and other key employees of the Company;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and any resolutions adopted pursuant thereto and shall not be deemed a substitute therefor nor to diminish or abrogate any rights of Indemnatee thereunder (regardless of, among other things, any amendment to or revocation of governing documents or any change in the composition of the Board or any Corporate Transaction); and

WHEREAS, Indemnatee will serve or continue to serve as a director, officer or key employee of the Company for so long as Indemnatee is duly elected or appointed or until Indemnatee tenders his or her resignation or is otherwise terminated by the Company.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, the Company and Indemnatee do hereby covenant and agree as follows:

ARTICLE 1

DEFINITIONS

As used in this Agreement:

- 1.1. “Affiliate” shall have the meaning set forth in Rule 405 under the Securities Act of 1933, as amended (as in effect on the date hereof).
- 1.2. “Agreement” shall have the meaning set forth in the preamble.
- 1.3. “Beneficial Owner” and “Beneficial Ownership” shall have the meaning set forth in Rule 13d-3 under the Exchange Act (as in effect on the date hereof).
- 1.4. “Board” shall have the meaning set forth in the recitals.
- 1.5. “By-Laws” shall mean the Company’s By-Laws (as the same may be amended and/or restated from time to time).
- 1.6. “Certificate of Incorporation” shall have the meaning set forth in the recitals.
- 1.7. “Change in Control” shall mean, and shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(a) Acquisition of Stock by Third Party. Any Person other than a Permitted Holder is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding Voting Securities, unless (i) the change in the relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors or (ii) such acquisition was approved in advance by the Continuing Directors and such acquisition would not constitute a Change in Control under part (c) of this definition;

(b) Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board, and any new director whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least a majority of the directors then still in office who were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (b) (collectively, the “Continuing Directors”), cease for any reason to constitute at least a majority of the members of the Board;

(c) Corporate Transactions. The effective date of a reorganization, merger or consolidation of the Company (in each case, a “Corporate Transaction”), unless following such Corporate Transaction: (i) all or substantially all of the individuals and entities who were the Beneficial Owners of Voting Securities of the Company

immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding Voting Securities of the Company or other Person resulting from such Corporate Transaction (including, without limitation, a corporation or other Person that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership of Voting Securities immediately prior to such Corporate Transaction; (ii) no Person (excluding any corporation resulting from such Corporate Transaction or the Permitted Holders) is the Beneficial Owner, directly or indirectly, of 50% or more of the combined voting power of the then outstanding Voting Securities of the Company or other Person resulting from such Corporate Transaction, except to the extent that such ownership existed prior to such Corporate Transaction; and (iii) at least a majority of the board of directors of the Company or other Person resulting from such Corporate Transaction were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction; or

(d) Other Events. The approval by the stockholders of the Company of a plan of complete liquidation or dissolution of the Company or the consummation of an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Company of all or substantially all of the Company's assets, other than such sale or other disposition by the Company of all or substantially all of the Company's assets to a Person, at least 50% of the combined voting power of the Voting Securities of which are Beneficially Owned by (i) the stockholders of the Company immediately prior to such sale or (ii) the Permitted Holders.

1.8. "Company" shall have the meaning set forth in the preamble and shall also include, in addition to the resulting corporation or other entity, any constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation or other entity as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

1.9. "Continuing Directors" shall have the meaning set forth in Section 1.7(b).

1.10. "Corporate Status" shall describe the status as such of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of the Company or of any other Enterprise which such person is or was serving at the request of the Company.

1.11. "Corporate Transaction" shall have the meaning set forth in Section 1.7(c).

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- 1.12. “Delaware Court” shall mean the Court of Chancery of the State of Delaware.
- 1.13. “DGCL” shall have the meaning set forth in the recitals.
- 1.14. “Disinterested Director” shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.
- 1.15. “Enterprise” shall mean the Company and any other corporation, constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned Subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent.
- 1.16. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.
- 1.17. “Expenses” shall include all reasonable and documented attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or negotiating for the settlement of, responding to or objecting to a request to provide discovery in, or otherwise participating in, any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments, fines or penalties against Indemnitee.
- 1.18. “Indemnification Arrangements” shall have the meaning set forth in Section 15.2.
- 1.19. “Indemnitee” shall have the meaning set forth in the preamble.
- 1.20. “Indemnitee-Related Entities” shall mean any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Company, any other Enterprise controlled by the Company or the insurer under and pursuant to an insurance policy of the Company or any such controlled Enterprise) from whom an Indemnitee may be entitled to indemnification or advancement of expenses with respect to which, in whole or in part, the Company or any other Enterprise controlled by the Company may also have an indemnification or advancement obligation.
- 1.21. “Independent Counsel” shall mean a law firm, or a member of a law firm, that is of outstanding reputation, experienced in matters of corporation law and neither is as of

the date of selection of such firm, nor has been during the period of three years immediately preceding the date of selection of such firm, retained to represent: (a) the Company or Indemnatee in any material matter (other than with respect to matters concerning Indemnatee under this Agreement, or of other indemnitees under similar indemnification agreements); or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnatee in an action to determine Indemnatee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. For purposes of this definition, a “material matter” shall mean any matter for which billings exceeded or are expected to exceed \$100,000.

1.22. “Permitted Holder” shall mean JJill Topco Holdings, LP, JJ Holdings GP, LLC, TI IV JJill Holdings, LP, TI IV JJ GP, LLC, TowerBrook Investors IV (Onshore), L.P. TowerBrook Investors GP IV, L.P. and TowerBrook Investors, Ltd., and their respective Affiliates and Related Parties.

1.23. “Person” shall have the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act (as in effect on the date hereof); provided, however, that the term “Person” shall exclude: (a) the Company; (b) any Subsidiaries of the Company; and (c) any employee benefit plan of the Company or a Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary of the Company or of a corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

1.24. “Proceeding” shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, including, without limitation, any and all appeals, whether brought by or in the right of the Company or otherwise and whether of a civil (including, without limitation, intentional or unintentional tort claims), criminal, administrative or investigative nature, whether formal or informal, in which Indemnatee was, is, will or might be involved as a party or otherwise by reason of the fact that Indemnatee is or was a director or officer of the Company, by reason of any action taken by or omission by Indemnatee, or of any action or omission on Indemnatee’s part while acting as a director or officer of the Company, or by reason of the fact that Indemnatee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of any other Enterprise; in each case whether or not acting or serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement or Section 145 of the DGCL; including one pending on or before the date of this Agreement but excluding one initiated by Indemnatee to enforce Indemnatee’s rights under this Agreement or Section 145 of the DGCL.

1.25. “Related Party” shall mean, with respect to any Person, (a) any controlling stockholder, controlling member, general partner, Subsidiary, spouse or immediate family

member (in the case of an individual) of such Person, (b) any estate, trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners or owners of which consist solely of one or more Permitted Holders and/or such other Persons referred to in the immediately preceding clause (a), or (c) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (b), acting solely in such capacity.

1.26. “ Section 409A ” shall have the meaning set forth in Section 17.2.

1.27. “ Subsidiary ” with respect to any Person, shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

1.28. “ Voting Securities ” shall mean any securities of the Company (or a surviving entity as described in the definition of a “Change in Control”) that vote generally in the election of directors (or similar body).

1.29. References to “ fines ” shall include any excise tax or penalty assessed on Indemnitee with respect to any employee benefit plan; references to “ other enterprise ” shall include employee benefit plans; references to “ serving at the request of the Company ” shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner “ not opposed to the best interests of the Company ” as referred to in this Agreement.

1.30. The phrase “ to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law ” shall include, but not be limited to: (a) to the fullest extent authorized or permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL and (b) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

ARTICLE 2

INDEMNITY IN THIRD-PARTY PROCEEDINGS

Subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Article 2 if Indemnitee is, was or is threatened to be made a party to or a participant (as a witness or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Article 8, to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties and, subject to Section 10.3, amounts paid in settlement actually and

reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful.

ARTICLE 3

INDEMNITY IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY

Subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Article 3 if Indemnitee is, was or is threatened to be made a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Article 8, to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Article 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged (and not subject to further appeal) by a court of competent jurisdiction to be liable to the Company, except to the extent that the Delaware Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

ARTICLE 4

INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL

Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. For the avoidance of doubt, if Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, then the Company shall indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each resolved claim, issue or matter, whether or not Indemnitee was wholly or partly successful; provided that Indemnitee shall only be entitled to indemnification for Expenses with respect to unsuccessful claims under this Article 4 to the extent Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful. For purposes of this Article 4 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, or by settlement, shall be deemed to be a successful result as to such claim, issue or matter.

ARTICLE 5

INDEMNIFICATION FOR EXPENSES OF A WITNESS

Notwithstanding any other provision of this Agreement, to the extent that Indemnatee is, by reason of Indemnatee's Corporate Status, a witness in any Proceeding to which Indemnatee is not a party, Indemnatee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection therewith.

ARTICLE 6

ADDITIONAL INDEMNIFICATION, HOLD HARMLESS AND EXONERATION RIGHTS

In addition to and notwithstanding any limitations in Articles 2, 3 or 4, but subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnatee to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law if Indemnatee is, was or is threatened to be made a party to or a participant in, any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and, subject to Section 10.3, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection with the Proceeding. No indemnity shall be available under this Article 6 on account of Indemnatee's conduct that constitutes a breach of Indemnatee's duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law.

ARTICLE 7

CONTRIBUTION IN THE EVENT OF JOINT LIABILITY

7.1. To the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law, if the indemnification rights provided for in this Agreement are unavailable to Indemnatee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying Indemnatee, shall pay, in the first instance, the entire amount incurred by Indemnatee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnatee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnatee.

7.2. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnatee.

7.3. The Company hereby agrees to fully indemnify, hold harmless and exonerate Indemnatee from any claims for contribution which may be brought by officers, directors or employees of the Company (other than Indemnatee) who may be jointly liable with Indemnatee.

ARTICLE 8

EXCLUSIONS

8.1. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity, contribution or advancement of Expenses in connection with any claim made against Indemnatee:

(a) except as provided in Section 15.4, for which payment has actually been made to or on behalf of Indemnatee under any insurance policy of the Company or its Subsidiaries or other indemnity provision of the Company or its Subsidiaries, except with respect to any excess beyond the amount paid under any insurance policy, contract, agreement, other indemnity provision or otherwise; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnatee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (or any similar successor statute) or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated or brought voluntarily by Indemnatee, including, without limitation, any Proceeding (or any part of any Proceeding) initiated by Indemnatee against the Company or its directors, officers, employees or other indemnitees, other than a Proceeding initiated by Indemnatee to enforce its rights under this Agreement, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) or (ii) the Company provides the indemnification payment, in its sole discretion, pursuant to the powers vested in the Company under applicable law; or

(d) for the payment of amounts required to be reimbursed to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, as amended, or any similar successor statute; or

(e) for any payment to Indemnatee that is determined to be unlawful by a final judgment or other adjudication of a court or arbitration, arbitral or administrative body of competent jurisdiction as to which there is no further right or option of appeal or the time within which an appeal must be filed has expired without such filing and under the procedures and subject to the presumptions of this Agreement; or

(f) in connection with any Proceeding initiated by Indemnatee to enforce its rights under this Agreement if a court of competent jurisdiction determines by final judicial decision that each of the material assertions made by Indemnatee in such Proceeding was not made in good faith or was frivolous.

The exclusion in Section 8.1(c) shall not apply to counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee.

ARTICLE 9

ADVANCES OF EXPENSES; SELECTION OF LAW FIRM

9.1. Subject to Article 8, the Company shall, unless prohibited by applicable law, advance the Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within ten business days after the receipt by the Company of a statement or statements requesting such advances, together with a reasonably detailed written explanation of the basis therefor and an itemization of legal fees and disbursements in reasonable detail, from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Indemnitee shall qualify for advances, to the fullest extent permitted by this Agreement, solely upon the execution and delivery to the Company of an undertaking providing that Indemnitee undertakes to repay the advance to the extent that it is ultimately determined, by final judicial decision of a court of competent jurisdiction from which there is no further right to appeal, that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement or pursuant to applicable law. This Section 9.1 shall not apply to any claim made by Indemnitee for which an indemnification payment is excluded pursuant to Article 8.

9.2. If the Company shall be obligated under Section 9.1 hereof to pay the Expenses of any Proceeding against Indemnitee, then the Company shall be entitled to assume the defense of such Proceeding upon the delivery to Indemnitee of written notice of its election to do so. If the Company elects to assume the defense of such Proceeding, then unless the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its Affiliates, in the aggregate, a majority of the combined voting power of the Company's then outstanding Voting Securities, the Company shall assume such defense using a single law firm (in addition to local counsel) selected by the Company representing Indemnitee and other present and former directors or officers of the Company. The retention of such law firm by the Company shall be subject to prior written approval by Indemnitee, which approval shall not be unreasonably withheld, delayed or conditioned. If the Company elects to assume the defense of such Proceeding and the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its Affiliates, in the aggregate, a majority of the combined voting power of the Company's then outstanding Voting Securities, then the Company shall assume such defense using a single law firm (in addition to local counsel) selected by Indemnitee and any other present or former directors or officers of the Company who are parties to such Proceeding. After (x) in the case of retention of any such law firm selected by the Company, delivery of the required notice to Indemnitee, approval of such law firm by Indemnitee and the retention of such law firm by the Company, or (y) in the case of retention of any such law firm selected by Indemnitee, the completion of such retention, the Company will not be liable to Indemnitee under this Agreement for any Expenses of any other law firm incurred by Indemnitee after the date that such first law firm is retained by the Company with respect to the same

Proceeding; provided, that in the case of retention of any such law firm selected by the Company (a) Indemnatee shall have the right to retain a separate law firm in any such Proceeding at Indemnatee's sole expense; and (b) if (i) the retention of a law firm by Indemnatee has been previously authorized by the Company in writing, (ii) Indemnatee shall have reasonably concluded that (1) there may be a conflict of interest between either (x) the Company and Indemnatee or (y) Indemnatee and another present or former director or officer of the Company also represented by such law firm in the conduct of any such defense, or (2) there may be defenses available to Indemnatee that are incompatible or inconsistent with those available to the Company or another present or former director represented by such law firm in the conduct of such defense, or (iii) the Company shall not, in fact, have retained a law firm to prosecute the defense of such Proceeding within thirty days, then the reasonable Expenses of a single law firm retained by Indemnatee shall be at the expense of the Company. Notwithstanding anything else to the contrary in this Section 9.2, the Company will not be entitled without the written consent of the Indemnatee to assume the defense of any Proceeding brought by or in the right of the Company.

ARTICLE 10

PROCEDURE FOR NOTIFICATION; DEFENSE OF CLAIM; SETTLEMENT

10.1. Indemnatee shall, as a condition precedent to Indemnatee's right to be indemnified under this Agreement, give the Company notice in writing promptly of any claim made against Indemnatee for which indemnification will or could be sought under this Agreement; provided, however, that a delay in giving such notice shall not deprive Indemnatee of any right to be indemnified under this Agreement unless, and then only to the extent that, such delay is materially prejudicial to the defense of such claim. The omission or delay to notify the Company will not relieve the Company from any liability for indemnification which it may have to Indemnatee otherwise than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnatee has requested indemnification.

10.2. The Company will be entitled to participate in the Proceeding at its own expense.

10.3. The Company shall have no obligation to indemnify Indemnatee under this Agreement for any amounts paid in settlement of any claim effected without the Company's prior written consent, provided the Company has not breached its obligations hereunder. The Company shall not settle any claim, including, without limitation, any claim in which it takes the position that Indemnatee is not entitled to indemnification in connection with such settlement, nor shall the Company settle any claim which would impose any fine or obligation on Indemnatee or attribute to Indemnatee any admission of liability, without Indemnatee's prior written consent. Neither the Company nor Indemnatee shall unreasonably withhold, delay or condition their consent to any proposed settlement.

ARTICLE 11

PROCEDURE UPON APPLICATION FOR INDEMNIFICATION

11.1. Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10.1, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (a) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (b) if a Change in Control shall not have occurred, (i) by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, or (iii) if there are less than three Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten business days after such determination and any future amounts due to Indemnitee shall be paid in accordance with this Agreement. Indemnitee shall cooperate with the Person making such determination with respect to Indemnitee's entitlement to indemnification, including, without limitation, providing to such Person upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination, provided, that nothing contained in this Agreement shall require Indemnitee to waive any privilege Indemnitee may have. Any costs or expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the Person making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification), and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

11.2. If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11.1 hereof, the Independent Counsel shall be selected as provided in this Section 11.2. If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten business days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Article 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court or arbitrator has determined that such objection is without

merit. If, within twenty days after submission by Indemnitee of a written request for indemnification pursuant to Section 10.1 hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may seek arbitration for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the arbitrator or by such other person as the arbitrator shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11.1 hereof. Such arbitration referred to in the previous sentence shall be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, and Article 13 hereof shall apply in respect of such arbitration and the Company and Indemnitee. Upon the due commencement of any judicial proceeding pursuant to Section 13.1 of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

ARTICLE 12

PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS

12.1. In making a determination with respect to entitlement to indemnification hereunder, the Person making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10.1 of this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its Board, its Independent Counsel and its stockholders) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification or advancement of expenses is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its Board, its Independent Counsel and its stockholders) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

12.2. If the Person empowered or selected under Article 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (a) an intentional misstatement by Indemnitee of a material fact, or an intentional omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (b) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such thirty-day period may be extended for a reasonable time, not to exceed an additional fifteen days, if the Person making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

12.3. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval), conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

12.4. For purposes of any determination of good faith pursuant to this Agreement, Indemnitee shall be deemed to have acted in good faith if, among other things, Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise, its board of directors, any committee of the board of directors or any director, or on information or records given or reports made to the Enterprise, its board of directors, any committee of the board of directors or any director, by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise, its board of directors, any committee of the board of directors or any director. The provisions of this Section 12.4 shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement. In any event, it shall be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

12.5. The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

12.6. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

ARTICLE 13

REMEDIES OF INDEMNITEE

13.1. In the event that (a) a determination is made pursuant to Article 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement,

(b) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Article 9 of this Agreement, (c) no determination of entitlement to indemnification shall have been made pursuant to Section 11.1 of this Agreement within thirty days after receipt by the Company of the request for indemnification and of reasonable documentation and information which Indemnitee may be called upon to provide pursuant to Section 11.1, (d) payment of indemnification is not made pursuant to Articles 4, 5, 6 or the last sentence of Section 11.1 of this Agreement within ten business days after receipt by the Company of a written request therefor, (e) a contribution payment is not made in a timely manner pursuant to Article 7 of this Agreement, (f) payment of indemnification pursuant to Article 3 or 6 of this Agreement is not made within ten business days after a determination has been made that Indemnitee is entitled to indemnification or (g) the Company or any representative thereof takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any Proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of Indemnitee's entitlement to such indemnification, contribution or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of Delaware law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration. The award rendered by such arbitration will be final and binding upon the parties hereto, and final judgment on the arbitration award may be entered in any court of competent jurisdiction.

13.2. In the event that a determination shall have been made pursuant to Section 11.1 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Article 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Article 13, Indemnitee shall be presumed to be entitled to receive advances of Expenses under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 11.1 of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Article 13, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Article 9 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal shall have been exhausted or lapsed).

13.3. If a determination shall have been made pursuant to Section 11.1 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Article 13, absent (a) an intentional misstatement by Indemnitee of a material fact or an intentional omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or (b) a prohibition of such indemnification under applicable law.

13.4. The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Article 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

13.5. The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten days after the Company's receipt of such written request) pay to Indemnitee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee (a) to enforce his or her rights under, or to recover damages for breach of, this Agreement or any other indemnification, advancement or contribution agreement or provision of the Certificate of Incorporation, or the By-Laws now or hereafter in effect; or (b) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee, regardless of the outcome and whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement, contribution or insurance recovery, as the case may be (unless such judicial proceeding or arbitration was not brought by Indemnitee in good faith).

13.6. Interest shall be paid by the Company to Indemnitee at the legal rate under Delaware law for amounts which the Company indemnifies, or is obliged to indemnify, for the period commencing with the date on which Indemnitee requests indemnification, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

ARTICLE 14

SECURITY

Notwithstanding anything herein to the contrary, to the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

ARTICLE 15

NON-EXCLUSIVITY; SURVIVAL OF RIGHTS; INSURANCE; PRIMACY OF INDEMNIFICATION; SUBROGATION

15.1. The rights of Indemnitee as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the By-Laws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation, the By-Laws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred

is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

15.2. The DGCL and the Certificate of Incorporation permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements, including, but not limited to, providing a trust fund, letter of credit or surety bond (“Indemnification Arrangements”) on behalf of Indemnatee against any liability asserted against Indemnatee or incurred by or on behalf of Indemnatee or in such capacity as a director, officer, employee or agent of the Company, or arising out of his or her status as such, whether or not the Company would have the power to indemnify Indemnatee against such liability under the provisions of this Agreement or under the DGCL, as it may then be in effect. The purchase, establishment and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnatee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnatee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

15.3. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managing members, fiduciaries, employees or agents of the Company or of any other Enterprise which such person serves at the request of the Company, Indemnatee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, managing member, fiduciary, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnatee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnatee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

15.4. The Company hereby acknowledges that Indemnatee has certain rights to indemnification, advancement of Expenses and/or insurance provided by the Indemnatee-Related Entities. The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnatee are primary and any obligation of the Indemnatee-Related Entities to advance Expenses or to provide indemnification for the same Expenses or liabilities incurred by Indemnatee are secondary), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnatee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law and as required by the terms of this Agreement and the Certificate of Incorporation or the By-Laws (or any other agreement between the Company and Indemnatee), without regard to any rights Indemnatee may have against the Indemnatee-Related Entities and (iii) that it irrevocably waives, relinquishes and releases the Indemnatee-Related Entities from any and all claims against the Indemnatee-Related Entities for

contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Indemnatee-Related Entities on behalf of Indemnatee with respect to any claim for which Indemnatee has sought indemnification from the Company shall reduce or otherwise alter the rights of Indemnatee or the obligations of the Company hereunder. Under no circumstance shall the Company be entitled to any right of subrogation or contribution by the Indemnatee-Related Entities. In the event that any of the Indemnatee-Related Entities shall make any advancement or payment on behalf of Indemnatee with respect to any claim for which Indemnatee has sought indemnification from the Company, the Indemnatee-Related Entity making such payment shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnatee against the Company, and Indemnatee shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including, without limitation, execution of such documents as are necessary to enable the Indemnatee-Related Entities to bring suit to enforce such rights. The Company and Indemnatee agree that the Indemnatee-Related Entities are express third party beneficiaries of the terms of this Section 15.4, entitled to enforce this Section 15.4 as though each of the Indemnatee-Related Entities were a party to this Agreement.

15.5. Except as provided in Section 15.4, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnatee (other than against the Indemnatee-Related Entities), who shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including, without limitation, execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

15.6. Except as provided in Section 15.4, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnatee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

15.7. Except as provided in Section 15.4, the Company's obligation to indemnify or advance Expenses hereunder to Indemnatee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other Enterprise shall be reduced by any amount Indemnatee has actually received as indemnification payments or advancement of Expenses from such Enterprise. Notwithstanding any other provision of this Agreement to the contrary, (a) Indemnatee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnatee prior to the Company's satisfaction and performance of all its obligations under this Agreement, and (b) the Company shall perform fully its obligations under this Agreement without regard to whether Indemnatee holds, may pursue or has pursued any indemnification, advancement, contribution or insurance coverage rights against any person or entity other than the Company.

ARTICLE 16

ENFORCEMENT AND BINDING EFFECT

16.1. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve as a director, officer or key employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director, officer or key employee of the Company.

16.2. This Agreement shall be effective as of the date set forth on the first page and may apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.

16.3. The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking, among other things, injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including, without limitation, temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of such a bond or undertaking.

ARTICLE 17

MISCELLANEOUS

17.1. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's assigns, heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect successor by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

17.2. Section 409A. It is intended that any indemnification payment or advancement of Expenses made hereunder shall be exempt from Section 409A of the Internal

Revenue Code of 1986, as amended, and the guidance issued thereunder (“Section 409A”) pursuant to Treasury Regulation Section 1.409A-1(b)(10). Notwithstanding the foregoing, if any indemnification payment or advancement of Expenses made hereunder shall be determined to be “nonqualified deferred compensation” within the meaning of Section 409A, then (i) the amount of the indemnification payment or advancement of Expenses during one taxable year shall not affect the amount of the indemnification payments or advancement of Expenses during any other taxable year, (ii) the indemnification payments or advancement of Expenses must be made on or before the last day of the Indemnitee’s taxable year following the year in which the expense was incurred and (iii) the right to indemnification payments or advancement of Expenses hereunder is not subject to liquidation or exchange for another benefit.

17.3. Severability. In the event that any provision of this Agreement is determined by a court to require the Company to do or to fail to do an act which is in violation of applicable law, such provision (including, without limitation, any provision within a single Article, Section, paragraph or sentence) shall be limited or modified in its application to the minimum extent necessary to avoid a violation of law, and, as so limited or modified, such provision and the balance of this Agreement shall be enforceable in accordance with their terms to the fullest extent permitted by law.

17.4. Entire Agreement. Without limiting any of the rights of Indemnitee under the Certificate of Incorporation or By-Laws, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

17.5. Modification, Waiver and Termination. No supplement, modification, termination, cancellation or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee’s Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

17.6. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or (b) mailed by certified or registered mail with postage prepaid on the third business day after the date on which it is so mailed:

(i) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide in writing to the Company.

(ii) If to the Company, to:

J.Jill, Inc.
4 Batterymarch Park
Quincy, MA 02169
Attn: Chief Financial Officer
Telephone: (617) 376-4300

or to any other address as may have been furnished to Indemnitee in writing by the Company.

17.7. Applicable Law. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. If, notwithstanding the foregoing sentence, a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than Delaware govern indemnification by the Company of Indemnitee, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

17.8. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

17.9. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

17.10. Representation by Counsel. Each of the parties has been represented by and has had an opportunity to consult legal counsel in connection with the negotiation and execution of this Agreement. No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or arbitrator or any governmental authority by reason of such party having drafted or being deemed to have drafted such provision.

17.11. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

17.12. Additional Acts. If for the validation of any of the provisions in this Agreement any act, resolution, approval or other procedure is required, the Company undertakes to cause such act, resolution, approval or other procedure to be affected or adopted in a manner that will enable the Company to fulfill its obligations under this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed as of the day and year first above written.

COMPANY:

J.JILL, INC.

By: _____
Name:
Title:

INDEMNITEE:

By: _____
Name:

Address:

STOCKHOLDERS AGREEMENT

dated as of

March 14, 2017

by and between

J.JILL, INC.

and

TI IV JJILL HOLDINGS, LP

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS AND USAGE	1
Section 1.1 Definitions	1
Section 1.2 Interpretation	4
ARTICLE II APPROVAL AND CONSULTATION OF CERTAIN MATTERS	5
Section 2.1 Approval of Stockholder Majority	5
ARTICLE III TRANSFER	7
Section 3.1 Transfers and Joinders	7
Section 3.2 Binding Effect on Transferees	7
Section 3.3 Charter Provisions	7
ARTICLE IV BOARD REPRESENTATION	7
Section 4.1 Composition of Initial Board	7
Section 4.2 Nominees	8
Section 4.3 Committees	9
ARTICLE V INDEMNIFICATION	10
Section 5.1 Right to Indemnification	10
Section 5.2 Prepayment of Expenses	10
Section 5.3 Claims	10
Section 5.4 Nonexclusivity of Rights	11
Section 5.5 Other Sources	11
Section 5.6 Indemnitor of First Resort	11
ARTICLE VI TERMINATION	12
Section 6.1 Term	12
Section 6.2 Survival	12
ARTICLE VII REPRESENTATIONS AND WARRANTIES	12
Section 7.1 Representations and Warranties of Holdings	12
Section 7.2 Representations and Warranties of the Corporation	12
ARTICLE VIII MISCELLANEOUS	13
Section 8.1 Entire Agreement	13
Section 8.2 Further Assurances	13
Section 8.3 Notices	13
Section 8.4 Governing Law	14
Section 8.5 Consent to Jurisdiction	14
Section 8.6 Equitable Remedies	14
Section 8.7 Construction	15
Section 8.8 Counterparts	15
Section 8.9 Third Party Beneficiaries	15
Section 8.10 Binding Effect	15

Section 8.11	Severability	<u>Page</u>
Section 8.12	Adjustments Upon Change of Capitalization	15
Section 8.13	Amendments; Waivers	15
Section 8.14	Actions in Other Capacities	16

INDEX OF DEFINED TERMS

<u>Term</u>	<u>Section</u>
Affiliate	Section 1.1
Agreement	Preamble
beneficial ownership	Section 1.1
Board of Directors	Section 1.1
By-Laws	Section 1.1
Certificate of Incorporation	Section 1.1
Change of Control	Section 1.1
Claim	Section 5.1
Common Stock	Recitals
Controlled Affiliate	Section 1.1
Controlled Entity	Section 1.1
Corporation	Preamble
Covered Person	Section 5.1
Equity Security	Section 1.1
Exchange Act	Section 1.1
Fair Market Value	Section 1.1
Fund Indemnitor	Section 5.6
Governmental Entity	Section 1.1
Hedging Obligation	Section 1.1
Holdings	Preamble
Indebtedness	Section 1.1
IPO	Section 1.1
IPO Registration Statement	Recitals
Lien	Section 1.1
Minimum Condition	Section 1.1
Percentage Interest	Section 1.1
Permitted Transferee	Section 1.1
Person	Section 1.1
SEC	Section 1.1
Securities Act	Section 1.1
Stockholder Designee	Section 4.2(a)
Stockholder Majority	Section 1.1
Stockholders	Preamble
Subsidiary	Section 1.1
Transfer	Section 1.1
Underwriting Agreement	Section 1.1
Voting Securities	Section 1.1

STOCKHOLDERS AGREEMENT

STOCKHOLDERS AGREEMENT (this “Agreement”), dated as of March 14, 2017, between J.Jill, Inc., a Delaware corporation (the “Corporation”), and TI IV JJill Holdings, LP, a Delaware limited partnership (“Holdings”), and together with any other stockholders of the Corporation who become party hereto in accordance with this Agreement, the “Stockholders”).

WHEREAS, in connection with the IPO (as defined herein), the Corporation and its Affiliates (as defined herein) intend to consummate the transactions described in the Registration Statement on Form S-1 filed by the Corporation (the “IPO Registration Statement”);

WHEREAS, after giving effect to such transactions, the Stockholders will beneficially own shares of the Corporation’s common stock, par value \$0.01 per share (the “Common Stock”); and

WHEREAS, the parties hereto desire to provide for certain governance rights and other matters, and to set forth the respective rights and obligations of the Stockholders on and after the consummation of the IPO.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND USAGE

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person; provided, that neither the Corporation nor any of its Subsidiaries will be deemed an Affiliate of any Stockholder or any of such Stockholders’ Affiliates. For the purposes of this definition, “control” (including the terms “controlling” and “controlled”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of such subject Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

“beneficial ownership” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The terms “beneficially own” and “beneficial owner” shall have correlative meanings.

“Board of Directors” means the board of directors of the Corporation.

“By-Laws” means the by-laws of the Corporation, as they may be amended, restated or otherwise modified from time to time.

“Certificate of Incorporation” means the certificate of incorporation of the Corporation, as it may be amended, restated or otherwise modified from time to time.

“Change of Control” means (i) an acquisition by any Person or group of Persons of Equity Securities of the Corporation, whether already outstanding or newly issued, in a transaction or series of transactions, if immediately thereafter such Person or group of Persons (other than the Stockholders or their Permitted Transferees or a wholly-owned Subsidiary of the Corporation) has, or would have, directly or indirectly, beneficial ownership of fifty percent (50%) or more of the combined Equity Securities or voting power of the Corporation; (ii) the sale of all or substantially all of the assets of the Corporation and its Subsidiaries, taken as a whole, directly or indirectly, to any Person or group of Persons (other than the Stockholders or their Permitted Transferees or a wholly-owned Subsidiary of the Corporation) in a transaction or series of transactions; or (iii) the consummation of a tender offer, merger, recapitalization, consolidation, business combination, reorganization or other transaction, or series of related transactions, involving the Corporation and any other Person or group of Persons; unless, in the case of clause (iii) of this definition, both (1) the then-existing Stockholders, immediately prior to such transaction or the first transaction in such series of transactions, will beneficially own more than fifty percent (50%) of the combined Equity Securities or voting power of the Corporation (or, if the Corporation will not be the surviving entity or publicly traded parent company in such transaction or series of transactions, such surviving entity or parent) immediately after such transaction or series of transactions and (2) the individuals who are members of the Board of Directors, immediately prior to such transaction or the first transaction in such series of transactions, will be entitled to cast at least a majority of the votes of the Board of Directors (or the board of managers or equivalent body of such surviving entity, as the case may be) after the closing of such transaction or series of transactions. As used in this definition of Change of Control, the term “group” shall have the same meaning assigned to such term in Rule 13d-5 of the Exchange Act.

“Controlled Affiliate” of any Person means any Affiliate that directly or indirectly, through one or more intermediaries, is controlled (as defined in the definition of “Affiliate”) by such Person.

“Controlled Entity” means, as to any Person, (a) any corporation more than fifty percent (50%) of the outstanding voting stock of which is owned by such Person or such Person’s Affiliates, (b) any partnership of which such Person or an Affiliate of such Person is the managing partner and in which such Person or such Person’s Affiliates hold partnership interests representing at least fifty percent (50%) of such partnership’s capital and profits and (c) any limited liability company of which such Person or an Affiliate of such Person is the manager or managing member and in which such Person or such Person’s Affiliates hold membership interests representing at least fifty percent (50%) of such limited liability company’s capital and profits.

“Equity Security” has the meaning ascribed to such term in Rule 405 under the Securities Act, and in any event, includes any security having the attendant right to vote for directors or similar representatives and any general or limited partner interest in any Person.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor law or statute, in each case together with the rules and regulations promulgated thereunder.

“Fair Market Value” means, with respect to property (other than cash), the fair market value of such property as determined in good faith by the Board of Directors.

“Governmental Entity” means any court, administrative agency, regulatory body, commission or other governmental authority, board, bureau or instrumentality, domestic or foreign and any subdivision thereof.

“Hedging Obligation” means, with respect to any Person, any liability of such Person under any interest rate, currency or commodity swap agreement, cap agreement or collar agreement, and any other agreement or arrangement designed to protect a Person against fluctuations in interest rates, currency exchange rates or commodity prices.

“Indebtedness” of a Person means, at any date of determination, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments (excluding contingent obligations under surety bonds), (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising and paid in the ordinary course of business, (iv) the capitalized amount of all capital leases of such Person, (v) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, bankers acceptance, surety bond or similar instrument, (vi) all obligations of a type described in clauses (i) through (v) and clauses (vii) and (viii) of this definition secured by a Lien on any asset of such Person, whether or not such obligation is otherwise an obligation of such Person, (vii) all Hedging Obligations of such Person, and (viii) all Indebtedness of others guaranteed by such Person. Any obligation constituting Indebtedness solely by virtue of the preceding clause (vi) shall be valued at the lower of the Fair Market Value of the corresponding asset and the aggregate unpaid amount of such obligation.

“IPO” means the initial public offering of shares of Common Stock pursuant to an effective IPO Registration Statement under the Securities Act.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has the practical effect of creating a security interest in respect of such asset.

“Minimum Condition” means that Holdings, together with its Permitted Transferees, maintains, directly or indirectly, beneficial ownership of at least 50% of the

issued and outstanding Common Stock, as adjusted for any stock split, stock dividend, reverse stock split, recapitalization, business combination, reclassification or similar event, in each case with such adjustment being determined in good faith by the Board of Directors.

“Percentage Interest” means, with respect to any Stockholder and as of any date of determination, a fraction, expressed as a percentage, the numerator of which is the number of shares of Common Stock held or beneficially owned by such Stockholder as of such date and the denominator of which is the aggregate number of shares of Common Stock issued and outstanding as of such date.

“Permitted Transferee” means, with respect to any Stockholder, any Controlled Entity or Affiliate of such Stockholder.

“Person” means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

“SEC” means the United States Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

“Securities Act” means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

“Stockholder Majority” means Stockholders having beneficial ownership of a majority of the Common Stock beneficially owned by the Stockholders.

“Subsidiary” means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

“Transfer” means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of law. The terms “Transferred” and “Transferring” have correlative meanings.

“Underwriting Agreement” means the Underwriting Agreement with respect to the IPO.

“Voting Securities” means the Common Stock and any other securities of the Corporation or any Subsidiary of the Corporation which would entitle the holders thereof to vote with the holders of Common Stock in the election of directors of the Corporation.

Section 1.2 Interpretation. In this Agreement and in the exhibits hereto, except to the extent that the context otherwise requires:

- (a) the headings are for convenience of reference only and shall not affect the interpretation of this Agreement;

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- (b) defined terms include the plural as well as the singular and vice versa;
 - (c) words importing gender include all genders;
 - (d) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been or may from time to time be amended, extended, re-enacted or consolidated and to all statutory instruments or orders made thereunder;
 - (e) any reference to a “day” shall mean the whole of such day, being the period of 24 hours running from midnight to midnight;
 - (f) references to Articles, Sections, subsections, clauses and Exhibits are references to Articles, Sections, subsections, clauses and Exhibits of and to, this Agreement;
 - (g) the words “including” and “include” and other words of similar import shall be deemed to be followed by the phrase “without limitation”; and
 - (h) unless otherwise specified, references to any party to this Agreement or any other document or agreement shall include its successors and permitted assigns.

ARTICLE II

APPROVAL AND CONSULTATION OF CERTAIN MATTERS

Section 2.1 Approval of Stockholder Majority. For so long as the Minimum Condition is satisfied, the Corporation shall not, and shall cause its Subsidiaries and Controlled Affiliates not to, take any of the following actions or any plan with respect thereto without the prior approval (which approval may be in the form of an action by written consent) of a Stockholder Majority:

- (a) any increase or decrease in the size of the Board of Directors;
- (b) the incurrence of an aggregate amount of Indebtedness of the Corporation and its Subsidiaries or Controlled Affiliates taken as a whole (other than (i) Indebtedness of the Corporation and its Subsidiaries or Controlled Affiliates as of the date hereof or any refinancing thereof up to the same maximum principal amount of such Indebtedness outstanding as of the date hereof, (ii) capital leases contemplated by an annual budget approved by the Board of Directors and (iii) inter-company Indebtedness) in excess of \$10.0 million;
- (c) any authorization, creation (by way of reclassification, merger, consolidation or otherwise) or issuance of any Equity Securities of any kind of the Corporation or its Subsidiaries, including any designation of the rights (including special voting rights) of one or more classes of preferred stock of the Corporation, other than (i)

pursuant to any equity compensation plan of the Corporation approved by the compensation committee of the Board of Directors, (ii) the issuance of Equity Securities of a Subsidiary of the Corporation to the Corporation or a wholly-owned Subsidiary of the Corporation, or (iii) upon conversion of convertible securities or upon exercise of warrants or options, which convertible securities, warrants or options are outstanding on the date hereof or issued in compliance with this Agreement;

(d) any redemption, repurchase or other acquisition by the Corporation of its Equity Securities or any declaration thereof, other than (i) the redemption, repurchase or other acquisition by the Corporation of any Equity Securities of any director, officer, independent contractor or employee in connection with the termination of the employment or services of such director, officer or employee as contemplated by the applicable equity compensation plan or award agreement with respect to such Equity Securities, or (ii) pursuant to an offer made to all Stockholders *pro rata* in accordance with each such Stockholder's Percentage Interest with respect to such Equity Securities (regardless of whether any or all of such Stockholders elect to participate in such redemption, repurchase or other acquisition);

(e) any material acquisition of assets or Equity Securities of any Person, in a single transaction or a series of related transactions;

(f) fundamental changes to the nature of the business of the Corporation and its Subsidiaries or its Controlled Affiliates, taken as a whole as of the date hereof, which involves entry by the Corporation or any of its Subsidiaries into material new and unrelated lines of business;

(g) any adoption, approval or issuance of any "poison pill," stockholder or similar rights plan by the Corporation or its Subsidiaries or Controlled Affiliates or any amendment, restatement, modification or waiver of such plan after the adoption thereof has been approved by a Stockholder Majority in accordance with this Section 2.1;

(h) any amendment, restatement, modification or waiver of the Certificate of Incorporation or By-Laws;

(i) any payment or declaration of any dividend or other distribution on any Equity Securities of the Corporation or entering into a recapitalization transaction the primary purpose of which is to pay a dividend, other than dividends or distributions required to be made pursuant to the terms of any outstanding preferred stock of the Corporation;

(j) appointment or removal of the chairperson of the Board of Directors or the chief executive officer, chief financial officer, general counsel, controller or any other officer of the Corporation that would be subject to Section 16 of the Exchange Act;

(k) the consummation of a Change of Control or entry into any contract or agreement the effect of which would be a Change of Control; or

(l) any entry by the Corporation or any of its Subsidiaries or Controlled Affiliates into voluntary liquidation, dissolution or commencement of bankruptcy or insolvency proceedings, the adoption of a plan with respect to any of the foregoing or the decision not to oppose any similar proceeding commenced by a third party.

ARTICLE III

TRANSFER

Section 3.1 Transfers and Joinders. If a Stockholder effects any Transfer of Common Stock to a Permitted Transferee, such Permitted Transferee may, if not a Stockholder, within five (5) days of such Transfer, execute a joinder to this Agreement, in form and substance reasonably acceptable to the Corporation, in which such Permitted Transferee agrees to be a "Stockholder" for all purposes of this Agreement and which provides that such Permitted Transferee shall be bound by and shall fully comply with the terms of this Agreement.

Section 3.2 Binding Effect on Transferees. Subject to execution of a joinder to this Agreement within five (5) days of the applicable Transfer, in form and substance reasonably acceptable to the Corporation, pursuant to Section 3.1, such Permitted Transferee shall become a Stockholder hereunder.

Section 3.3 Charter Provisions. The parties hereto shall use their respective reasonable efforts (including voting or causing to be voted all of the Voting Securities held of record by such party or beneficially owned by such party by virtue of having voting power over such Voting Securities) so as to prevent any amendment to the Certificate of Incorporation or By-Laws as in effect as of the date hereof that would (a) add restrictions to the transferability of the Voting Securities by any Stockholder or its Permitted Transferees at the time of such an amendment, which restrictions are beyond those then provided for in the Certificate of Incorporation, this Agreement or applicable securities laws or (b) nullify any of the rights of any Stockholder or its Permitted Transferees at the time of such amendment, which rights are explicitly provided for in this Agreement, unless, in each such case, such amendment shall have been approved by such Stockholder.

ARTICLE IV

BOARD REPRESENTATION

Section 4.1 Composition of Initial Board.

(a) The Corporation and each Stockholder shall take all reasonable actions within their respective control (including voting or causing to be voted all of the Voting Securities held of record by such Stockholder or beneficially owned by such Stockholder by virtue of having voting power over such Voting Securities, and, with respect to the Corporation, as provided in Section 4.2(b), Section 4.2(c) and Section

4.2(d)) so as to cause the Board of Directors to be comprised of eight (8) directors, who shall be divided into three (3) classes of directors in accordance with the terms of the Certificate of Incorporation. As of the date hereof, the eight (8) directors shall be divided into three (3) classes as follows:

- (i) the Class I directors shall include Marka Hansen and Travis Nelson;
- (ii) the Class II directors shall include Michael Eck, Linda Heasley and Michael Recht; and
- (iii) the Class III directors shall include Paula Bennett, Andrew Rolfe and Michael Rahamim.

(b) For the avoidance of doubt, Section 4.1(a) is applicable solely to the initial composition of the Board of Directors, except that, subject to the Certificate of Incorporation, a director shall remain a member of the class of directors to which he or she was assigned in accordance with Section 4.1(a).

Section 4.2 Nominees.

(a) The Corporation and each Stockholder shall take all reasonable actions within their respective control (including voting or causing to be voted all of the Voting Securities held of record by such Stockholder or beneficially owned by such Stockholder by virtue of having voting power over such Voting Securities, and, with respect to the Corporation, as provided in Section 4.2(b), Section 4.2(c) and Section 4.2(d)) so as to cause to be elected to the Board of Directors, and to cause to continue in office, at any given time, a number of individuals designated by a Stockholder Majority (each, a “Stockholder Designee”) equal to:

(i) for so long as the Minimum Condition is satisfied, such number of individuals constituting a majority of the Board of Directors;

(ii) for so long as the Minimum Condition is not satisfied but the Percentage Interest of the Stockholders and their Permitted Transferees is at least 10%, the Percentage Interest of the Stockholders multiplied by the total number of directors comprising the Board of Directors and rounded up to the nearest whole number; and

(iii) for so long as the Percentage Interest of the Stockholders and their Permitted Transferees is at least 5% but less than 10%, the greater of (x) the Percentage Interest of the Stockholders multiplied by the total number of directors comprising the Board of Directors and rounded up to the nearest whole number and (y) one director.

(b) The Corporation agrees to (i) include in the slate of nominees recommended by the Board of Directors the Stockholder Designees and to use its reasonable best efforts to cause the election of each such Stockholder Designee to the

Board of Directors, including nominating each such Stockholder Designee to be elected as a director, recommending such Stockholder Designee's election and soliciting proxies or consents in favor thereof, in each case subject to applicable law, and (ii) use its reasonable best efforts to cause each class of the Board of Directors to include, to the extent practicable, at least one Stockholder Designee.

(c) A Stockholder Designee may only be removed from the Board of Directors with the approval of a Stockholder Majority. If a Stockholder Majority notifies the Stockholders of its desire to remove, with or without cause, any Stockholder Designee from the Board of Directors, the Stockholders shall vote or cause to be voted all of the shares of Voting Securities held of record by such Stockholders or beneficially owned by such Stockholders by virtue of having voting power over such Voting Securities for the removal of such Stockholder Designee.

(d) In the event that a vacancy is created at any time by the death, disability, retirement, resignation or removal of any director who was a Stockholder Designee, the Corporation agrees to take at any time and from time to time all actions necessary to cause the vacancy created thereby to be filled as promptly as practicable by a new Stockholder Designee; provided that, for the avoidance of doubt, a Stockholder Majority shall not have the right to designate a replacement director, and the Board of Directors and the Stockholders shall not be required to take any action to cause any vacancy to be filled with any such Stockholder Designee, to the extent that election or appointment of such Stockholder Designee to the Board of Directors would result in a number of directors designated by the Stockholder Majority in excess of the number of directors that the Stockholder Majority is then entitled to designate for membership on the Board of Directors pursuant to Section 4.2(a).

(e) If the number of directors entitled to be designated as Stockholder Designees pursuant to Section 4.2(a) decreases, the Stockholders shall take reasonable actions to cause a sufficient number of Stockholder Designees to resign from the Board of Directors at or prior to the end of such Stockholder Designee's term such that the number of Stockholder Designees after such resignation(s) equals the number of directors a Stockholder Majority would have been entitled to designate pursuant to Section 4.2(a). Any vacancies created by such resignation may remain vacant until the next annual meeting of stockholders or filled by a majority vote of the Board of Directors in accordance with the By-Laws. Notwithstanding the foregoing, such Stockholder Designee(s) need not resign from the Board of Directors at or prior to the end of such director's term if the Corporation's nominating committee recommends the nomination of such director(s) for election at the next annual meeting coinciding with the end of such director's term, or otherwise (and for the avoidance of doubt, such director shall no longer be considered a Stockholder Designee).

Section 4.3 Committees. For so long as this Agreement is in effect, the Corporation shall take all reasonable actions to cause to be appointed to any committee of the Board of Directors a number of Stockholder Designees that is up to the number of directors that is proportionate (rounding up to the next whole director) to the number of Stockholder Designees that the Stockholders are entitled to designate to the Board of

Directors under this Agreement, to the extent such directors are permitted to serve on such committees under the applicable rules of the SEC and any applicable stock exchange. It is understood by the parties hereto that the Stockholders shall not have any obligation to appoint any Stockholder Designee to any committee of the Board of Directors and any failure to exercise such right in this section in a prior period shall not constitute any waiver of such right in a subsequent period.

ARTICLE V

INDEMNIFICATION

Section 5.1 Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, each Stockholder, its Affiliates and its direct and indirect partners (including partners of partners and stockholders and members of partners), members, stockholders, managers, directors, officers, employees and agents and each Person who controls any of them within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (the “Covered Persons”) from and against any and all losses, claims, damages, liabilities and expenses (including reasonable attorneys’ fees) sustained or suffered by any such Covered Person based upon, relating to, arising out of, or by reason of any third party or governmental claims relating to such Covered Person’s status as a stockholder or controlling person of the Company (including any and all losses, claims, damages or liabilities under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, which relate directly or indirectly to the registration, purchase, sale or ownership of any Equity Securities of the Company or to any fiduciary obligation owed with respect thereto), including in connection with any third party or governmental action or claim relating to any action taken or omitted to be taken or alleged to have been taken or omitted to have been taken by any Covered Person as a stockholder or controlling person, including claims alleging so-called control person liability or securities law liability (any such claim, a “Claim”). Notwithstanding the preceding sentence, except as otherwise provided in Section 5.3, the Corporation shall be required to indemnify a Covered Person in connection with a Claim (or part thereof) commenced by such Covered Person only if the commencement of such Claim (or part thereof) by the Covered Person was authorized by the Board of Directors.

Section 5.2 Prepayment of Expenses. To the extent not prohibited by applicable law, the Corporation shall pay the expenses (including reasonable attorneys’ fees) incurred by a Covered Person in defending any Claim in advance of its final disposition; provided, however, that, to the extent required by applicable law, such payment of expenses in advance of the final disposition of such Claim shall be made only upon receipt of an undertaking by such Covered Person to repay all amounts advanced if it should be ultimately determined that such Covered Person is not entitled to be indemnified under this ARTICLE V or otherwise.

Section 5.3 Claims. If a claim for indemnification or advancement of expenses under this ARTICLE V is not paid in full within 30 days after a written claim therefor by

the Covered Person has been received by the Corporation, such Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

Section 5.4 Nonexclusivity of Rights. The rights conferred on any Covered Person by this ARTICLE V shall not be exclusive of any other rights that such Covered Person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation or By-Laws or any agreement, vote of stockholders or disinterested directors or otherwise.

Section 5.5 Other Sources. Subject to Section 5.6, the Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from any other Person.

Section 5.6 Indemnitor of First Resort. The Corporation hereby acknowledges that the Covered Persons may have certain rights to advancement and/or indemnification by certain Affiliates of TowerBrook Capital Partners L.P. (collectively, the "Fund Indemnitors"). In all events, (i) the Corporation hereby agrees that it is the indemnitor of first resort (i.e., its obligation to a Covered Person to provide advancement and/or indemnification to such Covered Person are primary and any obligation of the Fund Indemnitors (including any Affiliate thereof other than the Corporation) to provide advancement or indemnification hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter), or any obligation of any insurer of the Fund Indemnitors to provide insurance coverage, for the same expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such expenses, liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by such Covered Person are secondary and (ii) if any Fund Indemnitor (or any Affiliate thereof, other than the Corporation) pays or causes to be paid, for any reason, any amounts otherwise indemnifiable hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter) with such Covered Person, then (x) such Fund Indemnitor (or such Affiliate, as the case may be) shall be fully subrogated to all rights of such Covered Person with respect to such payment and (y) the Corporation shall fully indemnify, reimburse and hold harmless such Fund Indemnitor (or such other Affiliate, as the case may be) for all such payments actually made by such Fund Indemnitor (or such other Affiliate, as the case may be).

ARTICLE VI

TERMINATION

Section 6.1 Term. The terms of this Agreement shall terminate, and be of no further force and effect:

- (a) upon the mutual consent of all of the parties hereto;
- (b) with respect to each Stockholder, if such Stockholder has Transferred all (but not less than all) of its Common Stock; or
- (c) subject to Section 2.1(k), upon the consummation of a Change of Control.

Section 6.2 Survival. If this Agreement is terminated pursuant to Section 6.1, this Agreement shall become void and of no further force and effect, except for: (i) the provisions set forth in this Section 6.2, Article V, Section 8.4, Section 8.5, Section 8.6 and Section 8.9 and (ii) the rights of the Stockholders with respect to the breach of any provision hereof by the Corporation, which shall, in each case of clauses (i) and (ii), survive the termination of this Agreement.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

Section 7.1 Representations and Warranties of Holdings. Each Stockholder represents and warrants to the Corporation that (a) such Stockholder is duly authorized to execute, deliver and perform this Agreement; (b) this Agreement has been duly executed by such Stockholder and is a valid and binding agreement of such Stockholder, enforceable against such Stockholder in accordance with its terms; and (c) the execution, delivery and performance by such Stockholder of this Agreement does not violate or conflict with or result in a breach of or constitute (or with notice or lapse of time or both would constitute) a default under any agreement to which such Stockholder is a party or, if such Stockholder is an entity, the organizational documents of such Stockholder.

Section 7.2 Representations and Warranties of the Corporation. The Corporation represents and warrants to Holdings that (a) the Corporation is duly authorized to execute, deliver and perform this Agreement; (b) this Agreement has been duly authorized, executed and delivered by the Corporation and is a valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms; and (c) the execution, delivery and performance by the Corporation of this Agreement does not violate or conflict with or result in a breach by the Corporation of or constitute (or with notice or lapse of time or both would constitute) a default by the Corporation under the Certificate of Incorporation or By-Laws, any existing applicable law, rule, regulation, judgment, order, or decree of any Governmental Entity exercising any statutory or regulatory authority of any of the foregoing, domestic or foreign, having jurisdiction over the Corporation or any of its Subsidiaries or Controlled Affiliates or any

of their respective properties or assets, or any agreement or instrument to which the Corporation or any of its Subsidiaries or Controlled Affiliates is a party or by which the Corporation or any of its Subsidiaries or Controlled Affiliates or any of their respective properties or assets may be bound.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Entire Agreement. This Agreement, together with documents contemplated hereby, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and fully supersede any and all prior or contemporaneous agreements or understandings between the parties hereto pertaining to the subject matter hereof.

Section 8.2 Further Assurances. Each of the parties hereto does hereby covenant and agree on behalf of itself, its successors, and its assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other actions as may be required by law or reasonably necessary to effectively carry out the intent and purposes of this Agreement.

Section 8.3 Notices. Any notice, consent, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be (a) delivered personally to the Person or to an officer of the Person to whom the same is directed, (b) sent by facsimile, overnight mail or registered or certified mail, return receipt requested, postage prepaid, or (c) sent by e-mail, with electronic or written confirmation of receipt, in each case addressed as follows:

(i) if to the Corporation, to:

J.Jill, Inc.
4 Batterymarch Park
Quincy, Massachusetts 02169
Email: Vijay.Moses@jjill.com
Attention: General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Fax: (212) 492-0546
Email: ajdeckelbaum@paulweiss.com
Attention: Ariel J. Deckelbaum

(ii) if to any Stockholder, to:

the address and facsimile number of such Stockholder set forth in the records of the Corporation.

Any such notice shall be deemed to be delivered, given and received for all purposes as of: (A) the date so delivered, if delivered personally, (B) upon receipt, if sent by facsimile or e-mail, or (C) on the date of receipt or refusal indicated on the return receipt, if sent by registered or certified mail, return receipt requested, postage and charges prepaid and properly addressed.

Section 8.4 Governing Law. ALL ISSUES AND QUESTIONS CONCERNING THE APPLICATION, CONSTRUCTION, VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND THE EXHIBITS AND SCHEDULES TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, AND SPECIFICALLY THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE.

Section 8.5 Consent to Jurisdiction. ANY AND ALL SUITS, LEGAL ACTIONS OR PROCEEDINGS ARISING OUT OF THIS AGREEMENT (INCLUDING AGAINST ANY DIRECTOR OR OFFICER OF THE CORPORATION) SHALL BE BROUGHT SOLELY IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE AND EACH PARTY HERETO HEREBY SUBMITS TO AND ACCEPTS THE EXCLUSIVE JURISDICTION OF SUCH COURT FOR THE PURPOSE OF SUCH SUITS, LEGAL ACTIONS OR PROCEEDINGS. IN ANY SUCH SUIT, LEGAL ACTION OR PROCEEDING, EACH PARTY HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS AND AGREES THAT SERVICE THEREOF MAY BE MADE BY CERTIFIED OR REGISTERED MAIL DIRECTED TO IT AT ITS ADDRESS SET FORTH IN THE BOOKS AND RECORDS OF THE CORPORATION. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OR ANY SUCH SUIT, LEGAL ACTION OR PROCEEDING IN ANY SUCH COURT AND HEREBY FURTHER WAIVES ANY CLAIM THAT ANY SUIT, LEGAL ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 8.6 Equitable Remedies. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce

specifically the terms and provisions hereof in the Court of Chancery of the State of Delaware, this being in addition to any other remedy to which they are entitled at law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto. Each party further agrees that, in the event of any action for an injunction or other equitable remedy in respect of such breach or enforcement of specific performance, it will not assert the defense that a remedy at law would be adequate.

Section 8.7 Construction. This Agreement shall be construed as if all parties hereto prepared this Agreement.

Section 8.8 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same agreement.

Section 8.9 Third Party Beneficiaries. Except as set forth in ARTICLE V nothing in this Agreement, express or implied, is intended or shall be construed to give any Person other than the parties hereto (or their respective legal representatives, successors, heirs and distributees) any legal or equitable right, remedy or claim under or in respect of any agreement or provision contained herein, it being the intention of the parties hereto that this Agreement is for the sole and exclusive benefit of such parties (or such legal representatives, successors, heirs and distributees) and for the benefit of no other Person.

Section 8.10 Binding Effect. Except as otherwise provided herein, all the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and permitted assigns of the parties hereto. No Stockholder may assign any of its rights hereunder to any Person other than a Permitted Transferee. Each Permitted Transferee of any Stockholder shall be subject to all of the terms of this Agreement, and by taking and holding such shares such Person shall be entitled to receive the benefits of and be conclusively deemed to have agreed to be bound by and to comply with all of the terms and provisions of this Agreement. Notwithstanding the foregoing, no successor or assignee of the Corporation shall have any rights granted under this Agreement until such Person shall acknowledge its rights and obligations hereunder by a signed written statement of such Person's acceptance of such rights and obligations.

Section 8.11 Severability. In the event that any provision of this Agreement as applied to any party or to any circumstance, shall be adjudged by a court to be void, unenforceable or inoperative as a matter of law, then the same shall in no way affect any other provision in this Agreement, the application of such provision in any other circumstance or with respect to any other party, or the validity or enforceability of the Agreement as a whole.

Section 8.12 Adjustments Upon Change of Capitalization. In the event of any change in the outstanding Common Stock, by reason of dividends, splits, reverse splits, spin-offs, split-ups, recapitalizations, combinations, exchanges of shares and the like, the

term “Common Stock” shall refer to and include the securities received or resulting therefrom, but only to the extent such securities are received in exchange for or in respect of Common Stock.

Section 8.13 Amendments; Waivers.

(a) No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed, in the case of an amendment, by the Corporation and a Stockholder Majority, or in the case of a waiver, by either the Corporation if such waiver is to be effective against the Corporation, or a Stockholder Majority, if such waiver is to be effective against the Stockholders; provided that any amendment or waiver that affects the rights or obligations of any Stockholder hereunder in a manner disproportionately adverse to such Stockholder as compared to the other Stockholders shall require the written consent of such Stockholder.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 8.14 Actions in Other Capacities. Nothing in this Agreement shall limit, restrict or otherwise affect any actions taken by any Stockholder in its capacity as a stockholder, partner or member of the Corporation or any of its Subsidiaries or Controlled Affiliates.

above. IN WITNESS WHEREOF, the parties have caused this Stockholders Agreement to be duly executed and delivered, all as of the date first set forth

J.JILL, INC.

By: /s/ David Biese

Name: David Biese

Title: Chief Financial Officer

TI IV JJILL HOLDINGS, LP

By: TI IV JJ GP, LLC

Its: General Partner

By: /s/ Glenn Miller

Name: Glenn F. Miller

Title: Vice President and Secretary

[*Signature Page to Stockholders Agreement*]

Subsidiaries of J.Jill, Inc.

Legal Name

Jill Acquisition LLC

J. Jill Gift Card Solutions, Inc.

State of Organization

Delaware

Florida

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-216687) of J.Jill, Inc. of our reports dated April 28, 2017 and October 21, 2016, except for the effects of the corporate conversion as discussed in Note 1, Note 15 and Note 18, and the parent merger discussed in Note 18 as to which the date is February 25, 2017 relating to the financial statements, which appear in this Form 10-K.

/s/PricewaterhouseCoopers LLP
Boston, Massachusetts
April 28, 2017

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paula Bennett, certify that:

1. I have reviewed this Annual Report of J.Jill, Inc. (the "Company") on Form 10-K for the period ended January 28, 2017;
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(s) 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)) 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) 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
 - (c) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2017

By: /s/ Paula Bennett
Paula Bennett
Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Biese, certify that:

1. I have reviewed this Annual Report of J.Jill, Inc. (the "Company") on Form 10-K for the period ended January 28, 2017;
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(s) 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)) 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) 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
 - (c) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2017

By: /s/ David Biese

David Biese
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of J.Jill, Inc. (the “Company”) on Form 10-K for the period ending January 28, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 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 result of operations of the Company.

Date: April 28, 2017

By: /s/ Paula Bennett

Paula Bennett
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of J.Jill, Inc. (the “Company”) on Form 10-K for the period ending January 28, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 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 result of operations of the Company.

Date: April 28, 2017

By: /s/ David Biese

David Biese
Chief Financial Officer