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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended July 30, 2016 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 1-16097

**TAILORED BRANDS, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Texas**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**47-4908760**  
(I.R.S. Employer  
Identification Number)

**6380 Rogerdale Road**  
**Houston, Texas**  
(Address of Principal Executive Offices)

**77072-1624**  
(Zip Code)

**(281) 776-7000**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . 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 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

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

The number of shares of common stock of the Registrant, par value \$.01 per share, outstanding at August 26, 2016 was 48,694,613.

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## **Forward-Looking and Cautionary Statements**

*Certain statements made in this Quarterly Report on Form 10-Q and in other public filings and press releases by the Company (as defined below) contain “forward-looking” information (as defined in the Private Securities Litigation Reform Act of 1995) that involves risk and uncertainty. Forward-looking statements reflect our current views regarding certain events that could affect our financial condition or results of operations and may include, but are not limited to, references to future sales, comparable sales, earnings, margins, costs, number and costs of store openings, closings and expansions, profitability, capital expenditures, potential acquisitions, synergies from acquisitions, demand for clothing, market trends in the retail and corporate apparel clothing business, currency fluctuations, inflation and various economic and business trends. Forward-looking statements may be made by management orally or in writing, including, but not limited to, Management’s Discussion and Analysis of Financial Condition and Results of Operations included in this Quarterly Report on Form 10-Q and other sections of our filings with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and the Securities Act of 1933, as amended.*

*Forward-looking statements are not guarantees of future performance and a variety of factors could cause actual results to differ materially from the anticipated or expected results expressed in or suggested by these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to: actions by governmental entities; domestic and international macro-economic conditions; inflation or deflation; the loss of, or changes in, key personnel; success, or lack thereof, in executing our internal strategies and operating plans including new store and new market expansion plans, cost reduction initiatives, store rationalization plans, profit improvement plans, revenue enhancement strategies and the impact of opening tuxedo shops within Macy’s stores; changes in demand for clothing; market trends in the retail business; customer confidence and spending patterns; changes in traffic trends in our stores; customer acceptance of our merchandise strategies; performance issues with key suppliers; disruptions in our supply chain; severe weather; foreign currency fluctuations; government export and import policies; advertising or marketing activities of competitors; and legal proceedings.*

*Forward-looking statements are based upon management’s current beliefs or expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies and third party approvals, many of which are beyond our control. Refer to “Risk Factors” contained in Part I of our Annual Report on Form 10-K for the year ended January 30, 2016, and elsewhere herein for a more complete discussion of these and other factors that might affect our performance and financial results. Forward-looking statements are intended to convey the Company’s expectations about the future and speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements that may be made from time to time, whether as a result of new information, future developments or otherwise, unless required to do so by law.*

*All written or oral forward-looking statements that are made by or attributable to us are expressly qualified in their entirety by this cautionary notice.*

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(Unaudited)

	July 30, 2016	August 1, 2015	January 30, 2016
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 11,430	\$ 73,403	\$ 29,980
Accounts receivable, net	84,348	70,392	63,890
Inventories	1,023,603	956,976	1,022,504
Other current assets	81,113	153,350	143,546
Total current assets	<u>1,200,494</u>	<u>1,254,121</u>	<u>1,259,920</u>
PROPERTY AND EQUIPMENT, net	510,520	551,920	521,824
RENTAL PRODUCT, net	171,469	148,037	157,460
GOODWILL	118,307	891,316	118,586
INTANGIBLE ASSETS, net	174,752	661,973	178,510
OTHER ASSETS	9,012	8,985	8,019
<b>TOTAL ASSETS</b>	<b><u>\$2,184,554</u></b>	<b><u>\$3,516,352</u></b>	<b><u>\$2,244,319</u></b>
<b>LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 169,820	\$ 176,560	\$ 237,114
Accrued expenses and other current liabilities	296,857	270,702	256,762
Current portion of long-term debt	14,000	7,000	42,451
Total current liabilities	<u>480,677</u>	<u>454,262</u>	<u>536,327</u>
LONG-TERM DEBT, net	1,600,402	1,649,487	1,613,473
DEFERRED TAXES AND OTHER LIABILITIES	192,125	393,628	194,605
Total liabilities	<u>2,273,204</u>	<u>2,497,377</u>	<u>2,344,405</u>
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>SHAREHOLDERS' (DEFICIT) EQUITY:</b>			
Preferred stock	—	—	—
Common stock	486	485	485
Capital in excess of par	461,143	448,036	455,765
(Accumulated deficit) retained earnings	(519,068)	577,648	(524,876)
Accumulated other comprehensive loss	(31,211)	(4,110)	(28,486)
Treasury stock, at cost	—	(3,084)	(2,974)
Total (deficit) equity	<u>(88,650)</u>	<u>1,018,975</u>	<u>(100,086)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY</b>	<b><u>\$2,184,554</u></b>	<b><u>\$3,516,352</u></b>	<b><u>\$2,244,319</u></b>

See Notes to Condensed Consolidated Financial Statements.

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(In thousands, except per share data)  
(Unaudited)

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>July 30, 2016</b>	<b>August 1, 2015</b>	<b>July 30, 2016</b>	<b>August 1, 2015</b>
<b>Net sales:</b>				
Retail clothing product	\$ 615,946	\$ 649,190	\$1,231,614	\$1,316,052
Rental services	165,009	157,049	264,840	260,178
Alteration and other services	49,226	52,674	99,969	106,954
Total retail sales	830,181	858,913	1,596,423	1,683,184
Corporate apparel clothing product	79,503	61,161	142,083	121,979
Total net sales	909,684	920,074	1,738,506	1,805,163
<b>Cost of sales:</b>				
Retail clothing product	277,882	282,050	548,237	576,434
Rental services	27,101	25,351	42,985	41,435
Alteration and other services	34,409	37,118	70,559	73,268
Occupancy costs	108,615	114,255	218,750	227,351
Total retail cost of sales	448,007	458,774	880,531	918,488
Corporate apparel clothing product	51,373	42,619	95,830	86,442
Total cost of sales	499,380	501,393	976,361	1,004,930
<b>Gross margin:</b>				
Retail clothing product	338,064	367,140	683,377	739,618
Rental services	137,908	131,698	221,855	218,743
Alteration and other services	14,817	15,556	29,410	33,686
Occupancy costs	(108,615)	(114,255)	(218,750)	(227,351)
Total retail gross margin	382,174	400,139	715,892	764,696
Corporate apparel clothing product	28,130	18,542	46,253	35,537
Total gross margin	410,304	418,681	762,145	800,233
Advertising expense	44,963	44,981	92,891	95,637
Selling, general and administrative expenses	305,709	275,577	578,628	551,184
Operating income	59,632	98,123	90,626	153,412
Interest income	37	62	50	90
Interest expense	(25,876)	(26,535)	(52,377)	(53,018)
Loss on extinguishment of debt, net	(71)	—	(71)	(12,675)
Earnings before income taxes	33,722	71,650	38,228	87,809
Provision for income taxes	8,747	23,871	11,616	29,661
Net earnings	\$ 24,975	\$ 47,779	\$ 26,612	\$ 58,148
<b>Net earnings per common share allocated to common shareholders:</b>				
Basic	\$ 0.51	\$ 0.99	\$ 0.55	\$ 1.20
Diluted	\$ 0.51	\$ 0.98	\$ 0.55	\$ 1.20
<b>Weighted-average common shares outstanding:</b>				
Basic	48,609	48,304	48,527	48,217
Diluted	48,639	48,544	48,630	48,487
Cash dividends declared per common share	\$ 0.18	\$ 0.18	\$ 0.36	\$ 0.36

See Notes to Condensed Consolidated Financial Statements.

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(In thousands)**  
**(Unaudited)**

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>July 30,</u>	<u>August 1,</u>	<u>July 30,</u>	<u>August 1,</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net earnings	\$ 24,975	\$ 47,779	\$ 26,612	\$ 58,148
Currency translation adjustments	(19,600)	(4,440)	(3,171)	1,646
Unrealized gain (loss) on cash flow hedge, net of tax	206	(459)	446	(85)
Comprehensive income	<u>\$ 5,581</u>	<u>\$ 42,880</u>	<u>\$ 23,887</u>	<u>\$ 59,709</u>

See Notes to Condensed Consolidated Financial Statements.

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In thousands)**  
**(Unaudited)**

	<b>For the Six Months Ended</b>	
	<b>July 30, 2016</b>	<b>August 1, 2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$ 26,612	\$ 58,148
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	60,275	65,213
Rental product amortization	23,176	19,995
Loss on extinguishment of debt, net	71	12,675
Amortization of deferred financing costs	3,307	3,485
Amortization of discount on long-term debt	491	598
Loss on disposition of assets	49	886
Asset impairment charges	3,864	260
Share-based compensation	8,739	8,429
Excess tax benefits from share-based plans	—	(1,094)
Deferred tax provision (benefit)	1,890	(12,641)
Deferred rent expense and other	(637)	2,499
Changes in operating assets and liabilities:		
Accounts receivable	(22,955)	3,937
Inventories	(2,223)	(17,697)
Rental product	(35,952)	(35,965)
Other assets	64,513	7,911
Accounts payable, accrued expenses and other current liabilities	(28,262)	(22,682)
Other liabilities	(2,654)	957
Net cash provided by operating activities	<u>100,304</u>	<u>94,914</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(55,912)	(56,764)
Proceeds from sales of property and equipment	605	—
Net cash used in investing activities	<u>(55,307)</u>	<u>(56,764)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on term loan	(38,951)	(4,500)
Proceeds from asset-based revolving credit facility	305,549	5,500
Payments on asset-based revolving credit facility	(305,549)	(5,500)
Repurchase and retirement of senior notes	(6,500)	—
Deferred financing costs	—	(3,566)
Cash dividends paid	(17,676)	(17,561)
Proceeds from issuance of common stock	932	1,961
Tax payments related to vested deferred stock units	(1,258)	(4,506)
Excess tax benefits from share-based plans	—	1,094
Repurchases of common stock	—	(277)
Net cash used in financing activities	<u>(63,453)</u>	<u>(27,355)</u>
Effect of exchange rate changes	(94)	347
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,550)	11,142
Balance at beginning of period	29,980	62,261
Balance at end of period	<u>\$ 11,430</u>	<u>\$ 73,403</u>

See Notes to Condensed Consolidated Financial Statements.

## TAILORED BRANDS, INC. AND SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

#### 1. Significant Accounting Policies

**Basis of Presentation** — Effective January 31, 2016, Tailored Brands, Inc., a Texas corporation (“Tailored Brands”), became the successor reporting company to The Men’s Wearhouse, Inc. (“Men’s Wearhouse”), pursuant to a holding company reorganization (the “Reorganization”). Upon completion of the Reorganization, each issued and outstanding share of common stock of Men’s Wearhouse was automatically converted into one share of common stock of Tailored Brands, having the same designations, preferences, limitations, and relative rights and corresponding obligations as the shares of common stock of Men’s Wearhouse. In addition, as part of the Reorganization, Men’s Wearhouse’s treasury shares were canceled. The consolidated assets and liabilities of Tailored Brands and its subsidiaries immediately after the Reorganization were the same as the consolidated assets and liabilities of Men’s Wearhouse immediately prior to the Reorganization.

The condensed consolidated financial statements herein include the accounts of Tailored Brands, Inc. and its subsidiaries (the “Company”) and have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). As applicable under such regulations, certain information and footnote disclosures have been condensed or omitted. We believe the presentation and disclosures herein are adequate to make the information not misleading, and the condensed consolidated financial statements reflect all elimination entries and normal recurring adjustments which are necessary for a fair presentation of the financial position, results of operations and cash flows at the dates and for the periods presented. Certain prior period amounts have been reclassified to conform to the current period presentation.

Our business historically has been seasonal in nature and, as a result, the operating results of the interim periods presented are not necessarily indicative of the results that may be achieved for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended January 30, 2016.

Unless the context otherwise requires, “Company”, “we”, “us” and “our” refer to Tailored Brands, Inc. and its subsidiaries.

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual amounts could differ from those estimates.

**Recent Accounting Pronouncements** — We have considered all new accounting pronouncements and have concluded there are no new pronouncements that may have a material impact on our results of operations, financial condition, or cash flows, based on current information, except for those listed below.

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, *Compensation-Stock Compensation*. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for public companies for annual reporting periods beginning after December 15, 2016, and interim periods within those fiscal years with early adoption permitted. We will adopt ASU 2016-09 beginning in the first quarter of fiscal 2017 and we do not expect it will have a material impact on our financial position, results of operations or cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU 2016-02 increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The main difference between previous U.S. GAAP and ASU 2016-02 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. ASU 2016-02 is effective for public companies for annual reporting periods beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of ASU 2016-02 is permitted. The guidance is required to be adopted using the modified retrospective approach. We are currently evaluating the impact ASU 2016-02 will have on our financial

**TAILORED BRANDS, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

position, results of operations and cash flows but expect that it will result in a significant increase in our long-term assets and liabilities given we have a significant number of leases.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. In August 2015, the FASB issued ASU No. 2015-14 which deferred the effective date of ASU 2014-09 by one year. As a result of this deferral, ASU 2014-09 is effective for annual and interim periods beginning after December 15, 2017 and early adoption is permitted for annual reporting periods beginning after December 15, 2016. The guidance allows for either a full retrospective or a modified retrospective transition method. We are continuing to evaluate our method of adoption and the impact of this guidance, including recent amendments and interpretations, may have on our financial position, results of operations and cash flows.

**2. Restructuring and Other Charges**

During the fourth quarter of fiscal 2015, we began implementing initiatives intended to reduce costs and improve operating performance. These initiatives include a store rationalization program which identified approximately 250 stores to be closed as well as a profit improvement program to drive operating efficiencies and improve our expense structure. The store rationalization program includes the closure of approximately 80 to 90 Jos. A. Bank full line stores, the closure of all factory and outlet stores at Jos. A. Bank and Men's Wearhouse (58 stores) and the closure of between 100 and 110 Men's Wearhouse and Tux stores primarily as the result of the rollout of our shops within Macy's stores. We expect the store rationalization and profit improvement programs to be completed in fiscal 2016.

A summary of the charges incurred for the three and six months ended July 30, 2016 along with cumulative charges incurred under these initiatives since inception, all of which relate to our retail segment, is presented in the table below (amounts in thousands):

	For the Three Months Ended July 30, 2016	For the Six Months Ended July 30, 2016	Cumulative
Lease termination costs	\$ 26,446	\$ 28,337	\$ 28,337
Store asset impairment charges and accelerated depreciation	1,164	3,174	26,320
Consulting costs	6,825	11,777	12,695
Inventory reserve charges	—	—	11,008
Favorable lease impairment charges	—	—	5,533
Severance and employee-related costs	406	4,162	4,162
Other costs	174	726	1,584
Total pre-tax restructuring and other charges <sup>(1)</sup>	<u>\$ 35,015</u>	<u>\$ 48,176</u>	<u>\$ 89,639</u>

(1) Consists of \$36.4 million included in selling, general and administrative expenses ("SG&A") offset by a \$1.4 million reduction in cost of sales for the three months ended July 30, 2016. Consists of \$49.4 million included in SG&A offset by a \$1.2 million reduction in cost of sales for the six months ended July 30, 2016.

As of July 30, 2016, we estimate that cumulatively pre-tax restructuring and other charges related to these actions will approximate \$113.0 million to \$120.0 million, of which approximately \$70.0 million to \$75.0 million are estimated to be cash expenses. Included in the estimate of total pre-tax charges are approximately:

- Approximately \$50.0 million of lease termination costs;
- \$43.0 million to \$45.0 million of inventory and long-lived and intangible asset impairment charges, including accelerated depreciation relating to store closures; and
- \$20.0 to \$25.0 million of consulting, severance and other costs.

**TAILORED BRANDS, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)**

The following table is a rollforward of amounts included in accrued expenses and other current liabilities in the condensed consolidated balance sheet related to the pre-tax restructuring and other charges (amounts in thousands):

	<b>Severance and Employee- Related Costs</b>	<b>Lease Termination Costs</b>	<b>Consulting Costs</b>	<b>Other Costs</b>	<b>Total</b>
Beginning Balance, January 30, 2016	\$ —	\$ —	\$ 918	\$ 858	\$ 1,776
Charges, excluding non-cash items	4,162	28,337	11,777	726	45,002
Payments	(3,844)	(7,419)	(10,510)	(1,409)	(23,182)
Ending Balance, July 30, 2016	\$ 318	\$ 20,918	\$ 2,185	\$ 175	\$ 23,596

In addition to the restructuring costs described above, we incurred integration and other costs related to Jos. A. Bank totaling \$2.0 million and \$5.1 million for the three months ended July 30, 2016 and August 1, 2015, respectively. For the three months ended July 30, 2016, \$1.5 million of the integration costs are included in SG&A and \$0.5 million are included in cost of sales in the condensed consolidated statement of earnings. For the three months ended August 1, 2015, \$4.6 million of the integration costs are included in SG&A and \$0.5 million are included in cost of sales in the condensed consolidated statement of earnings.

For the six months ended July 30, 2016 and August 1, 2015, we incurred integration and other costs related to Jos. A. Bank totaling \$5.6 million and \$10.9 million, respectively. For the six months ended July 30, 2016, \$4.6 million of the integration costs are included in SG&A and \$1.0 million are included in cost of sales in the condensed consolidated statement of earnings. For the six months ended August 1, 2015, \$10.4 million of the integration costs are included in SG&A and \$0.5 million are included in cost of sales in the condensed consolidated statement of earnings.

**3. Earnings per Share**

Basic earnings per common share allocated to common shareholders is determined using the two-class method and is computed by dividing net earnings allocated to common shareholders by the weighted-average common shares outstanding during the period. Diluted earnings per common share reflect the more dilutive earnings per common share amount calculated using the treasury stock method or the two-class method.

TAILORED BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Basic and diluted earnings per common share allocated to common shareholders are computed using the actual net earnings allocated to common shareholders and the actual weighted-average common shares outstanding rather than the rounded numbers presented within our condensed consolidated statement of earnings and the accompanying notes. As a result, it may not be possible to recalculate earnings per common share allocated to common shareholders in our condensed consolidated statement of earnings and the accompanying notes. The following table sets forth the computation of basic and diluted earnings per common share allocated to common shareholders (in thousands, except per share amounts):

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>July 30, 2016</u>	<u>August 1, 2015</u>	<u>July 30, 2016</u>	<u>August 1, 2015</u>
<b>Numerator</b>				
Net earnings	\$ 24,975	\$ 47,779	\$ 26,612	\$ 58,148
Net earnings allocated to participating securities (restricted stock and deferred stock units)	(31)	(47)	(31)	(64)
Net earnings allocated to common shareholders	<u>\$ 24,944</u>	<u>\$ 47,732</u>	<u>\$ 26,581</u>	<u>\$ 58,084</u>
<b>Denominator</b>				
Basic weighted-average common shares outstanding	48,609	48,304	48,527	48,217
Dilutive effect of share-based awards	30	240	103	270
Diluted weighted-average common shares outstanding	<u>48,639</u>	<u>48,544</u>	<u>48,630</u>	<u>48,487</u>
Net earnings per common share allocated to common shareholders:				
Basic	<u>\$ 0.51</u>	<u>\$ 0.99</u>	<u>\$ 0.55</u>	<u>\$ 1.20</u>
Diluted	<u>\$ 0.51</u>	<u>\$ 0.98</u>	<u>\$ 0.55</u>	<u>\$ 1.20</u>

For the three and six months ended July 30, 2016, 2.0 million and 1.6 million anti-dilutive shares of common stock were excluded from the calculation of diluted earnings per common share, respectively. For the three and six months ended August 1, 2015, 0.1 million and 0.2 million anti-dilutive shares of common stock were excluded from the calculation of diluted earnings per common share, respectively.

**4. Debt**

On June 18, 2014, The Men's Wearhouse, Inc. entered into a term loan credit agreement that provides for a senior secured term loan in the aggregate principal amount of \$1.1 billion (the "Term Loan") and a \$500.0 million asset-based revolving credit agreement (the "ABL Facility", and together with the Term Loan, the "Credit Facilities") with certain of our U.S. subsidiaries and Moores the Suit People Inc., one of our Canadian subsidiaries, as co-borrowers. Proceeds from the Term Loan were reduced by an \$11.0 million original issue discount ("OID"), which is presented as a reduction of the outstanding balance on the Term Loan on the balance sheet and will be amortized to interest expense over the contractual life of the Term Loan. In addition, on June 18, 2014, The Men's Wearhouse, Inc. issued \$600.0 million in aggregate principal amount of 7.00% Senior Notes due 2022 (the "Senior Notes").

The Credit Facilities and the Senior Notes contain customary non-financial and financial covenants, including fixed charge coverage ratios, total leverage ratios and secured leverage ratios, as well as a restriction on our ability to pay dividends on our common stock in excess of \$10.0 million per quarter. Since entering into these financing arrangements and as of July 30, 2016, our total leverage ratio and secured leverage ratio were above the maximums specified in the agreements, which was anticipated when we entered into these arrangements. As a result, we are currently subject to certain additional restrictions, including limitations on our ability to make acquisitions and incur additional indebtedness.

**TAILORED BRANDS, INC. AND SUBSIDIARIES**

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*Credit Facilities*

The Term Loan is guaranteed, jointly and severally, by Tailored Brands, Inc. and certain of our U.S. subsidiaries and will mature on June 18, 2021. The interest rate on the Term Loan is based on 3-month LIBOR, which was approximately 0.76% at July 30, 2016. However, the Term Loan interest rate is subject to a LIBOR floor of 1% per annum, plus the applicable margin which is currently 3.50%, resulting in a total interest rate of 4.50%. In January 2015, we entered into an interest rate swap agreement, in which the variable rate payments due under a portion of the Term Loan were exchanged for a fixed rate (see Note 12).

In April 2015, The Men's Wearhouse, Inc. entered into Incremental Facility Agreement No. 1 (the "Incremental Agreement") resulting in a refinancing of \$400.0 million aggregate principal amount of the Term Loan from a variable rate to a fixed rate of 5.0% per annum. The Incremental Agreement did not impact the total amount borrowed under the Term Loan, the maturity date of the Term Loan of June 18, 2021, or collateral and guarantees under the Term Loan. In connection with the Incremental Agreement, we incurred deferred financing costs of \$3.6 million, which will be amortized over the life of the remaining term using the interest method. In addition, as a result of entering into the Incremental Agreement, we recorded a loss on extinguishment of debt totaling \$12.7 million consisting of the elimination of unamortized deferred financing costs and OID related to the Term Loan, which is included as a separate line in the condensed consolidated statement of earnings.

As a result of the interest rate swap and the Incremental Agreement, we have converted a majority of the variable interest rate under the Term Loan to a fixed rate and, as of July 30, 2016, the Term Loan had a weighted average interest rate of 4.91%.

The ABL Facility provides for a senior secured revolving credit facility of \$500.0 million, with possible future increases to \$650.0 million under an expansion feature that matures on June 18, 2019, and is guaranteed, jointly and severally, by Tailored Brands, Inc. and certain of our U.S. subsidiaries. The ABL Facility has several borrowing and interest rate options including the following indices: (i) adjusted LIBOR, (ii) Canadian Dollar Offered Rate ("CDOR") rate, (iii) Canadian prime rate or (iv) an alternate base rate (equal to the greater of the prime rate, the federal funds effective rate plus 0.5% or adjusted LIBOR for a one-month period plus 1.0%). Advances under the ABL Facility bear interest at a rate per annum using the applicable indices plus a varying interest rate margin of up to 2.00%. The ABL Facility also provides for fees applicable to amounts available to be drawn under outstanding letters of credit which range from 1.50% to 2.00%, and a fee on unused commitments which ranges from 0.25% to 0.375%. As of July 30, 2016, there were no borrowings outstanding under the ABL Facility.

We utilize letters of credit primarily to secure inventory purchases and as collateral for workers compensation claims. At July 30, 2016, letters of credit totaling approximately \$30.2 million were issued and outstanding. Borrowings available under the ABL Facility as of July 30, 2016 were \$420.5 million.

*Senior Notes*

The Senior Notes are guaranteed, jointly and severally, on an unsecured basis by Tailored Brands, Inc. and certain of our U.S. subsidiaries. The Senior Notes and the related guarantees are senior unsecured obligations of the Company and the guarantors, respectively, and will rank equally with all of the Company's and each guarantor's present and future senior indebtedness. The Senior Notes will mature on July 1, 2022. Interest on the Senior Notes is payable on January 1 and July 1 of each year.

*Long-Term Debt*

On May 2, 2016, in accordance with the terms of the Credit Facilities, we made a mandatory excess cash flow prepayment of \$35.5 million on the Term Loan. As a result of this prepayment, we recorded a loss on extinguishment of debt totaling \$0.9 million consisting of the elimination of unamortized deferred financing costs and OID related to the Term Loan. In addition, during the second quarter of 2016, we repurchased and retired \$6.5 million of Senior Notes through open market

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transactions, which were consummated via borrowings on our ABL Facility. As a result, we recorded a net gain on extinguishment totaling \$0.8 million, which reflects the gain upon repurchase partially offset by the elimination of unamortized deferred financing costs related to the Senior Notes. The impact of these transactions is reflected as a net loss on extinguishment of debt totaling \$0.1 million, which is included as a separate line in the condensed consolidated statement of earnings. Subsequent to the end of the second quarter of 2016, we repurchased and retired an additional \$18.5 million of Senior Notes through open market transactions, which were consummated via borrowings on our ABL Facility and subsequently repaid.

The following table provides details on our long-term debt as of July 30, 2016, August 1, 2015 and January 30, 2016 (in thousands):

	<u>July 30, 2016</u>	<u>August 1, 2015</u>	<u>January 30, 2016</u>
Term Loan (net of unamortized OID of \$4.6 million at July 30, 2016, \$5.9 million at August 1, 2015 and \$5.4 million at January 30, 2016)	\$ 1,045,686	\$ 1,086,892	\$ 1,083,891
Senior Notes	593,500	600,000	600,000
Less: Deferred financing costs related to the Term Loan and Senior Notes	(24,784)	(30,405)	(27,967)
Total long-term debt, net	<u>1,614,402</u>	<u>1,656,487</u>	<u>1,655,924</u>
Current portion of long-term debt	<u>(14,000)</u>	<u>(7,000)</u>	<u>(42,451)</u>
Total long-term debt, net of current portion	<u>\$ 1,600,402</u>	<u>\$ 1,649,487</u>	<u>\$ 1,613,473</u>

**5. Supplemental Cash Flows**

Supplemental disclosure of cash flow information is as follows (in thousands):

	<u>For the Six Months Ended</u>	
	<u>July 30, 2016</u>	<u>August 1, 2015</u>
Cash paid for interest	<u>\$ 48,746</u>	<u>\$ 47,381</u>
Cash (refunded) paid for income taxes, net	<u>\$ (52,547)</u>	<u>\$ 28,554</u>
Schedule of noncash investing and financing activities:		
Cash dividends declared	<u>\$ 9,307</u>	<u>\$ 8,913</u>

We had unpaid capital expenditure purchases included in accounts payable and accrued expenses and other current liabilities of approximately \$11.8 million and \$8.5 million at July 30, 2016 and August 1, 2015, respectively. Capital expenditure purchases are recorded as cash outflows from investing activities in the condensed consolidated statement of cash flows in the period they are paid.

**6. Inventories**

The following table provides details on our inventories as of July 30, 2016, August 1, 2015 and January 30, 2016 (in thousands):

	<u>July 30, 2016</u>	<u>August 1, 2015</u>	<u>January 30, 2016</u>
Finished goods	\$ 929,428	\$891,394	\$ 919,623
Raw materials and merchandise components	94,175	65,582	102,881
Total inventories	<u>\$1,023,603</u>	<u>\$956,976</u>	<u>\$1,022,504</u>

**TAILORED BRANDS, INC. AND SUBSIDIARIES**

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**7. Income Taxes**

Our effective income tax rate decreased to 25.9% for the second quarter of 2016 from 33.3% for the second quarter of 2015 primarily driven by lower U.S. income as compared to income earned in foreign jurisdictions. Our effective income tax rate decreased to 30.4% for the first six months of 2016 from 33.8% for the first six months of 2015 primarily due to lower U.S. income as compared to income earned in foreign jurisdictions, which is partially offset by non-recurring true-ups recorded in the first quarter of 2016.

**8. Other Current Assets, Accrued Expenses and Other Current Liabilities and Deferred Taxes and Other Liabilities**

Other current assets consist of the following (in thousands):

	<u>July 30, 2016</u>	<u>August 1, 2015</u>	<u>January 30, 2016</u>
Prepaid expenses	\$ 42,686	\$ 45,057	\$ 42,166
Tax receivable	21,037	68,852	85,153
Current deferred tax assets	—	25,544	—
Other	17,390	13,897	16,227
Total other current assets	<u>\$ 81,113</u>	<u>\$ 153,350</u>	<u>\$ 143,546</u>

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

	<u>July 30, 2016</u>	<u>August 1, 2015</u>	<u>January 30, 2016</u>
Accrued salary, bonus, sabbatical, vacation and other benefits	\$ 64,580	70,795	75,373
Customer deposits, prepayments and refunds payable	47,993	45,752	25,218
Sales, value added, payroll, property and other taxes payable	34,589	33,723	27,505
Unredeemed gift certificates	36,217	35,488	40,884
Accrued workers compensation and medical costs	30,786	25,646	30,877
Lease termination and other store closure costs	20,918	157	—
Accrued interest	16,067	17,205	16,282
Loyalty program reward certificates	9,963	7,508	9,215
Cash dividends declared	9,307	8,913	9,150
Accrued royalties	7,545	6,794	3,727
Other	18,892	18,721	18,531
Total accrued expenses and other current liabilities	<u>\$296,857</u>	<u>\$270,702</u>	<u>\$ 256,762</u>

Deferred taxes and other liabilities consist of the following (in thousands):

	<u>July 30, 2016</u>	<u>August 1, 2015</u>	<u>January 30, 2016</u>
Deferred and other income tax liabilities	\$ 115,735	\$ 312,664	\$ 112,469
Deferred rent and landlord incentives	63,367	63,431	66,075
Unfavorable lease liabilities	6,141	10,046	8,279
Other	6,882	7,487	7,782
Total deferred taxes and other liabilities	<u>\$ 192,125</u>	<u>\$ 393,628</u>	<u>\$ 194,605</u>

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

**9. Accumulated Other Comprehensive (Loss) Income**

The following table summarizes the components of accumulated other comprehensive (loss) income for the six months ended July 30, 2016 (in thousands and net of tax):

	<u>Foreign Currency Translation</u>	<u>Interest Rate Swap</u>	<u>Pension Plan</u>	<u>Total</u>
BALANCE— January 30, 2016	\$ (26,659)	\$ (2,007)	\$ 180	\$(28,486)
Other comprehensive loss before reclassifications	(3,171)	(276)	—	(3,447)
Amounts reclassified from accumulated other comprehensive loss	—	722	—	722
Net other comprehensive loss	(3,171)	446	—	(2,725)
BALANCE— July 30, 2016	<u>\$ (29,830)</u>	<u>\$ (1,561)</u>	<u>\$ 180</u>	<u>\$(31,211)</u>

The following table summarizes the components of accumulated other comprehensive (loss) income for the six months ended August 1, 2015 (in thousands and net of tax):

	<u>Foreign Currency Translation</u>	<u>Interest Rate Swap</u>	<u>Pension Plan</u>	<u>Total</u>
BALANCE— January 31, 2015	\$ (4,232)	\$ (1,665)	\$ 226	\$(5,671)
Other comprehensive income (loss) before reclassifications	1,646	(912)	—	734
Amounts reclassified from accumulated other comprehensive income	—	827	—	827
Net current-period other comprehensive income	1,646	(85)	—	1,561
BALANCE— August 1, 2015	<u>\$ (2,586)</u>	<u>\$ (1,750)</u>	<u>\$ 226</u>	<u>\$(4,110)</u>

Amounts reclassified from other comprehensive (loss) income for the six months ended July 30, 2016 and August 1, 2015, respectively, relate to changes in fair value for our interest rate swap, which is recorded within interest expense in the condensed consolidated statement of earnings.

**10. Share-Based Compensation Plans**

For a discussion of our share-based compensation plans refer to Note 13 in our Annual Report on Form 10-K for the fiscal year ended January 30, 2016. In June 2016 our shareholders approved the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (the “2016 LTIP”), which replaced our 2004 Long-Term Incentive Plan (the “2004 LTIP”). Awards are no longer available for grant under the 2004 LTIP but outstanding awards under the 2004 LTIP remain in effect in accordance with the terms of the awards and the 2004 LTIP. The number of shares of our common stock authorized for awards under the 2016 LTIP is up to 6.4 million, subject to adjustments. No awards have been issued under the 2016 LTIP as of July 30, 2016.

We account for share-based awards in accordance with the authoritative guidance regarding share-based payments, which requires the compensation cost resulting from all share-based payment transactions be recognized in the financial statements. The amount of compensation cost is measured based on the grant-date fair value of the instrument issued and is recognized over the vesting period. Share-based compensation expense recognized for the three and six months ended July 30, 2016 was \$4.6 million and \$8.7 million, respectively. Share-based compensation expense recognized for the three and six months ended August 1, 2015 was \$3.9 million and \$8.4 million, respectively.

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*Non-Vested Deferred Stock Units, Performance Units and Restricted Stock*

The following table summarizes the activity of time-based and performance-based awards for the six months ended July 30, 2016:

	Units		Weighted-Average Grant-Date Fair Value	
	Time-Based	Performance-Based	Time-Based	Performance-Based
Non-Vested at January 30, 2016	478,106	168,656	\$49.60	\$ 47.87
Granted	811,674	258,168	16.69	17.43
Vested <sup>(1)</sup>	(216,936)	—	49.01	—
Forfeited	(16,977)	(59,943)	44.65	33.72
Non-Vested at July 30, 2016	<u>1,055,867</u>	<u>366,881</u>	<u>\$24.50</u>	<u>\$ 28.76</u>

(1) Includes 71,896 shares relinquished for tax payments related to vested deferred stock units for the six months ended July 30, 2016.

On April 3, 2013, our Board of Directors approved a change in the form of award agreements to be issued for grants of deferred stock units (“DSUs”) to participants under the 2004 LTIP. As revised, the award agreements provide that dividend equivalents, if any, will be accrued during the vesting period for such DSU awards and paid out only upon vesting of the underlying DSUs. As such, grants of DSU awards on or after April 3, 2013 earn dividends throughout the vesting period which are subject to the same vesting terms as the underlying share award. Grants of DSUs generally vest over a period of three years. DSU awards granted prior to April 3, 2013 are entitled to receive non-forfeitable dividend equivalents, if any, when and if paid to shareholders of record at the payment date. Included in the non-vested time-based awards as of July 30, 2016 are 11,288 DSUs granted prior to April 3, 2013.

The performance units granted in the first six months of 2016 represent a contingent right to earn shares of common stock, subject to the achievement of a Company-specific performance target for fiscal 2016-2017. Assuming the performance target is achieved, 50% of the award will vest on the two year anniversary of the grant date and the remaining 50% of the award will vest on the three year anniversary of the grant date. Performance units that are unvested at the end of the performance period will lapse and be forfeited. The performance units earn dividends throughout the vesting period and are subject to the same vesting terms as the underlying performance-based awards.

The following table summarizes the activity of restricted stock for the six months ended July 30, 2016:

	Shares	Weighted-Average Grant-Date Fair Value
	Non-Vested at January 30, 2016	33,157
Granted	18,646	17.37
Vested	(3,276)	57.23
Forfeited	—	—
Non-Vested at July 30, 2016	<u>48,527</u>	<u>\$ 21.89</u>

Restricted stock awards receive non-forfeitable dividends, if any, when and if paid to shareholders of record at the payment date.

As of July 30, 2016, we have unrecognized compensation expense related to non-vested DSUs, performance units, and shares of restricted stock of approximately \$26.7 million, which is expected to be recognized over a weighted-average period of 1.6 years.

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*Stock Options*

The following table summarizes the activity of stock options for the six months ended July 30, 2016:

	Number of Shares	Weighted- Average Exercise Price
Outstanding at January 30, 2016	681,117	\$ 39.65
Granted	593,509	17.43
Exercised	—	—
Forfeited	(3,051)	48.31
Expired	(1,525)	48.31
Outstanding at July 30, 2016	<u>1,270,050</u>	<u>\$ 29.23</u>
Exercisable at July 30, 2016	<u>450,630</u>	<u>\$ 36.25</u>

The weighted-average grant date fair value of the 593,509 stock options granted during the six months ended July 30, 2016 was \$5.18 per share. The following table summarizes the weighted-average assumptions used to fair value stock options at the date of grant using the Black-Scholes option pricing model for the six months ended July 30, 2016:

	For the Six Months Ended July 30, 2016
Risk-free interest rates	1.22%
Expected lives	5.0 years
Dividend yield	4.13%
Expected volatility	47.95%

As of July 30, 2016, we have unrecognized compensation expense related to non-vested stock options of approximately \$5.2 million, which is expected to be recognized over a weighted-average period of 1.5 years.

**11. Goodwill and Other Intangible Assets**

Please refer to Note 3 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended January 30, 2016 for information on impairment charges recorded in fiscal 2015 related to goodwill and intangible assets for Jos. A. Bank.

*Goodwill*

Goodwill allocated to our reportable segments and changes in the net carrying amount of goodwill for the six months ended July 30, 2016 are as follows (in thousands):

	Retail	Corporate Apparel	Total
Balance at January 30, 2016	\$ 93,201	\$ 25,385	\$ 118,586
Translation adjustment	1,443	(1,722)	(279)
Balance at July 30, 2016	<u>\$ 94,644</u>	<u>\$ 23,663</u>	<u>\$ 118,307</u>

Goodwill is evaluated for impairment at least annually. A more frequent evaluation is performed if events or circumstances indicate that impairment could have occurred. Such events or circumstances could include, but are not limited to, new significant negative industry or economic trends, unanticipated changes in the competitive environment, decisions to significantly modify or dispose of operations and a significant sustained decline in the market price of our stock. No impairment evaluation was considered necessary during the first six months ended July 30, 2016.

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*Intangible Assets*

The gross carrying amount and accumulated amortization of our identifiable intangible assets are as follows (in thousands):

	July 30, 2016	August 1, 2015	January 30, 2016
<b>Amortizable intangible assets:</b>			
Carrying amount:			
Trademarks and tradenames	\$ 16,097	\$ 16,554	\$ 16,292
Favorable leases	14,381	24,400	14,675
Customer relationships	26,862	85,918	29,129
Total carrying amount	<u>57,340</u>	<u>126,872</u>	<u>60,096</u>
Accumulated amortization:			
Trademarks and tradenames	(9,886)	(9,577)	(9,728)
Favorable leases	(3,529)	(3,575)	(2,739)
Customer relationships	(13,432)	(22,096)	(13,459)
Total accumulated amortization	<u>(26,847)</u>	<u>(35,248)</u>	<u>(25,926)</u>
Total amortizable intangible assets, net	<u>30,493</u>	<u>91,624</u>	<u>34,170</u>
<b>Indefinite-lived intangible assets:</b>			
Trademarks and tradename, net	144,259	570,349	144,340
Total intangible assets, net	<u>\$174,752</u>	<u>\$661,973</u>	<u>\$ 178,510</u>

Pre-tax amortization expense associated with intangible assets subject to amortization totaled \$1.2 million and \$2.5 million for the three and six months ended July 30, 2016. Pre-tax amortization expense associated with intangible assets subject to amortization totaled \$3.6 million and \$7.1 million for the three and six months ended August 1, 2015, respectively. Pre-tax amortization associated with intangible assets subject to amortization at July 30, 2016 is estimated to be \$2.4 million for the remainder of fiscal 2016, \$4.3 million for fiscal 2017, \$4.0 million for fiscal 2018, \$3.8 million for fiscal 2019 and \$3.7 million for fiscal 2020.

**12. Derivative Financial Instruments**

As discussed in Note 4, in January 2015, we entered into an interest rate swap agreement on a notional amount of \$520.0 million that matures in August 2018 with periodic interest settlements. At July 30, 2016, the notional amount totaled \$440.0 million. Under this interest rate swap agreement, we receive a floating rate based on 3-month LIBOR and pay a fixed rate of 5.03% (including the applicable margin of 3.50%) on the outstanding notional amount. We have designated the interest rate swap as a cash flow hedge of the variability of interest payments under the Term Loan due to changes in the LIBOR benchmark interest rate. At July 30, 2016, the fair value of the interest rate swap was a liability of \$2.6 million with \$1.9 million recorded in accrued expenses and other current liabilities and \$0.7 million in other liabilities in our consolidated balance sheet. The effective portion of the swap is reported as a component of accumulated other comprehensive (loss) income. There was no hedge ineffectiveness at July 30, 2016. Changes in fair value are reclassified from accumulated other comprehensive (loss) income into earnings in the same period that the hedged item affects earnings.

Over the next 12 months, \$1.9 million of the effective portion of the interest rate swap is expected to be reclassified from accumulated other comprehensive (loss) income into earnings. If, at any time, the interest rate swap is determined to be ineffective, in whole or in part, due to changes in the interest rate swap or underlying debt agreements, the fair value of the portion of the interest rate swap determined to be ineffective will be recognized as a gain or loss in the statement of earnings for the applicable period.

In addition, we are exposed to market risk associated with foreign currency exchange rate fluctuations as a result of our direct sourcing programs and our operations in foreign countries. As a result, from time to time, we may enter into derivative instruments to hedge our foreign exchange risk. We have not elected to apply hedge accounting to these

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derivative instruments. At July 30, 2016, the fair value of our derivative instruments was an asset of \$1.7 million included in other current assets in our consolidated balance sheet.

For the three and six months ended July 30, 2016, we recognized net pre-tax gains of \$2.7 million and \$1.8 million, respectively, in cost of sales in the condensed consolidated statement of earnings for our derivative financial instruments not designated as cash flow hedges. For the three and six months ended August 1, 2015, we recognized a net pre-tax gain of \$0.4 million and a net pre-tax loss of \$0.6 million, respectively, in cost of sales in the condensed consolidated statement of earnings for our derivative financial instruments not designated as cash flow hedges.

**13. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a three-tier fair value hierarchy, categorizing the inputs used to measure fair value. The hierarchy can be described as follows: Level 1- observable inputs such as quoted prices in active markets; Level 2- inputs other than the quoted prices in active markets that are observable either directly or indirectly; and Level 3- unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

*Assets and Liabilities that are Measured at Fair Value on a Recurring Basis*

For the periods presented and described in Note 12, derivative financial instruments were the only assets and liabilities measured at fair value on a recurring basis. These derivative financial instruments are recorded in the condensed consolidated balance sheets at fair value based upon observable market inputs, which we classify as a Level 2 input within the fair value hierarchy.

*Assets and Liabilities that are Measured at Fair Value on a Non-Recurring Basis*

Long-lived assets, such as property and equipment, goodwill and identifiable intangibles, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset.

During the six months ended July 30, 2016, we incurred \$1.7 million of asset impairment charges, which is included within SG&A expenses in our condensed consolidated statement of earnings, primarily related to store locations to be closed and underperforming stores. We estimated the fair value of the long-lived assets based on an income approach using projected future cash flows discounted using a weighted-average cost of capital analysis that reflects current market conditions, which we classify as Level 3 within the fair value hierarchy.

In addition, during the second quarter ended July 30, 2016, we recorded a \$2.2 million impairment charge related to a long-lived asset reclassified as held for sale, which is included within SG&A expenses in our condensed consolidated statement of earnings. We estimated the fair value of the asset held for sale using market values for similar assets which would fall within Level 2 of the fair value hierarchy.

*Fair Value of Financial Instruments*

Our financial instruments consist of cash, accounts receivable, accounts payable, accrued expenses and other current liabilities and long-term debt. Management estimates that, as of July 30, 2016, August 1, 2015, and January 30, 2016, the carrying value of cash, accounts receivable, accounts payable and accrued expenses and other current liabilities approximated their fair value due to the highly liquid or short-term nature of these instruments.

**TAILORED BRANDS, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)**

The fair values of our Term Loan were valued based upon observable market data provided by a third party for similar types of debt, which we classify as a Level 2 input within the fair value hierarchy. Beginning in June 2015, the fair value of our Senior Notes is based on quoted prices in active markets, which we classify as a Level 1 input within the fair value hierarchy. In prior periods, the fair value of our Senior Notes was based on trading data in active markets, which we classified as a Level 2 input within the fair value hierarchy. The table below shows the fair value and carrying value of our long-term debt, including current portion (in thousands):

	<b>July 30, 2016</b>		<b>August 1, 2015</b>		<b>January 30, 2016</b>	
	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>
Long-term debt, including current portion	<u>\$1,614,402</u>	<u>\$1,555,785</u>	<u>\$1,656,487</u>	<u>\$1,737,325</u>	<u>\$1,655,924</u>	<u>\$1,410,651</u>

**14. Segment Reporting**

In the first quarter of 2016, we revised our segment reporting presentation to reflect changes in how we manage our business, including resource allocation and performance assessment. Specifically, we are now presenting expenses related to our shared services platform separately from the results of our operating segments to promote enhanced comparability of our operating segments. Previously, these shared service expenses were primarily included in our retail segment. Comparable prior period information has been recast to reflect our revised segment presentation.

Our operations are conducted in two reportable segments, retail and corporate apparel, based on the way we manage, evaluate and internally report our business activities.

The retail segment includes the results from our four retail merchandising brands: Men's Wearhouse/Men's Wearhouse and Tux, Jos. A. Bank, Moores Clothing for Men ("Moores") and K&G. These four brands are operating segments that have been aggregated into the retail reportable segment. MW Cleaners is also aggregated in the retail segment as these operations have not had a significant effect on our revenues or expenses. Specialty apparel merchandise offered by our four retail merchandising concepts include suits, suit separates, sport coats, slacks, business casual, sportswear, outerwear, dress and casual shirts, shoes and accessories for men. Ladies' career apparel, sportswear and accessories, including shoes, as well as children's apparel are also offered at most of our K&G stores. Tuxedo and suit rentals are offered at our Men's Wearhouse/Men's Wearhouse and Tux, Jos. A. Bank and Moores retail stores and tuxedo shops within Macy's stores.

The corporate apparel segment includes the results from our corporate apparel and uniform operations conducted by Twin Hill in the U.S. and Dimensions, Alexandra, and Yaffy in the United Kingdom ("UK").

The two corporate apparel and uniform concepts are operating segments that have been aggregated into the reportable corporate apparel segment. The corporate apparel segment provides corporate clothing uniforms and workwear to workforces.

We measure segment profitability based on operating income, defined as income before interest expense, interest income, loss on extinguishment of debt, net and income taxes, before shared service expenses. Shared service expenses include costs incurred and directed primarily by our corporate offices that are not allocated to segments.

TAILORED BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Net sales by brand and reportable segment are as follows (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	July 30, 2016	August 1, 2015	July 30, 2016	August 1, 2015
<b>Net sales:</b>				
MW <sup>(1)</sup>	\$ 482,895	\$ 470,010	\$ 924,541	\$ 926,386
Jos. A. Bank	186,040	221,706	364,490	437,768
K&G	86,374	88,719	181,133	184,715
Moores	66,454	69,899	109,683	117,419
MW Cleaners	8,418	8,579	16,576	16,896
Total retail segment	830,181	858,913	1,596,423	1,683,184
Dimensions and Alexandra (UK)	46,361	49,790	99,903	102,030
Twin Hill	33,142	11,371	42,180	19,949
Total corporate apparel segment	79,503	61,161	142,083	121,979
Total net sales	\$ 909,684	\$ 920,074	\$1,738,506	\$ 1,805,163

(1) MW includes Men's Wearhouse, Men's Wearhouse and Tux, Joseph Abboud and tuxedo shops within Macy's.

The following table sets forth supplemental products and services sales information for the Company (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	July 30, 2016	August 1, 2015	July 30, 2016	August 1, 2015
<b>Net sales:</b>				
Men's tailored clothing product	\$ 349,226	\$ 372,060	\$ 698,754	\$ 758,396
Men's non-tailored clothing product	246,154	255,439	488,087	511,449
Ladies' clothing product	18,468	18,967	40,314	40,599
Other	2,098	2,724	4,459	5,608
Total retail clothing product	615,946	649,190	1,231,614	1,316,052
Rental services	165,009	157,049	264,840	260,178
Alteration services	40,808	44,095	83,393	90,058
Retail dry cleaning services	8,418	8,579	16,576	16,896
Total alteration and other services	49,226	52,674	99,969	106,954
Corporate apparel clothing product	79,503	61,161	142,083	121,979
Total net sales	\$ 909,684	\$ 920,074	\$1,738,506	\$ 1,805,163

Operating income by reportable segment, shared service expense, and the reconciliation to earnings before income taxes is as follows (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	July 30, 2016	August 1, 2015	July 30, 2016	August 1, 2015
<b>Operating income:</b>				
Retail	\$ 101,227	\$ 137,324	\$ 181,102	\$ 232,630
Corporate apparel	11,920	2,494	13,974	3,806
Shared service expense	(53,515)	(41,695)	(104,450)	(83,024)
Operating income	59,632	98,123	90,626	153,412
Interest income	37	62	50	90
Interest expense	(25,876)	(26,535)	(52,377)	(53,018)
Loss on extinguishment of debt, net	(71)	—	(71)	(12,675)
Earnings before income taxes	\$ 33,722	\$ 71,650	\$ 38,228	\$ 87,809



**TAILORED BRANDS, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)**

As a result of our revised segment presentation, total assets for our reportable segments have changed. There were no changes to consolidated total assets. Total assets by reportable segment are as follows (in thousands):

	July 30, 2016	August 1, 2015	January 30, 2016
<b>Segment assets:</b>			
Retail	\$1,696,408	\$2,815,962	\$1,705,728
Corporate apparel	235,364	211,173	211,820
Shared services <sup>(1)</sup>	252,782	489,217	326,771
<b>Total assets</b>	<b>\$2,184,554</b>	<b>\$3,516,352</b>	<b>\$2,244,319</b>

(1) Shared service assets consist primarily of cash and cash equivalents, assets related to our distribution network and tax-related assets.

**15. Legal Matters**

On March 29, 2016, Peter Makhlouf filed a putative class action lawsuit against the Company and its Chief Executive Officer ("CEO"), Douglas S. Ewert, in the United States District Court for the Southern District of Texas (Case No. 4:16-cv-00838). The complaint attempts to allege claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of a putative class of persons who purchased or otherwise acquired the Company's securities between June 18, 2014 and December 9, 2015. In particular, the complaint alleges that the Company and its CEO made certain statements about the Company's acquisition and subsequent integration of Jos. A. Bank that were false and misleading and omitted material facts. We believe that the claims are without merit and intend to defend the lawsuit vigorously. The range of loss, if any, is not reasonably estimable at this time. We do not currently believe, however, that it will have a material adverse effect on our financial position, results of operations or cash flows.

On July 9, 2014, David Lucas and Eric Salerno, on behalf of themselves and all California residents similarly situated, filed a putative class action Complaint against Jos. A. Bank in the U.S. District Court for Southern California (Case No. '14CV1631LAB JLB). The Complaint alleges, among other things, that Jos. A. Bank violated the California Unfair Competition Law and the California Consumers Legal Remedies Act with its comparative price advertising, price discounts and free apparel promotions. The Complaint seeks, among other relief, certification of the case as a class action, permanent injunction, actual and compensatory damages, restitution including disgorgement of profits and unjust enrichment, costs and attorney fees. Mr. Salerno subsequently withdrew from the case leaving Mr. Lucas as the sole named plaintiff. In July 2016 several key events occurred. Over the course of several days, the Plaintiff's counsel withdrew the plaintiff's motion for class certification, filed a motion to dismiss the case, with prejudice, and filed a motion to withdraw as counsel to Mr. Lucas. The Court granted plaintiff's counsel's motion to withdraw. The motion to dismiss is still pending before the Court. As a result, this case will not have a material adverse effect on our financial position, results of operations or cash flows, and we will no longer be reporting on this matter in subsequent filings.

In addition, we are involved in various routine legal proceedings, including ongoing litigation, incidental to the conduct of our business. Management does not believe that any of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

**TAILORED BRANDS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**16. Condensed Consolidating Information**

As discussed in Note 4, The Men’s Wearhouse, Inc. (the “Issuer”) issued \$600.0 million in aggregate principal amount of 7.00% Senior Notes. The Senior Notes are guaranteed jointly and severally, on an unsecured basis by Tailored Brands, Inc. (the “Parent”) and certain of our U.S. subsidiaries (the “Guarantors”). Our Canadian and U.K. subsidiaries (collectively, the “Non-Guarantors”) are not guarantors of the Senior Notes. Each of the Guarantors is 100% owned and all guarantees are joint and several. In addition, the guarantees are full and unconditional except for certain automatic release provisions related to the Guarantors.

These automatic release provisions are considered customary and include the sale or other disposition of all or substantially all of the assets or all of the capital stock of any subsidiary guarantor, the release or discharge of a guarantor’s guarantee of the obligations under the Term Loan other than a release or discharge through payment thereon, the designation in accordance with the Indenture of a guarantor as an unrestricted subsidiary or the satisfaction of the requirements for defeasance or discharge of the Senior Notes as provided for in the Indenture.

The tables in the following pages present the condensed consolidating financial information for the Parent, the Issuer, the Guarantors and the Non-Guarantors, together with eliminations, as of and for the periods indicated. The consolidating financial information may not necessarily be indicative of the financial positions, results of operations or cash flows had the Issuer, Guarantors and Non-Guarantors operated as independent entities. Certain of our current Guarantor subsidiaries did not exist and were created as part of the Reorganization. As a result, prior periods presented have been retrospectively adjusted and contain certain allocations to reflect our current organizational structure.

TAILORED BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Tailored Brands, Inc.  
Condensed Consolidating Balance Sheet  
July 30, 2016  
(in thousands)

	Tailored Brands, Inc.	The Men's Wearhouse, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>						
CURRENT ASSETS:						
Cash and cash equivalents	\$ —	\$ 1,245	\$ 1,813	\$ 8,372	\$ —	\$ 11,430
Accounts receivable, net	7,373	18,217	256,591	28,754	(226,587)	84,348
Inventories	—	198,656	686,178	138,769	—	1,023,603
Other current assets	3,562	18,087	52,709	44,082	(37,327)	81,113
Total current assets	10,935	236,205	997,291	219,977	(263,914)	1,200,494
Property and equipment, net	—	254,315	219,595	36,610	—	510,520
Rental product, net	—	142,198	11,066	18,205	—	171,469
Goodwill	—	6,160	68,510	43,637	—	118,307
Intangible assets, net	—	132	158,351	16,269	—	174,752
Investments in subsidiaries	(82,294)	1,394,831	—	—	(1,312,537)	—
Other assets	1,498	6,457	935	7,922	(7,800)	9,012
Total assets	<u>\$(69,861)</u>	<u>\$ 2,040,298</u>	<u>\$1,455,748</u>	<u>\$ 342,620</u>	<u>\$(1,584,251)</u>	<u>\$2,184,554</u>
<b>LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY</b>						
CURRENT LIABILITIES:						
Accounts payable	\$ 7,008	\$ 247,569	\$ 98,318	\$ 43,512	\$ (226,587)	\$ 169,820
Accrued expenses and other current liabilities	9,431	193,497	109,835	21,421	(37,327)	296,857
Current portion of long-term debt	—	14,000	—	—	—	14,000
Total current liabilities	16,439	455,066	208,153	64,933	(263,914)	480,677
Long-term debt, net	—	1,600,402	—	—	—	1,600,402
Deferred taxes and other liabilities	2,350	67,124	119,773	10,678	(7,800)	192,125
Shareholders' (deficit) equity	(88,650)	(82,294)	1,127,822	267,009	(1,312,537)	(88,650)
Total liabilities and shareholders' (deficit) equity	<u>\$ (69,861)</u>	<u>\$ 2,040,298</u>	<u>\$ 1,455,748</u>	<u>\$ 342,620</u>	<u>\$(1,584,251)</u>	<u>\$ 2,184,554</u>

TAILORED BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Tailored Brands, Inc.  
Condensed Consolidating Balance Sheet  
August 1, 2015  
(in thousands)

	Tailored Brands, Inc.	The Men's Wearhouse, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>						
CURRENT ASSETS:						
Cash and cash equivalents	\$ —	\$ 21,430	\$ 2,924	\$ 49,049	\$ —	\$ 73,403
Accounts receivable, net	11,134	27,511	387,495	31,857	(387,605)	70,392
Inventories	—	254,232	559,884	142,860	—	956,976
Other current assets	6,969	35,390	103,133	7,858	—	153,350
Total current assets	18,103	338,563	1,053,436	231,624	(387,605)	1,254,121
Property and equipment, net	—	275,349	237,757	38,814	—	551,920
Rental product, net	—	121,776	7,338	18,923	—	148,037
Goodwill	—	6,159	837,532	47,625	—	891,316
Intangible assets, net	—	239	639,745	21,989	—	661,973
Investments in subsidiaries	1,016,463	2,559,549	—	—	(3,576,012)	—
Other assets	7,125	30,714	4,447	9,131	(42,432)	8,985
Total assets	\$1,041,691	\$ 3,332,349	\$2,780,255	\$ 368,106	\$(4,006,049)	\$3,516,352
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
CURRENT LIABILITIES:						
Accounts payable	\$ 10,415	\$ 367,930	\$ 146,117	\$ 39,703	\$ (387,605)	\$ 176,560
Accrued expenses and other current liabilities	7,442	152,691	86,672	23,897	—	270,702
Current portion of long-term debt	—	7,000	—	—	—	7,000
Total current liabilities	17,857	527,621	232,789	63,600	(387,605)	454,262
Long-term debt, net	—	1,649,487	—	33,432	(33,432)	1,649,487
Deferred taxes and other liabilities	4,859	138,778	247,629	11,362	(9,000)	393,628
Shareholders' equity	1,018,975	1,016,463	2,299,837	259,712	(3,576,012)	1,018,975
Total liabilities and shareholders' equity	\$1,041,691	\$ 3,332,349	\$2,780,255	\$ 368,106	\$(4,006,049)	\$3,516,352

TAILORED BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Tailored Brands, Inc.  
Condensed Consolidating Balance Sheet  
January 30, 2016  
(in thousands)

	Tailored Brands, Inc.	The Men's Wearhouse, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>						
CURRENT ASSETS:						
Cash and cash equivalents	\$ —	\$ 724	\$ 2,243	\$ 27,013	\$ —	\$ 29,980
Accounts receivable, net	—	23,067	392,944	29,845	(381,966)	63,890
Inventories	—	253,472	630,407	138,625	—	1,022,504
Other current assets	19,037	79,964	36,308	8,237	—	143,546
Total current assets	19,037	357,227	1,061,902	203,720	(381,966)	1,259,920
Property and equipment, net	—	254,335	230,209	37,280	—	521,824
Rental product, net	—	124,468	16,224	16,768	—	157,460
Goodwill	—	6,160	68,510	43,916	—	118,586
Intangible assets, net	—	186	159,530	18,794	—	178,510
Investments in subsidiaries	(109,188)	1,439,187	—	—	(1,329,999)	—
Other assets	—	6,914	992	8,513	(8,400)	8,019
Total assets	\$ (90,151)	\$ 2,188,477	\$ 1,537,367	\$ 328,991	\$ (1,720,365)	\$ 2,244,319
<b>LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY</b>						
CURRENT LIABILITIES:						
Accounts payable	\$ —	\$ 419,187	\$ 153,717	\$ 46,176	\$ (381,966)	\$ 237,114
Accrued expenses and other current liabilities	7,602	154,014	75,676	19,470	—	256,762
Current portion of long-term debt	—	42,451	—	—	—	42,451
Total current liabilities	7,602	615,652	229,393	65,646	(381,966)	536,327
Long-term debt, net	—	1,613,473	—	—	—	1,613,473
Deferred taxes and other liabilities	2,333	68,540	121,531	10,601	(8,400)	194,605
Shareholders' (deficit) equity	(100,086)	(109,188)	1,186,443	252,744	(1,329,999)	(100,086)
Total liabilities and shareholders' (deficit) equity	\$ (90,151)	\$ 2,188,477	\$ 1,537,367	\$ 328,991	\$ (1,720,365)	\$ 2,244,319

**TAILORED BRANDS, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

**Tailored Brands, Inc.  
Condensed Consolidating Statement of Earnings (Loss)  
(in thousands)**

	Tailored Brands, Inc.	The Men's Wearhouse, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Three Months Ended</b>						
<b>July 30, 2016</b>						
Net sales	\$ —	\$ 481,585	\$ 431,149	\$ 112,816	\$(115,866)	\$ 909,684
Cost of sales	—	226,104	325,754	63,388	(115,866)	499,380
Gross margin	—	255,481	105,395	49,428	—	410,304
Operating expenses	863	157,776	176,067	30,881	(14,915)	350,672
Operating (loss) income	(863)	97,705	(70,672)	18,547	14,915	59,632
Other income and expenses, net	—	—	14,915	—	(14,915)	—
Interest income	—	5	580	32	(580)	37
Interest expense	(5)	(26,355)	—	(96)	580	(25,876)
Loss on extinguishment of debt, net	—	(71)	—	—	—	(71)
(Loss) earnings before income taxes	(868)	71,284	(55,177)	18,483	—	33,722
(Benefit) provision for income taxes	(221)	17,608	(13,736)	5,096	—	8,747
(Loss) earnings before equity in net income of subsidiaries	(647)	53,676	(41,441)	13,387	—	24,975
Equity in earnings of subsidiaries	25,622	(28,054)	—	—	2,432	—
Net earnings (loss)	\$ 24,975	\$ 25,622	\$ (41,441)	\$ 13,387	\$ 2,432	\$ 24,975
Comprehensive income (loss)	\$ 5,581	\$ 25,828	\$ (41,441)	\$ (6,213)	\$ 21,826	\$ 5,581
<b>Three Months Ended</b>						
<b>August 1, 2015</b>						
Net sales	\$ —	\$ 469,036	\$ 478,091	\$ 119,688	\$(146,741)	\$ 920,074
Cost of sales	—	228,329	349,705	70,100	(146,741)	501,393
Gross margin	—	240,707	128,386	49,588	—	418,681
Operating expenses	682	141,617	150,149	33,126	(5,016)	320,558
Operating (loss) income	(682)	99,090	(21,763)	16,462	5,016	98,123
Other income and expenses, net	—	4,002	1,014	—	(5,016)	—
Interest income	—	593	851	39	(1,421)	62
Interest expense	—	(27,204)	(475)	(277)	1,421	(26,535)
(Loss) earnings before income taxes	(682)	76,481	(20,373)	16,224	—	71,650
(Benefit) provision for income taxes	(180)	22,287	(4,321)	6,085	—	23,871
(Loss) earnings before equity in net income of subsidiaries	(502)	54,194	(16,052)	10,139	—	47,779
Equity in earnings of subsidiaries	48,281	(5,913)	—	—	(42,368)	—
Net earnings (loss)	\$ 47,779	\$ 48,281	\$ (16,052)	\$ 10,139	\$ (42,368)	\$ 47,779
Comprehensive income (loss)	\$ 42,880	\$ 47,822	\$ (16,052)	\$ 5,699	\$ (37,469)	\$ 42,880



**TAILORED BRANDS, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**
**Tailored Brands, Inc.  
Condensed Consolidating Statement of Earnings (Loss)  
(in thousands)**

	Tailored Brands, Inc.	The Men's Wearhouse, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Six Months Ended</b>						
<b>July 30, 2016</b>						
Net sales	\$ —	\$ 922,083	\$ 834,376	\$ 209,586	\$(227,539)	\$ 1,738,506
Cost of sales	—	446,651	631,148	126,101	(227,539)	976,361
Gross margin	—	475,432	203,228	83,485	—	762,145
Operating expenses	1,580	306,263	332,980	59,296	(28,600)	671,519
Operating (loss) income	(1,580)	169,169	(129,752)	24,189	28,600	90,626
Other income and expenses, net	—	—	28,600	—	(28,600)	—
Interest income	2	10	876	40	(878)	50
Interest expense	(5)	(53,042)	—	(208)	878	(52,377)
Loss on extinguishment of debt, net	—	(71)	—	—	—	(71)
(Loss) earnings before income taxes	(1,583)	116,066	(100,276)	24,021	—	38,228
(Benefit) provision for income taxes	(424)	32,152	(26,781)	6,669	—	11,616
(Loss) earnings before equity in net income of subsidiaries	(1,159)	83,914	(73,495)	17,352	—	26,612
Equity in earnings of subsidiaries	27,771	(56,143)	—	—	28,372	—
Net earnings (loss)	\$ 26,612	\$ 27,771	\$ (73,495)	\$ 17,352	\$ 28,372	\$ 26,612
Comprehensive income (loss)	\$ 23,887	\$ 28,217	\$ (73,495)	\$ 14,181	\$ 31,097	\$ 23,887
<b>Six Months Ended</b>						
<b>August 1, 2015</b>						
Net sales	\$ —	\$ 924,530	\$ 920,640	\$ 219,449	\$(259,456)	\$ 1,805,163
Cost of sales	—	459,779	669,455	135,152	(259,456)	1,004,930
Gross margin	—	464,751	251,185	84,297	—	800,233
Operating expenses	1,355	287,804	304,596	61,162	(8,096)	646,821
Operating (loss) income	(1,355)	176,947	(53,411)	23,135	8,096	153,412
Other income and expenses, net	—	7,082	1,014	—	(8,096)	—
Interest income	—	1,149	1,669	63	(2,791)	90
Interest expense	—	(54,301)	(956)	(552)	2,791	(53,018)
Loss on extinguishment of debt, net	—	(12,675)	—	—	—	(12,675)
(Loss) earnings before income taxes	(1,355)	118,202	(51,684)	22,646	—	87,809
(Benefit) provision for income taxes	(452)	39,124	(16,956)	7,945	—	29,661
(Loss) earnings before equity in net income of subsidiaries	(903)	79,078	(34,728)	14,701	—	58,148
Equity in earnings of subsidiaries	59,051	(20,027)	—	—	(39,024)	—
Net earnings (loss)	58,148	59,051	(34,728)	14,701	(39,024)	58,148
Comprehensive income (loss)	\$ 59,709	\$ 58,966	\$ (34,728)	\$ 16,347	\$ (40,585)	\$ 59,709



**TAILORED BRANDS, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

**Tailored Brands, Inc.  
Condensed Consolidating Statement of Cash Flows  
For the Six Months Ended July 30, 2016  
(in thousands)**

	<b>Tailored Brands, Inc.</b>	<b>The Men's Wearhouse, Inc.</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net cash provided by operating activities	\$ 18,002	\$ 56,243	\$ 22,725	\$ 21,010	\$ (17,676)	\$ 100,304
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Capital expenditures	—	(29,922)	(23,753)	(2,237)	—	(55,912)
Intercompany activities	—	37,327	—	—	(37,327)	—
Proceeds from sale of property and equipment	—	—	598	7	—	605
Net cash provided by (used in) investing activities	—	7,405	(23,155)	(2,230)	(37,327)	(55,307)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Payments on term loan	—	(38,951)	—	—	—	(38,951)
Proceeds from asset-based revolving credit facility	—	302,500	—	3,049	—	305,549
Payments on asset-based revolving credit facility	—	(302,500)	—	(3,049)	—	(305,549)
Repurchase and retirement of senior notes	—	(6,500)	—	—	—	(6,500)
Intercompany activities	—	(17,676)	—	(37,327)	55,003	—
Cash dividends paid	(17,676)	—	—	—	—	(17,676)
Proceeds from issuance of common stock	932	—	—	—	—	932
Tax payments related to vested deferred stock units	(1,258)	—	—	—	—	(1,258)
Net cash used in financing activities	(18,002)	(63,127)	—	(37,327)	55,003	(63,453)
Effect of exchange rate changes	—	—	—	(94)	—	(94)
Increase (decrease) in cash and cash equivalents	—	521	(430)	(18,641)	—	(18,550)
Cash and cash equivalents at beginning of period	—	724	2,243	27,013	—	29,980
Cash and cash equivalents at end of period	\$ —	\$ 1,245	\$ 1,813	\$ 8,372	\$ —	\$ 11,430

**TAILORED BRANDS, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Tailored Brands, Inc.**  
**Condensed Consolidating Statement of Cash Flows**  
**For the Six Months Ended August 1, 2015**  
(in thousands)

	<b>Tailored Brands, Inc.</b>	<b>The Men's Wearhouse, Inc.</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net cash provided by operating activities	\$ 19,441	\$ 56,188	\$ 22,023	\$ 14,823	\$ (17,561)	\$ 94,914
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Capital expenditures	—	(27,393)	(24,108)	(5,263)	—	(56,764)
Net cash used in investing activities	—	(27,393)	(24,108)	(5,263)	—	(56,764)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Payments on term loan	—	(4,500)	—	—	—	(4,500)
Proceeds from asset-based revolving credit facility	—	5,500	—	—	—	5,500
Payments on asset-based revolving credit facility	—	(5,500)	—	—	—	(5,500)
Deferred financing costs	—	(3,566)	—	—	—	(3,566)
Intercompany activities	—	(17,561)	—	—	17,561	—
Cash dividends paid	(17,561)	—	—	—	—	(17,561)
Proceeds from issuance of common stock	1,961	—	—	—	—	1,961
Tax payments related to vested deferred stock units	(4,506)	—	—	—	—	(4,506)
Excess tax benefits from share-based plans	942	—	152	—	—	1,094
Repurchases of common stock	(277)	—	—	—	—	(277)
Net cash (used in) provided by financing activities	(19,441)	(25,627)	152	—	17,561	(27,355)
Effect of exchange rate changes	—	—	—	347	—	347
Increase (decrease) in cash and cash equivalents	—	3,168	(1,933)	9,907	—	11,142
Cash and cash equivalents at beginning of period	—	18,262	4,857	39,142	—	62,261
Cash and cash equivalents at end of period	\$ —	\$ 21,430	\$ 2,924	\$ 49,049	\$ —	\$ 73,403

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

We encourage you to read this "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") in conjunction with the corresponding section included in our Annual Report on Form 10-K for the year ended January 30, 2016. References herein to years are to our 52-week or 53-week fiscal year, which ends on the Saturday nearest January 30 in the following calendar year. For example, references to "2016" mean the 52-week fiscal year ending January 28, 2017.

### Executive Overview

#### *Background*

We are the largest specialty retailer of men's suits and the largest provider of apparel rental product in the U.S. and Canada with 1,767 stores including tuxedo shops within Macy's stores. Our operations are conducted in two reportable segments, retail and corporate apparel, based on the way we manage, evaluate and internally report our business activities. Refer to Note 14 of Notes to Condensed Consolidated Financial Statements and the discussion included in "Results of Operations" below for additional information and disclosures regarding our reporting segments.

We conduct our retail segment as a specialty apparel retailer offering suits, suit separates, sport coats, slacks, business casual, sportswear, outerwear, dress and casual shirts, shoes and accessories, primarily for men. We offer our products and services through multiple brands including The Men's Wearhouse/Men's Wearhouse and Tux ("Men's Wearhouse"), Jos. A. Bank, Moores Clothing for Men ("Moores"), K&G and Joseph Abboud and through multiple channels including physical stores, online at [www.menswearhouse.com](http://www.menswearhouse.com), [www.josbank.com](http://www.josbank.com) and [www.josephabboud.com](http://www.josephabboud.com), and our call center. Our stores are located throughout the United States ("U.S."), Puerto Rico and Canada and carry a wide selection of exclusive and non-exclusive merchandise brands. Tuxedo and suit rentals are offered at our Men's Wearhouse, Jos. A. Bank and Moores retail stores and tuxedo shops within Macy's stores. In addition, we offer our customers alteration services and most of our K&G stores offer ladies' career apparel, sportswear, accessories and shoes and children's apparel. We also conduct retail dry cleaning, laundry and heirloom operations through MW Cleaners in Texas.

We operate two corporate apparel providers. Our UK-based operations, the largest provider of corporate apparel in the UK, operate under the Dimensions, Alexandra, and Yaffy brands. Our U.S.-based operation operates under the Twin Hill brand. These operations provide corporate clothing uniforms and workwear to workforces through multiple channels including managed corporate accounts, catalogs and the internet at [www.dimensions.co.uk](http://www.dimensions.co.uk) and [www.alexandra.co.uk](http://www.alexandra.co.uk).

In the first quarter of 2016, we revised our segment reporting presentation to reflect changes in how we manage our business, including resource allocation and performance assessment. Specifically, we are now presenting expenses related to our shared services platform separately from the results of our operating segments to promote enhanced comparability of our operating segments. Previously, these shared service expenses were primarily included in our retail segment. Comparable prior period information has been recast to reflect our revised segment presentation.

#### *Second Quarter Discussion*

For the second quarter of 2016, comparable sales increased 2.9% at Men's Wearhouse. In addition, Jos. A. Bank's 16.3% comparable sales decline was consistent with the trend we saw in the first quarter and in line with our expectations. Our second quarter results showed improvement compared to the first quarter yet reflected a challenging retail apparel spending environment as well as the continued transitioning of our Jos. A. Bank business.

We continue to execute our transition plan for Tailored Brands and we are on track to achieve our targeted \$50 million of cost savings for fiscal 2016. Our store base rationalization is well underway. During the second quarter, we closed 86 stores, including 45 Jos. A. Bank factory stores and eight Men's Wearhouse outlet stores, and we remain on schedule to close approximately 250 stores during fiscal 2016.

Key operating metrics for the quarter ended July 30, 2016 include:

- Net sales decrease of 1.1%
- Comparable sales increased 2.9% at Men’s Wearhouse while comparable sales decreased at Jos. A. Bank, Moores and K&G by 16.3%, 1.5% and 2.2%, respectively.
- Operating income decreased to \$59.6 million compared to \$98.1 million in the second quarter of fiscal 2015 primarily due to lease termination costs and consulting fees incurred in connection with our profit improvement and store rationalization programs, the benefits of which will be more fully realized in the second half of fiscal 2016 and subsequent years.
- Diluted earnings per share of \$0.51 compared to diluted earnings per share of \$0.98 in the second quarter of fiscal 2015.

Key liquidity metrics for the six months ended July 30, 2016 include:

- Cash provided by operating activities was \$100.3 million compared to \$94.9 million for the prior comparable period.
- Capital expenditures were \$55.9 million for the first six months of fiscal 2016 compared to \$56.8 million for the first six months of fiscal 2015.
- We repaid \$39.0 million on our term loan, repurchased and retired \$6.5 million of senior notes and had no borrowings outstanding on our ABL facility as of July 30, 2016.
- Dividends paid totaled \$17.7 million for the six months ended July 30, 2016.

*Items Affecting Comparability of Results*

The comparability of our results has been impacted by certain items, including restructuring and other costs consisting of costs related to our profit improvement and store rationalization programs and integration costs for Jos. A. Bank. A summary of the effect of these items on pretax income for each applicable period is presented below (dollars in millions):

	<b>For the Quarter Ended</b>		<b>For the Six Months Ended</b>	
	<b>July 30, 2016</b>	<b>August 1, 2015</b>	<b>July 30, 2016</b>	<b>August 1, 2015</b>
Restructuring and other charges <sup>(1)</sup>	\$ 35.0	\$ —	\$ 48.2	\$ —
Integration costs related to Jos. A. Bank <sup>(2)</sup>	2.0	5.1	5.6	10.9
Purchase accounting adjustment for the step up of Jos. A. Bank inventory	—	0.1	—	0.8
Other purchase accounting related charges	—	2.4	(0.6)	4.8
Loss on extinguishment of debt, net	0.1	—	0.1	12.7
Separation costs with a former executive	—	—	—	3.7
Other	2.3	—	2.6	—
<b>Total <sup>(3)</sup></b>	<b>\$ 39.4</b>	<b>\$ 7.6</b>	<b>\$ 55.9</b>	<b>\$ 32.9</b>

(1) See Note 2 to the condensed consolidated financial statements for additional information on restructuring and other costs.

(2) For the quarters ended July 30, 2016 and August 1, 2015, integration costs related to Jos. A. Bank included \$0.3 million and \$1.6 million of severance costs, respectively. For the six months ended July 30, 2016 and August 1, 2015, integration costs related to Jos. A. Bank included \$2.0 million and \$5.4 million of severance and employee-related costs, respectively.

(3) For the quarter ended July 30, 2016, consists of \$40.2 million included in selling, general and administrative expenses (“SG&A”) offset by a \$0.8 million reduction in cost of sales. For the quarter ended August 1, 2015, consists of \$6.5 million included in SG&A and \$1.1 million included in cost of sales. For the six months ended July 30, 2016, consists of \$56.6 million included in SG&A offset by a \$0.7 million reduction in cost of sales. For the six months ended August 1, 2015, consists of \$18.1 million included in SG&A and \$2.1 million included in cost of sales. Loss on extinguishment of debt, net amounts are shown as a separate line in the condensed consolidated statement of earnings.

*Store Data*

The following table presents information with respect to retail apparel stores and tuxedo shops within Macy's stores in operation during each of the respective fiscal periods:

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>		<b>For the Year Ended</b>
	<b>July 30, 2016</b>	<b>August 1, 2015</b>	<b>July 30, 2016</b>	<b>August 1, 2015</b>	<b>January 30, 2016</b>
Open at beginning of period:	1,846	1,758	1,724	1,758	1,758
Opened <sup>(1)(2)</sup>	7	6	147	14	42
Closed	(86)	(10)	(104)	(18)	(76)
Open at end of the period	<u>1,767</u>	<u>1,754</u>	<u>1,767</u>	<u>1,754</u>	<u>1,724</u>
Men's Wearhouse <sup>(2)</sup>	710	704	710	704	714
Men's Wearhouse and Tux	135	201	135	201	160
Tuxedo shops @ Macy's	150	—	150	—	12
Jos. A. Bank <sup>(3)</sup>	557	636	557	636	625
Moore's	126	124	126	124	124
K&G	89	89	89	89	89
	<u>1,767</u>	<u>1,754</u>	<u>1,767</u>	<u>1,754</u>	<u>1,724</u>

(1) Includes 138 tuxedo shops within Macy's stores opened in 2016.

(2) Includes one Joseph Abboud store opened in 2015.

(3) Excludes franchise stores.

During the second quarter of 2016, we opened seven stores/tuxedo shops (three Men's Wearhouse stores, two tuxedo shops within Macy's stores, one Jos. A. Bank store and one Moore's store). We closed 86 stores (59 Jos. A. Bank stores of which 45 were factory stores, 18 Men's Wearhouse and Tux stores and nine Men's Wearhouse stores of which eight were outlet stores).

*Seasonality*

Our sales and net earnings are subject to seasonal fluctuations. Our rental revenues are heavily concentrated in the second and third quarters (prom and wedding season) while the fourth quarter is considered the seasonal low point. In addition, Jos. A. Bank has historically experienced increased customer traffic during the holiday season and its increased marketing efforts during the holiday season have historically resulted in sales and net earnings generated in the fourth quarter, which are significantly larger as compared to the other three quarters. This trend did not occur in the fourth quarter of 2015 as a result of our decision to change the brand's promotional strategy. We currently expect this trend to resume at some point in the future. With respect to our corporate apparel sales and operating results, seasonal fluctuations are not significant but the acquisition of new customers or existing customer decisions to rebrand or revise their corporate wear programs can cause significant variations in period results. Because of these fluctuations in our sales, results for any quarter are not necessarily indicative of the results that may be achieved for the full year.

## Results of Operations

*For the Three Months Ended July 30, 2016 Compared to the Three Months Ended August 1, 2015*

The following table sets forth our results of operations expressed as a percentage of net sales for the periods indicated:

	For the Three Months <sup>(1)</sup>	
	July 30, 2016	August 1, 2015
Net sales:		
Retail clothing product	67.7 %	70.6 %
Rental services	18.1	17.1
Alteration and other services	5.4	5.7
Total retail sales	91.3	93.4
Corporate apparel clothing product	8.7	6.6
Total net sales	100.0 %	100.0 %
Cost of sales <sup>(2)</sup> :		
Retail clothing product	45.1	43.5
Rental services	16.4	16.1
Alteration and other services	69.9	70.5
Occupancy costs	13.1	13.3
Total retail cost of sales	54.0	53.4
Corporate apparel clothing product	64.6	69.7
Total cost of sales	54.9	54.5
Gross margin <sup>(2)</sup> :		
Retail clothing product	54.9	56.6
Rental services	83.6	83.9
Alteration and other services	30.1	29.5
Occupancy costs	(13.1)	(13.3)
Total retail gross margin	46.0	46.6
Corporate apparel clothing product	35.4	30.3
Total gross margin	45.1	45.5
Advertising expense	4.9	4.9
Selling, general and administrative expenses	33.6	30.0
Operating income	6.6	10.7
Interest income	0.0	0.0
Interest expense	(2.8)	(2.9)
Loss on extinguishment of debt, net	(0.0)	—
Earnings before income taxes	3.7	7.8
Provision for income taxes	1.0	2.6
Net earnings	2.7 %	5.2 %

(1) Percentage line items may not sum to totals due to the effect of rounding.

(2) Calculated as a percentage of related sales.

*Net Sales*

Total net sales decreased \$10.4 million, or 1.1%, to \$909.7 million for the second quarter of 2016 as compared to the second quarter of 2015.

Total retail sales decreased \$28.7 million, or 3.4%, to \$830.2 million for the second quarter of 2016 as compared to the second quarter of 2015 primarily due to a \$33.2 million decrease in clothing product revenues primarily at our Jos. A. Bank brand and a \$3.5 million decrease in alteration and other services revenues, partially offset by a \$8.0 million increase in rental service revenues. The net decrease is attributable to the following:

<b>(in millions)</b>	<b>Amount Attributed to</b>
\$ 12.6	2.9% increase in comparable sales at Men's Wearhouse.
(30.9)	16.3% decrease in comparable sales at Jos. A. Bank.
(1.0)	1.5% decrease in comparable sales at Moores <sup>(1)</sup> .
(1.8)	2.2% decrease in comparable sales at K&G.
(0.8)	Decrease in non-comparable sales.
(2.6)	Decrease in net sales resulting from change in U.S./Canadian dollar exchange rate.
(4.2)	Other.
<u>\$ (28.7)</u>	<u>Decrease in total retail sales.</u>

(1) Comparable sales percentages for Moores are calculated using Canadian dollars.

Comparable sales exclude the net sales of a store for any month of one period if the store was not owned or open throughout the same month of the prior period and include e-commerce net sales. We operate our business using an omnichannel approach and do not differentiate e-commerce sales from our other channels. In addition, as a result of our decision to close all factory stores at Jos. A. Bank, we have excluded the results of these stores from our comparable sales calculation for Jos. A. Bank.

The increase at Men's Wearhouse resulted primarily from increased average unit retails (net selling prices) partially offset by decreases in average transactions per store and units sold per transaction. The decrease at Jos. A. Bank resulted primarily from decreased average transactions per store partially offset by higher units per transaction, increased average unit retails and higher rental services revenue. The decrease at K&G resulted from lower average transactions per store partially offset by an increase in average unit retails. The decrease at Moores resulted from decreased average transactions per store and units sold per transaction partially offset by increased average unit retails. At Men's Wearhouse, rental service comparable sales increased 4.7% due to an increase in rental rates partially offset by a decrease in unit rentals.

Total corporate apparel clothing product sales increased \$18.3 million for the second quarter of 2016 as compared to the second quarter of 2015. U.S. corporate apparel sales increased \$21.7 million primarily due to the impact of a large new uniform program. The rollout of the new uniform program commenced in June and will last approximately three months after which the program will transition to a standard replenishment phase. UK corporate apparel sales decreased \$3.4 million due to the impact of a weaker pound Sterling this year compared to last year partially offset by an increase in sales from existing customer programs.

*Gross Margin*

Buying and distribution costs are included in determining our retail and corporate apparel clothing product gross margins. Our gross margin may not be comparable to other specialty retailers, as some companies exclude costs related to their distribution network from cost of goods sold while others, like us, include all or a portion of such costs in cost of goods sold and exclude them from SG&A expenses. Distribution costs are not included in determining our rental services gross margin but are included in SG&A expenses.

Our total gross margin decreased \$8.4 million, or 2.0%, to \$410.3 million in the second quarter of 2016 as compared to the second quarter of 2015. Total retail segment gross margin decreased \$18.0 million, or 4.5%, from the same prior year quarter to \$382.2 million in the second quarter of 2016 primarily due to lower sales. As a percentage of related sales, retail segment gross margin decreased from 46.6% in the second quarter of 2015 to 46.0% in the second quarter of 2016 primarily driven by clearance activity in preparation of our closing of the factory/outlet stores during the second quarter.

Occupancy costs decreased \$5.6 million primarily due to our store rationalization efforts. Occupancy costs as a percentage of retail sales, which is relatively constant on a per store basis and includes store related rent, common area maintenance, utilities, repairs and maintenance, security, property taxes and depreciation, decreased from 13.3% to 13.1% for the second quarter of 2016 compared to the second quarter of 2015.

Corporate apparel gross margin increased \$9.6 million, or 51.7%, in the second quarter of 2016. For the corporate apparel segment, total gross margin as a percentage of related sales increased from 30.3% in the second quarter of 2015 to 35.4% in the second quarter of 2016 primarily due to the impact of a large new uniform program as well as pre-tax gains on foreign currency hedging transactions.

*Advertising Expense*

Advertising expense was \$45.0 million in the second quarter of 2016, which was flat compared to the second quarter of 2015. As a percentage of total net sales, advertising expense was 4.9% in the second quarter of 2016, which was flat compared to 2015.

*Selling, General and Administrative Expenses*

SG&A expenses increased to \$305.7 million in the second quarter of 2016 from \$275.6 million in the second quarter of 2015, an increase of \$30.1 million, or 10.9%. As a percentage of total net sales, these expenses increased from 30.0% in the second quarter of 2015 to 33.6% in the second quarter of 2016 primarily as a result of an increase in restructuring and other costs. The components of this 3.6% net increase in SG&A expenses as a percentage of total net sales and the related dollar changes were as follows:

%	in millions	Attributed to
3.9	\$ 35.6	Increase in restructuring, integration and other items as a percentage of sales from 0.5% in the second quarter of 2015 to 4.4% in the second quarter of 2016. For the second quarter of 2016, these costs totaled \$40.2 million, related primarily to restructuring and other costs. For the second quarter of 2015, these costs totaled \$4.6 million related primarily to Jos. A. Bank integration costs.
(0.4)	(5.7)	Decrease in other SG&A expenses as a percentage of sales from 17.1% in the second quarter of 2015 to 16.7% in the second quarter of 2016. Other SG&A expenses decreased \$5.7 million primarily due to cost reduction initiatives and a decrease in amortization of intangible assets as a result of the impairment charges recorded in the fourth quarter of 2015.
0.1	0.2	Store salaries increased \$0.2 million and increased as a percentage of sales from 12.3% in the second quarter of 2015 to 12.4% in the second quarter of 2016 primarily due to deleverage resulting from lower retail sales.
<b>3.6</b>	<b>\$ 30.1</b>	<b>Total</b>

In the retail segment, SG&A expenses as a percentage of related net sales increased from 25.4% in the second quarter of 2015 to 28.5% in the second quarter of 2016 primarily due to an increase in restructuring and other costs. Retail segment SG&A expenses increased \$18.1 million primarily due to lease termination costs.

In the corporate apparel segment, SG&A expenses as a percentage of related net sales decreased from 25.4% in the second quarter of 2015 to 19.8% in the second quarter of 2016 primarily due to leverage from higher sales. Corporate apparel segment SG&A expenses increased \$0.2 million.

Shared service expenses represent costs not specifically related to the operations of our business segments and are included in SG&A. Shared service SG&A expenses as a percentage of total net sales increased from 4.5% in the second quarter of 2015 to 5.9% in the second quarter of 2016. Shared service SG&A expenses increased \$11.8 million primarily due to costs associated with our profit improvement program.

*Provision for Income Tax*

Our effective income tax rate decreased to 25.9% for the second quarter of 2016 from 33.3% for the second quarter of 2015 primarily due to lower U.S. income as compared to income earned in foreign jurisdictions.

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For the second quarter of 2016 and 2015, the statutory tax rates in Canada and the UK were approximately 26% and 20%, respectively. For the second quarter of 2016 and 2015, tax expense for our operations in foreign jurisdictions totaled \$5.1 million and \$4.8 million, respectively.

Our income tax expense and effective income tax rate in future periods may be impacted by many factors, including our geographic mix of earnings and changes in tax laws. Currently, we expect our effective tax rate in future periods to be lower than the statutory U.S. combined federal and state tax rate based on the expected geographic mix of earnings. In addition, if our financial results in fiscal 2016 generate a loss or certain deferred tax liabilities decrease, we may need to establish a valuation allowance on our U.S. deferred tax assets, which could have a material impact on our financial condition and results of operations.

*Net Earnings*

Net earnings were \$25.0 million for the second quarter of 2016 compared with net earnings of \$47.8 million for the second quarter of 2015.

*For the Six Months Ended July 30, 2016 compared to the Six Months Ended August 1, 2015*

The following table sets forth our results of operations expressed as a percentage of net sales for the periods indicated:

	<b>For the Six Months Ended<sup>(1)</sup></b>	
	<b>July 30, 2016</b>	<b>August 1, 2015</b>
Net sales:		
Retail clothing product	70.8 %	72.9 %
Rental services	15.2	14.4
Alteration and other services	5.8	5.9
Total retail sales	<u>91.8</u>	<u>93.2</u>
Corporate apparel clothing product	8.2	6.8
Total net sales	<u>100.0 %</u>	<u>100.0 %</u>
Cost of sales <sup>(2)</sup> :		
Retail clothing product	44.5	43.8
Rental services	16.2	15.9
Alteration and other services	70.6	68.5
Occupancy costs	13.7	13.5
Total retail cost of sales	<u>55.2</u>	<u>54.6</u>
Corporate apparel clothing product	67.5	70.9
Total cost of sales	<u>56.2</u>	<u>55.7</u>
Gross margin <sup>(2)</sup> :		
Retail clothing product	55.5	56.2
Rental services	83.8	84.1
Alteration and other services	29.4	31.5
Occupancy costs	(13.7)	(13.5)
Total retail gross margin	<u>44.8</u>	<u>45.4</u>
Corporate apparel clothing product	32.5	29.1
Total gross margin	<u>43.8</u>	<u>44.3</u>
Advertising expense	5.3	5.3
Selling, general and administrative expenses	33.3	30.5
Operating income	5.2	8.5
Interest income	0.0	0.0
Interest expense	(3.0)	(2.9)
Loss on extinguishment of debt, net	(0.0)	(0.7)
Earnings before income taxes	2.2	4.9
Provision for income taxes	0.7	1.6
Net earnings	<u>1.5 %</u>	<u>3.2 %</u>

(1) Percentage line items may not sum to totals due to the effect of rounding.

(2) Calculated as a percentage of related sales.

*Net Sales*

Total net sales decreased \$66.7 million, or 3.7%, to \$1,738.5 million for the first six months of 2016 as compared to the first six months of 2015.

Total retail sales decreased \$86.8 million, or 5.2%, to \$1,596.4 million for the first six months of 2016 as compared to the first six months of 2015 primarily due to a \$84.4 million decrease in clothing product revenues primarily at our Jos. A. Bank brand and a \$7.0 million decrease in alteration and other services revenues, partially offset by a \$4.7 million increase in rental service revenues. The net decrease is attributable to the following:

<b>(in millions)</b>	<b>Amount Attributed to</b>
\$ (2.1)	0.3% decrease in comparable sales at Men's Wearhouse
(61.1)	16.2% decrease in comparable sales at Jos. A. Bank.
(1.6)	0.9% decrease in comparable sales at K&G.
(2.6)	2.5% decrease in comparable sales at Moores <sup>(1)</sup> .
(5.5)	Decrease in non-comparable sales.
(5.1)	Decrease in net sales resulting from change in U.S./Canadian dollar exchange rate.
(8.8)	Other.
<u>\$ (86.8)</u>	<u>Decrease in total retail sales.</u>

(1) Comparable sales percentages for Moores are calculated using Canadian dollars.

Comparable sales exclude the net sales of a store for any month of one period if the store was not owned or open throughout the same month of the prior period and include e-commerce net sales. We operate our business using an omnichannel approach and do not differentiate e-commerce sales from our other channels.

In addition, as a result of our decision to close all factory stores at Jos. A. Bank, we have excluded the results of these stores from our comparable sales calculation for Jos. A. Bank.

The decrease at Men's Wearhouse resulted primarily from decreases in average transactions per store and units sold per transaction offset by increased average unit retail. The decrease at Jos. A. Bank resulted primarily from decreased average transactions per store partially offset by higher units per transaction, increased average unit retail and higher rental services revenue. The decrease at K&G resulted from lower average transactions per store partially offset by an increase in average unit retail and higher units per transaction. The decrease at Moores resulted from decreased average transactions per store and units sold per transaction partially offset by increased average unit retail. At Men's Wearhouse, rental service comparable sales increased 0.8% due to an increase in rental rates partially offset by a decrease in unit rentals.

Total corporate apparel clothing product sales increased \$20.1 million for the first six months of 2016 as compared to the first six months of 2015. U.S. corporate apparel sales increased \$22.2 million primarily due to the impact of a large new uniform program. The rollout of the new uniform program commenced in June and will last approximately three months after which the program will transition to a standard replenishment phase. UK corporate apparel sales decreased \$2.1 million due to the impact of a weaker pound Sterling this year compared to last year partially offset by an increase in sales from existing customer programs.

*Gross Margin*

Buying and distribution costs are included in determining our retail and corporate apparel clothing product gross margins. Our gross margin may not be comparable to other specialty retailers, as some companies exclude costs related to their distribution network from cost of goods sold while others, like us, include all or a portion of such costs in cost of goods sold and exclude them from SG&A expenses. Distribution costs are not included in determining our rental services gross margin but are included in SG&A expenses.

Our total gross margin decreased \$38.1 million, or 4.8%, to \$762.1 million in the first six months of 2016 as compared to the first six months of 2015. Total retail segment gross margin decreased \$48.8 million, or 6.4%, from the same prior year six months to \$715.9 million in the first six months of 2016 primarily due to lower sales at Jos. A. Bank.

For the retail segment, total gross margin as a percentage of related sales decreased from 45.4% in the first six months of 2015 to 44.8% in the first six months of 2016 primarily driven by clearance activity in preparation of our closing of the factory/outlet stores during the second quarter.

Occupancy costs decreased \$8.6 million primarily due to our store rationalization efforts. Occupancy costs as a percentage of retail sales, which is relatively constant on a per store basis and includes store related rent, common area maintenance, utilities, repairs and maintenance, security, property taxes and depreciation, increased from 13.5% to 13.7% for the first six months of 2016 compared to the first six months of 2015, primarily due to deleveraging of occupancy costs from lower sales at Jos. A. Bank.

Corporate apparel gross margin increased \$10.7 million, or 30.2%, in the first six months of 2016. For the corporate apparel segment, total gross margin as a percentage of related sales increased from 29.1% in the first six months of 2015 to 32.5% in the first six months of 2016.

*Advertising Expense*

Advertising expense decreased to \$92.9 million in the first six months of 2016 from \$95.6 million in the first six months of 2015, a decrease of \$2.7 million, or 2.9%. As a percentage of total net sales, advertising expense was 5.3% in the first six months of 2016 which was flat compared to the first six months of 2015.

*Selling, General and Administrative Expenses*

SG&A expenses increased to \$578.6 million in the first six months of 2016 from \$551.2 million in the first six months of 2015, an increase of \$27.4 million or 5.0%. As a percentage of total net sales, these expenses increased from 30.5% in the first six months of 2015 to 33.3% in the first six months of 2016. The components of this 2.8% increase in SG&A expenses as a percentage of total net sales and the related absolute dollar changes were as follows:

%	in millions	Attributed to
2.5	\$ 42.5	Increase in restructuring, integration and other items as a percentage of sales from 0.8% in the first six months of 2015 to 3.3% in the first six months of 2016. For the first six months of 2016, these costs totaled \$56.6 million, related primarily to restructuring and other costs. For the first six months of 2015, these costs totaled \$14.1 million related primarily to separation costs with a former executive and integration costs related to Jos. A. Bank.
(0.2)	(15.2)	Decrease in other SG&A expenses as a percentage of sales from 17.3% in the first six months of 2015 to 17.1% in the first six months of 2016. Other SG&A expenses decreased \$15.2 million primarily due to cost reduction initiatives and a decrease in amortization of intangible assets as a result of the impairment charges recorded in the fourth quarter of 2015.
0.5	0.1	Store salaries increased \$0.1 million and increased as a percentage of sales from 12.4% in the first six months of 2015 to 12.9% in the first six months of 2016 primarily due to deleverage resulting from lower retail sales.
<b>2.8</b>	<b>\$ 27.4</b>	<b>Total</b>

In the retail segment, SG&A expenses as a percentage of related net sales increased from 26.0% in the first six months of 2015 to 27.7% in the first six months of 2016 primarily due to deleverage resulting from lower retail sales. Retail segment SG&A expenses increased \$5.4 million primarily due to lease termination costs partially offset by cost reduction initiatives.

In the corporate apparel segment, SG&A expenses as a percentage of related net sales decreased from 25.2% in the first six months of 2015 to 22.1% in the first six months of 2016 primarily due to leverage from higher sales. Corporate apparel segment SG&A expenses increased \$0.6 million.

Shared service expenses represent costs not specifically related to the operations of our business segments and are included in SG&A. Shared service SG&A expenses as a percentage of total net sales increased from 4.6% in the first six months of 2015 to 6.0% in the first six months of 2016. Shared service SG&A expenses increased \$21.4 million primarily due to costs associated with our profit improvement program.

### *Provision for Income Tax*

Our effective income tax rate decreased to 30.4% for the first six months of 2016 from 33.8% for the first six months of 2015 primarily due to lower U.S. income as compared to income earned in foreign jurisdictions, which is partially offset by non-recurring true-up items recorded in the first quarter of 2016.

For the first six months of 2016 and 2015, the statutory tax rates in Canada and the UK were approximately 26% and 20%, respectively. For the first six months of 2016 and 2015, tax expense for our operations in foreign jurisdictions totaled \$6.6 million and \$6.2 million, respectively.

Our income tax expense and effective income tax rate in future periods may be impacted by many factors, including our geographic mix of earnings and changes in tax laws. Currently, we expect our effective tax rate in future periods to be lower than the statutory U.S. combined federal and state tax rate based on the expected geographic mix of earnings. In addition, if our financial results in fiscal 2016 generate a loss or certain deferred tax liabilities decrease, we may need to establish a valuation allowance on our U.S. deferred tax assets, which could have a material impact on our financial condition and results of operations.

### *Net Earnings*

Net earnings were \$26.6 million for the first six months of 2016 compared with net earnings of \$58.1 million for the first six months of 2015.

### **Liquidity and Capital Resources**

At July 30, 2016, August 1, 2015 and January 30, 2016, cash and cash equivalents totaled \$11.4 million, \$73.4 million and \$30.0 million, respectively, and working capital totaled \$719.8 million, \$799.9 million and \$723.6 million, respectively. Our primary sources of working capital are cash flows from operations and available borrowings under our financing arrangements, as described below.

On June 18, 2014, The Men's Wearhouse, Inc. entered into a term loan credit agreement that provides for a senior secured term loan in the aggregate principal amount of \$1.1 billion (the "Term Loan") and a \$500.0 million asset-based revolving credit agreement (the "ABL Facility", and together with the Term Loan, the "Credit Facilities") with certain of our U.S. subsidiaries and Moores the Suit People Inc., one of our Canadian subsidiaries, as co-borrowers. In addition, on June 18, 2014, The Men's Wearhouse, Inc. issued \$600.0 million in aggregate principal amount of 7.00% Senior Notes due 2022 (the "Senior Notes").

The Credit Facilities and the Senior Notes contain customary non-financial and financial covenants, including fixed charge coverage ratios, total leverage ratios and secured leverage ratios, as well as a restriction on our ability to pay dividends on our common stock in excess of \$10.0 million per quarter. Since entering into these financing arrangements and as of July 30, 2016, our total leverage ratio and secured leverage ratio were above the maximums specified in the agreements, which was anticipated when we entered into these arrangements. As a result, we are currently subject to certain additional restrictions, including limitations on our ability to make acquisitions and incur additional indebtedness.

The Term Loan is guaranteed, jointly and severally, by Tailored Brands, Inc. and certain of our U.S. subsidiaries and will mature on June 18, 2021. The interest rate on the Term Loan is based on 3-month LIBOR, which was approximately 0.76% at July 30, 2016. However, the Term Loan interest rate is subject to a LIBOR floor of 1% per annum, plus the applicable margin which is currently 3.50%, resulting in a total interest rate of 4.50%. In January 2015, we entered into an interest rate swap agreement to swap variable-rate interest payments for fixed-rate interest payments on a notional amount of \$520.0 million, effective in February 2015. The interest rate swap agreement matures in August 2018 and has periodic interest settlements. Under this interest rate swap agreement, we receive a floating rate based on 3-month LIBOR and pay a fixed rate of 5.03% (including the applicable margin of 3.50%) on the outstanding notional amount.

In April 2015, The Men's Wearhouse, Inc. entered into Incremental Facility Agreement No. 1 (the "Incremental Agreement") resulting in a refinancing of \$400.0 million aggregate principal amount of our Term Loan from a variable rate to a fixed rate of 5.0% per annum. The Incremental Agreement did not impact the total amount borrowed under the Term Loan, the maturity date of the Term Loan of June 18, 2021, or collateral and guarantees under the existing Term Loan.

As a result of the interest rate swap and the Incremental Agreement, we have converted a majority of the variable interest rate under the Term Loan to a fixed rate and, as of July 30, 2016, the Term Loan had a weighted average interest rate of 4.91%.

The ABL Facility provides for a senior secured asset-based revolving credit facility of \$500.0 million, with possible future increases to \$650.0 million with an expansion feature, which matures on June 18, 2019, and is guaranteed, jointly and severally, by certain of our U.S. subsidiaries. The ABL Facility has several borrowing and interest rate options including the following indices: (i) adjusted LIBOR, (ii) Canadian Dollar Offered Rate, (iii) Canadian prime rate or (iv) alternate base rate (equal to the greater of the prime rate, the federal funds effective rate plus 0.5% or adjusted LIBOR for a one-month period plus 1.0%). Advances under the ABL Facility bear interest at a rate per annum using the applicable indices plus a varying interest rate margin of up to 2.00%. The ABL Facility also provides for fees applicable to amounts available to be drawn under outstanding letters of credit which range from 1.50% to 2.00%, and a fee on unused commitments which ranges from 0.25% to 0.375%.

We utilize letters of credit primarily to secure inventory purchases and as collateral for workers compensation claims. Except for letters of credit totaling approximately \$30.2 million issued and outstanding, no amounts were drawn on the ABL Facility as of July 30, 2016 and we have approximately \$420.5 million of borrowing availability under the ABL Facility as of July 30, 2016.

The obligations under the Credit Facilities are secured on a senior basis by a first priority lien on substantially all of the assets of the Company, certain of its U.S. subsidiaries and, in the case of the ABL Facility, Moores The Suit People Inc. The Credit Facilities and the related guarantees and security interests granted thereunder are senior secured obligations of, and will rank equally with all present and future senior indebtedness of the Company, the co-borrowers and the respective guarantors.

The Senior Notes are guaranteed, jointly and severally, on an unsecured basis by Tailored Brands, Inc. and certain of our U.S. subsidiaries. The Senior Notes will mature on July 1, 2022. Interest on the Senior Notes is payable on January 1 and July 1 of each year.

#### *Cash Flow Activities*

*Operating activities* — Net cash provided by operating activities was \$100.3 million and \$94.9 million for the first six months of 2016 and 2015, respectively. The \$5.4 million increase was driven by changes in other assets related to income tax refunds and a decrease in inventory purchases. These favorable impacts were partially offset by an increase in accounts receivable driven by the rollout of a large new uniform program and a decrease in net earnings after adjusting for non-cash items primarily due to an increase in restructuring and other costs.

*Investing activities* — Net cash used in investing activities was \$55.3 million and \$56.8 million for the first six months of 2016 and 2015, respectively.

*Financing activities* — Net cash used in financing activities was \$63.5 million and \$27.4 million for the first six months of 2016 and 2015, respectively. The \$36.1 million decrease primarily reflects the impact of a \$35.5 million prepayment on our Term Loan.

*Share repurchase program* — The Board of Directors (the “Board”) had previously approved a \$200.0 million share repurchase program for our common stock. During the first six months of 2016 and 2015, no shares were repurchased in open market transactions under the Board’s March 2013 authorization. At July 30, 2016, the remaining balance available under the Board’s March 2013 authorization was \$48.0 million.

*Dividends* — Cash dividends paid were approximately \$17.7 million and \$17.6 million for the first six months of 2016 and 2015, respectively. During each of the quarters ended July 30, 2016 and August 1, 2015, we declared quarterly dividends of \$0.18 per share.

### *Future Sources and Uses of Cash*

Our primary uses of cash are to finance working capital requirements of our operations and to repay our indebtedness. In addition, we will use cash to fund capital expenditures, income taxes, costs related to our store rationalization and profit improvement programs including lease termination payments, dividend payments and various other commitments and obligations, as they arise.

During the course of the year, we borrowed and repaid amounts under our ABL Facility primarily due to costs incurred under our store rationalization and profit improvement programs. During the six months ended July 30, 2016, the maximum borrowing outstanding at any point in time was \$39.1 million.

Capital expenditures are anticipated to be in the range of \$110.0 to \$120.0 million for 2016. This amount includes the anticipated costs to open 160 shops within Macy's stores, 15 to 20 Men's Wearhouse stores, three Jos. A. Bank stores, two Moores stores, and one K&G store and to expand and/or relocate approximately 5 to 10 existing Men's Wearhouse stores, four to eight existing Jos. A. Bank stores and one existing K&G store. During the first six months of 2016, we opened 147 stores/tuxedo shops (138 tuxedo shops within Macy's stores, five Men's Wearhouse stores, two Jos. A. Bank stores and two Moores stores). Capital expenditures for 2016 will also include integration projects for Jos. A. Bank, point-of-sale and other computer equipment and systems, store remodeling, and investment in other corporate assets. The actual amount of future capital expenditures will depend in part on the number of new stores opened and the terms on which new stores are leased and the timing of our Jos. A. Bank integration projects, as well as on industry trends consistent with our anticipated operating plans.

Current and future domestic and global economic conditions could negatively affect our future operating results as well as our existing cash and cash equivalents balances. In addition, conditions in the financial markets could limit our access to further capital resources, if needed, and could increase associated costs. We believe based on our current business plan that our existing cash and cash flows from operations and availability under our ABL Facility will be sufficient to fund our operating cash requirements, repayment of current indebtedness, costs related to our store rationalization and profit improvement plans including lease termination payments, planned store openings, relocations and remodels and other capital expenditures.

### *Contractual Obligations*

There have been no material changes to our contractual obligations as discussed in our Annual Report on Form 10-K for the fiscal year ended January 30, 2016.

### *Critical Accounting Policies and Estimates*

The preparation of our condensed consolidated financial statements requires the appropriate application of accounting policies in accordance with generally accepted accounting principles. In many instances, this also requires management to make estimates and assumptions about future events that affect the amounts and disclosures included in our financial statements. We base our estimates on historical experience and various assumptions that we believe are reasonable under our current business model. However, because future events and conditions and their effects cannot be determined with certainty, actual results will differ from our estimates and such differences could be material to our financial statements. There have been no significant changes to our critical accounting policies and estimates as discussed in our Annual Report on Form 10-K for the fiscal year ended January 30, 2016.

### **ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risks relating to our operations result primarily from changes in foreign currency exchange rates and changes in interest rates.

We are exposed to market risk associated with foreign currency exchange rate fluctuations as a result of our direct sourcing programs and our operations in foreign countries. In connection with our direct sourcing programs, we may enter into merchandise purchase commitments that are denominated in a currency different from the functional currency of the operating entity. Our risk management policy is to hedge a portion of forecasted merchandise purchases for our direct sourcing programs that bear foreign exchange risk using foreign exchange forward contracts.

As the foreign exchange forward contracts are with financial institutions, we are exposed to credit risk in the event of nonperformance by these parties but due to the creditworthiness of these major financial institutions, full performance is anticipated.

As discussed in Note 4 and Note 12 of the Notes to the Condensed Consolidated Financial Statements, we have undertaken steps to mitigate our exposure to changes in interest rates on our indebtedness. As of July 30, 2016, 87% of our total debt was at a fixed rate with the remainder at a variable rate. In addition, due to the existence of a LIBOR floor of 1.0% per annum on the portion of our debt subject to a variable rate, we believe our interest rate risk is substantially mitigated. At July 30, 2016, the effect of one percentage point change in interest rates would result in an approximate \$2.1 million change in annual interest expense on our Term Loan.

### **ITEM 4 - CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

The Company's management, with the participation of the Company's principal executive officer ("CEO") and principal financial officer ("CFO"), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on this evaluation, the CEO and CFO have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective to ensure information that is required to be disclosed by the Company in the reports it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

#### **Changes in Internal Controls over Financial Reporting**

There were no changes in the Company's internal control over financial reporting that occurred during the fiscal second quarter ended July 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1 — LEGAL PROCEEDINGS**

For a description of our legal proceedings, see Note 15 of the Notes to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

### **ITEM 1A — RISK FACTORS**

For a more detailed explanation of the factors affecting our business, please refer to the Risk Factors section in the Form 10-K for the fiscal year ended January 30, 2016. There has not been a material change to the risk factors set forth in the Form 10-K for the fiscal year ended January 30, 2016, except for the addition of the following risk factor:

*Economic conditions and regulatory changes leading up to and following the United Kingdom's likely exit from the European Union could have a material adverse effect on our business and results of operations.*

On June 23, 2016, the UK held a referendum in which voters approved an exit from the European Union (the "E.U."), commonly referred to as "Brexit." Negotiations are expected to commence to determine the future terms of the UK's relationship with the E.U.

The announcement of Brexit adversely impacted global markets, including currencies, and resulted in a sharp decline in the value of the British pound, as compared to the U.S. dollar and other currencies. Volatility in exchange rates is expected to continue in the short term as the UK negotiates its exit from the European Union. A weaker British pound compared to the U.S. dollar during a reporting period causes local currency results of our UK operations to be translated into fewer U.S. dollars. For the year ended January 30, 2016, net sales of our UK operations constituted 6% of our consolidated net sales.

Future adverse consequences arising from Brexit may include economic uncertainty, continued volatility in current exchange rates and legal uncertainty and potentially divergent national laws and regulations as the UK determines which E.U. laws to replace or replicate. Any of these effects of Brexit, among others, could materially adversely affect our business, results of operations and financial condition.

### **ITEM 6 — EXHIBITS**

Exhibits filed with this quarterly report on Form 10-Q are incorporated herein by reference as set forth in the Index to Exhibits on page 44.



## EXHIBIT INDEX

Exhibit Number	Exhibit Index
3.1	— Bylaws of Tailored Brands, Inc., as amended (incorporated by reference from Exhibit 3.1 to the Company’s Current Report on Form 8-K filed with the Commission on June 20, 2016).
4.1	— Third Supplemental Indenture relating to the Notes, dated as of June 30, 2016, among The Men’s Wearhouse, Inc., Tailored Brands Purchasing LLC, and Tailored Brands Gift Card Co LLC and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference from Exhibit 4.1 to the Company’s Current Report on Form 8-K filed with the Commission on July 1, 2016).
10.1	— Tailored Brands, Inc. 2016 Cash Incentive Plan (incorporated by reference from Appendix B to the Company’s proxy statement on Schedule 14A relating to the 2016 Annual Meeting of Shareholders of the Company filed with the Commission on May 5, 2016).
10.2	— Tailored Brands, Inc. 2016 Long-Term Incentive Plan (incorporated by reference from Appendix A to the Company’s proxy statement on Schedule 14A relating to the 2016 Annual Meeting of Shareholders of the Company filed with the Commission on May 5, 2016).
10.3	— Form of Deferred Stock Unit Award Agreement (for employees, including named executive officers) under the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (filed herewith).
10.4	— Form of Deferred Stock Unit Award Agreement (for directors) under the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (filed herewith).
10.5	— Form of Restricted Stock Award Agreement (for employees, including named executive officers) under the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (filed herewith).
10.6	— Form of Restricted Stock Award Agreement (for directors) under the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (filed herewith).
10.7	— Form of Nonqualified Stock Option Agreement (for executives, including named executive officers) under the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (filed herewith).
10.8	— Form of Performance Unit Award Agreement (for executives, including named executive officers) under the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (filed herewith).
10.9	— Tailored Brands, Inc. Senior Executive Change in Control Severance Plan (Adopted September 8, 2016) (filed herewith).
10.10	— Tailored Brands, Inc. Vice President Change in Control Severance Plan (as Amended and Restated Effective September 8, 2016) (filed herewith).
31.1	— Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer (filed herewith).
31.2	— Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (filed herewith).
32.1	— Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer (furnished herewith). †
32.2	— Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (furnished herewith). †
101.1	— The following financial information from Tailored Brands, Inc.’s Quarterly Report on Form 10-Q for the three and six months ended July 30, 2016, formatted in XBRL (Extensible Business Reporting Language) and filed electronically herewith: (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Earnings; (iii) the Condensed Consolidated Statements of Comprehensive Income; (iv) the Condensed Consolidated Statements of Cash Flows; and (v) the Notes to Condensed Consolidated Financial Statements.

† This exhibit will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.

**TAILORED BRANDS, INC.  
VICE PRESIDENT  
CHANGE IN CONTROL SEVERANCE PLAN**

**(As Amended and Restated Effective September 8, 2016 )**

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**TAILORED BRANDS, INC.  
VICE PRESIDENT  
CHANGE IN CONTROL SEVERANCE PLAN**

**(As Amended and Restated Effective September 8, 2016 )**

**WHEREAS**, Tailored Brands, Inc., a corporation organized and existing under the laws of the State of Texas (the “*Company*”), recognizes that one of its most valuable assets is its key management employees;

**WHEREAS**, The Men’s Wearhouse, Inc. previously established The Men’s Wearhouse, Inc. Change in Control Severance Plan (the “*Plan*”) to provide certain severance benefits in the event that the employment of certain key management employees is involuntarily terminated in certain circumstances in conjunction with a change in control of the company;

**WHEREAS**, pursuant to that Agreement and Plan of Merger dated as of January 26, 2016, by and among The Men’s Wearhouse, Inc. (“*TMW*”), the Company and HoldCo Merger Sub, Inc., a Texas corporation and wholly owned subsidiary of the Company (“*Merger Sub*”), *TMW* created a new holding company structure by merging into Merger Sub and thus becoming a direct, wholly owned subsidiary of the Company;

**WHEREAS**, as a result of the merger, the Company is deemed a “successor issuer” of *TMW* in accordance with Rule 12g-3 under the Securities Exchange Act of 1934, as amended, and Rule 414 under the Securities Act of 1933, as amended;

**WHEREAS**, *TMW* reserved the right in Section 9 of the Plan to amend the Plan; and

**WHEREAS**, *TMW* and the Company desire for the Company to adopt and assume the Plan and to amend the Plan as set forth herein;

**NOW, THEREFORE**, the Company hereby amends and restates the Plan as set forth in this Agreement effective as of September 8, 2016.

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**TAILORED BRANDS, INC.**  
**CHANGE IN CONTROL SEVERANCE PLAN**

**1. ADOPTION AND OBJECTIVE**

**1.1 Adoption.** Tailored Brands, Inc., a Texas corporation, hereby adopts, assumes and establishes this plan for certain key management employees to be known as the “Tailored Brands, Inc. Vice President Change in Control Severance Plan” (as it may be amended from time to time, the “*Plan*”).

**1.2 Objective.** The Plan is designed to attract and retain certain designated key management employees of the Company and the Company’s Affiliates and to reward such employees by providing replacement income and certain benefits if such individuals’ employment with the Company and the Company’s Affiliates is terminated in certain circumstances within one (1) year after a Change in Control.

**1.3 Purpose.** The Plan is intended to constitute the type of arrangement identified as a “severance pay arrangement” within the meaning of Section 3(2)(B)(i) of ERISA, as further elaborated in regulations promulgated by the Secretary of Labor at Title 29, Code of Federal Regulations, § 2510.3-2(b), which is subject to ERISA. No Executive shall have a vested right to the benefits under the Plan. The benefits paid by the Plan are not intended as deferred compensation nor is the Plan intended to be an “employee pension benefit plan or “pension plan” as those terms are defined in Section 3(2) of ERISA.

**2. DEFINITIONS**

As used in the Plan, the following terms and phrases shall have the meanings set forth below:

**2.1 “Accrued Obligations”** means the portion of the Base Salary accrued but unpaid through the Termination Date and compensation for earned but unused vacation time, in each case to the extent not theretofore paid.

**2 . 2 “Affiliate” and “Affiliates”** mean, when used with respect to any entity, individual, or other person, any other entity, individual, or other person which, directly or indirectly, through one or more intermediaries controls, or is controlled by, or is under common control with such entity, individual or person.

**2 . 3 “Assets”** means assets of any kind owned by the Company, including but not limited to securities of the Company’s direct and indirect subsidiaries.

**2 . 4 “Base Salary”** means an Executive’s base salary as in effect immediately before the occurrence of the Change in Control or as the Executive’s salary may be increased from time to time after that occurrence.

**2.5 “Beneficial Owner”** shall have the meaning ascribed to the term in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, or any successor act.

**2 . 6** “*Benefit Plans*” means any bonus, incentive, profit sharing, performance, savings, retirement or pension policy, plan, program or arrangement, including, but not limited to, any deferred compensation, supplemental executive retirement or other retirement income, stock option, stock purchase, stock appreciation, restricted stock, deferred stock unit, employee stock ownership or similar policy, plan, program or arrangement of the Company (or any substitute or alternative plan) or any employee welfare benefit plan (within the meaning of Section 3(1) or ERISA) maintained by the Company.

**2.7** “*Board of Directors*” means the Board of Directors of the Company.

**2 . 8** “*Bonus*” means each annual performance bonus, if any, paid in cash by the Employer to or for the benefit of the Executive for services rendered or labor performed while an Eligible Individual. An Executive’s Bonus shall be determined by including any portion thereof that such Executive could have received in cash in lieu of (a) any elective deferrals made by such Executive pursuant to any nonqualified deferred compensation arrangement or (b) elective contributions made on such Executive’s behalf by the Company pursuant to a qualified cash or deferred arrangement (as defined in section 401(k) of the Code) or pursuant to a plan maintained under section 125 of the Code.

**2 . 9** “*Change in Control*” means the occurrence of any of the following events during the Term of the Plan:

(a) the individuals who are Incumbent Directors cease for any reason to constitute a majority of the members of the Board of Directors;

(b) the consummation of a Merger of the Company with another Entity, *unless*:

(1) the individuals and Entities who were the Beneficial Owners of the Voting Securities of the Company outstanding immediately prior to such Merger own, directly or indirectly, more than 50 percent of the combined voting power of the Voting Securities of either the surviving Entity or the parent of the surviving Entity outstanding immediately after such Merger in substantially the same proportions, as to each other, as their ownership of the Company’s Voting Securities immediately prior to such Merger; and

(2) the individuals who comprise the Board of Directors immediately prior to such Merger constitute a majority of the board of directors or other governing body of either the surviving Entity or the parent of the surviving Entity;

(c) any Person, other than a Specified Owner, becomes a Beneficial Owner, directly or indirectly, of securities of the Company representing 30 percent or more of the combined voting power of the Company’s then outstanding Voting Securities;

(d) a sale, transfer, lease or other disposition of all or substantially all of the Assets is consummated (an “*Asset Sale*”), *unless*:

(1) the individuals and Entities who were the Beneficial Owners of the Voting Securities of the Company immediately prior to such Asset Sale own, directly or indirectly, more than 50 percent of the combined voting power of the Voting Securities of the Entity that acquires such Assets in such Asset Sale or its

parent immediately after such Asset Sale in substantially the same proportions as their ownership of the Company's Voting Securities immediately prior to such Asset Sale; and

(2) the individuals who comprise the Board of Directors immediately prior to such Asset Sale constitute a majority of the board of directors or other governing body of either the Entity that acquired such Assets in such Asset Sale or its parent;

provided, further, that for purposes hereof, the consummation of a Merger of a Wholly-Owned Subsidiary with another Entity (other than an Entity in which the Company owns, directly or indirectly, a majority of the voting and equity interests) if the gross revenues of such Wholly-Owned Subsidiary (including the Entities wholly-owned directly or indirectly by such Wholly-Owned Subsidiary) for the twelve-month period immediately preceding the month in which the Merger occurs equal or exceed 30 percent of the consolidated gross revenues reported by the Company on the Company's consolidated financial statements for such period; or

(e) The shareholders of the Company approve a plan of complete liquidation or dissolution of the Company.

**2.10** "*Code*" means the Internal Revenue Code of 1986, as amended, or any successor act.

**2.11** "*Committee*" means, prior to a Change in Control, the Compensation Committee of the Board of Directors. After a Change in Control, "*Committee*" means (a) the individuals (not fewer than three (3) in number) who, on the date six months prior to the Change in Control constitute the Compensation Committee of the Board of Directors, plus, (b) in the event that fewer than three (3) individuals are available from the group specified in clause (a) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (b)); *provided, however*, that the maximum number of individuals constituting the Committee after a Change in Control shall not exceed six (6).

**2.12** "*Company*" means Tailored Brands, Inc., a Texas corporation, and any Successor by merger or otherwise.

**2.13** "*Disability*" means the absence of the Executive from the Executive's duties with the Company on a full-time basis for 90 calendar days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers, and acceptable to the Executive or the Executive's legal representatives; provided, however, that if there is a definition of disability used in an employment agreement between the Company and the Executive, then the definition of Disability herein shall be the same as that used in such employment agreement.

**2.14** "*Effective Date*" means September 8, 2016, the date as of which the Plan is adopted.

**2.15** "*Eligible Individual*" means a Vice President of an Employer.

**2.16** “*Employer*” means the Company or any Affiliate that adopts the Plan pursuant to the provisions of Section 10.

**2.17** “*Entity*” means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

**2.18** “*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor act.

**2.19** “*Executive*” means an individual who is eligible to participate in the Plan under the provisions of Section 3.

**2.20** “*Expiration Date*” shall have the meaning specified in the definition of the phrase “*Term of the Plan*”.

**2.21** “*Fiscal Year*” means the fiscal year of the Company.

**2.22** “*Highest Base Salary*” means the Executive’s annualized Base Salary in effect immediately prior to (a) a Change in Control, (b) the first event or circumstance constituting a Termination for Good Reason, or (c) the Executive’s Termination Date, whichever is greatest.

**2.23** “*Highest Bonus*” means an amount equal to the greater of (a) the Executive’s target Bonus for the Fiscal Year in which the Termination Date occurs and (b) the Executive’s target Bonus for the Fiscal Year immediately preceding the Fiscal Year in which the Termination Date occurs.

**2.24** “*Incumbent Director*” means:

- (a) a member of the Board of Directors on the Effective Date; or
- (b) an individual:
  - (1) who becomes a member of the Board of Directors after the Effective Date;
  - (2) whose appointment or election by the Board of Directors or nomination for election by the Company’s shareholders is approved or recommended by a vote of at least two-thirds of the then serving Incumbent Directors (as defined herein); and
  - (3) whose initial assumption of service on the Board of Directors is not in connection with an actual or threatened election contest.

**2.25** “*Merger*” means a merger, consolidation or similar transaction.

**2.26** “*Notice of Termination*” shall mean the notice contemplated by Section 6.1 hereof which shall indicate the specific termination provision in the Plan relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated.

**2.27** “*Person*” shall have the meaning ascribed to the term in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended, or any successor act, and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof, except that the term shall not include (a) the Company, the Employer or any of their Affiliates, (b) a trustee or other fiduciary holding Company securities under an employee benefit plan of the Company or any of its Affiliates, (c) an underwriter temporarily holding securities pursuant to an offering of those securities or (d) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

**2.28** “*Post-Change in Control Period*” means, with respect to an Executive, the period beginning with the date of a Change in Control and ending on the date of the Executive’s Termination of Employment.

**2.29** “*Renewal Date*” shall have the meaning specified in the definition of the phrase “*Term of the Plan.*”

**2.30** “*Section 409A*” means section 409A of the Code and the rules and regulations issued thereunder by the Internal Revenue Service and the Department of Treasury.

**2.31** “*Separation From Service*” means an Executive’s termination of employment with the Company or Employer, provided that such termination constitutes a separation from service within the meaning ascribed to such term under Section 409A.

**2.32** “*Specified Employee*” means an Executive who, as of the date of his Separation from Service, is deemed to be a “specified employee” within the meaning ascribed to that term under Section 409A.

**2.33** “*Specified Owner*” means any of the following:

- (a) the Company;
- (b) an Affiliate of the Company;
- (c) an employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate of the Company;
- (d) a Person that becomes a Beneficial Owner of the Company’s outstanding Voting Securities representing 30 percent or more of the combined voting power of the Company’s then outstanding Voting Securities as a result of the acquisition of securities directly from the Company and/or its Affiliates; or
- (e) a Person that becomes a Beneficial Owner of the Company’s outstanding Voting Securities representing 30 percent or more of the combined voting power of the Company’s then outstanding Voting Securities as a result of a Merger if the individuals and Entities who were the Beneficial Owners of the Voting Securities of the Company outstanding immediately prior to such Merger own, directly or indirectly, at least 50 percent of the combined voting power of the Voting Securities of any of the Company, the surviving Entity or the parent of the Company or the surviving Entity outstanding immediately after such Merger in substantially the same proportions as their ownership of the Voting Securities of the Company outstanding immediately prior to such Merger.

**2.34** “*Successor*” means a person with or into which the Company shall have been merged or consolidated or to which the Company shall have transferred its assets as an entirety or substantially as an entirety.

**2.35** “*Term of the Plan*” means the period commencing on the Effective Date and ending on the earliest of:

(a) the last day of the three-year period beginning on the Effective Date if no Change in Control shall have occurred during that three-year period (such last day being the “*Expiration Date*”);

(b) if a Change in Control shall have occurred during (i) the three-year period beginning on the Effective Date or (ii) any period for which the Term of the Plan shall have been automatically extended pursuant to the second sentence of this definition, the last day of the two-year period beginning on the date on which the Change in Control occurred; or

(c) the date on which the Plan is terminated by the Board of Directors as provided in Section 9.

After the expiration of the time period described in subsection (a) of this definition and in the absence of a Change in Control (as described in subsection (b) of this definition) the Term of the Plan shall be automatically extended for successive two-year periods beginning on the day immediately following the Expiration Date (the beginning date of each successive two-year period being a “*Renewal Date*”), unless, not later than 18 months prior to the Expiration Date or applicable Renewal Date, the Committee shall give notice to Executives that the Term of the Plan will not be extended.

**2.36** “*Termination Date*” means the date as of which an Executive incurs a Separation From Service determined in accordance with the provisions of Section 6.

**2.37** “*Termination for Cause*” shall have occurred if, after a Change in Control, the Executive shall have committed: (a) a willful and continued failure to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Executive by the Board of Directors (or by a delegate appointed by the Board of Directors), which demand specifically identifies the manner in which the Board of Directors believes that the Executive has not substantially performed the Executive’s duties, or (b) a willful engagement in conduct which is demonstrably and materially injurious to the Company or any of its Wholly-Owned Subsidiaries, monetarily or otherwise. For purposes of paragraphs (a) and (b) of this definition, (i) no act, or failure to act, on the Executive’s part shall be deemed “willful” if done, or omitted to be done, by the Executive in good faith and with reasonable belief that the act, or failure to act, was in the best interest of the Company and (ii) in the event of a dispute concerning the application of this provision, no claim by the Company that a Termination for Cause exists shall be given effect unless the Company establishes to the Board of Directors by clear and convincing evidence that a Termination for Cause exists.

**2.38** “*Termination for Good Reason*” shall mean the occurrence on or after a Change in Control of any one of the following acts by the Employer, or failures by the Employer to act,

unless, in the case of any act or failure to act described in paragraphs (a), (e), (f) or (g) below, such act or failure to act is corrected prior to the effective date of the Executive's Termination for Good Reason:

(a) the assignment to the Executive of any duties or responsibilities which are substantially diminished as compared to the Executive's duties and responsibilities immediately prior to a Change in Control or a material change in the Executive's reporting responsibilities, titles or offices as a key management employee of the Employer and as in effect immediately prior to the Change in Control;

(b) a reduction by the Employer in the Executive's annual Base Salary as in effect immediately prior to a Change in Control or as the Executive's annual Base Salary may be increased from time to time after a Change in Control;

(c) the relocation of the Executive's principal place of employment to a location outside of a 50-mile radius from the Executive's principal place of employment immediately prior to the Change in Control or the Employer's requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Employer's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to a Change in Control;

(d) a material reduction in the benefits provided under the Benefit Plans to the Executive immediately prior to the Change in Control;

(e) the failure by the Employer to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Employer to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Change in Control;

(f) the failure by the Employer to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Benefit Plans in which the Executive was participating immediately prior to the Change in Control (except for across the board changes similarly affecting all individuals having a similar level of authority and responsibility with the Employer and all individuals having a similar level of authority and responsibility with any Person in control of the Employer), the taking of any other action by the Employer which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Employer to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Employer in

accordance with the Employer's normal vacation policy in effect immediately prior to the time of the Change in Control; or

(g) any purported termination of the Executive's employment which is not effected pursuant to a notice of termination satisfying the requirements of Section 6.1 hereof.

The Executive's right to terminate employment as a Termination for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of any rights with respect to, any act or failure to act constituting a Termination for Good Reason hereunder.

For purposes of any determination regarding the existence of a Termination for Good Reason, any claim by the Executive that a Termination for Good Reason exists shall be presumed to be correct unless the Employer establishes to the Committee by clear and convincing evidence that a Termination for Good Reason does not exist. The Committee's determination regarding the existence of a Termination for Good Reason shall be conclusive and binding upon all parties unless the Committee's determination is arbitrary and capricious.

**2 . 3 9 "Termination of Employment"** means the termination of an individual's employment relationship with the Company during the Term of the Plan (a) by the Company which is not a Termination for Cause which occurs before the one year anniversary of the date of a Change in Control, or (b) by the individual which is a Termination for Good Reason which occurs before the one year anniversary of the date of a Change in Control.

For purposes of this definition, an individual's employment shall be deemed to have been terminated after a Change in Control and before the one year anniversary of the date of such Change in Control, if (a) a Change in Control occurs and (b) (i) the individual incurs a termination of employment by the Company which is not a Termination for Cause prior to a Change in Control and such termination was at the request or direction of a Person who has entered into an agreement with the Company, the consummation of which would constitute a Change in Control; (ii) the individual terminates his or her employment in a manner that constitutes a Termination for Good Reason prior to a Change in Control and the circumstance or event which constitutes the Termination for Good Reason occurs at the request or direction of a Person who has entered into an agreement with the Company, the consummation of which would constitute a Change in Control; or (iii) the individual incurs a termination of employment by the Company which is not a Termination for Cause or the individual terminates his or her employment in a manner that constitutes a Termination for Good Reason and such termination or the circumstance or event which constitutes the Termination for Good Reason is otherwise in connection with or in anticipation of a Change in Control. For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that such position is not correct.

Termination of Employment does not include (a) a termination of employment due to the individual's death or Disability, (b) a termination of employment by the individual which is not a Termination for Good Reason or (c) a termination of employment by the individual on or after the one year anniversary of the date of a Change in Control.

**2.40** “*Voting Securities*” means the outstanding securities entitled to vote generally in the election of directors or other governing body.

**2.41** “*Wholly-Owned Subsidiary*” means an Entity that is, directly or indirectly, wholly owned by the Company.

### **3. ELIGIBILITY**

The Company shall notify an Eligible Individual of his eligibility to participate in the Plan by furnishing him a written notification of participation.

Notwithstanding any other provision of the Plan, the Committee may discontinue an individual’s participation in the Plan at any time by providing him written notice (the “*Notice*”) that he shall no longer participate in the Plan, provided, however, that a Change in Control has not occurred and the discontinuation of the individual’s participation in the Plan is not taken in anticipation of a Change in Control. If a Change in Control occurs within 12 months after the date the Notice is provided then there shall be a rebuttable presumption that the discontinuation of the individual’s participation in the Plan was taken in anticipation of a Change in Control unless the Company rebuts such presumption by clear and convincing evidence.

Participation in the Plan shall supercede and be in lieu of the Executive’s participation in The Men’s Wearhouse, Inc. Change in Control Severance Plan. Participation in the Plan does not affect existing employment arrangements with the Company, if any, unless a Change in Control occurs before the expiration of the term of this Plan. In the absence of any employment agreement, the Executive’s employment shall continue to be “at will”.

### **4. BENEFITS**

**4.1 Vesting of Equity Based Compensation Following Termination of Employment.** If an Executive incurs a Termination of Employment, the Executive is entitled to the following benefits:

(a) all options to acquire Voting Securities of the Company granted to an Executive which are held by the Executive immediately prior to a Change in Control shall become fully exercisable, notwithstanding the terms of the relevant stock option agreements and regardless of whether or not the vesting conditions set forth in the relevant stock option agreements have been satisfied in full, and shall be exercisable for the period set forth in such stock option agreement;

(b) all restrictions on any restricted Voting Securities of the Company granted to an Executive which have not vested and are held by the Executive prior to a Change in Control shall be removed and the securities shall be freely transferable, notwithstanding the terms of the relevant restricted stock or securities agreements and regardless of whether the conditions set forth in the relevant restricted stock or securities agreements have been satisfied in full; and

(c) notwithstanding the terms of the relevant deferred stock unit award agreement and regardless of whether the conditions set forth in the relevant deferred stock unit award agreement have been satisfied in full, all restrictions on any deferred stock units granted to an Executive which have not vested and are held by the Executive prior to

a Change in Control shall lapse and the Company shall issue to the Executive one share of the Voting Securities of the Company in exchange for each such deferred stock unit and pay any dividend equivalents associated with such deferred stock units, (x) on the date of the Executive's Separation from Service if the Executive is not a Specified Employee or (y) on the date that is six months following the Executive's Separation from Service if the Executive is a Specified Employee.

**4.2 Benefits Following Termination of Employment.** If an Executive incurs a Termination of Employment, the Executive is entitled to the following benefits:

(a) **Accrued Obligations and Benefits.** The Company will pay the Executive (A) the Accrued Obligations within 30 days after the Termination Date and (B) any other amounts or benefits provided under any plan, policy, practice, program, contract or arrangement of or provided by the Company, including, but not limited to, the Benefit Plans, which shall be governed by the terms thereof (except as explicitly modified by this Plan).

( b ) **Severance Payment.** The Company will pay the Executive a cash severance benefit in an amount equal to the positive difference, if any, between (A) minus (B), where (A) is the sum of the Executive's Highest Base Salary and the Executive's Highest Bonus and (B) is the amount of the Executive's Base Salary, Bonus and all other cash compensation paid by the Company and the Company's Affiliates to the Executive for his service to the Company and the Company's Affiliates during the Post Change in Control Period. An Executive's severance payment under this paragraph (b) will be paid in accordance with the provisions of Section 5.

(c) **Accident and Health Insurance Benefits.** The Company shall arrange to provide the Executive and his dependents continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") for accident and health insurance benefits substantially similar to those provided to the Executive and his dependents by the Company immediately prior to the Termination Date or, if more favorable to the Executive, those provided to the Executive and his dependents by the Company immediately prior to the first occurrence of an event or circumstance constituting a Termination for Good Reason. The cost of such COBRA coverage will be paid by the Company for that number of days, if any, COBRA coverage must be offered following the Executive's Termination Date equal to the positive difference, if any, of 365 minus the number of days during the Post Change in Control Period for such Executive (or such shorter period of time as is required under COBRA). The Executive will pay all premiums due for any COBRA coverage provided to the Executive and his dependents after the period described in the preceding sentence.

If the Executive is a Specified Employee and the benefits specified in this Section 4.2(c) are taxable to the Executive and not otherwise exempt from Section 409A, the following provisions shall apply to the reimbursement or provision of such benefits. Any amounts to which the Executive would otherwise be entitled under this Section 4.2(c) during the first six months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. Except for any reimbursements under the applicable group health plan that are subject to a limitation on reimbursements during a

specified period, the amount of expenses eligible for reimbursement under this Section 4.2(c), or in-kind benefits provided, during the Executive's taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Executive. Any reimbursement of an expense described in this Section 4.2(c) shall be made on or before the last day of the Executive's taxable year following the Executive's taxable year in which the expense was incurred. The Executive's right to reimbursement or in-kind benefits pursuant to this Section 4.2(c) shall not be subject to liquidation or exchange for another benefit.

( d ) ***Life Insurance.*** An Executive shall be entitled to a single sum cash payment in an amount equal to: (A) multiplied by 12, divided by 365, multiplied by (B), where (A) is the total monthly basic life insurance premium (both the portion paid by the Company and the portion paid by the Executive) applicable to the Executive's basic life insurance coverage on his Termination Date and (B) is the positive difference, if any, of 365 minus the number of days during the Post Change in Control Period. The single sum cash payment will be made in accordance with the provisions of Section 5. If a conversion option is applicable under the Company's group life insurance program, an Executive may, at his option, convert his basic life insurance coverage to an individual policy after his Termination Date by completing the forms required by the Company.

**4.3 Tax Year.** If a payment under Section 4.2 or any other provision of the Plan is payable during a period that includes more than one taxable year the Executive shall have no right to specify the taxable year during which such payment shall be made.

**4.4 Legal Fees.** The Company shall pay all legal fees and expenses incurred by the Executive (a) in disputing in good faith any issue relating to the Executive's Termination of Employment, or (b) in seeking in good faith to obtain or enforce any benefit or right provided under the Plan. Such payments shall be made within ten (10) business days after the delivery of the Executive's written request for the payment accompanied by such evidence of fees and expenses incurred as the Company may reasonably require. Notwithstanding the preceding sentence, if the Executive incurs a Separation From Service and is a Specified Employee, the Company shall not make any further payment of amounts payable by the Company to the Executive under this Section 4.4 before the date that is six months following the date of his Separation From Service. Rather, on the date that is six months following the date of the Executive's Separation From Service the Company shall pay to the Executive all amounts payable by the Company to the Executive under this Section 4.4 for which a written request for payment was properly submitted by the Executive during the first six months following the date of the Executive's Separation From Service or which were otherwise not paid before the Executive's Separation From Service. In any event the Company shall pay the Executive such legal fees and expenses by the last day of the Executive's taxable year following the taxable year in which the Executive incurred such legal fees and expenses. The legal fees or expenses that are subject to reimbursement pursuant to this Section 4.4 shall not be limited as a result of when the fees or expenses are incurred. The amount of legal fees or expenses that is eligible for reimbursement pursuant to this Section 4.4 during a given taxable year of the Executive shall not affect the amount of expenses eligible for reimbursement in any other taxable year of the Executive. The right to reimbursement pursuant to this Section 4.4 is not subject to liquidation or exchange for another benefit. The Executive shall repay to the Company any expenses reimbursed by the Company pursuant to this Section 4.4 if a court of competent jurisdiction

shall have determined by a final, nonappealable order, that the expenses to be repaid were incurred solely by reason of the Executive not acting in good faith in incurring such expenses.

## **5. TIME OF BENEFITS PAYMENTS**

The Company shall pay the Executive any cash benefits described in paragraphs (b) and (d) of Section 4.2 in a single sum cash payment within thirty (30) days after the Executive's Separation From Service if the Executive is not a Specified Employee or on the date that is six (6) months following the Executive's Separation From Service if the Executive is a Specified Employee.

## **6. TERMINATION PROCEDURES**

**6.1 Notice of Termination.** After a Change in Control and during the Term of the Plan, any purported termination of the Executive's employment by the Company or the Executive, or any determination of Disability, shall be communicated by notice to the other party that shall indicate the specific provisions of the Plan to which the Executive is to receive benefits as a result of the termination. If the notice states that the Executive's employment by the Company has been automatically terminated as a result of the Executive's Disability, the notice shall (a) specifically describe the basis for the determination of the Executive's Disability, and (b) state the date of the determination of the Executive's Disability and the date of the termination of his employment, which date shall be not more than ten (10) days before the date such notice is given. If the notice is from the Company and states that the Executive's employment by the Company is terminated by the Company as a result of the occurrence of Termination for Cause, the notice shall specifically describe the action or inaction of the Executive that the Company believes constitutes Termination for Cause and shall be accompanied by a certified copy of the resolution satisfying the requirements of Section 2.36. If the notice is from the Executive and states that the Executive's employment by the Company is terminated by the Executive as a result of the occurrence of Termination for Good Reason, the notice shall specifically describe the action or inaction of the Company that the Executive believes constitutes Termination for Good Reason and shall be given by the Executive to the Company within ninety (90) days following the Executive's knowledge of the initial condition which the Executive believes constitutes an Event of Termination for Good Reason. Each notice given pursuant to this Section 6.1 (other than a notice stating that the Executive's employment by the Company has been automatically terminated as a result of the Executive's Disability) shall state a date, which shall be not fewer than thirty (30) days nor more than sixty (60) days after the date such notice is given, on which the termination of the Executive's employment by the Company is effective and if the notice is given by the Executive with respect to Termination for Good Reason, the Company shall have the opportunity to remedy the action or inaction that constitutes the Termination for Good Reason prior to the Termination Date stated in the notice and upon the Company doing so the notice shall be deemed withdrawn. No purported termination of the Executive's employment by the Company after a Change in Control and during the Term of the Plan shall be effective unless the Company complies with the procedures set forth in this Section 6.1.

**6.2 Dispute Concerning Termination.** If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Termination Date (as determined without regard to this Section 6.2), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Termination Date shall be extended until the

earlier of (a) the date on which the Term of the Plan ends or (b) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Termination Date shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

#### **7. WITHHOLDING**

The Company may withhold from any benefits paid under the Plan all income, employment, and other taxes required to be withheld under applicable law.

#### **8. DEATH OF EXECUTIVE**

If an Executive dies after his Termination Date but before the Executive receives full payment of the benefits to which he is entitled, any unpaid benefits will be paid to the Executive's surviving spouse, or if the Executive does not have a surviving spouse, to the Executive's estate.

#### **9. AMENDMENT AND TERMINATION**

Subject to the restrictions set forth in this Section 9, the Board of Directors may amend or terminate the Plan at any time. After a Change in Control occurs, the Plan may not be terminated or amended in any manner that would negatively affect an Executive's rights under the Plan. Further, the Board of Directors may not amend or terminate the Plan in anticipation of a Change in Control in any manner that would negatively affect an Executive's rights under the Plan. If a Change in Control occurs within 12 months after the date the Board of Directors amends or terminates the Plan then there shall be a rebuttable presumption that the amendment or termination of the Plan was made in anticipation of a Change in Control and shall not be effective in any manner that would negatively affect an Executive's rights under the Plan unless the Company rebuts such presumption by clear and convincing evidence.

#### **10. ADOPTION OF PLAN BY AFFILIATES**

(a) With the written approval of the Committee, any entity that is an Affiliate may adopt the Plan by appropriate action of its board of directors or noncorporate counterpart, as evidenced by a written instrument executed by an authorized officer of such entity or an executed adoption agreement (approved by the board of directors or noncorporate counterpart of the Affiliate), agreeing to be bound by all the terms, conditions and limitations of the Plan and providing all information required by the Committee.

(b) The provisions of the Plan shall apply separately and equally to each adopting Affiliate in the same manner as is expressly provided for the Company, except that the power to appoint the Committee and the power to amend or terminate the Plan shall be exercised by the Company.

(c) For purposes of the Code and ERISA, the Plan as adopted by the Affiliates shall constitute a single plan rather than a separate plan of each Affiliate.

## 11. DISPUTED PAYMENTS AND FAILURES TO PAY

If the Company fails to make a payment in whole or in part as of the payment deadline specified in the Plan, either intentionally or unintentionally, other than with the express or implied consent of the Executive, the Executive shall make prompt and reasonable good faith efforts to collect the remaining portion of the payment. The Company shall pay any such unpaid benefits due to the Executive, together with interest on the unpaid benefits from the date of the payment deadline specified in the Plan at an annual rate equal to 120 percent of the applicable Federal rate provided for in section 1274(d) of the Code, within ten (10) business days of discovering that the additional monies are due and payable.

The Company shall hold harmless and indemnify the Executive on a fully grossed-up after tax basis from and against (i) any and all taxes imposed under Section 409A (and any comparable state statutes) by any taxing authority as a result of the Company's failure to comply with this Section 11 and all penalties and interest with respect to the Company's failure to comply with this Section 11, and (ii) all expenses (including reasonable attorneys', accountants', and experts' fees and expenses) incurred by the Executive due to a tax audit or litigation addressing the existence or amount of a tax liability described in clause (i); and (iii) the amount of additional taxes (including penalties and interest) imposed upon the Executive due to the Company's payment of the initial taxes penalties, interest and expenses described in clauses (i) and (ii).

The Company shall make a payment to reimburse the Executive in an amount equal to all federal, state and local taxes imposed upon the Eligible Individual that are described in clauses (i) and (iii) of the foregoing paragraph of this Section 11, including the amount of additional taxes imposed upon the Executive due to the Company's payment of the initial taxes on such amounts, by the end of the Executive's taxable year next following the Executive's taxable year in which the Executive remits the related taxes to the taxing authority. The Company shall make a payment to reimburse the Executive in an amount equal to all expenses and other amounts incurred due to a tax audit or litigation addressing the existence or amount of a tax liability pursuant to clause (ii) of the foregoing paragraph of this Section 11, by the end of Executive's taxable year following the Executive's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of the Executive's taxable year following the Executive's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation.

## 12. FORFEITURE FOR CAUSE

**12.1 Forfeiture Determination.** Notwithstanding any other provision of the Plan, if a determination is made as provided in Section 12.2 (a "*Forfeiture Determination*") that (a) the Executive, before or after the termination of the Executive's employment with the Company and all Affiliates, (i) committed fraud, embezzlement, theft, felony or an act of dishonesty (as defined below) in the course of his employment by the Company or an Affiliate, (ii) knowingly caused or assisted in causing the publicly released financial statements of the Company to be misstated or the Company or a subsidiary of the Company to engage in criminal misconduct, (iii) disclosed trade secrets of the Company or an Affiliate or (iv) violated the terms of any non-competition, non-disclosure or similar agreement with respect to the Company or any Affiliate to which the Executive is a party; and (b) in the case of the actions described in clause (i), (iii)

and (iv), such action materially and adversely affected the Company, then at or after the time such Forfeiture Determination is made the Board of Directors, in good faith, if such Forfeiture Determination is made prior to a Change in Control, or, as determined by a final, non-appealable order of a court of competent jurisdiction, if such Forfeiture Determination is made after a Change in Control, as a fair and equitable forfeiture to reflect the harm done to the Company and a reduction of the benefit bestowed on the Executive had the facts existing at the time the benefit was bestowed that led to the Forfeiture Determination been known to the Company at the time the benefit was bestowed, may determine that some or all (x) benefits payable or to be provided, or previously paid or provided, under the Plan to the Executive (including any payment previously paid to the Executive under Section 4.2 or legal expense reimbursement payment under Section 4.4), (y) cash bonuses paid on or after the Effective Date by the Company to the Executive under any plan, program, policy, practice, contract or agreement of the Company or (z) equity awards granted to the Executive under any plan, program, policy, practice, contract or agreement of the Company that vested on or after the Effective Date, will be forfeited to the Company on such terms as determined by the Board of Directors or the final, non-appealable order of a court of competent jurisdiction. For purposes of Section 12, an “*act of dishonesty*” shall require a material breach by Executive of his duties, obligations or undertakings owed to or on behalf of the Company, as determined by the Board. In determining whether a matter materially and adversely affects the Company, the Board shall be entitled to consider all relevant factors and exercise business judgment in making such determination, including but not limited to the financial consequences, adverse reputational consequences or legal consequences to the Company and/or its subsidiaries, individually or taken as a whole, as a result of such action.

**12.2 Decision-Making Authority.** A Forfeiture Determination for purposes of Section 12.1 shall be made (a) before the occurrence of a Change in Control, by a majority vote of the Board of Directors and (b) on or after the occurrence of a Change in Control, by the final, non-appealable order of a court of competent jurisdiction. The findings and decision of the Board of Directors with respect to a Forfeiture Determination made before the occurrence of a Change in Control, including those regarding the acts of the Executive and the damage done to the Company, will be final for all purposes absent a showing by clear and convincing evidence of manifest error by, or a lack of good faith on the part of, the Board of Directors; provided, that, any disagreements as to whether the Board lacked good faith or its decision resulted from manifest error shall be subject to resolution in accordance with Section 14.7 hereof. No decision of the Board of Directors, however, will affect the finality of the discharge of the Executive by the Company or an Affiliate.

### **13. ADMINISTRATION OF THE PLAN**

**13.1 Plan Administrator.** The general administration of the Plan on behalf of the Company (as plan administrator under Section 3(16)(A) of ERISA) shall be placed with the Committee. The Committee shall have the full discretionary power and authority to construe, interpret and administer the Plan, to make eligibility determinations, to correct deficiencies in the Plan and to supply omissions. All decisions, actions and interpretations of the Committee shall be final, binding and conclusive upon the parties.

**13.2 Accounts and Records.** The Committee shall maintain such accounts and records regarding the fiscal and other transactions of the Plan and such other data as may be required to carry out its function under the Plan and to comply with applicable laws. The Plan

Administrator shall prepare and file as required by law or regulation all reports, forms, documents, and other items required by ERISA, the Code and other relevant statutes, each as amended from time to time, and all regulations thereunder.

**13.3 Unfunded Status of Plan.** The Plan shall be “unfunded” for the purposes of ERISA and the Code and the benefits and payments to be paid under the plan shall be paid out of the general assets of the Company as and when payable under the Plan. All Executives shall be solely unsecured creditors of the Company. If the Company decides in its sole discretion to establish any advance reserve on its books against the future expense of the potential payments hereunder, or, if the Company decides in its sole discretion to fund a trust under the Plan, such reserve or trust shall not under any circumstances be deemed to be an asset of the Plan.

#### **14. MISCELLANEOUS**

**14.1 Plan Not an Employment Contract.** The adoption and maintenance of the Plan is not a contract between the Company and its employees that gives any employee the right to be retained in its employment. Likewise, it is not intended to interfere with the rights of an Employer to terminate an employee’s employment at any time with or without notice and with or without cause or to interfere with an employee's right to terminate his employment at any time.

**14.2 Alienation Prohibited.** No benefits hereunder shall be subject to anticipation or assignment by an Executive, to attachment by, interference with, or control of any creditor of an Executive, or to being taken or reached by any legal or equitable process in satisfaction of any debt or liability of an Executive prior to its actual receipt by the Executive. Any attempted conveyance, transfer, assignment, mortgage, pledge, or encumbrance of the benefits hereunder prior to payment thereof shall be void.

**14.3 Number and Gender.** As used in the Plan, unless the context otherwise expressly requires to the contrary, references to the singular include the plural, and vice versa; references to the masculine include the feminine and neuter; references to “including” mean “including (without limitation)”; and references to Sections and clauses mean the sections and clauses of the Plan.

**14.4 Headings.** The headings of Sections herein are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

**14.5 Severability.** Each provision of the Plan may be severed. If any provision is determined to be invalid or unenforceable, that determination shall not affect the validity or enforceability of any other provision.

**14.6 Binding Effect.** The Plan shall be binding upon any successor of the Company. Further, the Board of Directors shall not authorize a Change in Control that is a merger or a sale transaction unless the purchaser or the Company’s successor agrees to take such actions as are necessary to cause all Executives to be paid or provided all benefits due under the terms of the Plan as in effect immediately prior to the Change in Control.

**14.7 Claims Procedure.** All claims by an Executive for benefits under the Plan shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under the Plan shall be delivered to the Executive in writing

within thirty (30) days after written notice of the claim is provided to the Company in accordance with Section 14.10 and shall set forth the specific reasons for the denial, the specific provisions of the Plan relied upon, a description of any additional material or information necessary for the Executive to perfect the claim (explaining why such material or information is needed) and shall advise the Executive of the right to appeal the decision and the procedure for doing so. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee after notification by the Committee that the Executive's claim has been denied. All appeals shall be made by the following procedure:

(a) Executive shall file with the Committee a notice appealing the denial. Such notice shall be filed within sixty (60) days of notification by the Committee of the claim denial, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.

(b) A determination of an appealed claim shall be delivered to Executive within ninety (90) days of after written notification of the appeal is received by the Committee in accordance with Section 14.10 and shall be accompanied by a written statement as to the reason or reasons therefor, the specific provisions of the Plan relied upon, a statement that the Executive is entitled to receive, upon request and free of charge, reasonable access to (and copies of) all documents, records and other information relevant to the claim and a statement of the Executive's right to bring a civil action under Section 502(a) of ERISA.

**14.8 No Mitigation.** The Company agrees that if the Executive's employment with the Company terminates during the Term of the Plan, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to the Plan. Further, except as expressly provided otherwise herein, the amount of any payment or benefit provided for in the Plan shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

**14.9 Other Amounts Due.** Except as expressly provided otherwise herein, the payments and benefits provided for in the Plan are in addition to and not in lieu of amounts and benefits that are earned by an Executive prior to his Termination Date. The Company shall pay an Executive any compensation earned through the Termination Date but not previously paid to the Executive. Further the Executive shall be entitled to any other amounts or benefits due the Executive in accordance with any contract, plan, program or policy of the Company or any of its Affiliates. Amounts that the Executive is entitled to receive under any plan, program, contract or policy of the Company or any of its Affiliates at or subsequent to the Executive's Termination Date shall be payable or otherwise provided in accordance with such plan, program, contract or policy, except as expressly modified herein.

**14.10 Notices.** For the purpose of the Plan, notices and all other communications provided for in the Plan shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, if to the Executive, to the residential address listed on the Executive's notification of participation and, if to the Company, to 6100 Stevenson Blvd, Fremont, California 94538,

directed to the attention of the General Counsel of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt.

**14.11 Governing Law.** To the extent legally required, the Code and ERISA shall govern the Plan and, if any provision hereof is in violation of any applicable requirement thereof, the Company reserves the right to retroactively amend the Plan to comply therewith. To the extent not governed by the Code and ERISA, the provisions of the Plan shall be governed by the laws of the State of Texas, without reference to rules relating to conflicts of law.

**14.12 Compliance With Section 409A.** The Company intends that any amounts or benefits payable or provided under the Plan shall comply with Section 409A so as not to subject Executive to the payment of the tax, interest and any tax penalty which may be imposed under Section 409A. The provisions of the Plan shall be interpreted and administered in a manner that complies with Section 409A. The Company will not take any action or omit to take any action that would expose any payment or benefit to Executive to additional tax under Section 409A. In furtherance thereof, to the extent that any provision hereof would otherwise result in Executive being subject to payment of tax, interest and tax penalty under Section 409A, the Company agrees to amend the Plan in a manner that brings the Plan into compliance with Section 409A and preserves to the maximum extent possible economic value to the relevant payment or benefit under the Plan to Executive. Each payment in a series of payments or installments hereunder shall be treated as a separate payment for purposes of Section 409A. To the extent that a reimbursement amount is subject to Section 409A, the Company will pay Executive the reimbursement amount due, if any, in any event before the last day of Executive's taxable year following the taxable year in which the expense was incurred. Executive's rights to any reimbursements are not subject to liquidation or exchange for another benefit. The amount of expense reimbursements for which Executive is eligible during any taxable year will not affect the amount of any expense reimbursements for which Executive is eligible in any other taxable year. Notwithstanding anything contained herein to the contrary, (i) in no event shall the Termination Date occur until Executive experiences a Separation from Service and the date upon which Separation from Service takes place shall be the "**Termination Date**" and (ii) in the event Executive is a Specified employee as of the date of his separation from service, amounts and benefits that are properly treatable as deferred compensation (within the meaning of Section 409A, and after taking into account all exclusions applicable to such payment under Section 409A) that would otherwise be payable or provided hereunder shall not be made prior to the first business day after the earlier of (x) the expiration of six months from the date of Executive's Separation from Service for any reason other than death or (ii) the date of Executive's death (such first business day, the "**Delayed Payment Date**"). On the Delayed Payment Date, the Company shall pay to Executive or, if has died, to his estate, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence with interest for the period commencing on the date of the Executive's Termination Date until the date of payment of such amounts, calculated using an interest rate of eight percent (8%) per annum (the "**Interest Amount**").

**IN WITNESS WHEREOF**, the Company has caused the Plan to be executed by its duly authorized officer effective as of September 8, 2016.

**TAILORED BRANDS, INC.**

By: /s/ DOUGLAS S. EWERT

Name: Douglas S. Ewert

Title: President and Chief Executive Officer

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**DEFERRED STOCK UNIT AWARD AGREEMENT**  
*Tailored Brands, Inc.*  
*2016 Long-Term Incentive Plan*

This **DEFERRED STOCK UNIT AWARD AGREEMENT** (this “*Agreement*”) is made by and between Tailored Brands, Inc., a Texas corporation (the “*Company*”), and \_\_\_\_\_ (the “*Employee*”) effective as of \_\_\_\_\_, 20\_\_ ( the “*Grant Date*”), pursuant to the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (the “*Plan*”), a copy of which previously has been made available to the Employee and the terms and provisions of which are incorporated by reference herein.

**WHEREAS**, the Company desires to grant to the Employee the Deferred Stock Units specified herein, subject to the terms and conditions of this Agreement; and

**WHEREAS**, the Employee desires to have the opportunity to receive from the Company an award of Deferred Stock Units subject to the terms and conditions of this Agreement;

**NOW, THEREFORE**, in consideration of the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Definitions.** For purposes of this Agreement, the following terms shall have the meanings indicated:

(a) “*Change in Control Plan*” shall mean either (i) the Tailored Brands, Inc. Senior Executive Change in Control Severance Plan, adopted effective September 8, 2016, or (ii) the Tailored Brands, Inc. Vice President Change in Control Severance Plan, amended and restated effective September 8, 2016.

(b) “*Forfeiture Restrictions*” shall mean the prohibitions and restrictions set forth herein with respect to the sale or other disposition of the Deferred Stock Units issued to the Employee hereunder and the obligation to forfeit and surrender such Deferred Stock Units to the Company.

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to such terms in the Plan.

2. **Grant of Deferred Stock Units.** Effective as of the Grant Date, the Company hereby grants to the Employee \_\_\_\_\_ Deferred Stock Units. In accepting the award of Deferred Stock Units granted in this Agreement the Employee accepts and agrees to be bound by all the terms and conditions of the Plan and this Agreement. The Company shall cause to be delivered to the Employee in electronic or certificated form any shares of Stock that are to be issued under the terms of this Agreement in exchange for Deferred Stock Units awarded hereby, and such shares of Stock shall be transferable by the Employee as provided herein (except to the

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extent that any proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of applicable securities law).

3. ***Deferred Stock Units Do Not Award Any Rights Of A Shareholder*** . The Employee shall not have the voting rights or any of the other rights, powers or privileges of a holder of Stock with respect to the Deferred Stock Units that are awarded hereby. Only after a share of Stock is issued in exchange for a Deferred Stock Unit will the Employee have all of the rights of a shareholder with respect to such share of Stock issued in exchange for a Deferred Stock Unit.

4. ***Dividend Equivalent Payments.***

(a) If, on the date the Company pays a dividend in cash with respect to the outstanding shares of Stock (a “*Cash Dividend*”), the Employee (i) is employed by the Company or a subsidiary of the Company as a common law employee and (ii) holds any Deferred Stock Units granted under this Agreement, then the Company will credit to the Employee’s bookkeeping ledger account an amount equal to the product of (x) the Deferred Stock Units awarded hereby that on the date the Company pays such Cash Dividend have not been forfeited to the Company or exchanged by the Company for shares of Stock and (y) the amount of the Cash Dividend paid per share of Stock (the “*Dividend Equivalents*”). Such Dividend Equivalents will vest and become payable upon the same terms and at the same time as the Deferred Stock Units to which they relate. The Company shall pay to the Employee, in cash, an amount equal to the accrued Dividend Equivalents with respect to the Employee’s Deferred Stock Units, which payment shall be included in the Employee’s regular payroll check for the period covering the date the Forfeiture Restrictions applicable to that Deferred Stock Unit lapse or such later date described in Section 6(c) and (d) of this Agreement, if applicable to the Employee. Dividend Equivalent payments will be subject to tax withholding as further described in Section 9 below.

(b) If during the period the Employee holds any Deferred Stock Units granted under this Agreement the Company pays a dividend in shares of Stock with respect to the outstanding shares of Stock, then the Company will increase the Deferred Stock Units awarded hereby that have not then been forfeited to or exchanged by the Company for shares of Stock by an amount equal to the product of (i) the Deferred Stock Units awarded hereby that have not been forfeited to the Company or exchanged by the Company for shares of Stock and (ii) the number of shares of Stock paid by the Company per share of Stock (collectively, the “*Stock Dividend Deferred Stock Units*”). Each Stock Dividend Deferred Stock Unit will be subject to same Forfeiture Restrictions and other restrictions, limitations and conditions applicable to the Deferred Stock Unit for which such Stock Dividend Deferred Stock Unit was awarded and will be exchanged for shares of Stock at the same time and on the same basis as such Deferred Stock Unit.

5. ***Transfer Restrictions.*** The Deferred Stock Units granted hereby may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of (other than by will or the applicable laws of descent and distribution). Any such attempted sale, assignment, pledge, exchange, hypothecation, transfer, encumbrance or disposition in violation of this Agreement shall be void and the Company shall not be bound thereby. Further, any shares of Stock issued to the Employee in exchange for Deferred Stock Units awarded hereby

may not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable securities laws. The Employee also agrees that the Company may (a) refuse to cause the transfer of any such shares of Stock to be registered on the applicable stock transfer records of the Company if such proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of any applicable securities law and (b) give related instructions to the transfer agent, if any, to stop registration of the transfer of such shares of Stock. The shares of Stock that may be issued under the Plan are registered with the Securities and Exchange Commission under a Registration Statement on Form S-8. A Prospectus describing the Plan and the shares of Stock is available from the Company.

6. ***Vesting and Payment.***

(a) Upon the lapse of the Forfeiture Restrictions applicable to a Deferred Stock Unit that is awarded hereby the Company shall issue to the Employee one share of Stock in exchange for such Deferred Stock Unit and pay the Dividend Equivalents as provided in Section 4(a), and thereafter the Employee shall have no further rights with respect to such Deferred Stock Unit.

(b) The Deferred Stock Units that are granted hereby shall be subject to the Forfeiture Restrictions. Except as otherwise provided in Section 6(c) of this Agreement, the Forfeiture Restrictions shall lapse as to the Deferred Stock Units that are awarded hereby in accordance with the following schedule, provided that the Employee's employment with the Company and its subsidiaries has not terminated prior to the applicable lapse date:

<u>Lapse Date</u>	<u>Number of Deferred Stock Units as to Which Forfeiture Restrictions Lapse</u>
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The Employee shall have no vested interest in the Deferred Stock Units credited to his or her bookkeeping ledger account except as set forth in this Section 6.

(c) If the Employee's employment with the Company and all of its subsidiaries terminates prior to the lapse date for any reason other than the death or Disability of the Employee, the Forfeiture Restrictions then applicable to the Deferred Stock Units shall not lapse and the number of Deferred Stock Units then subject to the Forfeiture Restrictions shall be forfeited to the Company on the date the Employee's employment terminates. Notwithstanding any other provision of this Agreement to the contrary, if the Employee dies or incurs a Disability before the lapse date and while in the active employ of the Company and/or one or more of its subsidiaries, all remaining Forfeiture Restrictions shall immediately lapse on the date of the termination of the Employee's employment due to death or Disability.

7. ***Capital Adjustments and Reorganizations.*** The existence of the Deferred Stock Units shall not affect in any way the right or power of the Company or any company the stock of

which is awarded pursuant to this Agreement to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or its business, engage in any merger or consolidation, issue any debt or equity securities, dissolve or liquidate, or sell, lease, exchange or otherwise dispose of all or any part of its assets or business, or engage in any other corporate act or proceeding.

8. ***No Fractional Shares.*** All provisions of this Agreement concern whole shares of Stock. If the application of any provision hereunder would yield a fractional share of Stock, such fractional share of Stock shall be rounded down to the next whole share of Stock if it is less than 0.5 and rounded up to the next whole share of Stock if it is 0.5 or more.

9. ***Tax Withholding.*** To the extent that the receipt of the Deferred Stock Units, any payment in cash or shares of Stock or the lapse of any Forfeiture Restrictions results in income to the Employee for federal, state or local income, employment or other tax purposes with respect to which the Company or any Affiliate has a withholding obligation, the Employee shall deliver to the Company at the time of such receipt, payment or lapse, as the case may be, such amount of money as the Company or any Affiliate Employee may require to meet its obligation under applicable tax laws or regulations, and, if the Employee fails to do so, the Company is authorized to withhold from the shares of Stock issued in exchange for the Deferred Stock Units, any payment in cash or shares of Stock under this Agreement or from any cash or stock remuneration then or thereafter payable to the Employee in any capacity any tax required to be withheld by reason of such resulting income, including (without limitation) shares of Stock sufficient to satisfy the withholding obligation based on the Fair Market Value of the Stock on the date that the withholding obligation arises.

10. ***Nontransferability.*** This Agreement is not transferable by the Employee other than by will or by the laws of descent and distribution.

11. ***Employment Relationship.*** For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company and its Affiliates as long as the Employee has an employment relationship with the Company and its Affiliates. The Committee shall determine any questions as to whether and when there has been a termination of such employment relationship, and the cause of such termination, under the Plan and the Committee's determination shall be final and binding on all persons.

12. ***Not an Employment Agreement.*** This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to create an employment relationship between the Employee and the Company or any Affiliate, to guarantee the right to remain employed by the Company or any Affiliate for any specified term or require the Company or any Affiliate to employ the Employee for any period of time.

13. ***Legend.*** The Employee consents to the placing on the certificate for any shares of Stock issued under this Agreement in certificated form an appropriate legend restricting resale or other transfer of such shares except in accordance with the Securities Act of 1933, as amended, and all applicable rules thereunder.

14. **Notices.** Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal delivery, by facsimile, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at the then current address of the Company's Principal Corporate Office, and to the Employee at the Employee's residential address indicated beneath the Employee's signature on the execution page of this Agreement, or at such other address and number as a party shall have previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile); and when delivered (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail, return receipt requested.

15. **Amendment and Waiver.** Except as otherwise provided herein or in the Plan or as necessary to implement the provisions of the Plan, this Agreement may be amended, modified or superseded only by a written instrument executed by the Company and the Employee. Only a written instrument executed and delivered by the party waiving compliance hereof shall make any waiver of the terms or conditions. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company other than the Employee. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner effect the right to enforce the same. No waiver by any party of any term or condition, or the breach of any term or condition contained in this Agreement, in one or more instances, shall be construed as a continuing waiver of any such condition or breach, a waiver of any other condition, or the breach of any other term or condition.

16. **Governing Law and Severability.** The validity, construction and performance of this Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The invalidity of any provision of this Agreement shall not affect any other provision of this Agreement, which shall remain in full force and effect.

17. **Successors and Assigns.** Subject to the limitations which this Agreement imposes upon the transferability of the Deferred Stock Units granted hereby and any shares of Stock issued hereunder, this Agreement shall bind, be enforceable by and inure to the benefit of the Company and its successors and assigns, and to the Employee, the Employee's permitted assigns, executors, administrators, agents, legal and personal representatives.

18. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original for all purposes but all of which taken together shall constitute but one and the same instrument.

19. **Forfeiture for Cause.** Notwithstanding any other provision of this Agreement, the Deferred Stock Units granted hereunder shall be subject to the Forfeiture for Cause provisions contained in Section 4.7 of the Plan.

20. **Effect on Other Agreements.** The parties acknowledge and agree that, with the exception of a Change in Control Plan or an employment agreement, if either or both are applicable to the Employee, the provisions of this Agreement shall supersede any and all other agreements and rights that the Employee has under any agreements or arrangements between the Employee and the Company, whether in writing or otherwise, with respect to the matters set forth herein.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Employee has executed this Agreement, all effective as of the date first above written.

**TAILORED BRANDS, INC.**

By:

Name:

Title:

**EMPLOYEE:**

\_\_\_\_\_  
Name:

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**DEFERRED STOCK UNIT AWARD AGREEMENT**  
**Tailored Brands, Inc.**  
**2016 Long-Term Incentive Plan**

This **DEFERRED STOCK UNIT AWARD AGREEMENT** (this “*Agreement*”) is made by and between Tailored Brands, Inc., a Texas corporation (the “*Company*”), and \_\_\_\_\_ (the “*Director*”) effective as of \_\_\_\_\_, 20\_\_ (the “*Grant Date*”), pursuant to the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (the “*Plan*”), a copy of which previously has been made available to the Director and the terms and provisions of which are incorporated by reference herein.

**WHEREAS**, the Company desires to grant to the Director the Deferred Stock Units specified herein, subject to the terms and conditions of this Agreement; and

**WHEREAS**, the Director desires to have the opportunity to receive from the Company an award of Deferred Stock Units subject to the terms and conditions of this Agreement;

**NOW, THEREFORE**, in consideration of the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1 . **Definitions.** For purposes of this Agreement, the following terms shall have the meanings indicated:

(a) “*Forfeiture Restrictions*” shall mean the prohibitions and restrictions set forth herein with respect to the sale or other disposition of the Deferred Stock Units issued to the Director hereunder and the obligation to forfeit and surrender such Deferred Stock Units to the Company.

(b) “*Period of Restriction*” shall mean the period during which a Deferred Stock Unit is subject to Forfeiture Restrictions, which period shall end on [the later of (i) one year after the Grant Date, and (ii) ]\_\_\_\_\_, 20\_\_.

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to such terms in the Plan.

2 . **Grant of Deferred Stock Units.** Effective as of the Grant Date, the Company hereby grants to the Director \_\_\_\_\_ Deferred Stock Units. In accepting the award of Deferred Stock Units granted in this Agreement the Director accepts and agrees to be bound by all the terms and conditions of the Plan and this Agreement. Upon the lapse of the Forfeiture Restrictions applicable to a Deferred Stock Unit that is awarded hereby, the Company shall issue to the Director one share of Stock in exchange for such Deferred Stock Unit and pay the Dividend Equivalents as provided in Section 4(a) and thereafter the Director shall have no further rights with respect to such Deferred Stock Unit. The Company shall cause to be

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delivered to the Director in electronic or certificated form any shares of Stock that are to be issued under the terms of this Agreement in exchange for Deferred Stock Units awarded hereby, and such shares of Stock shall be transferable by the Director as provided herein (except to the extent that any proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of applicable securities law).

3 . **Deferred Stock Units Do Not Award Any Rights Of A Shareholder.** The Director shall not have the voting rights or any of the other rights, powers or privileges of a holder of Stock with respect to the Deferred Stock Units that are awarded hereby. Only after a share of Stock is issued in exchange for a Deferred Stock Unit will the Director have all of the rights of a shareholder with respect to such share of Stock issued in exchange for a Deferred Stock Unit.

4. **Dividend Equivalent Payments.**

(a) If during the period the Director holds any Deferred Stock Units granted under this Agreement the Company pays a dividend in cash with respect to the outstanding shares of Stock (a “Cash Dividend”), then the Company will credit to the Director’s bookkeeping ledger account an amount equal to the product of (i) the Deferred Stock Units awarded hereby that have not been forfeited to the Company or exchanged by the Company for shares of Stock and (ii) the amount of the Cash Dividend paid per share of Stock (the “Dividend Equivalents”). Such Dividend Equivalents will vest and become payable upon the same terms and at the same time as the Deferred Stock Units to which they relate. The Company shall pay to the Director, in cash, an amount equal to the accrued Dividend Equivalents with respect to the Director’s Deferred Stock Units, which payment shall be paid as soon as practicable after the Forfeiture Restrictions lapse as to the Deferred Stock Units to which they relate.

(b) If during the period the Director holds any Deferred Stock Units granted under this Agreement the Company pays a dividend in shares of Stock with respect to the outstanding shares of Stock, then the Company will increase the Deferred Stock Units awarded hereby that have not then been forfeited to or exchanged by the Company for shares of Stock by an amount equal to the product of (i) the Deferred Stock Units awarded hereby that have not been forfeited to the Company or exchanged by the Company for shares of Stock and (ii) the number of shares of Stock paid by the Company per share of Stock (collectively, the “Stock Dividend Deferred Stock Units”). Each Stock Dividend Deferred Stock Unit will be subject to same Forfeiture Restrictions and other restrictions, limitations and conditions applicable to the Deferred Stock Unit for which such Stock Dividend Deferred Stock Unit was awarded and will be exchanged for shares of Stock at the same time and on the same basis as such Deferred Stock Unit.

5 . **Transfer Restrictions.** The Deferred Stock Units granted hereby may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of (other than by will or the applicable laws of descent and distribution). Any such attempted sale, assignment, pledge, exchange, hypothecation, transfer, encumbrance or disposition in violation of this Agreement shall be void and the Company shall not be bound thereby. Further, any shares of Stock issued to the Director in exchange for Deferred Stock Units awarded hereby may not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable securities laws. The Director also agrees that the Company may (a) refuse to cause the transfer of any such shares of Stock to be registered on the applicable stock transfer records

of the Company if such proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of any applicable securities law and (b) give related instructions to the transfer agent, if any, to stop registration of the transfer of such shares of Stock. The shares of Stock that may be issued under the Plan are registered with the Securities and Exchange Commission under a Registration Statement on Form S-8. A Prospectus describing the Plan and the shares of Stock is available from the Company.

6. ***Vesting.***

(a) The Deferred Stock Units that are granted hereby shall be subject to the Forfeiture Restrictions. Except as otherwise provided in Section 6(b) or (c), the Forfeiture Restrictions shall lapse as to the Deferred Stock Units that are granted hereby at the end of the last day of the Period of Restriction provided that the Director continues to be a member of the Board on such date. If the Director ceases to be a member of the Board for any reason before the end of the last day of the Period of Restriction, the Forfeiture Restrictions then applicable to the Deferred Stock Units shall not lapse and all the Deferred Stock Units shall be forfeited to the Company. The Director shall have no vested interest in the Deferred Stock Units credited to his or her bookkeeping ledger account except as set forth in this Section 6.

(b) Notwithstanding the provisions of Section 6(a), all remaining Forfeiture Restrictions shall lapse as to the Deferred Stock Units that are granted hereby immediately upon the occurrence of a Change in Control provided that the Director continues to be a member of the Board immediately prior to the occurrence of such Change in Control.

(c) Notwithstanding the provisions of Section 6(a), if the Director dies or incurs a Disability before the last day of the Period of Restriction and while a member of the Board, all remaining Forfeiture Restrictions shall immediately lapse on the date of the Director's death or Disability.

7. ***Capital Adjustments and Reorganizations.*** The existence of the Deferred Stock Units shall not affect in any way the right or power of the Company or any company the stock of which is awarded pursuant to this Agreement to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or its business, engage in any merger or consolidation, issue any debt or equity securities, dissolve or liquidate, or sell, lease, exchange or otherwise dispose of all or any part of its assets or business, or engage in any other corporate act or proceeding.

8. ***No Fractional Shares.*** All provisions of this Agreement concern whole shares of Stock. If the application of any provision hereunder would yield a fractional share of Stock, such fractional share of Stock shall be rounded down to the next whole share of Stock if it is less than 0.5 and rounded up to the next whole share of Stock if it is 0.5 or more.

9. ***Nontransferability.*** The Agreement is not transferable by the Director other than by will or by the laws of descent and distribution.

10. ***Not an Employment or Service Agreement.*** This Agreement is not an employment or service agreement, and no provision of this Agreement shall be construed or

interpreted to create an employment or service relationship between the Director and the Company or guarantee the right to remain a member of the Board for any specified term.

11. **Legend.** The Director consents to the placing on the certificate for any shares of Stock issued under the Agreement in certificated form an appropriate legend restricting resale or other transfer of such shares except in accordance with such act and all applicable rules thereunder.

12. **Notices.** Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal delivery, by facsimile, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at the then current address of the Company's Principal Corporate Office, and to the Director at the Director's residential address indicated beneath the Director's signature on the execution page of this Agreement, or at such other address and number as a party shall have previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile); and when delivered (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail, return receipt requested.

13. **Amendment and Waiver.** This Agreement may be amended, modified or superseded only by written instrument executed by the Company and the Director. Only a written instrument executed and delivered by the party waiving compliance hereof shall make any waiver of the terms or conditions. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner effect the right to enforce the same. No waiver by any party of any term or condition, or the breach of any term or condition contained in this Agreement, in one or more instances, shall be construed as a continuing waiver of any such condition or breach, a waiver of any other condition, or the breach of any other term or condition.

14. **Governing Law and Severability.** The validity, construction and performance of this Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The invalidity of any provision of this Agreement shall not affect any other provision of this Agreement, which shall remain in full force and effect.

15. **Successors and Assigns.** Subject to the limitations which this Agreement imposes upon the transferability of the Deferred Stock Units granted hereby and any shares of Stock issued hereunder, this Agreement shall bind, be enforceable by and inure to the benefit of the Company and its successors and assigns, and to the Director, the Director's permitted assigns, executors, administrators, agents, legal and personal representatives.

16. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original for all purposes but all of which taken together shall constitute but one and the same instrument.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Director has executed this Agreement, all effective as of the date first above written.

**TAILORED BRANDS, INC.**

By:

Name:

Title:

**DIRECTOR:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

**RESTRICTED STOCK AWARD AGREEMENT**

***Tailored Brands, Inc.  
2016 Long-Term Incentive Plan***

This **RESTRICTED STOCK AWARD AGREEMENT** (this “*Agreement*”) is made by and between Tailored Brands, Inc., a Texas corporation (the “*Company*”), and \_\_\_\_\_ (the “*Employee*”) effective as of \_\_\_\_\_, 20\_\_ (the “*Grant Date*”), pursuant to the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (the “*Plan*”), a copy of which previously has been made available to the Employee and the terms and provisions of which are incorporated by reference herein.

**WHEREAS**, the Company desires to grant to the Employee the shares of Stock specified herein (the “*Shares*”), subject to the terms and conditions of this Agreement; and

**WHEREAS**, the Employee desires to have the opportunity to hold the Shares subject to the terms and conditions of this Agreement;

**NOW, THEREFORE**, in consideration of the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. ***Definitions.*** For purposes of this Agreement, the following terms shall have the meanings indicated:

(a) “*Change in Control Plan*” shall mean either (i) the Tailored Brands, Inc. Senior Executive Change in Control Severance Plan, adopted effective September 8, 2016, or (ii) the Tailored Brands, Inc. Vice President Change in Control Severance Plan, amended and restated effective September 8, 2016.

(b) “*Forfeiture Restrictions*” shall mean the prohibitions and restrictions set forth herein with respect to the sale or other disposition of the Shares issued to the Employee hereunder and the obligation to forfeit and surrender such Shares to the Company.

(c) “*Period of Restriction*” shall mean the period during which Restricted Shares are subject to Forfeiture Restrictions and during which Restricted Shares may not be sold, assigned, transferred, pledged or otherwise encumbered.

(d) “*Restricted Shares*” shall mean the shares of Stock that are subject to the Forfeiture Restrictions under this Agreement.

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to such terms in the Plan.

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2. **Grant of Restricted Shares.** Effective as of the Grant Date, the Company shall cause to be issued in the Employee's name the following Shares as Restricted Shares: \_\_\_\_\_ shares of Stock. The Company shall cause certificates evidencing the Restricted Shares, and any shares of Stock or rights to acquire shares of Stock distributed by the Company in respect of Restricted Shares during any Period of Restriction (the "*Retained Distributions*"), to be issued in the Employee's name. During the Period of Restriction such certificates shall bear a restrictive legend to the effect that ownership of such Restricted Shares (and any Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms, and conditions provided in the Plan and this Agreement. The Employee shall have the right to vote the Restricted Shares awarded to the Employee and to receive and retain all regular dividends paid in cash or property (other than Retained Distributions), and to exercise all other rights, powers and privileges of a holder of Stock, with respect to such Restricted Shares, with the exception that (a) the Employee shall not be entitled to delivery of the stock certificate or certificates representing such Restricted Shares until the Forfeiture Restrictions applicable thereto shall have expired, (b) the Company shall retain custody of all Retained Distributions made or declared with respect to the Restricted Shares (and such Retained Distributions shall be subject to the same restrictions, terms and conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid, or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in separate accounts and (c) the Employee may not sell, assign, transfer, pledge, exchange, encumber, or dispose of the Restricted Shares or any Retained Distributions during the Period of Restriction. Upon issuance the certificates shall be delivered to such depository as may be designated by the Committee as a depository for safekeeping until the forfeiture of such Restricted Shares occurs or the Forfeiture Restrictions lapse, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit transfer to the Company of all or any portion of the Restricted Shares and any securities constituting Retained Distributions which shall be forfeited in accordance with the Plan and this Agreement. In accepting the award of the Shares set forth in this Agreement the Employee accepts and agrees to be bound by all the terms and conditions of the Plan and this Agreement.

3. **Transfer Restrictions.** The Shares granted hereby may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, to the extent then subject to the Forfeiture Restrictions. Any such attempted sale, assignment, pledge, exchange, hypothecation, transfer, encumbrance or disposition in violation of this Agreement shall be void and the Company shall not be bound thereby. Further, the Shares granted hereby that are no longer subject to Forfeiture Restrictions may not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable securities laws. The Employee also agrees that the Company may (a) refuse to cause the transfer of the Shares to be registered on the applicable stock transfer records of the Company if such proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of any applicable securities law and (b) give related instructions to the transfer agent, if any, to stop registration of the transfer of the Shares. The Shares are registered with the Securities and Exchange Commission under a Registration Statement on Form S-8. A Prospectus describing the Plan and the Shares is available from the Company.

4. ***Vesting.***

(a) The Shares that are granted hereby shall be subject to the Forfeiture Restrictions. The Forfeiture Restrictions shall lapse as to the Shares that are awarded hereby in accordance with the following schedule, provided that the Employee's employment with the Company and its subsidiaries has not terminated prior to the applicable lapse date:

<u>Lapse Date</u>	<u>Number of Restricted Shares as to Which Forfeiture Restrictions Lapse</u>
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(b) Upon the lapse of the Forfeiture Restrictions with respect to the Shares granted hereby the Company shall cause to be delivered to the Employee a stock certificate representing such Shares, and such Shares shall be transferable by the Employee (except to the extent that any proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of applicable securities law).

(c) If the Employee ceases to be employed by the Company or a Affiliate for any reason before the applicable lapse date including due to the death or Disability of the Employee, the Forfeiture Restrictions then applicable to the Restricted Shares shall not lapse and all unvested Restricted Shares shall be forfeited to the Company.

5. ***Capital Adjustments and Reorganizations.*** The existence of the Restricted Shares shall not affect in any way the right or power of the Company or any company the stock of which is awarded pursuant to this Agreement to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or its business, engage in any merger or consolidation, issue any debt or equity securities, dissolve or liquidate, or sell, lease, exchange or otherwise dispose of all or any part of its assets or business, or engage in any other corporate act or proceeding.

6. ***Tax Withholding.*** To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in income to the Employee for federal, state or local income, employment or other tax purposes with respect to which the Company or any Affiliate has a withholding obligation, the Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of money as the Company or any Affiliate may require to meet its obligation under applicable tax laws or regulations, and, if the Employee fails to do so, the Company is authorized to withhold from the Shares granted hereby or from any cash or stock remuneration then or thereafter payable to the Employee in any capacity any tax required to be withheld by reason of such resulting income.

7. ***Section 83(b) Election.*** The Employee shall not exercise the election permitted under section 83(b) of the Code with respect to the Restricted Shares without the prior written approval of the Chief Financial Officer of the Company. If the Chief Financial Officer of the Company permits the election, the Employee shall timely pay the Company the amount necessary to satisfy the Company's attendant tax withholding obligations, if any.

8. **No Fractional Shares.** All provisions of this Agreement concern whole shares of Stock. If the application of any provision hereunder would yield a fractional share of Stock, such fractional share of Stock shall be rounded down to the next whole share of Stock if it is less than 0.5 and rounded up to the next whole share of Stock if it is 0.5 or more.

9. **Employment Relationship.** For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company and its Affiliates as long as the Employee has an employment relationship with the Company and its Affiliates. The Committee shall determine any questions as to whether and when there has been a termination of such employment relationship, and the cause of such termination, under the Plan and the Committee's determination shall be final and binding on all persons.

10. **Not an Employment Agreement.** This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to create an employment relationship between the Employee and the Company or any Affiliate, to guarantee the right to remain employed by the Company or any Affiliate for any specified term or require the Company or any Affiliate to employ the Employee for any period of time.

11. **Legend.** The Employee consents to the placing on the certificate for the Shares of an appropriate legend restricting resale or other transfer of the Shares except in accordance with all applicable securities laws and rules thereunder.

12. **Notices.** Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal delivery, by facsimile, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at the then current address of the Company's Principal Corporate Office, and to the Employee at the Employee's residential address indicated beneath the Employee's signature on the execution page of this Agreement, or at such other address and number as a party shall have previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile); and when delivered (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail, return receipt requested.

13. **Amendment and Waiver.** Except as otherwise provided herein or in the Plan or as necessary to implement the provisions of the Plan, this Agreement may be amended, modified or superseded only by written instrument executed by the Company and the Employee. Only a written instrument executed and delivered by the party waiving compliance hereof shall make any waiver of the terms or conditions. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company other than the Employee. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner effect the right to enforce the same. No waiver by any party of any term or condition, or the breach of any term or condition contained in this Agreement, in one or more instances, shall be construed as a continuing waiver of any such condition or breach, a waiver of any other condition, or the breach of any other term or condition.

14. ***Governing Law and Severability.*** The validity, construction and performance of this Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The invalidity of any provision of this Agreement shall not affect any other provision of this Agreement, which shall remain in full force and effect.

15. ***Successors and Assigns.*** Subject to the limitations which this Agreement imposes upon the transferability of the Shares granted hereby, this Agreement shall bind, be enforceable by and inure to the benefit of the Company and its successors and assigns, and to the Employee, the Employee's permitted assigns, executors, administrators, agents, legal and personal representatives.

16. ***Counterparts.*** This Agreement may be executed in two or more counterparts, each of which shall be an original for all purposes but all of which taken together shall constitute but one and the same instrument.

17. ***Forfeiture for Cause.*** Notwithstanding any other provision of this Agreement, the Restricted Shares granted hereunder shall be subject to the Forfeiture for Cause provisions contained in Section 4.7 of the Plan.

18. ***Effect on Other Agreements.*** The parties acknowledge and agree that, with the exception of a Change in Control Plan or an employment agreement, if either or both are applicable to the Employee, the provisions of this Agreement shall supersede any and all other agreements and rights that the Employee has under any agreements or arrangements between the Employee and the Company, whether in writing or otherwise, with respect to the matters set forth herein.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Employee has executed this Agreement, all effective as of the date first above written.

**TAILORED BRANDS, INC.**

By:

Name:

Title:

**EMPLOYEE:**

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Irrevocable Stock Power**

**KNOW ALL MEN BY THESE PRESENTS**, that the undersigned, **For Value Received**, has bargained, sold, assigned and transferred and by these presents does bargain, sell, assign and transfer unto Tailored Brands, Inc., a Texas corporation (the “*Company*”), the Shares transferred pursuant to the Restricted Stock Award Agreement dated effective \_\_\_\_\_, 20\_\_\_\_, between the Company and the undersigned; **and** subject to and in accordance with such Restricted Stock Award Agreement the undersigned does hereby constitute and appoint the Secretary of the Company the undersigned’s true and lawful attorney, **IRREVOCABLY**, to sell, assign, transfer, hypothecate, pledge and make over all or any part of such Shares and for that purpose to make and execute all necessary acts of assignment and transfer thereof, and to substitute one or more persons with like full power, hereby ratifying and confirming all that said attorney or his substitutes shall lawfully do by virtue hereof.

**In Witness Whereof**, the undersigned has executed this Irrevocable Stock Power effective \_\_\_\_\_, 20\_\_\_\_.

Name: \_\_\_\_\_

\_\_\_\_\_

**RESTRICTED STOCK AWARD AGREEMENT**

***Tailored Brands, Inc.  
2016 Long-Term Incentive Plan***

This **RESTRICTED STOCK AWARD AGREEMENT** (this “*Agreement*”) is made by and between Tailored Brands, Inc., a Texas corporation (the “*Company*”), and \_\_\_\_\_ (the “*Director*”) effective as of \_\_\_\_\_, 20\_\_ (the “*Grant Date*”), pursuant to the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (the “*Plan*”), a copy of which previously has been made available to the Director and the terms and provisions of which are incorporated by reference herein.

**WHEREAS**, the Company desires to grant to the Director the shares of Stock specified herein (the “*Shares*”), subject to the terms and conditions of this Agreement; and

**WHEREAS**, the Director desires to have the opportunity to hold the Shares subject to the terms and conditions of this Agreement;

**NOW, THEREFORE**, in consideration of the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. ***Definitions.*** For purposes of this Agreement, the following terms shall have the meanings indicated:

(a) “*Forfeiture Restrictions*” shall mean the prohibitions and restrictions set forth herein with respect to the sale or other disposition of the Shares issued to the Director hereunder and the obligation to forfeit and surrender such Shares to the Company.

(b) “*Period of Restriction*” shall mean the period during which Restricted Shares are subject to Forfeiture Restrictions and during which Restricted Shares may not be sold, assigned, transferred, pledged or otherwise encumbered, which period shall end on \_\_\_\_\_.

(c) “*Restricted Shares*” shall mean the shares of Stock that are subject to the Forfeiture Restrictions under this Agreement.

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to such terms in the Plan.

2. ***Grant of Restricted Shares.*** Effective as of the Grant Date, the Company shall cause to be issued in the Director’s name the following Shares as Restricted Shares: \_\_\_\_\_ shares of Stock. The Company shall cause certificates evidencing the Restricted Shares, and any shares of Stock or rights to acquire shares of Stock distributed by the Company in respect of Restricted Shares during any Period of Restriction (the “*Retained Distributions*”), to be issued in the Director’s name. During the Period of Restriction such certificates shall bear a restrictive

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legend to the effect that ownership of such Restricted Shares (and any Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms, and conditions provided in the Plan and this Agreement. The Director shall have the right to vote the Restricted Shares awarded to the Director and to receive and retain all regular dividends paid in cash or property (other than Retained Distributions), and to exercise all other rights, powers and privileges of a holder of Stock, with respect to such Restricted Shares, with the exception that (a) the Director shall not be entitled to delivery of the stock certificate or certificates representing such Restricted Shares until the Forfeiture Restrictions applicable thereto shall have expired, (b) the Company shall retain custody of all Retained Distributions made or declared with respect to the Restricted Shares (and such Retained Distributions shall be subject to the same restrictions, terms and conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid, or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in separate accounts and (c) the Director may not sell, assign, transfer, pledge, exchange, encumber, or dispose of the Restricted Shares or any Retained Distributions during the Period of Restriction. Upon issuance the certificates shall be delivered to such depository as may be designated by the Committee as a depository for safekeeping until the forfeiture of such Restricted Shares occurs or the Forfeiture Restrictions lapse, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit transfer to the Company of all or any portion of the Restricted Shares and any securities constituting Retained Distributions which shall be forfeited in accordance with the Plan and this Agreement. In accepting the award of the Shares set forth in this Agreement the Director accepts and agrees to be bound by all the terms and conditions of the Plan and this Agreement.

3. **Transfer Restrictions.** The Shares granted hereby may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, to the extent then subject to the Forfeiture Restrictions. Any such attempted sale, assignment, pledge, exchange, hypothecation, transfer, encumbrance or disposition in violation of this Agreement shall be void and the Company shall not be bound thereby. Further, the Shares granted hereby that are no longer subject to Forfeiture Restrictions may not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable securities laws. The Director also agrees that the Company may (a) refuse to cause the transfer of the Shares to be registered on the applicable stock transfer records of the Company if such proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of any applicable securities law and (b) give related instructions to the transfer agent, if any, to stop registration of the transfer of the Shares. The Shares are registered with the Securities and Exchange Commission under a Registration Statement on Form S-8. A Prospectus describing the Plan and the Shares is available from the Company.

4. **Vesting.**

(a) The Shares that are granted hereby shall be subject to the Forfeiture Restrictions. Except as otherwise provided in Section 4(b), the Forfeiture Restrictions shall lapse as to the Shares that are granted hereby at the end of the last day of the Period of Restriction provided that the Director continues to be a member of the Board on such date. If the Director ceases to be a member of the Board for any reason before the end of the last day of the Period of Restriction,

the Forfeiture Restrictions then applicable to the Restricted Shares shall not lapse and all the Restricted Shares shall be forfeited to the Company.

(b) Notwithstanding any other provision of this Agreement, all remaining Forfeiture Restrictions shall lapse as to the Shares that are granted hereby immediately upon the (i) occurrence of a Change in Control provided that the Director continues to be a member of the Board immediately prior to the occurrence of such Change in Control; (ii) death of the Director; or (iii) incurrence by the Director of a Disability.

(c) Upon the lapse of the Forfeiture Restrictions with respect to the Shares granted hereby the Company shall cause to be delivered to the Director a stock certificate representing such Shares, and such Shares shall be transferable by the Director (except to the extent that any proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of applicable securities law). Notwithstanding any other provision of this Agreement, in no event will the Forfeiture Restrictions expire prior to the earlier of the occurrence of a Change in Control or the satisfaction by the Director of any obligation to serve as a member of the Board.

5. **Capital Adjustments and Reorganizations.** The existence of the Restricted Shares shall not affect in any way the right or power of the Company or any company the stock of which is awarded pursuant to this Agreement to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or its business, engage in any merger or consolidation, issue any debt or equity securities, dissolve or liquidate, or sell, lease, exchange or otherwise dispose of all or any part of its assets or business, or engage in any other corporate act or proceeding.

6. **Section 83(b) Election.** The Director shall not exercise the election permitted under section 83(b) of the Code with respect to the Restricted Shares without the prior written approval of the Chief Financial Officer of the Company.

7. **No Fractional Shares.** All provisions of this Agreement concern whole shares of Stock. If the application of any provision hereunder would yield a fractional share of Stock, such fractional share of Stock shall be rounded down to the next whole share of Stock if it is less than 0.5 and rounded up to the next whole share of Stock if it is 0.5 or more.

8. **Not an Employment or Service Agreement.** This Agreement is not an employment or service agreement, and no provision of this Agreement shall be construed or interpreted to create an employment or service relationship between the Director and the Company or guarantee the right to remain a member of the Board for any specified term.

9. **Legend.** The Director consents to the placing on the certificate for the Shares of an appropriate legend restricting resale or other transfer of the Shares except in accordance with such act and all applicable rules thereunder.

10. **Notices.** Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal delivery, by facsimile, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at the then current address of the Company's Principal Corporate Office, and to

the Director at the Director's residential address indicated beneath the Director's signature on the execution page of this Agreement, or at such other address and number as a party shall have previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile); and when delivered (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail, return receipt requested.

11. **Amendment and Waiver.** This Agreement may be amended, modified or superseded only by written instrument executed by the Company and the Director. Only a written instrument executed and delivered by the party waiving compliance hereof shall make any waiver of the terms or conditions. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner effect the right to enforce the same. No waiver by any party of any term or condition, or the breach of any term or condition contained in this Agreement, in one or more instances, shall be construed as a continuing waiver of any such condition or breach, a waiver of any other condition, or the breach of any other term or condition.

12. **Governing Law and Severability.** The validity, construction and performance of this Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The invalidity of any provision of this Agreement shall not affect any other provision of this Agreement, which shall remain in full force and effect.

13. **Successors and Assigns.** Subject to the limitations which this Agreement imposes upon the transferability of the Shares granted hereby, this Agreement shall bind, be enforceable by and inure to the benefit of the Company and its successors and assigns, and to the Director, the Director's permitted assigns, executors, administrators, agents, legal and personal representatives.

14. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original for all purposes but all of which taken together shall constitute but one and the same instrument

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Director has executed this Agreement, all effective as of the date first above written.

**TAILORED BRANDS, INC.**

By:

Name:

Title:

**DIRECTOR:**

\_\_\_\_\_  
Name:

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Irrevocable Stock Power**

**KNOW ALL MEN BY THESE PRESENTS**, that the undersigned, ***For Value Received***, has bargained, sold, assigned and transferred and by these presents does bargain, sell, assign and transfer unto Tailored Brands, Inc., a Texas corporation (the “*Company*”), the Shares transferred pursuant to the Restricted Stock Award Agreement dated effective \_\_\_\_\_, 20\_\_\_\_, between the Company and the undersigned; ***and*** subject to and in accordance with such Restricted Stock Award Agreement the undersigned does hereby constitute and appoint the Secretary of the Company the undersigned’s true and lawful attorney, **IRREVOCABLY**, to sell, assign, transfer, hypothecate, pledge and make over all or any part of such Shares and for that purpose to make and execute all necessary acts of assignment and transfer thereof, and to substitute one or more persons with like full power, hereby ratifying and confirming all that said attorney or his substitutes shall lawfully do by virtue hereof.

***In Witness Whereof***, the undersigned has executed this Irrevocable Stock Power effective \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_

## NONQUALIFIED STOCK OPTION AGREEMENT

**Tailored Brands, Inc.**  
**2016 Long-Term Incentive Plan**

This **NONQUALIFIED STOCK OPTION AGREEMENT** (this “*Agreement*”) is made between Tailored Brands, Inc., a Texas corporation (the “*Company*”), and \_\_\_\_\_ (the “*Executive*”) effective as of \_\_\_\_\_, 20\_\_ (the “*Grant Date*”), pursuant to the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (the “*Plan*”), a copy of which previously has been made available to the Executive and the terms and provisions of which are incorporated by reference herein. Capitalized terms that are not specifically defined in this Agreement shall have the meanings ascribed to them in the Plan or the Tailored Brands, Inc. Senior Executive Change in Control Severance Plan, adopted effective September 8, 2016 (the “*Change in Control Plan*”).

**WHEREAS**, the Company desires to grant to the Executive the nonqualified stock option specified herein, subject to the terms and conditions of this Agreement; and

**WHEREAS**, the Executive desires to have the opportunity to receive from the Company a nonqualified stock option subject to the terms and conditions of this Agreement;

**NOW, THEREFORE**, in consideration of the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Grant of the Option**. Subject to the terms of the Plan and this Agreement, on the Grant Date the Company has granted to the Executive an option to purchase \_\_\_\_\_ shares of Stock (the “*Common Stock*”) at a price of \$\_\_\_\_\_ per share, subject to adjustment as provided in the Plan (the “*Option*”). The Option shall vest and become exercisable as set forth below:

(a) No portion of the Option may be exercised until the Executive has completed one (1) year of continuous employment with the Company or any Affiliate following the Grant Date.

(b) The Option shall vest and may be exercised in accordance with the following schedule:

Date of Vesting	Additional Percentage of Option Vested and Exercisable	Additional Number of Shares With Respect to Which Option May Be Exercised
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(c) To the extent not exercised, installments shall be cumulative and may be exercised in whole or in part until the Option expires and terminates as provided in Section 4 of this Agreement.

(d) In no event shall the Option be exercisable on or after the tenth anniversary of the Grant Date.

2 . ***Nontransferability.*** Except as specified below, the Option shall not be transferable or assignable by the Executive other than by will or the laws of descent and distribution, and shall be exercisable during the Executive's lifetime only by the Executive.

3 . ***No Vesting After Termination of Employment*** . In the event the Executive's employment with the Company and all Affiliates terminates for any reason, the Option shall not continue to vest after such termination of employment.

4. ***Expiration and Termination of the Option*** . The Option shall expire, terminate and become null and void as provided in this Section 4.

(a) The Option shall expire and terminate on the earlier of (i) the last day of the 10-year period commencing on the Grant Date (the "*Option General Expiration Date*") or (ii) one day less than one month after the termination of the Executive's employment with the Company and all Affiliates for any reason other than death, Disability or Retirement.

(b) In the event the Executive's employment with the Company and all Affiliates terminates as a result of the Executive's death while the Executive is employed by the Company or any Affiliate and before the Option otherwise terminates as provided in Section 4(a) of this Agreement, the Option shall expire and terminate on the earlier of (i) the Option General Expiration Date or (ii) one year following the date of the Executive's death, during which one year period the Executive's executors, administrators or any person or persons to whom the Option may be transferred by will or by the laws of descent and distribution, shall be entitled to exercise the Option in respect of the number of shares of Stock that the Executive would have been entitled to purchase had the Executive exercised the Option on the date the Executive's employment with the Company and all Affiliates terminated as a result of the Executive's death.

(c) In the event the Executive's employment with the Company and all Affiliates terminates as a result of the Executive incurring a Disability while the Executive is employed by the Company or any Affiliate and before the Option otherwise terminates as provided in Section 4(a) of this Agreement, the Option shall expire and terminate on the earlier of (i) the Option General Expiration Date or (ii) one year following the date on which the Executive's employment with the Company and all Affiliates terminates as a result of the Executive incurring a Disability, during which one year period the Executive shall be entitled to exercise the Option in respect of the number of shares of Stock that the Executive would have been entitled to purchase had the Executive exercised the Option on the date the Executive's employment with the Company and all Affiliates terminated as a result of the Executive incurring a Disability.

(d) In the event the Executive's employment with the Company and all Affiliates terminates as a result of the Executive's Retirement before the Option otherwise

terminates as provided in Section 4(a) of this Agreement, the Option shall expire and terminate on the earlier of (i) the Option General Expiration Date or (ii) one year following the date of the Executive's Retirement, during which one year period the Executive shall be entitled to exercise the Option in respect of the number of shares of Stock that the Executive would have been entitled to purchase had the Executive exercised the Option on the date of the Executive's Retirement and if the Executive dies within that one year period, any rights the Executive may have had to exercise the Option shall be exercisable by the Executive's executors, administrators or any person or persons to whom the Option may be transferred by will or by the laws of descent and distribution, as appropriate, for the remainder of such one year period.

5. ***Amendment and Waiver.*** Except as otherwise provided herein or in the Plan or as necessary to implement the provisions of the Plan, this Agreement may be amended, modified or superseded only by written instrument executed by the Company and the Executive. Only a written instrument executed and delivered by the party waiving compliance hereof shall make any waiver of the terms or conditions. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company other than the Executive. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner effect the right to enforce the same. No waiver by any party of any term or condition, or the breach of any term or condition contained in this Agreement, in one or more instances, shall be construed as a continuing waiver of any such condition or breach, a waiver of any other condition, or the breach of any other term or condition.

6. ***Not an Employment Agreement.*** The grant of the Option imposes no obligation on the Company or any Affiliate to employ the Executive for any period. This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to create an employment relationship between the Executive and the Company or any Affiliate or to guarantee the right to remain employed by the Company or any Affiliate for any specified term.

7. ***No Rights of a Shareholder.*** The Executive shall not have any rights as a shareholder with respect to any shares of Stock covered by the Option until the date of the issuance of the stock certificate or certificates to the Executive for such shares of Stock following the Executive's exercise of the Option, in whole or in part, pursuant to its terms and conditions of this Agreement and the Plan and payment for such shares of Stock and all withholding tax obligations with respect thereto. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such certificate or certificates are issued.

8. ***Limits on Exercisability.*** The Option shall not be exercisable until (a) the effective registration under the Securities Act of 1933, as amended (the "*Act*"), of the shares of Stock to be received pursuant to this Agreement (unless in the opinion of counsel for the Company such offering is exempt from registration under the Act); and (b) compliance with all other applicable laws. If the Executive is an officer or "affiliate" of the Company (as such term is defined under the Act), the Executive consents to the placing on the certificate for any shares of Stock acquired upon exercise of the Option of an appropriate legend restricting resale or other transfer of such shares of Stock, except in accordance with the Act and all applicable rules thereunder.

9. **No Fractional Shares.** All provisions of this Agreement concern whole shares of Stock. If the application of any provision hereunder would yield a fractional share of Stock, such fractional share of Stock shall be rounded down to the next whole share of Stock if it is less than 0.5 and rounded up to the next whole share of Stock if it is 0.5 or more.

10. **Tax Withholding.** To the extent that the receipt or exercise of the Option results in income to the Executive for federal, state or local income, employment or other tax purposes with respect to which the Company or any Affiliate has a withholding obligation, the Executive shall deliver to the Company at the time of such receipt or exercise, as the case may be, such amount of money as the Company or any Affiliate may require to meet its obligation under applicable tax laws or regulations, and, if the Executive fails to do so, the Company is authorized to withhold from the shares of Stock issued under this Agreement or from any cash or stock remuneration then or thereafter payable to the Executive in any capacity any tax required to be withheld by reason of such resulting income, including (without limitation) the shares of Stock, sufficient to satisfy the withholding obligation based on the Fair Market Value of the Stock on the date that the withholding obligation arises.

11. **Governing Law and Severability.** The validity, construction and performance of this Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The invalidity of any provision of this Agreement shall not affect any other provision of this Agreement, which shall remain in full force and effect.

12. **Notices.** Any offer, notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal delivery, by facsimile, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at the then current address of the Company's Principal Corporate Office, and to the Executive at the Executive's residential address indicated beneath the Executive's signature on the execution page of this Agreement, or at such other address and number as a party shall have previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile); and when delivered (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail, return receipt requested.

13. **Successors and Assigns.** This Agreement shall, except as herein stated to the contrary, bind, be enforceable by and inure to the benefit of the Company and its successors and assigns, and to the Executive, the Executive's permitted assigns, executors, administrators, agents, legal and personal representatives.

14. **Type of Option.** The Option is a nonqualified stock option which is not intended to be governed by section 422 of the Code.

15. **Acceptance of Plan Terms.** In accepting the Option and this Agreement, the Executive accepts and agrees to be bound by all the terms and conditions of the Plan.

16. **Forfeiture for Cause.** Notwithstanding any other provision of this Agreement, the Option granted hereunder shall be subject to the Forfeiture for Cause provisions contained in Section 4.7 of the Plan.

17. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original for all purposes but all of which taken together shall constitute but one and the same instrument.

18. **Effect on Other Agreements.** The parties acknowledge and agree that, with the exception of the Change in Control Plan or an employment agreement, if either or both are applicable to the Executive, the provisions of this Agreement shall supersede any and all other agreements and rights that the Executive has under any agreements or arrangements between the Executive and the Company, whether in writing or otherwise, with respect to the matters set forth herein.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Executive has executed this Agreement, all effective as of the date first above written.

**TAILORED BRANDS, INC.**

By:

Name:

Title:

**EXECUTIVE:**

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PERFORMANCE UNIT AWARD AGREEMENT**  
*Tailored Brands, Inc.*  
*2016 Long-Term Incentive Plan*

This **PERFORMANCE UNIT AWARD AGREEMENT** (this “*Agreement*”) is made by and between Tailored Brands, Inc., a Texas corporation (the “*Company*”), and \_\_\_\_\_ (the “*Executive*”) effective as of \_\_\_\_\_, 20\_\_ (the “*Grant Date*”), pursuant to the Tailored Brands, Inc. 2016 Long-Term Incentive Plan (the “*Plan*”), a copy of which previously has been made available to the Executive and the terms and provisions of which are incorporated by reference herein.

**WHEREAS**, the Company desires to grant to the Executive the Performance Units specified herein, subject to the terms and conditions of this Agreement; and

**WHEREAS**, the Executive desires to have the opportunity to receive from the Company an award of Performance Units subject to the terms and conditions of this Agreement;

**NOW, THEREFORE**, in consideration of the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Definitions.** For purposes of this Agreement, the following terms shall have the meanings indicated:

(a) “*Adjusted EPS*” shall mean diluted net earnings per share of Stock attributable to common shareholders for the fiscal year ending [\_\_\_], 20[\_\_\_], (the “[\_\_\_] *Fiscal Year*”); provided, that all items of gain, loss, or expense for the [\_\_\_] Fiscal Year determined by the Committee to be extraordinary, unusual in nature, infrequent in occurrence, related to the acquisition or disposal of a business, or related to a change in accounting principle, all as determined in accordance with standards established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 225-20, Income Statement, Extraordinary and Unusual Items, and FASB ASC 830-10, Foreign Currency Matters, overall, other applicable accounting rules, or consistent with the Company’s policies and practices on the Grant Date may be included or excluded in calculating such diluted net earnings per share of Stock attributable to common shareholders. In addition, in determining diluted net earnings per share of Stock attributable to common shareholders for the [\_\_\_] Fiscal Year, the shares of Stock outstanding used in such determination shall not be reduced for any shares of Stock repurchased by the Company during the period from the Grant Date through the last day of the [\_\_\_] Fiscal Year under any share repurchase authorization by the Board.

(b) “*Adjusted Number of Target Shares* ” shall mean the number of shares of Stock that the Executive is entitled to receive pursuant to the calculation made under the applicable provision of Section 6 of this Agreement.

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(c) “*Change in Control Plan*” shall mean the Tailored Brands, Inc. Senior Executive Change in Control Severance Plan, adopted effective September 8, 2016.

(d) “*Forfeiture Restrictions*” shall mean the prohibitions and restrictions set forth herein with respect to the sale or other disposition of the Performance Units issued to the Executive hereunder and the obligation to forfeit and surrender such Performance Units to the Company.

(e) “*Performance Unit*” shall mean a Performance Unit Award issued under Article IX of the Plan that is subject to the Forfeiture Restrictions.

(f) “*Separation From Service*” has the meaning ascribed to that term under Section 409A.

(g) “*Specified Employee*” has the meaning ascribed to that term under Section 409A.

(h) “*Termination for Cause*” shall have the meaning set forth in the Change in Control Plan.

(i) “*Termination for Good Reason*” shall have the meaning set forth in the Change in Control Plan.

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to such terms in the Plan.

2 . ***Grant of Performance Units.*** Effective as of the Grant Date, the Company hereby grants to the Executive \_\_\_\_\_ Performance Units (the “*Target Shares*”). In accepting the award of Performance Units granted in this Agreement the Executive accepts and agrees to be bound by all the terms and conditions of the Plan and this Agreement. The Company shall cause to be delivered to the Executive in electronic or certificated form any shares of Stock that are to be issued under the terms of this Agreement in exchange for Performance Units awarded hereby, and such shares of Stock shall be transferable by the Executive as provided herein (except to the extent that any proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of applicable securities law).

3 . ***Performance Units Do Not Award Any Rights Of A Shareholder*** . The Executive shall not have the voting rights or any of the other rights, powers or privileges of a holder of Stock with respect to the Performance Units that are awarded hereby. Only after a share of Stock is issued in exchange for a Performance Unit will the Executive have all of the rights of a shareholder with respect to such share of Stock issued in exchange for a Performance Unit.

4. ***Dividend Equivalent Payments.***

(a) If, during the period beginning on the Grant Date and ending on [ \_\_\_], 20[\_\_\_], the Company pays any dividends in cash with respect to the outstanding shares of Stock (a “*Cash Dividend*”), and on the payment date of any such dividend the Executive (i) is employed by the Company or a subsidiary of the Company as a common law employee and (ii) holds any

Performance Units granted under this Agreement and such Performance Units have not been forfeited to the Company or exchanged by the Company for shares of Stock, then when the Forfeiture Restrictions related to such Performance Units shall lapse in accordance with the terms of Section 6 of this Agreement, the Executive shall also be entitled to receive an amount equal to the product of (x) the number of shares of Stock to be issued in exchange for the Performance Units awarded hereby (calculated in accordance with the terms of Section 6 of this Agreement) and (y) the aggregate amount of the Cash Dividends paid per share of Stock during the period beginning on the Grant Date and ending on [\_\_\_\_], 20[\_\_\_\_] (the “*Dividend Equivalents*”). Such Dividend Equivalents will vest and become payable upon the same terms and at the same time as the Performance Units to which they relate. The Company shall pay to the Executive, in cash, an amount equal to the accrued Dividend Equivalents with respect to the Executive’s Performance Units, which payment shall be included in the Executive’s regular payroll check for the period covering the date any Forfeiture Restrictions applicable to that Performance Unit lapse or such later date described in Section 6(d) and (f) of this Agreement. Dividend Equivalent payments will be subject to tax withholding as further described in Section 9 below.

(b) If during the period the Executive holds any Performance Units granted under this Agreement the Company pays a dividend in shares of Stock with respect to the outstanding shares of Stock, then the Company will increase the number of shares of Stock to be issued in exchange for the Performance Units awarded hereby that have not then been forfeited to or exchanged by the Company for shares of Stock by an amount equal to the product of (i) the number of shares of Stock to be issued in exchange for the Performance Units awarded hereby (calculated in accordance with the terms of Section 6 of this Agreement) and (ii) the number of shares of Stock paid by the Company per share of Stock (collectively, the “*Stock Dividend Performance Units*”). Each Stock Dividend Performance Unit will be subject to the same Forfeiture Restrictions and other restrictions, limitations and conditions applicable to the Performance Unit for which such Stock Dividend Performance Unit was awarded and will be exchanged for shares of Stock at the same time and on the same basis as such Performance Unit.

5. ***Transfer Restrictions.*** The Performance Units granted hereby may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of (other than by will or the applicable laws of descent and distribution). Any such attempted sale, assignment, pledge, exchange, hypothecation, transfer, encumbrance or disposition in violation of this Agreement shall be void and the Company shall not be bound thereby. Further, any shares of Stock issued to the Executive in exchange for Performance Units awarded hereby may not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable securities laws. The Executive also agrees that the Company may (a) refuse to cause the transfer of any such shares of Stock to be registered on the applicable stock transfer records of the Company if such proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of any applicable securities law and (b) give related instructions to the transfer agent, if any, to stop registration of the transfer of such shares of Stock. The shares of Stock that may be issued under the Plan are registered with the Securities and Exchange Commission under a Registration Statement on Form S-8. A Prospectus describing the Plan and the shares of Stock is available from the Company.

6. ***Vesting and Payment.***

(a) The Performance Units that are granted hereby shall be subject to the Forfeiture Restrictions. The Executive shall have no vested interest in the Performance Units credited to his or her bookkeeping ledger account except as set forth in this Section 6. Upon the lapse of the Forfeiture Restrictions applicable to a Performance Unit that is awarded hereby or such later date provided in Section 6(d) or (f), the Company shall issue to the Executive that number of shares of Stock calculated pursuant to Section 6(b) through (i) below, as applicable, in exchange for such Performance Unit and pay the Dividend Equivalents, with respect to that number of shares of Stock issued, as provided in Section 4(a), and thereafter the Executive shall have no further rights with respect to such Performance Unit.

(b) (i) If the Executive's employment with the Company and its subsidiaries has not terminated prior to [\_\_\_], 20[\_\_\_], then on such date the "*Adjusted Number of Target Shares*" shall be calculated as follows: (A) if Adjusted EPS is less than \$[\_\_\_], the Target Shares shall be multiplied by 0%, (B) if Adjusted EPS is \$[\_\_\_], the Target Shares shall be multiplied by 50%, (C) if Adjusted EPS is \$[\_\_\_], the Target Shares shall be multiplied by 100%, (D) if Adjusted EPS is \$[\_\_\_], the Target Shares shall be multiplied by 150%, (E) if Adjusted EPS is \$[\_\_\_] or more, the Target Shares shall be multiplied by 200%, and (F) if Adjusted EPS is between \$[\_\_\_] and \$[\_\_\_] the Target Shares shall be multiplied by a percentage pro-rated based upon the foregoing range as indicated on Exhibit A. In no event will the Target Shares be multiplied by a percentage that exceeds 200%. If Adjusted EPS is below \$[\_\_\_], then the Forfeiture Restrictions on the Performance Units covered hereby shall not lapse and the Performance Units awarded hereby shall be forfeited as of the close of business on the date the Committee certifies that Adjusted EPS is below \$[\_\_\_]. The Committee shall make such adjustments to the definition of Adjusted Number of Target Shares as the Committee deems appropriate to reflect changes in the Stock made by the Company after the Grant Date.

(ii) If Adjusted EPS is \$[\_\_\_] or more, then, on [\_\_\_], 20[\_\_\_] (the "*Initial Vesting Date*"), the Forfeiture Restrictions on 50% of the Performance Units shall lapse and the Executive shall be entitled to receive that number of shares of Stock equal to 50% of the Adjusted Number of Target Shares calculated under Section 6(b)(i) above. The Forfeiture Restrictions will continue to apply to the remaining 50% of the Performance Units until they either lapse in accordance with a provision of this Section 6 or they do not lapse and result in a forfeiture of such Performance Units.

(iii) If the Executive's employment with the Company and its subsidiaries has not terminated prior to [\_\_\_], 20[\_\_\_] (the "*Final Vesting Date*"), then, on such date, the Forfeiture Restrictions on the remaining 50% of the Performance Units shall lapse and the Executive shall be entitled to receive that number of shares of Stock equal to 50% of the Adjusted Number of Target Shares calculated under Section 6(b)(i) above.

(c) Notwithstanding any other provision of this Agreement to the contrary, if the Executive is eligible to participate in the Change in Control Plan and a Change in Control occurs (i) on or before [\_\_\_], 20[\_\_\_], then the Adjusted Number of Target Shares shall be equal to the Target Shares or (ii) on or after [\_\_\_], 20[\_\_\_], then the Adjusted Number of Target Shares shall be calculated in accordance Section 6(b)(i) of this Agreement (and the Company will undertake to

require the acquirer to preserve and maintain the Company's business and accounting in all manner necessary so that all factors needed to prepare the calculations in Section 6(b)(i) will then be available). If the Executive's employment with the Company and its subsidiaries has not terminated prior to the Initial Vesting Date, then, on such date, the Forfeiture Restrictions on 50% of the Performance Units shall lapse and the Executive shall be entitled to receive that number of shares of Stock equal to 50% of the Adjusted Number of Target Shares calculated under the preceding provisions of this Section 6(c). The Forfeiture Restrictions will continue to apply to the remaining 50% of the Performance Units until they either lapse in accordance with a provision of this Section 6 or they do not lapse and result in a forfeiture of such Performance Units. If the Executive's employment with the Company and its subsidiaries has not terminated prior to the Final Vesting Date, then, on such date, the Forfeiture Restrictions on the remaining 50% of the Performance Units shall lapse and the Executive shall be entitled to receive that number of shares of Stock equal to 50% of the Adjusted Number of Target Shares calculated under the preceding provisions of this Section 6(c). Notwithstanding any other provision of this Agreement to the contrary, if a Change in Control occurs after the Initial Vesting Date, but prior to the Final Vesting Date and the Executive remains employed by the Company or a subsidiary on the Final Vesting Date, then, as of such date, the Executive shall be entitled to receive the number of shares of Stock described in Section 6(b)(iii) of this Agreement.

(d) Notwithstanding any other provision of this Agreement to the contrary, if the Executive's employment with the Company and its subsidiaries terminates before the Initial Vesting Date, and while the Executive is eligible to participate in the Change in Control Plan, and on or before [\_\_\_], 20[\_\_\_], a Change in Control occurs and on or thereafter such date the Executive's employment is terminated (i) by the Company and all subsidiaries of the Company otherwise than as a result of a Termination for Cause or (ii) by the Executive pursuant to a Termination for Good Reason, then all remaining Forfeiture Restrictions shall immediately lapse on the date of the Executive's Separation From Service and the Executive shall be entitled to receive a number of shares of Stock equal to the Target Shares in exchange for such Performance Units (x) on the date of the Executive's Separation From Service if the Executive is not a Specified Employee or (y) on the date that is six months following the Executive's Separation From Service if the Executive is a Specified Employee, and thereafter the Executive shall have no further rights with respect to such Performance Unit.

(e) Notwithstanding any other provision of this Agreement to the contrary, if the Executive's employment with the Company and its subsidiaries terminates before the Initial Vesting Date, and while the Executive is eligible to participate in the Change in Control Plan, and on or after [\_\_\_], 20[\_\_\_], a Change in Control occurs and on or thereafter such date the Executive's employment is terminated (i) by the Company and all subsidiaries of the Company otherwise than as a result of a Termination for Cause or (ii) by the Executive pursuant to a Termination for Good Reason, then on the Initial Vesting Date, the Forfeiture Restrictions on the Performance Units shall lapse and the Executive shall be entitled to receive a number of shares of Stock calculated in accordance Section 6(b)(i) of this Agreement (and the Company will undertake to require the acquirer to preserve and maintain the Company's business and accounting in all manner necessary so that all factors needed to prepare the calculations in Section 6(b)(i) will then be available).

(f) (i) Notwithstanding any other provision of this Agreement to the contrary, if the Executive is eligible to participate in the Change in Control Plan and on or before [\_\_\_], 20[\_\_\_], (A) the Company and all subsidiaries of the Company terminate the Executive's employment prior to a Change in Control (whether or not a Change in Control ever occurs) otherwise than as a result of a Termination for Cause if it occurred after a Change in Control and such termination is at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control or is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs) or (B) the Executive terminates his employment with the Company and all subsidiaries of the Company prior to a Change in Control (whether or not a Change in Control ever occurs) pursuant to a Termination for Good Reason if it occurred after a Change in Control, and such termination or the circumstance or event which constitutes a Termination for Good Reason occurs at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control or is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs), then all remaining Forfeiture Restrictions shall immediately lapse on the date of the Executive's Separation From Service and the Executive shall be entitled to receive a number of shares of Stock equal to the Target Shares in exchange for such Performance Units (x) on the date of the Executive's Separation From Service if the Executive is not a Specified Employee or (y) on the date that is six months following the Executive's Separation From Service if the Executive is a Specified Employee, and thereafter the Executive shall have no further rights with respect to such Performance Unit.

(ii) Notwithstanding any other provision of this Agreement to the contrary, if the Executive is eligible to participate in the Change in Control Plan and, after the Initial Vesting Date, but on or before the Final Vesting Date, (A) the Company and all subsidiaries of the Company terminate the Executive's employment prior to a Change in Control (whether or not a Change in Control ever occurs) otherwise than as a result of the occurrence of an event that would constitute a Termination for Cause if it occurred after a Change in Control and such termination is at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control or is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs) or (B) the Executive terminates his employment with the Company and all subsidiaries of the Company prior to a Change in Control (whether or not a Change in Control ever occurs) pursuant to a Termination for Good Reason if it occurred after a Change in Control, and such termination or the circumstance or event which constitutes a Termination for Good Reason occurs at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control or is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs), then all remaining Forfeiture Restrictions shall immediately lapse on the date of the Executive's Separation From Service and the Executive shall be entitled to receive the number of shares of Stock described in Section 6(b)(iii) of this Agreement in exchange for such Performance Units (x) on the date of the Executive's Separation From Service if the Executive is not a Specified Employee or (y) on the date that is six months following the Executive's Separation From Service if the Executive is a Specified Employee, and thereafter the Executive shall have no further rights with respect to such Performance Unit.

(g) Notwithstanding any other provision of this Agreement to the contrary, if the Executive is eligible to participate in the Change in Control Plan and on or after [\_\_\_], 20[\_\_\_], (i) the Company and all subsidiaries of the Company terminate the Executive's employment prior to a Change in Control (whether or not a Change in Control ever occurs) otherwise than as a result of the occurrence of an event that would constitute a Termination for Cause if it occurred after a Change in Control and such termination is at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control or is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs) or (ii) the Executive terminates his employment with the Company and all subsidiaries of the Company prior to a Change in Control (whether or not a Change in Control ever occurs) pursuant to a Termination for Good Reason if it occurred after a Change in Control, and such termination or the circumstance or event which constitutes a Termination for Good Reason occurs at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control or is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs), then on the Initial Vesting Date the Forfeiture Restrictions on the Performance Units shall lapse and the Executive shall be entitled to receive a number of shares of Stock calculated in accordance Section 6(b)(i) of this Agreement (and the Company will undertake to require the acquirer to preserve and maintain the Company's business and accounting in all manner necessary so that all factors needed to prepare the calculations in Section 6(b)(i) will then be available).

(h) (i) In the event the Executive's employment with the Company and its subsidiaries terminates before the Initial Vesting Date, as a result of the Executive's Retirement, then on the Initial Vesting Date, provided that the Executive does not compete with the business of the Company and its subsidiaries (as discussed further below) through such date, the Forfeiture Restrictions on the Performance Units shall lapse and the Executive shall be entitled to receive a number of shares of Stock calculated in accordance with Section 6(b)(i) of this Agreement. For purposes of this Agreement, the term "*compete with the business of the Company and its subsidiaries*" shall include the Executive's participation in any operations that compete with any business now conducted by the Company or its subsidiaries, including the sale of menswear or shoes at retail, the sale or rental of men's formal wear, the sale or rental of occupational uniforms or other corporate wear merchandise or any material line of business proposed to be conducted by the Company or one or more of its subsidiaries known to the Executive and with respect to which the Executive devoted time as part of his employment on behalf of the Company or one or more of its subsidiaries, including but not limited to the business of dry cleaning, whether such participation is individually or as an officer, director, joint venturer, agent or holder of an interest (except as a holder of a less than 1% interest in a publicly traded entity or mutual fund) of any individual, corporation, association, partnership, joint venture or other business entity so engaged and shall be applicable with respect to the United States, Canada, the United Kingdom and any other country in which the Executive would be competing with the business of the Company or its subsidiaries as set forth in this Section 6(h)(i).

(ii) In the event the Executive's employment with the Company and its subsidiaries terminates after the Initial Vesting Date, but before the Final Vesting Date, as a result of the Executive's Retirement, then on the Final Vesting Date, provided that the Executive

does not compete with the business of the Company and its subsidiaries (as described in Section 6(h)(i) above) through such date, the Forfeiture Restrictions on the Performance Units shall lapse and the Executive shall be entitled to receive the number of shares of Stock described in Section 6(b)(iii) of this Agreement.

(i) (i) Except as otherwise provided in Sections 6(c)-(h), if the Executive's employment with the Company and all of its subsidiaries terminates prior to the Initial Vesting Date, for any reason other than the death or Disability of the Executive, the Forfeiture Restrictions then applicable to the Performance Units shall not lapse and the number of Performance Units then subject to the Forfeiture Restrictions shall be forfeited to the Company on the date the Executive's employment terminates. Notwithstanding any other provision of this Agreement to the contrary, if the Executive dies or incurs a Disability before the Initial Vesting Date, and while in the active employ of the Company and/or one or more of its subsidiaries, the Executive (or in the event of Executor's death, the Executive's executors, administrators or any person or persons to whom the his estate may be transferred by will or by the laws of descent and distribution) shall be entitled to receive on the Initial Vesting Date, a number of shares of Stock calculated in accordance with Section 6(b)(i) and pro-rated from [ ], 20[ ] through the date of the termination of the Executive's employment due to death or Disability.

(ii) Except as otherwise provided in Sections 6(c)-(h), if the Executive's employment with the Company and all of its subsidiaries terminates after the Initial Vesting Date, but prior to the Final Vesting Date, for any reason other than the death or Disability of the Executive, the Forfeiture Restrictions then applicable to any remaining Performance Units shall not lapse and the number of Performance Units then subject to the Forfeiture Restrictions shall be forfeited to the Company on the date the Executive's employment terminates. Notwithstanding any other provision of this Agreement to the contrary, if the Executive dies or incurs a Disability after the Initial Vesting Date, but before the Final Vesting Date, and while in the active employ of the Company and/or one or more of its subsidiaries, the Executive (or in the event of Executor's death, the Executive's executors, administrators or any person or persons to whom the his estate may be transferred by will or by the laws of descent and distribution) shall be entitled to receive on the Final Vesting Date, the number of shares of Stock described in Section 6(b)(iii) of this Agreement.

(j) Notwithstanding any other provision of this Agreement to the contrary, in the event that the acquirer in a Change in Control fails to assume the awards granted under this Agreement, on date of such Change in Control, the Forfeiture Restrictions on the Performance Units shall lapse and the Executive shall be entitled to receive that number of shares of Stock equal to the Adjusted Number of Target Shares calculated in accordance with the applicable provisions of this Section 6.

7 . ***Capital Adjustments and Reorganizations*** . The existence of the Performance Units shall not affect in any way the right or power of the Company or any company the stock of which is awarded pursuant to this Agreement to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or its business, engage in any merger or consolidation, issue any debt or equity securities, dissolve or liquidate, or sell, lease, exchange or otherwise dispose of all or any part of its assets or business, or engage in any other corporate act or proceeding.

8. **No Fractional Shares.** All provisions of this Agreement concern whole shares of Stock. If the application of any provision hereunder would yield a fractional share of Stock, such fractional share of Stock shall be rounded down to the next whole share of Stock if it is less than 0.5 and rounded up to the next whole share of Stock if it is 0.5 or more.

9. **Tax Withholding.** To the extent that the receipt of the Performance Units, any payment in cash or shares of Stock or the lapse of any Forfeiture Restrictions results in income to the Executive for federal, state or local income, employment or other tax purposes with respect to which the Company or any Affiliate has a withholding obligation, the Executive shall deliver to the Company at the time of such receipt, payment or lapse, as the case may be, such amount of money as the Company or any Affiliate may require to meet its obligation under applicable tax laws or regulations, and, if the Executive fails to do so, the Company is authorized to withhold from the shares of Stock issued in exchange for the Performance Units, any payment in cash or shares of Stock under this Agreement or from any cash or stock remuneration then or thereafter payable to the Executive in any capacity any tax required to be withheld by reason of such resulting income, including (without limitation) shares of Stock sufficient to satisfy the withholding obligation based on the Fair Market Value of the Stock on the date that the withholding obligation arises.

10. **Nontransferability.** This Agreement is not transferable by the Executive other than by will or by the laws of descent and distribution.

11. **Employment Relationship.** For purposes of this Agreement, the Executive shall be considered to be in the employment of the Company and its Affiliates as long as the Executive has an employment relationship with the Company and its Affiliates. The Committee shall determine any questions as to whether and when there has been a termination of such employment relationship, and the cause of such termination, under the Plan and the Committee's determination shall be final and binding on all persons.

12. **Not an Employment Agreement.** This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to create an employment relationship between the Executive and the Company or any Affiliate, to guarantee the right to remain employed by the Company or any Affiliate for any specified term or require the Company or any Affiliate to employ the Executive for any period of time.

13. **Legend.** The Executive consents to the placing on the certificate for any shares of Stock issued under this Agreement in certificated form an appropriate legend restricting resale or other transfer of such shares except in accordance with the Securities Act of 1933 and all applicable rules thereunder.

14. **Notices.** Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal delivery, by facsimile, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at the then current address of the Company's Principal Corporate Office, and to the Executive at the Executive's residential address indicated beneath the Executive's signature on the execution page of this Agreement, or at such other address and number as a party shall have previously designated by written notice given to the other party in the manner hereinabove

set forth. Notices shall be deemed given when received, if sent by facsimile (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile); and when delivered (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail, return receipt requested.

15. ***Amendment and Waiver.*** Except as otherwise provided herein or in the Plan or as necessary to implement the provisions of the Plan, this Agreement may be amended, modified or superseded only by written instrument executed by the Company and the Executive. Only a written instrument executed and delivered by the party waiving compliance hereof shall make any waiver of the terms or conditions. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company other than the Executive. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner effect the right to enforce the same. No waiver by any party of any term or condition, or the breach of any term or condition contained in this Agreement, in one or more instances, shall be construed as a continuing waiver of any such condition or breach, a waiver of any other condition, or the breach of any other term or condition.

16. ***Governing Law and Severability.*** The validity, construction and performance of this Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The invalidity of any provision of this Agreement shall not affect any other provision of this Agreement, which shall remain in full force and effect.

17. ***Successors and Assigns.*** Subject to the limitations which this Agreement imposes upon the transferability of the Performance Units granted hereby and any shares of Stock issued hereunder, this Agreement shall bind, be enforceable by and inure to the benefit of the Company and its successors and assigns, and to the Executive, the Executive's permitted assigns, executors, administrators, agents, legal and personal representatives.

18. ***Counterparts.*** This Agreement may be executed in two or more counterparts, each of which shall be an original for all purposes but all of which taken together shall constitute but one and the same instrument.

19. ***Forfeiture for Cause.*** Notwithstanding any other provision of this Agreement, the Performance Units granted hereunder shall be subject to the Forfeiture for Cause provisions in Section 4.7 of the Plan.

20. ***Effect on Other Agreements.*** The parties acknowledge and agree that the provisions of this Agreement shall supersede any and all other agreements and rights that the Executive has under any employment or other agreements or arrangements between the Executive and the Company, whether in writing or otherwise, with respect to the matters set forth herein.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Executive has executed this Agreement, all effective as of the date first above written.

**TAILORED BRANDS, INC.**

By:

Name:

Title:

**EXECUTIVE:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A**

**Pro-rated Percentage By Which Target Shares Multiplied To Determine Adjusted  
Number  
of Target Shares If Adjusted EPS Is Between \$[ \_\_ ] and \$[ \_\_ ].**

Adjusted EPS	Percentage by Which Target Shares Multiplied	Adjusted EPS	Percentage by Which Target Shares Multiplied
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**TAILORED BRANDS, INC.  
SENIOR EXECUTIVE  
CHANGE IN CONTROL SEVERANCE PLAN**

**(Adopted Effective September 8, 2016)**

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**TAILORED BRANDS, INC.  
SENIOR EXECUTIVE  
CHANGE IN CONTROL SEVERANCE PLAN**

**(Adopted Effective September 8, 2016)**

**WHEREAS**, Tailored Brands, Inc., a corporation organized and existing under the laws of the State of Texas (the “*Company*”), recognizes that one of its most valuable assets is its Senior Executives;

**WHEREAS**, the Company desires to establish the Tailored Brands, Inc. Senior Executive Change in Control Severance Plan (the “*Plan*”) to provide certain severance benefits in the event that the employment of the Senior Executives of the Company is involuntarily terminated in certain circumstances in conjunction with a Change in Control of the Company;

**WHEREAS**, the Plan is intended to replace the Change of Control Agreements entered into between The Men’s Wearhouse, Inc. and its Senior Executives;

**NOW, THEREFORE**, the Company hereby adopts the Plan as set forth in the Plan effective as of September 8, 2016.

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**TAILORED BRANDS, INC.**  
**CHANGE IN CONTROL SEVERANCE PLAN**

**1. ADOPTION AND OBJECTIVE**

**1.1 Adoption.** Tailored Brands, Inc., a Texas corporation, hereby adopts, assumes and establishes this plan for its Senior Executives to be known as the “Tailored Brands, Inc. Senior Executive Change in Control Severance Plan” (as it may be amended from time to time, the “*Plan*”).

**1.2 Objective.** The Plan is designed to attract and retain the Senior Executives of the Company and the Company’s Affiliates and to reward such employees by providing replacement income and certain benefits if such individuals’ employment with the Company and the Company’s Affiliates is terminated in certain circumstances after a Change in Control.

**1.3 Purpose.** The Plan is intended to constitute the type of arrangement identified as a “severance pay arrangement” within the meaning of Section 3(2)(B)(i) of ERISA, as further elaborated in regulations promulgated by the Secretary of Labor at Title 29, Code of Federal Regulations, § 2510.3-2(b), which is subject to ERISA. No Executive shall have a vested right to the benefits under the Plan. The benefits paid by the Plan are not intended as deferred compensation nor is the Plan intended to be an “employee pension benefit plan or “pension plan” as those terms are defined in Section 3(2) of ERISA.

**2. DEFINITIONS**

As used in the Plan, the following terms and phrases shall have the meanings set forth below:

**2.1 “Accrued Obligations”** means the portion of the Base Salary accrued but unpaid through the Termination Date and compensation for earned but unused vacation time, in each case to the extent not theretofore paid.

**2 . 2 “Affiliate”** and “*Affiliates*” mean, when used with respect to any entity, individual, or other person, any other entity, individual, or other person which, directly or indirectly, through one or more intermediaries controls, or is controlled by, or is under common control with such entity, individual or person.

**2.3 “Assets”** means assets of any kind owned by the Company, including but not limited to securities of the Company’s direct and indirect subsidiaries.

**2.4 “Base Salary”** means an Executive’s base salary as in effect immediately before the occurrence of the Change in Control or as the Executive’s salary may be increased from time to time after that occurrence.

**2.5 “Benchmark Bonus”** means an Executive’s target or maximum bonus potential for the year preceding a Change in Control.

**2.6** “*Beneficial Owner*” shall have the meaning ascribed to the term in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, or any successor act.

**2.7** “*Benefit Plans*” means any bonus, incentive, profit sharing, performance, savings, retirement or pension policy, plan, program or arrangement, including, but not limited to, any deferred compensation, supplemental executive retirement or other retirement income, stock option, stock purchase, stock appreciation, restricted stock, deferred stock unit, employee stock ownership or similar policy, plan, program or arrangement of the Company (or any substitute or alternative plan) or any employee welfare benefit plan (within the meaning of Section 3(1) or ERISA) maintained by the Company.

**2.8** “*Board of Directors*” means the Board of Directors of the Company.

**2.9** “*Change in Control*” means the occurrence of any of the following events during the Term of the Plan:

(a) the individuals who are Incumbent Directors cease for any reason to constitute a majority of the members of the Board of Directors;

(b) the consummation of a Merger of the Company with another Entity, *unless*:

(1) the individuals and Entities who were the Beneficial Owners of the Voting Securities of the Company outstanding immediately prior to such Merger own, directly or indirectly, more than 50 percent of the combined voting power of the Voting Securities of either the surviving Entity or the parent of the surviving Entity outstanding immediately after such Merger in substantially the same proportions, as to each other, as their ownership of the Company’s Voting Securities immediately prior to such Merger; and

(2) the individuals who comprise the Board of Directors immediately prior to such Merger constitute a majority of the board of directors or other governing body of either the surviving Entity or the parent of the surviving Entity;

(c) any Person, other than a Specified Owner, becomes a Beneficial Owner, directly or indirectly, of securities of the Company representing 30 percent or more of the combined voting power of the Company’s then outstanding Voting Securities;

(d) a sale, transfer, lease or other disposition of all or substantially all of the Assets is consummated (an “*Asset Sale*”), *unless*:

(1) the individuals and Entities who were the Beneficial Owners of the Voting Securities of the Company immediately prior to such Asset Sale own, directly or indirectly, more than 50 percent of the combined voting power of the Voting Securities of the Entity that acquires such Assets in such Asset Sale or its parent immediately after such Asset Sale in substantially the same proportions as

their ownership of the Company's Voting Securities immediately prior to such Asset Sale; and

(2) the individuals who comprise the Board of Directors immediately prior to such Asset Sale constitute a majority of the board of directors or other governing body of either the Entity that acquired such Assets in such Asset Sale or its parent;

provided, further, that for purposes hereof, the consummation of a Merger of a Wholly-Owned Subsidiary with another Entity (other than an Entity in which the Company owns, directly or indirectly, a majority of the voting and equity interests) if the gross revenues of such Wholly-Owned Subsidiary (including the Entities wholly-owned directly or indirectly by such Wholly-Owned Subsidiary) for the twelve-month period immediately preceding the month in which the Merger occurs equal or exceed 30 percent of the consolidated gross revenues reported by the Company on the Company's consolidated financial statements for such period; or

(e) The shareholders of the Company approve a plan of complete liquidation or dissolution of the Company.

**2 . 1 0** "**Code**" means the Internal Revenue Code of 1986, as amended, or any successor act.

**2 . 1 1** "**Committee**" means, prior to a Change in Control, the Compensation Committee of the Board of Directors. After a Change in Control, "**Committee**" means (a) the individuals (not fewer than three (3) in number) who, on the date six months prior to the Change in Control constitute the Compensation Committee of the Board of Directors, plus, (b) in the event that fewer than three (3) individuals are available from the group specified in clause (a) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (b)); *provided, however*, that the maximum number of individuals constituting the Committee after a Change in Control shall not exceed six (6).

**2 . 1 2** "**Company**" means Tailored Brands, Inc., a Texas corporation, and any Successor by merger or otherwise.

**2.13** "**Disability**" means the absence of the Executive from the Executive's duties with the Company on a full-time basis for 90 calendar days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers, and acceptable to the Executive or the Executive's legal representatives; provided, however, that if there is a definition of disability used in an employment agreement between the Company and the Executive, then the definition of Disability herein shall be the same as that used in such employment agreement.

**2.14** "**Effective Date**" means September 8, 2016, the date as of which the Plan is adopted.

**2.15** “*Eligible Individual*” means an employee of the Employer designated as a “Senior Executive” in the records of the Employer, including but not limited to the Chief Executive Officer, the President, Brand Presidents, an Executive Vice President or Senior Vice President of an Employer.

**2.16** “*Employer*” means the Company or any Affiliate that adopts the Plan pursuant to the provisions of Section 9.

**2.17** “*Entity*” means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

**2.18** “*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor act.

**2.19** “*Executive*” means an individual who is eligible to participate in the Plan under the provisions of Section 3.

**2.20** “*Expiration Date*” shall have the meaning specified in the definition of the phrase “*Term of the Plan*”.

**2.21** “*Fiscal Year*” means the fiscal year of the Company.

**2.22** “Incumbent Director” means:

- (a) a member of the Board of Directors on the Effective Date; or
- (b) an individual:
  - (1) who becomes a member of the Board of Directors after the Effective Date;
  - (2) whose appointment or election by the Board of Directors or nomination for election by the Company’s shareholders is approved or recommended by a vote of at least two-thirds of the then serving Incumbent Directors (as defined herein); and
  - (3) whose initial assumption of service on the Board of Directors is not in connection with an actual or threatened election contest.

**2.23** “*Merger*” means a merger, consolidation or similar transaction.

**2.24** “*Notice of Termination*” shall mean the notice contemplated by Section 5.1 hereof which shall indicate the specific termination provision in the Plan relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated.

**2.25** “*Person*” shall have the meaning ascribed to the term in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended, or any successor act, and used in Sections 13(d)

and 14(d) thereof, including a “group” as defined in Section 13(d) thereof, except that the term shall not include (a) the Company, the Employer or any of their Affiliates, (b) a trustee or other fiduciary holding Company securities under an employee benefit plan of the Company or any of its Affiliates, (c) an underwriter temporarily holding securities pursuant to an offering of those securities or (d) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

**2.26** “*Renewal Date*” shall have the meaning specified in the definition of the phrase “*Term of the Plan.*”

**2.27** “*Section 409A*” means section 409A of the Code and the rules and regulations issued thereunder by the Internal Revenue Service and the Department of Treasury.

**2.28** “*Separation From Service*” means an Executive’s termination of employment with the Company or Employer, provided that such termination constitutes a separation from service within the meaning ascribed to such term under Section 409A.

**2.29** “*Specified Employee*” means an Executive who, as of the date of his Separation from Service, is deemed to be a “specified employee” within the meaning ascribed to that term under Section 409A.

**2.30** “*Specified Owner*” means any of the following:

- (a) the Company;
- (b) an Affiliate of the Company;
- (c) an employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate of the Company;
- (d) a Person that becomes a Beneficial Owner of the Company’s outstanding Voting Securities representing 30 percent or more of the combined voting power of the Company’s then outstanding Voting Securities as a result of the acquisition of securities directly from the Company and/or its Affiliates; or
- (e) a Person that becomes a Beneficial Owner of the Company’s outstanding Voting Securities representing 30 percent or more of the combined voting power of the Company’s then outstanding Voting Securities as a result of a Merger if the individuals and Entities who were the Beneficial Owners of the Voting Securities of the Company outstanding immediately prior to such Merger own, directly or indirectly, at least 50 percent of the combined voting power of the Voting Securities of any of the Company, the surviving Entity or the parent of the Company or the surviving Entity outstanding immediately after such Merger in substantially the same proportions as their ownership of the Voting Securities of the Company outstanding immediately prior to such Merger.

**2.31** “*Successor*” means a person with or into which the Company shall have been merged or consolidated or to which the Company shall have transferred its assets as an entirety or substantially as an entirety.

**2.32 “Term of the Plan”** means the period commencing on the Effective Date and ending on the earliest of:

(a) the last day of the three-year period beginning on the Effective Date if no Change in Control shall have occurred during that three-year period (such last day being the “**Expiration Date**”);

(b) if a Change in Control shall have occurred during (i) the three-year period beginning on the Effective Date or (ii) any period for which the Term of the Plan shall have been automatically extended pursuant to the second sentence of this definition, the last day of the two-year period beginning on the date on which the Change in Control occurred; or

(c) the date on which the Plan is terminated by the Board of Directors as provided in Section 9.

After the expiration of the time period described in subsection (a) of this definition and in the absence of a Change in Control (as described in subsection (b) of this definition) the Term of the Plan shall be automatically extended for successive two-year periods beginning on the day immediately following the Expiration Date (the beginning date of each successive two-year period being a “**Renewal Date**”), unless, not later than 18 months prior to the Expiration Date or applicable Renewal Date, the Committee shall give notice to Executives that the Term of the Plan will not be extended.

**2.33 “Termination Date”** means the date as of which an Executive incurs a Separation From Service determined in accordance with the provisions of Section 5.

**2.34 “Termination for Cause”** shall have occurred if, after a Change in Control, the Executive shall have committed: (a) gross negligence or willful misconduct in connection with the Executive’s duties or in the course of Executive’s employment with the Company or any Wholly-Owned Subsidiary, (b) an act of fraud, embezzlement or theft in connection with the Executive’s duties or in the course of Executive’s employment with the Company or any Wholly-Owned Subsidiary, (c) intentional wrongful damage to property (other than of a *de minimis* nature) of the Company or any Wholly-Owned Subsidiary, (d) intentional wrongful disclosure of secret processes or confidential information of the Company or any Wholly-Owned Subsidiary which the Executive believes or reasonably should believe will have a material adverse effect on the Company, or (e) an act leading to a conviction of a felony, or a misdemeanor involving moral turpitude. For purposes of the Plan, an act, or failure to act, on the part of the Executive shall be deemed “*intentional*” only if done, or not done, by the Executive not in good faith and without a reasonable belief that his or her action or inaction was in the best interest of the Company. Any Termination for Cause requires a resolution duly adopted by the affirmative vote of not less than three-quarters of the members of the Board of Directors then in office and eligible to vote at a meeting of the Board of Directors called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with his or her counsel, to be heard, finding that, in the good faith opinion of the Board of Directors, the Executive had committed an act set forth above and specifying

the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his or her legal representatives to contest the validity or propriety of any such determination.

**2.35 “Termination for Good Reason”** shall mean the occurrence if any of the following on or after a Change in Control: (a) a material reduction in Executive’s status, title, position or responsibilities, (b) a reduction in Executive’s Base Salary, (c) a reduction in the Executive’s target and/or maximum bonus potential to an amount less than the Executive’s Benchmark Bonus or revision to the bonus plan in any manner that materially adversely affects the Executive’s ability to achieve the maximum annual bonus potential, (d) a mandatory relocation of Executive’s employment with the Company more than fifty (50) miles from the office of the Company where the Executive was principally employed and stationed immediately prior to the Change in Control, except for travel reasonably required in the performance of Executive’s duties and responsibilities, (e) any material changes to the Benefit Plans, paid vacation days or any other non-contractual benefits that were provided to the Executive by the Company immediately before the occurrence of the Change in Control, or (f) any failure to honor any provision of any employment agreement with the Executive or failure to honor any provision of this Plan, including termination of such employment agreement (unless notice of that termination is given to the Executive as set forth in Section 5.1) or effective notice of an election to terminate at the end of the term or the extended term of such employment agreement.

**2.36 “Termination of Employment”** means the termination of an individual’s employment relationship with the Company during the Term of the Plan (whether by the individual or the Company or automatically upon the individual’s death or Disability) after the occurrence of a Change in Control.

For purposes of this definition, an individual’s employment shall be deemed to have been terminated after a Change in Control, if (a) a Change in Control occurs and (b) (i) the individual incurs a termination of employment by the Company which is not a Termination for Cause prior to a Change in Control and such termination was at the request or direction of a Person who has entered into an agreement with the Company, the consummation of which would constitute a Change in Control; (ii) the individual terminates his or her employment in a manner that constitutes a Termination for Good Reason prior to a Change in Control and the circumstance or event which constitutes the Termination for Good Reason occurs at the request or direction of a Person who has entered into an agreement with the Company, the consummation of which would constitute a Change in Control; or (iii) the individual incurs a termination of employment by the Company which is not a Termination for Cause or the individual terminates his or her employment in a manner that constitutes a Termination for Good Reason and such termination or the circumstance or event which constitutes the Termination for Good Reason is otherwise in connection with or in anticipation of a Change in Control. For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that such position is not correct.

**2.37 “Voting Securities”** means the outstanding securities entitled to vote generally in the election of directors or other governing body.

**2.38** “*Wholly-Owned Subsidiary*” means an Entity that is, directly or indirectly, wholly owned by the Company.

### **3. ELIGIBILITY**

The Company shall notify an Eligible Individual of his eligibility to participate in the Plan by furnishing him a written notification of participation.

Notwithstanding any other provision of the Plan, the Committee may discontinue an individual’s participation in the Plan at any time by providing him written notice (the “*Notice*”) that he shall no longer participate in the Plan, provided, however, that a Change in Control has not occurred and the discontinuation of the individual’s participation in the Plan is not taken in anticipation of a Change in Control. If a Change in Control occurs within 12 months after the date the Notice is provided then there shall be a rebuttable presumption that the discontinuation of the individual’s participation in the Plan was taken in anticipation of a Change in Control unless the Company rebuts such presumption by clear and convincing evidence.

Participation in the Plan shall supercede and be in lieu of any and all agreements and rights that the Executive has under any prior change in control agreements between the Executive and the Company or The Men’s Wearhouse, Inc. and/or Executive’s participation in The Men’s Wearhouse, Inc. Change in Control Severance Plan or the Tailored Brands, Inc. Vice President Change in Control Severance Plan. Participation in the Plan does not affect existing employment arrangements with the Company, if any, unless a Change in Control occurs before the expiration of the term of this Plan. In the absence of any employment agreement, the Executive’s employment shall continue to be “at will”.

### **4. BENEFITS**

**4.1 Vesting of Equity Based Compensation Following Termination of Employment.** If an Executive incurs a Termination of Employment, the Executive is entitled to the following benefits (except to the extent limited by Section 4.3):

(a) all options to acquire Voting Securities of the Company granted to an Executive prior to September 1, 2014 and continued to be held by the Executive immediately prior to a Change in Control shall become fully exercisable, notwithstanding the terms of the relevant stock option agreements and regardless of whether or not the vesting conditions set forth in the relevant stock option agreements have been satisfied in full, and shall be exercisable for the period set forth in such stock option agreement;

(b) all restrictions on any restricted Voting Securities of the Company granted to an Executive prior to September 1, 2014 which have not vested prior to a Change in Control shall be removed and the securities shall be freely transferable, notwithstanding the terms of the relevant restricted stock or securities agreements and regardless of whether the conditions set forth in the relevant restricted stock or securities agreements have been satisfied in full; and

(c) notwithstanding the terms of the relevant deferred stock unit award agreement and regardless of whether the conditions set forth in the relevant deferred

stock unit award agreement have been satisfied in full, all restrictions on any deferred stock units granted to an Executive which have not vested and are held by the Executive prior to a Change in Control shall lapse and the Company shall issue to the Executive one share of the Voting Securities of the Company in exchange for each such deferred stock unit and pay any dividend equivalents associated with such deferred stock units, (x) on the date of the Executive's Separation from Service if the Executive is not a Specified Employee or (y) on the date that is six months following the Executive's Separation from Service if the Executive is a Specified Employee.

**4.2 Benefits Following Termination of Employment.** If an Executive's employment by the Company is terminated (whether by the Executive or the Company or automatically upon the Executive's death or Disability) after the occurrence of a Change in Control, the Executive is entitled to the following benefits (except to the extent limited by Section 4.3):

( a ) **Termination for Cause or Without Good Reason.** If an Executive's employment is terminated by the Company as a result of the occurrence of an event of Termination for Cause or by an Executive before the occurrence of an event of Termination for Good Reason, then the Company will pay the Executive (A) the Accrued Obligations within 30 days after the Termination Date and (B) any other amounts or benefits provided under any plan, policy, practice, program, contract or arrangement of or provided by the Company, including, but not limited to, the Benefit Plans, which shall be governed by the terms thereof (except as explicitly modified by this Plan).

( b ) **Termination as a Result of Executive's Death.** If an Executive's employment is automatically terminated as a result of the Executive's death, then the Company will pay to the Executive's estate or beneficiaries, as applicable, (A) the Accrued Obligations within 30 days after the date of the Executive's death and (B) any other amounts or benefits provided under any plan, policy, practice, program, contract or arrangement of or provided by the Company, including, but not limited to, the Benefit Plans, which shall be governed by the terms thereof (except as explicitly modified by this Plan).

( c ) **Termination as a Result of Executive's Disability.** If an Executive's employment is automatically terminated as a result of the Executive's Disability, then the Company will pay to the Executive, as applicable, (A) the Accrued Obligations within 30 days after the Termination Date and (B) any other amounts or benefits provided under any plan, policy, practice, program, contract or arrangement of or provided by the Company, including, but not limited to, the Benefit Plans, which shall be governed by the terms thereof (except as explicitly modified by this Plan).

( d ) **Termination Without Cause or For Good Reason.** If an Executive's employment is terminated by the Company other than as a result of the occurrence of an event of Termination for Cause or by an Executive after the occurrence of an event of Termination for Good Reason, then the Executive is entitled to the following:

(1) the Company will pay to the Executive the Accrued Obligations within 30 days after the Termination Date;

(2) the Company will pay to the Executive an amount equal to two (2) times the sum of (A) the amount (including any deferred portion thereof) of the Base Salary for the Fiscal Year in which the Termination Date occurs or for the immediately preceding Fiscal Year, whichever is higher; and (B) an amount equal to the greater of (a) the Executive's target bonus for the Fiscal Year in which the Termination Date occurs and (b) the Executive's target bonus for the Fiscal Year immediately preceding the Fiscal Year in which the Termination Date occurs; provided, that (x) if the Change in Control giving rise to the payments in this Section 4.2(d)(2) constitutes a "change in control" within the meaning of Section 409A, the Company shall pay to the Executive these amounts within 30 days after the Termination Date or (y) if such Change in Control does not constitute a "change in control" within the meaning of Section 409A, the Company shall pay the amounts specified in this Section 4.2(d)(2) in equal installments over 24 months following the Termination Date in accordance with the customary payroll practices of the Company as if Executive was employed at the time, commencing on the first Company payroll date immediately following the 38th day after the Termination Date (the "**First Payment Date**"), and any installment that would have otherwise been paid pursuant to the customary payroll practices of the Company prior to the First Payment Date shall instead be accumulated and paid on the First Payment Date;

(3) The Company shall pay to the Executive, within 30 days after the Termination Date, an amount equal to the product of (A) the total monthly basic life insurance premium (both the portion paid by the Company and the portion paid by the Executive) applicable to the Executive's basic life insurance coverage on his Termination Date and (B) 24; provided, that, if a conversion option is applicable under the Company's group life insurance program, the Executive may, at his option, convert his basic life insurance coverage to an individual policy after his Termination Date by completing the forms required by the Company;

(4) the Company (at its sole expense) shall take the following actions:

(A) throughout the period beginning on the Termination Date and ending on the first to occur of the second anniversary of the Termination Date, or the date on which the Executive becomes employed on a full-time basis by another person (the "**Coverage Period**"), the Company shall maintain in effect, and not materially reduce the benefits provided by the Company's group health plan in which the Executive was a participant immediately before the Termination Date; and

(B) the Company shall arrange for the Executive's uninterrupted participation throughout the Coverage Period in the Company's

group health plan in which the Executive was a participant immediately before the Termination Date;

provided that if the Executive's participation after the Termination Date in such group health plan is not permitted by the terms of that plan, then throughout the Coverage Period, the Company (at its sole expense) shall provide the Executive with substantially the same benefits that were provided to the Executive by that plan immediately before the Termination Date. If the Executive is a Specified Employee and the benefits specified in this Section 4.2(d)(4) are taxable to the Executive and not otherwise exempt from Section 409A, the following provisions shall apply to the reimbursement or provision of such benefits. Any amounts to which the Executive would otherwise be entitled under this Section 4.2(d)(4) during the first six months following the date of the Executive's Termination Date shall be accumulated and paid to the Executive on the date that is six months following the Termination Date. The Executive shall be eligible for reimbursement for covered welfare expenses, or for the provision of such benefits on an in-kind basis, during the Coverage Period. The amount of such welfare benefit expenses eligible for reimbursement or the in-kind benefits provided under this Section 4.2(d)(4), during the Executive's taxable year will not affect the expenses eligible for reimbursement, or the in-kind benefits to be provided, in any other taxable year (with the exception of applicable lifetime maximums applicable to medical expenses or medical benefits described in section 105(b) of the Code). The Company shall reimburse an eligible welfare benefit expense that is not a nontaxable insured benefit on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred. The Executive's right to reimbursement or direct provision of benefits under this Section 4.2(d)(4) is not subject to liquidation or exchange for another benefit; and

(5) the Executive shall be entitled to any other amounts or benefits provided under any plan, policy, practice, program, contract or arrangement of or provided by the Company, including, but not limited to, the Benefit Plans, which shall be governed by the terms thereof (except as explicitly modified by this Plan).

(6) Each payment required to be made to Executive pursuant to Section 4.2 shall be made by check drawn on an account of the Company or the Successor at a bank located in the United States of America.

**4.3 Limitation on Benefits Payable.** Notwithstanding anything herein to the contrary, in the event that the Company's then current independent registered public accounting firm (the "*Accounting Firm*") shall determine that any payment or distribution of any type to or for the Executive's benefit made by the Company, by any of its affiliates, by any person who acquires ownership or effective control of the Company or ownership of a substantial portion of the Company's assets (within the meaning of Section 280G of the Code and the regulations thereunder) or by any affiliate of such person, whether paid or payable or distributed or distributable pursuant to the terms of the Plan or otherwise (collectively, the "*Total Payments*"), would be subject to the excise tax imposed by Section 4999 of Code or any interest or penalties

with respect to such excise tax (such excise tax, together with any such interest or penalties, are collectively referred to as the “*Excise Tax*”), then the Accounting Firm shall determine whether such payments or distributions or benefits shall be reduced to such lesser amount as would result in no portion of such payments or distributions or benefits being subject to the Excise Tax. Such reduction shall occur if and only to the extent that it would result in the Executive retaining, on an after-tax basis (taking into account federal, state and local income taxes, employment, social security and Medicare taxes, the imposition of the Excise Tax and all other taxes, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied (or is likely to apply) to the Executive’s taxable income for the tax year in which the transaction which causes the application of Section 280G of the Code occurs, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Executive in the relevant tax year(s) in which any of the Total Payments is expected to be made) a larger amount as a result of such reduction than the Executive would receive, on a similar after tax basis, if the Executive received all of the Total Payments. If the Accounting Firm determines that the Executive would not retain a larger amount on an after-tax basis if the Total Payments were so reduced, then the Executive shall retain all of the Total Payments. If the Total Payments are to be reduced, the reduction shall occur in the following order: (1) reduction of cash payments for which the full amount is treated as a “parachute payment” (as defined under Section 280G of the Code and the regulations thereunder); (2) cancellation of accelerated vesting (or, if necessary, payment) of cash awards for which the full amount is not treated as a parachute payment; (3) reduction of any continued employee benefits; and (4) cancellation or reduction of any accelerated vesting of equity awards. In selecting the equity awards (if any) for which vesting will be cancelled or reduced under clause (4) of the preceding sentence, awards shall be selected in a manner that maximizes the after-tax aggregate amount of reduced Total Payments provided to the Executive, provided that if (and only if) necessary in order to avoid the imposition of an additional tax under Section 409A, awards instead shall be selected in the reverse order of the date of grant. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis. The Executive and the Company shall furnish such documentation and documents as may be necessary for the Accounting Firm to perform the requisite Section 280G of the Code computations and analysis, and the Accounting Firm shall provide a written report of its determinations, hereunder, including detailed supporting calculations. If the Accounting Firm determines that aggregate Total Payments should be reduced as described above, it shall promptly notify the Executive and the Company to that effect. In the absence of manifest error, all determinations made by the Accounting Firm under this Section 6(i) shall be binding on the Executive and the Company and shall be made as soon as reasonably practicable and in no event later than thirty (30) days following the later of the Executive’s date of termination of employment or the date of the transaction which causes the application of Section 280G of the Code. The Company shall bear all costs, fees and expenses of the Accounting Firm.

To the extent requested by the Executive, the Company shall cooperate with the Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services to be provided by the Executive (including the Executive agreeing to refrain from performing services pursuant to a covenant not to compete) before, on or after the date of the transaction which causes the application of Section 280G of the Code such that payments in respect of such services may be considered to be “reasonable compensation” within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code

and/or exempt from the definition of the term “parachute payment” within the meaning of Q&A-2(a) of such final regulations in accordance with Q&A-5(a) of such final regulations.

If it is ultimately determined (by IRS private letter ruling or closing agreement, court decision or otherwise) that the Executive’s Total Payments were reduced by too much or by too little in order to accomplish the purpose of this Section 4.3, the Executive and the Company shall promptly cooperate to correct such underpayment or overpayment in a manner consistent with the purpose of this Section 4.3.

**4.4 Tax Year.** If a payment under Section 4.2 or any other provision of the Plan is payable during a period that includes more than one taxable year the Executive shall have no right to specify the taxable year during which such payment shall be made.

**4.5 Other Employment Arrangements.** Notwithstanding anything contained in this Plan to the contrary, if following the commencement of any discussion with a third person (but excluding any discussions with an investment banker, attorney, accountant or other advisor engaged by the Company) that ultimately results in a Change in Control, (i) the Executive’s employment with the Company is terminated, (ii) the Executive’s duties are materially changed or the Executive’s status and position with the Company is materially diminished, (iii) the Executive’s Base Salary is reduced, or (iv) the Executive’s annual bonus potential is reduced to an amount less than the Benchmark Bonus, then for all purposes of the Plan, such Change in Control shall be deemed to have occurred on the date immediately prior to the date of such termination, change, diminution, or reduction, and (x) any payments and benefits payable under any employment agreement between the Company and the Executive shall be paid in accordance with the terms thereof and (y) the Executive shall be entitled to receive any additional payments and benefits provided for herein or otherwise hereunder, in the manner set forth in the Plan. In the event Executive is a Specified Employee on his Termination Date, for purposes of this Section 4.5, his right to payment and form of payment under his employment agreement will be considered fixed on his Termination Date and payable under his employment agreement, even if such payments have not actually commenced as of the Change in Control. For the avoidance of doubt, any payment made or benefit provided or to be provided under any employment agreement between the Company and the Executive that is duplicative of any payment made or to be made, or benefit provided or to be provided, under the Plan, shall reduce on a dollar for dollar basis the payment to be made or benefit to be provided under the Plan; provided, however, that in the event that the payment shall be delayed pursuant to Section 409A as further described in Section 4.2(d)(2), then any payment made or benefit provided or to be provided under the Plan that is duplicative of any payment made or to be made, or benefit provided or to be provided, under any employment agreement between the Company and the Executive, shall reduce on a dollar for dollar basis the payment to be made or benefit to be provided under such employment agreement.

**4.6 Legal Fees.** If a Change in Control shall have occurred before the expiration of the Term of the Plan, then, upon demand by the Executive made to the Company, the Company shall reimburse the Executive for the reasonable expenses (including attorneys’ fees and expenses) incurred by the Executive in enforcing or seeking to enforce, in good faith, the payment of any amount or other benefit to which the Executive shall have become entitled pursuant to the Plan. Such payments under this Section 4.6 shall be made within ten (10)

business days after the delivery of the Executive's written request for the payment accompanied by such evidence of fees and expenses incurred as the Company may reasonably require. The fees or expenses that are subject to reimbursement pursuant to this Section 4.6 shall not be limited as a result of when the fees or expenses are incurred. The amounts of fees and expenses that are eligible for reimbursement pursuant to this Section 4.6 during a given taxable year of the Executive shall not affect the amount of fees and expenses eligible for reimbursement in any other taxable year of the Executive. The right to reimbursement pursuant to this Section 4.6 is not subject to liquidation or exchange for another benefit. The Executive shall repay to the Company any expenses reimbursed by the Company pursuant to this Section 4.6 if a court of competent jurisdiction shall have determined by a final, non-appealable order, that the expenses to be repaid were incurred solely by reason of the Executive not acting in good faith in incurring such expenses.

## **5. TERMINATION PROCEDURES**

**5.1 Notice of Termination.** After a Change in Control and during the Term of the Plan, any purported termination of the Executive's employment by the Company or the Executive, or any determination of Disability, shall be communicated by notice to the other party that shall indicate the specific paragraph of Section 4.2 pursuant to which the Executive is to receive benefits as a result of the termination. If the notice states that the Executive's employment by the Company has been automatically terminated as a result of the Executive's Disability, the notice shall (a) specifically describe the basis for the determination of the Executive's Disability, and (b) state the date of the determination of the Executive's Disability and the date of the termination of his employment, which date shall be not more than ten (10) days before the date such notice is given. If the notice is from the Company and states that the Executive's employment by the Company is terminated by the Company as a result of the occurrence of Termination for Cause, the notice shall specifically describe the action or inaction of the Executive that the Company believes constitutes Termination for Cause and shall be accompanied by a certified copy of the resolution satisfying the requirements of Section 2.34. If the notice is from the Executive and states that the Executive's employment by the Company is terminated by the Executive as a result of the occurrence of Termination for Good Reason, the notice shall specifically describe the action or inaction of the Company that the Executive believes constitutes Termination for Good Reason and shall be given by the Executive to the Company within ninety (90) days following the Executive's knowledge of the initial condition which the Executive believes constitutes an Event of Termination for Good Reason. Each notice given pursuant to this Section 5.1 (other than a notice stating that the Executive's employment by the Company has been automatically terminated as a result of the Executive's Disability) shall state a date, which shall be not fewer than thirty (30) days nor more than sixty (60) days after the date such notice is given, on which the termination of the Executive's employment by the Company is effective and if the notice is given by the Executive with respect to Termination for Good Reason, the Company shall have the opportunity to remedy the action or inaction that constitutes the Termination for Good Reason prior to the Termination Date stated in the notice and upon the Company doing so the notice shall be deemed withdrawn. No purported termination of the Executive's employment by the Company after a Change in Control and during the Term of the Plan shall be effective unless the Company complies with the procedures set forth in this Section 5.1.

**5.2 Dispute Concerning Termination.** If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Termination Date (as determined without regard to this Section 5.2), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Termination Date shall be extended until the earlier of (a) the date on which the Term of the Plan ends or (b) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Termination Date shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

## **6. WITHHOLDING**

The Company may withhold from any benefits paid under the Plan all income, employment, and other taxes required to be withheld under applicable law.

## **7. DEATH OF EXECUTIVE**

If an Executive dies after his Termination Date but before the Executive receives full payment of the benefits to which he is entitled, any unpaid benefits will be paid to the Executive's surviving spouse, or if the Executive does not have a surviving spouse, to the Executive's estate.

## **8. AMENDMENT AND TERMINATION**

Subject to the restrictions set forth in this Section 8, the Board of Directors may amend or terminate the Plan at any time. After a Change in Control occurs, the Plan may not be terminated or amended in any manner that would negatively affect an Executive's rights under the Plan. Further, the Board of Directors may not amend or terminate the Plan in anticipation of a Change in Control in any manner that would negatively affect an Executive's rights under the Plan. If a Change in Control occurs within 12 months after the date the Board of Directors amends or terminates the Plan then there shall be a rebuttable presumption that the amendment or termination of the Plan was made in anticipation of a Change in Control and shall not be effective in any manner that would negatively affect an Executive's rights under the Plan unless the Company rebuts such presumption by clear and convincing evidence.

## **9. ADOPTION OF PLAN BY AFFILIATES**

(a) With the written approval of the Committee, any entity that is an Affiliate may adopt the Plan by appropriate action of its board of directors or noncorporate counterpart, as evidenced by a written instrument executed by an authorized officer of such entity or an executed adoption agreement (approved by the board of directors or noncorporate counterpart of the Affiliate), agreeing to be bound by all the terms, conditions and limitations of the Plan and providing all information required by the Committee.

(b) The provisions of the Plan shall apply separately and equally to each adopting Affiliate in the same manner as is expressly provided for the Company, except that the power to appoint the Committee and the power to amend or terminate the Plan shall be exercised by the Company.

(c) For purposes of the Code and ERISA, the Plan as adopted by the Affiliates shall constitute a single plan rather than a separate plan of each Affiliate.

#### **10. DISPUTED PAYMENTS AND FAILURES TO PAY**

If the Company fails to make a payment in whole or in part as of the payment deadline specified in the Plan, either intentionally or unintentionally, other than with the express or implied consent of the Executive, the Executive shall make prompt and reasonable good faith efforts to collect the remaining portion of the payment. The Company shall pay any such unpaid benefits due to the Executive, together with interest on the unpaid benefits from the date of the payment deadline specified in the Plan at an annual rate equal to 120 percent of the applicable Federal rate provided for in section 1274(d) of the Code, within ten (10) business days of discovering that the additional monies are due and payable.

The Company shall hold harmless and indemnify the Executive on a fully grossed-up after tax basis from and against (i) any and all taxes imposed under Section 409A (and any comparable state statutes) by any taxing authority as a result of the Company's failure to comply with this Section 10 and all penalties and interest with respect to the Company's failure to comply with this Section 10, and (ii) all expenses (including reasonable attorneys', accountants', and experts' fees and expenses) incurred by the Executive due to a tax audit or litigation addressing the existence or amount of a tax liability described in clause (i); and (iii) the amount of additional taxes (including penalties and interest) imposed upon the Executive due to the Company's payment of the initial taxes penalties, interest and expenses described in clauses (i) and (ii).

The Company shall make a payment to reimburse the Executive in an amount equal to all federal, state and local taxes imposed upon the Eligible Individual that are described in clauses (i) and (iii) of the foregoing paragraph of this Section 10, including the amount of additional taxes imposed upon the Executive due to the Company's payment of the initial taxes on such amounts, by the end of the Executive's taxable year next following the Executive's taxable year in which the Executive remits the related taxes to the taxing authority. The Company shall make a payment to reimburse the Executive in an amount equal to all expenses and other amounts incurred due to a tax audit or litigation addressing the existence or amount of a tax liability pursuant to clause (ii) of the foregoing paragraph of this Section 10, by the end of Executive's taxable year following the Executive's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of the Executive's taxable year following the Executive's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation.

## 11. Forfeiture for Cause

**11.1 Forfeiture Determination.** Notwithstanding any other provision of the Plan, if a determination is made as provided in Section 11.2 (a “*Forfeiture Determination*”) that (a) the Executive, before or after the termination of the Executive’s employment with the Company and all Affiliates, (i) committed fraud, embezzlement, theft, felony or an act of dishonesty (as defined below) in the course of his employment by the Company or an Affiliate, (ii) knowingly caused or assisted in causing the publicly released financial statements of the Company to be misstated or the Company or a subsidiary of the Company to engage in criminal misconduct, (iii) disclosed trade secrets of the Company or an Affiliate or (iv) violated the terms of any non-competition, non-disclosure or similar agreement with respect to the Company or any Affiliate to which the Executive is a party; and (b) in the case of the actions described in clause (i), (iii) and (iv), such action materially and adversely affected the Company, then at or after the time such Forfeiture Determination is made the Board of Directors, in good faith, if such Forfeiture Determination is made prior to a Change in Control, or, as determined by a final, non-appealable order of a court of competent jurisdiction, if such Forfeiture Determination is made after a Change in Control, as a fair and equitable forfeiture to reflect the harm done to the Company and a reduction of the benefit bestowed on the Executive had the facts existing at the time the benefit was bestowed that led to the Forfeiture Determination been known to the Company at the time the benefit was bestowed, may determine that some or all (x) benefits payable or to be provided, or previously paid or provided, under the Plan to the Executive (including any payment previously paid to the Executive under Section 4.2 or legal expense reimbursement payment under Section 4.6), (y) cash bonuses paid on or after the Effective Date by the Company to the Executive under any plan, program, policy, practice, contract or agreement of the Company or (z) equity awards granted to the Executive under any plan, program, policy, practice, contract or agreement of the Company that vested on or after the Effective Date, will be forfeited to the Company on such terms as determined by the Board of Directors or the final, non-appealable order of a court of competent jurisdiction. For purposes of Section 11, an “*act of dishonesty*” shall require a material breach by Executive of his duties, obligations or undertakings owed to or on behalf of the Company, as determined by the Board. In determining whether a matter materially and adversely affects the Company, the Board shall be entitled to consider all relevant factors and exercise business judgment in making such determination, including but not limited to the financial consequences, adverse reputational consequences or legal consequences to the Company and/or its subsidiaries, individually or taken as a whole, as a result of such action.

**11.2 Decision-Making Authority.** A Forfeiture Determination for purposes of Section 11.1 shall be made (a) before the occurrence of a Change in Control, by a majority vote of the Board of Directors and (b) on or after the occurrence of a Change in Control, by the final, non-appealable order of a court of competent jurisdiction. The findings and decision of the Board of Directors with respect to a Forfeiture Determination made before the occurrence of a Change in Control, including those regarding the acts of the Executive and the damage done to the Company, will be final for all purposes absent a showing by clear and convincing evidence of manifest error by, or a lack of good faith on the part of, the Board of Directors; provided, that, any disagreements as to whether the Board lacked good faith or its decision resulted from manifest error shall be subject to resolution in accordance with Section 13.7 hereof. No

decision of the Board of Directors, however, will affect the finality of the discharge of the Executive by the Company or an Affiliate.

## **12. ADMINISTRATION OF THE PLAN**

**12.1 Plan Administrator.** The general administration of the Plan on behalf of the Company (as plan administrator under Section 3(16)(A) of ERISA) shall be placed with the Committee. The Committee shall have the full discretionary power and authority to construe, interpret and administer the Plan, to make eligibility determinations, to correct deficiencies in the Plan and to supply omissions. All decisions, actions and interpretations of the Committee shall be final, binding and conclusive upon the parties.

**12.2 Accounts and Records.** The Committee shall maintain such accounts and records regarding the fiscal and other transactions of the Plan and such other data as may be required to carry out its function under the Plan and to comply with applicable laws. The Plan Administrator shall prepare and file as required by law or regulation all reports, forms, documents, and other items required by ERISA, the Code and other relevant statutes, each as amended from time to time, and all regulations thereunder.

**12.3 Unfunded Status of Plan.** The Plan shall be “unfunded” for the purposes of ERISA and the Code and the benefits and payments to be paid under the plan shall be paid out of the general assets of the Company as and when payable under the Plan. All Executives shall be solely unsecured creditors of the Company. If the Company decides in its sole discretion to establish any advance reserve on its books against the future expense of the potential payments hereunder, or, if the Company decides in its sole discretion to fund a trust under the Plan, such reserve or trust shall not under any circumstances be deemed to be an asset of the Plan.

## **13. MISCELLANEOUS**

**13.1 Plan Not an Employment Contract.** The adoption and maintenance of the Plan is not a contract between the Company and its employees that gives any employee the right to be retained in its employment. Likewise, it is not intended to interfere with the rights of an Employer to terminate an employee’s employment at any time with or without notice and with or without cause or to interfere with an employee's right to terminate his employment at any time.

**13.2 Alienation Prohibited.** No benefits hereunder shall be subject to anticipation or assignment by an Executive, to attachment by, interference with, or control of any creditor of an Executive, or to being taken or reached by any legal or equitable process in satisfaction of any debt or liability of an Executive prior to its actual receipt by the Executive. Any attempted conveyance, transfer, assignment, mortgage, pledge, or encumbrance of the benefits hereunder prior to payment thereof shall be void.

**13.3 Number and Gender.** As used in the Plan, unless the context otherwise expressly requires to the contrary, references to the singular include the plural, and vice versa; references to the masculine include the feminine and neuter; references to “including” mean “including (without limitation)”; and references to Sections and clauses mean the sections and clauses of the Plan.

**13.4 Headings.** The headings of Sections herein are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

**13.5 Severability.** Each provision of the Plan may be severed. If any provision is determined to be invalid or unenforceable, that determination shall not affect the validity or enforceability of any other provision.

**13.6 Binding Effect.** The Plan shall be binding upon any successor of the Company. Further, the Board of Directors shall not authorize a Change in Control that is a merger or a sale transaction unless the purchaser or the Company's successor agrees to take such actions as are necessary to cause all Executives to be paid or provided all benefits due under the terms of the Plan as in effect immediately prior to the Change in Control.

**13.7 Claims Procedure.** All claims by an Executive for benefits under the Plan shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under the Plan shall be delivered to the Executive in writing within thirty (30) days after written notice of the claim is provided to the Company in accordance with Section 13.10 and shall set forth the specific reasons for the denial, the specific provisions of the Plan relied upon, a description of any additional material or information necessary for the Executive to perfect the claim (explaining why such material or information is needed) and shall advise the Executive of the right to appeal the decision and the procedure for doing so. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee after notification by the Committee that the Executive's claim has been denied. All appeals shall be made by the following procedure:

(a) Executive shall file with the Committee a notice appealing the denial. Such notice shall be filed within sixty (60) days of notification by the Committee of the claim denial, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.

(b) A determination of an appealed claim shall be delivered to Executive within ninety (90) days of after written notification of the appeal is received by the Committee in accordance with Section 13.10 and shall be accompanied by a written statement as to the reason or reasons therefor, the specific provisions of the Plan relied upon, a statement that the Executive is entitled to receive, upon request and free of charge, reasonable access to (and copies of) all documents, records and other information relevant to the claim and a statement of the Executive's right to bring a civil action under Section 502(a) of ERISA.

**13.8 No Mitigation.** The Company agrees that if the Executive's employment with the Company terminates during the Term of the Plan, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to the Plan. Further, except as expressly provided otherwise herein, the amount of any payment or benefit provided for in the Plan shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by

retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

**13.9 Other Amounts Due.** Except as expressly provided otherwise herein, the payments and benefits provided for in the Plan are in addition to and not in lieu of amounts and benefits that are earned by an Executive prior to his Termination Date. The Company shall pay an Executive any compensation earned through the Termination Date but not previously paid to the Executive. Further the Executive shall be entitled to any other amounts or benefits due the Executive in accordance with any contract, plan, program or policy of the Company or any of its Affiliates. Amounts that the Executive is entitled to receive under any plan, program, contract or policy of the Company or any of its Affiliates at or subsequent to the Executive's Termination Date shall be payable or otherwise provided in accordance with such plan, program, contract or policy, except as expressly modified herein.

**13.10 Notices.** For the purpose of the Plan, notices and all other communications provided for in the Plan shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, if to the Executive, to the residential address listed on the Executive's notification of participation and, if to the Company, to 6100 Stevenson Blvd, Fremont, California 94538, directed to the attention of the General Counsel of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt.

**13.11 Governing Law.** To the extent legally required, the Code and ERISA shall govern the Plan and, if any provision hereof is in violation of any applicable requirement thereof, the Company reserves the right to retroactively amend the Plan to comply therewith. To the extent not governed by the Code and ERISA, the provisions of the Plan shall be governed by the laws of the State of Texas, without reference to rules relating to conflicts of law.

**13.12 Compliance With Section 409A.** The Company intends that any amounts or benefits payable or provided under the Plan shall comply with Section 409A so as not to subject Executive to the payment of the tax, interest and any tax penalty which may be imposed under Section 409A. The provisions of the Plan shall be interpreted and administered in a manner that complies with Section 409A. The Company will not take any action or omit to take any action that would expose any payment or benefit to Executive to additional tax under Section 409A. In furtherance thereof, to the extent that any provision hereof would otherwise result in Executive being subject to payment of tax, interest and tax penalty under Section 409A, the Company agrees to amend the Plan in a manner that brings the Plan into compliance with Section 409A and preserves to the maximum extent possible economic value to the relevant payment or benefit under the Plan to Executive. Each payment in a series of payments or installments hereunder shall be treated as a separate payment for purposes of Section 409A. To the extent that a reimbursement amount is subject to Section 409A, the Company will pay Executive the reimbursement amount due, if any, in any event before the last day of Executive's taxable year following the taxable year in which the expense was incurred. Executive's rights to any reimbursements are not subject to liquidation or exchange for another benefit. The amount of expense reimbursements for which Executive is eligible during any taxable year will

not affect the amount of any expense reimbursements for which Executive is eligible in any other taxable year. Notwithstanding anything contained herein to the contrary, (i) in no event shall the Termination Date occur until Executive experiences a Separation from Service and the date upon which Separation from Service takes place shall be the “**Termination Date**” and (ii) in the event Executive is a Specified employee as of the date of his separation from service, amounts and benefits that are properly treatable as deferred compensation (within the meaning of Section 409A, and after taking into account all exclusions applicable to such payment under Section 409A) that would otherwise be payable or provided hereunder shall not be made prior to the first business day after the earlier of (x) the expiration of six months from the date of Executive’s Separation from Service for any reason other than death or (ii) the date of Executive’s death (such first business day, the “**Delayed Payment Date**”). On the Delayed Payment Date, the Company shall pay to Executive or, if has died, to his estate, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence with interest for the period commencing on the date of the Executive’s Termination Date until the date of payment of such amounts, calculated using an interest rate of eight percent (8%) per annum (the “**Interest Amount**”).

**IN WITNESS WHEREOF**, the Company has caused the Plan to be executed by its duly authorized officer effective as of September 8, 2016.

**TAILORED BRANDS, INC.**

By: /s/ DOUGLAS S. EWERT

Name: Douglas S. Ewert

Title: President and Chief Executive Officer

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