JOE'S JEANS INC.
Form 424B3
December 10, 2015

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Registration No. 333-207777

JOINT PROXY AND CONSENT SOLICITATION STATEMENT/PROSPECTUS

2340 South Eastern Avenue
Commerce, California 90040
(323) 837-3700
December 10, 2015

To the Stockholders of Joe's Jeans Inc. and Equity Holders of RG Parent LLC:

On behalf of the Board of Directors of Joe's Jeans Inc., which we refer to as the Company, and the Board of Managers of RG Parent LLC, which we refer to as RG or Robert Graham, we are pleased to deliver to you this joint proxy and consent solicitation statement/prospectus relating to, among other matters, a proposed merger transaction, described below, which is part of a series of transactions pursuant to which the Company intends to combine its Hudson® brand and business with the Robert Graham® premium lifestyle apparel brand and business.

If you are a stockholder of the Company, you are cordially invited to attend the 2015 Annual Meeting of Stockholders of the Company, which will be held at the Sofitel Hotel Los Angeles, 8555 Beverly Boulevard, Los Angeles, California 90048, on January 15, 2016. The 2015 Annual Meeting of Stockholders will begin promptly at 9:00 a.m. local time. At the annual meeting, the Company's stockholders will be asked to vote on the proposed issuance and sale by the Company of its shares of common stock in connection with the proposed merger transaction involving RG and an amendment to the Company's certificate of incorporation to effect a one-for-thirty reverse stock split, each as described below. In addition, at the annual meeting the Company's stockholders will be asked to elect directors, approve, on an advisory basis, the executive compensation of its named executive officers in connection with the merger and to ratify the appointment of our auditors. Information about this meeting and the merger is contained in the attached document, which we refer to as a joint proxy and consent solicitation statement/prospectus.

On September 8, 2015 the Company and RG entered into an agreement and plan of merger, which we refer to as the Merger Agreement, pursuant to which the Company intends to acquire all the outstanding equity interests of RG in exchange for cash and the issuance of the Company's common stock. JJ Merger Sub LLC, a wholly-owned subsidiary of the Company, will merge with and into RG, so that RG, as the surviving entity, will become a wholly-owned subsidiary of the Company, which transaction we refer to as the Merger. In the Merger, each membership interest in RG will be converted into the right to receive cash and shares of the Company's common stock. RG is a portfolio company of Tengram Capital Partners, L.P. and its principal business activity involves the design, development and marketing of luxury lifestyle brand apparel products that bear the brand Robert Graham®.

Consummation of the Merger is subject to a number of conditions described in this joint proxy and consent solicitation statement/prospectus, including, among others, approval of the Merger Agreement by RG's equity holders and the approval by the Company's stockholders of (1) the issuance of up to 15,688,675 shares of the Company's common stock (after giving effect to the reverse stock split described below) pursuant to four separate proposals consisting of (a) 8,870,968 shares of the Company's common stock issuable to holders of membership interests in RG pursuant to the Merger Agreement, (b) 1,154,194 shares of the Company's common stock issuable to holders of the Company's Convertible Notes pursuant to the Rollover Agreement as described herein, (c) 1,183,226 shares of the Company's common stock issuable upon conversion of the Modified Convertible Notes being issued pursuant to the Rollover Agreement as described herein and (d) 4,480,287 shares of the Company's common stock issuable upon the conversion of the Series A Convertible Preferred Stock being issued pursuant to the Stock Purchase Agreement in connection with the Merger as described herein; and (2) an amendment to our certificate of incorporation to effect a one-for-thirty reverse stock split of the Company's issued and outstanding common stock, which reverse stock split will not change the par value or the amount of authorized shares of our common stock. For a description of the conditions for the Merger, see the section entitled "*Summary of Merger Agreement Conditions to the Merger*" in this joint proxy and consent solicitation statement/prospectus.

If you are a holder of equity interests in RG, you are urged to complete, date and sign the enclosed written consent and promptly return it to RG. See the section entitled "*Solicitation of Written Consents From RG's Equity Holders*" beginning on page 53.

After careful consideration, the Company's Board of Directors and RG's Board of Managers have approved the Merger Agreement and the Company's Board of Directors has determined that it is advisable to enter into the Merger. The Company's Board of Directors has approved the respective proposals referred to above and recommends that the Company's stockholders vote "**FOR**" the proposals listed in this joint proxy and consent solicitation statement/prospectus by executing and returning the enclosed proxy card, voting by telephone or Internet or voting in person at the 2015 Annual Meeting of Stockholders. As more fully described in this joint proxy and consent solicitation statement/prospectus, if certain proposals are not approved, we will not be able to complete the Merger. We encourage you to read this entire joint proxy and consent solicitation statement/prospectus carefully, as well as the appendices and information included therewith.

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The Company's common stock is quoted on The NASDAQ Capital Market under the symbol "JOEZ." RG is a privately held company and there is no public market for its membership interests.

FOR A DISCUSSION OF THE RISKS RELATING TO THE MERGER AND AN INVESTMENT IN THE COMPANY'S COMMON STOCK, SEE "RISK FACTORS" BEGINNING ON PAGE 30.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the transactions described in this joint proxy and consent solicitation statement/prospectus or the securities to be issued pursuant to such transactions or determined that this joint proxy and consent solicitation statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

On behalf of the Board of Directors of the Company and the Board of Managers of RG, we thank you for your support and continued interest in our companies.

Sincerely,

Samuel J. Furrow
INTERIM CHIEF EXECUTIVE OFFICER AND
CHAIRMAN OF THE BOARD OF DIRECTORS
JOE'S JEANS INC.

William Sweedler
CHAIRMAN OF THE BOARD OF MANAGERS
RG PARENT LLC

This joint proxy and consent solicitation statement/prospectus is dated December 10, 2015, and is first being mailed on or about December 15, 2015 to the Company's common stockholders and RG's equity holders.

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JOE'S JEANS INC.

2340 South Eastern Avenue
Commerce, California 90040
(323) 837-3700

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JANUARY 15, 2016

Time and Date	9:00 a.m., local time on January 15, 2016
Place	Sofitel Hotel Los Angeles, 8555 Beverly Boulevard, Los Angeles, California 90048
Items of Business	(1) - (4) *Share Issuance Proposals* To approve, under applicable NASDAQ Listing Rules, four separate proposals for the issuance of common stock pursuant to the Merger Agreement (Proposal 1) and the Rollover Agreement (Proposal 2), common stock issuable upon conversion of the Modified Convertible Notes being issued pursuant to the Rollover Agreement (Proposal 3) and common stock issuable upon conversion of the Series A Convertible Preferred Stock being issued in connection with the Merger (Proposal 4); (5) *Reverse Stock Split Proposal* To approve an amendment to our Seventh Amended and Restated Certificate of Incorporation to effect a reverse stock split of the Company's issued and outstanding common stock such that each thirty shares of the Company's issued and outstanding common stock is reclassified into one share of the Company's issued and outstanding common stock, which reverse stock split will not change the par value or the amount of authorized shares of the Company's common stock; (6) *Director Election Proposal* To elect the five director nominees named in the attached joint proxy and consent solicitation statement/prospectus to serve on the Board of Directors until the 2016 Annual Meeting of Stockholders or until their respective successors are elected and qualified; provided, however, that if the Merger is completed the Board of Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus; (7) *Golden Parachute Say on Pay Proposal* To approve, by non-binding, advisory vote, compensation that the Company's named executive officers may receive in connection with the Merger pursuant to existing agreements or arrangements with the Company; (8) *Auditor Ratification Proposal* To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2015; and (9) To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.
Record Date	You can vote if, at the close of business on December 10, 2015, you were a holder of record of our common stock.

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Proxy Voting	All stockholders are cordially invited to attend the annual meeting in person. However, to ensure your representation at the annual meeting, you are urged to vote promptly by signing and returning the enclosed proxy card or by telephone or Internet, or if you hold your shares in street name using the voting instruction form provided by your broker, bank or nominee, or by accessing the website or toll-free number indicated on the voting instructions accompanying your proxy card to vote via the Internet or phone.
Board of Directors Recommendation	**The Board of Directors has approved the foregoing proposals and recommends that you vote:** **"FOR" each of the four Share Issuance Proposals;** **"FOR" the Reverse Stock Split Proposal;** **"FOR" each of the directors named in the Director Election Proposal;** **"FOR" Golden Parachute Say on Pay Proposal; and** **"FOR" the Auditor Ratification Proposal.**

You are requested to complete, date and sign the enclosed proxy card and promptly return it in the enclosed envelope or vote by telephone or Internet, whether or not you plan to attend the annual meeting. If you attend the meeting, you may vote in person even if you have previously submitted a proxy card. **Regardless of the number of shares you own or whether you plan to attend the annual meeting, it is important that your shares be represented and voted.** If you hold your shares in "street name" (that is, through a broker, bank or other nominee), please complete, date and sign the voting instruction form that has been provided to you by your broker, bank or other nominee and promptly return it in the enclosed envelope or review the instructions in the materials forwarded by your broker, bank or other nominee regarding the option to vote on the Internet or by telephone. If you hold your shares directly and plan to attend the meeting in person, please remember to bring a form of personal identification with you and, if you are acting as a proxy for another stockholder, please bring written confirmation from the record owner that you are acting as a proxy. If you hold your shares in "street name" and plan to attend the meeting in person, please remember to bring a form of personal identification with you and proof of beneficial ownership.

Pursuant to the rules promulgated by the Securities and Exchange Commission, or SEC, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet.

All share information set forth herein, unless otherwise noted, is after giving effect to the reverse stock split as described herein.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on January 15, 2016. This joint proxy and consent solicitation statement/prospectus, our 2014 Annual Report, and the accompanying financial statements are available free of charge at *http://www.joesjeans.com/2015proxy.*

By Order of the Board of Directors,

Samuel J. Furrow
Interim Chief Executive Officer and
Chairman of the Board of Directors

Commerce, California
December 10, 2015

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RG PARENT LLC

264 West 40th Street, 10th Floor
New York, NY 10018
(855) 214-3350

NOTICE OF SOLICITATION OF WRITTEN CONSENTS

To Equity Holders of RG Parent LLC:

This joint proxy and consent solicitation statement/prospectus is being delivered to you on behalf of the RG Board of Managers to request that holders of RG's equity interests execute and return written consents to approve the Merger Agreement.

This joint proxy and consent solicitation statement/prospectus describes the proposed Merger and the actions to be taken in connection with the Merger and provides additional information about the parties involved. Please give this information your careful attention. A copy of the Merger Agreement is attached as Appendix A to this joint proxy and consent solicitation statement/prospectus.

RG's Board of Managers has considered the Merger and the terms of the Merger Agreement and has determined that the Merger and the Merger Agreement are arms' length transactions and are in the best interests of RG and its members.

Please complete, date and sign the written consent furnished with this consent solicitation statement/prospectus and return it promptly to RG by one of the means described in the section entitled "*Solicitation of Written Consents From RG's Equity Holders*" beginning on page 53 of this joint proxy and consent solicitation statement/prospectus.

By Order of the Board of Managers,

William Sweedler
Chairman of the Board of Managers
New York, New York
December 10, 2015

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ADDITIONAL INFORMATION

This joint proxy and consent solicitation statement/prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this joint proxy and consent solicitation statement/prospectus. You may request this information, which includes copies of our annual, quarterly, and current reports, proxy statements, and other information, from us, without charge, excluding all exhibits, unless we have specifically incorporated by reference an exhibit or appendix attached to this joint proxy and consent solicitation statement/prospectus. Our stockholders and holders of membership interests in RG may obtain documents incorporated by reference in this joint proxy and consent solicitation statement/prospectus by requesting them from us in writing or by telephone at the following address or telephone number:

Joe's Jeans Inc.
Attention: Corporate Secretary
2340 South Eastern Avenue
Commerce, California 90040
(323) 837-3700

To obtain timely delivery, any request for information should be made no later than January 8, 2016.

In addition, we provide copies of our Forms 8-K, 10-K, 10-Q, Proxy Statement, and Annual Report at no charge to investors upon request and we make electronic copies of our most recently filed reports available through the investor relations section of our website at *www.joesjeans.com* as soon as reasonably practicable after filing such material with the SEC.

For a more detailed description of the information incorporated by reference into this joint proxy and consent solicitation statement/prospectus and how you may obtain it, see the section entitled "*Where You Can Find More Information*".

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ABOUT THIS JOINT PROXY AND CONSENT SOLICITATION STATEMENT/PROSPECTUS

This document forms a part of a Registration Statement on Form S-4 filed by the Company with the Securities and Exchange Commission (the "***SEC***"). This document constitutes a prospectus of the Company under Section 5 of the Securities Act of 1933, as amended (the "***Securities Act***"), with respect to the shares of the Company's common stock to be issued to RG equity holders pursuant to the Merger Agreement. In addition, this document constitutes a notice of meeting with respect to the Company's annual meeting and a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") and a consent solicitation statement of RG with respect to the approval of the Merger Agreement.

The Company and RG have not authorized anyone to give any information or make any statement about the transaction that is different from, or in addition to, that contained in this joint proxy and consent solicitation statement/prospectus or in any of the materials that the Company has attached as an appendix and incorporated by reference into this joint proxy and consent solicitation statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this joint proxy and consent solicitation statement/prospectus speaks only as of the date of this joint proxy and consent solicitation statement/prospectus unless the information specifically indicates that another date applies.

Holders of the Company's common stock who have questions about the annual meeting or how to vote or revoke their proxy please contact:

Alliance Advisors, LLC
200 Broadacres Drive, 3rd Floor
Bloomfield, NJ 07003
855-928-4483

Holders of RG's equity interests who have questions about the Merger or how to give their written consent please contact:

Robert Graham
C/O Investor Relations
264 West 40th Street, 10th Floor
New York, NY 10018
(212) 869-8001

If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint proxy and consent solicitation statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy and consent solicitation statement/prospectus does not extend to you.

As used in this joint proxy and consent solicitation statement/prospectus, the terms "we," "us," "our," and "the Company" refer to Joe's Jeans Inc. and our subsidiaries and affiliates, and the terms "RG" and "Robert Graham" refer to RG Parent LLC, a Delaware limited liability company, in each case unless the context indicates otherwise.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING, THE CONSENT SOLICITATION, THE MERGER AND RELATED TRANSACTIONS

Although we encourage you to read the joint proxy and consent solicitation statement/prospectus in its entirety, we include these "Questions and Answers" to provide background information and brief answers to several questions that you may have about this proxy and consent materials and prospectus in general.

Questions and Answers about the Merger and Related Transactions for both the Stockholders of the Company and Equity Holders of RG

Q:
Why am I receiving this joint proxy and consent solicitation statement/prospectus?

A:
This document serves as a proxy statement for stockholders of the Company, consent solicitation for the equity holders of RG and prospectus with respect to the Company's common stock.

The Company and RG have agreed to a merger transaction (the "***Merger***") in which RG will become a wholly-owned subsidiary of the Company and, upon consummation of the Merger, the RG equity holders, the holders of Convertible Notes (as defined below) and certain other third parties that will provide financing for the Merger will own, in the aggregate, approximately 86% of the issued and outstanding common stock of the Company and the existing stockholders of the Company will own, in the aggregate, approximately 14% of the issued and outstanding common stock of the Company. The terms of the Merger are set forth in an agreement and plan of merger, dated September 8, 2015 (as amended and restated effective as of September 8, 2015, the "***Merger Agreement***"). The Merger Agreement is attached to this joint proxy and consent solicitation statement/prospectus as Appendix A. You are encouraged to read this joint proxy and consent solicitation statement/prospectus, including all appendices hereto. In order to complete the Merger, among other things:

- the Company's stockholders must approve the following proposals, each of which is discussed in this joint proxy and consent solicitation statement/prospectus:
  - the Share Issuance Proposals (as defined below); and
  - the Reverse Stock Split Proposal (as defined below); and
- The equity holders of RG, which is controlled by Tengram Capital Partners, L.P. ("***TCP***"), must provide their written consent to approve the Merger Agreement;
- the SEC must declare the effectiveness of the Registration Statement on Form S-4 of which this joint proxy and consent solicitation statement/prospectus is a part and The NASDAQ Capital Market must approve the listing of the Company's common stock upon consummation of the Merger; and
- each of the Merger Transactions (as defined below) and certain ancillary transactions (including entering into the debt financing described herein) must be completed either prior to or simultaneously with the completion of the Merger.

The Board of Directors of the Company (the "***Board of Directors***" or the "***Board***") is also providing these proxy materials to the Company's stockholders in connection with our annual meeting of stockholders, which will take place on January 15, 2016. Our common stockholders are invited to attend the annual meeting and are entitled to and requested to vote on the proposals described in this joint proxy and consent solicitation statement/prospectus.

The Board of Managers of RG (the "***Board of Managers***" or the "***RG Board***") is also providing these consent materials to the equity holders of RG in connection with RG's solicitation of the written consent of such equity holders. These consent solicitation materials also constitute a

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prospectus with respect to the shares of the Company's common stock to be issued to the equity holders of RG in connection with the Merger.

Q:

What will happen in the Merger?

A:

At the closing of the Merger, JJ Merger Sub LLC ("***Merger Sub***") will merge with and into RG, with RG surviving the Merger as a wholly-owned subsidiary of the Company. RG equity holders will exchange their membership interests for cash and common stock of the Company at the closing, as described herein. As a result of the Merger, the Company will own all of the issued and outstanding membership interests of RG.

Q:

What voting power will current stockholders of the Company, former RG equity holders and other persons hold in the Company after the closing of the Merger?

A:

It is anticipated that, upon the closing of the Merger, on a fully diluted basis, the former RG equity holders will own approximately 47.5%, the preferred stock holders will own approximately 24.0%, the holders of the Company's convertible notes (the "***Convertible Notes***") will own (assuming full conversion of the Modified Convertible Notes into Company common stock) approximately 14.1%, and the current stockholders, which includes management equity holders, of the Company will own approximately 14.3% of the outstanding voting power of the Company.

Q:

What debt obligations does the Company expect to have following the consummation of the Merger?

A:

In connection with the Merger Transactions (as defined below), we expect that the Company will enter into new financing arrangements pursuant to which it will have approximately $20 million of indebtedness outstanding under a new asset-based revolving credit facility (the "***New Revolving Credit Facility***") and $50 million of indebtedness outstanding under a new term loan credit facility (the "***New Term Credit Facility***" and, together with the New Revolving Credit Facility, the "***New Credit Agreements***"), the proceeds of which will be used, among other things, to repay (i) the Company's remaining indebtedness outstanding under the amended and restated revolving credit agreement, dated September 11, 2015 (the "***Amended and Restated Revolving Credit Agreement***"), with CIT Commercial Services, Inc. ("***CIT***"), a unit of CIT Group, and certain indebtedness owed to the holders of the Convertible Notes and Joseph M. Dahan and (ii) RG's remaining indebtedness outstanding under the revolving credit agreement with JP Morgan Chase Bank, N.A.

Q:

Is the Merger the first step in a "going private" transaction?

A:

No. The primary purpose of the Merger is to merge the Hudson business with the Robert Graham business and provide RG with access to the U.S. public markets.

Q:

What conditions must be satisfied to complete the Merger?

A:

There are a number of closing conditions in the Merger Agreement, including that RG's equity holders have approved the Merger Agreement and the Company's stockholders have approved and adopted the Share Issuance Proposals (as defined below) and the Reverse Stock Split Proposal (as defined below) and completion of certain debt and equity financing transactions. For a summary of the conditions that must be satisfied or waived prior to completion of the Merger, see the section entitled "*Summary of Merger Agreement Conditions to the Merger*."

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Q:

What are the material U.S. federal income tax consequences of the Merger to the Company, Merger Sub, RG and the Company's stockholders?

A:

None of the Company, Merger Sub or RG will recognize gain or loss as a result of the Merger. Holders of the Company's common stock will not recognize gain or loss as a result of the Merger to the extent such stockholders do not exchange any of the securities they own pursuant to the Merger. See "*Material U.S. Federal Income Tax Consequences*."

Q:

What are the material U.S. federal income tax consequences of the Merger to RG's equity holders?

A:

RG's membership interests consist of (i) preferred units; (ii) voting common units; and (iii) non-voting common units (collectively, the "***RG Units***"). If, pursuant to the Merger, a U.S. holder exchanges its RG Units for the Company's common stock, then, subject to the discussion set forth in "*Material U.S. Federal Income Tax Consequences*," such U.S. holder generally will recognize gain (but not in excess of the cash received plus the excess, if any, of the amount of liabilities of RG allocable to the U.S. holder's RG Units over the U.S. holder's adjusted tax basis in such RG Units), if it is an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended (the "***Code***").

Q:

When is the Merger expected to be completed?

A:

It is currently anticipated that the Merger will be consummated promptly following the annual meeting of the Company's stockholders, provided that all other conditions to the consummation of the Merger have been satisfied or waived. For a description of the conditions to the completion of the Merger, see the section entitled "*Summary of Merger Agreement Conditions to the Merger*."

Q:

What are the Merger Transactions?

A:

In connection with the Merger, we entered into the following definitive agreements, which taken together with the Merger will result in transformative transactions that we believe will resolve the Company's financial, operational and management issues (collectively, the "***Merger Transactions***"):

- An asset purchase agreement, dated as of September 8, 2015, by and among us, Joe's Holdings LLC, a Delaware limited liability company (the "***IP Assets Purchaser***"), and solely for the purpose of its related guarantee, Sequential Brands Group, Inc., a Delaware corporation (the "***IP Asset Purchase Agreement***"), pursuant to which, on September 11, 2015, the IP Assets Purchaser purchased from us for an aggregate purchase price of $67 million certain intellectual property assets used or held for use in our business operated under the brand names "Joe's Jeans," "Joe's," "Joe's JD" and "else" (the "***Joe's Business***").

- An asset purchase agreement, dated as of September 8, 2015, by and between us and GBG USA Inc., a Delaware corporation ("***Operating Assets Purchaser***") (the "***Operating Asset Purchase Agreement***" and together with the IP Asset Purchase Agreement the "***Asset Purchase Agreements***"), pursuant to which, on September 11, 2015, the Operating Assets Purchaser purchased from us for an aggregate purchase price of $13 million certain inventory and other assets and assumed certain liabilities of ours and our subsidiaries related to the Joe's Business, including certain liabilities relating to certain employees of the Joe's Business and, at a later date, specified Joe's store leases.

- A stock purchase agreement, dated as of September 8, 2015 (the "***Stock Purchase Agreement***"), by and between us and TCP Denim, LLC, a Delaware limited liability company and affiliate of TCP, which is a controlling member of RG (the "***Series A Purchaser***"), pursuant to which we will issue and sell to the Series A Purchaser immediately prior to the consummation of the Merger an aggregate of fifty thousand (50,0000) shares of our preferred stock, par value $0.01 per share,

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designated as "Series A Convertible Preferred Stock" (the "***Series A Convertible Preferred Stock***"), representing approximately 24.0% of our common stock on an as converted, fully diluted basis after giving effect to the Merger and related Merger Transactions, for an aggregate purchase price of $50 million in cash. For more information, see "*Ancillary Agreements Stock Purchase Agreement*."

A rollover agreement, dated as of September 8, 2015 (the "***Rollover Agreement***"), by and among us and the holders of our Convertible Notes, pursuant to which we will exchange $34.2 million aggregate principal amount of our outstanding Convertible Notes, representing 100% of the outstanding principal amount of our Convertible Notes, together with all accrued and unpaid interest thereon, for a combination of approximately $8.6 million in cash, shares of our common stock, $0.10 par value per share (the "***common stock***") representing approximately 6.7% of our issued and outstanding common stock immediately after the Merger and related transactions and modified convertible notes in the aggregate principal amount of approximately $16.5 million (the "***Modified Convertible Notes***"), which, immediately after giving effect to the Merger and related transactions, would give the holders of the Modified Convertible Notes ownership of 14.1% of the combined company on an as-converted, fully diluted basis. For more information, see "*Ancillary Agreements Rollover Agreement*."

Q:

Why did the Company engage in the Asset Sale?

A:

The Asset Sale (as defined below), which was the first step in completing the Merger and related Merger Transactions, allowed the Company to repay the term loan in full and repay a significant portion of the revolving credit facility with CIT and lowered the financing requirement for the Merger, which, in turn, increased the certainty of closing the Merger and decreased the leverage of the combined company on a go forward basis.

Q:

When are the Merger Transactions expected to be completed?

A:

The sale of the intellectual property and operating assets related to the Joe's Business (the "***Asset Sale***") pursuant to the Asset Purchase Agreements was completed on September 11, 2015. The sale of the Series A Convertible Preferred Stock pursuant to the Stock Purchase Agreement and the exchange of the Convertible Notes for cash, common stock and the Modified Convertible Notes are expected to be completed at or about the effective time of the Merger (the "***Effective Time***").

Q:

What are the terms of the Series A Convertible Preferred Stock?

A:

The following is a summary of the terms of the Series A Convertible Preferred Stock as set forth in the form of certificate of designation for the Series A Convertible Preferred Stock: (i) each share of Series A Convertible Preferred Stock entitles the holder thereof to receive cumulative cash dividends, payable quarterly, at an annual rate of 10%, plus accumulated and accrued dividends thereon through such date; additionally, if the Board declares or pays a dividend on the common stock, then each holder of the Series A Convertible Preferred Stock will be entitled to receive the same cash dividend on each share of common stock underlying the preferred stock; (ii) each holder of the Series A Convertible Preferred Stock is entitled to vote on an as converted basis together with the holders of common stock as a single class on all matters put to the stockholders for a vote; (iii) for so long as shares of the Series A Convertible Preferred Stock remain outstanding, the holders of the Series A Convertible Preferred Stock, exclusively and as a separate class, will be entitled to elect (a) three (3) members of the Board as long as such holders, together with any other beneficial owner of such Series A Convertible Preferred Stock, own in aggregate, beneficially or of record and without duplication, at least $66^2/_3$% of the voting power of the Company held by such holders and other beneficial owners at the time the Series A Convertible Preferred Stock is initially issued, (b) two (2) members of the Board as long as such

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holders, together with any other beneficial owner of such Series A Convertible Preferred Stock, own in aggregate, beneficially or of record and without duplication, at least 33$^{1}/_{3}$% but less than 66$^{2}/_{3}$% of the voting power of the Company held by such holders and other beneficial owners at the time the Series A Convertible Preferred Stock is initially issued, and (c) one (1) member of the Board so long as such holders, together with any other beneficial owner of such Series A Convertible Preferred Stock, own in aggregate, beneficially or of record and without duplication, at least 5% of the outstanding voting power of the Company, but less than 33$^{1}/_{3}$% of the voting power of the Company held by such holders and other beneficial owners at the time the Series A Convertible Preferred Stock is initially issued (the "***Series A Directors***"), and such Series A Directors may only be removed without cause by the affirmative vote of the holders of a majority of the shares of Series A Convertible Preferred Stock; (iv) the holders of the Series A Convertible Preferred Stock have separate class voting rights with respects to certain matters affecting their rights; (v) upon any liquidation event, holders of the Series A Convertible Preferred Stock are entitled to receive the greater of the liquidation preference on the date of determination and the amount that would be payable to the holders of the Series A Convertible Preferred Stock had such holders converted their shares of Series A Convertible Preferred Stock into shares of common stock immediately prior to such liquidation event; and (vi) each share of the Series A Convertible Preferred Stock is convertible, at the option of the holder thereof, at any time and without the payment of additional consideration by the holder, at an initial conversion price of $11.10 (after taking into account the Reverse Stock Split (as defined below)), subject to adjustment under certain circumstances. For more information, see "*Ancillary Agreements Stock Purchase Agreement*."

Q:

What assets have we retained after completing the Asset Sale?

A:

After the completion of the Asset Sale, we continue to operate our business that remains under the Hudson® brand and will continue to operate certain retail stores under the Joe's® brand until the leases related to such stores are either transferred to the Operating Assets Purchaser or terminated.

Q:

What information is contained in this joint proxy and consent solicitation statement/prospectus?

A:

The information included in this joint proxy and consent solicitation statement/prospectus relates to the proposals to be voted on at the annual meeting, the voting process, information including compensation concerning our directors and our most highly paid executive officers, information regarding Robert Graham and the combined company (including pro forma financial information) and certain other required information.

Questions and Answers about the Annual Meeting for the Stockholders of the Company

Q:

What proposals will be voted on at the annual meeting?

A:

The proposals scheduled to be voted on at the annual meeting are:

(1) - (4) *Share Issuance Proposals* To approve, under applicable NASDAQ Listing Rules, four separate proposals for the issuance of common stock pursuant to the Merger Agreement (Proposal 1) and the Rollover Agreement (Proposal 2), common stock issuable upon conversion of the Modified Convertible Notes being issued in connection with the Rollover Agreement (Proposal 3) and common stock issuable upon conversion of the Series A Convertible Preferred Stock being issued in connection with the Merger (Proposal 4) (collectively, the "***Share Issuance Proposals***");

(5) *Reverse Stock Split Proposal* To approve an amendment to our Seventh Amended and Restated Certificate of Incorporation (the "***Current Charter***") to effect a reverse stock split (the

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"***Reverse Stock Split***") of the Company's issued and outstanding common stock such that each thirty shares of the Company's issued and outstanding common stock is reclassified into one share of the Company's issued and outstanding common stock, which reverse stock split will not change the par value or the amount of authorized shares of the Company's common stock (the "***Reverse Stock Split Proposal***");

(6) *Director Election Proposal* To elect the five director nominees named in the attached joint proxy and consent solicitation statement/prospectus to serve on the Board of Directors until the 2016 Annual Meeting of Stockholders or until their respective successors are elected and qualified; provided, however, that if the Merger is completed the Board of Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus (the "***Director Election Proposal***");

(7) *Golden Parachute Say on Pay Proposal* To approve, by non-binding, advisory vote, compensation that the Company's named executive officers may receive in connection with the Merger pursuant to existing agreements or arrangements with the Company (the "***Golden Parachute Say on Pay Proposal***");

(8) *Auditor Ratification Proposal* To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2015 (the "***Auditor Ratification Proposal***"); and

(9) To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Q:

Why are we engaging in a Reverse Stock Split?

A:

The Board of Directors determined that by increasing the market price per share of our common stock, we will meet the initial listing requirements required for listing upon consummation of the Merger and expect to maintain compliance with the continuing listing requirements. The Board of Directors has concluded that the liquidity and marketability of our common stock will be adversely affected if it is not listed on a national securities exchange as investors can find it more difficult to dispose of, or to obtain accurate quotations as to the market value of, our common stock. The Board of Directors believes that current and prospective investors will view an investment in our common stock more favorably if our common stock remains listed on The NASDAQ Capital Market. Therefore, the Board of Directors has determined it is in the best interests of the Company and our stockholders to effect the Reverse Stock Split to sustain long term compliance with the listing requirements of The NASDAQ Capital Market, including the minimum bid price requirement.

Further, obtaining approval of the Reverse Stock Split is a condition to closing that is set forth in the Merger Agreement. While the parties to the Merger Agreement may have the ability to waive this requirement, we cannot be certain that any such party would be willing to do so. As a consequence, a failure to obtain approval of the Reverse Stock Split could also jeopardize our ability to complete the Merger.

Finally, because the Reverse Stock Split will not change the amount of our authorized shares of common stock, it will have the effect of increasing the number of our authorized but unissued shares. This will help to ensure the availability of our common stock for general corporate purposes that may be identified from time to time, such as financings, acquisitions, strategic business relationships, stock dividends, including stock splits in the form of stock dividends, or issuances under our benefit plans.

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Q:

How does the Board of Directors recommend that the stockholders of the Company vote?

A:

Our Board of Directors recommends that you vote your shares:

"**FOR**" each of the four Share Issuance Proposals;

"**FOR**" the Reverse Stock Split Proposal;

"**FOR**" each of the directors named in the Director Election Proposal;

"**FOR**" the Golden Parachute Say on Pay Proposal; and

"**FOR**" the Auditor Ratification Proposal.

Q:

Have any of our stockholders agreed to vote in favor of each of the four Share Issuance Proposals and the Reverse Stock Split Proposal?

A:

Yes. On September 8, 2015, we entered into a voting agreement (the "***Voting Agreement***") with RG and Joseph M. Dahan, our former Creative Director and Director of the Company, pursuant to which Mr. Dahan has agreed to vote all of the common stock he holds in a manner so as to facilitate consummation of the Merger. As of December 10, 2015, Mr. Dahan owns shares of our common stock representing approximately 17% of our outstanding voting power. The full text of the Voting Agreement is attached to this joint proxy and consent solicitation statement/prospectus as Appendix G and is incorporated in this joint proxy and consent solicitation statement/prospectus by reference.

Q:

What shares can I vote?

A:

Each share of our common stock issued and outstanding as of the close of business on December 10, 2015 (the "***Record Date***") is entitled to vote for all proposals being voted upon at the annual meeting. You may cast one vote per share of common stock held by you as of the Record Date. These shares include shares that are (1) held directly in your name as the common stockholder of record and (2) shares held for you as the beneficial owner through a broker, bank or other nominee. As of the Record Date, we had 70,082,401 shares of common stock issued and outstanding (which excludes 106,811 shares of common stock held in a segregated brokerage account that we consider treasury shares) and 727 common stockholders of record.

Q:

What is the difference between holding shares as a common stockholder of record of the Company and as a beneficial owner?

A:

Most of our common stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and shares held through a broker, bank or other nominee, or beneficially owned.

Common Stockholder of Record

If your shares are registered directly in your name with our transfer agent, Continental Stock Transfer and Trust Company, you are considered with respect to those shares the common stockholder of record and these proxy materials are being sent directly to you by us. As the common stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the annual meeting. We have enclosed a proxy card for you to use and have provided instructions on how to vote by Internet or telephone.

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Beneficial Owner

If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares of our common stock held in street name, and these proxy materials are being forwarded to you by your broker, bank or nominee who is considered with respect to those shares the common stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote and are also invited to attend the annual meeting. However, since you are not the common stockholder of record, you may not vote these shares in person at the annual meeting unless you obtain a legal proxy from the broker, bank, or nominee that holds your shares giving you the right to vote the shares at the annual meeting. Your broker, bank or nominee has enclosed a voting instruction form for you to use in directing the broker or nominee regarding how to vote your shares. You may also be able to vote your shares by Internet or telephone as described below under "*How can I vote my shares without attending the annual meeting?*"

Q:

How can I attend the annual meeting?

A:

You are entitled to attend the annual meeting only if you are a common stockholder of record of the Company as of the close of business on the Record Date or you hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. If you are not a common stockholder of record, but hold the shares through a broker, bank or nominee (*i.e.*, in street name), you will be required to provide proof of beneficial ownership on the Record Date, such as your most recent account statement prior to the Record Date, a copy of the voting instruction form provided by your broker, bank or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the annual meeting.

Q:

How can I vote my shares in person at the annual meeting?

A:

Shares held in your name as the common stockholder of record may be voted in person at the annual meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from your broker, bank or other nominee that holds your shares giving you the right to vote the shares. ***Even if you plan to attend the annual meeting, we urge you to submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.***

Q:

How can I vote my shares without attending the annual meeting?

A:

Whether you hold your shares directly as the common stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the meeting. If you are a common stockholder of record, you may vote by submitting a proxy card, which is accompanying this joint proxy and consent solicitation statement/prospectus. If you hold shares beneficially in street name, you may vote by submitting a voting instruction form to your broker, bank or nominee. For directions on how to vote, please refer to the instructions below and those included on your proxy card, or for shares held beneficially in street name, please follow the instructions included in the proxy materials provided to you by your broker, bank or nominee or on your voting instruction form.

By Mail Our common stockholders of record may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-paid, pre-addressed envelope. Our common stockholders who hold shares beneficially in street name may vote by mail by completing, signing and dating the voting instruction form provided by their broker, bank or nominee and mailing them in the accompanying pre-paid, pre-addressed envelope.

By Internet Our common stockholders of record or those who hold shares beneficially in street name may vote by accessing the website specified on the proxy cards provided by us or the voting instruction forms provided by their brokers, banks or nominees, respectively. Please check the voting instruction form for Internet voting availability, as applicable.

By Telephone Our common stockholders of record or those who hold shares beneficially in street name may vote by telephone by calling the number specified on the proxy cards provided by us or the voting instruction forms provided by their brokers, banks or nominees, respectively. Please check the voting instruction form for telephone voting availability, as applicable.

Q:

May I change my vote?

A:

You may change your vote at any time prior to the vote at the annual meeting. If you are a common stockholder of record, you may change your vote by granting a new proxy card bearing a later date (which automatically revokes the earlier proxy), by providing written notice of revocation to our Corporate Secretary prior to your shares being voted, or by attending the annual meeting and voting in person. Attendance at the annual meeting alone will not cause your previously granted proxy to be revoked. To revoke a previously granted proxy, you must specifically request or vote in person at the annual meeting. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank or nominee, or, if you have obtained a legal proxy from your broker, bank or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Q:

Is my vote confidential?

A:

Proxy instructions, ballots and voting tabulations that identify individual common stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within our Company or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation. If a common stockholder submits a proxy card with a written comment, then that proxy card will be forwarded to our management.

Q:

How many shares must be present or represented to conduct business at the annual meeting?

A:

The quorum requirement for holding the annual meeting and for transacting business is that the holders of a majority of shares of our common stock entitled to vote must be present in person or represented by proxy. Your shares will be counted for purposes of determining if there is a quorum, whether representing votes for, against, withheld or abstained, if you:

- are present and vote at the annual meeting; or
- properly submit a proxy card or vote over the Internet or by telephone.

Abstentions and broker non-votes will be counted as present for the purpose of determining the existence of a quorum at the annual meeting.

Q:

How are the votes counted?

A:

For the election of directors, you may vote **"FOR"** all of the nominees or your vote may be **"WITHHELD"** for one or more of the nominees. For the other items of business, you may vote **"FOR," "AGAINST"** or **"ABSTAIN."** Broker non-votes and abstentions will have the effect as described in each of the proposals as described under *"What is the voting requirement to approve each of the proposals?"* If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items.

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Q:

What happens if stockholders of the Company do not give specific voting instructions?

A:

If you hold shares that are registered directly in your name with our transfer agent, and you sign and return a proxy card without giving specific voting instructions, the proxy holder will vote your shares in the manner recommended by our Board of Directors on all matters presented in this joint proxy and consent solicitation statement/prospectus, and, with respect to any other matters that properly come before the annual meeting, as the proxy holder may determine in his discretion.

If you hold your shares through a broker, bank or other nominee and you do not return a voting instruction form, your broker may vote your shares on routine matters, but not on non-routine matters. As a result, your broker may not vote your shares without receipt of a voting instruction form with respect to the Share Issuance Proposals, the Reverse Stock Split Proposal, the Director Election Proposal and the Golden Parachute Say on Pay Proposal because each such proposal is a non-routine matter, but may vote your shares without your instructions with respect to the Auditor Ratification Proposal (ratification of independent registered public accounting firm) because this matter is considered routine.

Q:

Who will count the vote?

A:

A representative of Continental Stock Transfer and Trust Company will tabulate the votes up until the morning of the meeting. At the meeting, our inspector of election will tabulate the votes.

Q:

Who will serve as inspector of election?

A:

Ms. Lori Nembirkow, our Corporate Secretary, will serve as our inspector of election.

Q:

What is the voting requirement to approve each of the proposals?

A:

The voting requirement to approve each of the proposals is as follows:

(1) - (4) *Share Issuance Proposals* Pursuant to the shareholder approval requirements of The NASDAQ Stock Market LLC ("***NASDAQ***"), each of the four Share Issuance Proposals requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Broker non-votes and abstentions will have no effect on these proposals. **Approval by our stockholders of the issuance of such securities pursuant to each of the Share Issuance Proposals is a condition to the obligations of the Company and RG to complete the Merger under the Merger Agreement and the issuance and sale of the Series A Convertible Preferred Stock under the Stock Purchase Agreement. If any one of the four Share Issuance Proposals is not approved, we cannot effect such transactions under the terms set forth in the respective agreements.**

(5) *Reverse Stock Split Proposal* The Reverse Stock Split Proposal requires the affirmative "**FOR**" vote of a majority of our issued and outstanding common stock. Broker non-votes and abstentions will have the same effect as votes against the Reverse Stock Split Proposal.

(6) *Director Election Proposal* For the Director Election Proposal, the five nominees receiving a plurality of "**FOR**" votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon will be elected. Broker non-votes and abstentions will have no effect on this proposal. Notwithstanding the foregoing, if the Merger is completed the Board of Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus.

(7) *Golden Parachute Say on Pay Proposal* The Golden Parachute Say on Pay Proposal requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or

represented by proxy at the meeting and entitled to vote thereon. Broker non-votes and abstentions will have no effect on this proposal.

(8) *Auditor Ratification Proposal* The Auditor Ratification Proposal requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Abstentions will have no effect on this proposal. If you hold your shares in street name and do not provide voting instructions to your broker, the shares may be voted on the Auditor Ratification Proposal at the discretion of your broker.

Q:

What happens if additional proposals are presented at the annual meeting?

A:

Other than the proposals described in this joint proxy and consent solicitation statement/prospectus, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the person named as proxy holder, Samuel J. (Sam) Furrow, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees for our Board of Directors is not available as a candidate, the person named as proxy holder will vote your proxy for such other candidate or candidates as may be nominated by the Board of Directors.

Q:

What should I do if I receive more than one set of voting materials?

A:

You may receive more than one set of voting materials, including multiple copies of this joint proxy and consent solicitation statement/prospectus and multiple proxy cards or voting instruction forms. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction form for each brokerage account in which you hold shares. If you are a common stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and/or voting instruction form that you receive.

Q:

Who will bear the costs of soliciting votes for the annual meeting?

A:

We are making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. To further assist in the solicitation process, we have hired Alliance Advisors, LLC as proxy solicitor to solicit proxies by personal interviews, telephone, telegram or otherwise. We have agreed to pay to them an initial fee of $7,000 and additional compensation on an as-needed basis for telephone solicitation and solicitations made by other means.

Q:

Can I access the Notice of Annual Meeting, Proxy Statement, 2014 Annual Report and the accompanying financial statements on the Internet?

A.

Yes. The Notice of Annual Meeting, Proxy Statement, 2014 Annual Report, and financial statements provided with this joint proxy and consent solicitation statement/prospectus and any other materials made available by the Company are or will be, as the case may be, available at *http://www.joesjeans.com/2015proxy*.

Q:

Where can I find the results of the annual meeting?

A:

We will announce preliminary voting results at the annual meeting and publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days after the annual meeting.

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Q:

Where can I obtain a copy of the Company's Annual Report on Form 10-K for the year ended November 30, 2014?

A:

A copy of our Annual Report on Form 10-K for the year ended November 30, 2014 and the accompanying financial statements are being mailed with this joint proxy and consent solicitation statement/prospectus and are available at *http://www.joesjeans.com/2015proxy*.

Q:

What if I share an address with another common stockholder?

A:

In some instances, we may deliver to multiple common stockholders sharing a common address only one copy of this joint proxy and consent solicitation statement/prospectus and its attachments. If requested by phone or in writing, we will promptly provide a separate copy of the joint proxy and consent solicitation statement/prospectus and its attachments to a common stockholder sharing an address with another common stockholder. Requests by phone should be directed to our Corporate Secretary at (323) 837-3700 and requests in writing should be sent to Joe's Jeans Inc., Attention: Corporate Secretary, 2340 South Eastern Avenue, Commerce, California 90040. Our common stockholders sharing an address who currently receive multiple copies and wish to receive only a single copy should contact their broker or send a signed, written request to us at the address above.

Q:

What is the deadline to submit stockholder proposals, including director nominations, to be brought before the 2016 Annual Meeting of Stockholders?

A:

If any of our stockholders intends to present a proposal, including a director nomination, for consideration at the 2016 Annual Meeting of Stockholders without inclusion in the proxy statement and form of proxy, our Amended and Restated Bylaws ("***Bylaws***") provide that a stockholder must provide written notice to the Secretary of the Company no later than the close of business on the 90th day and no earlier than the opening of business on the 120th day before the anniversary of the preceding annual stockholder's meeting; provided, however, that if the annual meeting is set more than 30 days earlier or more than 60 days later than such anniversary date, notice by the stockholder must be received no earlier than the opening of business on the 120th day before the meeting and no later than the later of the close of business on the 90th day before the meeting or the close of business on the 10th day following public disclosure of the date of the annual meeting. Any such written notice must comply with and include the information requirements set forth in our Bylaws. We expect to hold our 2016 Annual Meeting of Stockholders in or around May or June 2016. Any stockholder proposal (other than director nominations) will be deemed to have satisfied the advance notice requirements if the stockholder has notified the Company of their intention to present a proposal at an annual meeting in compliance with Rule 14a-8 under the Exchange Act of 1934 and such stockholder's proposal has been included in the Company's proxy statement.

Pursuant to Rule 14a-8 under the Exchange Act, some stockholder proposals may be eligible for inclusion in our 2016 proxy statement. Any such stockholder proposals must be submitted in writing to and received by the Corporate Secretary of the Company at 2340 South Eastern Avenue, Commerce, California 90040 a reasonable time before the Company begins to print and send its proxy materials for the 2016 Annual Meeting of Stockholders. We expect to hold our 2016 Annual Meeting of Stockholders in or around May or June 2016. Such proposals may be submitted by eligible stockholders and must comply with the relevant regulations of the SEC regarding stockholder proposals. The submission of a stockholder proposal does not guarantee that it will be included in our proxy statement.

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Q:
How do I recommend a candidate for election as a director?

A:
The Board will consider individuals identified by stockholders on the same basis as nominees identified from other sources. To nominate a director for the 2016 Annual Meeting of Stockholders, a stockholder must follow the procedures described in the Company's Bylaws, which require written notice to be received within specific timeframes and must include specific information requirements, as discussed in the previous question.

Q:
How can I communicate with the Board of Directors?

A:
Stockholders may contact an individual director, the Board of Directors as a group, or a specified Board of Directors committee or group, including the independent directors as a group, by mail, addressed to our corporate office at 2340 South Eastern Avenue, Commerce, California 90040, or by email addressed to *board@joesjeans.com*. Each communication should specify the applicable addressee(s) to be contacted, as well as the general topic of the communication. The Secretary will initially receive and process communications before forwarding them to the addressee. Our policy on communications with the Board of Directors is contained in our Corporate Governance Guidelines, which can be found on our website at *www.joesjeans.com* under our Investor Relations heading.

Questions and Answers about the Consent Solicitation Statement for the Equity Holders of RG

Q:
What am I asked to approve?

A:
You are being asked to approve the Merger Agreement and the transactions contemplated by the Merger Agreement.

Q:
Who is entitled to give a written consent?

A:
The holders of RG's preferred units and voting common units are entitled to sign and deliver written consents with respect to the Merger Agreement.

Q:
How can I give my consent?

A:
You may give your consent by completing, dating and signing the written consent enclosed with this joint proxy and consent solicitation statement/prospectus and returning it to RG by faxing it to RG, Attention: Scott Vogel, at (212) 869-5965, by emailing a .pdf copy to svogel@robertgraham.us or by mailing it to 264 West 40th Street, 8th Floor, New York, NY 10018.

Q:
What approval is required to approve the Merger Agreement?

A:
The consent of the holders of RG's preferred units who own, collectively, more than fifty percent (50%) of the interest in the profits of RG owned by such holders and the consent of the holders of RG's voting common units who own, collectively, more than fifty percent (50%) of the interest in the profits of RG owned by such holders are required to approve the Merger Agreement.

Effective as of the date of the Merger Agreement, TCP RG, LLC, a Delaware limited liability company and affiliate of TCP (the "***Preferred Member***"), entered into a voting agreement with the Company. Under the voting agreement, the Preferred Member agreed, promptly following its receipt of this joint proxy and consent solicitation statement/prospectus as declared effective by the SEC, to execute and deliver a written consent with respect to the preferred units held by the Preferred Member and, if necessary, to seek enforcement of the applicable provisions under RG's limited liability company agreement to cause the holders of RG's voting common units to give their consent to approve the Merger Agreement.

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Q:

What is the deadline for returning my written consent?

A:

The Board of Managers has set 12:00 noon, New York City time, on January 15, 2016 as the target date for the receipt of written consents. RG reserves the right to extend the final date for the receipt of written consents beyond January 15, 2016. Any such extension may be made without notice to the equity holders of RG. Once a sufficient number of consents to approve the Merger Agreement has been received, the consent solicitation will conclude.

Q:

Who can help answer my questions?

A:

If you have any questions about the Merger or how to return your written consent, or if you need additional copies of this joint proxy and consent solicitation statement/prospectus or a replacement written consent, you should contact Scott Vogel by phone at (212) 869-8001 or by email to svogel@robertgraham.us or by mailing request to 264 West 40th Street, 8th Floor, New York, NY 10018.

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SUMMARY

This summary highlights selected information from this joint proxy and consent solicitation statement/prospectus. Because this is a summary, it does not contain all of the information that may be important to you. You should carefully read this entire document and the other documents we refer to in this document before you decide how to vote or whether to provide your consent, as applicable. These references will give you a more complete description of the Merger Agreement and the related transactions and the other matters to be considered by the stockholders of the Company at our annual meeting. We have included page references in this summary to direct you to more complete descriptions of the topics provided elsewhere in this joint proxy and consent solicitation statement/prospectus. References to "the Company," "we," "our" or "us" in this joint proxy and consent solicitation statement/prospectus refer to Joe's Jeans Inc. and its subsidiaries and affiliates, and references to "RG" and "Robert Graham" refer to RG Parent LLC, a Delaware limited liability company, and its subsidiaries, in each case unless otherwise indicated by the context.

Why You Are Receiving this Joint Proxy and Consent Solicitation Statement/Prospectus

This joint proxy and consent solicitation statement/prospectus is:

- a proxy statement of the Company for use in the solicitation of proxies from the Company's stockholders for its annual meeting;
- a consent solicitation statement of RG for the use in the solicitation of consents from the equity holders of RG; and
- a prospectus of the Company relating to the issuance of shares of our common stock to the equity holders of RG in exchange for membership interests of RG pursuant to the Merger Agreement.

Annual Meeting/Proposals (Page 54)

The annual meeting of the Company's stockholders will be held at 9:00 a.m. local time on January 15, 2016, at the Sofitel Hotel Los Angeles, 8555 Beverly Boulevard, Los Angeles, California 90048 for the following purposes:

(1) - (4) *Share Issuance Proposals* To approve, under applicable NASDAQ Listing Rules, four separate proposals for the issuance of common stock pursuant to the Merger Agreement (Proposal 1) and the Rollover Agreement (Proposal 2), common stock issuable upon conversion of the Modified Convertible Notes being issued pursuant to the Rollover Agreement (Proposal 3) and common stock issuable upon conversion of the Series A Convertible Preferred Stock being issued in connection with the Merger (Proposal 4);

(5) *Reverse Stock Split Proposal* To approve an amendment to our Current Charter to effect the Reverse Stock Split of the Company's issued and outstanding common stock such that each thirty shares of the Company's issued and outstanding common stock is reclassified into one share of the Company's issued and outstanding common stock, which reverse stock split will not change the par value or the amount of authorized shares of the Company's common stock;

(6) *Director Election Proposal* To elect the five director nominees named in the attached joint proxy and consent solicitation statement/prospectus to serve on the Board of Directors until the 2016 Annual Meeting of Stockholders or until their respective successors are elected and qualified; provided, however, that if the Merger is completed the Board of Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus;

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(7) *Golden Parachute Say on Pay Proposal* To approve, by non-binding, advisory vote, compensation that the Company's named executive officers may receive in connection with the Merger pursuant to existing agreements or arrangements with the Company;

(8) *Auditor Ratification Proposal* To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2015; and

(9) To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Who Can Vote? (Page 55)

Stockholders of the Company can vote if, at the close of business on the Record Date, they were a holder of record of our common stock. Holders of our common stock are entitled to one vote at the annual meeting for each share of common stock held that was issued and outstanding as of the Record Date. On the Record Date, there were 70,082,401 shares of common stock issued and outstanding (which excludes 106,811 shares of common stock held in a segregated brokerage account that we consider treasury shares) and 727 common stockholders of record.

All stockholders are cordially invited to attend the annual meeting in person. However, to ensure stockholders of the Company are represented at the annual meeting, they are urged to vote promptly by signing and returning the enclosed proxy card or by telephone or Internet, or if they hold their shares in street name using the voting instruction form provided by their broker, bank or nominee, or by accessing the website or toll-free number indicated on the voting instructions accompanying your proxy card to vote via the Internet or phone.

The Board of Directors is seeking the proxy of the Company's stockholders to use at the annual meeting. We have prepared this joint proxy and consent solicitation statement/prospectus to assist them in deciding how to vote and whether or not to grant their proxy. Stockholders of the Company are urged to indicate on their proxy card or voting instruction card how they want to vote. Then sign, date and mail the proxy card or voting instruction card as soon as possible so that their shares will be represented at the annual meeting.

If stockholders of the Company sign, date and mail their proxy card or voting instruction card without indicating how they wish to vote, their proxy will be counted as a vote **"FOR"** each of the four Share Issuance Proposals, **"FOR"** the Reverse Stock Split Proposal, **"FOR"** each of the five director nominees named in the Director Election Proposals, **"FOR"** the advisory Golden Parachute Say on Pay Proposal, **"FOR"** the Auditor Ratification Proposal.

Common stockholders of record may change their vote by granting a new proxy card bearing a later date (which automatically revokes the earlier proxy), by providing written notice of revocation to our Corporate Secretary prior to their shares being voted.

Stockholders cannot vote shares held by their brokers in "street name." Only the stockholders' brokers can vote those shares, with the stockholders' instructions. Stockholders who do not provide their broker with instructions on how to vote their shares will not be permitted to vote their shares other than on the Auditor Ratification Proposal.

Who Can Give Consent? (Page 53)

The Board of Managers is seeking the consent of its equity holders to approve the Merger Agreement. This joint proxy and consent solicitation statement/prospectus has been prepared to assist equity holders of RG in deciding whether to give their consent.

The holders of RG's preferred units and voting common units are entitled to sign and deliver written consents with respect to the Merger Agreement. Such equity holders of RG may give their consent by completing, dating and signing the written consent enclosed with this consent solicitation statement/prospectus and returning it to RG by faxing it to RG, Attention: Scott Vogel, at (212) 869-5965, by emailing a .pdf copy to svogel@robertgraham.us or by mailing it to 264 West 40th Street, 8th Floor, New York, NY10018.

Voting Requirement (Page 56)

The voting requirement to approve each of the proposals is as follows:

(1) - (4) *Share Issuance Proposals* Pursuant to the shareholder approval requirements of NASDAQ, each of the four Share Issuance Proposals requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Broker non-votes and abstentions will have no effect on these proposals. **Approval by our stockholders of the issuance of such securities pursuant to each of the Share Issuance Proposals is a condition to the obligations of the Company and RG to complete the Merger under the Merger Agreement and the issuance and sale of the Series A Convertible Preferred Stock under the Stock Purchase Agreement. If any one of the four Share Issuance Proposals is not approved, we cannot effect such transactions under the terms set forth in the respective agreements.**

(5) *Reverse Stock Split Proposal* The Reverse Stock Split Proposal requires the affirmative "**FOR**" vote of a majority of our issued and outstanding common stock. Broker non-votes and abstentions will have the same effect as a vote against the Reverse Stock Split Proposal.

(6) *Director Election Proposal* For the Director Election Proposal, the five nominees receiving a plurality of "**FOR**" votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon will be elected. Broker non-votes and abstentions will have no effect on this proposal. Notwithstanding the foregoing, if the Merger is completed the Board of Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus.

(7) *Golden Parachute Say on Pay Proposal* The Golden Parachute Say on Pay Proposal requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Broker non-votes and abstentions will have no effect on this proposal.

(8) *Auditor Ratification Proposal* The Auditor Ratification Proposal requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Abstentions will have no effect on this proposal. If you hold your shares in street name and do not provide voting instructions to your broker, the shares may be voted on the Auditor Ratification Proposal at the discretion of your broker.

Consent Requirement (Page 53)

The consent of the holders of RG's preferred units who own, collectively, more than fifty percent (50%) of the interest in the profits of RG owned by such equity holders and the consent of the holders of RG's voting common units who own, collectively, more than fifty percent (50%) of the interest in the profits of RG owned by such equity holders are required to approve the Merger Agreement.

Effective as of the date of the Merger Agreement, the Preferred Member entered into a voting agreement with the Company. Under the voting agreement, the Preferred Member agreed, promptly following its receipt of this joint proxy and consent solicitation statement/prospectus as declared effective by the SEC, to execute and deliver a written consent with respect to the preferred units held by the Preferred Member and, if necessary, to seek enforcement of the applicable provisions under

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RG's limited liability company agreement to cause the holders of RG's voting common units to give their consent to approve the Merger Agreement.

The Companies

Joe's Jeans Inc. (Page 151)

The Company's principal business activity is the design, development and worldwide marketing of apparel products, which include denim jeans, related casual wear and accessories that bear the brand Hudson®. Hudson was established in 2002, and the brand is recognized in the premium denim industry, an industry term for denim jeans with price points generally of $120 or more, for its quality, fit and fashion-forward designs of women's and men's premium branded denim apparel. Because we focus on design, development and marketing, we rely on third parties to manufacture our apparel products. We sell our products through to numerous retailers, which include major department stores, specialty stores and distributors around the world.

RG (Page 159)

RG is a portfolio company of TCP and its principal business activity involves the design, development and marketing of luxury lifestyle brand apparel products that bear the brand Robert Graham®. Since its launch in 2001, RG was created on the premise of introducing sophisticated, eclectic style to the fashion market as an American-based company with an intention of inspiring a global movement. RG received the 2014 "Menswear Brand of the Year" award from the American Apparel & Footwear Association. As of November 30, 2015, RG operates freestanding stores in 30 locations nationwide. The brand also sells at luxury department stores and boutiques, and it has showrooms located in New York City, Los Angeles, Dallas, Toronto, Montreal, and Vancouver (www.robertgraham.us).

The Merger (Page 62)

On September 8, 2015, the Company entered into the Merger Agreement with Merger Sub and RG, pursuant to which Merger Sub will merge with and into RG on the terms and conditions set forth in the Merger Agreement, so that RG, as the surviving company, will become a wholly-owned subsidiary of the Company. Subject to the conditions set forth in the Merger Agreement, the Merger is expected to close in the first calendar quarter of 2016.

Reasons for the Proposed Merger and Recommendation of the Company's Board of Directors (Page 73)

We were in default under our Term Loan Credit Agreement (the "***Term Loan Credit Agreement***") with Garrison Loan Agency Services LLC ("***Garrison***") and our revolving credit agreement with CIT (the "***Revolving Credit Agreement***") and our lenders were not willing to amend covenants or provide long-term relief. As such, maintaining the status quo was not an option and there was a need for us to pursue a strategic alternative. After considering the possibility of refinancing our indebtedness, ceasing operations, selling off assets and liquidating, filing for bankruptcy, and the possibility of finding an alternative strategic transaction, our Board of Directors determined that the Merger and the related Merger Transactions represented the strategic option most likely to preserve stockholder value after consideration of the risks associated with the other strategic alternatives available to the Company. The Board of Directors believed that the Merger and the related Merger Transactions were the only strategic option that would resolve all of the Company's operational, management and financial issues. The Merger and related Merger Transactions will allow the Company to refinance its outstanding debt obligations, to reduce indebtedness to the holders of its Convertible Notes and to combine its Hudson brand with the Robert Graham brand which offers a full luxury lifestyle line of products, which has

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experienced rapid growth and which we believe will be complementary to our Hudson brand of premium denim products. Furthermore, the combined company will be led by Michael Buckley, a seasoned CEO with public company experience and premium denim experience.

Based on the reasons for the Merger described in this joint proxy and consent solicitation statement/prospectus, our Board of Directors has recommended that holders of our common stock vote **"FOR"** each of the four Share Issuance Proposals and **"FOR"** the Reverse Stock Split Proposal.

What Robert Graham's Equity Holders will Receive in the Merger (Page 62)

At the Effective Time of the Merger, on the terms and subject to the conditions set forth in the Merger Agreement, all of the membership interests of RG will be converted into the right to receive an aggregate of $81 million in cash (subject to adjustment to satisfy certain indebtedness of RG) and 8,870,968 shares of our common stock (after giving effect to the Reverse Stock Split) representing approximately 47.5% of our common stock on a fully diluted basis after giving effect to the Merger and related transactions.

Principal Agreements

Merger Agreement (Page 101)

The Merger Agreement, dated as of September 8, 2015, as amended and restated effective as of that same date, sets forth the terms and conditions of the Merger, including representations and warranties, covenants of each party, closing conditions and termination provisions.

Stock Purchase Agreement (Page 131)

The Stock Purchase Agreement, dated as of September 8, 2015, provides for the issuance and sale of $50 million of the Company's Series A Convertible Preferred Stock in a private placement to the Series A Purchaser, an affiliate of TCP, representing approximately 24.0% of our common stock on an as converted, fully-diluted basis after giving effect to the Merger and related transactions

Rollover Agreement (Page 133)

The Rollover Agreement, dated as of September 8, 2015, provides for the exchange of $34.2 million aggregate principal amount of the Company's outstanding Convertible Notes, representing 100% of the outstanding principal amount of our Convertible Notes, together with all accrued and unpaid interest thereon, for a combination of approximately $8.6 million in cash, shares of our common stock representing 6.7% of our issued and outstanding common stock after giving effect to the Merger and related transactions, and approximately $16.5 million aggregate principal amount of our Modified Convertible Notes, which, immediately after giving effect to the Merger and the related transactions, would give the holders of the Modified Convertible Notes aggregate ownership of 14.1% of the combined company on an as-converted, fully diluted basis.

Opinion of the Company's Financial Advisor (Page 79)

At a meeting of our Board of Directors on August 30, 2015, Cronkite & Kissell LLC ("***Cronkite & Kissell***") rendered its oral opinion to our Board of Directors, which was confirmed by delivery of a written opinion of the same date, that, as of that date and based upon and subject to the assumptions and other matters described in the written opinion, the Merger and related Merger Transactions are fair from a financial point of view to our stockholders. The full text of the written opinion of Cronkite & Kissell is attached to this joint proxy and consent solicitation statement/prospectus as Appendix C and is incorporated in this joint proxy and consent solicitation statement/prospectus by reference. The discussion under the section entitled "*The Merger Opinion of the Company's Financial*

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Advisor," together with Cronkite & Kissell's written opinion, set forth, among other things, the assumptions made, procedures followed, matters considered, and limitations on and scope of the review undertaken by Cronkite & Kissell in connection with its opinion. Holders of our common stock should read this opinion and the aforementioned section carefully and in its entirety. Cronkite & Kissell provided its opinion to our Board of Directors for the information and assistance of our Board of Directors in connection with and for purposes of the Board of Directors' evaluation of the Merger and the Merger Transactions.

Cronkite & Kissell's opinion relates only to the fairness, from a financial point of view, of the Merger and the Merger Transactions to our stockholders. The Cronkite & Kissell opinion does not address the underlying business decision by us to effect the Merger and the Merger Transactions or any other aspect of the Merger and the Merger Transactions and is not a recommendation as to how any holder of our common stock should vote or act with respect to the proposals related to the Merger and the Merger Transactions or any other matter.

Risk Factors (Page 30)

In deciding how to vote your shares of stock (if you are a stockholder of the Company) or whether to give your consent (if you are an equity holder of RG), as applicable, on the matters described in this joint proxy and consent solicitation statement/prospectus, and in connection with the delivery of our shares of common stock to direct and indirect holders of membership interests in RG, you should carefully consider the risks related to the Merger and the combined company. The Merger may not achieve the expected benefits because of, among other things, the risks and uncertainties discussed in the sections entitled "*Risk Factors*" and "*Cautionary Statement Regarding Forward-Looking Information*." Such risks include, among other things, risks relating to the uncertainty that we and RG will be able to combine our businesses successfully, uncertainties as to whether the Merger will result in the timely elimination of expected redundancies, and uncertainties relating to the performance of the combined company following the Merger.

Conditions to the Merger (Page 124)

There are a number of closing conditions in the Merger Agreement, including that RG's equity holders have approved the Merger Agreement and the Company's stockholders have approved the Share Issuance Proposals and the Reverse Stock Split Proposal and consummation of the debt and equity financing transactions described herein.

Termination of the Merger Agreement (Page 126)

The Merger Agreement may be terminated under certain circumstances, including if the Merger has not been consummated on or before February 8, 2016.

Termination Fees and Expenses (Page 128)

The Company has agreed to pay RG a termination fee of $5.25 million, less certain expenses that may have been previously reimbursed by the Company to RG, if (i) the Company terminates the Merger Agreement under certain circumstances and within twelve months after such termination, consummates a takeover proposal or enters into a definitive agreement with respect to a takeover proposal that is subsequently consummated; (ii) the Merger Agreement is terminated by RG as a result of the Board of Directors of the Company changing its recommendation with respect to the Merger and related transactions; or (iii) the Merger Agreement is terminated by the Company because the Company has received a superior proposal and enters into a definitive agreement with respect thereto. In the event that the Merger Agreement is terminated by the Company because of RG's failure to obtain financing or by RG because the Merger has not occurred by February 8, 2016 at a time that the

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Company would have the right to terminate pursuant to a financing issue and has provided notice of such right, in each case, so long as the Company is not in breach of certain obligations related to obtaining the financing, then RG must pay the Company a reverse termination fee of $7.5 million, less certain expenses that may have been previously reimbursed by RG to the Company. If either party terminates the Merger Agreement as a result of the other party's breach, then the breaching party must pay the non-breaching party up to an aggregate amount of $3 million for all of the documented out-of-pocket fees and expenses incurred in connection with the Merger Agreement and related Merger Transactions.

Interests of Certain Persons in the Merger (Page 88)

Certain directors, executive officers, and significant stockholders of the Company and RG have interests in the Merger that may be in addition to or different from those of other Company stockholders and RG equity holders as described in more detail in this joint proxy and consent solicitation statement/prospectus.

Material U.S. Federal Income Tax Consequences of the Merger (Page 95)

It is anticipated that the Merger will qualify as a tax-deferred exchange under Section 351 of the Code. In such event, U.S. holders of RG Units generally will recognize gain to the extent of the cash received plus the excess, if any, of the amount of liabilities of RG allocable to the U.S. holder's RG Units over the U.S. holder's adjusted tax basis in such RG Units. U.S. holders will recognize all realized gain if the Merger does not so qualify. There should be no tax consequences to existing stockholders of the Company. For more information, see the section entitled "*Material U.S. Federal Income Tax Consequences*," beginning on page 97.

Anticipated Accounting Treatment of the Merger (Page 142)

Upon analyzing the applicable accounting literature and considering post transaction factors such as ownership and voting interest percentages, composition of the Company's Board of Directors, and composition of management, the Company has determined that RG will be the accounting acquirer following the consummation of the Merger. As a result following the consummation of the Merger, RG's historical financial statements will become the financial statements of the combined company, and the assets and liabilities of the Company will be recorded at their acquisition date fair values using the acquisition method of accounting.

Regulatory Matters (Page 87)

In addition to having the Registration Statement on Form S-4, of which this joint proxy and consent solicitation statement/prospectus is a part, declared effective by the SEC, and having the common stock to be issued in the Merger authorized for listing on NASDAQ, certain information and documentary materials relating to the Merger were required to be provided to the Antitrust Division of the U.S. Department of Justice (the "***Antitrust Division***") and the Federal Trade Commission (the "***FTC***") by the Company and RG, pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "***HSR Act***") and the rules promulgated thereunder by the FTC. A transaction notifiable under the HSR Act may not be completed until the expiration of a 30 calendar day waiting period following the parties' filing of their respective HSR Act notification forms or the early termination of that waiting period. The Company and RG filed their respective HSR Act notifications on October 13, 2015. On October 23, 2015, the Company and RG received notice of early termination of the waiting period.

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Directors and Management of the Company Following Completion of the Merger (Page 93)

Pursuant to the terms of the Stock Purchase Agreement and the certificate of designation regarding the Series A Convertible Preferred Stock, at the Effective Time, three of our directors will resign from the Board of Directors and the remaining members of the Board of Directors will appoint three designees of the Series A Purchaser to be identified at least five business days prior to the closing of the Merger and Michael Buckley (who will also be appointed Chief Executive Officer).

Appraisal Rights (Page 88)

Under Delaware law and our Current Charter, holders of our common stock are not entitled to any rights to seek appraisal of their shares or to exercise any dissenter's or preemptive rights in connection with the Merger and Merger Transactions.

Comparison of Rights of Stockholders of the Company and Equity Holders of Robert Graham (Page 223)

We are incorporated in the state of Delaware, and the rights of our stockholders are governed by the Delaware General Corporation Law (the "***DGCL***") and by our Current Charter and our Bylaws. RG is a limited liability company incorporated in the state of Delaware and the rights of RG equity holders are currently governed by the Delaware Limited Liability Company Act and RG's certificate of formation and limited liability company agreement. After the completion of the Merger, equity holders of RG who receive shares of our common stock in the Merger will become stockholders of the Company and will become subject to our Current Charter, as may be amended, our Bylaws and the applicable provisions of Delaware law.

Reverse Stock Split (Page 240)

The principal purpose of the Reverse Stock Split would be to help increase the per share market price of our common stock by up to a factor of thirty (30). The Reverse Stock Split will not change the par value or the amount of authorized shares of the Company's common stock. The Board of Directors has determined that by increasing the market price per share of our common stock we will meet the initial listing requirements required for listing upon consummation of the Merger and maintain compliance with the continuing listing requirements of NASDAQ. Additionally, approval of the Reverse Stock split is a condition to the consummation of the Merger and will ensure the availability of our common stock for general corporate purposes that may be identified from time to time, such as financings, acquisitions, strategic business relationships, stock dividends, including stock splits in the form of stock dividends, or issuances under our benefit plans.

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SELECTED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY

The following table sets forth the Company's selected condensed consolidated financial data for the periods ended and as of the dates indicated. The income statement data for the fiscal years ended November 30, 2014, 2013 and 2012 and the balance sheet data as of November 30, 2014 and 2013 have been derived from the Company's audited consolidated financial statements included in this joint proxy and consent solicitation statement/prospectus. The income statement data for the fiscal years ended November 30, 2011 and 2010 and the balance sheet data as of November 30, 2012, 2011 and 2010 have been derived from the Company's audited consolidated financial statements, which have been retrospectively adjusted for the effects of discontinued operations, that are not included or incorporated by reference into this joint proxy and consent solicitation statement/prospectus. The income statement data for the nine months ended August 31, 2015 and 2014 and the balance sheet data as of August 31, 2015 have been derived from the Company's unaudited condensed consolidated financial statements included in this joint proxy and consent solicitation statement/prospectus. The balance sheet data as of August 31, 2014 has been derived from the Company's unaudited condensed consolidated financial statements that are not included or incorporated by reference into this joint proxy and consent solicitation statement/prospectus. The data presented below should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Business of the Company*" and the Company's consolidated financial statements and the related notes included elsewhere in this joint proxy and consent solicitation statement/prospectus.

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	Year ended (in thousands, except per share data)					Nine months ended (in thousands, except per share data)	
	11/30/14 (1)	11/30/2013 (2)	11/30/12	11/30/11	11/30/10	8/31/15	8/31/14
Net sales	$ 84,225	$ 28,417	$ 9,484	$ 7,231	$ 4,283	$ 61,266	$ 68,957
Cost of goods sold	44,502	14,451	2,835	2,448	1,590	35,190	36,301
Gross profit	39,723	13,966	6,649	4,783	2,693	26,096	32,656
Operating expenses							
Selling, general and administrative	42,329	21,956	10,728	9,363	6,882	34,895	31,220
Impairment of goodwill	23,585						
Depreciation and amortization	3,637	1,319	565	588	361	2,448	2,728
Retail stores impairment	840			1,144		470	332
	70,391	23,275	11,293	11,095	7,243	37,813	34,280
Operating loss from continuing operations	(30,668)	(9,309)	(4,644)	(6,312)	(4,550)	(11,737)	(1,624)
Interest expense	5,141	1,032				4,637	3,796
Other expense	(2,268)	209					(2,268)
Loss before taxes	(33,541)	(10,550)	(4,644)	(6,312)	(4,550)	(16,374)	(3,152)
Income tax (benefit) provision	(5,059)	(3,134)	(2,012)	(2,555)	(1,884)	1,698	(860)
Loss from continuing operations	(28,482)	(7,416)	(2,632)	(3,757)	(2,666)	(18,072)	(2,292)
Income from discontinued operations, net of tax	766	102	8,197	2,392	5,267	(1,213)	2,729
Net (loss) income and comprehensive (loss) income	$ (27,716)	$ (7,314)	$ 5,565	$ (1,365)	$ 2,601	$ (19,285)	$ 437
Earnings (loss) per common share basic							
Loss from continuing operations	$ (0.42)	$ (0.11)	$ (0.04)	$ (0.06)	$ (0.04)	(0.26)	(0.03)
Earnings from discontinued operations	0.01	0.00	0.12	0.04	0.08	(0.02)	0.04
Earnings (loss) per common share basic	$ (0.41)	$ (0.11)	$ 0.08	$ (0.02)	$ 0.04	$ (0.28)	$ 0.01
Earnings (loss) per common share diluted							
Loss from continuing operations	$ (0.42)	$ (0.11)	$ (0.04)	$ (0.06)	$ (0.04)	(0.26)	(0.03)
Earnings from discontinued operations	0.01	0.00	0.12	0.04	0.08	(0.02)	0.04
Earnings (loss) per common share diluted	$ (0.41)	$ (0.11)	$ 0.08	$ (0.02)	$ 0.04	$ (0.28)	$ 0.01

Weighted average shares outstanding							
Basic	68,226	67,163	65,496	64,001	62,362	69,314	68,151
Diluted	68,226	67,163	66,849	64,001	64,505	69,314	68,935
Balance sheet data:							
Total assets	$ 203,949	$ 223,023	$ 86,024	$ 80,162	$ 81,469	$ 171,529	$ 227,416
Long term debt(3)	24,733	89,982				26,762	83,841
Stockholders' equity	40,997	65,769	71,739	64,757	64,873	22,553	68,632

(1) Reclassification, presentation and certain computational changes have been made for the results for the certain operating and intellectual property assets used or held for use in our business operated under the brand names "Joe's Jeans," Joe's," "Joe's JD" and "else" sold and reclassified as discontinued operations for all periods presented.

(2) Includes results of operation for Hudson from the acquisition date of September 30, 2013 through the end of our fiscal year ended November 30, 2013.

(3) Includes long term debt, convertible notes and buyout payable. During fiscal 2014, certain of the prior year long term debt was reclassified as current debt due to the default under the Term Loan Credit Agreement.

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SELECTED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF RG

The following table sets forth RG's selected condensed consolidated financial data for the periods ended and as of the dates indicated. The income statement data for the years ended December 31, 2014, 2013 and 2012 and the balance sheet data as of December 31, 2014 and 2013 have been derived from RG's audited consolidated financial statements included in this joint proxy and consent solicitation statement/prospectus. The income statement data for the nine months ended September 30, 2015 and 2014 and the balance sheet data as of September 30, 2015 have been derived from RG's unaudited consolidated financial information included in this joint proxy and consent solicitation statement/prospectus. The data presented below should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Business of RG*" and RG's consolidated financial statements and the related notes included elsewhere in this joint proxy and consent solicitation statement/prospectus.

	Year ended			Period from June 10, 2011 (Inception) through	Nine months ended	
	12/31/14	**12/31/13**	**12/31/12**	**12/31/11**	**9/30/15**	**9/30/14**
	(in thousands)				(in thousands)	
Net sales	$ 68,802	$ 59,421	$ 45,098	$ 22,239	$ 52,808	$ 47,572
Cost of goods sold	26,541	25,453	19,095	9,997	20,001	18,513
Gross profit	42,261	33,968	26,003	12,242	32,807	29,059
Operating expenses:						
Selling, general and administrative	33,183	28,445	19,437	9,049	29,386	23,821
Depreciation and amortization	3,123	2,429	1,806	924	2,747	2,252
	36,306	30,874	21,243	9,973	32,133	26,073
Income from operations	5,955	3,094	4,760	2,269	674	2,986
Interest expense	529	853	782	401	410	384
Income before provision for income taxes	5,426	2,241	3,978	1,868	264	2,602
Provision for income taxes	175	128	242	60	48	74
	5,251	2,113	3,736	1,808	216	2,528
Loss from discontinued operations		(395)*	(1,411)*	0		
Net income	5,251	1,718	2,325	1,808	216	2,528
Foreign currency translation adjustment	10	25	22	(57)		10
Comprehensive income	$ 5,261	$ 1,743	$ 2,347	$ 1,751	$ 216	$ 2,538
Balance sheet data:						
Total assets	$ 78,796	$ 70,453	$ 62,103	$ 59,514	$ 84,309	$ 81,783
Long term debt	1,653		7,983	7,983	778	1,944
Members' equity	48,673	46,458	46,877	46,609	47,503	46,832

*

During 2012, as part of RG's strategy to focus on its more profitable geographic locations, management decided to cease operations of one of its foreign subsidiaries and began to liquidate its assets and liabilities. After operations for such foreign subsidiary ceased in 2013, RG has been taking the steps necessary to wind up the business of such foreign subsidiary. As of November 30, 2015, RG has removed such foreign subsidiary from the commercial register in Germany and continues to wind up the business of such foreign subsidiary.

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SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following summary unaudited pro forma condensed combined financial information has been derived from the historical consolidated financial statements of each of the Company and RG, which are included elsewhere in this joint proxy and consent solicitation statement/prospectus. The table below should be read together with, and is qualified in its entirety by, the historical financial statements, including the notes thereto, of the Company and RG, respectively, as well as the information provided in "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Business of the Company*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Business of RG*" beginning on page 160 and 193, respectively, of this joint proxy and consent solicitation statement/prospectus.

The summary unaudited pro forma condensed combined balance sheet gives effect to the Asset Sale and the Merger as if they had occurred on August 31, 2015. The summary unaudited pro forma condensed combined statements of net loss and comprehensive loss for the nine months ended August 31, 2015, and for the year ended November 30, 2014, are presented as if the Asset Sale and the Merger had occurred on December 1, 2013.

The Company and RG have different fiscal year ends, with the most recent annual period of the Company ended on November 30, 2014 and the most recent annual period of RG ended on December 31, 2014. The summary unaudited pro forma condensed combined balance sheet as of August 31, 2015 includes (1) the Company's balance sheet information as of August 31, 2015 and (2) RG's balance sheet information as of September 30, 2015. The summary unaudited pro forma condensed combined statements of operations for the year ended November 30, 2014 includes (1) the Company's year ended November 30, 2014 and (2) RG's year ended December 31, 2014. The summary unaudited pro forma condensed combined statements of operations for the nine months ended August 31, 2015 includes (1) the Company's nine months ended August 31, 2015 and (2) RG's nine months ended September 30, 2015.

The summary unaudited pro forma condensed combined financial information is provided for illustrative purposes only and is not necessarily indicative of or intended to represent what the combined company's condensed consolidated financial position or results of operations actually would have been had the Asset Sale and the Merger occurred as of the dates indicated. In addition, the summary unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The pro forma adjustments

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are based on the information available at the time of the preparation of this joint proxy and consent solicitation statement/prospectus.

	Pro Forma Combined 11/30/2014	Pro Forma Combined 8/31/2015
Net sales	$ 153,026	$ 114,074
Cost of goods sold	72,461	55,191
Gross profit	80,565	58,883
Operating expenses		
Selling, general and administrative	75,512	64,281
Impairment of goodwill	23,585	
Depreciation and amortization	6,223	4,792
Retail stores impairment	840	470
	106,160	69,543
Operating loss	(25,595)	(10,660)
Interest expense	6,141	4,610
Other income	(2,268)	
Loss from continuing operations, before provision for income taxes	(29,468)	(15,270)
Income tax expense (benefit)	(2,909)	1,802
Loss from continuing operations	$ (26,559)	$ (17,072)
Loss per share:		
Net loss:	$ (26,559)	$ (17,072)
Less: Preferred dividends	5,191	4,243
Net loss attributable to shareholders	(31,750)	(21,315)
Participating securities Series A Preferred Stock		
Net loss attributable to common shareholders	$ (31,750)	$ (21,315)
Weighted average common shares outstanding	370,642	370,642
Basic and diluted loss per common share	$ (0.09)	$ (0.06)
Balance sheet data:		
Total assets		$ 187,132
Long term debt		$ 63,051
Stockholders' equity		$ 53,098

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STOCK PRICE AND DIVIDEND/DISTRIBUTION INFORMATION

The Company

Our common stock is currently traded under the symbol "JOEZ" on The NASDAQ Capital Market maintained by NASDAQ. The following chart sets forth the high and low closing price quotations for our common stock on The NASDAQ Capital Market for the periods indicated. This information reflects inter-dealer prices, without retail mark-up, mark-down or commissions, and may not necessarily represent actual transactions. No representation is made by us that the following quotations necessarily reflect an established public trading market in our common stock:

	High	Low
Fiscal 2015		
First Quarter	$ 0.55	$ 0.17
Second Quarter	$ 0.24	$ 0.10
Third Quarter	$ 0.25	$ 0.14
Fourth Quarter	$ 0.37	$ 0.17
Fiscal 2014		
First Quarter	$ 1.50	$ 1.06
Second Quarter	$ 1.41	$ 0.91
Third Quarter	$ 1.24	$ 0.96
Fourth Quarter	$ 1.05	$ 0.60
Fiscal 2013		
First Quarter	$ 1.49	$ 0.88
Second Quarter	$ 2.01	$ 1.39
Third Quarter	$ 1.86	$ 1.15
Fourth Quarter	$ 1.26	$ 1.03

As of December 9, 2015, the latest practicable date before the date of this joint proxy and consent solicitation statement/prospectus, the closing sales price of our common stock was $0.20. As of September 4, 2015, the last trading day before the public announcement of the Merger Agreement, the closing sales price of our common stock was $0.17.

As of December 10, 2015, there were approximately 727 record holders of our common stock. We have never declared or paid a cash dividend and do not anticipate paying cash dividends on our common stock in the foreseeable future. In deciding whether to pay dividends on our common stock in the future, our Board of Directors will consider certain factors they may deem relevant, including our earnings and financial condition and our capital expenditure requirements.

RG

RG is a private company, and there is no public trading market for the RG Units, which consist of (i) preferred units; (ii) voting common units; and (iii) non-voting common units. The preferred units are held by one member, the Preferred Member, the voting common units are held by twelve members (the "***Voting Common Members***") and the non-voting common units are held by five members (the "***Non-Voting Common Members***").

As a private limited liability company, RG makes distributions to the RG members several times a year to fund the RG members' respective pass-through tax liabilities associated with their ownership interests. The following tables set forth cash distributions made by RG to the Preferred Member and the Voting Common Members during the 2014, 2013 and 2012 fiscal years and the first three quarters of the 2015 fiscal year. No cash distributions have been made to the Non-Voting Common Members.

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Distributions made to the Preferred Member

Payment Month	2015 Distribution Amount(1)	2014 Distribution Amount	2013 Distribution Amount	2012 Distribution Amount
March		$ 395,749	$ 96,911	$ 491,841
June	$ (17,600)	$ 95,676	$ 599,501	
September	$ 5,100	$ 607,195	$ 22,236	$ 251,157
December	$ 609,441	$ 454,424	$ 561,042	$ 140,644
Total	$ 596,941	$ 1,553,044	$ 1,279,689	$ 883,642

(1) In the second quarter of 2015, RG received a tax refund from the New Jersey Department of Treasury which was allocated to the Preferred Member and the Voting Common Members, resulting in a negative distribution to the Preferred Member for that quarter.

Distributions made to the Voting Common Members

Payment Month	2015 Distribution Amount(1)	2014 Distribution Amount	2013 Distribution Amount	2012 Distribution Amount
March		$ 380,233	$ 208,932	$ 472,661
June	$ 348,626	$ 381,936	$ 426,620	
September	$ 39,900	$ 293,375	$ 134,725	$ 540,748
December	$ 247,719	$ 436,906	$ 112,754	$ 182,069
Total	$ 636,335	$ 1,492,450	$ 883,031	$ 1,195,478

(1) RG pays certain taxes for certain foreign Voting Common Members, that are not paid for the Preferred Member. In the second quarter of 2015, such distributions to the Voting Common Members were partially offset by the tax refund that RG received from the New Jersey Department of Treasury which was allocated to the Preferred Member and the Voting Common Members.

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RISK FACTORS

Our stockholders should carefully consider the following factors in evaluating whether to approve the issuance of our common stock in connection with the transaction, and RG's direct or indirect equity holders should carefully consider the following factors in in evaluating whether to consent to the Merger. These factors should be considered in conjunction with the other information included or incorporated by reference in this joint proxy and consent solicitation statement/prospectus. Additional risks and uncertainties not presently known to us, or that are not currently believed to be important to you, also may adversely affect the former equity holders of RG and us following the transaction.

Risks Related to the Merger

The Merger and the related Merger Transactions may not achieve its intended results and could adversely affect our financial results.

We entered into various agreements in connection with the Merger with the expectation that the Merger and the related Merger Transactions would result in various benefits, including, among other things, cost savings, operating efficiencies, growth opportunities and the alleviation of certain issues related to our liquidity. Our ability to achieve the anticipated benefits of the Merger and the related Merger Transactions is subject to a number of uncertainties, including whether the business of RG is combined with Hudson in an efficient and effective manner. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues generated by the combined company and diversion of management's time and energy and could have an adverse effect on the combined company's business, financial results and prospects.

Additionally, the Merger is subject to a number of conditions beyond our control that may prevent, delay or otherwise have a material adverse effect on its completion. We cannot predict whether and when these conditions will be satisfied. Any delay in completing the Merger could cause the combined company not to realize the benefits that we expect to achieve if the Merger is successfully completed within its expected timeframe. See the section entitled "*The Merger Conditions to Completion of the Merger*" of this joint proxy and consent solicitation statement/prospectus.

Moreover, our future financial results will depend in part on our ability to profitably manage our core businesses, including any growth related to our combination with RG. Over the past several years, both we and RG have engaged in the identification of, and competition for, growth and expansion opportunities. In order to achieve those initiatives, we will need to, among other things, recruit, train, retain and effectively manage employees and expand our operations and financial control systems. If we are unable to manage our businesses effectively and profitably, including, without limitation, in connection with the wind down of certain retail leases as discussed below, our business and financial results could suffer.

The combined company may be unable to integrate the businesses of the Company and RG successfully or realize the anticipated benefits of the Merger and the related Merger Transactions and the future business and financial results of the combined company may be negatively impacted.

The combined company is expected to incur substantial expenses in connection with the Merger and the related Merger Transactions and the integration of the businesses of the Company and RG. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated. While we have assumed that a certain level of expenses will be incurred, there are many factors beyond our control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of cost savings. These integration expenses likely will result in the combined company taking significant

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charges against earnings following the completion of the Merger, and the amount and timing of such charges are uncertain at present. There can be no assurance that the elimination of duplicative costs or the realization of any other efficiencies related to the combination of the businesses will allow us to offset transaction-related costs in the near term, or at all.

The combined company's ability to operate profitably depends on its ability to implement its strategic plan with success, including its ability to successfully and efficiently integrate the businesses operations and personnel of the Company and RG. In order to achieve a successful integration of the RG and the Hudson businesses, the combined company will need to, among other things, retain and effectively manage employees. The combined company's success will be dependent on its ability to attract, retain and motivate qualified management, designers, administrative talent and sales associates to support existing operations and future growth. Competition for qualified talent in the apparel and fashion industry is intense, and we compete for these individuals with other companies that in many cases have greater financial and other resources. If the combined company experiences a large-scale loss of employees as a result of the combination, the combined company may be unable to manage its business effectively and profitably, and its business and financial results could suffer. Even if integration is successful, the financial performance of the combined business may not be as expected and there can be no assurance the combined company will realize the benefits that we expect to achieve. Failure to achieve the anticipated benefit could result in increased costs or decreases in the amount of expected revenues and could adversely affect the combined company's future business, financial condition, operating results and prospects.

Following the Merger, the business of the combined company will expand beyond the current businesses of each of us and RG individually. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements or other benefits currently anticipated from the Merger.

Current stockholders of the Company will have a minority ownership and voting interest after the Merger which, together with the rights of the holders of the Series A Convertible Preferred Stock and the concentration of ownership among affiliates of TCP, will substantially reduce our current stockholders' ability to influence management of the Company, including through the election of directors, and may result in decisions that do not always coincide with their interests.

In connection with the Merger and the Merger Transactions, we will effect the Reverse Stock Split and issue or reserve for issuance 15,688,675 shares of our common stock consisting of (1) 8,870,968 shares of common stock issuable pursuant to the Merger Agreement, (2) up to 4,480,287 shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock, (3) 1,154,194 shares of common stock issuable pursuant to the Rollover Agreement and (4) 1,183,226 shares of common stock issuable upon conversion of the Modified Convertible Notes. It is anticipated that, upon the closing of the Merger, on a fully diluted basis, the current stockholders of the Company, including management equity holders, will own approximately 14.3% of the outstanding voting power of the combined company on a fully diluted basis and affiliates of TCP will own an aggregate of approximately 32.04% of the outstanding voting power of the combined company.

The holders of the Series A Convertible Preferred Stock, which upon the closing of the Merger will be an affiliate of TCP, will, for so long as they remain outstanding, have certain rights and privileges, such as the election of up to three (3) Series A Directors. Additionally, the holders of the Series A Convertible Preferred Stock will be entitled to vote, on an as converted basis, on all matters presented to the common stockholders for approval. Accordingly, the ability of the current stockholders of the Company following the Merger to influence management of the combined company, including

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through the election of directors, will be substantially reduced. At the same time, affiliates of TCP will be in a position to exert significant control over the combined company and will have the ability to substantially influence all matters submitted to our stockholders for approval, including the election and removal of directors, any merger, consolidation or sale of all or substantially all of our assets, an increase in the number of shares authorized for issuance under our stock option plans, and to exert significant control over the management and affairs of the combined company, which may have the effect of delaying, deferring or preventing a change in or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the business of the combined company, even if such a transaction would be beneficial to other stockholders.

Additionally, under the terms of the Modified Convertible Notes that will be issued pursuant to the Rollover Agreement, the Company will choose how it settles the conversion of the Modified Convertible Notes. The Company will be able to settle by issuing shares of common stock, cash, or a combination of cash and common stock, at the combined company's election. If the combined company settles through the issuance of common stock, the ownership interest held by its then existing stockholders will be reduced.

The pendency of the Merger could have an adverse effect on the trading price of our common stock and the business, financial condition, results of operations or business prospects of us, RG or the combined company.

The pendency of the Merger could disrupt our and RG's business in the following ways, including:

- third parties may seek to terminate or renegotiate their relationships with us or RG as a result of the Merger, whether pursuant to the terms of their existing agreements with us or RG or otherwise;

- the attention of our and RG's management may be directed toward completion of the Merger and related matters and may be diverted from day-to-day business operations of their respective companies, including from other opportunities that otherwise might be beneficial to us and RG;

- current and prospective employees of the Company and RG may experience uncertainty about their future roles following the Merger, which may materially adversely affect each company's ability to attract and retain key personnel during the pendency of the Merger; and

- due to operating covenants in the merger agreement, the Company and RG may be unable, during the pendency of the Merger, to pursue strategic transactions, undertake significant capital projects, undertake certain significant financing or other specified transactions or pursue actions that are not in the ordinary course of business, even if such actions would prove beneficial.

Any of these matters could adversely affect the trading price of our common stock or harm the financial condition, results of operations or business prospects of us, RG and the combined company.

The Merger may create a market overhang of the Company's common stock.

Sales of shares of the Company's common stock after the completion of the Merger may cause the market price of our common stock to fall. We will issue 8,870,968 shares of common stock, after giving effect to the Reverse Stock Split, in connection with the Merger to RG's equity holders. Some of these holders may decide to sell the shares of the Company's common stock that they will receive in the Merger. Such sales of the Company's common stock could have the effect of depressing the market price for our common stock and may take place promptly following the Merger.

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The Merger Agreement contains provisions that could discourage a potential competing acquirer of the Company.

The Merger Agreement contains no solicitation provisions that, subject to limited exceptions, restrict our ability to solicit, initiate or facilitate or encourage any third party proposals for the acquisition of the Company. Further, even if we receive an unsolicited superior proposal, RG must be given the opportunity to offer to modify the terms of the Merger in response to such competing proposal before our Board may withdraw its recommendation with respect to the Merger. In addition, if we breach the covenant on non-solicitation contained in the Merger Agreement, we may be required to pay RG a termination fee of $5.25 million.

These provisions could discourage a potential third party acquirer from considering or proposing an acquisition of our Company, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the Merger. These provisions might also result in a potential third-party acquirer proposing to pay a lower price to the shareholders than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. If the Merger Agreement is terminated and we determine to seek another business combination, we may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the Merger.

Although we expect to file a listing application with respect to the Company's common stock on The Nasdaq Capital Market in connection with the Merger, there can be no assurance that the common stock will be so listed or, if listed, that the Company will be able to comply with the continued listing standards.

We expect to file an application to list the Company's common stock on The Nasdaq Capital Market upon consummation of the Merger as required by The Nasdaq Capital Market. Additionally, RG's obligation to effect the Merger is conditioned upon our common stock being authorized by NASDAQ for initial listing on The Nasdaq Capital Market. As part of the listing process, the Company will be required to evidence that it meets the initial listing requirements rather than the continued listing requirements because the former equity holders of RG will hold in the aggregate the largest percentage of our common stock immediately following the Merger. In certain respects the initial listing requirements are more onerous than the continued listing requirements, such as the minimum bid price of the common stock of $4.00 per share for initial listing compared to $1.00 per share for continued listing. There can be no assurance that the Company will be able to meet the initial listing standards of The Nasdaq Capital Market or any other exchange or, if its stock is listed, that the Company will be able to maintain such listing.

In addition, if after listing The Nasdaq Capital Market delists the Company's stock from trading on its exchange for failure to meet the continued listing standards, the Company and its stockholders could face significant material adverse consequences including:

- a limited availability of market quotations for its securities;
- a determination that its common stock is a "penny stock" which will require brokers trading in its common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for its common stock;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

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There can be no assurance that RG will be able to secure the funds necessary to enable the combined company to pay the cash portion of the Merger consideration and refinance certain existing indebtedness of the Company and RG on acceptable terms, in a timely manner, or at all.

The Company intends to fund the cash consideration in the Merger and to refinance certain of the parties' existing indebtedness with a combination of cash on hand of the companies and debt financing. To this end, RG has entered into the Term Commitment Letter containing commitments as of the date of this joint proxy and consent solicitation statement/prospectus for a term loan facility in an aggregate amount of up to $50 million. As of the date of this joint proxy and consent solicitation statement/prospectus, RG is engaging in discussions with a lender to provide a secured asset-based revolving credit facility at the closing of the Merger. Furthermore, as of the date of this joint proxy and consent solicitation statement/prospectus, neither RG nor any of its subsidiaries have entered into definitive agreements for such debt financing. There can be no assurance that RG will be able to secure such debt financing pursuant to the Term Commitment Letter.

In the event that the debt financing contemplated by the Term Commitment Letter and a secured asset-based revolving credit facility are not available, other financing may not be available on acceptable terms, in a timely manner, or at all. If RG is unable to secure alternative financing, the Merger and related transactions may not be completed and, so long as we are not in breach of certain obligations related to obtaining the financing, RG must pay us a reverse termination fee of $7.5 million, less certain expenses that may have been previously reimbursed by RG to us.

Risks Related to the Combined Company

Future results of the combined company may differ materially from the unaudited pro forma financial statements included in this joint proxy and consent solicitation statement/prospectus and the financial projections prepared by us in connection with the discussions concerning the Merger.

The unaudited pro forma financial statements contained in this joint proxy and consent solicitation statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company's financial condition or results of operations following the Merger for several reasons. See the section entitled "*Unaudited Pro Forma Condensed Combined Financial Information*" and the related notes. The financial projections were prepared by management of the Company for internal use. See the section entitled "*The Merger Projected Financial Information of the Company." The actual financial condition and results of operations of the combined company following the Merger may not be consistent with, or evident from, these pro forma financial statements or the financial projections prepared by us. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the Merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of the combined company and could lead to covenant breaches under the New Credit Agreements (as defined below).*

The combined company will be bound by the New Credit Agreements, which we expect will contain restrictive covenants that may limit the operational flexibility of the combined company. Furthermore, if the combined company defaults on its obligations under the New Credit Agreements, its operations may be interrupted and its business and financial results could be adversely affected.

It is expected that the combined company will be bound by a new asset-based revolving credit facility and a new term loan credit facility (the "***New Credit Agreements***"). While we have not finalized the terms of the New Credit Agreements as of the date of this joint proxy and consent solicitation statement/prospectus, we expect covenants to include restrictions on the combined company's ability to do the following: incur indebtedness; create liens; consolidate, merge, liquidate or dissolve; sell, lease or otherwise transfer any assets; substantially change the nature of the business; make investments or acquisitions; pay dividends; enter into transactions with affiliates; amend material documents, prepay indebtedness and make capital expenditures. In addition, substantially all of the combined company's assets, including its trademarks, will secure the combined company's obligations under the New Credit Agreements.

After giving effect to the Transactions, the restrictive covenants contained in the New Credit Agreements and the degree to which the combined company will be leveraged following the transaction could have important consequences to the combined company's shareholders, including, but not limited to, potentially:

- reducing the combined company's flexibility to respond to changing business and economic conditions, thereby placing us at a competitive disadvantage compared to competitors that have less indebtedness;
- making the combined company more vulnerable to general adverse economic and industry conditions and changes in the combined company's business;
- increasing borrowing costs and limiting the combined company's ability to obtain additional financing to fund working capital, capital expenditures, acquisitions or general corporate requirements;
- requiring the dedication of a larger portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flow for other purposes, including working capital, capital expenditures and general corporate purposes;
- restricting the combined company from making strategic acquisitions or causing the combined company to make non-strategic divestitures; and
- making it more difficult for the combined company to repay, refinance, or satisfy its obligations with respect to its debt.

In addition, any failure of the combined company to comply with the various covenants could have material adverse consequences. Such noncompliance may result in the combined company's inability to borrow under the New Credit Agreements, which the combined company will utilize to access its working capital, and as a result may adversely affect the combined company's ability to finance its operations or pursue any expansion plans. An event of default under the New Credit Agreements could also result in the acceleration of all indebtedness of the Company. If the financing under the New Credit Agreements or other material indebtedness becomes due and payable, the combined company may be required to refinance, restructure, or otherwise amend some or all of such obligations, sell assets, or raise additional cash through the sale of its equity. The combined company cannot make any assurances that it would be able to obtain such refinancing in a timely manner, on favorable terms or at all or that such restructuring activities, sales of assets, or issuances of equity can be accomplished or, if accomplished, would raise sufficient funds to meet these obligations. Additionally, upon the occurrence of an "event of default" under the New Credit Agreements, all of the combined company's assets could be subject to liquidation by the creditors, which liquidation could result in no assets being left for the stockholders of the combined company after the creditors receive their required payment.

The combined company will have a significant amount of indebtedness, which could adversely affect our financial performance and impact our ability to service our indebtedness.

The combined company will carry significant debt under the New Credit Agreements and the Modified Convertible Notes. The pro forma indebtedness at August 31, 2015, after giving effect to the Merger and the related Merger Transactions and the anticipated incurrence of indebtedness in connection therewith, will be approximately $63.1 million.

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If we incur additional debt, the risks associated with our leverage, including the risk that we will be unable to service our debt obligations, will increase. The degree to which we, together with our subsidiaries, are leveraged or incur additional debt could have important consequences to our ability to meet debt obligations. For example, the degree of our consolidated leverage:

- may limit our ability to obtain additional financing for working capital, capital expenditures or general corporate purposes, particularly if, as discussed further in the following risk factors, (1) the ratings assigned to our debt securities by nationally recognized credit rating organizations are revised downward or (2) we seek capital during periods of turbulent or unsettled market conditions;

- may require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and principal on our debt, reducing the funds available to us for other purposes, including acquisitions, capital expenditures, marketing and other growth initiatives;

- may increase our future borrowing costs;

- may limit our flexibility to adjust to changing business and market conditions and make us more vulnerable to a downturn in general economic conditions as compared to our competitors;

- may put us at a competitive disadvantage to competitors that are not as leveraged;

- may increase the risk that third parties will be unwilling or unable to engage in hedging or other financial or commercial arrangements with us;

- may increase the risk that we will need to sell securities or assets, possibly on unfavorable terms, or take other unfavorable actions to meet payment obligations; or

- may increase the risk that we will not meet the financial covenants contained in our current or future debt agreements or timely make all required debt payments.

To service its indebtedness after the Merger, the combined company will require a significant amount of cash and its ability to generate cash depends on many factors beyond its control.

After the completion of the Merger, the combined company's ability to make cash payments on and to refinance its indebtedness and to fund planned capital expenditures will depend on our ability to generate significant operating cash flow in the future. This ability is, to a significant extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that will be beyond our control.

Our business may not generate sufficient cash flow from operations to enable us to pay our indebtedness or to fund our other liquidity needs. In any such circumstance, we may need to refinance all or a portion of our indebtedness, on or before maturity. We may not be able to refinance any indebtedness on commercially reasonable terms or at all. If we cannot service its indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions and investments. Any such action, if necessary, may not be effected on commercially reasonable terms or at all. The instruments governing our indebtedness may restrict our ability to sell assets and our use of the proceeds from such sales.

The combined company's success will further depend on implementing a shift in Hudson's denim production from primarily domestic production to foreign production.

The Hudson® brand has historically produced substantially all of its denim apparel in Los Angeles, California. The combined company's ability to improve operational efficiencies and profitably will depend in part upon the successful implementation of shifting all or substantially all of Hudson's® denim production to Mexico, Turkey and other foreign countries to achieve better production costs and

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margin improvement. To date, only a minor portion of Hudson's production has been shifted to Mexico, Turkey and other foreign countries. There are risks and uncertainties when undertaking large-scale changes in denim production and sourcing, particularly in a foreign country. There can be no assurances that such a large-scale move will not affect the fit, quality or construction or timely deliveries to retailers of the combined company's Hudson® branded denim.

The combined company's success will further depend on customer reception to Hudson producing non-United States denim products.

While the Company was successful in making the transition from domestic production to Mexico production for its former Joe's® branded products, and it saw negligible, if any, negative reaction from its customers, who came to accept the Joe's® branded products regardless of where they were produced, because Hudson has different brand awareness amongst its loyal customers and because Hudson® has historically produced substantially all of its denim in the United States, the combined company may experience negative reaction from the Hudson® customer base and negative reception for denim not produced in the United States.

Problems with the third party distribution system could harm the combined company's ability to meet customer expectations, manage inventory, complete sales and achieve targeted operating efficiencies.

The Hudson brand and RG brand rely on distribution facilities operated by third parties. Our ability to meet the needs of our wholesale partners and our own retail stores depends on the proper operation of these distribution facilities. These third parties will continue to provide distribution services, until we elect to terminate such services. There can be no assurance that we will be able to enter into other contracts for alternate or replacement distribution centers on acceptable terms or at all. Such an event could disrupt our operations. In addition, because substantially all of Hudson's products are distributed from one location and RG's products are distributed from a limited number of locations, our operations could also be interrupted by labor difficulties, or by floods, fires, earthquakes or other natural disasters near such facilities. We maintain business interruption insurance; however, this coverage may not adequately protect us from the adverse effects that could result from significant disruptions to our distribution system. If we encounter problems with our distribution system, our ability to meet customer expectations, manage inventory, complete sales and achieve targeted operating efficiencies could be harmed. Any of the foregoing factors could have a material adverse effect on our business, financial condition and operating results.

The combined company is subject to risks associated with leasing retail space, is generally subject to long-term non-cancelable leases and is required to make substantial lease payments under both the Company's and RG's retail store leases, and any failure to make these lease payments when due would likely harm our business, profitability and results of operations.

Neither the Company nor RG owns any of our retail stores, but instead lease all of our retail stores under retail store leases and are subject to all of the risks associated with leasing real estate. Our leases generally have initial terms of 5 to 10 years for the Company, and some of the Company's leases can be extended for one additional 5 to 10-year term. RG's leases generally have terms of 10 years with no option to renew. We generally cannot terminate our Company's leases, though RG's leases are generally terminable after three to five years, and we each have restrictions in connection with assigning or subletting our leases. All of our leases require a fixed annual rent, and most require the payment of additional "percentage" rent if store sales exceed a negotiated amount. Most of the retail store leases are "net" leases, which require us to pay all of the cost of insurance, taxes, maintenance and utilities. Most of RG's leases require RG to pay the cost of common area maintenance, which, in one case, attributes up to 44% of the applicable lease cost. Additionally, certain of the leases may allow the lessor to terminate the lease or not renew if the combined company does not achieve a specified gross sales threshold in a particular year. We cannot assure you that we will achieve any of these thresholds. Any loss of the combined company's store locations due to underperformance may harm our results of operations, stock price and reputation.

Additional sites that we lease are likely to be subject to similar long-term leases. If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term if we cannot negotiate a mutually acceptable termination payment. In addition, as our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close stores in desirable locations. Further, we intend to, upon the closing of the Merger, close 23 of the Company's retail stores that are not being delivered to the Operating Asset Purchaser under the Operating Asset Purchase Agreement. While we do not anticipate that the expenses we have agreed to incur in connection with the these closures will be material, there can be no assurance that we will be able to successfully negotiate with the applicable landlords as we expect. If we are unable to enter into new leases or renew existing leases on terms acceptable to us or be released from our obligations under leases for stores that we close, the combined company's business, profitability and results of operations may be harmed.

Our ability to attract customers to our stores depends heavily on successfully locating our stores in suitable locations and any impairment of a store location, including any decrease in customer traffic, could cause our sales to be less than expected.

Our approach to identifying locations for our retail stores typically favors street and mall locations near premium and contemporary retailers that we believe are consistent with our key customers' demographics and shopping preferences. Sales at these stores are derived, in part, from the volume of foot traffic in these locations. Changes in areas around our existing retail locations that result in reductions in customer foot traffic or otherwise render the locations unsuitable could cause our sales to be less than expected and the related leases are generally non-cancelable. Store locations may become unsuitable due to, and our sales volume and customer traffic generally may be harmed by, among other things:

- economic downturns in a particular area;
- competition from nearby retailers selling similar apparel;
- changing consumer demographics in a particular market;
- changing preferences of consumers in a particular market;
- the closing or decline in popularity of other businesses located near our store; and
- store impairments due to acts of God, natural disasters, climate change or terrorism.

Our ability to successfully open and operate new retail stores depends on many factors, including, among others, our ability to:

- identify new markets where our products and brand image will be accepted or the performance of our retail stores will be successful;
- obtain desired locations, including store size and adjacencies, in targeted malls or streets;
- negotiate acceptable lease terms, including desired rent and tenant improvement allowances, to secure suitable store locations;
- achieve brand awareness, affinity and purchase intent in the new markets;

hire, train and retain store associates and field management;

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- assimilate new store associates and field management into our corporate culture;

- source and supply sufficient inventory levels; and

- successfully integrate new retail stores into our existing operations and information technology systems.

As of November 30, 2015, the Company had 32 Joe's® brand stores, which consisted of 12 full price retail stores and 20 outlet locations. As of November 30, 2015, RG had 30 retail stores, which consisted of 18 full price stores and 12 outlet stores. Two additional leases for RG full price stores have been signed for 2016 openings. The combined company's new stores may not be immediately profitable and the combined company may incur losses until these stores become profitable. Unavailability of desired store locations, delays in the acquisition or opening of new stores, delays or costs resulting from a decrease in commercial development due to capital restraints, difficulties in staffing and operating new store locations or a lack of customer acceptance of stores in new market areas may negatively impact our new store growth and the costs or the profitability associated with new stores. Other than the RG stores opening in 2015 and 2016 as mentioned above, there can be no assurance that the combined company we will open new stores in fiscal 2015 or thereafter. Any failure to successfully open and operate new stores may adversely affect the combined company's business, financial condition and operating results.

We may be unable to grow comparable store sales or average sales per square foot in our retail stores, which could cause our share price to decline.

We may not be able to grow our comparable store sales or average sales per square foot in our retail stores. If our future comparable store sales or average sales per square foot decline or fail to meet market expectations, the price of our common stock could decline. In addition, the aggregate results of operations through our wholesale partners and at our retail locations have fluctuated in the past and can be expected to continue to fluctuate in the future. The continued operation of our retail locations depends on our ability to hire, train and retain store associates and field management. A variety of factors affect both comparable store sales and average sales per square foot, including, among others, consumer spending patterns, fashion trends, competition, current economic conditions, pricing, inflation, the timing of the release of new merchandise and promotional events, changes in our product assortment, the success of marketing programs and weather conditions. If we misjudge the market for our products, we may incur excess inventory for some of our products and miss opportunities for other products. These factors may cause our comparable store sales results and average sales per square foot in the future to be materially lower than recent periods or our expectations, which could harm our results of operations and result in a decline in the price of our common stock.

Uncertain economic conditions in the United States and other parts of the world can affect consumer confidence and consumer spending patterns.

The general economy in the United States and abroad continues to be in the midst of uncertainty. The apparel industry has historically been subject to cyclical variations, recessions in the general economy or uncertainties regarding future economic prospects that affect consumer spending habits which could negatively impact the combined company's business overall, the carrying value of its tangible and intangible assets, sales, gross margins and profitability. The combined company's business will depend on the general economic environment and levels of consumer spending that affect not only the ultimate consumer, but also retailers, which will be its largest direct customers. Purchases of high-fashion apparel and accessories tend to decline in periods of recession or uncertainty regarding future economic prospects, when consumer spending, particularly on discretionary items, and disposable income decline. Many factors affect the level of consumer spending in the apparel industry, including,

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among others: prevailing economic conditions, levels of employment, salaries and wage rates, energy costs, interest rates, the availability of consumer credit, taxation and consumer confidence in future economic conditions. During periods of recession or economic uncertainty, the combined company may not be able to maintain or increase its sales to existing customers, make sales to new customers, open and operate new retail stores, or maintain or improve its earnings from operations as a percentage of net sales. Additionally, the strength of the United Sates dollar relative to foreign currencies can impact the demand for our products by foreign tourists, as has been experienced in recent periods. As a result, the combined company's operating results may be adversely and materially affected by downward trends in the United States or global economy.

Economic conditions have also led to a highly promotional environment and strong discounting pressure from both wholesale partners and retail customers, which could lead to a negative impact on the combined company's revenues and profitability. This promotional environment may continue even after economic growth returns, as consumer spending trends are expected to remain at historically depressed levels for the foreseeable future. The domestic and international political situation also affects consumer confidence. The threat, outbreak or escalation of terrorism, military conflicts, civil unrest or other hostilities around the world could lead to further decreases in consumer spending.

The combined company will face risks associated with constantly changing fashion trends, including consumer's response to its products. Also, the combined company intends to expand into other product classifications. If the combined company is unable to adapt to changing fashion trends as to its existing or new products, its business and financial condition could be adversely affected.

The combined company's success will depend on its ability to anticipate, gauge and respond to changing consumer demand and fashion trends in a timely manner, both as to existing products and as to other product classifications initiated by the combined company. Any failure by the combined company to anticipate, identify and respond effectively to changing consumer demands and fashion trends could adversely affect the acceptance of its existing or new products and leave it with a substantial amount of unsold inventory or missed opportunities in the marketplace. If that occurs, the combined company may be forced to rely on markdowns or promotional sales to dispose of excess, slow-moving inventory, which may negatively affect its ability to achieve profitability. At the same time, a focus on tight management of inventory may result, from time to time, in the combined company not having an adequate supply of products to meet consumer demand and may cause the combined company to lose sales.

The combined company will likely attempt to minimize its risk associated with delivering items through early order commitments by retailers. Accordingly, the combined company will generally place production orders with manufacturers before it has received all of a season's orders and orders may be cancelled by retailers before shipment. Therefore, if the combined company fails to anticipate accurately and respond to consumer preferences, it could experience lower sales, excess inventories or lower profit margins, any of which could have a material adverse effect on the combined company's results of operations and financial condition.

Our business and results of operations could be negatively impacted by a change in consumer demand for denim and premium lifestyle apparel in the marketplace.

Because consumer demands and fashion trends are subject to cyclical variations as well as the fact that the general economy and future economic prospects can often affect consumer spending habits, a change in any one of the following:

- consumer demand,
- consumer purchases of discretionary items,

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- general economic conditions, or
- fashion trends,

may result in lower sales, excess inventories or lower profit margins for our Hudson® or Robert Graham® products, any of which could have a material adverse effect on our results operations and financial condition.

The combined company will face intense competition in the denim and premium lifestyle apparel industries. If we are unable to compete effectively, our business, financial condition and results of operations may be negatively impacted.

We face a variety of competitive challenges from other domestic and foreign fashion-oriented apparel producers, some of whom may be significantly larger and more diversified and have greater financial and marketing resources than we have. We do not currently hold a dominant competitive position in any market. Our Hudson brand competes with other denim manufacturers such as AG, Paige Premium Denim, Rag and Bone, Seven for All Mankind, Citizens of Humanity, J Brand and True Religion and other larger competitors. Our Robert Graham brand competes with other premium lifestyle brands such as Armani, Burberry, Hugo Boss, John Varvatos, Paul Smith, Peter Millar, Ralph Lauren, Ted Baker, Theory, Tommy Bahama, Zegna, and other larger competitors. We compete primarily on the basis of:

- anticipating and responding to changing consumer demands in a timely manner,
- maintaining favorable brand recognition,
- developing innovative, high-quality products in sizes, colors and styles that appeal to consumers,
- appropriately pricing products,
- providing strong and effective marketing support,
- creating an acceptable value proposition for retail customers,
- ensuring product availability and optimizing supply chain efficiencies with manufacturers and retailers, and
- obtaining sufficient retail floor space and effective presentation of our products at retail.

Furthermore, some of our competitors are larger and may have resources available to them that we do not have or are privately held without the restraint of a public company and with limited reporting of their results of operations. Therefore, it may be difficult for us to effectively gauge consumer response to our products and how our products are competing with these and other competitors in the marketplace. We cannot be certain that we will be able to compete successfully against current and future competitors, or that competitive pressure will not have a material adverse effect on our business, financial condition or results of operations.

The combined company's business will depend on a strong brand image, and if it is not able to maintain or enhance its brand, particularly in new markets where it has limited brand recognition, it may be unable to sell sufficient quantities of its merchandise, which would harm the combined company's business and cause its results of operations to suffer.

Maintaining and enhancing the combined company's brands will be critical to maintaining and expanding its customer base. Maintaining and enhancing the combined company's brands may require it to make substantial investments in areas such as visual merchandising, marketing and advertising, employee training and store operations. It is anticipated that, as the combined company's business expands into new markets and new product classifications and further penetrates existing markets, and

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as the markets in which it will operate become increasingly competitive, maintaining and enhancing the combined company's brand may become increasingly difficult and expensive. Certain of the combined company's competitors in the apparel industry have faced adverse publicity surrounding the quality, attributes and performance of their products. The combined company's brand may similarly be adversely affected if its public image or reputation is tarnished by failing to maintain high standards for merchandise quality and integrity. Any negative publicity about these types of concerns may reduce demand for the combined company's merchandise. Maintaining and enhancing its brand will depend largely on the combined company's ability to be a leader in the contemporary apparel industry and to continue to provide high quality products. If the combined company is unable to maintain or enhance its brand image, the combined company's results of operations may suffer and its business may be harmed.

A substantial portion of the combined company's net sales and gross profit will be derived from a small number of large customers, and the loss of any of these large customers could have a material adverse effect on the combined company's financial condition and results of operations.

The combined company's Hudson® brand will be substantially dependent on its 10 largest customers and customer groups, which accounted for approximately 66% of the Company's net sales during fiscal 2014. The Company's largest customer, Nordstrom, Inc., accounted for over 40% of its net sales in fiscal 2014. The combined company's RG brand will be substantially dependent on its 10 largest customers and customer groups, which accounted for approximately 41% and 42% of RG's net sales during fiscal 2014 and 2013, respectively. RG's largest customer is also Nordstrom, Inc., which accounted for approximately 13% of its net sales in fiscal 2014 and its two largest customers accounted for approximately 29% of its net sales in fiscal 2013. The combined company typically will not enter into any type of long-term agreements or firm commitment orders with any of its customers. Instead, the combined company will enter into a number of individual purchase order commitments with its customers. A decision by the controlling owner of a group of stores or any other significant customer, including the combined company's limited number of private label customers, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease the amount of merchandise purchased from the combined company, to change their manner of doing business with the combined company, to cancel orders previously placed in advance of shipment dates or a decision to cease carrying the combined company's products could have a material adverse effect on its financial condition and results of operations.

The combined company's plans to improve and expand its product offerings may not be successful, and the implementation of these plans may divert its operational, managerial and administrative resources, which could harm the combined company's competitive position and reduce its net revenue and profitability.

The combined company plans to grow its business by increasing its core product offerings, which includes expanding its Hudson product collection and its RG product collection, including into new product classifications. The combined company will continue to evaluate its plan to develop and introduce select new product categories and pursue select additional licensing opportunities in other categories.

If the combined company's expected product offerings fail to maintain and enhance its brand identity, the combined company's image may be diminished or diluted. The expansion into new products and classifications may require the establishment of new sourcing relationships, increasing our sourcing risk. *See "Risk Factors Problems with sourcing, along with the extent of the combined company's foreign sourcing, may adversely affect its business."* As we expand our licensing activities, we increase risks associated with having a limited ability to conduct comprehensive final quality checks on merchandise, which could affect product quality.

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In addition, the combined company's ability to successfully carry out its plans to improve and expand its product offerings may be affected by economic and competitive conditions, changes in consumer spending patterns and changes in consumer preferences and style trends. These plans could be abandoned, could cost more than anticipated and could divert resources from other areas of the combined company's business, any of which could impact its competitive position and reduce its net revenue and profitability.

The combined company's licensing arrangements may not be successful and may make it susceptible to the actions of third parties who may not comply with the combined company's product quality, manufacturing standards, marketing and other requirements, which may have an adverse effect on the combined company's brand equity, reputation or its business.

The combined company expects to license its Hudson® trademarks to third parties for manufacturing, marketing and distribution of children's products. Additionally, the combined company expects to license trademarks associated with its Robert Graham® trademarks to third parties for manufacturing, marketing and distribution of apparel and accessories. We believe that licensing the combined company's brands for certain product categories will broaden and enhance the products available under these brand names.

The combined company's licensing arrangements may not be successful and may make it susceptible to the actions of third parties over whom it has limited control. We have entered into one license agreement for Hudson: children's. RG has entered into certain license agreements for Robert Graham: men's dress shirts, neckwear, tailored clothing, hosiery, leather goods (including bags and belts and small leathers), sun and optical eyewear, headwear, jewelry, footwear, underwear and loungewear and fragrances. In the future, the combined company may enter into select additional licensing arrangements for product offerings which require specialized expertise. The combined company may also enter into select licensing agreements pursuant to which it may grant third parties the right to distribute and sell its products in certain geographic areas.

Although the combined company will take steps to select potential licensing partners carefully and to monitor the activities of its licensing partners (which may include, among other things, approval rights over product design, production quality, packaging, merchandising, marketing, distribution and advertising), such arrangements may not be feasible or successful. The combined company's licensing partners may fail to fulfill their obligations under their license agreements or have interests that differ from or conflict with the combined company, such as the pricing of the combined company's products and the offering of competitive products. In addition, the risks applicable to the business of the combined company's licensing partners may be different than the risks applicable to the combined company's business, including risks associated with each such partner's ability to:

- obtain capital;
- exercise operational and financial control over its business;
- manage its labor relations;
- maintain relationships with suppliers;
- manage its credit and bankruptcy risks; and
- maintain customer relationships.

Any of the foregoing risks, or the inability of any of the combined company's licensing partners to successfully market the combined company's products or otherwise conduct the licensing partners' business, may result in loss of revenue and competitive harm to the combined company's operations and reputation in regions or product categories where it has entered into such licensing arrangements.

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If the combined company is unable to accurately forecast customer demand for its products, its manufacturers may not be able to deliver products to meet the combined company's requirements, and this could result in delays in the shipment of products to its stores and to wholesale partners.

The combined company will stock its stores, and provide inventory to its wholesale partners, based on the combined company's or its wholesale partners' estimates of future demand for particular products. The combined company's inventory management and production planning team will determine the number of pieces of each product that it will order from its manufacturers based upon past sales of similar products, sales trend information and anticipated demand at its suggested retail prices. However, if the combined company's inventory and planning team fails to accurately forecast customer demand, the combined company may experience excess inventory levels or a shortage of products. There can be no assurance that the combined company will be able to successfully manage its inventory or production at a level appropriate for future customer demand.

Factors that could affect the combined company's inventory management and production planning team's ability to accurately forecast customer demand for its products include:

- a substantial increase or decrease in demand for the combined company's products or for products of its competitors;
- the combined company's failure to accurately forecast customer acceptance for its new products;
- new product introductions or pricing strategies by competitors;
- more limited historical store sales information for the combined company's newer products and markets;
- weakening of economic conditions or consumer confidence in the future; and
- acts or threats of war or terrorism or civil unrest which could adversely affect consumer confidence and spending or the combined company's international sales.

If the combined company were to experience rapid growth, it may place insufficient levels of desirable product with its wholesale partners and in its retail locations such that it would be unable to fully satisfy customer demand at those locations. The combined company cannot guarantee that it will be able to match supply with demand in all cases in the future, whether as a result of the combined company's inability to produce sufficient levels of desirable product or its failure to forecast demand accurately. As a result of these inabilities or failures, the combined company may encounter difficulties in filling customer orders or in liquidating excess inventory at discount prices and may experience significant write-offs. Additionally, if the combined company over-produces a product based on an aggressive forecast of demand, retailers may not be able to sell the product and cancel future orders or require give backs. These outcomes could have a material adverse effect on the combined company's brand image and adversely impact sales, gross margins and profitability.

The combined company's business could be negatively impacted by the financial health of its retail customers.

The combined company will sell its products primarily to retail and distribution companies around the world based on pre-qualified payment terms. Financial difficulties of a customer could cause the combined company to curtail business with that customer. The combined company may also assume more credit risk relating to that customer's receivables. The combined company will be dependent primarily on lines of credit that it establishes from time to time with customers, and should a substantial number of customers become unable to pay to the combined company their respective debts as they become due, the combined company may be unable to collect some or all of the monies owed by those customers. In particular, because the combined company's customers and customer groups are expected to be somewhat concentrated, the combined company's results of operations could be

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adversely affected if any one of these customers fails to satisfy its payment obligations to the combined company when due.

In recent years, the retail industry has experienced consolidation, restructurings, reorganizations and other ownership changes that have resulted in one entity controlling several different stores or the elimination of stores. This consolidation can result in fewer customers for the combined company's products or the closing of some stores or the number of "doors" which carry the combined company's products. As a result, the potential for consolidation or ownership changes, closing of retail outlets and fewer customers could negatively impact sales of the combined company's products and have a material adverse effect on its financial condition and results of operations.

If the combined company is unable to manage its operations at its currently anticipated size or is unable to manage any future growth effectively, the combined company's business results and financial performance may suffer.

The combined company will make investments to support its near and longer-term growth. If its operations grow over the longer term, of which there can be no assurance, the combined company will be required to expand its sales and marketing, product development and distribution functions, to upgrade its management information systems and other processes, and to obtain more space for its expanding administrative support and other headquarters personnel. The integration by the combined company of Hudson and RG could strain existing resources. As a result, the combined company could experience operating difficulties, including obtaining sufficient raw materials at acceptable prices, securing manufacturing capacity to produce its products and experiencing delays in production and shipments. These difficulties would likely lead to a decrease in net revenue, income from operations and the price of the combined company's common stock, and such decreases could be significant.

Problems with sourcing, along with the extent of the combined company's foreign sourcing, may adversely affect its business.

The products of the combined company will primarily be produced by, and purchased or procured from, independent manufacturing contractors, many of whom are located outside of the United States. For fiscal 2014, substantially all of RG's total revenue was attributable to manufacturing contractors located outside of the United States, with approximately 92% of RG's purchases for fiscal 2014 attributable to manufacturing contractors located in Asia, including India. For fiscal 2014, 38% of the total revenue from Hudson was attributable to manufacturing contractors located outside of the United States, with approximately 38% of Hudson's purchases attributable to manufacturing contractors located in Mexico. It is anticipated that the percentage of the combined company's total revenue sourced from outside of the United States for fiscal 2015 will increase because of the combined company's plan to shift a substantial portion of Hudson's denim production to Mexico, Turkey and other foreign countries. A manufacturing contractor's failure to ship products to the combined company in a timely manner or to meet the required quality standards could cause the combined company to miss the delivery date requirements of its customers for those items. The failure to make timely deliveries may cause customers to cancel orders, refuse to accept deliveries or demand reduced prices, any of which could have a material adverse effect on the combined company. As a result of the magnitude of its foreign sourcing, the combined company's business is subject to the following risks:

- political and economic instability in countries or regions, including heightened terrorism and other security concerns, which could subject imported or exported goods to additional or more frequent inspections, leading to delays in deliveries or impoundment of goods;

- imposition of regulations, quotas and other trade restrictions relating to imports, including quotas imposed by bilateral textile agreements between the United States and foreign countries;

- imposition of increased duties, taxes and other charges on imports;

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labor union strikes at ports through which the combined company's products enter the United States;

labor shortages in countries where contractors and suppliers are located;

a significant decrease in availability or an increase in the cost of raw materials;

restrictions on the transfer of funds to or from foreign countries;

disease epidemics and health-related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas.

the migration and development of manufacturing contractors, which could affect where the combined company's products are or planned to be produced;

increases in the costs of fuel, travel and transportation;

reduced manufacturing flexibility because of geographic distance between the combined company's foreign manufacturers and the combined company, increasing the risk that the combined company may have to mark down unsold inventory as a result of misjudging the market for a foreign-made product; and

violations by foreign contractors of labor and wage standards and resulting adverse publicity.

If these risks limit or prevent the combined company from manufacturing products in any significant international market, prevent the combined company from acquiring products from foreign suppliers or significantly increase the cost of the combined company's products, its operations could be seriously disrupted until alternative suppliers are found or alternative markets are developed, which could negatively impact the combined company's business.

The combined company will not have written agreements with any of its third-party manufacturing contractors. As a result, any single manufacturing contractor could unilaterally terminate its relationship with the combined company at any time. Supply disruptions from any of its third-party manufacturing contractors could have a material adverse effect on the combined company's ability to meet customer demands, if the combined company is unable to source suitable replacement materials in a timely manner, at acceptable prices or at all. The combined company's inability to promptly replace manufacturing contractors that terminate their relationships with the combined company or cease to provide high quality products in a timely and cost-efficient manner could have a material adverse effect on the combined company's business, financial condition and operating results.

The combined company's business could suffer as a result of a manufacturer's inability to produce the combined company's goods on time and to the combined company's specifications or if the combined company needs to replace manufacturers.

The combined company will not own or operate any manufacturing facilities and therefore will depend upon independent third parties for the manufacture of all of its products. The combined company will enter into a number of purchase order commitments each season specifying a time for delivery, method of payment, design and quality specifications and other standard industry provisions, but will not have long-term contracts with any manufacturer. None of the manufacturers the combined company will use will produce the combined company's products exclusively. The inability of a certain manufacturer to ship orders of the combined company's products in a timely manner or to meet the combined company's quality standards could cause the combined company to miss the delivery date requirements of its customers for those items, which could result in cancellation of orders, refusal to accept deliveries or a reduction in purchase prices, any of which could have a material adverse effect on the combined company's financial condition and results of operations. Because of the seasonality of

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the combined company's business, and the apparel and fashion business in particular, the dates on which customers need and require shipments of products are critical, as styles and consumer tastes change so rapidly in the apparel and fashion business, particularly from one season to the next. Further, because quality is a leading factor when customers and retailers accept or reject goods, any decline in quality by the combined company's third-party manufacturers could be detrimental not only to a particular order, but also to the combined company's future relationship with that particular customer.

The combined company will compete with other companies for the production capacity of its manufacturers. Some of these competitors will have greater financial and other resources than the combined company, and thus may have an advantage in the competition for production and import quota capacity. If the combined company experiences a significant increase in demand, or if a manufacturer of the combined company must be replaced, the combined company may have to expand its third-party manufacturing capacity. The combined company cannot provide assurance that this additional capacity will be available when required on terms that are acceptable to the combined company or similar to any existing terms which it may have with its manufacturers, either from a production standpoint or a financial standpoint.

If an independent manufacturer used by the combined company fails to use acceptable labor practices, the combined company's business could suffer.

While the combined company will require its independent manufacturers to operate in compliance with applicable laws and regulations, the combined company will have no control over the ultimate actions of its independent manufacturers. The violation of labor or other laws by one of the combined company's independent manufacturers or the divergence of an independent manufacturer's labor practices from those generally accepted as ethical in the United States, could interrupt or otherwise disrupt the shipment of finished products to the combined company or damage its reputation. Any of these, in turn, could have a material adverse effect on the combined company's financial condition and results of operations. In particular, the laws governing garment manufacturers in the State of California could impose joint liability upon the combined company and its independent manufacturers for the labor practices of those independent manufacturers. As a result, should one of the combined company's independent manufacturers be found in violation of state labor laws, the combined company could suffer adverse financial or other unforeseen adverse consequences.

Increases in the price of raw materials or their reduced availability could increase the cost of goods and decrease the combined company's profitability.

The principal fabrics that will be used in the combined company's business are cotton, blends, synthetics and wools. The prices the combined company will pay its suppliers for its products are dependent in part on the market price for the raw materials primarily cotton used to produce them. The price and availability of cotton may fluctuate substantially, depending on a variety of factors, including demand, crop yields, weather, supply conditions, transportation costs, work stoppages, government regulation, economic climates and other unpredictable factors. Increases in raw material costs, together with other factors, could result in a decrease in the combined company's profitability unless it is able to pass higher prices on to its customers. Moreover, any decrease in the availability of cotton could impair the combined company's ability to meet its production requirements in a timely manner, which could adversely affect its revenues and working capital requirements.

The combined company will be dependent on its relationships with its vendors.

The combined company will purchase its raw materials, including fabric, yarns, threads and trims, such as zippers, buttons and tags, from a variety of vendors. While the combined company will not be reliant exclusively on one or more particular vendor for the supply of the raw materials or component

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parts required to meet the combined company's manufacturing needs, it will depend on its relationships and these vendors to ensure the combined company's supply of these raw materials or component parts. Any problems or disputes with these vendors could result in the combined company having to source these raw materials or component parts from another vendor, which could delay production and in turn have a material adverse effect on the combined company's financial condition and results of operations.

The combined company will be subject to heightened cybersecurity risks and may incur an increase in costs in an effort to minimize those risks.

The combined company will utilize systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding its customers, employees, and others, including credit card information and personal identification information. A security breach may expose the combined company to a risk of loss or misuse of this information, litigation, and potential liability. The combined company may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyberattacks. Attacks may be targeted at the combined company, its customers, or others who have entrusted the combined company with information. Actual or anticipated attacks may cause the combined company to incur costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. Advances in computer capabilities, new technological discoveries, or other developments may result in the technology used by the combined company to protect transaction or other data being breached or compromised. In addition, data and security breaches can also occur as a result of non-technical issues, including breach by the combined company or by persons with whom it has commercial relationships that result in the unauthorized release of personal or confidential information. Any compromise or breach of the combined company's security could result in a violation of applicable privacy and other laws, significant legal and financial exposure, and a loss of confidence in the combined company's security measures, which could have an adverse effect on the combined company's results of operations and its reputation.

Any potential future acquisitions, strategic investments or mergers may subject us to significant risks, any of which may harm our business and may lead to substantial dilution or negative effects on the market price of our common stock.

The combined company's strategy includes identifying and acquiring, investing in or merging with suitable candidates on acceptable terms in order to grow or complement our business. Acquisitions would involve a number of risks and present financial, managerial and operational challenges, including:

- diversion of management attention from running our existing business;
- possible material weaknesses in internal control over financial reporting;
- increased expenses including legal, administrative and compensation expenses related to newly hired employees;
- increased costs to integrate the technology, personnel, customer base and business practices of the acquired company with us;
- potential exposure to material liabilities not discovered in the due diligence process, including cyber security risks;
- potential adverse effects on our reported operating results due to possible write-down of goodwill and other intangible assets associated with acquisitions;
- acquisition financing may not be available on reasonable terms or at all; and

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any acquired business, technology, service or product may significantly under-perform relative to our expectations, and we may not achieve the benefits we expect from the acquisition.

For any or all of these reasons, our pursuit of an acquisition, investment or merger may cause the combined company's actual results to differ materially from those anticipated.

As the combined company is expected to be highly levered, we expect that we may need to issue additional equity to support our growth; however, as the combined company will not be eligible to use a Form S-3, the process of raising capital to support our growth may be more expensive and time consuming and the terms of any offering transaction may not be as favorable as they would have been if we were eligible to use Form S-3. Moreover, the addition of a substantial number of shares of the combined company's common stock into the market or the registration of any other securities may significantly and negatively affect the prevailing market price for its common stock and would dilute the ownership of its then existing stockholders.

The seasonal nature of the combined company's business will make management more difficult, severely reduce cash flow and liquidity during parts of the year and could force the combined company to curtail its operations.

The combined company's business will be seasonal. The majority of its marketing and sales activities will take place from late fall to early spring. The greatest volume of shipments and sales typically occurs from late spring through the early fall, which will coincide with the third and fourth fiscal quarters. This will require the combined company to build-up inventories during its first and second fiscal quarters when its cash flow is weakest. Cash flow for the combined company's business is typically strongest in the third and fourth fiscal quarters. Unfavorable economic conditions affecting retailers during the fall and holiday seasons in any year could have a material adverse effect on the combined company's results of operations for the year. The combined company is likely to experience periods of negative cash flow throughout each year, including, a drop-off in business commencing each December, which could force the combined company to curtail operations if adequate liquidity is not available. There is no assurance that the effects of such seasonality will diminish in the future.

The combined company's trademark and other intellectual property rights may not be adequately protected and some of its products are targets of counterfeiting.

The combined company's trademarks and other proprietary rights will be important to its success and competitive position. The combined company may, however, experience conflict with various third parties who acquire or claim ownership rights in certain trademarks as the combined company expands its product offerings and expand the number of countries where it sells its products. The combined company cannot ensure that any actions taken to establish and protect these trademarks and other proprietary rights will be adequate to prevent imitation of the combined company's products by others or to prevent others from seeking to block sales of the combined company's products as a violation of their trademarks and proprietary rights. Also, there can be no assurance that others will not assert rights in, or ownership of, trademarks and other proprietary rights of the combined company or that the combined company will be able to successfully resolve these types of conflicts to its satisfaction. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States.

The combined company's products are sometimes the target of counterfeiters. As a result, there are often products that are imitations or "knock-offs" of the combined company's products that can be found in the marketplace or consumers can find products that are confusingly similar to those of the combined company. The combined company intends to vigorously defend its trademarks and products bearing its trademarks, however, we cannot assure you that our efforts will be adequate to prosecute and block all sales of infringing products from the marketplace.

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***The combined company's ability to conduct business in international markets may be affected by legal, regulatory, political and economic risks*.**

The combined company's ability to capitalize on growth in new and existing international markets is subject to risks associated with international operations. Some of these risks include:

- the burdens of complying with a variety of foreign laws and regulations;
- unexpected changes in regulatory requirements; and
- new tariffs or other barriers to some international markets.

The combined company will also be subject to general political and economic risks associated with conducting international business, including:

- political instability;
- changes in diplomatic and trade relationships; and
- general economic fluctuations in specific countries or markets.

The combined company cannot predict whether quotas, duties, taxes, or other similar restrictions will be imposed by the United States, Mexico, the European Union, Canada, China, Japan, India, South Korea or other countries upon the import or export of the combined company's products in the future, or what effect any of these actions would have on the combined company's business, financial condition or results of operations. Changes in regulatory or geopolitical policies and other factors may adversely affect the combined company's business in the future or may require it to modify its current business practices.

The combined company's price of its common stock price will likely be volatile and may decrease. The market price of the Company's common stock after the Merger will continue to fluctuate and may be affected by factors different from those affecting RG Units currently.

The market price of the Company's common stock after the Merger will continue to fluctuate and may be affected by factors different from those affecting the value of RG Units currently. Upon completion of the Merger, holders of RG Units will become holders of the Company's common stock. The market price of the Company's common stock may fluctuate significantly following consummation of the Merger and holders of RG Units could lose the value of their investment in the Company's common stock. In addition, the stock market has experienced significant price and volume fluctuations in recent times which could have a material adverse effect on the market for, or liquidity of, the Company's common stock, regardless of our actual operating performance. In addition, our business differs in respects from that of RG, and accordingly, the results of operations of the combined Company and the market price of the company's common stock after the completion of the Merger may be affected by factors different from those currently affecting the independent results of operations of each of the Company and RG

The trading price and volume of the combined company's common stock will likely be subject to fluctuations in response to factors such as the following, some of which are beyond the combined company's control:

- annual and quarterly variations in actual or anticipated operating results;
- operating results that vary from the expectations of securities analysts and investors;

changes in expectations as to the combined company's future financial performance, including financial estimates by securities analysts and investors;

changes in market valuations of other premium apparel companies;

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- announcements of new product lines by the combined company or its competitors, announcements by the combined company or its competitors of significant contracts, acquisitions or dispositions of assets, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel or members of the combined company's board of directors; and
- general conditions in the apparel industry.

In the 52 week period prior to the filing of this joint proxy and consent solicitation statement/prospectus, the closing price of the Company's common stock has ranged from $0.08 to $1.08. In addition, stock markets generally have experienced price and volume trading volatility in recent years. This volatility has had an effect on the market prices of securities of many companies for reasons unrelated to the operating performance of the specific companies. These broad market fluctuations may negatively affect the market price of the combined company's common stock.

Certain RG equity holders will have a reduced ownership and voting interest in the combined company after the Merger relative to their current ownership and voting interest in RG and, as a result, will be able to exert less influence over management.

In the Merger, each RG equity holder will receive shares of our common stock as a portion of the Actual Merger Consideration, which will result in such RG equity holder becoming a stockholder of the Company with a percentage ownership of the Company after the Merger that is smaller than such equity holder's current percentage ownership of RG. We expect that RG equity holders will own, in the aggregate, approximately 47.5% of the outstanding shares of the Company's common stock immediately after the Closing of the Merger, on a fully diluted basis. Accordingly, individual RG equity holders will have substantially less influence on the management and policies of the Company after the Merger than they may now have with respect to the management and policies of RG.

There has been no public market for RG Units and the lack of a public market makes it difficult to determine the fair market value of RG.

RG Units are privately held and are not traded on any public market. The lack of a public market may make it more difficult to determine the fair market value of RG Units than if they were traded publicly. The value ascribed to RG's equities in other contexts may not be indicative of the price at which the RG Units may have traded if they were traded on a public market. The Aggregate Merger Consideration to be paid to RG equity holders was determined based on negotiations between the parties and likewise may not be indicative of the price at which the RG Units may have traded if they were traded on a public market.

The rights of RG equity holders who become the stockholders of the Company at the consummation of the Merger will be governed by the our certificate of incorporation and bylaws.

RG equity holders that receive shares of the Company's common stock in the Merger will become the stockholders of the Company and will be governed by the our certificate of incorporation and bylaws, rather than the RG limited liability company agreement. There are material differences between the current rights of the RG equity holders, as compared to the rights they will have as the stockholders of the Company. For more information, see the section entitled "*Comparison of Rights of Stockholders of the Company and Equity Holders of Robert Graham*" on page 223.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This joint proxy and consent solicitation statement/prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to the financial condition, results of operations, cash flows, financing plans, business strategies, capital and other expenditures, competitive positions, growth opportunities for existing products, plans and objectives of management and other matters. Statements in this document that are not historical facts are identified as forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Exchange Act and Section 27A of the Securities Act.

When we use the words "anticipate," "estimate," "project," "intend," "expect," "plan," "believe," "should," "likely" and similar expressions, we are making forward-looking statements. These forward-looking statements are found at various places throughout this joint proxy and consent solicitation statement/prospectus and any other documents we incorporate by reference in this joint proxy and consent solicitation statement/prospectus. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this joint proxy and consent solicitation statement/prospectus or to reflect the occurrence of unanticipated events.

These forward-looking statements, including statements relating to future business prospects, revenues, working capital, liquidity, capital needs and income, wherever they occur in this joint proxy and consent solicitation statement/prospectus, are estimates reflecting our best judgment. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in this joint proxy and consent solicitation statement/prospectus and those discussed from time to time in our SEC reports, including our annual report on Form 10-K for the year ended November 30, 2014 filed with the SEC on February 13, 2015, our annual report on Form 10-K/A for the year ended November 30, 2014 filed with the SEC on March 30, 2015 and our subsequently filed quarterly reports on Form 10-Q. You should read and consider carefully the information about these and other risks set forth under the caption "*Risk Factors*" in such filings.

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SOLICITATION OF WRITTEN CONSENTS FROM RG'S EQUITY HOLDERS

Purpose of the Consent Solicitation

You are being asked to consent to the Merger Agreement proposal and thereby approve the Merger Agreement.

The Board of Managers has determined that the Merger Agreement, the Merger and the transactions contemplated by the Merger Agreement are arms' length transactions and are in the best interests of RG and its equity holders and adopted and approved the Merger Agreement and the transactions contemplated thereby, including the Merger.

RG Equity Holders Entitled To Consent

The holders of RG's preferred units and common voting units are entitled to sign and deliver written consents with respect to the Merger Agreement. You are urged to return a completed, dated and signed written consent by 12:00 noon, New York City time, on January 15, 2016.

Consents; Required Consents

The consent of (i) the holders of RG's preferred units who own, collectively, more than fifty percent (50%) of the interest in the profits of RG owned by such holders and (ii) the holders of RG's voting common units who own, collectively, more than fifty percent (50%) of the interest in the profits of RG owned by such holders are required to approve the Merger Agreement.

Effective as of the date of the Merger Agreement, the Preferred Member entered into a voting agreement with the Company. Under the voting agreement, the Preferred Member agreed, promptly following its receipt of this joint proxy and consent solicitation statement/prospectus as declared effective by the SEC, to execute and deliver a written consent with respect to the preferred units held by the Preferred Member and, if necessary, to seek enforcement of the applicable provisions under RG's limited liability company agreement to cause the holders of RG's voting common units to give their consent to approve the Merger Agreement.

Submission of Consents

You may consent to the Merger Agreement proposal with respect to your equity interest in RG by completing, dating and signing the written consent enclosed with this consent solicitation statement/prospectus and returning it to RG.

If you wish to give your written consent, you must fill out the enclosed written consent, date and sign it, and promptly return it to RG. Once an equity holder has completed, dated and signed the written consent, such equity holder may deliver it to RG by faxing it to RG, Attention: Scott Vogel, at (212) 869-5965, by emailing a .pdf copy to svogel@robertgraham.us or by mailing it to 264 West 40th Street, 8th Floor, New York, NY 10018.

The Board of Managers has set 12:00 noon, New York City time, on January 15, 2016 as the target date for the receipt of written consents. RG reserves the right to extend the final date for the receipt of written consents beyond January 15, 2016. Any such extension may be made without notice to you. Once a sufficient number of consents to approve the Merger Agreement has been received, the consent solicitation will conclude.

Executing Consents; Revocation of Consents

You may execute a written consent to either approve or disapprove of the Merger Agreement. A written consent to approve the Merger Agreement proposal is equivalent to a vote for approval.

If you do not return your written consent, it will have the same effect as a vote against the Merger Agreement.

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ANNUAL MEETING OF THE COMPANY'S STOCKHOLDERS

General

We are furnishing this joint proxy and consent solicitation statement/prospectus to holders of our common stock in connection with the solicitation of proxies by our Board of Directors for use at the annual meeting of stockholders to be held on January 15, 2016 and at any adjournment, postponement, or continuation thereof. This joint proxy and consent solicitation statement/prospectus is first being furnished to our stockholders on or about December 15, 2015. In addition, this joint proxy and consent solicitation statement/prospectus is being mailed to the RG equity holders as a prospectus of the Company in connection with the issuance by us of shares of our common and preferred stock to RG in connection with the transaction described in this joint proxy and consent solicitation statement/prospectus.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting To Be Held on January 15, 2016

We are providing you access to this joint proxy and consent solicitation statement/prospectus, the accompanying form of proxy card and our annual report on Form 10-K for the fiscal year ended November 30, 2014 both by sending you these proxy materials and by notifying you of the availability of these proxy materials on the Internet. These proxy materials are available on the Internet at *http://www.joesjeans.com/2015proxy*.

Date, Time, and Place

The annual meeting of stockholders of the Company will be held at 9:00 a.m., local time on January 15, 2016, at the Sofitel Hotel Los Angeles, 8555 Beverly Boulevard, Los Angeles, California 90048.

Purpose of the Company's Annual Meeting

At the annual meeting of our stockholders, and at any adjournment, postponement, or continuation thereof, our stockholders will be asked to consider and vote upon the following proposals:

(1) - (4) *Share Issuance Proposals* To approve, under applicable NASDAQ Listing Rules, four separate proposals for the issuance of common stock pursuant to the Merger Agreement (Proposal 1) and the Rollover Agreement (Proposal 2), common stock issuable upon conversion of the Modified Convertible Notes being issued pursuant to the Rollover Agreement (Proposal 3), and common stock issuable upon conversion of the Series A Convertible Preferred Stock being issued in connection with the Merger (Proposal 4);

(5) *Reverse Stock Split Proposal* To approve an amendment to our Current Charter, to effect the Reverse Stock Split of the Company's issued and outstanding common stock such that each thirty shares of the Company's issued and outstanding common stock is reclassified into one share of the Company's issued and outstanding common stock, which reverse stock split will not change the par value or the amount of authorized shares of the Company's common stock;

(6) *Director Election Proposal* To elect the five director nominees named in the attached joint proxy and consent solicitation statement/prospectus to serve on the Board of Directors until the 2016 Annual Meeting of Stockholders or until their respective successors are elected and qualified; provided, however, that if the Merger is completed the Board of Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus;

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(7) *Golden Parachute Say on Pay Proposal* To approve, by non-binding, advisory vote, compensation that the Company's named executive officers may receive in connection with the Merger pursuant to existing agreements or arrangements with the Company;

(8) *Auditor Ratification Proposal* To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2015; and

(9) To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Board Recommendation

Our Board of Directors recommends that our stockholders vote **"FOR"** each of the four Share Issuance Proposals; **"FOR"** the Reverse Stock Split Proposal; **"FOR"** each of the directors named in the Director Election Proposal; **"FOR"** the Golden Parachute Say on Pay Proposal; and **"FOR"** the Auditor Ratification Proposal.

Record Date, Outstanding Shares, and Quorum

Only holders of records of our common stock as of the Record Date are entitled to notice of and to vote at our annual meeting and any adjournments thereof. As of the Record Date, 70,082,401 shares of our common stock were issued and outstanding (which excludes 106,811 shares of common stock held in a segregated brokerage account that we consider treasury shares) and 727 common stockholders of record.

Holders of our common stock are entitled to one vote at the annual meeting for each share of common stock held that was issued and outstanding as of the Record Date.

The presence, in person or by proxy, of stockholders holding at least a majority of shares of our common stock entitled to vote will constitute a quorum for the transaction of business at our annual meeting. If a quorum is not present at the annual meeting, we expect that the meeting will be adjourned or postponed to solicit additional proxies. Your shares will be counted towards the quorum only if you submit a valid proxy or vote at the annual meeting.

How to Vote

Voting in Person

All stockholders as of the close of business on the Record Date can attend the annual meeting. If you plan to attend the annual meeting and wish to vote in person, you will be given a ballot at the annual meeting. You may vote at the annual meeting if you are a stockholder of record (your shares are directly registered in your name on our books and not held through a broker, bank or other nominee). In order to vote at the annual meeting shares held in "street name," you must obtain a valid proxy from your broker, bank, or other nominee, and bring it to the meeting. Follow the instructions from your broker, bank, or other nominee included with these proxy materials, or contact your broker, bank, or other nominee to request a proxy form.

Voting by Proxy

We request that our stockholders complete, date, and sign the accompanying proxy and promptly return it in the accompanying envelope or otherwise mail it to us. All properly executed proxies that we receive prior to the vote at the annual meeting (that have not been revoked) will be voted in accordance with the instructions indicated on the proxies. All properly executed proxies that we receive prior to the vote at the annual meeting that do not provide any direction as to how to vote will be voted in accordance with the recommendations of our Board of Directors.

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If your shares are held in street name, you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares.

Revocation of Proxies

You may change your vote at any time prior to the vote at the annual meeting. If you are a common stockholder of record, you may change your vote by granting a new proxy card bearing a later date (which automatically revokes the earlier proxy), by providing written notice of revocation to our Corporate Secretary prior to your shares being voted, or by attending the annual meeting and voting in person. Attendance at the annual meeting alone will not cause your previously granted proxy to be revoked. To revoke a previously granted proxy, you must specifically request or vote in person at the annual meeting. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank or nominee, or, if you have obtained a legal proxy from your broker, bank or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Voting Your Shares

If you complete and submit your proxy voting instructions, the persons named as proxies will follow your instructions. If you submit your proxy voting instructions but do not direct how to vote on each item, the persons named as proxies will vote your shares:

- **"FOR"** each of the four Share Issuance Proposals;
- **"FOR"** the Reverse Stock Split Proposal;
- **"FOR"** each of the directors named in the Director Election Proposal;
- **"FOR"** the Golden Parachute Say on Pay Proposal; and
- **"FOR"** the Auditor Ratification Proposal.

Votes Required

The voting requirement to approve each of the proposals is as follows:

(1) - (4) *Share Issuance Proposals* Pursuant to the shareholder approval requirements of NASDAQ, each of the four Share Issuance Proposals requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Broker non-votes and abstentions will have no effect on these proposals. **Approval by our stockholders of the issuance of such securities pursuant to each of the Share Issuance Proposals is a condition to the obligations of the Company and RG to complete the Merger under the Merger Agreement and the issuance and sale of the Series A Convertible Preferred Stock under the Stock Purchase Agreement. If any one of the four Share Issuance Proposals is not approved, we cannot effect such transactions under the terms set forth in the respective agreements.**

(5) *Reverse Stock Split Proposal* The Reverse Stock Split Proposal requires the affirmative "**FOR**" vote of a majority of our issued and outstanding common stock. Broker non-votes and abstentions will have the same effect as a vote against the Reverse Stock Split Proposal.

(6) *Director Election Proposal* For the Director Election Proposal, the five nominees receiving a plurality of "**FOR**" votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon will be elected. Broker non-votes and abstentions will have no effect on this proposal. Notwithstanding the foregoing, if the Merger is completed the Board of

Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus.

(7) *Golden Parachute Say on Pay Proposal* The Golden Parachute Say on Pay Proposal requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Broker non-votes and abstentions will have no effect on this proposal.

(8) *Auditor Ratification Proposal* The Auditor Ratification Proposal requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Abstentions will have no effect on this proposal. If you hold your shares in street name and do not provide voting instructions to your broker, the shares may be voted on the Auditor Ratification Proposal at the discretion of your broker.

Proxy Solicitation

We are making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. To further assist in the solicitation process, we have hired Alliance Advisors, LLC to solicit proxies by personal interviews, telephone, telegram or otherwise. We have agreed to pay to them an initial fee of $7,000 and additional compensation on an as-needed basis for telephone solicitation and solicitations made by other means.

Other Business; Adjournments

We do not expect that any matter other than the proposals presented in this joint proxy and consent solicitation statement/prospectus will be brought before our annual meeting. However, if other matters incident to the conduct of the annual meeting are properly presented at the annual meeting or any adjournment, postponement, or continuation of the annual meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters.

Adjournments may be made for the purpose of, among other things, soliciting additional proxies.

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PROPOSALS 1 THROUGH 4 THE SHARE ISSUANCE PROPOSALS

We are seeking the approval of our stockholders, as required under applicable NASDAQ listing rules, for the issuance of up to 15,688,675 shares of our common stock consisting of (1) 8,870,968 shares of common stock issuable to holders of membership interests in RG pursuant to the Merger Agreement (Proposal 1), (2) 1,154,194 shares of our common stock issuable to holders of our Convertible Notes pursuant to the Rollover Agreement (Proposal 2), (3) 1,183,226 shares of our common stock issuable upon conversion of the Modified Convertible Notes being issued pursuant to the Rollover Agreement (Proposal 3), and (4) 4,480,287 shares of our common stock issuable upon the conversion of the Series A Convertible Preferred Stock being issued pursuant to the Stock Purchase Agreement in connection with the Merger (Proposal 4). Approval by our stockholders of the issuance of such securities pursuant to each of the Share Issuance Proposals is a condition to the obligations of the Company and RG to complete the Merger under the Merger Agreement and the issuance and sale of the Series A Convertible Preferred Stock under the Stock Purchase Agreement. If any one of the four Share Issuance Proposals is not approved, we cannot effect such transactions under the terms set forth in the respective agreements.

Q:

Why are we seeking stockholder approval of each of the four Share Issuance Proposals?

A:

Our common stock is listed on NASDAQ and, as a result, we are subject to the NASDAQ's Listing Rules. The potential issuance of our securities pursuant to the Merger Agreement, the Rollover Agreement and the Stock Purchase Agreement will implicate certain of the NASDAQ listing standards requiring prior stockholder approval in order to maintain our listing on The NASDAQ Capital Market, including the following:

NASDAQ Listing Rule 5635(a) requires stockholder approval prior to the issuance of securities in connection with the acquisition of another company if such securities are not issued in a public offering and (A) have, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance of common stock (or securities convertible into or exercisable for common stock); or (B) the number of shares of common stock to be issued is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the stock or securities;

NASDAQ Listing Rule 5635(b) requires stockholder approval when any issuance or potential issuance will result in a "change of control" of the issuer (which may be deemed to occur if after a transaction a single investor or affiliated investor group acquires, or has the right to acquire, 20% or more of the common stock (or securities convertible into or exercisable for common stock) or voting power of an issuer and such ownership would be the largest ownership position of the issuer).

After giving effect to the Reverse Stock Split described in the Reverse Stock Split Proposal, the issuance of shares of common stock (1) pursuant to the Merger Agreement (Proposal 1), (2) the Rollover Agreement (Proposal 2), (3) upon conversion of the Modified Convertible Notes (Proposal 3), assuming a conversion price of $13.95 per share, and (4) upon conversion of the Series A Convertible Preferred Stock (Proposal 4), assuming a conversion price of $11.10 per share, would exceed 20% of our voting power and 20% of the number of shares of our common stock outstanding before the issuance of such securities. Further, affiliates of TCP will control in excess of 20% of the voting power and 20% of the number of shares of our common stock outstanding before the issuance and such ownership would be our largest ownership position. As a result of the foregoing, we are seeking stockholder approval of the issuance of up to 15,688,675 shares of our common stock consisting of (1) 8,870,968 shares of common stock issuable to holders of membership interests in RG pursuant to the Merger Agreement (Proposal 1), (2) 1,154,194 shares of our common stock issuable to holders of our Convertible Notes pursuant to the Rollover

Agreement (Proposal 2), (3) 1,183,226 shares of our common stock issuable upon conversion of the Modified Convertible Notes being issued pursuant to the Rollover Agreement (Proposal 3), and (4) 4,480,287 shares of our common stock issuable upon the conversion of the Series A Convertible Preferred Stock being issued pursuant to the Stock Purchase Agreement in connection with the Merger (Proposal 4).

Stockholders should note that a "change of control" as described under Rule 5635(b) applies only with respect to the application of such rule, and does not constitute a "change of control" for purposes of Delaware law, our organizational documents, or any other purpose.

We seek your approval of each of the four Share Issuance Proposals in order to comply with the applicable NASDAQ Listing Rules and to comply with our obligations to seek such approvals pursuant to the terms of the Merger Agreement and Stock Purchase Agreement.

See "*Summary of Merger Agreement*" for a description of the Merger Agreement and the transactions contemplated thereby. See "*Ancillary Agreements Rollover Agreement*" for a description of the Rollover Agreement, the Modified Convertible Notes, and the transactions contemplated thereby. See "*Ancillary Agreements Stock Purchase Agreement*" for a description of the Series A Convertible Preferred Stock and Stock Purchase Agreement and the transactions contemplated thereby.

Our historical financial statements and the historical financial statements of RG and pro forma condensed combined financial statements of our Company together with RG as of and for the nine months ended September 30, 2015 and for the fiscal year ended December 31, 2014 are included with this joint proxy and consent solicitation statement/prospectus. The pro forma information is included the section entitled "*Unaudited Pro Forma Condensed Combined Financial Information.*"

Q:

Will the approval of each of the four Share Issuance Proposals be dilutive to existing holders of common stock?

A:

Approval of each of the four Share Issuance Proposals, and the consummation of the Merger and the related transactions, will result in significant dilution to existing holders of our common stock and a significant reduction of the percentage of ownership interest held by our existing stockholders. Also, the addition of a substantial number of shares of our common stock into the market or the registration of any other securities may significantly and negatively affect the prevailing market price for our common stock. As of December 10, 2015, we had 70,082,401 shares of common stock issued and outstanding, which excludes 106,811 shares held in a segregated brokerage account that we consider treasury shares. After giving effect to the Reverse Stock Split as if it had occurred on December 10, 2015 and upon the completion of the issuance of (1) 8,870,968 shares of common stock pursuant to the Merger Agreement (Proposal 1), (2) 1,154,194 shares of our common stock pursuant to the Rollover Agreement (Proposal 2), (3) 1,183,226 shares of our common stock upon conversion of the Modified Convertible Notes being issued pursuant to the Rollover Agreement (Proposal 3), assuming a conversion price of $13.95 per share, and (4) 4,480,287 shares of our common stock upon the conversion of the Series A Convertible Preferred Stock being issued pursuant to the Stock Purchase Agreement in connection with the Merger (Proposal 4), assuming a conversion price of $11.10 per share, the existing holders of our common stock, including management equity holders, would hold approximately 14.3% of the outstanding common stock, on a fully diluted basis.

The actual number of shares of common stock that will be issuable upon conversion of the Series A Convertible Preferred Stock will not be known until such conversion occurs. As described more fully above in "*Ancillary Agreements Stock Purchase Agreement*," the conversion price of the Preferred Stock, which will initially be $11.10 per share, will be subject to certain adjustments that are typical for convertible preferred stock of this type and such adjustments may increase the

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number of shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock.

Q:

Why is the Board of Directors recommending each of the four Share Issuance Proposals?

A:

Our Board of Directors believes that the Merger and the Merger Transactions represent the best strategic alternative to preserve the value for its stockholders and to resolve the Company's financial, operational and management issues. Our Board of Directors has concluded that approving the issuance of common stock pursuant to the Merger Agreement (Proposal 1) and the Rollover Agreement (Proposal 2), the common stock issuable upon conversion of the Modified Convertible Notes (Proposal 3), and common stock issuable upon conversion of the Series A Convertible Preferred Stock (Proposal 4) being issued in connection with the Merger and the transactions pursuant to which such stock will be issued are in our best interest and the interest of our common stockholders. In reaching its decision, the Board of Directors considered a number of factors generally supporting its decision that we should enter into the Merger Agreement and consummate the Merger Transactions contemplated thereby, including, among others, (i) the ability to repay the Term Loan Credit Agreement and the Amended and Restated Revolving Credit Agreement in full, (ii) the ability to add a new CEO for the Company who has experience leading a premium denim public company, (iii) the ability to combine our Hudson brand with the Robert Graham brand which offers a full luxury lifestyle line of products which has experienced rapid growth and which we believe will be complementary to our Hudson brand of premium denim products, (iv) the combined company being the foundation of a new, premium branded consumer platform that can focus on organically growing its owned brands through a global, omni-channel strategy, including premium wholesale department store and specialty stores, direct-to-consumer retail stores, e-commerce, and licensing (v) the ability of the combined company to seek opportunities to acquire accretive, complementary, premium-plus brands, and (vi) the ability to reduce indebtedness to the holders of our Convertible Notes, contingent upon consummation of the Merger. The Board of Directors also considered a variety of risks and other potentially negative factors generally relating to the Merger Agreement, and the consummation of the transactions contemplated thereby, in reaching its decision. For a description of such risks and potentially negative factors see *"Risk Factors*."

Q:

What are the interests of Directors and Executive Officers in the matters being voted upon?

A:

It is expected that before completion of the Merger and related transactions, Mr. Peter Kim, the Chief Executive Officer of our Hudson subsidiary, will hold approximately $14.8 million principal amount of our Convertible Notes, which, pursuant to the terms of our Rollover Agreement with Mr. Kim, will be surrendered in exchange for approximately $3.8 million in cash, approximately 334,527 shares of common stock (after giving effect to the Reverse Stock Split) and approximately $7.4 million principal amount of our Modified Convertible Notes upon consummation of the Merger.

For a description of the interests of our other directors and executive officers in the Merger and the related transactions see "*The Merger Interests of Certain of the Company's Directors, Officers and Affiliates in the Merger.*"

Q:

What is the vote required to approve each of the four Share Issuance Proposals?

A:

Pursuant to the shareholder approval requirements of NASDAQ, each of the four Share Issuance Proposals requires the affirmative "**FOR**" vote of a majority of the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Broker non-votes and abstentions will have no effect on these proposals. **Approval by our stockholders of the issuance of such securities pursuant to each of the Share Issuance Proposals is a condition to**

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the obligations of the Company and RG to complete the Merger under the Merger Agreement and the issuance and sale of the Series A Convertible Preferred Stock under the Stock Purchase Agreement. If any one of the four Share Issuance Proposals is not approved, we cannot effect such transactions under the terms set forth in the respective agreements.

Q:

What if our stockholders do not approve each of the four Share Issuance Proposals?

A:

If any one of the four Share Issuance Proposals is not approved by our stockholders at the annual meeting in accordance with the NASDAQ Listing Rules, we will fail to satisfy the conditions contained in the Merger Agreement and we would not be able to consummate the transactions contemplated by such agreement, including the Merger, the transactions pursuant to the Rollover Agreement and the receipt of additional capital pursuant to the Stock Purchase Agreement. Therefore, it is important that shareholders vote "**FOR**" each of the four Share Issuance Proposals.

Q:

What if our stockholders approve each of the four Share Issuance Proposals, but do not approve the Reverse Stock Split Proposal?

A:

If each of the four Share Issuance Proposals is approved by our stockholders, but the Reverse Stock Split Proposal is not approved, we will fail to satisfy the conditions contained in the Merger Agreement and we would not be able to consummate the transactions contemplated by such agreement, including the Merger.

Q:

How does the Board of Directors recommend I vote?

A:

The Board of Directors recommends that you vote **"FOR"** each of the four Shareholder Issuance Proposals in order to approve the issuance of common stock pursuant to the Merger Agreement (Proposal 1) and the Rollover Agreement (Proposal 2), common stock issuable upon conversion of the Modified Convertible Notes being issued pursuant to the Rollover Agreement (Proposal 3) and common stock issuable upon conversion of the Series A Convertible Preferred Stock being issued in connection with the Merger (Proposal 4).

THE MERGER

The following is a description of the material aspects of the Merger. While the Company believes that the following description covers the material terms of the Merger, the description may not contain all of the information that is important to the Company's stockholders and RG's equity holders. The Company encourages its stockholders and RG's equity holders to carefully read this entire joint proxy and consent solicitation statement/prospectus, including "Summary of Merger Agreement" starting on page 101 and the Merger Agreement attached to this joint proxy and consent solicitation statement/prospectus as Appendix A and incorporated herein by reference, for a more complete understanding of the Merger.

Overview

The Company's Board of Directors has approved, and on September 8, 2015 we entered into, the Merger Agreement, which provides for Merger Sub, a wholly-owned subsidiary of the Company, to be merged with and into RG, with RG surviving the Merger as a wholly-owned subsidiary of the Company.

At the Effective Time, on the terms and subject to the conditions set forth in the Merger Agreement, all of the RG Units outstanding immediately prior to the Effective Time will be converted into the right to receive an aggregate of $81 million in cash (the "***Aggregate Cash Consideration***") and 8,870,968 shares of common stock (after giving effect to the Reverse Stock Split) (the "***Aggregate Stock Consideration***" and, together with the Aggregate Cash Consideration, the "***Aggregate Merger Consideration***"). The portion of the Aggregate Merger Consideration constituting the Aggregate Cash Consideration will be reduced by an amount necessary to satisfy certain indebtedness of RG outstanding as of the Effective Time (the Aggregate Cash Consideration, as adjusted, the "***Actual Cash Consideration***" and, together with the Aggregate Stock Consideration, the "***Actual Merger Consideration***"). See "*Summary of Merger Agreement Treatment of RG Units*" located on page 102 of this joint proxy and consent solicitation statement/prospectus for further information.

In connection with the Merger Agreement, the Company entered into:

- the IP Asset Purchase Agreement, pursuant to which, on September 11, 2015, the IP Assets Purchaser purchased from us for an aggregate purchase price of $67 million certain intellectual property assets used or held for use in the Joe's Business;

- the Operating Assets Purchase Agreement, pursuant to which, on September 11, 2015, the Operating Assets Purchaser purchased from us for an aggregate purchase price of $13 million certain inventory and other assets and assumed certain liabilities of ours and our subsidiaries related to the Joe's Business, including certain liabilities relating to certain employees of the Joe's Business and, at a later date, specified Joe's store leases;

- the Stock Purchase Agreement, pursuant to which the Company will issue and sell to the Series A Purchaser immediately prior to the consummation of the Merger, the Series A Convertible Preferred Stock for an aggregate purchase price of $50 million in cash representing approximately 24.0% of our common stock on an as converted, fully-diluted basis after giving effect to the Merger and related transactions (for more information, see "*Ancillary Agreements Stock Purchase Agreement*" beginning on page 131); and

- the Rollover Agreement, pursuant to which the Company will exchange $34.2 million aggregate principal amount of our outstanding Convertible Notes, representing 100% of the outstanding principal amount of our Convertible Notes, together with all accrued and unpaid interest thereon, for a combination of approximately $8.6 million in cash, shares of our common stock representing approximately 6.7% of our issued and outstanding common stock immediately after the Merger and related transactions, and Modified Convertible Notes in the aggregate amount of $16.5 million, which, immediately after giving effect to the Merger and the related transactions, would give the holders of the Modified Convertible Notes ownership of 14.1% of our issued and outstanding common stock on an as-converted, fully diluted basis (for more information, see "*Ancillary Agreements Rollover Agreement*" beginning on page 133).

Background of the Merger

We began our operations in April 1987 as Innovo, Inc., a Texas corporation ("***Innovo***"), to manufacture and domestically distribute cut and sewn canvas and nylon consumer products for the utility, craft, sports-licensed and advertising specialty markets. In 1990, Innovo merged into Elorac Corporation, a Delaware corporation, and was renamed Innovo Group Inc. The Company was renamed Joe's Jeans Inc. in October 2007. We have evolved from producing craft and accessory products to designing and selling apparel products under the Joe's Jeans® and Hudson® brands.

On September 30, 2013, we acquired all of the outstanding equity interests in Hudson Clothing Holdings, Inc. and its subsidiaries ("***Hudson***"), a designer and marketer of women's and men's premium branded denim apparel (the "***Hudson Business***"). This acquisition provided us with an additional proven premium denim brand and enhanced our prospects for growth across wholesale, retail and e-commerce, both domestically and overseas, and created the potential for improved purchasing authority with current and future vendors and other operational efficiencies.

The growth potential from the Hudson acquisition relied on the integration of the Hudson Business and the Joe's Business. As a result of the challenges arising from the Hudson acquisition, we did not achieve the desired level of integration, and we failed to meet certain financial covenants set forth in our Term Loan Credit Agreement with Garrison. On November 6, 2014, we received a notice of default and demand for payment of default interest from Garrison, under the Term Loan Credit Agreement. As a result of the default under the Term Loan Credit Agreement, we were also in default under the terms of our Revolving Credit Agreement and our factoring facility with CIT and we were prohibited from making payments under the Convertible Notes and the obligations to Joseph M. Dahan.

Beginning November 2014, we began negotiations with Garrison and CIT on their willingness to provide a forbearance agreement, waiver of the defaults and amendments to the Term Loan Credit Agreement and the Revolving Credit Agreement and factoring facility. In connection with those conversations, at the request of Garrison, we engaged a consulting group to perform due diligence and conduct an initial assessment of process improvement opportunities for the Company.

Beginning in December 2014, management and the full Board of Directors and, separately, certain of the non-management members of our Board of Directors began meeting on a regular basis to discuss alternatives for the Company as a result of the defaults under the Term Loan Credit Agreement and the Revolving Credit Agreement. Among other things, the Board considered whether it should further explore refinancing alternatives and/or a transaction that had been proposed in early December 2014 by a brand management company where the Company would contribute the intellectual property owned by the Company to a joint venture in exchange for an $80 million upfront payment and a share of future royalties generated by the joint venture. The Board also considered engaging a consultant to implement and help expedite the integration of the Joe's Business and the Hudson Business with the goal of achieving some immediate cost savings. Ultimately, at that time, the Board determined it should continue to pursue all possible alternatives to remedy its financial situation and address the issues with its lenders. We preliminarily explored the joint venture proposal but we had significant concerns that the tax that would be owed as a result of the transaction caused the transaction to not be a viable alternative and the talks between the parties stalled.

In January 2015, after the consultants we engaged on behalf of Garrison completed their due diligence review, the Company and Garrison discussed alternatives to address the defaults under the Term Loan Credit Agreement. Garrison stated that, as a result of the due diligence findings, it was not willing to amend the Term Loan Credit Agreement to provide the Company with more flexibility to implement process and other operational improvements, but instead was only willing to provide a short term forbearance agreement if the Company maintained certain new financial covenants, provided a budget for 2016 by a date certain, and engaged an investment banker to assist the Company in finding alternative lenders, capital providers or acquirers for the Company that would allow the Company to repay the Garrison debt in full. Garrison wanted the transaction to be closed by the end of April. Throughout this period, the Company received advice from its longtime outside counsel, Akin Gump Strauss Hauer & Feld LLP ("***Akin Gump***"), regarding the defaults, management and operational issues, and alternatives for the Company.

Management continued to work on, but was unable to finalize in a timely manner, a detailed budget for fiscal 2016 for the Board to approve and for the Company to provide to Garrison. Management was unable to come to consensus on several components of the budget, including the integration plan and the magnitude of selling, general and administrative expenses for each brand, each of which were big drivers of the budget. At the same time, Peter Kim, the Chief Executive Officer of Hudson and a Director of the Company expressed concerns to the Board about the Company's financial situation and the need for a plan to assess the Company's options as soon as possible.

On January 15, 2015, we received a term sheet from another third party, which we refer to as Party A, that was also proposing a joint venture transaction in which the Company would contribute its intellectual property to a joint venture in exchange for an upfront payment and a share of future royalties generated by the joint venture (the "***IP Sale Proposal***"). The Company would license from the joint venture the trademarks and other intellectual property necessary to continue to operate the Joe's Business and the Hudson Business. The licenses would require the Company to pay the joint venture a minimum royalty and a guaranteed marketing expenditure. If the license was breached or a minimum threshold of royalties was not met, the license in favor of the Company would terminate. Management and the Board reviewed the proposal and discussed the proposal with Akin Gump. Primarily, the Board was concerned about the tax impact of the IP Sale Proposal, the Company's ability to service the royalty payments under the license and grow the business going forward, the Company's future borrowing power as a result of the capitalization of the Company, the transfer of the Company's ownership of the intellectual property assets to the joint venture entity formed for the purpose of carrying out the IP Sale Proposal, the Company's ability to pay its remaining debt obligations that would not be repaid as a result of this transaction closing and how to resolve the Company's management and operational issues after the transaction. The Board authorized management, Akin Gump and, once they were retained, the Carl Marks Advisory Group Inc. ("***Carl Marks***") to continue discussions with Party A to address these concerns and met regularly over the next month to receive updates on the discussions with Party A and to give direction to management, Akin Gump and Carl Marks.

On January 19, 2015, the Board accepted the resignation of the Company's President and Chief Executive Officer, Marc B. Crossman, effective as of January 19, 2015. In light of the credit agreement defaults, the request of Garrison to pursue a transaction that would repay Garrison in full by April 2015 and the resignation of the CEO of the Company, at a meeting held on January 19, 2015, the Board determined that it was in the best interests of the Company and its stockholders to engage an investment bank to help the Company explore all of its strategic alternatives. The Board reviewed the credentials of three investment banks, including Carl Marks, who had been recommended by Garrison. After conducting interviews and a thorough review of credentials, the Board decided that the Company should engage Carl Marks and requested that management negotiate an engagement letter with Carl Marks. On January 29, 2015, the Company executed an engagement letter with Carl Marks pursuant to which it would explore strategic alternatives on the Company's behalf and advise the Company with respect thereto. In order to help stabilize the management of the Company after the resignation of its CEO, Carl Marks also agreed to act as a restructuring advisor to assist the Company in implementing cost saving measures, financial and operational oversight and to examine and advise on integration matters to ensure continued compliance with its minimum availability requirements under the Term Loan Credit Agreement and the Revolving Credit Agreement.

On February 13, 2015, the Company filed its annual report on Form 10-K. The filing disclosed the Company's results of operations for the year ended November 30, 2014 as well as the defaults under all of the Company's outstanding indebtedness. As a result of the continuing defaults under all of the Company's outstanding indebtedness, the net working capital deficiency and recurring operating losses, the Company's auditors expressed substantial doubt about the Company's ability to continue as a going concern.

On February 14, 2015, William Sweedler, co-founder of TCP, contacted Carl Marks to express interest in a transaction involving the Company and TCP's portfolio company, RG. Carl Marks conducted an introductory call with Mr. Sweedler on February 15, 2015. The Company and TCP executed a confidentiality agreement on February 17, 2015 and thereafter, on February 19, 2015, Mr. Sweedler and other representatives from TCP and representatives of the Company and Carl Marks conducted a conference call to discuss the Company's business, future prospects and financial situation.

On February 22, 2015, the Board, together with representatives from Akin Gump and Carl Marks, met and discussed the strategic alternative transaction process. Akin Gump advised the Board of its fiduciary duties in conducting the strategic alternative transaction process and in reviewing any proposals resulting from that process. Given the unwillingness of the Company's lenders to engage in discussions regarding longer-term operational solutions for the Company, the Board discussed the need for a transaction that would generate enough funds that would allow the Company to repay its lenders in full. The Board also discussed the potential timeline for such a transaction and strategies for seeking interest from parties that might be interested in such a transaction with the Company. The Board also discussed the possibility of the Company filing for bankruptcy if it was unable to find a suitable transaction partner or if its lenders were unwilling to provide the Company with enough time to complete a transaction. After further discussion, the Board approved the launch of the strategic transaction process by Carl Marks as soon as the confidential information memorandum and other related documents were finalized. The Board authorized management to work with Carl Marks to finalize those documents.

On February 25, 2015, Carl Marks received an indication of interest from TCP regarding a potential transaction between the Company and RG. The potential transaction was structured as a merger in which RG equity holders would receive 50% of the consideration in cash and 50% in common stock of the Company. The number of shares of stock to be issued to the RG equity holders would be based upon the relative valuations of the Company and RG to be mutually agreed by the parties. Additionally, upon the consummation of the merger, TCP would invest $40 million in a new series of convertible preferred stock of the combined company. TCP would arrange for financing for the potential transaction sufficient to (i) restructure the Company's existing indebtedness, (ii) pay all transaction fees, (iii) satisfy the cash payment to the RG equity holders and (iv) provide the Company with working capital on a go-forward basis. Finally, TCP would have the right to appoint four of the members of the Board of the combined company, one of whom would be Michael Buckley, who would serve as CEO of the combined company.

On March 4, 2015, the Company and its advisors received supplemental information from TCP regarding RG and the proposed transaction, including a description of RG's business and future prospects and TCP's anticipated goals for the combined company. TCP also provided additional detail on the proposed transaction terms including clarification regarding the financing that it was arranging, which would, among other things, refinance all of the Company's and RG's outstanding debt in full, and that the current Joe's stockholders would own approximately 18% of the common stock of the Company on a fully diluted basis after the closing of the Merger.

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Also on March 4, 2015, Carl Marks launched its strategic transaction process. After receiving input from the Company on potential transaction partners and utilizing their internal expertise, Carl Marks contacted 84 brand/licensing, strategic and financial investors regarding a potential transaction involving the Company. Of the parties contacted, 64 potential bidders requested a confidentiality agreement, 21 potential bidders executed confidentiality agreements and six bidders submitted indications of interest, including TCP and Party A. For bidders that executed confidentiality agreements, they were permitted access to confidential due diligence information and were instructed as to when final indications of interest were due and the timeline after that point if they were chosen to move forward in the process.

On March 7, 2015, the Board met to discuss the proposal from TCP, the IP Sale Proposal and the strategic alternative process that had been launched by Carl Marks. Throughout the process, Akin Gump advised the Board of its applicable fiduciary duties. Although the Board believed that both the TCP proposal and the IP Sale Proposal were potential transactions that the Company should further consider, the Board believed that it was in the best interest of the Company and its stockholders to run a comprehensive process with the intent of exploring alternative transaction proposals that would provide the greatest value for the Company and its stockholders. The Board did not want to commit to a proposal and enter into an exclusivity arrangement prior to knowing that it had made a reasonable effort to explore other potential transactions for the Company. Additionally, the Board believed that more information as to what others might propose would facilitate the analysis of the fairness of the purchase price for each transaction. Therefore, the Board determined that TCP and Party A should become part of the overall transaction process being conducted by Carl Marks and it was requested that they conduct their due diligence and submit formal indications of interest at the time indicated in the transaction process procedures along with the other potential bidders. Carl Marks also updated Garrison and CIT on the strategic alternative process and the bids that had already been received. While both lenders indicated their willingness to allow the Company to complete the process, they also indicated their preference for a transaction that could be closed quickly over a transaction that may require significant third party approvals, including stockholder approval, which would delay a closing.

During March 2015 and continuing throughout the process, the Board, certain members of management, Carl Marks and Akin Gump met regularly to discuss the strategic transaction process, the Company's current status with its lenders and remain informed about other financial and operational matters. Carl Marks updated the Board on the strategic transaction process, the number of bidders that had been contacted, the number of bidders that had requested a confidentiality agreement and the number of bidders that were conducting due diligence on the Company.

On April 6, 2015, in compliance with the process timeline, the Board received an updated indication of interest from TCP regarding a transaction between RG and the Company, an updated indication of interest from Party A as well as four other indications of interest from other bidders. The indications of interest were for a wide variety of potential transactions, including a merger/recapitalization, an IP sale and license-back transaction, a partial refinancing of the Company's debt, an acquisition of one or both of the Company's brands for cash and an acquisition of 100% of the Company's common stock for cash. The terms of the various proposals are summarized below:

- TCP/RG proposal: The original proposal was amended to provide that RG equity holders would receive 50% of the consideration in the form of Company common stock and 50% in cash, with a possible option to take a seller note in lieu of cash. The current Joe's stockholders would own 10.5% of the common stock of the combined company on a fully diluted basis after the closing of the Merger. Additionally, TCP would invest up to $50 million in a new series of preferred stock of the combined company. TCP would arrange for financing for the potential transaction sufficient to (i) refinance the Company's existing indebtedness in full, (ii) pay all transaction fees, and (iii) provide the Company with working capital. Finally, TCP would have the right to appoint four of the members of the Board, one of whom would be Michael Buckley, who would

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serve as CEO of the combined company. The remaining three members of the Board would be comprised of existing board members.

IP Sale Proposal: Party A revised its proposal to provide a $85 million delayed-draw loan facility, secured by a first lien on the Company's intellectual property assets, which we refer to as the IP, and a second lien on the collateral held by CIT, with the proceeds to be used to repay Garrison in full. All of the IP would be contributed to a bankruptcy remote entity to be owned by the Company, which we refer to as the IP Sub. The loan would be made to the IP Sub and in turn, the IP Sub would make a loan in the same amount to the Company. The loan would have a seven year term with a make-whole payment due upon any pre-payment of the loan. The IP Sub would also be required to make an annual payment to Party A for the first two years for a central marketing fund. The IP Sub would grant a non-terminable, irrevocable, royalty-free, perpetual master license to Party A for the intellectual property for all goods, services and uses in all worldwide categories, other than denim bottoms in the United States. The Company would receive a perpetual, non-terminable, irrevocable, royalty-free, master license agreement for all denim bottoms in the United States. The Company's master license would have financial and operational covenants (and corresponding default and remedy provisions), including minimum sales requirements and restrictions on licenses. According to the proposal, the loan agreement would have terms and conditions and financial and reporting covenants similar to the Company's existing loan agreements.

Loan proposal from Party B: $70 million first lien term loan with a five year term.

Loan proposal from Party C: $70 million first lien term loan (term, interest rate, lender fee all to be determined amongst the parties).

Brand acquisition proposals: Either the acquisition of the IP and intangibles of the Joe's Business and the Hudson Business for $70 million to $80 million or the acquisition of the Hudson Business for $35 million to $40 million.

Stock transaction: An acquisition of 100% of the Company's common stock for $135 million to $150 million on a debt-free, cash-free basis.

The Board, together with representatives of Akin Gump and Carl Marks, met on April 9, 2015 to discuss the indications of interest received by Carl Marks. Carl Marks described to the Board the terms of each of the indications of interest that were submitted. There was significant discussion amongst Board members and with Carl Marks and Akin Gump regarding the benefits and concerns with each proposal. The Board felt that the two loan proposals did not generate enough proceeds to repay both of its lenders, pay delinquent interest and principal on the convertible subordinated notes and Dahan Note and provide sufficient working capital, and neither of the brand acquisition proposals would provide enough proceeds to even repay Garrison. The stock transaction would not provide any payment to stockholders at the lower end valuation after payment of all outstanding debt and at the higher end valuation was comparable to the TCP/RG proposal but failed to give the stockholders any interest in any future increase in value of the Company. Additionally, the stock transaction bidder had not conducted any due diligence so the Board had concerns that the proposed valuation would decrease once the bidder conducted its due diligence investigation. Additionally, the Board had concerns that the bidder would not be able to consummate the transaction as quickly as the other parties that had already completed a significant amount of due diligence, which could further complicate discussions with the Company's lenders.

The Board also had concerns with both the TCP/RG Proposal and the IP Sale Proposal. For the TCP/RG Proposal, the Board was concerned about the substantial dilution to the existing stockholders after the transaction, the execution risk of the transaction, the potential for further dilution to the stockholders once TCP/RG completed their due diligence and TCP's ability to arrange the financing to

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fund the repayment of all of the Company's indebtedness, including any change of control payments. For the IP Sale Proposal, the Board was concerned about the covenants that the Company would need to comply with in order to maintain its license for the IP, the likelihood that the Company would default on the loan, the tax impact to the Company upon default which would trigger a sale of the IP and preserving bankruptcy as an option for the Company to protect the license in the event of a default under the license or the loan. The Board directed management and its advisors to further explore the TCP/RG proposal and the IP Sale Proposal and to seek to address these concerns that the Board had with each proposal after having determined that the other proposals delivered significantly less value to the Company's stockholders.

As instructed by the Board, senior management of the Company, Carl Marks and Akin Gump had discussions with TCP and Party A to refine their proposals. Carl Marks also updated the lenders on the process and discussions with potential bidders. Both lenders reiterated their preference for a transaction that could be closed quickly over a transaction that may require significant third party approvals, including stockholder approval, which would delay a closing for several months. On each of April 9, 2015, April 13, 2015, April 14, 2015 and April 15, 2015, the Board met with its advisors and management and discussed the progress of negotiations with TCP and Party A. At the Board Meeting on April 16, 2015, due to the fact that certain members of the Board of Directors were also members of management who were involved in the negotiations of the proposals with the two potential bidders and the fact that it was reasonably likely that management members would have an interest in any transaction that was ultimately approved by the Board of Directors, the Board formed a special committee comprised of Samuel Furrow, Joanne Calabrese, Kelly Hoffman and Kent Savage to consider, negotiate and recommend a transaction for approval by the Board of Directors. None of the members of the Special Committee were also members of management nor had any other conflicting interests with respect to the transactions being proposed by TCP and Party A.

At a meeting of the Special Committee on April 16, 2015, the Special Committee discussed the TCP/RG proposal and the IP Sale Proposal. The Special Committee liked the TCP/RG proposal because it provided a comprehensive resolution to the debt, management and operational issues that the Company was facing. After the transaction, the Company would be significantly de-levered and would therefore have more flexibility to expand the existing business. The existing stockholders would also participate in the growth of the Company in the future by retaining equity in the combined company. The Company would also have a new CEO who had successfully run another public premium denim company. However, the transaction would require stockholder approval and take several months to complete. There was also significant dilution to the existing stockholders. TCP/RG had indicated that they were willing to consider reducing the amount of the dilution to the stockholders and to work toward a solution regarding the repayment of the Convertible Notes. The IP Sale Proposal would provide enough proceeds to pay Garrison and the default interest payments on the Convertible Notes and the Dahan Note and could likely be completed more quickly than the Merger. The current stockholders would maintain 100% ownership of the Company. However, since there were not enough funds to repay CIT, CIT's consent would be needed for the transaction and the Company was not sure that it could be obtained on the terms requested by Party A. There were also concerns regarding whether the Company would be able to comply with the covenants in the loan agreement Party A was proposing, the fact that the Company could potentially lose its license (and ownership of its intellectual property) in the event of a default under the loan agreement or license agreement and the fact that the Company would remain significantly leveraged. Further, the Company would still need to resolve its management and operational issues. These issues would significantly impact the Company's ability to meet the covenants, especially during the first year, thereby substantially increasing the risk of default and ultimately bankruptcy. Given these and other considerations, the Board determined that it wanted to further explore a transaction with TCP/RG and the discussions with Party A were suspended.

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Later on April 16, 2015, TCP submitted a non-binding letter of intent to the Board that outlined a proposal for a merger/recapitalization transaction with the Company and provided for a period of mutual exclusivity for 45 days to allow TCP and the Company to finalize their due diligence and negotiate a definitive agreement. The non-binding letter of intent also provided for expense reimbursement for TCP and the Company if the other party breached the exclusivity provisions. Representatives of TCP and the Company negotiated the terms of the non-binding letter of intent for several days before executing the non-binding letter of intent on April 27, 2015. This final non-binding letter of intent contained the same terms previously described except that the RG equity holders would receive 50% cash and 50% stock for consideration, with the option to take a seller note in lieu of the cash, the Company stockholders would retain no less than 15% of the outstanding stock of the Company, the transaction would be structured in a manner that was intended to avoid a change of control under certain of the Company's debt obligations and TCP would purchase up to $50 million of Series A Convertible Preferred Stock. The final non-binding letter of intent also provided that the agreed upon enterprise valuations of RG and the Company would be $183.6 million and $149.2 million, respectively. The lenders were updated on the execution of the non-binding letter of intent and urged the Company to make sure that transaction was completed as soon as possible, although they understood the need for stockholder approval.

During May 2015, the Company, TCP and RG conducted their respective due diligence examinations, including on site meetings at the Company with participants from all parties. On May 15, 2015, Akin Gump and Skadden Arps Slate Meagher & Flom LLP, legal counsel to TCP ("***Skadden***"), had a conversation regarding a change to the structure of the proposed transaction. It was proposed that the Joe's Business be sold for $60 million in two separate transactions to two separate buyers, including a sale of the IP associated with the Joe's Business to a public company in which TCP had an interest. The closing of these transactions, which we refer to as the Asset Sale, would occur simultaneously with the Merger. As a result of the Asset Sale and the proposed $50 million investment by an affiliate of TCP in the Company's preferred stock, TCP would need to arrange less debt financing to fund the Merger and the Company would not be as highly levered after the Merger. The parties discussed a proposed structure and certain tax implications of such a transaction. In addition, TCP negotiated with the holders of a majority of the Convertible Notes to obtain agreement on their participation in the Merger transaction.

On May 27, 2015, TCP provided an updated non-binding proposal to the Board that contemplated, in addition to the Merger, the simultaneous sale of the Joe's Business to the IP Assets Purchaser and the Operating Assets Purchaser and the exchange of the outstanding principal amount of the Convertible Notes, together with accrued and unpaid interest on such notes, for 50% cash and 50% in shares of our common stock.

On May 28, 2015, the Special Committee met to discuss this proposal with its advisors. The Special Committee was open to the idea of selling the Joe's Business and moving forward with a company that consisted of the Hudson Business and RG. However, the Special Committee had questions over the purchase price for the Joe's Business and had concerns over whether adding additional parties to the transaction would slow down the transaction and/or increase the likelihood that the transaction would not close. While not providing a formal opinion, Carl Marks indicated that the proposed price for the Joe's Business was consistent with the valuation implied from the other offers received by the Company as part of the strategic transaction process. Also, the Special Committee did not want the Company to be exposed to the additional risk that the entire transaction would not close if the Asset Sale did not close. The Special Committee was also concerned about the reaction of the Company's lenders to this change in the transaction. To mitigate some of these concerns, prior to or concurrently with executing any definitive agreement, the Special Committee wanted to see executed commitment letters from the lenders for the financing necessary to close all of the transactions. Management, Akin Gump and Carl Marks worked to address these concerns in their discussions with Skadden and TCP. Specifically, Carl

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Marks had discussions with TCP about the Special Committee's concerns regarding the execution risk in this transaction and, among other things, TCP indicated that it would be receiving executed commitment letters for the financing of the Merger concurrently with the execution of the Merger Agreement and expressed its confidence that the Asset Purchasers would be able to consummate the Asset Sale.

On June 3, 2015, Akin Gump provided a draft of the Merger Agreement to Skadden and TCP, and the draft included a provision that RG would be obligated to close whether or not the financing for the Merger or Asset Sale closed. The parties also continued their due diligence. On June 4, 2015, the Special Committee met to discuss an unsolicited indication of interest from another party and its obligations under the exclusivity provision of the letter of intent. The indication of interest contained only high level terms and provided for the purchase of 51% of the outstanding stock of the Company for $0.50 per share. The indication of interest included a statement that the potential buyer was prepared to "settle" with all of the Company's current creditors, but no further information was provided in the indication of interest. This party had not conducted any due diligence. Given the Company's need to close a transaction soon to pay off its lenders, the lack of clarity on the transaction structure and whether or not it was a viable option as well as the Company's exclusivity obligations under the letter of intent with TCP, the Special Committee determined that it would continue to finalize the agreements with TCP/RG. On June 5, 2015, as required by the letter of intent with TCP, the Company notified this party of its obligations under the exclusivity provision. The Company also provided notice to TCP that an indication of interest had been received and that the other party had been notified of the Company's obligations under the exclusivity arrangement.

On June 11, 2015, the parties extended the exclusivity period until June 30, 2015, to give the parties additional time to negotiate the terms of the Merger Agreement and the asset sale agreements for the Joe's Business. Also during this period, TCP was negotiating with various lenders for a commitment letter to finance the Merger, which, as stated above, was a requirement of the Special Committee to recommend approval to the full Board of the Merger and related Merger Transactions. Due to the multiple responsibilities of Carl Marks in connection with the transactions, including negotiating with the Company's lenders, serving as a restructuring advisor to the Company and managing the strategic transaction process, on June 19, 2015, the Company determined to engage Cronkite & Kissell to provide a fairness opinion to the Board on the transactions instead of Carl Marks. On June 20, 2015, the Company provided a draft of the disclosure schedules to TCP/RG as well as a draft of the Rollover Agreement with the convertible noteholders. On June 23, 2015, Skadden provided comments on the Merger Agreement to the Company. Among other things, Skadden's draft provided that the consummation of the financing and the Asset Sale were conditions to TCP/RG's obligations to close. However, to mitigate this issue, (i) the draft included a reverse termination fee and provided that financing commitments would be delivered by TCP/RG concurrently with the execution of the Merger Agreement and (ii) TCP orally reiterated its confidence in the Asset Purchasers' ability to consummate the Asset Sale. On June 29, 2015, Skadden provided comments on the Rollover Agreement with the convertible noteholders and initial drafts of the Registration Rights Agreement and the certificate of designations containing the proposed terms of the Series A Convertible Preferred Stock.

During the week of June 22, 2015, as a result of a need to amend the Company's credit agreements to provide for continued availability under the revolving credit facility and in order to give the Company more time to negotiate definitive agreements with TCP and the Asset Purchasers, the Company began negotiating a forbearance agreement with Garrison and CIT. Without the amendments, the Company would not have had availability under the revolving credit facility for its day to day working capital needs. The Company also wanted a formal forbearance from its lenders to allow it complete the Merger and related Merger Transactions. As part of the forbearance agreement, the Company agreed to a schedule to finalize and close a transaction that would cause Garrison and CIT to be paid in full. The first milestone in the schedule was the execution of a definitive transaction agreement by July 15, 2015. Also, the transaction needed to close by October 15, 2015, which period could be extended until November 15, 2015 if the Company was only waiting on stockholder approval to close the transaction. While the Company tried to obtain a more flexible and longer transaction schedule, the lenders insisted upon this schedule. The Forbearance Agreement with both lenders was executed on June 26, 2015.

During the remainder of June 2015, there were numerous discussions between Skadden and Akin Gump and Carl Marks and TCP regarding various aspects of the proposed Merger and related Merger Transactions, including conditionality of the transactions and when TCP would receive a commitment letter from its lenders. William Sweedler and Samuel Furrow spoke on the phone about these issues. TCP's lenders were not completing their due diligence as quickly as TCP had hoped. Additionally, the Hudson Business had experienced a decline in revenue that was also making the financing process more challenging. As a result, TCP was negotiating with the convertible noteholders to pay less cash to the convertible noteholders and more stock consideration and the parties were also negotiating to increase the purchase price for the Joe's Business. If these negotiations were successful, the amount of debt financing that would be necessary to consummate the transactions would be reduced, which the parties believed would increase the likelihood that TCP's lenders would execute a firm commitment letter and the combined company would have significantly less leverage going forward. TCP continued to take the position that (i) the consummation of the financing and the Asset Sale remain conditions to the Merger and (ii) the Company would need to rely on the fully committed financing commitment from TCP's lenders, along with TCP's obligation to pay a reverse termination fee, for comfort on the closing of the Merger.

On June 30, 2015, the Special Committee met to discuss the progress on the transaction and definitive documents, including the issue regarding the conditionality of the transactions. While the Special Committee remained concerned about the increased execution risk in the transaction, it still believed that the TCP/RG transaction preserved the most value for existing stockholders and could be completed on the timeline agreed to with the lenders. Further, based upon conversations with Carl Marks and the lenders regarding the topic, the Special Committee did not believe that the lenders would be willing to extend the forbearance milestones to allow the Company to pursue a different transaction. But given the July 15, 2015 deadline to sign a definitive agreement, the Special Committee was anxious as to whether the deadline would be met since a draft of the asset purchase agreement had not yet been delivered. The Special Committee requested to see a draft of the asset purchase agreement before it executed another exclusivity extension. Later that evening, the Company received a draft of the Asset Purchase Agreement with the IP Assets Purchaser and also executed a second extension to the exclusivity period until July 13, 2015.

On July 1, 2015, Akin Gump sent revised drafts of the Merger Agreement and Rollover Agreement to Skadden and TCP. TCP continued to negotiate with the Company and the convertible noteholders. On July 9, 2015, Skadden sent an initial draft of the preferred stock purchase agreement and limited guaranty agreement to Akin Gump. On July 10, 2015, Skadden sent a revised draft of the Merger Agreement to Akin Gump. On July 13, 2015, the date that the exclusivity expired, the Special Committee met to review and discuss the various agreements currently being negotiated by the parties in connection with the Merger and related Merger Transactions, the status of the financing commitment letter being arranged by TCP and the sale of the Joe's Business to the IP Assets Purchaser and the Operating Assets Purchaser. It was discussed that the parties were fairly close on the Merger Agreement. Further, as a result of the negotiations among TCP and the Asset Purchasers, the purchase price for the Joe's Business had been increased to $80 million. However, the Company was just starting negotiations with the IP Assets Purchaser on definitive agreements and it had not yet received a draft of the purchase agreement from the Operating Assets Purchaser. Also, TCP had not yet received a financing commitment letter from its lenders. It was clear that the Company would not

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meet the July 15 deadline in the Forbearance Agreement to execute a definitive agreement. The Special Committee was concerned about the Company's lenders' reaction to missing the deadline and had concerns as to whether TCP/RG would be able to complete the transaction at all. Akin Gump advised the Special Committee regarding the bankruptcy process and what may happen if Garrison and CIT terminated the Forbearance Agreement and decided to seize the Company's assets. TCP and each of the Asset Purchasers orally reiterated to the Company their confidence in consummating the Merger and the related Merger Transactions, including the Asset Sale.

Given the increase in the purchase price for the Joe's Business, the Special Committee and Akin Gump discussed the idea of bifurcating the closing of the transactions and closing the Asset Sale first and completing the Merger thereafter. It was the Company's belief that the Asset Sale could be closed very quickly and this would provide the Company with enough proceeds to pay Garrison in full and make a partial payment to CIT which would relieve the time pressure on the Merger. Closing the Asset Sale first also reduced the execution risk on the Merger since a significant condition to closing would have already been accomplished. Additionally, the Asset Purchasers were eager to close the Asset Sale as well and were in favor of closing as soon as possible. Akin Gump and Skadden and Carl Marks and TCP discussed this idea as a way to try to satisfy the lenders so that they would not terminate the Forbearance Agreement.

As of July 15, 2015, TCP's lenders had not yet completed their due diligence and needed additional time to finalize a commitment letter to finance the Merger. At this time, the parties began to focus on negotiating and finalizing the asset purchase agreements with the IP Assets Purchaser and the Operating Assets Purchaser. The Company also informed Garrison and CIT of the intent to bifurcate the closing of the transactions which would allow the Company to close a transaction and repay Garrison sooner and to make a substantial payment to CIT with full repayment of indebtedness to CIT to occur upon closing of the Merger. The lenders were pleased to hear about the bifurcated closing but still wanted to see executed definitive agreements for the Merger and the Asset Sale as soon as possible, and indicated that they would not be willing to wait much longer for the Company to enter into one or more transactions that would repay them in full before exercising their remedies. Throughout July and August, the Special Committee continued to meet on a regular basis to receive updates about the status of the negotiations, the status of the debt financing commitment letter being arranged by TCP, the status of discussions with the Company's lenders and other financial and operational matters.

On July 23, 2015, the Company received a notice of default and reservation of rights letter from Garrison notifying it that the Forbearance Agreement had been terminated due to the Company's failure to sign a definitive agreement by July 15, 2015 for a transaction that would repay Garrison in full. On July 24, 2015, the Company received a similar notice of default and reservations of rights letter from CIT terminating the forbearance agreement with CIT. The Company continued to meet with each of CIT and Garrison on a weekly basis to update them on the process of the negotiations for the Merger and the Asset Sale in an effort to prevent any further exercise of remedies by CIT or Garrison. At each meeting, Garrison and CIT indicated that if a definitive agreement was not executed soon, they would be forced to further exercise their remedies and begin discussions with the Company on an orderly bankruptcy process. The Company continually reiterated that the parties were close on documents but there were a few outstanding issues that needed to be resolved and requested more time to complete negotiations and execute definitive agreements.

The parties continued to negotiate the terms of the Merger Agreement, the Asset Purchase Agreements and other transaction documents during the weeks of August 17 and August 24, 2015. The Special Committee met to approve and recommend the Asset Sale, the Merger and the other Merger Transactions on August 24, 2015. There remained a few open issues between the parties on the Asset Purchase Agreements. The Special Committee gave management, Akin Gump and Carl Marks direction on how to resolve those issues. After the Special Committee meeting, the parties negotiated the remaining open issues and reached agreement on definitive documents that management, Akin Gump and Carl Marks believed would have the support of the Special Committee and the Board. In addition to the Merger Agreement, Asset Purchase Agreement and related ancillary documents, the parties negotiated a voting agreement with Joseph M. Dahan, who owns approximately 17% of the outstanding common stock, pursuant to which, Mr. Dahan agreed to vote in favor of all items necessary to facilitate the Merger.

At a meeting held on August 30, 2015, the Board of Directors met to review and discuss the Merger Agreement, the Asset Purchase Agreements and related documents as negotiated by the parties and to receive the recommendation of the Special Committee. At this meeting, Cronkite & Kissell made a presentation to the Board of Directors concerning its analysis of the transactions and delivered to the Board of Directors its oral opinion, which was later confirmed by delivery of a written opinion dated August 30, 2015, to the effect that, as of that date and based on and subject to various assumptions and other matters considered and limitations described in its opinion, the Merger and related Merger Transactions were fair, from a financial point of view, to the Company and its stockholders. Representatives from Akin Gump also reviewed the terms of the Merger Agreement, the Asset Purchase Agreements, the Stock Purchase Agreement, the terms of the Series A Convertible Preferred Stock, the Rollover Agreement and related ancillary agreements with the Board of Directors in detail. Management and Carl Marks also reviewed for the Board of Directors the due diligence process engaged in by the outside advisors to the Company with respect to RG and the other strategic alternatives considered. At the conclusion of these presentations and the ensuing discussion by the Board of Directors, the Board of Directors determined the Merger and related Merger Transactions were fair to, and in the best interest of, the Company and its stockholders and approved the Merger Agreement, the Asset Purchase Agreements, the Stock Purchase Agreement, the Rollover Agreement and all ancillary transaction documents, with one abstention by Mr. Dahan, and authorized and directed the officers of the Company to execute such agreements and all related documents on behalf of the Company. After the meeting, the Company then waited for additional corporate approvals to be obtained by all other parties prior to executing the transaction documents. The Merger Agreement, the Asset Purchase Agreements, Stock Purchase Agreement, the Rollover Agreement and related ancillary transaction documents were executed by the parties on September 8, 2015. The Asset Sale closed on September 11, 2015, amounts outstanding under the Term Loan Credit Agreement were repaid in full and the Revolving Credit Agreement was amended and restated pursuant to the Amended and Restated Revolving Credit Agreement.

Reasons for the Merger and Recommendation of the Company's Board of Directors

The Board established a special committee, consisting of directors who are not employees of the Company and who do not have conflicting interests with respect to the transactions being considered (the "***Special Committee***"), to, among other things, review and evaluate, and to negotiate the terms of, the Merger and related Merger Transactions. The Special Committee, acting with the advice of legal and financial advisors, evaluated and negotiated the Merger Agreement, the Asset Purchase Agreements, the Stock Purchase Agreement, the Rollover Agreement and related ancillary transaction documents. The Special Committee unanimously resolved to recommend to the Board of Directors that the Board approve the Merger Agreement and the Merger and related Merger Transactions.

In reaching its decision, in the case of the Special Committee, to recommend the approval of or, in the case of the Board of Directors, to approve, the Merger Agreement and recommend approval of the issuance of shares of Company common stock to RG equity holders pursuant to the Merger, to the Series A Purchaser in connection with the Stock Purchase Agreement and to the convertible noteholders in connection with the Rollover Agreement, the Special Committee and the Board of

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Directors each considered the potential benefits and potentially positive factors of the proposed transactions, including:

- The fact that we were in default under our Term Loan Credit Agreement and Revolving Credit Agreement and our lenders were not willing to amend convenants or provide long-term relief and, as such, maintaining the status quo was not an option and a strategic alternative needed to be pursued;

- The belief based on due diligence and discussions with Akin Gump, Carl Marks and management, that the Merger and related Merger Transactions represented the strategic option most likely to preserve stockholder value after consideration of the risks associated with the other strategic alternatives available to the Company. In particular, the Board of Directors and management considered the possibility of refinancing its indebtedness, ceasing operations, selling off its assets and liquidating, filing for bankruptcy, and the possibility of finding a different merger partner. The Board of Directors and management believed the Merger with RG and the related Merger Transactions (including the Asset Sale) presented the most viable option for its stockholders;

- The fact that the financing proceeds to be received upon the closing of the Merger, together with the proceeds from the Asset Sale, permitted the Company to repay Garrison and CIT in full, which was a requirement of the lenders to avoid further exercise of remedies and a potential bankruptcy proceeding;

- The likelihood of bankruptcy if a transaction with TCP were to be abandoned;

- The belief that the Merger and the Merger Transactions were the only strategic option that would resolve all of the Company's operational, management and financial issues;

- The belief that the Asset Sale and the Rollover Agreement with the convertible noteholders (which are conditions to the consummation of the Merger) allowed for repayment of the term loan in full and repayment of a significant portion of the Convertible Notes using stock of the combined company, each of which increased the certainty of closing the Merger given the lower financing requirement.

- The belief that the Merger and the Merger Transactions represented the best strategic alternative to resolve the Company's going concern issues.

- The belief that the lower leverage of the Company after the Merger would stabilize the Company's financial condition and provide a platform for growth.

- The fact that the combined company would have Michael Buckley, a seasoned CEO with public company and premium denim experience, to lead it;

- The opinion of Cronkite & Kissell, dated August 30, 2015, to the Board of Directors as to the fairness, as of the date of the opinion, to the stockholders of the Company of the Merger and related Merger Transactions from a financial point of view, as more fully described below in the section entitled "*Opinion of the Company's Financial Advisor*."

- The fact that the approval of the issuance of the common stock portion of the Merger Consideration, the preferred stock to be issued to the Series A Purchaser and the issuance of common stock to the convertible noteholders would be subject to approval by the Company's stockholders.

The expectation, based on due diligence, that the combined company's results of operations should be able to grow at a more rapid rate than the Company's results of operations are likely to grow on an independent basis;

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The terms and conditions of the Merger Agreement, including the following:

while the Merger Agreement contains a covenant prohibiting the Company from soliciting third party acquisition proposals, it permits the Board to change or withdraw its recommendation in favor of the Merger Agreement in connection with a superior proposal or certain other intervening events, or to discuss, negotiate and enter into an agreement with a third party providing for a superior proposal, in each case if the Board determines in good faith, after consultation with its legal advisors, that the failure to do so would be reasonably likely to be inconsistent with the Board's fiduciary duties under applicable law, subject to the payment by the Company of a termination fee in certain circumstances;

the Board of Director's determination, based on discussions with its financial advisor and outside legal counsel, that the payment by the Company in certain circumstances of a $5.25 million termination fee (or the obligation to reimburse RG's expenses in certain circumstances, up to a cap of $3 million, which is credited against the termination fee if the termination fee is later payable), is reasonable and customary in size in transactions similar to the Merger;

the $7.5 million reverse termination fee payable to the Company (and the obligation to reimburse the Company's expenses in certain circumstances, up to a cap of $3 million, which is credited against the reverse termination fee if the reverse termination fee is later payable) in the event that all closing conditions have been met but the lenders fail to fund the debt financing described in the commitment letter delivered to the Company and such failure was not caused by a breach of the Company's financing cooperation covenants;

the no-solicitation provisions governing RG's ability to engage in negotiations with, provide any confidential information or data to, and otherwise have discussions with, any person relating to an acquisition proposal;

the belief that the terms of the Merger Agreement, including the parties' representations, warranties and covenants, and the conditions to their respective obligations, are reasonable under the circumstances;

the fact that a stockholder of the Company holding approximately 17% of the outstanding shares of Company common stock, as of the date of the Merger Agreement, entered into a voting and lock-up agreement with the Company to vote in favor of the transactions contemplated by the Merger Agreement;

The likelihood, in the judgment of the Board of Directors, that the conditions to be satisfied prior to consummation of the Merger will be satisfied or waived; and

In the case of the Board of Directors, the recommendation of the Special Committee, which was comprised solely of non-management members of the Board of Directors.

The actual benefits to be derived from the Merger, costs of integration and ability of the combined company to achieve expected business synergies and growth could differ materially from the estimates and expectations discussed above. Accordingly, the potential benefits described above, or the potential benefits described elsewhere in this joint proxy and consent solicitation statement/prospectus, may not be realized. The Special Committee and the Board of Directors also considered potential risks and potentially negative factors concerning the Merger in connection with their respective deliberations of the proposed transaction, including:

The dilution experienced by the Company stockholders as a result of the issuance of the common stock portion of the Merger Consideration, the issuance of the Series A Convertible Preferred Stock and the issuance of common stock and Modified Convertible Notes pursuant to the Rollover Agreement;

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The possibility that the Merger may not be completed or that completion may be unduly delayed, for reasons including the failure of the Company's stockholders to approve the issuance of shares of Company common stock in connection with the Merger, failure of the debt financing for the Merger or for other reasons beyond the control of the Company.

The challenges inherent in combining the businesses, operations and workforces of two companies, including the potential for (i) unforeseen difficulties in integrating operations and systems, (ii) the possible distraction of management attention for an extended period of time and (iii) difficulties in retaining and assimilating employees.

The potential risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the Merger.

The costs of bringing RG's corporate governance and financial reporting procedures and accounting controls up to U.S. public company standards and the risks of failing to do so in a timely manner;

The substantial costs to be incurred in connection with the transaction, including the costs of integrating the businesses of the Company and RG and the transaction expenses arising from the Merger and the related Merger Transactions.

The potential effect of the Merger on the Company's business and relationships with employees, customers, suppliers, distributors, regulators and the communities in which it operates.

The risk that the termination fee of $5.25 million to be paid to RG if the Merger Agreement is terminated under circumstances specified in the Merger Agreement may discourage other parties that may otherwise have an interest in a business combination with the Company;

The fact that the $7.5 million reverse termination fee payable to the Company in the event that all closing conditions have been met but the lenders fail to fund the debt financing for the Merger is the sole remedy for a failure to close due to the failure to obtain financing;

The terms of the Merger Agreement that place limitations on the ability of the Company to solicit, initiate, knowingly encourage or facilitate any inquiry, discussion, offer or request that would reasonably be expected to result in proposals for alternative business combination transactions and to furnish non-public information to, or engage in discussions or negotiations with, a third party interested in pursuing an alternative business combination transaction;

The risk that the Company's stockholders may vote against approval of the issuance of stock in connection with the Merger and the related Merger Transactions; and

The other risks described in the section entitled "*Risk Factors Risks Related to the Merger*."

The Special Committee and the Board of Directors each concluded that the uncertainties, risks and potentially negative factors relevant to the Merger and the related Merger Transactions were outweighed by the potential benefits that they expected the Company's stockholders would achieve as a result of the combination.

This discussion of the information and factors considered by the Special Committee and the Board of Directors includes the principal positive and negative factors considered by both the Special Committee and the Board of Directors, but is not intended to be exhaustive and may not include all of the factors considered.

In view of the wide variety of factors considered in connection with its evaluation of the Merger and the complexity of these matters, the Special Committee and the Board of Directors did not find it useful to and did not attempt to quantify, rank or otherwise assign relative weights to these factors. Further, the Special Committee and the Board of Directors did not place particular reliance or weight

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on any particular factor. Rather, the Special Committee and the Board of Directors each viewed its position and recommendation as being based on the totality of the information presented to it and the factors it considered.

In addition, individual members of the Special Committee and the Board of Directors may have given differing weights to different factors. It should be noted that this explanation of the reasoning of the Special Committee and the Board of Directors and certain information presented in this section is forward-looking in nature and, therefore, that information should be read in light of the factors discussed in the section entitled "*Cautionary Statement Regarding Forward Looking Information*."

Projected Financial Information of the Company and RG

Neither the Company nor RG as a matter of course makes public projections as to its future performance, and the Company and RG each are, respectively, especially reluctant to disclose forecasts of its future performance for extended periods due to the unpredictability of the underlying assumptions and estimates. However, management of the Company and RG provided to Cronkite & Kissell for use in connection with the rendering of its fairness opinion to the Board of Directors and performing its related financial analysis, certain internal non-public financial forecasts regarding the Company's or RG's, as applicable, anticipated future operations, which we refer to collectively as the Projections. Each party also provided its Projections to the other party in connection with such other party's due diligence review. None of the internal financial forecasts were prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts.

None of the Company's independent registered public accounting firm, RG's independent accounting firm, or any other independent accountants, have examined, compiled or otherwise applied procedures to the financial forecasts presented herein and, accordingly, (i) none of them express an opinion or any other form of assurance on such information or its achievability or assume any responsibility for the prospective financial information and (ii) each of them disclaims any association with, or responsibility for, the prospective financial information. The reports of the Company's independent registered public accounting firm and RG's independent accounting firm included in this joint proxy and consent solicitation statement/prospectus relate to the Company's or RG's, as applicable, historical financial information. None of such reports extend to the prospective financial information and none should be read to do so. The summary of these internal financial forecasts is being included in this joint proxy and consent solicitation statement/prospectus for informational purposes because these internal financial forecasts were considered by the financial advisors for purposes of evaluating the transactions described in this joint proxy and consent solicitation statement/prospectus.

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The following is a summary of the Projections:

	Joe's Business Projections Year Ending November 30,				
	2016E	2017E	2018E	2019E	2020E
	(in thousands)				
Net Revenues	$ 113,321	$ 116,976	$ 120,143	$ 123,387	$ 126,729
Operating Income EBITDA(1)	$ 7,313	$ 8,647	$ 9,437	$ 10,245	$ 11,090

(1) Represents earnings before interest, taxes, depreciation and amortization

	Hudson Business Projections Year Ending November 30,				
	2016E	2017E	2018E	2019E	2020E
	(in thousands)				
Net Revenues	$ 79,889	$ 83,518	$ 86,021	$ 88,296	$ 90,673
Operating Income EBITDA(1)	$ 10,886	$ 13,704	$ 14,952	$ 16,140	$ 17,393

(1) Represents earnings before interest, taxes, depreciation and amortization

	RG Projections Year Ending December 31,
	2015E
	(in thousands)
Net Revenues	$ 81,610
Operating Income Adjusted EBITDA(1)	$ 15,506

(1) Represents earnings before interest, taxes, depreciation and amortization, as adjusted in a manner consistent with the EBITDA adjustments described in the section herein titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Business of Robert Graham*."

While management of the Company and RG believed the assumptions used in developing the applicable internal financial forecasts to be reasonable in light of the circumstances at the time they were made, the Projections necessarily were based on numerous variables and assumptions that are inherently uncertain and many of which are beyond the control of the Company's management or RG's management, as applicable. These variables and assumptions may therefore not prove to be accurate, or other factors could affect the Company's or RG's, as applicable, actual financial condition or results of operations. Because the Projections cover multiple years, by their nature, they become subject to greater uncertainty with each successive year. The assumptions in early periods have a compounding effect on the projections shown for the later periods. Thus, any failure of an assumption to be reflective of actual results in an early period would have a greater effect on the projected results failing to be reflective of actual events in later periods. The assumptions upon which the Projections were based necessarily involve judgments with respect to, among other things, future economic, competitive and financial market conditions, all of which are difficult or impossible to predict accurately and many of which are beyond the Company's or RG's control, as applicable. The Projections also reflect assumptions as to certain business decisions that are subject to change. Important factors that may affect actual results and result in the Projections not being achieved include, but are not limited to, risks and uncertainties relating to the business of the Company or RG, as applicable (including the Company's or RG's, as applicable, ability to achieve strategic goals, objectives and targets over applicable periods, including before the closing of the Merger), industry performance, the regulatory environment, general business and economic conditions and other factors described herein in the sections titled "*Risk Factors*" and "*Cautionary Statement Regarding Forward-Looking Statements*," and other risks and uncertainties described in the Company's annual report on Form 10-K for the year

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ended November 30, 2014, subsequent quarterly reports on Form 10-Q, and current reports on Form 8-K.

Accordingly, there can be no assurance that the Projections will be realized, and actual results may vary materially from those shown. The inclusion of the Projections in this joint proxy and consent solicitation statement/prospectus should not be regarded as an indication that the Company, RG or any of their respective affiliates, advisors or representatives considered or consider the Projections to be predictive of actual future events, and the Projections should not be relied upon as such. None of the Company, RG or any of their respective affiliates, advisors, officers, directors or representatives can give any assurance that actual results will not differ from the Projections, and none of them undertakes any obligation to update or otherwise revise or reconcile the Projections to reflect circumstances existing after the date the Projections were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the Projections are shown to be in error. Neither the Company nor RG intends to make publicly available any update or other revision to the Projections, except as otherwise required by law. None of the Company, RG, or any of their respective affiliates, advisors, officers, directors or representatives has made or makes any representation to any stockholder or other person regarding the ultimate performance of the Company, RG or, if the Merger is consummated, the combined company, compared to the information contained in the Projections or that the Projections will be achieved by the Company, RG or, if the Merger is consummated, the combined company. Neither the Company nor RG has made any representation to the other in the Merger Agreement or otherwise, concerning the Projections.

In light of the foregoing factors and the uncertainties inherent in the Projections, the Company's stockholders and RG's equity holders are cautioned not to place undue reliance on the Projections.

The Projections set forth above do not give effect to the Merger and the Merger Transactions and also do not take into account the effect of any failure of the Merger and the Merger Transactions to be consummated.

Opinion of the Company's Financial Advisor

We retained Cronkite & Kissell, a valuation advisory firm, to render an opinion as to the fairness of the Merger and related Merger Transactions, from a financial point of view, to our stockholders. Cronkite & Kissell was not requested to, and did not, solicit third-party indications of interest to merge with or acquire us. Furthermore, Cronkite & Kissell did not negotiate the Merger and the Merger Transactions or advise us with respect to alternatives to it. On August 30, 2015, at a meeting of our Board of Directors held to evaluate the Merger and related Merger Transactions, Cronkite & Kissell rendered to our Board of Directors an oral opinion, which it subsequently confirmed in writing, that, as of that date and based upon and subject to the assumptions and other matters described in the written opinion, the Merger and related Merger Transactions are fair from a financial point of view to our stockholders.

The complete text of Cronkite & Kissell's opinion, which sets forth the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Cronkite & Kissell, is attached to this joint proxy and consent solicitation statement/prospectus as Appendix C and is incorporated by reference in this joint proxy and consent solicitation statement/prospectus. Cronkite & Kissell provided its opinion for the information and assistance of our Board of Directors in connection with and for the purpose of the Board of Directors' evaluation of the Merger and the Merger Transactions. Cronkite & Kissell's opinion relates only to the fairness, from a financial point of view, to the stockholders of the Company. Cronkite & Kissell's opinion does not address any other aspect of the Merger and the Merger Transactions and does not constitute a recommendation to any stockholder as to how that stockholder should vote or act on any matter relating to the Merger and the Merger Transactions.

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Cronkite & Kissell was not requested to, and it did not, recommend the specific consideration payable in the Merger or the Merger Transactions or that any given consideration constituted the only appropriate consideration in the Merger or the Merger Transactions. The type and amount of consideration payable in the Merger and the Merger Transactions were determined through negotiations between the Company, TCP and RG, and the decision to enter into the Merger and the Merger Transactions was solely that of our Board of Directors. Cronkite & Kissell's opinion and financial analyses were only one of many factors considered by our Board of Directors in its evaluation of the Merger and the Merger Transactions and should not be viewed as determinative of the views of our Board of Directors or management with respect to the Merger or the Merger Transactions or the consideration payable in the Merger or the Merger Transactions. Cronkite & Kissell's opinion as expressed in its opinion letter reflected and gave effect to Cronkite & Kissell's general familiarity with the Company as well as information which it received during the course of its engagement, including information provided by the Company's management in the course of discussions relating to the Merger and the Merger Transactions as more fully described below. In arriving at its opinion, Cronkite & Kissell neither conducted a physical inspection of the properties or facilities of the Company, RG or any other entity, nor made or obtained any evaluations or appraisals of the assets or liabilities (contingent, off-balance sheet or otherwise) of the Company, RG or any other entity or conducted any analysis concerning the solvency or fair value of the Company, RG or any other entity.

In connection with its opinion, Cronkite & Kissell has made such reviews, analyses and inquiries as they have deemed necessary and appropriate under the circumstances. Among other things, Cronkite & Kissell has:

- Read the August 29, 2015 draft Merger Agreement;
- Read the August 29, 2015 draft IP Asset Purchase Agreement;
- Read the August 29, 2015 draft Operating Asset Purchase Agreement;
- Read the August 29, 2015 draft Rollover Agreement;
- Read the August 29, 2015 draft Stock Purchase Agreement;
- Read documentation provided by the Company summarizing the history of events surrounding discussions and meetings with other potential transaction candidates;
- Read minutes from the meetings of the Company's Board of Directors from May 8, 2014 through August 30, 2015;
- Read minutes from the meetings of the Company's Special Committee from April 16, 2015 through August 30, 2015;
- Reviewed the Company's income statements for the fiscal years ended November 30, 2011, 2012 and 2014, and for the twelve months ended September 30, 2013 and June 30, 2015; and balance sheets of the Company as of September 30, 2013, November 30, 2014 and June 30, 2015;
- Reviewed RG's internally prepared financial statements for the fiscal years ended December 31, 2011 and 2012, RG's audited financial statements for the fiscal years ended December 31, 2013 and 2014, and RG's internally prepared income statement data for the twelve month period ended May 31, 2015 and RG's internally prepared balance sheet as of May 31, 2015;
- Read the draft Financial Due Diligence Report dated June 26, 2015 prepared by Cohn Reznick on behalf of the Company with respect to RG;

Read and discussed with members of senior management projections provided by the Company for its Joe's and Hudson businesses and other operating, financial and related asset information for such businesses provided by the Company;

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- Reviewed RG's internally prepared budget for the fiscal year ended December 31, 2015 that formed the basis for the estimated five year forecast that was used for purposes of the discounted cash flow analysis;

- Discussed with certain members of senior management of the Company the operations, historical financial results, current financial condition and future prospects for the Company;

- Applied the discounted cash flow method under the income approach to develop estimates of value for the Joe's, Hudson and RG businesses;

- Researched and analyzed the stock market performance of guideline (similar) public companies;

- Applied the guideline public companies method under the market approach to develop estimates of value for the Joe's, Hudson and RG businesses;

- Applied the back-solve method under the market approach to develop an estimated range of value for the common equity of the combined company based on the proposed issuance price of the Series A Convertible Preferred Stock in connection with the Merger and the Merger Transactions;

- Conducted such other studies, analyses and inquiries as we have deemed appropriate given the nature of this engagement.

In connection with its review and in arriving at its opinion, Cronkite & Kissell has relied upon and assumed, with the Company's consent and without independent verification, that the financial information provided to them has been reasonably prepared and reflects the financial results and condition of the Joe's, Hudson and RG businesses, and that there has been no material change in the assets, financial condition, business or prospects of these businesses since the date of the most recent financial statements made available to them. With respect to the Company projections that Cronkite & Kissell was directed by the management of the Company to utilize for purposes of its analyses, Cronkite & Kissell was advised by such management and Cronkite & Kissell assumed, at the Company's direction, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of such management as to the future operating and financial performance of the Joe's Business and the Hudson Business and the other matters covered thereby. Cronkite & Kissell assumed, with the Company's consent, that the financial projections and other estimates reflected in the RG 2015 Budget relating to RG prepared by the management of RG were reasonably prepared on bases reflecting the best currently available estimates and judgments of such management as to the future operating and financial performance of the RG business and the other matters covered thereby. Cronkite & Kissell further assumed, with the Company's consent, that the financial results reflected in the Company's projections, the RG 2015 Budget and the other information and data utilized in its analyses would be realized at the times and in the amounts projected. Cronkite & Kissell assumed no responsibility for and expressed no view or opinion as to any projections, estimates or other information or data, including the Company projections, the RG 2015 Budget, potential cost savings and other benefits or financial forecasts, or the assumptions on which they were based.

Cronkite & Kissell has not independently verified the accuracy and completeness of the information supplied to them with respect to the Joe's, Hudson and RG businesses and does not assume any responsibility with respect to it. Further, Cronkite & Kissell's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Cronkite & Kissell as of, the date of its opinion. It should be understood that subsequent developments may affect the conclusion expressed in Cronkite & Kissell's opinion and that Cronkite & Kissell assumed no responsibility for advising any person of any change in any matter affecting its opinion or for updating or revising its opinion based on circumstances or events occurring after the date of its opinion. Cronkite & Kissell has also assumed that TCP and the IP Assets Purchaser have or will obtain all financing required to enable them to consummate the Merger and the Merger

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Transactions and that the Merger and the Merger Transactions will be consummated in accordance with the terms of the Merger Agreement, the Stock Purchase Agreement, the Rollover Agreement, the IP Asset Purchase Agreement, the Operating Asset Purchase Agreement and the other ancillary documents to be entered into in connection therewith, without waiver, modification or amendment of any material term, condition or agreement therein.

In connection with its engagement, Cronkite & Kissell was not requested to, and it did not, undertake a third-party solicitation process on the Company's behalf with respect to the acquisition of all or a part of the Company. Cronkite & Kissell did not express any opinion as to the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation or consideration payable to any officers, directors or employees of any party to the transaction, or any class of such persons or any other party, relative to the merger consideration or otherwise.

In preparing its opinion, Cronkite & Kissell performed a variety of financial and comparative analyses. The following paragraphs summarize the material financial analyses performed by Cronkite & Kissell. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by Cronkite & Kissell, the tables must be read together with the full text of each summary. The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed on or prior to August 30, 2015, and is not necessarily indicative of current or future market conditions.

General Approach and Consideration

In arriving at its opinion, Cronkite & Kissell considered the value of the Company's common equity prior to the Merger and the Merger Transactions compared to the indicated value of the Company's stockholders' portion of the post-Merger combined company's equity based on the Company's stockholders' ownership of the combined company immediately after the consummation of the Merger.

Company Valuation Analyses

Cronkite & Kissell reviewed general background information concerning the Company, including the range of the Company's stock price over the five months prior to announcement of the Merger and the Merger Transactions. The low and high market closing prices of the Company's stock were used to develop the indicated range of the Company's market capitalization over the five months prior to the announcement of the Merger, as indicated below. A five month period was chosen as this was deemed most indicative of the value of the Company's common equity as of the announcement of the Merger:

Market Capitalization	**Low**		**High**
Common Shares Outstanding	69,833,890	-	69,833,890
Price Per Share	$ 0.11	-	$ 0.25
Indicated Range of Market Capitalization	$ 7,700,000	-	$ 17,500,000

In addition, Cronkite & Kissell undertook an analysis of the Company on a component basis utilizing the discounted cash flow and guideline public companies methods. Indicated ranges of fair market value for the Company's Hudson and Joe's components were developed, which were then

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reduced by the Company's outstanding debt to arrive at an indicated range of the fair market value of the equity of the Company as indicated in the following table:

Valuation of Components		Low			High
Fair Market Value of Hudson	$	72,000,000	-	$	80,000,000
Fair Market Value of Joe's		47,500,000	-		52,500,000
Indicated Fair Market Value of Total Capital	$	119,500,000	-	$	132,500,000
Less: Outstanding Debt		(118,835,000)	-		(118,835,000)
Indicated Range of the Fair Market Value of the Equity of the Company	$	700,000	-	$	13,700,000

As a result of these analyses, Cronkite & Kissell concluded that the current value of the Company's common stock is estimated between $7.5 million and $15.0 million, or $0.11 to $0.21 per share, as shown below:

Current Value of Company's Equity		Low			High
Indicated Range of Market Capitalization	$	7,700,000	-	$	17,500,000
Indicated Range of Value Valuation of Components	$	700,000	-	$	13,700,000
Current Value of the Company's Common Stock	$	7,500,000	-	$	15,000,000
Per-Share Basis	$	0.11	-	$	0.21

Post-Merger Combined Company Valuation Analysis

Discounted Cash Flow Method

The discounted cash flow method involves an analysis of future cash flow projections for the subject entity. Cash flows are discounted at a rate reflective of the perceived risks inherent in the projections. A terminal value (the estimated value of the entity at the end of the discrete forecast) is calculated by dividing the terminal year net cash flow by an appropriate capitalization rate, which assumes constant growth into perpetuity.

Cash flows attributable to the Joe's business were forecast by the Company's management through the fiscal year ending November 30, 2020. Cash flows attributable to the RG business were forecast by RG's management through the fiscal year ending December 31, 2015 and then estimated by Cronkite & Kissell through December 31, 2020 for purposes of conducting its analysis. Cash flows attributable to the Hudson business were forecast by the Company's management through the fiscal year ending November 30, 2021.

The present value of these cash flows was calculated based on discount rates ranging from 13.0 to 14.5 percent. A discount rate is an expected total yield (or rate of return) that investors require for a particular class of investment. In our analysis, we developed a weighted average cost of capital which measures the after-tax costs of debt and equity for each entity weighted by the percentage of debt and equity in each entity's estimated target capital structure. The weighted average cost of capital was developed using the capital asset pricing model method and the build-up method.

Indications of value were developed for the Joe's, Hudson and RG businesses, as follows:

Discounted Cash Flow Method		Indicated Fair Market Value
Fair Market Value of Joe's	$	49,500,000
Fair Market Value of RG	$	138,000,000
Fair Market Value of Hudson	$	77,000,000

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Guideline Public Companies Method

Cronkite & Kissell focused on identifying guideline companies that operate in the same (or similar) line of business as the Company and RG with the same (or similar) operating characteristics. Cronkite & Kissell considered publicly available financial, operating, and stock market information for the following eight publicly traded companies that Cronkite & Kissell determined, in their professional judgment, met these criteria:

- G-III Apparel Group, Ltd.
- Guess? Inc.
- Michael Kors Holdings Limited
- Oxford Industries Inc.
- Perry Ellis International Inc.
- PVH Corp.
- Ralph Lauren Corporation
- V.F. Corporation

Market value of invested capital ("***MVIC***") multiples of revenue, EBITDA, EBIT, total assets and book equity plus debt were calculated for the selected guideline companies as of June 30, 2015 and operating data as of the latest twelve month period available for each company. Multiples were calculated net of cash on the guideline companies' balance sheets and were then adjusted to be comparative to each of the Joe's, Hudson, and RG businesses as provided below.

The table below provides the minimum, median, mean and maximum adjusted multiples calculated for the guideline companies:

Measure	MVIC / Revenue	MVIC / EBITDA	MVIC / EBIT	MVIC / Total Assets	MVIC / Book Equity + Debt
Minimum	0.50	4.97	5.88	0.77	1.05
Median	1.49	12.87	17.40	2.09	2.82
Mean	1.41	11.10	14.51	2.02	2.66
Maximum	2.55	15.79	21.47	3.23	4.25
Harmonic Mean	1.08	9.19	11.92	1.48	2.01

In Cronkite & Kissell's selection of appropriate multiples for application to the Joe's, Hudson, and RG businesses, they compared the EBITDA and EBIT margins for the Joe's, Hudson and RG businesses to those of the guideline companies, and selected a multiple based on the observed range of MVIC / revenue, MVIC / EBITDA, and MVIC / EBIT multiples and consideration of the observed relationship multiples and profitability, and return on investment ratios of the guideline companies. Factors also considered included size, projected growth and risk of each guideline company relative to Joe's, Hudson and RG.

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The tables below provide the minimum, median, mean and maximum adjusted multiples calculated for the guideline companies for the Joe's, Hudson, and RG businesses:

Joe's Business

Measure	MVIC / Revenue	MVIC / EBITDA	MVIC / EBIT	MVIC / Total Assets	MVIC / Book Equity + Debt
Minimum	0.36	3.97	4.41	0.48	0.65
Median	0.83	6.64	7.98	1.15	1.47
Mean	0.81	6.25	8.31	1.14	1.51
Maximum	1.27	8.56	13.26	2.06	2.47
Harmonic Mean	0.68	5.87	7.51	0.94	1.26

Hudson Business

Measure	MVIC / Revenue	MVIC / EBITDA	MVIC / EBIT	MVIC / Total Assets	MVIC / Book Equity + Debt
Minimum	0.44	3.97	4.41	0.60	0.80
Median	0.94	8.17	9.63	1.38	1.87
Mean	0.92	7.39	9.83	1.32	1.75
Maximum	1.38	10.54	16.32	2.06	2.47
Harmonic Mean	0.81	6.72	8.56	1.10	1.48

RG Business

Measure	MVIC / Revenue	MVIC / EBITDA	MVIC / EBIT	MVIC / Total Assets	MVIC / Book Equity + Debt
Minimum	0.55	5.36	5.95	0.75	1.00
Median	1.33	10.42	12.14	1.87	2.40
Mean	1.22	9.51	12.62	1.72	2.27
Maximum	1.91	13.17	20.40	2.78	3.34
Harmonic Mean	1.02	8.71	11.15	1.41	1.90

In selecting the multiples for application to the Joe's, Hudson, and RG businesses, Cronkite & Kissell considered the relationships observed between the guideline companies' multiples and the guideline companies' margins and return on asset ratios. In addition, Cronkite & Kissell considered the following: (i) total size of each entity based on assets, as compared to the guideline companies; (ii) total size of each entity based on revenue, as compared to the guideline companies; (iii) profitability of each entity, as measured by EBITDA and EBIT, as compared to the guideline companies, and (iv) revenue growth of each entity, as compared to the guideline companies.

Application of the selected multiples, which were accorded equal weight, to each entity's financial statistics resulted in indications of MVIC. Each entity's cash balance was added, resulting in indications of fair market value as follows:

Guideline Public Companies Method	Indicated Fair Market Value
Fair Market Value of Joe's	$ 50,000,000
Fair Market Value of RG	$ 135,500,000
Fair Market Value of Hudson	$ 74,500,000

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Backsolve Method

Cronkite & Kissell also undertook a backsolve method in developing an indication of value for the post-Merger company's equity. The backsolve technique can be used in the context of an option pricing model ("***OPM***") when the subject company has completed a recent preferred stock financing round where new outside investors have participated. When there is a recent financing round that can be relied on to establish the value of a preferred security in the capital structure, the OPM can be used to imply (or backsolve) a value for the total equity of the company as well as the other securities in the capital structure.

A back-solve calculation obviates the need to establish the total equity value of the company based on fundamental analysis, which can be a subjective exercise. It can also provide an indication of the total equity value of the company that can be used to triangulate value based on fundamental analyses. Cronkite & Kissell used the price of the proposed post-Merger company's preferred stock to develop an indication of value for the common stock of the post-Merger company.

Application of the back-solve method yielded the following indicated range of values for the common equity of the combined company:

Back-Solve Method	**Low**		**High**
Indicated Range of Fair Market Value	$ 77,000,000	-	$ 85,000,000

Post-Merger Indication of Value

The Company's stockholders' portion of the post-Merger combined company's common equity was developed through the application of income and market approaches to value described above, with indications of value as follows:

Post-Merger Combined Company	**Low**		**High**
Discounted Cash Flow / Guideline Public Company Methods	$ 78,000,000	-	$ 105,000,000
Backsolve Method	$ 77,000,000	-	$ 85,000,000
Indicated Range of Post-Merger Common Equity Value	$ 77,500,000	-	$ 95,000,000
Proposed Company Stockholder's Portion of Common Equity Value	18.1%*	-	18.1%*
Indicated Value of Company Stockholder's Portion of Common Equity Value	$ 14,100,000	-	$ 17,200,000
Per-Share Basis	$ 0.20	-	$ 0.25

* Prior to dilution upon issuance and sale by the Company of $50 million of its Series A Convertible Preferred Stock in connection with the Merger.

Miscellaneous

The Company selected Cronkite & Kissell to render a fairness opinion in connection with the transaction based on Cronkite & Kissell's reputation and experience. Cronkite & Kissell is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements and related financings, and valuations for corporate and other purposes.

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The Company paid Cronkite & Kissell a fee of $75,000 to render its fairness opinion, which fee is not contingent upon the consummation of the Merger or any of Cronkite & Kissell's conclusions or recommendations.

Cronkite & Kissell in the past has provided and in the future may provide valuation services to the Company in connection with the preparation of the Company's annual audited financial statements, for which services Cronkite & Kissell has received and/or may receive compensation, including during the two-year period prior to the date of its opinion. During such two-year period, Cronkite & Kissell received aggregate fees of $96,000 from the Company for such services.

Conditions to Completion of the Merger

The completion of the Merger is subject to customary closing conditions, including, among others, (i) approval of the Merger Agreement by RG's equity holders, (ii) Company stockholder approval of: (x) the issuance of common stock in connection with the Merger Agreement and the Rollover Agreement, (y) the issuance of common stock upon conversion of the Company's Series A Convertible Preferred Stock pursuant to the Stock Purchase Agreement, and (z) a charter amendment to effect the Reverse Stock Split, (iii) consummation of the Asset Sale pursuant to Asset Purchase Agreements (which condition was satisfied on September 11, 2015), (iv) consummation of the transactions contemplated by the Stock Purchase Agreement, (v) consummation of the transactions contemplated by the Rollover Agreement, (vi) RG must have obtained financing or the persons who have committed to provide financing must be prepared to provide the financing immediately following the Effective Time, (vii) the Registration Statement on Form S-4, of which this joint proxy and consent solicitation statement/prospectus is a part, must have become effective and no stop order suspending the effectiveness of such Registration Statement on Form S-4 shall have been issued and be in effect and no proceeding for that purpose shall have been initiated by the SEC and not withdrawn, (viii) the common stock to be issued in the Merger must be authorized for listing on NASDAQ, (ix) all waiting periods applicable to the consummation of the Merger under the HSR Act and any other applicable antitrust laws shall have expired or be terminated, which such waiting period under the HSR Act terminated on October 23, 2015, (x) no law or order enacted, promulgated, issued, entered, amended or enforced by any governmental authority shall be in effect enjoining, restraining, preventing or prohibiting consummation of the Merger or making the consummation of the Merger illegal and (xi) since the date of the Merger Agreement, there must not be any changes, events, effects, developments, occurrences or state of facts that, individually or in the aggregate would reasonably be expected to have a material adverse effect on the Company or RG, subject to customary exceptions.

For further information relating to the various conditions to closing of the Merger, see the section entitled "*Summary of Merger Agreement Conditions to the Merger*" on page 124.

Expected Timing of the Merger

We and RG expect to complete the Merger after all the conditions to the Merger in the Merger Agreement are satisfied or waived, including after the receipt of approval of our stockholders of each of the four Share Issuance Proposals and the Reverse Stock Split Proposal at our annual meeting, and the receipt of all required regulatory approvals. We and RG currently expect to complete the Merger during the first calendar quarter of 2016. However, it is possible that factors outside of either the Company's or RG's control could cause the Merger to be completed at a later time or not at all. The Merger Agreement provides that the Merger Agreement may be terminated under certain circumstances, including if the Merger has not been consummated on or before February 8, 2016.

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Material US Federal Income Tax Consequences of the Merger

It is anticipated that the Merger will qualify as a tax-deferred exchange under Section 351 of the Code. In such event, U.S. holders of RG Units generally will recognize gain to the extent of the cash received plus the excess, if any, of the amount of liabilities of RG allocable to the U.S. holder's RG securities over the U.S. holder's adjusted tax basis in such RG securities. U.S. holders will recognize all realized gain if the Merger does not so qualify. There should be no tax consequences to existing stockholders of the Company. For more information, see the section entitled "*Material U.S. Federal Income Tax Consequences*," beginning on page 97.

Appraisal Rights

Under Delaware law and our Current Charter, holders of our common stock are not entitled to any rights to seek appraisal of their shares or to exercise any dissenter's or preemptive rights in connection with the Merger and Merger Transactions.

Securities Law Restrictions on Shares of Common Stock Received in the Merger

We anticipate that all shares of common stock issued to RG equity holders in connection with the Merger will be freely transferable under applicable U.S. securities laws, except as to each recipient of shares of common stock that is considered an "affiliate" (as such term is defined in the Securities Act) of the Company, in which case such affiliates will be permitted to sell the shares of common stock received in the Merger only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. This joint proxy and consent solicitation statement/prospectus does not register the resale of shares of our common stock held by affiliates. Additionally, pursuant to the Registration Rights Agreement (as defined below), we will provide certain demand registration rights to register the shares of common stock issued in connection with the Rollover Agreement, and issuable upon conversion of the Modified Convertible Notes and the Series A Convertible Preferred Stock, on registration statements on Form S-1 or Form S-3. For more information, see "*Ancillary Agreements Registration Rights Agreement*" beginning on page 135.

Rights Pertaining to Shares of Common Stock Received in the Merger

The shares of common stock to be issued in the Merger will be the same class of capital stock as our currently outstanding common stock and thus have rights identical to our currently outstanding shares of common stock. See the section entitled "*Comparison of Rights of Stockholders of the Company and Equity Holders of Robert Graham*" on page 223.

Dividends on the Company's Common Stock Received in the Merger

We have never declared or paid a cash dividend and do not anticipate paying cash dividends on our common stock in the foreseeable future. Following completion of the Merger, in deciding whether to pay dividends on our common stock in the future, our Board of Directors will consider certain factors they may deem relevant, including our earnings and financial condition and our capital expenditure requirements.

Interests of Certain of the Company's Directors, Officers and Affiliates in the Merger

Interests of Peter Kim

Employment Agreement

On September 8, 2015, in connection with entering into the Merger Agreement, we entered into a new three-year employment agreement with Mr. Kim (the "***Employment Agreement***"), to serve as the Chief Executive Officer of Hudson, that will replace Mr. Kim's previous employment agreement as of

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the Effective Time. Mr. Kim's annual base salary will initially be $600,000, and Mr. Kim will also be eligible to receive an annual discretionary bonus targeted at 50% of his base salary, based on the satisfaction of criteria and performance standards as established in advance by the Compensation Committee. The Employment Agreement also provides Mr. Kim with certain other benefits and the reimbursement of certain expenses, which are discussed in detail in the Employment Agreement. At the Effective Time (after giving effect to the Reverse Stock Split), we have agreed to grant Mr. Kim (i) restricted stock units ("***RSUs***") in respect of 166,667 shares of common stock (the "***Restricted Stock Award***") that will vest and become transferable in three equal, annual installments beginning on the first anniversary of the Effective Time, subject to Mr. Kim's continuous employment and (ii) performance share units in respect of 166,667 shares of our common stock (the "***Performance Shares***") that will be earned over a three-year performance period beginning on the later to occur of the closing of the Merger and January 1, 2016. One-third of the Performance Shares will be entitled to vest each year based on annual performance metrics established by the Compensation Committee of the Board at the beginning of the applicable year. The Restricted Stock Award and Performance Shares will be settled in cash, unless the Company is able to attain stockholder approval of a new equity incentive plan covering such awards. Mr. Kim will also be entitled to participate in all regular long-term incentive programs maintained by us or Hudson on the same basis as similarly-situated employees of us and/or Hudson.

In the event of a termination of Mr. Kim's employment for any reason or no reason, Hudson has agreed to pay Mr. Kim for (i) his accrued but unpaid base salary through the date of termination, (ii) any accrued but unused vacation time, (iii) any unreimbursed expenses, and (iv) if not previously paid to Mr. Kim: any bonus amounts that have been earned but have not been paid; any bonus for the period in which termination occurred, prorated for the partial period, with the amount, if any, based on actual performance and paid when bonuses for the applicable period are paid to other senior executives of the Company or Hudson; any rights under any benefit or equity or long-term incentive plan, program or practice; and his rights to indemnification and directors and officers liability insurance.

In addition, in the event of a termination of Mr. Kim's employment by Hudson without "cause" (as defined in the Employment Agreement) or in the event that Mr. Kim voluntarily terminates his employment for "good reason" (as defined in the Employment Agreement), Hudson will also be required to make a severance payment to Mr. Kim equal to 12 months of his base salary, payable in 12 monthly installments. Additionally, any unvested portion of the Restricted Stock Award will immediately vest and become transferable and any unvested Performance Shares will continue to vest without regard to Mr. Kim's continued employment. Hudson has agreed to also pay for the COBRA premiums (to the extent they exceed applicable active employee rates and subject to Mr. Kim timely electing continuation coverage under COBRA) on Hudson's group medical plan for Mr. Kim and his spouse and dependents for the shorter of the first 12 months of such coverage or his period of COBRA eligibility. Hudson's obligation to provide the foregoing severance benefits is subject to Mr. Kim's execution of a settlement agreement and release of the Company and its subsidiaries.

Rollover Agreement

Mr. Kim is a party to the Rollover Agreement, pursuant to which, immediately prior to the Effective Time (the "***Rollover Time***"), he will exchange his Convertible Note, which before the completion of the Merger and related transactions is expected to be in the principal amount of approximately $14.8 million, together with accrued and unpaid interest thereon, for approximately 334,527 shares of our common stock (after giving effect to the Reverse Stock Split), approximately $3.7 million in cash and approximately $7.4 million principal amount of our Modified Convertible Notes. For a discussion of the Rollover Agreement and terms of the Modified Convertible Notes, see "*Ancillary Agreements Rollover Agreement*."

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Interests of Joseph M. Dahan

Separation Agreement and Mutual Limited Release

In connection with the Asset Sale, we entered into a Separation Agreement and Mutual Limited Release, dated as of September 8, 2015 (the "***Separation Agreement***"), with Joseph M. Dahan, Creative Director and Director of the Company, pursuant to which Mr. Dahan resigned as a member of the Board and as Creative Director of the Company, effective as of September 11, 2015, the closing date of the Operating Asset Purchase Agreement. In exchange for a release of all claims related to Mr. Dahan's employment, we have agreed to pay Mr. Dahan his termination severance, as provided in his employment agreement.

Voting Agreement

On September 8, 2015, we entered into the Voting Agreement, pursuant to which Mr. Dahan has agreed to vote all of the common stock he holds in a manner so as to facilitate consummation of the Merger and related matters. As of December 10, 2015, Mr. Dahan owns shares of our common stock representing approximately 17% of our outstanding voting power. The full text of the Voting Agreement is attached to this joint proxy and consent solicitation statement/prospectus as Appendix G and is incorporated in this joint proxy and consent solicitation statement/prospectus by reference.

Acceleration of Equity Awards

The Merger, if consummated, will constitute a "change in control" under the Amended and Restated 2004 Stock Incentive Plan and 2004 Stock Incentive Plan. Upon a change in control, the unvested equity awards outstanding under the Amended and Restated 2004 Stock Incentive Plan and 2004 Stock Incentive Plan will fully vest. Certain of the Company's executive officers and directors have unvested shares that will vest at the close of the Merger, which may permit them to realize financial benefits of their compensation sooner than would otherwise be the case. For Mr. Sandhu, 116,934 RSUs will vest fully upon consummation of the Merger. For Mr. Dahan, 137,076 RSUs fully vested on September 11, 2015 in connection with the consummation of the Asset Sale. If Mr. Kim's employment is terminated by Hudson without cause or Mr. Kim voluntarily terminates his employment for good reason, then pursuant to his Employment Agreement, which is effective upon consummation of the Merger, Mr. Kim's Restricted Stock Award of 166,667 RSUs will vest immediately and Mr. Kim's 166,667 Performance Shares will continue to vest without regard to Mr. Kim's continued employment.

Golden Parachute Compensation

The Merger is considered a change in control under the terms both of the Amended and Restated 2004 Stock Incentive Plan and the 2004 Stock Incentive Plan.

The following table sets forth the estimated amounts of "golden parachute" compensation (for purposes of Item 402(t) of Regulation S-K) that each named executive officer of the Company could receive in connection with the Merger. These amounts assume, where applicable, that the named executive officer is entitled to the full amount of severance benefits for which he is eligible pursuant to the employment agreements, in the case of Messrs. Sandhu, Dahan and Kim, or employment arrangement, in the case of Mr. Furrow. Certain of the amounts payable may vary depending on the actual date on which the Merger is completed and whether or not, and if so the circumstances under which, a named executive officer terminates employment. As a result, the actual amounts received by a named executive officer may differ in material respects from the amounts set forth below.

Please note that the amounts indicated below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including assumptions described

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below, and do not reflect certain compensation actions that may occur before the closing of the Merger. For purposes of calculating such amounts, we have assumed:

a price per share of the Company's common stock equal to $0.20, based upon the average closing market price per share of the Company's common stock on the first five business days following the first public announcement of the Merger;

December 1, 2015 as the closing date of the Merger and thus, the date of the "change in control" as used below; and

a termination of each named executive officer's employment under circumstances entitling the executive to severance and acceleration of any outstanding equity grants immediately following the closing of the Merger.

Golden Parachute Compensation Table

Name and Principal Position	Cash ($)	Equity ($)(5)	Pension/ NQDC ($)	Perquisites Benefits ($)(7)	Tax Reimbursement ($)	Other ($)	Total
Samuel J. Furrow(1) Interim Executive Officer	$	$	$	$	$	$	$
Hamish Sandhu Chief Financial Officer	$ 325,000(2)	$ 23,000	$	$ 19,000	$	$	$ 367,000
Joseph Dahan Former Creative Director	$ 35,000(3)	$ 29,000(6)	$	$ 19,000	$	$ 1,668,000(8)	$ 1,732,000
Peter Kim Chief Executive Officer of Hudson	$ 600,000(4)	$ 67,000	$	$ 19,000	$	$	$ 667,000

(1) For his role as Interim Chief Executive Officer, Mr. Furrow does not receive any compensation in addition to his compensation as a member of the Board of Directors.

(2) For Mr. Sandhu, this represents the cash severance payable by the Company pursuant to Mr. Sandhu's employment agreement, which is equal to the sum of (i) 12 months of Mr. Sandhu's base salary as of termination (i.e., $325,000), payable in 12 equal installments in accordance with normal payroll procedures after termination and beginning on the first business day of the following pay period after which termination occurs, and (ii) any bonus that has been earned by Mr. Sandhu for the period in which termination occurs, prorated for the partial period (i.e., $0). Such payments are not conditioned upon a change in control and are payable in connection with any termination of Mr. Sandhu's employment by the Company without cause or by Mr. Sandhu with good reason. Our obligation to provide the foregoing severance payments is subject to Mr. Sandhu's execution of a settlement agreement and release.

(3) In connection with the Asset Sale, Mr. Dahan entered into a separation agreement and mutual limited release, pursuant to which Mr. Dahan resigned as a member of the Board of Directors and as Creative Director of the Company effective as of September 11, 2015, and the Company paid his cash severance in the amount of $35,000.

(4) For Mr. Kim, this represents the cash severance payable by Hudson pursuant to Mr. Kim's employment agreement, which is equal to the sum of (i) 12 months' of Mr. Kim's base salary as of termination (i.e., $600,000), payable in 12 equal monthly installments beginning on the 55th day after which termination occurs and (ii) any bonus for the period in which termination occurs, prorated for the partial period, with the amount, if any, based on actual performance and paid when bonuses for the applicable period are paid to other senior executives (i.e., $0). Such payment is not conditioned upon a change in control and is payable in connection with any termination of Mr. Kim's employment by Hudson without cause or by Mr. Kim with good reason. Hudson's obligation to provide the foregoing severance payments is subject to Mr. Kim's execution of a settlement agreement and release.

(5) Represents the "single-trigger" fair market value of the acceleration of vesting of all outstanding equity awards pursuant to the Amended and Restated 2004 Stock Incentive Plan, the 2004 Stock Incentive Plan and applicable award agreements at a price per share of the Company's common stock equal to $0.20, based upon the average closing market price per share of the Company's common stock on the first five business days following the first

public announcement of the Merger. Under the applicable agreements, (i) for Mr. Sandhu, this number represents 116,934 RSUs, (ii) for Mr. Dahan, this number represents 137,076 RSUs, and (iii) for Mr. Kim, this number represents 166,667 RSUs, which shall vest immediately, and 166,667 Performance Shares, which shall continue to vest without regard to Mr. Kim's continued employment. It should be noted that the Company has not currently granted Mr. Kim any RSUs or Performance Shares, as his new Employment Agreement is only effective upon consummation of the Merger

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(6) Mr. Dahan's RSUs actually vested on September 11, 2015 in connection with his resignation upon the consummation of the Asset Sale, and the closing price per share of the Company's common stock was $0.21 on such date.

(7) Represents the anticipated cost of health insurance benefits provided by the Company (or, for Mr. Kim, Hudson) for a period of 12 months following each named executive officer's termination of employment based upon amounts paid in fiscal 2014 for the applicable named executive officer. Such benefits are not conditioned upon a change in control and are payable in connection with any termination of the named executive officer's employment by the Company (or, for Mr. Kim, Hudson) without cause or by the named executive officer with good reason. Our obligation to provide the foregoing benefits is subject to the applicable named executive officer's execution of a settlement agreement and release.

(8) Represents the amount remaining to be paid to Mr. Dahan under his fixed payment agreement with the Company with respect to his buy-out payments for his earn out agreement entered into in February 2013. This payment is scheduled to be made upon the consummation of the Merger; provided, however, Mr. Dahan is entitled to the same amount irrespective of whether the Merger is consummated.

Interests of Certain RG Directors, Officers and Affiliates in the Merger

Interests of Michael Buckley

Employment Arrangement

In connection with the Merger, Michael Buckley, who is currently the Chief Executive Officer of RG, will be appointed as the Chief Executive Officer and a director of the Company. As of the date of this joint proxy and consent solicitation statement/prospectus, the Company and Mr. Buckley have not entered into an agreement regarding Mr. Buckley's employment with the Company. However, we expect that, as soon as reasonably practicable following the closing of the Merger, our Board of Directors will approve a definitive employment agreement with Mr. Buckley, the principal terms of which will be consistent with a term sheet related to Mr. Buckley's employment relationship with the Company executed by Mr. Buckley, RG and TCP on September 5, 2015 (the "***Term Sheet***").

The Term Sheet provides for an initial three-year term with automatic, one-year renewal terms, unless the Company or Mr. Buckley gives notice 180 days prior to the end of the then-current term, that the Company will pay Mr. Buckley an annual base salary of $600,000 and that Mr. Buckley an annual base salary of $600,000, and Mr. Buckley will be eligible to receive an annual discretionary bonus of up to 150% of his base salary, based on the Company's consolidated EBITDA during the applicable year. The Term Sheet also provides that Mr. Buckley will be awarded (i) restricted stock units in respect of 2.5% of the Company's fully diluted shares determined as of closing of the Merger, subject to three year annual vesting beginning on the anniversary of Mr. Buckley's start date with the Company ("***RSU Award***") and (ii) performance stock units in respect of 2.0% of the Company's fully diluted shares determined as of closing of the Merger, subject to a three year performance-based vesting period beginning in 2016, based on the Company's consolidated EBITDA during the performance period ("***PSU Award***"). The Term Sheet further provides that the RSU Award and PSU Award will be settled in cash in the event that there are insufficient Company shares available to settle the applicable award in Company common stock.

The Term Sheet further provides that, in the event of a termination of Mr. Buckley's employment by the Company without cause or in the event that Mr. Buckley terminates his employment for good reason, in either case, prior to the expiration of the agreement's then-current term, the Company will be required to make a severance payment to Mr. Buckley equal to 1.5 times the sum of (i) his then-current base salary and (ii) the greater of (x) his actual annual bonus for the year immediately preceding the year in which the date of termination occurs and (y) 150% of his then-current base salary. In the event such resignation or termination occurs following the Company's first fiscal quarter of any year, the Term Sheet provides that Mr. Buckley will also be entitled to a prorated annual bonus for the year in which his employment terminates. Additionally, any unvested portion of Mr. Buckley's RSU Award or PSU Award will immediately vest upon such resignation or termination (or in the event of a change in control of the Company). The Company's obligation to provide the foregoing severance

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benefits will be subject to Mr. Buckley's execution and non-revocation of a release of claims against the Company and its affiliates.

The Term Sheet also provides that Mr. Buckley's employment agreement with the Company will contain customary provisions relating to non-competition, non-solicitation, non-disclosure and non-disparagement.

Interests of Scott Vogel

Profits Interest Award Agreement

Under the terms of the profits interest award agreement by and between Scott Vogel and RG, dated February 26, 2013, and the RG Incentive Compensation Plan, the unvested portion of Mr. Vogel's profits interest award will accelerate in connection with the consummation of the Merger. The remaining unvested portion represents 33.3% of the profits interest award granted to Mr. Vogel and was scheduled to vest on February 28, 2016.

Treatment of RG Units Held By RG Directors, Officers and Affiliates in the Merger

The RG Units held by RG directors, executive officers and affiliates will be treated in the same manner as all RG Units. At the Effective Time, the RG Units will be converted into the right to receive a portion of the Aggregate Merger Consideration. Each RG Unit issued and outstanding immediately prior to the Effective Time will be converted automatically at the Effective Time into the right to receive, upon the surrender of the certificate representing the RG Unit, such portion of the Actual Merger Consideration, as indicated in the merger consideration schedule to the Merger Agreement.

Directors and Management of the Company Following Completion of the Merger

Pursuant to the terms of the Stock Purchase Agreement and the certificate of designation for the Series A Convertible Preferred Stock, at the Effective Time three of our directors will resign from the Board of Directors and the remaining members of the Board of Directors will appoint three designees of the Series A Purchaser to be identified at least five business days prior to the closing of the Merger and Michael Buckley (who will also be appointed Chief Executive Officer).

Indemnification

From and after the Effective Time, we must, and must cause our subsidiaries to, indemnify and hold harmless each individual who is or was a director, manager or officer of us or RG or any of our or RG's subsidiaries against all actions threatened, brought or involving such a person by reason of the fact that such a person is or was a director, manager or officer, as applicable, of us or RG or any of our or RG's subsidiaries, whether asserted or claimed prior to, at or after the Effective Time. In the event that such an action is brought after the Effective Time, we, or our applicable subsidiary, must advance expenses incurred by such a person within ten (10) calendar days of receipt of a written request therefor. Additionally, we must indemnify such persons to the fullest extent permitted under applicable law and, in the case of directors, managers, officers, employees and agents of RG, on terms no less favorable than as provided in the organizational and governing documents of RG or any of its subsidiaries on the date of the Merger Agreement. For a period of six years from and after the Effective Time, we must, and we must cause our applicable subsidiaries to, maintain liability insurance to cover claims arising from acts, omissions, facts or events that occurred on or before the Effective Time, including in connection with the approval of the Merger Agreement and the transactions contemplated thereby. This obligation is subject to a cap of 300% of the annual premium amount that we are currently paying for such insurance but, if we are unable to obtain the amount of insurance required for an amount less than such cap, we must obtain as much insurance as can be obtained for aggregate premiums not in excess of the cap. At our option, we may elect to obtain a six-year "tail" or "runoff" insurance policy with respect to acts, omissions, facts or events occurring on or prior to the Effective Time. If we purchase a "tail" or "runoff" insurance policy, it shall be in lieu of our obligations to maintain officers' and directors' liability insurance. In the event we purchase a "tail" or "runoff" policy prior to the Effective Time, we must use its reasonable best efforts to maintain such tail or runoff policy in full force and effect for its term.

NASDAQ Listing and Trading

We will apply to have the shares of our common stock to be issued in the Merger approved for listing on The NASDAQ Capital Market, where our common stock is currently traded. Following the Merger, RG equity holders who receive shares of our common stock and wish to trade their shares on NASDAQ should contact such stockholders' financial or brokerage institution for assistance in making the necessary arrangements. Certain limitations may apply to making such arrangements. RG equity holders who become holders of our common stock are responsible for and must bear all costs arising in connection with the above arrangements.

SEC Reports and Reporting Requirements

As a U.S. public company registered under the Exchange Act and whose common stock is listed on The NASDAQ Capital Market, we are, and we will continue to be, subject to current quarterly and annual financial reporting requirements and we file, and will continue to file, public reports with the SEC that are accessible (in English) on our website *www.joesjeans.com* under our Investor Relations heading and at the SEC's website at *www.sec.gov*.

All of our stockholders who, directly or indirectly, own more than 5% of the total outstanding shares of our common stock are required to report such ownership to the SEC pursuant to the Exchange Act. These filings are made public by the SEC. Also, directors, certain officers, and holders of 10% or more of our common stock are subject to the insider trading reporting requirements of Section 16 of the Exchange Act.

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PRINCIPAL STOCKHOLDERS OF THE COMBINED COMPANY

The following table and related notes present certain information with respect to the beneficial ownership of the combined company upon consummation of the Merger, by (1) each person or entity that is expected by the management to become the beneficial owner of more than 5% of outstanding common stock of the combined company, (2) each person expected to be a director or executive officer of the combined company, and (4) all persons expected to be a director or executive officer of the combined company as a group.

The percentage of beneficial ownership calculation assumes that the Merger had closed on December 10, 2015 and is based on total outstanding shares of 12,361,242, which includes (i) 2,336,080 shares of common stock outstanding as of December 10, 2015, adjusted to reflect the Reverse Stock Split, (ii) 8,870,968 shares of common stock to be issued to the RG equity holders pursuant to the Merger Agreement, and (iii) 1,154,194 shares of common stock issued to the holders of the Convertible Notes pursuant to the Rollover Agreement. The information below assumes that each director's and executive officer's beneficial ownership of our common stock does not change prior to consummation of the Merger.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally provide that a person is the "beneficial owner" of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities or has the right to acquire such powers within 60 days. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options, warrants or rights held by that person that are currently exercisable or convertible or exercisable, convertible or issuable within sixty (60) days of December 10, 2015, are deemed outstanding. Such shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. The percentages in the table have been rounded to the nearest hundredth. Except as specifically indicated in the footnotes to this table, we believe that the persons identified in this table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable. Except as otherwise indicated, the address of each of the persons listed below is our corporate office located at 2340 South Eastern Avenue, Commerce, California, 90040.

Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock
5% Stockholders (Excluding Directors and Officers)		
Tengram Capital Partners, L.P.	5,979,060(1)	35.50%
Expected Directors and Executive Officers		
Michael Buckley Chief Executive Officer and Director	489,992(2)	3.96%
Hamish Sandhu Chief Financial Officer	4,602(3)	*
Peter Kim Chief Executive Officer of Hudson and Former Director	334,527(4)	2.71%
All directors and executive officers, as a group (3 persons)(5)	829,121	6.71%

* Represents beneficial ownership of less than 1%.

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(1)

Consists of 1,106,609 shares of common stock to be issued to TCP RG, LLC pursuant to the Merger, 392,164 shares of common stock to be issued to TCP RG II, LLC pursuant to the Merger and 4,480,287 shares of common stock issuable upon conversion of 50,000 shares of the Series A Convertible Preferred Stock to be issued to TCP Denim, LLC in connection with the Merger.

TCP RG, LLC and TCP RG II, LLC are managed by its managing member, Tengram Capital Partners Gen2 Fund, L.P. ("***Tengram Fund I***") and TCP Denim, LLC is managed by its sole member, Tengram Capital Partners Fund II, L.P. ("***Tengram Fund II***").

Tengram Capital Partners, L.P. ("***Tengram LP***") is the investment manager of Tengram Fund I and Tengram Fund II. Matthew Eby and William Sweedler, as the co-managing partners of Tengram LP, may be deemed to have the voting and dispositive power of the shares. Each of Mr. Eby, Mr. Sweedler, Tengram Fund I and Tengram Fund II disclaims the beneficial ownership of the above securities. The address of each of the entities mentioned in this footnote is c/o Tengram Capital Partners, 15 Riverside Avenue, First Floor, Westport, CT 06880.

(2)

Amount does not include the restricted stock units and performance stock units issuable to Mr. Buckley pursuant to the term sheet related to his employment relationship with the Company. See "*Interests of Certain RG Directors, Officers and Affiliates in the Merger Interests of Michael Buckley Employment Arrangement*."

(3)

Includes 1,467 shares (post-split) issuable pursuant to RSUs that vest within 60 days of December 10, 2015.

(4)

Represents the number of shares of common stock issuable pursuant to the Rollover Agreement. Mr. Kim is expected to have sole voting or investment control over these shares. Pursuant to the Rollover Agreement, Mr. Kim will also receive the Modified Convertible Notes, which will be convertible into either shares of our common stock, cash, or a combination of cash and common stock, at our election. If the Modified Convertible Notes are converted into common stock, then on an as-converted basis, Mr. Kim would own approximately 8% of the outstanding shares of the combined company.

(5)

At the Effective Time, the applicable number of directors of our Board must resign such that only two directors on our Board immediately prior to the Effective Time will remain on our Board immediately following the Effective Time leaving five vacancies. As of the Effective Time, the remaining members of our Board will appoint three (3) persons designated by the Series A Purchaser in writing at least five (5) business days prior to the anticipated closing date of the Merger to fill three of such vacancies on our Board. One of the remaining vacancies will be filled by Michael Buckley, our Chief Executive Officer following the Effective Time, with the remaining vacancy to be filled at a later date by majority vote of our Board in accordance with our Bylaws. For more information on the officers and directors of the Company following the Effective Time see "*How will the composition of the Board of Directors change upon consummation of the Merger?*" beginning on page 253 and "*Executive Officers Post Consummation of the Merger*" beginning on page 259.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material U.S. federal income tax consequences of the Merger generally applicable to U.S. holders of the Company's common stock and RG Units. This discussion is based upon the Code, Treasury regulations, judicial authorities, published positions of the Internal Revenue Service (the "***IRS***") and other applicable authorities, all as currently in effect and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to U.S. holders (as defined below) that hold their shares of the Company's common stock or RG Units as capital assets for U.S. federal income tax purposes. This discussion does not address all of the tax consequences that may be relevant to a particular stockholder or to stockholders that are subject to special treatment under U.S. federal income tax laws, such as:

- stockholders that are not U.S. holders;
- financial institutions;
- insurance companies;
- tax-exempt organizations;
- dealers in securities or currencies;
- persons whose functional currency is not the U.S. dollar;
- traders in securities that elect to use a mark to market method of accounting;
- persons who own more than 5% of the outstanding RG Units;
- persons that hold the Company's common stock or RG Units as part of a straddle, hedge, constructive sale or conversion transaction; and
- U.S. holders who acquired their shares of the Company's common stock or RG Units through the exercise of an employee stock option or otherwise as compensation.

If a partnership or other entity taxed as a partnership holds the Company's common stock or RG Units, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and partners in such a partnership should consult their tax advisors about the tax consequences of the Merger to them.

This discussion does not address the tax consequences of the Merger under state, local or foreign tax laws. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

All holders are urged to consult with their tax advisors as to the tax consequences of the Merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws.

For purposes of this section, the term "U.S. holder" means a beneficial owner of the Company's common stock or RG Units, as applicable, that for U.S. federal income tax purposes is:

a citizen or resident of the United States;

a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any State or the District of Columbia;

an estate that is subject to U.S. federal income tax on its income regardless of its source; or

a trust, the substantial decisions of which are controlled by one or more U.S. persons and which is subject to the primary supervision of a U.S. court, or a trust that validly has elected under

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applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

Tax Consequences of the Merger Generally

The Company and RG intend that the Merger be treated as an exchange described in Section 351 of the Code. It is not a condition to either RG's or the Company's obligation to complete the Merger that any party receive a written opinion of its counsel to the effect that the Merger will qualify as an exchange described in Section 351 of the Code. Neither the Company nor RG will request any ruling from the IRS as to the U.S. federal income tax consequences of the Merger. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to any of those set forth below.

The U.S. federal income tax consequences of the Merger will depend, in part, on whether the Convertible Notes are treated as "securities" under the reorganization provisions of the Code. In particular, if the Convertible Notes are not treated as securities, or if other requirements are not met, the Merger will not qualify as an exchange described in Section 351 of the Code.

Whether a debt instrument constitutes a security for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable or contingent, and whether such payments are made on a current basis or accrued.

The term of the Convertible Notes is approximately five and a half years. Although there is no assurance that the IRS will agree with such characterization, in light of the Convertible Notes' term and other relevant factors, RG and the Company expect to take the position that the Convertible Notes constitute securities for U.S. federal income tax purposes. Accordingly, if the Convertible Notes constitute securities and other requirements are met, it is anticipated that the Merger will qualify as an exchange described in Section 351 of the Code. The following discussion assumes that the Merger is an exchange described in Section 351 of the Code.

Tax Consequences to the Company

The Company will receive a stepped-up basis in the RG Assets received in the Merger, determined by the amount of gain recognized on the transaction. It is unclear whether the amount of gain to be recognized by RG Unit holders exceeds the amount of cash they will receive plus the amount of liabilities of RG allocable to such RG Units for income tax purposes. If the gain exceeds the amount of cash received by RG Unit holders plus the amount of RG liabilities allocable to such holders' RG Units for income tax purposes and the transaction does not qualify as an exchange under Section 351 of the Code, the Company's basis increase in the RG Assets will not be limited by the amount of cash distributed to the RG Unit holders plus the amount of RG liabilities allocable to such RG Units for income tax purposes.

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Tax Consequences to the Company's Stockholders

There will be no U.S. federal income tax consequences to the Company's stockholders as a result of the Merger, irrespective of whether it is treated as an as an exchange described in Section 351 of the Code. They will continue to hold their shares in the Company and will not recognize gain or loss.

Payments of cash to a U.S. holder of the Company's common stock in the Merger may, under certain circumstances, be subject to information reporting and backup withholding, unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

Tax Consequences to Holders of RG Units

As discussed above under "*Tax Consequences of the Merger Generally*," RG and the Company intend that the Merger be treated as an exchange described in Section 351 of the Code, based in part on the expectation that the Convertible Notes will be treated as "securities" for U.S. federal income tax purposes, in which case a U.S. holder of RG Units generally will recognize gain, but not loss, on the exchange of RG Units for a combination of the Company's common stock and cash (excluding any cash received in lieu of fractional shares) equal to the lesser of:

- the excess of (i) the amount realized in the transaction (*i.e.*, the sum of the fair market value of the Company's common stock received in the Merger, the amount of cash received and the amount of RG liabilities allocable to such RG Units for income tax purposes) over (ii) the holder's tax basis in the RG Units surrendered in the Merger, and

- the sum of (i) the amount of cash received by such holder in the Merger and (ii) the amount of liabilities of RG allocable to the holder's RG Units for income tax purposes in excess of such holder's adjusted tax basis in such RG Units.

The aggregate tax basis of the Company's common stock a U.S. holder of RG Units receives will be equal to the aggregate tax basis of the exchanged RG Units, decreased by the amount of cash received in exchange therefor plus the amount of RG liabilities allocable to such RG Units for income tax purposes, and increased by the amount of gain recognized by the U.S. holder with respect to such RG Units. The holding period of the Company's common stock received will include the U.S. holder's holding period of the RG Units surrendered in exchange therefor.

In the event the Convertible Notes are not treated as securities for U.S. federal income tax purposes, or the Merger otherwise fails to qualify as an exchange described in Section 351 of the Code, a U.S. holder of RG Units generally would recognize gain or loss in an amount equal to the difference between:

- the amount realized in the transaction (*i.e.*, the sum of the fair market value of the Company's common stock received in the Merger, the amount of cash received and the amount of RG liabilities allocable to such RG Units for income tax purposes), and

- the holder's tax basis in the RG Units surrendered in the Merger.

It is possible that a portion of the gain that U.S. holders recognize with respect to their RG Units may be recharacterized as ordinary income to the extent that RG owns assets that constitute inventory or unrealized receivables pursuant to Section 751 of the Code.

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Note that the above discussion applies to U.S. holders only; non-U.S. holders of RG Units are urged to consult their independent tax counsel to determine the tax consequences of the Merger based on their particular circumstances.

Reporting Requirements

U.S. holders of the Company's common stock or RG Units who receive the Company's common stock and, upon consummation of the Merger, own common stock of the Company representing at least 5% of the total combined voting power or value of the total outstanding common stock of the Company, are required to attach to their tax returns for the year in which the Merger is consummated, and maintain a permanent record of, a complete statement of all the facts relating to the exchange of stock in connection with the Merger containing the information listed in Treasury regulations section 1.351-3. The facts to be disclosed by a U.S. holder include the aggregate fair market value of, and the U.S. holder's basis in, the RG Units or the Company's common stock, as applicable, exchanged pursuant to the Merger.

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SUMMARY OF MERGER AGREEMENT

This section describes the material terms of the Merger Agreement. The description in this section and elsewhere in this joint proxy and consent solicitation statement/prospectus is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached as Appendix A and is incorporated by reference into this joint proxy and consent solicitation statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. We encourage you to read the Merger Agreement carefully and in its entirety.

Explanatory Note Regarding the Merger Agreement

The Merger Agreement and this summary of its terms are included to provide you with information regarding its terms. Factual disclosures about us contained in this joint proxy and consent solicitation statement/prospectus or in our public reports filed with the SEC may supplement, update or modify the factual disclosures about us contained in the Merger Agreement. The representations and warranties made in, and covenants to be performed pursuant to, the Merger Agreement by us, RG and Merger Sub, were made and agreed to solely for the purposes of the Merger Agreement and as of specific dates and were qualified and subject to important limitations agreed to by us, RG and Merger Sub in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the Merger Agreement may have the right not to consummate the Merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by the matters contained in the disclosure letter that we delivered to RG in connection with the Merger Agreement, which disclosures were not reflected in the Merger Agreement. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Merger Agreement, which subsequent information may or may not be fully reflected in our public disclosures. Accordingly, the representations and warranties and other provisions of the Merger Agreement should not be read alone, but instead should be read together with the information provided elsewhere in this joint proxy and consent solicitation statement/prospectus, the documents incorporated by reference into this joint proxy and consent solicitation statement/prospectus, and reports, statements and filings that we publicly file with the SEC from time to time. See the section entitled "*Where You Can Find More Information*" beginning on page 283. In addition, to the extent we are aware that specific material facts exist that contradict our representations and warranties contained in the Merger Agreement in a material way, we have provided disclosure of these facts.

Effects of the Merger; Certain Directors and Officers; Limited Liability Company Agreement

The Merger Agreement provides for the merger of Merger Sub with and into RG upon the terms and subject to the conditions set forth in the Merger Agreement, with RG as the surviving entity. As the surviving entity, RG, which, in its capacity as the surviving entity, we also sometimes refer to as the "surviving company," will continue to exist following the Merger as our wholly owned subsidiary. The officers of RG at the Effective Time will, from and after the Effective Time, be the officers of the surviving company until their successors have been duly elected or appointed and qualified in accordance with the limited liability company agreement of the surviving company. The limited liability company agreement of the surviving company will be amended to read the same as the limited liability company agreement of Merger Sub in effect immediately prior to the Effective Time, except that the name of the surviving company will remain "RG Parent LLC."

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At the Effective Time, the applicable number of directors of our Board must resign such that only two directors on our Board immediately prior to the Effective Time will remain on our Board immediately following the Effective Time leaving five vacancies. As of the Effective Time, the remaining members of our Board will appoint three (3) persons designated by the Series A Purchaser in writing at least five (5) business days prior to the anticipated closing date of the Merger to fill three of such vacancies on our Board. One of the remaining vacancies will be filled by Michael Buckley, our Chief Executive Officer following the Effective Time, with the remaining vacancy to be filled at a later date by majority vote of our Board in accordance with our Bylaws. For more information on the officers and directors of the Company following the Effective Time see "*How will the composition of the Board of Directors change upon consummation of the Merger?*" beginning on page 253 and "*Executive Officers Post Consummation of the Merger*" beginning on page 259.

Closing and Effective Time of the Merger

Unless otherwise mutually agreed in writing between us and RG, the closing of the Merger will take place no later than the third business day following the day on which the last of the conditions to the closing of the Merger (described under "*The Merger Agreement Conditions to the Merger*" beginning on page 124) have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing of the Merger, but subject to the fulfillment or waiver of those conditions).

Assuming timely satisfaction of the necessary closing conditions, we currently expect the closing of the Merger to occur in the fourth quarter of 2015. The Effective Time will occur upon the filing of a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as we and RG may agree and specify in the certificate of merger).

Treatment of RG Units

At the Effective Time, the RG Units will be converted into the right to receive the Aggregate Cash Consideration of $81 million and the Aggregate Stock Consideration of 8,870,968 shares of our common stock (after giving effect to the Reverse Stock Split). Each RG Unit issued and outstanding immediately prior to the Effective Time shall be converted automatically into the right to receive, upon the surrender of the certificate representing the RG Unit, such portion of (i) the Actual Cash Consideration, and (ii) the Aggregate Stock Consideration, collectively, the Actual Merger Consideration, as indicated in the merger consideration schedule to the Merger Agreement.

Each RG Unit owned by RG, Merger Sub or any other direct or indirect wholly owned subsidiary of RG and each RG Unit owned by us or any of our direct or indirect wholly owned subsidiaries will be retired and cease to exist without payment of consideration. Each common unit of Merger Sub issued and outstanding immediately prior to the Effective Time will be converted into and become one validly issued common unit of the surviving company and will constitute the only outstanding equity of the surviving company.

Exchange and Payment Procedures

At the Effective Time, we will cause to be deposited with the exchange agent cash and our common stock in the aggregate amount necessary to pay the Actual Merger Consideration in respect of the RG Units. If the funds deposited with the exchange agent diminish for any reason below the amount required to make prompt payment of the Actual Merger Consideration, then we and the surviving company will, jointly and severally, promptly cause to be deposited with the exchange agent the amount necessary to replace or restore the lost portion of the deposited funds to ensure that it is, at all times, maintained at a level to make such payments.

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As soon as practicable, and in any event not more than one day after the date of the Effective Time, we and the surviving company will cause the exchange agent to mail to each record holder of RG Units that were subsequently converted into the right to receive the Actual Merger Consideration a letter of transmittal and instructions describing how such record holder may surrender his, her or its certificate representing the RG Units in exchange for payment of the applicable Actual Merger Consideration.

Upon surrender of a certificate for cancellation to the surviving company, together with a letter of transmittal, duly completed and validly executed, the holder of such certificate shall be entitled to receive in exchange therefor the applicable amount of (i) cash, by wire transfer of immediately available funds, and (ii) shares of our common stock, in each case equal to the portion of the Actual Merger Consideration for each RG Unit represented by such certificate in accordance with the merger consideration schedule. The certificate so surrendered shall forthwith be cancelled. No interest will be paid or accrued on the Actual Merger Consideration payable on surrender of certificates. Until surrendered, each certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the applicable Actual Merger Consideration. RG Units that are in non-certificate book-entry form immediately prior to the Effective Time will, at the Effective Time, be deemed to be automatically surrendered for all purposes under the Merger Agreement.

If ownership of the RG Units is not registered in the transfer records of RG, the appropriate amount of the Actual Merger Consideration may be paid to the applicable transferee if (i) in the case of certificated RG Units, the certificate representing such RG Units is presented to the surviving company and is properly endorsed or accompanied by appropriate unit power and otherwise in proper form for transfer and accompanied by all customary documents reasonably required by the surviving company to evidence and effect such transfer and to evidence that any applicable taxes have been paid or (ii) in the case of non-certificate book-entry RG Units, a properly endorsed and appropriate unit power is presented to the surviving company and accompanied by all customary documents reasonably required by the surviving company to evidence and effect such transfer and to evidence that any applicable taxes have been paid.

All Actual Merger Consideration paid upon the surrender for exchange of the certificates representing the RG Units in accordance with the Merger Agreement shall be deemed to have been paid in full satisfaction of all rights pertaining to such RG Units. After the Effective Time, the unit transfer books of RG shall be closed and there shall be no further registration of transfers on the unit transfer books of the surviving company of the RG Units that were outstanding prior to the Effective Time.

Any portion of the merger consideration deposited with the exchange agent that remains undistributed by former members of RG for twelve months after the Effective Time will be delivered by the exchange agent to the surviving company. Any former holder of RG Units who has not received the Actual Merger Consideration may thereafter only look to the surviving company for payment of the Actual Merger Consideration. Neither we, the surviving company nor Merger Sub will be liable to any former record holders of RG Units for any part of the Actual Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

If a certificate has been lost, or if it has been stolen or destroyed, then, before the surviving company issues the appropriate amount of Actual Merger Consideration in exchange for the shares represented by such lost, stolen or destroyed certificate, any person claiming entitlement to receive the merger consideration will have to make an affidavit of the loss, theft or destruction, and if required by the surviving company, either (i) post a bond in a reasonable amount determined by the surviving company or (ii) execute an indemnity agreement upon such terms as may be directed by the surviving company, in each case as indemnity against any claim that may be made with respect to such lost, stolen or destroyed certificate.

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We, the surviving corporation and any affiliate thereof will be entitled to deduct and withhold any applicable taxes from amounts otherwise payable pursuant to the Merger Agreement. Any sum that is withheld will be paid to the applicable governmental or taxing authority in accordance with applicable law and will be deemed for all purposes of the Merger Agreement to have been paid to the person with regard to whom it is withheld.

No fraction of a share of our common stock will be issued by virtue of the Merger, and each holder of RG Units who would otherwise be entitled to a fraction of a share of the our common stock will receive from us, in lieu of such fractional share, the amount of cash equal to the fair market value of such fractional share.

For U.S. federal income tax purposes, the parties agree to treat the Merger as a transfer of the voting common units and non-voting common units in exchange for the Actual Merger Consideration that is subject to Section 351 of the Code (unless otherwise required by applicable law).

These procedures will be described in the letter of transmittal and instructions, which should be read carefully in its entirety.

Representations and Warranties

We and Merger Sub, jointly and severally, made customary representations and warranties in the Merger Agreement that are subject, in some cases, to specified exceptions and qualifications contained in the Merger Agreement or in the disclosure letter that we delivered to RG in connection with the Merger Agreement. These representations and warranties relate to, among other things:

- due organization, valid existence, good standing, requisite power and authority necessary to carry on our businesses, due license and qualification to do business and no violations or defaults with respect to governing documents, in each case with respect to us and our subsidiaries, including Merger Sub;

- the completeness and correctness of copies of certain governing documents that are incorporated by reference into our SEC filings;

- our ownership interests in the capital stock of each of our subsidiaries, including Merger Sub, and the absence of any liens or similar restrictions (including any restriction on the right to vote or transfer) any of the shares or other equity interests in our subsidiaries, including Merger Sub;

- the purpose of Merger Sub's formation, its engagement in certain limited business activities, its lack of liabilities and its not being a party to any agreement other than the Merger Agreement;

- our capitalization;

- the absence of any subscriptions, options, warrants, calls, convertible or exchangeable securities, rights, commitments or agreements of any character providing for the issuance of, or obligating us or any of our subsidiaries to transfer or sell, any shares of capital stock, voting securities or equity interests of (or any securities convertible into, exercisable or exchangeable for equity interests of) us or any of our subsidiaries (other than as otherwise expressly permitted by the Merger Agreement);

- the absence of any obligations of us or any of our subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock, voting securities or equity interests (or any options, warrants or other rights to acquire any shares of capital stock, voting securities or equity interests) of us or any of our subsidiaries (other than as set forth in our equity incentive plan);

- the absence of stockholders' agreements, voting trust agreements, registration rights agreements or other similar agreements or understandings by which we or our subsidiaries are bound relating to the capital stock, voting securities or equity interest of us or any of our subsidiaries

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or any other agreement relating to the disposition, voting or dividends of any of our or our subsidiaries' capital stock, voting securities or equity interest;

our and Merger Sub's corporate or other power, as applicable, and authority to enter into, and, subject to obtaining the approval from our stockholders that is required pursuant to the Merger Agreement, consummate the transactions under, the Merger Agreement, and the enforceability of the Merger Agreement against us and Merger Sub;

due execution and delivery by us and Merger Sub of the Merger Agreement;

the determination by our Board of Directors that the Merger Agreement is fair to, and in the best interest of, our stockholders, the approval by our Board of Directors of the execution, delivery and performance of the Merger Agreement and the transactions contemplated thereby and the resolution by our Board of Directors to recommend the authorization or approval, as applicable, by our stockholders of such actions that require the authorization or approval of our stockholders in order to consummate the transactions contemplated by the Merger Agreement;

assuming, as applicable, that (i) stockholder approval and (ii) the other consents and approvals set forth in the disclosure letter that we delivered to RG in connection with the Merger Agreement are obtained, the absence of violations of, or conflicts with, governing documents of us or Merger Sub, governmental orders, applicable law and certain agreements as a result of our entering into and performing under the Merger Agreement;

(i) the affirmative vote of the holders of a majority of the shares of our common stock for the adoption of an amendment to our Current Charter to effect the Reverse Stock Split and (ii) the affirmative vote of the holders of a majority of the shares present at the stockholders meeting for the approval of the issuance of our common stock in connection with the Merger and the Rollover Agreement and the issuance of our common stock upon the conversion of our Series A Convertible Preferred Stock in connection with the consummation of the transactions contemplated by the Stock Purchase Agreement are the only votes or approvals required of the holders of any class or series of our or any of our subsidiaries' capital stock that are necessary to approve the transactions contemplated by the Merger Agreement;

required governmental consents, approvals, notices and filings;

the accuracy and level of compliance with applicable law, rules and regulations of our SEC filings since January 1, 2014 and the financial statements included therein;

the absence of certain undisclosed liabilities;

the absence of a Company material adverse effect (as described below) since November 30, 2014;

the conduct of our business and the business of each of our subsidiaries in the ordinary course since November 30, 2014;

the absence of legal proceedings, investigations and governmental orders against us or our subsidiaries;

our and each of our subsidiaries' compliance with applicable laws and permits since January 1, 2014;

tax matters;

employee benefits matters;

material contracts and the absence of any violation or default under any material contract;

intellectual property;

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- compliance with all applicable laws as well as all internal rules, policies and procedures relating to privacy, data protection and the collection, retention, protection and use of personal information collected, used or held for use by us and our subsidiaries;

- the absence of any undisclosed broker's or finder's fees;

- related party transactions;

- insurance policies;

- real property and leases;

- environmental matters;

- the inapplicability of any anti-takeover law or the stockholder rights plan to the Merger;

- labor matters and employees;

- delivery by us to RG of true and correct copies of the Asset Purchase Agreements; and

- non-reliance by us on estimates, projections, forecasts and other forward-looking information, as well as certain business plan information, regarding RG and its business and operations.

Many of our representations and warranties are qualified by, among other things, exceptions relating to the absence of a "Company material adverse effect," which means any change, event circumstance, effect, development, occurrence or state of facts that, individually or in the aggregate, has or would be reasonably likely to have a material adverse effect on the business, condition, properties, assets, liabilities (contingent or otherwise), results of operations or financial condition of us and our subsidiaries, taken as a whole, or on our business operated as of the date of the Merger Agreement under the brand names "Hudson's," and "Hudson's Jeans," which we refer to as the Hudson's Business; provided that none of the following shall be deemed in itself to constitute, and none of the following will be taken into account in determining whether a "Company material adverse effect" has occurred or may, would or could reasonably be expected to occur:

- any changes generally affecting the economy, financial markets or political, economic or regulatory conditions in the United States or any other geographic region in which we and our subsidiaries conduct business (except, in each case, to the extent that we and our subsidiaries, taken as a whole, or the Hudson's Business are disproportionately adversely affected relative to other participants in the industries in which we and our subsidiaries participate);

- general financial, credit or capital market conditions, including interest rates or exchange rates, or any changes therein (except, in each case, to the extent that we and our subsidiaries, taken as a whole, or the Hudson's Business are disproportionately adversely affected relative to other participants in the industries in which we and our subsidiaries participate);

- conditions (or changes therein) in any industries in which we and our subsidiaries operate (excluding seasonal fluctuations) (except, in each case, to the extent that we and our subsidiaries, taken as a whole, or the Hudson's Business are disproportionately adversely affected relative to other participants in the industries in which we and our subsidiaries participate);

the taking of any action required by the Merger Agreement or the announcement of the transactions contemplated thereby;

changes in applicable law or in generally accepted accounting principles, which we refer to as GAAP (except, in each case, to the extent that we and our subsidiaries, taken as a whole, or the Hudson's Business are disproportionately adversely affected relative to other participants in the industries in which we and our subsidiaries participate);

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decline in the price of our common stock on NASDAQ or any other market in which such securities are quoted for purchase and sale (except that the facts or occurrences giving rise to or contributing to such failure may be taken into account in determining whether there has been, or will be, a "Company material adverse effect");

any acts of terrorism or war or any escalation thereof or any weather related event, fire or natural disaster (except, in each case, to the extent that the we and our subsidiaries, taken as a whole, or the Hudson's Business are disproportionately adversely affected relative to other participants in the industries in which we and our subsidiaries participate);

any failure by us or our subsidiaries to meet internal or published projections, forecasts, performance measures, operating statistics or revenue or earnings predictions for any period (except that the facts or occurrences giving rise to or contributing to such failure may be taken into account in determining whether there has been, or will be, a "Company material adverse effect").

In addition, any change, event, circumstance, effect, development, occurrence or state of facts that, individually or in the aggregate, has a material adverse effect on our ability to, in a timely manner, perform our obligations under the Merger Agreement or consummate the transactions contemplated thereby will be a "Company material adverse effect."

The Merger Agreement also contains customary representations and warranties made by RG that are subject, in some cases, to specified exceptions and qualifications contained in the Merger Agreement or in the disclosure letter that RG delivered to the us and Merger Sub in connection with the Merger Agreement. The representations and warranties of RG relate to, among other things:

RG's due organization, valid existence, good standing, requisite power and authority necessary to carry on its businesses and due license and qualification to do business;

RG's limited liability company power and authority to enter into, and consummate (subject to the approval by the requisite equity holders of RG) the transactions under, the Merger Agreement and the enforceability of the Merger Agreement against RG;

The authorization and approval by the Board of Managers of RG of the execution, delivery and performance of the Merger Agreement by RG;

due execution and delivery by RG of the Merger Agreement;

the absence of violations of, or conflicts with, (i) RG's governing documents and (ii) assuming the authorizations, consents and approvals set forth in the disclosure letter, including approval by the requisite equity holders of RG, that RG delivered to us in connection with the Merger Agreement are obtained, governmental orders, applicable law and certain agreements as a result of entering into and performing under the Merger Agreement;

RG's ability to consummate the transaction not being subject to any other vote of its members except for the approval by written consent of (i) holders of at least a majority of its outstanding preferred units and (ii) holders of at least a majority of its outstanding voting common units;

RG's capitalization;

the absence of any subscriptions, options, warrants, calls, convertible or exchangeable securities, rights, commitments or agreements of any character providing for the issuance of, or obligating RG or any of its subsidiaries to transfer or sell, any shares of capital stock, voting securities or equity interests of (or any securities convertible into, exercisable or exchangeable for equity interests of) RG;

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- the absence of any obligations of RG or any of its subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock, voting securities or equity interests (or any options, warrants or other rights to acquire any shares of capital stock, voting securities or equity interests) of RG or any of its subsidiaries;
- required governmental consents, approvals, notices and filings;
- the absence of legal proceedings, investigations and governmental orders against RG or its subsidiaries;
- the truth and correctness of financial statements delivered to us by RG and the preparation of such financial statements in accordance with GAAP;
- the absence of certain undisclosed liabilities;
- the absence of a RG material adverse effect (as described below) since December 31, 2014;
- the conduct of RG's business and the business of its subsidiaries in the ordinary course since December 31, 2014;
- RG's and each of its subsidiaries' compliance with applicable laws and orders since January 1, 2014;
- tax matters;
- employee benefits matters;
- material contracts and the absence of any violations or default under any material contract;
- intellectual property;
- compliance with all applicable laws as well as internal rules, policies and procedures relating to privacy, data protection and the collection, retention, protection and use of personal information collected, used or held for use by us and our subsidiaries;
- the absence of any undisclosed broker's or finder's fees;
- delivery of the debt commitment letter to us;
- the absence of any amendments or modifications to the financing commitments;
- the absence of contingencies related to the funding of the financing commitments other than as set forth in the financing commitments;

- the inapplicability of "interested stockholder" provisions of Section 203 of the DGCL to RG and each of its subsidiaries in the last 3 years;
- related party transactions;
- insurance policies;
- real property and leases;
- environmental matters;
- labor matters and employees; and
- non-reliance by RG on estimates, projections, forecasts and other forward-looking information, as well as certain business plan information, regarding us and our business and operations.

Many of RG's representations and warranties are qualified by, among other things, exceptions relating to the absence of an "RG material adverse effect," which means any change, event circumstance, effect, development, occurrence or state of facts that, individually or in the aggregate, has

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or would be reasonably likely to have a material adverse effect on the business, condition, properties, assets, liabilities (contingent or otherwise), results of operations or financial condition of RG and its subsidiaries, taken as a whole; provided that none of the following shall be deemed in itself to constitute, and none of the following will be taken into account in determining whether an "RG material adverse effect" has occurred or may, would or could occur:

- any changes generally affecting the economy, financial markets or political, economic or regulatory conditions in the United States or any other geographic region in which RG and its subsidiaries conduct business (except, in each case, to the extent that RG and its subsidiaries, taken as a whole, are disproportionately adversely affected relative to other participants in the industries in which RG and its subsidiaries participate);

- general financial, credit or capital market conditions, including interest rates or exchange rates, or any changes therein (except, in each case, to the extent that RG and its subsidiaries, taken as a whole, are disproportionately adversely affected relative to other participants in the industries in which RG and its subsidiaries participate);

- conditions (or changes therein) in any industries in which RG and its subsidiaries operate (excluding seasonal fluctuations) (except, in each case, to the extent that RG and its subsidiaries, taken as a whole, are disproportionately adversely affected relative to other participants in the industries in which RG and its subsidiaries participate);

- the taking of any action required by the Merger Agreement or the announcement of the transactions contemplated thereby;

- changes in applicable law or GAAP (except, in each case, to the extent that RG and its subsidiaries, taken as a whole, are disproportionately adversely affected relative to other participants in the industries in which RG and its subsidiaries participate);

- any acts of terrorism or war or any escalation thereof or any weather related event, fire or natural disaster (except, in each case, to the extent that RG and its subsidiaries, taken as a whole, are disproportionately adversely affected relative to other participants in the industries in which RG and its subsidiaries participate);

- any failure by RG and its subsidiaries to meet internal or published projections, forecasts, performance measures, operating statistics or revenue or earnings predictions for any period (except that the facts or occurrences giving rise to or contributing to such failure may be taken into account in determining whether there has been, or will be a "RG material adverse effect").

In addition, any change, event, circumstance, effect, development, occurrence or state of facts that, individually or in the aggregate has a material adverse effect on RG's ability to, in a timely manner, perform its obligations under the Merger Agreement or consummate the transactions contemplated thereby will be an "RG material adverse effect."

The representations and warranties in the Merger Agreement of each of us, Merger Sub and RG will not survive the consummation of the Merger or, subject to certain exceptions, the termination of the Merger Agreement pursuant to its terms.

Conduct of Our Business Pending the Merger

Under the Merger Agreement, we have agreed that, except as permitted by the Merger Agreement or the Asset Purchase Agreements, as set forth in the disclosure letter we delivered to RG in connection with the Merger Agreement or as required by law, between the date of the Merger Agreement and the Effective Time or the termination of the Merger Agreement pursuant to its terms, unless RG gives its prior written approval (which cannot be unreasonably withheld, delayed or conditioned), we will, and will cause our subsidiaries to, conduct our or their, as applicable, business in

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all material respects in the ordinary course consistent with past practice and to use commercially reasonable efforts to maintain and preserve intact our or their, as applicable, business organization and the goodwill of those having business relationships with us and/or our subsidiaries and retain the services of our and our subsidiaries' present executive officers and key employees consistent with past practice.

Subject to applicable law, certain exceptions set forth in the Merger Agreement and the disclosure letter that we delivered to RG in connection with the Merger Agreement, we will not, and we will not permit our subsidiaries to, take any of the following actions without RG's written approval (which cannot be unreasonably withheld, delayed or conditioned) between the date of the Merger Agreement and the Effective Time or the termination of the Merger Agreement pursuant to its terms:

- issue, sell, grant, dispose of, pledge or otherwise encumber any capital stock, voting securities or equity interests of us or our subsidiaries or any securities or rights convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for any of the foregoing (with customary exceptions);

- redeem, purchase or otherwise acquire any capital stock, voting securities or equity interests, or any rights, warrants, options, calls, commitments or any other agreements of any character to acquire any shares of capital stock, voting securities or equity interests, of us or our subsidiaries or any securities or rights convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for any of the foregoing (with customary exceptions);

- declare, authorize, set aside for payment or pay any dividend on, or make any other distribution in respect of any capital stock, voting securities or equity interests of us or our subsidiaries, or any rights, warrants, options, calls, commitments or any other agreements of any character to acquire any shares of capital stock, voting securities or equity interests of us or our subsidiaries;

- split, combine, subdivide or reclassify any shares of our capital stock;

- amend (including by reducing an exercise price or extending a term) or waive any of its rights under, any provision of our incentive plans or any agreement evidencing any right to acquire our capital stock or any restricted stock purchase agreement or any similar or related contract;

- incur or assume any indebtedness for borrowed money, guarantee any indebtedness or issue or sell any debt securities or options, warrants, calls or other rights to acquire any of our debt securities or any of our subsidiaries except (i) from RG or a subsidiary of RG or (ii) from us by one of our direct or indirect wholly owned subsidiaries in the ordinary course of business consistent with past practices;

- sell, transfer, lease, sublease, license, mortgage, encumber or otherwise dispose of or subject to any lien, other than certain customary exceptions, any of our properties (including real properties) or assets (including securities of our subsidiaries), except (i) in the ordinary course of business consistent with past practices pursuant to contracts in force at the date of the Merger Agreement that have been made available to RG prior to the date of the Merger Agreement, (ii) for sales of inventory to customers in the ordinary course of business consistent with past practices, (iii) our intellectual property to the extent not otherwise prohibited by a certain provision of the Merger Agreement;

- increase in any manner or accelerate the vesting or payment of the compensation of or benefits payable to (or severance pay for) any of our current or former directors, officers or employees, or consultants who are natural persons, (ii) enter into, establish, amend or terminate any collective bargaining agreement or benefits plan (or any plan, program, agreement or arrangement that would be a benefits plan if it had been effect as of the date of the Merger Agreement) with, for or in respect of, any current or former stockholder, director, officer, other

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employee, consultant who is a natural person or affiliate of us or our subsidiaries, (iii) fund any rabbi trust or similar arrangement, (iv) terminate the employment or services of any officer, consultant who is a natural person or employee whose target annual compensation (including annual base salary and target bonus) is greater than $150,000 or (v) hire any officer, consultant who is a natural person or employee who has target annual compensation greater than $75,000, in each case, other than as required pursuant to applicable law or pursuant to any benefits plan in force as of the date of the Merger Agreement;

(i) effectuate a plant closing as defined in the Worker Adjustment and Retraining Notification Act of 1988, or any similar state or local law, which we refer to as the "WARN Act," affecting any site of employment or one or more facilities or operating units within any site of employment of us or any of our subsidiaries, (ii) effectuate a mass layoff as defined in the WARN Act affecting any site of employment of us or any of our subsidiaries or (iii) enter into any labor agreement, collective bargaining agreement, work rules or practices, or any other labor-related agreements or arrangements with any labor organization, works council, trade union or other labor association, with respect to the employees of us or any of our subsidiaries;

incur any taxes outside the ordinary course of business consistent with past practices (except as contemplated by the Merger Agreement and the Asset Purchase Agreements), make any material election concerning taxes or tax returns, change or revoke any election concerning taxes or tax returns, file any material amended tax return, enter into any closing agreement with respect to any material tax, settle or compromise any claim or action relating to material taxes, surrender any right to claim a material refund of taxes, make any material change in tax accounting methods, obtain any material tax ruling, file any material tax return other than one prepared in a manner consistent with past practice, or waive or extend any statute of limitations in respect of material taxes;

make any material changes in financial or accounting methods, principles or practices (or change an annual accounting period), except insofar as may be required by GAAP or certain applicable securities rules;

amend any organizational documents of us or any of our subsidiaries;

adopt a plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization;

settle or compromise any litigation, proceeding or pending or threatened claim or action other than settlements or compromises (i) that do not obligate us or our subsidiaries to make payments in excess of amounts reserved on our consolidated balance sheet dated February 28, 2015 by $150,000 in the aggregate, (ii) that do not involve any material injunctive or equitable relief or impose material restrictions on the business activities of us and our subsidiaries, taken as a whole, or the Hudson's Business, (iii) that do not relate to the transactions contemplated by the Merger Agreement and (iv) that do not involve the issuance of our securities or equity or voting interests;

subject to any lien or otherwise encumber or, except for certain permitted exceptions, permit, allow or suffer to be encumbered, any of our intellectual property rights, except for certain permitted exceptions;

sell, assign, license, transfer, convey, lease, abandon or otherwise dispose of any of our intellectual property rights, other than licenses made in the ordinary course of business consistent with past practice that are terminable by us on 90 days' or fewer notice without liability (including, without limitation, penalty or interest);

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fail to make any material filing, pay any fee, or take another action necessary to maintain in full force and effect any trademark or trade name that is material to the conduct of the business of us and our subsidiaries, as a whole, as conducted on the date of the Merger Agreement, or is material to the Hudson's Business, as conducted on the date of the Merger Agreement, other than such failures that can be cured before the closing of the Merger and without resulting in an adverse impact on us, or (ii) enter into any license or transfer agreement granting or transferring to a third party an exclusive right to use any such trademark or trade name, other than distribution agreements, sales agent agreements and commission arrangements entered into in the ordinary course of business consistent with past practices;

modify or amend in any material respect, or renew, terminate or waive any material rights under, any material contract (except for modifications, terminations or amendments that are beneficial to or not materially less favorable to us) or (ii) enter into any contract that would have been a material contract if entered into prior to the date of the Merger Agreement and that is not terminable by us on 90 days' or fewer notice without liability (including, without limitation, penalty or interest); or

authorize, commit, resolve, propose or agree (in writing or otherwise) to take any of the foregoing actions.

Nothing contained in the Merger Agreement will give RG, directly or indirectly, the right to control or direct the operations of us or any of our subsidiaries prior to the Effective Time. Prior to the Effective Time, we shall exercise, consistent with the terms and conditions of the Merger Agreement, control and supervision over our and our subsidiaries' business operations.

Conduct of RG's Business Pending the Merger

Under the Merger Agreement, RG has agreed that, except as permitted by the Merger Agreement, as set forth in the disclosure letter RG delivered to us in connection with the Merger Agreement or as required by law, between the date of the Merger Agreement and the Effective Time, unless we give our prior written approval (which cannot be unreasonably withheld, delayed or conditioned), RG will, and will cause each of its subsidiaries to, conduct its business in all material respects in the ordinary course consistent with past practice and to use commercially reasonable efforts to maintain and preserve intact its business organization and the goodwill of those having business relationships with it and retain the services of its present executive officers and key employees consistent with past practice.

Subject to applicable law, certain exceptions set forth in the Merger Agreement and the disclosure letter that RG delivered to us in connection with the Merger Agreement, RG will not, and RG will not permit its subsidiaries to, take any of the following actions without our written approval (which cannot be unreasonably withheld, delayed or conditioned) between the date of the Merger Agreement and the Effective Time or the termination of the Merger Agreement pursuant to its terms:

incur or assume any indebtedness for borrowed money that will not be repaid at the closing of the transactions contemplated by the Merger Agreement and reduce the Aggregate Cash Consideration, guarantee any material indebtedness or issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities other than in the ordinary course of business consistent with past practices;

sell, transfer, lease, sublease, license, mortgage, encumber or otherwise dispose of or subject to any lien, other than certain customary exceptions, any of its properties (including real properties) or assets (including securities of its subsidiaries), except (i) in the ordinary course of business consistent with past practices pursuant to contracts in force at the date of the Merger Agreement that have been made available to us prior to the date of the Merger Agreement and (ii) RG's intellectual property to the extent not otherwise prohibited by a certain provision of the Merger Agreement;

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increase in any material manner the compensation of or benefits payable to (or severance pay for) any of its current or former directors, officers or employees, or consultants who are natural persons, (ii) enter into, establish, amend or terminate any collective bargaining agreement or RG benefits plan (or any plan, program, agreement or arrangement that would be a RG benefits plan if it had been effect as of the date of the Merger Agreement) with, for or in respect of, any current or former stockholder, director, officer, other employee, consultant who is a natural person or affiliate of RG or its subsidiaries, (iii) fund any rabbi trust or similar arrangement, (iv) terminate the employment or services of any officer, consultant who is a natural person or employee whose target annual compensation (including annual base salary and target bonus) is greater than $200,000 or (v) hire any officer, consultant who is a natural person or employee who has target annual compensation greater than $200,000, in each case, other than as contemplated by the Merger Agreement, in the ordinary course of business consistent with past practice, as required pursuant to applicable law or required by any RG benefits plan in force as of the date of the Merger Agreement;

incur any taxes outside of the ordinary course of business consistent with past practices (except as contemplated by the Merger Agreement or the Asset Purchase Agreements), make any material election concerning taxes or tax returns, change or revoke any election concerning taxes or tax returns, file any material amended tax return, enter into any closing agreement with respect to any material tax, settle or compromise any claim or action relating to material taxes, surrender any right to claim a material refund of taxes, make any material change in tax accounting methods, obtain any material tax ruling, file any material tax return other than one prepared in a manner consistent with past practice, or waive or extend any statute of limitations in respect of material taxes;

make any material changes in financial or accounting methods, principles or practices (or change an annual accounting period), except insofar as may be required by GAAP or certain applicable securities rules;

amend any organizational documents of RG or any of its subsidiaries, except as contemplated by the Merger Agreement;

other than in connection with distributions by direct and indirect holders of RG equity interests of equity interests of such holder, adopt a plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization;

settle or compromise any litigation, proceeding or pending or threatened claim or action other than settlements or compromises (i) that do not obligate RG or its subsidiaries to make payments in excess of amounts reserved on RG's consolidated balance sheet dated April 30, 2015 by $350,000 in the aggregate, (ii) that do not involve any material injunctive or equitable relief or impose material restrictions on the business activities of RG and its subsidiaries, taken as a whole and (iii) that do not relate to the transactions contemplated by the Merger Agreement;

other than in the ordinary course of business consistent with past practices, subject to any lien or otherwise encumber or, except for certain permitted exceptions, permit, allow or suffer to be encumbered, any RG intellectual property rights, except for certain permitted exceptions;

sell, assign, license, transfer, convey, lease, abandon or otherwise dispose of any material RG intellectual property rights, other than licenses made in the ordinary course of business consistent with past practice that are terminable by RG on 90 days' or fewer notice without liability (including, without limitation, penalty or interest);

fail to make any material filing, pay any fee, or take another action necessary to maintain in full force and effect any trademark or trade name that is material to the conduct of the business of

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RG and its subsidiaries, as a whole, as conducted on the date of the Merger Agreement, other than such failures that can be cured before the closing of the Merger and without resulting in an adverse impact on RG, or (ii) enter into any license or transfer agreement granting or transferring to a third party an exclusive right to use any such trademark or trade name, other than licenses or transfer agreements entered into in the ordinary course of business consistent with past practices;

modify or amend in any material respect, or renew, terminate or waive any material rights under, any material contract (except for any modifications or amendments that are beneficial to or not materially less favorable to RG) or (ii) enter into any contract that would have been a material contract if entered into prior to the date hereof and that is not terminable by RG on 90 days' or fewer notice without liability (including, without limitation, penalty or interest); or

authorize, commit, resolve, propose or agree (in writing or otherwise) to take any of the foregoing actions.

Nothing contained in the Merger Agreement will (i) give us, directly or indirectly, the right to control or direct the operations of RG or any of its subsidiaries prior to the Effective Time or (ii) limit, or be deemed to limit (a) the liquidation of any direct or indirect holder of RG Units or (b) the distribution of RG Units by any holder of RG Units, in each case, prior to the Effective Time. Prior to the Effective Time, RG shall exercise, consistent with the terms and conditions of the Merger Agreement, control and supervision over its and its subsidiaries' business operations.

Solicitation of Acquisition Proposals

No Solicitation by RG

From and after the date of the Merger Agreement until the Effective Time or the termination of the Merger Agreement, RG and its subsidiaries and affiliates and the representatives of each of the foregoing may not, directly or indirectly:

solicit, initiate, facilitate or encourage any inquiries, discussions or negotiations regarding, or the submission or announcement of any proposals or offers that constitute, or would reasonably be expected to lead to, a RG takeover proposal (defined below);

provide any information concerning RG or any of its subsidiaries to any person or group who would reasonably be expected to make any RG takeover proposal or otherwise in connection with, or for the purpose of soliciting, initiating, encouraging or facilitating, any RG takeover proposal or any inquiries, discussions or negotiations with respect to an RG takeover proposal or that would reasonably be expected to lead to a RG takeover proposal;

engage in any discussions or negotiations regarding any RG takeover proposal or that would reasonably be expected to lead to a RG takeover proposal;

approve, support, recommend, enter into or adopt, or propose to approve, support, recommend, enter into or adopt, any RG takeover proposal or any contract providing for or any letter of intent or similar document, agreement, commitment, understanding or agreement in principle (whether written or oral, binding or nonbinding) with respect to a RG takeover proposal or that would reasonably be expected to lead to a RG takeover proposal; or

otherwise cooperate with or assist or participate in, or facilitate or encourage any such inquiries, proposals, offers, discussions or negotiations.

In this joint proxy and consent solicitation statement/prospectus, an "RG takeover proposal" refers to any inquiry, proposal or offer from any person or group other than us or our subsidiaries, relating to any of the following, or an expression by any person or group that it is considering or may engage in

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any of the following, (i) a direct or indirect acquisition (whether in a single transaction or a series of related transactions) of assets of RG and its subsidiaries (including securities of RG's subsidiaries) equal to 20% or more of RG's consolidated assets or to which 20% or more of RG's revenues or earnings on a consolidated basis are attributable, (ii) a direct or indirect acquisition (whether in a single transaction or a series of related transactions) of 20% or more of the outstanding shares of any class of RG's equity securities of or securities representing more than 20% of RG's voting power, (iii) a tender offer or exchange offer that if consummated would result in any person or "group" beneficially owning 20% or more of any class of RG's equity securities or securities representing more than 20% of RG's voting power or (iv) a merger, consolidation, share exchange, business combination, joint venture, recapitalization, liquidation, dissolution or similar transaction involving RG or any of its subsidiaries that, if consummated, would have the effect set forth in clause (i) or clause (ii), in each case, other than the transactions contemplated by the Merger Agreement.

No Solicitation by the Company

Except as permitted by the terms of the Merger Agreement described below, we have agreed in the Merger Agreement that neither our Board of Directors nor any committee thereof will withdraw or rescind (or modify in a manner adverse to RG), or authorize or publicly announce an intention to withdraw or rescind (or modify in a manner adverse to RG), its recommendation of approval of the matters related to the Merger (or fail to include such recommendation in this joint proxy and consent solicitation statement/prospectus), or approve (or publically announce an intention to approve), recommend or otherwise declare advisable (or propose to do so), a takeover proposal (as described below) or any contract or action that would reasonably be expected to lead to a takeover proposal, take any formal action or make any recommendation or public statement in connection with a tender offer or exchange offer (other than a recommendation against such offer or a customary "stop, look and listen" communication of the type contemplated by Rule 14d-9(f) under the Exchange Act, in each case that includes a reaffirmation of the recommendation by our Board of Directors of approval of the matters related to the Merger), cause or permit us or any of our subsidiaries to execute or enter into any letter of intent, memorandum of understanding, agreement-in-principle, contract, merger agreement, acquisition agreement, or other similar agreement relating to any takeover proposal or that would reasonably be expected to lead to a takeover proposal, or publicly announce an intention to take any of the foregoing actions (any such action, we refer to as a change in recommendation).

From and after the date of the Merger Agreement until the Effective Time or the termination of the Merger Agreement, we, our subsidiaries and affiliates and the representatives of each of the foregoing may not, directly or indirectly:

- solicit, initiate, facilitate or encourage any inquiries, discussions or negotiations regarding, or the submission or announcement of any proposals or offers that constitute, or would reasonably be expected to lead to, a takeover proposal;

- provide any information concerning us or any of our subsidiaries to any person or group who would reasonably be expected to make any takeover proposal or otherwise in connection with, or for the purpose of soliciting, initiating, encouraging or facilitating, any takeover proposal or any inquiries, discussions or negotiations with respect to a takeover proposal or that would reasonably be expected to lead to a takeover proposal;

- engage in any discussions or negotiations regarding any takeover proposal or that would reasonably be expected to lead to a takeover proposal;

- approve, support, recommend, enter into or adopt, or propose to approve, support, recommend, enter into or adopt, any takeover proposal (other than a superior proposal (as described below) in accordance with the terms of the Merger Agreement) or any contract providing for or any letter of intent or similar document, agreement, commitment, understanding or agreement in

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- principle (whether written or oral, binding or nonbinding) with respect to a takeover proposal or that would reasonably be expected to lead to a takeover proposal; or

- otherwise cooperate with or assist or participate in, or facilitate or encourage any such inquiries, proposals, offers, discussions or negotiations.

However, at any time prior to the time we obtain stockholder approval required pursuant to the Merger Agreement, if (i) we receive an unsolicited, bona fide, written takeover proposal from a third party and (ii) our Board of Directors determines in good faith, after consultation with our financial advisor and outside counsel, that such takeover proposal constitutes or would reasonably be expected to lead to a superior proposal, then we are permitted to:

- furnish information (including non-public information) with respect to us and our subsidiaries to the person making such takeover proposal pursuant to a confidentiality agreement containing certain terms and provided that all such information has previously been made available to RG or is made available to RG and such third party concurrently; and

- engage in discussions and negotiations with the person making such takeover proposal regarding such takeover proposal.

At any time prior to the time we obtain stockholder approval required pursuant to the Merger Agreement, our Board of Directors may effect a change in recommendation, if (i) we have received an unsolicited, bona fide, written takeover proposal and our Board of Directors determines in good faith, after consultation with our financial adviser and outside counsel, that such takeover proposal constitutes a superior proposal or (ii) our Board of Directors determines in good faith, after consulting with our legal representatives, that in light of a material event, development, occurrence, state of facts or change that was not known or reasonably foreseeable to our Board of Directors, on the date of the Merger Agreement, which event, development, occurrence, state of facts or change becomes known to our Board of Directors, which we refer to as an intervening event, the taking of such action is necessary for our Board of Directors to comply with its fiduciary duties under applicable law.

However, prior to effecting a change in recommendation in connection with a superior proposal or an intervening event:

- RG must receive notification from our Board of Directors at least five business days before effecting such change in recommendation, which must specify that our Board of Directors intends to effect such change in recommendation and provide the reasons therefor, including the material terms and conditions of any superior proposal or intervening event that is the basis of the change in recommendation (with any amendment to the material terms or conditions of the superior proposal or intervening event requiring a new notice and a new five day business day period) and a representation that we, each of our subsidiaries and affiliates and the respective representatives of the foregoing have complied with the non-solicitation provisions of the Merger Agreement;

- after providing such notice and prior to taking any such action, we must negotiate with RG in good faith during such five business day period to make such adjustments to the terms and conditions of the Merger Agreement that would enable our Board of Directors to proceed with its recommendation and not effect the change in recommendation; and

- our Board of Directors shall not effect the change in recommendation if, prior to the expiration of the five business day period, RG makes a proposal to adjust the terms and conditions of the Merger Agreement that our Board of Directors determine in good faith, after consultation with its financial advisor and its outside counsel, to be at least as favorable as the superior proposal or otherwise appropriately addressees the intervening event.

If we or any of our representatives receive any takeover proposal (including any material changes to a takeover proposal) then we shall, promptly (but in no event later than one business day) after becoming aware thereof, notify RG (orally and in writing) and, in connection with such notice, provide the identity of the person or group making such takeover proposal and the material terms and conditions thereof (including, if applicable, copies of any written proposals, indications of interest or offers, including proposed agreements), and thereafter we shall keep RG reasonably informed, on a prompt basis, as to the status thereof (including any material changes to the terms thereof, and any change to the price, and any other material developments with respect thereto), including by promptly providing to RG copies of any additional or revised written proposals, indications of interest, offers or proposed agreements relating to such takeover proposal and a representation that we, each of our and our subsidiaries and affiliates and the respective representatives of the foregoing have complied with the non-solicitation provisions contained in the Merger Agreement.

At any time before we obtain stockholder approval required pursuant to the Merger Agreement, we may terminate the Merger Agreement in order to enter into an acquisition agreement with respect to a superior proposal, so long as we comply with certain terms of the Merger Agreement, including paying the termination fee to RG. See "*Summary of Merger Agreement Termination Fees*" beginning on page 128.

Nothing in the provisions of the Merger Agreement relating to takeover proposals prevents us from taking and disclosing to our stockholders a position contemplated by Item 1012 of Regulation M-A under the Exchange Act or making any disclosure to our stockholders that the Board of Directors determines in good faith is required by applicable law.

In this joint proxy and consent solicitation statement/prospectus, a "takeover proposal" refers to any inquiry, proposal or offer from any person or group other than RG and its subsidiaries, relating to any of the following, or an expression by any person or group that it is considering or may engage in any of the following, (i) a direct or indirect acquisition (whether in a single transaction or a series of related transactions) of assets of us and our subsidiaries (including securities of our subsidiaries) equal to 20% or more of our consolidated assets or to which 20% or more of our revenues or earnings on a consolidated basis are attributable, (ii) a direct or indirect acquisition (whether in a single transaction or a series of related transactions) of 20% or more of the outstanding shares of any class of our equity securities of or securities representing more than 20% of our voting power, (iii) a tender offer or exchange offer that if consummated would result in any person or "group" beneficially owning 20% or more of any class of our equity securities or securities representing more than 20% of our voting power or (iv) a merger, consolidation, share exchange, business combination, joint venture, recapitalization, liquidation, dissolution or similar transaction involving us or any of our subsidiaries that, if consummated, would have the effect set forth in clause (i) or clause (ii), in each case, other than the transactions contemplated by the Merger Agreement.

In this joint proxy and consent solicitation statement/prospectus, a "superior proposal" refers to any unsolicited, bona fide, written takeover proposal (with the percentages set forth in the definition of takeover proposal changed from 20% to 50%) that the Board of Directors has determined in good faith, after consultation with its financial advisor and outside counsel, to be more favorable to our stockholders from a financial point of view than the transactions contemplated by the Merger Agreement, after taking into account all financial, legal, financing, regulatory, and other aspects of such takeover proposal that are reasonably relevant to determination of the likelihood of consummation of such takeover proposal (including the reputation of the person or group making the takeover proposal) and further taking into account at any time of determination, collectively, any changes to (i) the terms and conditions of the Merger Agreement and the transactions contemplated thereby that are then offered in writing by RG, (ii) the terms and conditions of the Stock Purchase Agreement and the transactions contemplated thereby that are then offered in writing by the Series A Purchaser and (iii) the terms and conditions of the Asset Purchase Agreements and the transactions contemplated

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thereby that are then offered in writing by the IP Assets Purchaser and the Operating Assets Purchaser, as a "superior proposal."

Registration Statement on Form S-4 and Proxy Statement and Consent Solicitation Materials

As promptly as practicable, and in no event later than November 6, 2015, we and RG were required to prepare this joint proxy and consent solicitation statement/prospectus and the Registration Statement on Form S-4 for which this joint proxy and consent solicitation statement/prospectus forms a part. We must use reasonable best efforts to cause the Registration Statement on Form S-4, of which this joint proxy and consent solicitation statement/prospectus forms a part, to comply with the rules and regulations promulgated by the SEC, to respond promptly to any comments of the SEC or its staff, and to have the Registration Statement on Form S-4 declared effective under the Securities Act as promptly as practicable after it is filed with the SEC. We must use reasonable best efforts to cause all documents that we are responsible for filing with the SEC in connection with the transactions contemplated by the Merger Agreements to comply as to form and substance in all material respects with the applicable requirements of the Securities Act and the Exchange Act.

If at any time prior to the Effective Time we or RG become aware of any event or circumstance which is required to be set forth in an amendment or supplement to the Registration Statement on Form S-4, of which this joint proxy and consent solicitation statement/prospectus forms a part, such party must promptly inform the other party. We must notify RG in writing promptly after we receive notice of the time when the Registration Statement on Form S-4 becomes effective or any supplement or amendment thereto has been filed, the issuance of any stop order, or any request by the staff of the SEC for amendment of the Registration Statement on Form S-4, of which this joint proxy and consent solicitation statement/prospectus forms a part, or comments or responses thereto. Additionally, RG, Merger Sub and we agree that if RG, Merger Sub or we become aware that any information furnished by it would cause the statements in the Registration Statement on Form S-4, of which this joint proxy and consent solicitation statement/prospectus forms a part, to be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein not false or misleading, to promptly inform the other parties and to take appropriate steps to correct the Registration Statement on Form S-4, of which this joint proxy and consent solicitation statement/prospectus forms a part.

Prior to the Effective Time, we must use reasonable best efforts to qualify our common stock with the state blue sky laws of such jurisdictions as may be required and apply for and obtain a NASDAQ listing with respect to such common stock.

Stockholders' Meeting

We are required to convene a meeting of our stockholders as promptly as reasonably practicable after the mailing of this joint proxy and consent solicitation statement/prospectus and in no event later than sixty days following the mailing of this joint proxy and consent solicitation statement/prospectus (other than in the case in which we are required to allow reasonable additional time for the filing and mailing of any supplemental or amended disclosure which the SEC or its staff or a court of competent jurisdiction has instructed us is necessary under applicable law or order and for such supplemental or amended disclosure to be disseminated and reviewed by the holders of shares of our common stock prior to the stockholders' meeting) to consider and vote upon the items required to be approved by our stockholders pursuant to the Merger Agreement.

We shall adjourn or postpone the stockholders' meeting if as of the time for which the stockholders' meeting is originally scheduled there are insufficient shares of our common stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of the stockholders meeting or insufficient proxies returned to obtain the stockholder approvals required

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pursuant to the Merger Agreement. We may otherwise only adjourn or postpone the stockholders' meeting after consultation with RG, and with RG's consent (not to be unreasonably withheld, conditioned or delayed), to the extent necessary to ensure that any required supplement or amendment to this joint proxy and consent solicitation statement/prospectus is provided to our stockholders within a reasonable amount of time in advance of the stockholders' meeting.

Subject to the provisions of the Merger Agreement discussed above under "*Summary of Merger Agreement Solicitation of Acquisition Proposals*" beginning on page 114, our Board of Directors will recommend that our stockholders vote to adopt the Merger Agreement and include such recommendation in this joint proxy and consent solicitation statement/prospectus. We must ensure that all proxies solicited in connection with the stockholders' meeting are solicited in compliance with all applicable law and, unless there is a change in recommendation, we must use our reasonable best efforts to solicit proxies in favor of the stockholder approvals required pursuant to the Merger Agreement. Notwithstanding any change in recommendation by our Board of Directors, unless the Merger Agreement is properly terminated in accordance with its terms, the Merger Agreement will be submitted to the record stockholders at the stockholders' meeting for the purpose of obtaining the stockholder approvals required pursuant to the Merger Agreement and not submit any takeover proposal for approval by our stockholders.

As promptly as practicable after the date on which the SEC has confirmed it has no further comments on the Registration Statement on Form S-4, of which this joint proxy and consent solicitation statement/prospectus forms a part, RG must mail to its members this joint proxy and consent solicitation statement/prospectus. Furthermore, RG must, subject to other provisions of the Merger Agreement, take all action necessary in accordance with applicable law to solicit approval by written consent from its members for the purpose of obtaining the requisite approval of the transactions contemplated by the Merger Agreement.

Filings; Other Actions; Notification

We, Merger Sub and RG will cooperate with each other and use (and cause our respective subsidiaries to use), subject to certain exceptions, our and their respective reasonable best efforts to promptly:

- take or cause to be taken all actions and do or cause to be done all things necessary, proper or advisable to satisfy the conditions to closing described under "*Summary of Merger Agreement Conditions to the Merger*" beginning on page 124 and to consummate and make effective the transactions contemplated by the Merger Agreement as soon as reasonably practicable and in any event prior to February 8, 2016, which we refer to as the outside date, including preparing and filing promptly and fully all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents; and

- obtain all approvals, consents, waivers, registrations, permits, authorizations and other confirmations from any governmental authority or third party necessary, proper or advisable to consummate the transactions contemplated by the Merger Agreement, including preparing and filing promptly and fully all documentation to effect all filings, notices, and other documents necessary, proper or advisable to obtain the foregoing.

Each of us, Merger Sub and RG has agreed, subject to certain exceptions:

- to make an appropriate filing of a notification and report form pursuant to the HSR Act with respect to the transactions contemplated by the Merger Agreement as promptly as reasonably practicable, and in no event later than October 14, 2015;

- to not withdraw its filing under the HSR Act or other antitrust laws without the written permission of the other parties, and to supply as promptly as reasonably practicable any

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additional information and documentary material that may be requested pursuant to the HSR Act and use its reasonable best efforts to take, or cause to be taken, as promptly as practicable all other actions consistent with certain of their respective obligations under the Merger Agreement necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act, which such waiting period terminated on October 23, 2015, and any applicable foreign antitrust laws as soon as practicable;

that we must use our reasonable best efforts, to (i) take all action necessary to ensure that no state takeover statute or similar law is or becomes applicable to any of the transactions contemplated by the Merger Agreement and (ii) if any state takeover statute or similar law becomes applicable to any such transaction, take all action necessary to ensure that such transactions may be consummated as promptly as practicable on the terms contemplated by the Merger Agreement and otherwise minimize the effect of such law on such transactions; and

to use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission with a governmental authority in connection with the transactions contemplated by the Merger Agreement and in connection with any investigation or other inquiry by or before a governmental authority relating to such transactions, including any proceeding initiated by a private party, (ii) keep the other party informed in all material respects and on a reasonably timely basis of any material communication received by such party from, or any filing by such party with or material communication given by such party to, the Federal Trade Commission, the Antitrust Division of the Department of Justice, or any other governmental authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated by the Merger Agreement (including, in the case of written correspondence or filings, by promptly providing the other parties (or their counsel) copies thereof), and (iii) consult with each other in advance of and be permitted to attend any meeting or conference with such governmental authorities (to the extent permitted by such governmental authority; provided, that such party shall use its reasonable best efforts to obtain such permission).

Asset Sale

Pursuant to the Merger Agreement, we must agree to use our reasonable best efforts to promptly (i) take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable to cause the conditions to the closing of the Asset Sale pursuant to the Asset Purchase Agreements to be satisfied and to consummate and make effective the Asset Sale and (ii) obtain all governmental or third party approvals, consents, waivers, registrations, permits, authorizations and other confirmation that is necessary, proper or advisable to consummate the Asset Sale, including, in each case, preparing and filing promptly and fully all necessary documentation in connection with the foregoing. The Asset Sale was consummated on September 11, 2015.

Financing

RG has represented that, subject to certain assumptions, the net proceeds contemplated by the debt commitment letters (described below under *"Ancillary Agreement Debt Commitment Letters"* beginning on page 135) will, together with RG's cash, our cash and the proceeds from the consummation of the transactions pursuant to the Stock Purchase Agreement and the Asset Purchase Agreements, in the aggregate be sufficient for Merger Sub and the surviving company to pay the Aggregate Merger Consideration (and any repayment or refinancing of debt contemplated by the Merger Agreement or the debt commitment letters) and any other amounts required to be paid by Merger Sub and the surviving company in connection with the consummation of the transactions contemplated by the Merger Agreement. In certain circumstances the failure of RG to obtain the financing will result in the payment by RG of the reverse termination fee and, if such payment is made, it shall be our sole remedy against RG (described below under *"Reverse Termination Fee"* beginning on page 128).

RG has agreed to use its commercially reasonable best efforts to obtain the financing on the terms and conditions (including, if applicable, any "market flex" provisions contained in the related fee letter) described in the debt commitment letters, which we refer to collectively as the debt financing commitment, with respect to the conditionality, timing, availability, and aggregate amount of financing (including the amounts to be funded thereunder at the closing). RG will not permit any amendment or modification to be made to, or any waiver of any provision or remedy under, the debt financing commitment without our prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) if such amendment, modification or waiver:

- reduces the aggregate amount of the debt financing commitment to an amount below the amount required to satisfy our obligations under the Merger Agreement;
- impairs in any material respect the availability of the debt financing commitment;
- amends the conditions precedent to the debt financing in a manner that would reasonably be expected to delay in any material respect or prevent the closing of the Merger; or
- adversely impacts in any material respect the ability of RG to enforce or cause the enforcement of the rights of RG under the debt commitment letters (provided that RG may amend, supplement or replace the debt commitment letters to add or replace lenders, lead arrangers, bookrunners, agents or similar entities so long as such action would not reasonably be expected to materially delay or prevent the closing of the Merger).

RG has agreed to use its commercially reasonable best efforts to:

- maintain in effect the debt commitment letters until the funding of the financing at or prior to the closing of the Merger;
- negotiate and enter into definitive agreements with respect to the debt commitment letters on the terms and conditions contained in the debt commitment letter (including, if applicable, giving effect to any "market flex" provisions contained in any related fee letter) (or on terms no less favorable, taken as a whole, to RG, as applicable);
- satisfy on a timely basis all conditions to the receipt of the financing pursuant to the debt commitment letters that are within its control;
- upon satisfaction of such conditions and the conditions to the Merger, consummate the financing at or prior to the closing of the Merger (with respect to amounts required to consummate the Merger and make other payments due at such time in accordance with the terms hereof); and
- comply in all material respects with its obligations under the debt commitment letters.

If any portion of the financing contemplated by the debt commitment letters becomes unavailable on the terms and conditions (including, if applicable, "market flex" provisions) contemplated by the debt commitment letters, (i) RG must promptly notify us and (ii) RG must use its commercially reasonable best efforts to arrange and obtain alternative financing from the same or alternative sources in an amount sufficient to consummate the transactions contemplated by the Merger Agreement with terms and conditions that are not materially less favorable in any respect from the standpoint of RG (as reasonably determined by RG) than the terms and conditions set forth in the debt commitment letters and any related fee letters as promptly as reasonably practicable following the occurrence of such event. RG must promptly provide a true, correct and complete copy of each alternative financing commitment to us.

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Upon our request, RG must keep us reasonably informed of the status of its efforts to arrange the financing and provide us with copies of the material definitive documents for the financing. Subject to any attorney-client or similar privilege (as long as RG has used its reasonable best efforts to disclose the information in a manner that would not waive such privilege), RG will give us prompt notice:

- of any breach of any material provisions of the debt commitment letters or by any party to the debt commitment letters related to the financing of which it has knowledge; and
- of the receipt of any written notice or other written communication from a financing source for the financing with respect to any actual breach, default, termination or repudiation by any party to the debt commitment letters or any definitive document related to the financing or any material provisions of the debt commitment letters or any definitive document related to the financing.

Our Cooperation with Financing

We have agreed to, and agreed to cause our subsidiaries to, and agreed to use reasonable best efforts to cause our and their respective representatives to, provide to RG, all cooperation reasonably requested by RG in connection with the debt and equity financings related to the Merger, including:

- participation in a reasonable number of meetings, presentations, road shows, due diligence sessions (including accounting due diligence sessions), drafting sessions, sessions with prospective lenders and sessions with rating agencies;
- making our officers reasonably available to assist the debt financing parties;
- cooperating reasonably with the debt financing parties' due diligence, to the extent customary and reasonable;
- assisting RG and the debt financing parties with the preparation of customary materials for rating agency presentations (and assisting in the obtaining of corporate, credit and facility ratings from ratings agencies), offering documents, bank information memoranda (including the delivery of customary authorization and representation letters authorizing the distribution of information to prospective lenders or investors and containing a representation that the public side versions of such documents, if any, do not include material non-public information regarding us or our subsidiaries), and all other material required in connection with the financing and all documentation and other information reasonably required in connection with applicable "know your customer" and anti-money laundering rules and regulations, including U.S.A. Patriot Act of 2001;
- assisting with the preparation of, and executing and delivering, any pledge and security documents, any loan agreements, notes, other definitive financing documents, legal opinions or documents as may be reasonably requested by RG in connection with the financing;
- facilitating the pledging of collateral and any collateral audits and appraisals required in connection with the financing;
- assisting RG in preparing customary financial information and disclosures regarding us and our subsidiaries, as may be reasonably requested by RG, and identifying any portion of such information that constitutes material non-public information;
- using reasonable best efforts to obtain such legal opinions, surveys and title insurance as reasonably requested by RG or any of the debt financing parties in connection with the financing;

instructing its independent accountants to cooperate with and assist RG in preparing customary and appropriate information packages and offering materials as any of the debt financing parties or other prospective lenders may reasonably request for use in connection with the financing and using reasonable best efforts to cause such accountants to consent to the use of their reports in any material relating to the financing;

using reasonable best efforts to obtain customary payoff letters, lien releases, instruments of termination, waivers, consents, estoppels, approvals or discharge and legal opinions, in each case reasonably requested by RG in connection with the financing and collateral arrangements;

taking such corporate or entity actions, subject to the occurrence of the closing of the Merger, reasonably requested by RG to permit the consummation of the financing and to permit the proceeds thereof to be made available at the closing of the Merger; and

ensuring that there is no competing issue of debt securities or commercial bank or other credit facilities (other than the financing) by or on behalf of us or any of our subsidiaries (except that any deferred purchase price obligations and ordinary course capital lease, purchase money and equipment financings are not restricted by the foregoing).

Notwithstanding the foregoing:

no requested cooperation may unreasonably interfere with the ongoing operations of us or our subsidiaries;

no obligation of us or any of our subsidiaries under any certificate, agreement, notice or other document or instrument shall be effective until the Effective Time, and neither we nor or any of our subsidiaries shall be required to pay or incur any liability for any commitment or other similar fee, pay or incur any liability for any expense (other than as provided in the Merger Agreement) or incur any other obligation or liability in connection with the financing prior to the Effective Time unless promptly reimbursed by RG (provided that notice of such fee, liability or expenses is provided to RG); and

neither we or our subsidiaries nor any of our or our subsidiaries' respective directors or officers shall be required to take any action to authorize or approve the financing (or any alternative debt financing), except at or contemporaneously with the Effective Time.

We have agreed to use reasonable best efforts to, as promptly as practicable, update or correct any financial and other information regarding us and our subsidiaries as is reasonably requested by RG or any of the debt financing parties in connection with the financing, if it is determined that such information contains any untrue statement of material fact or omits to state any material fact so that such statements contained therein are not materially misleading. We have consented to the reasonable use of our and our subsidiaries' logos in connection with the financing if such logos are used solely in a manner that is not intended to or reasonably likely to harm or disparage us and our subsidiaries or our and our subsidiaries' reputation, goodwill or logos.

We have agreed to prepare and furnish to RG and the debt financing parties, as promptly as reasonably practicable, any financial and other information regarding us and our subsidiaries as is reasonably requested by RG or any of the debt financing parties in connection with the financing.

Employee Benefit Matters

We shall provide, or cause to be provided, to certain of our, or our subsidiaries', employees related to the Hudson's Business and to the employees of RG and its subsidiaries, in each case as of immediately prior to the Effective Time, who continue as employees of ours, of the surviving company or of any of their respective subsidiaries immediately following the Effective Time, which we refer to as a continuing employee, for a period extending until the earlier of the termination of such continuing employee's employment with such entities or twelve months following the closing date of the Merger (i) a base wage or salary substantially similar to such base wage or salary in effect immediately prior to

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the Effective Time and (ii) 401(k) benefits, severance benefit eligibility, medical benefits and other welfare benefit plans, programs and arrangements (excluding any equity and equity-based arrangements) that (A) in the case of the continuing employees that were employed by us or any of our subsidiaries immediately prior to the Effective Time, are, in the aggregate, substantially comparable to those provided under our benefit plans as in effect at the Effective Time and (B) in the case of continuing employees that were employed by RG or any of its subsidiaries immediately prior to the Effective Time, are substantially comparable to those provided to employees of RG or its subsidiaries, in the aggregate, from time to time.

We and each of our subsidiaries shall, after the date hereof and prior to the Effective Time, provide any and all notices to, make any and all filings or registrations with, and obtain any and all consents or approvals of, any labor organization, works council or any similar entity, council or organization, required to be made or obtained in connection with the Merger Agreement or the consummation of the transactions contemplated thereby.

None of the obligations described relating to employee benefits confers upon any person, other than the parties to the Merger Agreement, any rights or remedies or any right to employment or continued employment.

With respect to the Asset Sale, and the termination of employment of any of our current or former employees in connection therewith, we and our subsidiaries must make all required payments for any wages, services or amounts required to be reimbursed or otherwise paid to such a required by applicable law.

Conditions to the Merger

The respective obligations of us, Merger Sub and RG to consummate the Merger are subject to the satisfaction or waiver of the following conditions on or prior to the date of the closing of the Merger:

- the approvals by our stockholders and RG's equity holders required pursuant to the Merger Agreement, and which are set forth as proposals in this joint proxy and consent solicitation statement/prospectus, must have been obtained;
- any waiting periods (and any extensions thereof) that are applicable to the consummation of the Merger under the HSR Act and any other applicable antitrust laws shall have been terminated or shall have expired, which such waiting period under the HSR Act was terminated early on October 23, 2015;
- there must not be any law or order by any governmental authority enjoining, restraining, preventing or prohibiting consummation of the Merger or making the consummation of the Merger illegal;
- the Rollover Agreement shall be in full force and effect and the valid, binding obligation of each holder of the Convertible Notes and the consummation of the transactions contemplated thereby shall occur at or immediately prior to the Effective Time;
- RG shall have obtained the financing as contemplated by the Merger Agreement or the debt financing parties shall be prepared to provide the financing immediately following the Effective Time;
- the transactions contemplated by the Stock Purchase Agreement shall have been consummated, or all conditions to the consummation thereof immediately following the Effective Time shall have been satisfied or waived;

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- the transactions contemplated by the IP Asset Purchase Agreement shall have been consummated without certain amendments, modifications or waivers (which condition was satisfied on September 11, 2015); and

- the transactions contemplated by the Operating Asset Purchase Agreement shall have been consummated without certain amendments, modifications or waivers (which condition was satisfied on September 11, 2015).

The obligations of RG to effect the Merger are also subject to the satisfaction or waiver by RG at or prior to the Effective Time of the following additional conditions:

- our representations and warranties regarding our capitalization, our due organization and good standing, our corporate power and authority to enter into the Merger Agreement, our execution and delivery of the Merger Agreement, the requisite stockholder vote to approve the Merger Agreement and the transactions contemplated thereby, the absence of a Company material adverse effect from November 30, 2014 through the date of the Merger Agreement, the absence of any undisclosed broker's or finder's fees payable by us, representations relating to rights agreements and certain anti-takeover provisions and the delivery of true and correct copies of the Asset Purchase Agreements shall be true and correct in all respects;

- our other representations and warranties set forth in the Merger Agreement, and disregarding all qualifications and exceptions relating to materiality or Company material adverse effect, must be true and correct, except where the failure to be true and correct does not have, and would not be reasonably expected to have, individually or in the aggregate, a Company material adverse effect, both when made and as of the closing of the Merger;

- we have performed in all material respects our obligations, agreements and covenants required to be performed or complied with under the Merger Agreement at or prior to the closing of the Merger;

- we have delivered to RG a certificate signed on behalf of us by our interim Chief Executive Officer and Chief Financial Officer certifying that all of the above conditions with respect to the representations and warranties and performance of our obligations have been satisfied;

- the shares of our common stock to be issued in the Merger shall have been authorized for listing on the NASDAQ, subject to official notice of issuance;

- the Registration Statement on Form S-4 shall have become effective under the Securities Act and no stop order suspending the effectiveness of the Registration Statement on Form S-4 shall have been issued and be in effect and no proceeding for that purpose shall have been initiated by the SEC and not withdrawn; and

- since the date of the Merger Agreement, no changes, events, effects, developments, occurrences or state of facts that, individually or in the aggregate, have had or would reasonably be expected to have a Company material adverse effect.

Our obligation to effect the Merger is also subject to the satisfaction or waiver by us at or prior to the Effective Time of the following additional conditions:

- the representations and warranties of RG set forth in the Merger Agreement with respect to RG's due formation, RG's authority and limited liability company power to enter into the Merger Agreement, RG's due execution and delivery of the Merger Agreement, RG's capitalization, the absence of a RG material adverse effect from December 31, 2014 through the date of the Merger Agreement and the absence of any undisclosed broker's or finder's fees payable by RG must be true and correct in all material respects both when made and as of the closing of the Merger;

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all other representations and warranties of RG set forth in the Merger Agreement, disregarding all qualifications and exceptions relating to materiality or RG material adverse effect, must be true and correct, except where the failure to be true and correct does not have, and would not reasonably be expected to have, individually or in the aggregate, a RG material adverse effect both when made and as of the closing of the Merger;

RG has performed in all material respects its obligations under the Merger Agreement at or prior to the date of the closing of the Merger;

RG has delivered to us a certificate signed on behalf of RG by an executive officer certifying that all of the above conditions with respect to the representations and warranties and performance of its obligations been satisfied;

since the date of the Merger Agreement, no changes, events, effects, developments, occurrences or state of facts that, individually or in the aggregate, have had or would reasonably be expected to have a RG material adverse effect; and

the guaranty in favor of us with respect to the obligations of the Series A Purchaser to pay the purchase price under the Stock Purchase Agreement shall be in full force and effect and the valid, binding obligation of Tengram Capital Partners Fund II, L.P., a Delaware limited partnership, as the guarantor.

Neither we nor RG may rely on the failure of any condition described above to be satisfied to excuse our or RG's, as applicable, obligation to effect the Merger if such failure was caused by such party's failure to use the standard of efforts required from such party to consummate the Merger and the other transactions contemplated by the Merger Agreement.

Termination

We and RG may, by mutual written consent, terminate the Merger Agreement and abandon the Merger at any time prior to the Effective Time, whether before or after we receive the approval of our stockholders or RG's equity holders that are required pursuant to the Merger Agreement.

The Merger Agreement may also be terminated and the Merger abandoned at any time prior to the Effective Time as follows:

by either RG or us, if:

any law or order by any governmental authority enjoins, restrains, prevents or prohibits consummation of the Merger or makes the consummation of the Merger illegal, except that this termination right will not be available to any party if the issuance of such an order is primarily due to the failure of such party to perform any of its obligations under the Merger Agreement;

the Merger has not been consummated on or before the February 8, 2016 outside date, except that this termination right will not be available to any party if the failure of the Merger to be so consummated on or before such outside date was primarily due to the failure of such party to perform any of its obligations under the Merger Agreement; or

if the annual meeting has been held and completed and we have not received the approvals from our stockholders that are required pursuant to the Merger Agreement at such meeting or any adjournment or postponement of such meeting, which we refer to as a stockholder non-approval termination event; or

by us, if:

we enter into a definitive acquisition agreement providing for a superior proposal in accordance with the restrictions on solicitation of acquisition proposals in the Merger Agreement, as discussed under "*Summary of Merger Agreement Solicitation of Acquisition Proposals*" beginning on page 114, except that we shall not have such termination right if we have already received the approvals from our stockholders that are required pursuant to the Merger Agreement;

there has been a breach or inaccuracy of a representation or warranty made by RG in the Merger Agreement or RG has failed to perform any of its covenants or agreements set forth in the Merger Agreement, which inaccuracy, breach or failure to perform would give rise to the failure of the condition to the closing of the Merger relating to the accuracy of the representations and warranties of RG or compliance by RG with its obligations under the Merger Agreement, and such breach or failure to be true cannot be cured by the outside date, or if curable, is not cured within 30 calendar days after written notice is given by us to RG, except that this termination right will not be available to us if we are then in breach of any of our representations, warranties, covenants or agreements under the Merger Agreement such that the conditions to the closing of the Merger relating to the accuracy of our representations and warranties or our compliance with our obligations under the Merger Agreement would not be satisfied; or

(i) all conditions relating to RG's and each parties' obligations to consummate the Merger have been timely satisfied or waived (other than the condition relating to financing), (ii) all conditions to the consummation of the financing have been timely satisfied or waived, (iii) RG fails to consummate the Merger by the date the closing is required to occur as a result of the failure of the financing to be funded and (iv) we have given RG written notice at least two business days prior to such termination stating that we are willing and able to consummate the transactions contemplated by the Merger Agreement and we intend to terminate the Merger Agreement because of the occurrence of the foregoing, which we refer to collectively as the financing issue; or

by RG, if:

the (i) Board effects a change in recommendation, (ii) we have breached in any material respect our obligations described under "*Summary of Merger Agreement Solicitation of Acquisition Proposals*" beginning on page 114 or (iii) following the public disclosure or announcement of a takeover proposal (A) except in the case of a tender offer or exchange offer contemplated by clause (B), our Board of Directors fails to reconfirm publicly the recommendation of our Board of Directors to the stockholders to approve the actions that require the approval of the stockholders in order to consummate the transactions contemplated by the Merger Agreement within three business days after such disclosure or announcement or (B) if a tender offer or exchange offer for our common stock is commenced and, no later than the tenth day following commencement of such tender offer, we shall not have publicly announced our recommendation that stockholders reject such tender offer or exchange offer, which we refer to collectively as a change in recommendation termination event; or

there has been a breach or inaccuracy of a representation or warranty made by us in the Merger Agreement or we have failed to perform any of our covenants or agreements set forth in the Merger Agreement, which inaccuracy, breach or failure to perform would give rise to the failure of the condition to the closing of the Merger relating to the accuracy of our representations and warranties or compliance by us with our obligations under the Merger Agreement, and such breach or failure to be true cannot be cured prior to the

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outside date, or if curable, is not cured within 30 calendar days after written notice is given by RG to us, except that this termination right will not be available to RG if RG is then in breach of any of its representations, warranties, covenants or agreements hereunder such that the conditions to the closing of the Merger relating to the accuracy of RG's representations and warranties or RG's compliance with RG's obligations under the Merger Agreement would not be satisfied, which we refer to as a "Company breach termination event."

Termination Fees

We are required to pay RG a termination fee of $5.25 million, less the amount of any expenses previously reimbursed by us to RG (as described below), if:

- each of the following three events occurs:
  - a takeover proposal has been made known to us, publicly disclosed or made publicly known or made directly to our stockholders or the intention (whether or not conditional) of any person to make a takeover proposal shall have been made known to us, publicly disclosed or made publicly known or made directly to our stockholders;
  - thereafter, the Merger Agreement is terminated by us or RG pursuant to an outside date termination event or a stockholder non-approval termination event or by RG pursuant to a Company breach termination event; and
  - within 12 months after such termination, we consummate a takeover proposal or we enter into a definitive agreement with respect to a takeover proposal and such takeover proposal is subsequently consummated, provided that for purposes of the foregoing, the references to "20%" in the definition of takeover proposal shall be deemed to be references to "50%";
- the Merger Agreement is terminated by RG pursuant to a change in recommendation termination event, whether or not the annual meeting has been held; or
- the Merger Agreement is terminated by us due to a superior proposal.

We must reimburse RG for its and its affiliates' out of pocket expenses in connection with the Merger Agreement and the transactions contemplated thereby up to an aggregate amount equal to $3 million if the Merger Agreement is terminated by RG due to a Company breach termination event.

If the Merger Agreement is terminated by us due to an RG breach termination event, RG must reimburse us and our affiliates' out of pocket expenses in connection with the Merger Agreement and the transactions contemplated thereby up to an aggregate amount equal to $3 million.

Reverse Termination Fee

In the event that the Merger Agreement is terminated by us pursuant to a financing issue or by RG because the Merger has not occurred by the outside date at a time that we would have the right to terminate pursuant to a financing issue, then RG must pay us an amount equal to $7.5 million, which we refer to as the reverse termination fee, less the amount of any expenses previously reimbursed to us. Any payment required to be made pursuant to the provision requiring the reverse termination fee must be made to us promptly following termination of the Merger Agreement (and in any event not later than two business days after such termination). No reverse termination fee is payable, however, if the financing issue was created by our breach of the financing cooperation described above under *"Our Cooperation With Financing"* beginning on page 122.

Expenses

Except as otherwise described above, all fees and expenses incurred in connection with the transactions contemplated by the Merger Agreement (including, without limitation, all fees and expenses incurred in connection with the financing, the Asset Purchase Agreements, the Stock Purchase Agreement and filings made under the HSR Act) must be paid or reimbursed by us upon consummation of the transactions. Except as otherwise described above, if the transactions contemplated by the Merger Agreement are not consummated, then all fees and expenses incurred in connection with the transactions contemplated by the Merger Agreement will be paid by the party incurring such fee or expense, which means we must pay, among other things, all fees and expenses incurred in connection with the filings made under the HSR Act. Additionally, other than any income or withholding taxes imposed on holders of RG Units or certain indebtedness of RG, we shall pay all taxes incident to preparing for, entering into and carrying out the Merger Agreement and the transactions contemplated thereby.

Remedies

The parties are entitled to seek an injunction, specific performance and other equitable relief to prevent breaches of the Merger Agreement and to enforce specifically the terms of the Merger Agreement in addition to any other remedy to which they are entitled at law or in equity. In the event that the financing issue occurs, we will not be entitled to specifically enforce the terms and provisions of the Merger Agreement and our sole and exclusive remedy will be to terminate the Merger Agreement and receive the reverse termination fee. Furthermore, in no event will we or any of our subsidiaries, or any of the respective affiliates or representatives of us or our subsidiaries, be entitled to seek the remedy of specific performance of the financing against any of the debt financing parties.

Indemnification; Directors' and Officers' Insurance

From and after the Effective Time, we must and, to extent applicable, must cause each of our subsidiaries (including the surviving company and its subsidiaries) to indemnify and hold harmless (and advance expenses to) each individual who is or was a director, manager or officer of us or RG or any of respective subsidiaries of us or RG, as applicable, against all claims, losses, liabilities, damages, judgments, inquiries, fines, penalties and reasonable fees, costs and expenses, including attorneys' fees and disbursements, incurred in connection with any threatened, pending or completed claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, to which such current or former director, manager or officer is or was made a party or is threatened to be made a party to or is otherwise involved by reason of the fact that such current or former director, manager or officer is or was a director, manager or officer, as applicable, of us or RG or any of our or RG's subsidiaries or, while a director, manager or officer of us or RG or any of our or RG's respective subsidiaries, such current or former director, manager or officer is or was serving at the request of us or RG or any of our or RG's respective subsidiaries, as applicable, as a director, manager, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise (including with respect to the Merger Agreement, the negotiation, execution, announcement, performance and consummation of all transactions contemplated by the Merger Agreement and all acts or omissions of each current or former director, manager, or officer leading thereto and in furtherance thereof on behalf of us, the our stockholders, RG or holders of RG Units, as applicable), whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent permitted under applicable law.

From and after the Effective Time, the respective certificate of incorporation and bylaws or similar organizational or governing documents of us and our subsidiaries must contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of directors, managers or officers of us or RG or any of our or RG's respective subsidiaries for the period prior to and including the Effective Time than were set forth in the our certificate of incorporation, bylaws, or similar organizational and governing documents of our subsidiaries, respectively, on the date of the Merger Agreement. However, from and after the Effective Time, no director, manager, officer, employee or agent of RG or any of its subsidiaries will be subject to provisions with respect to indemnification, advancement of expenses or exculpation for the period prior to and including the Effective Time that are less favorable than were set forth in the applicable certificate of incorporation, bylaws or similar organizational and governing documents of RG or any of its subsidiaries on the date of the Merger Agreement.

We must and, to the extent applicable, are required to cause each of our subsidiaries (including the surviving company and its subsidiaries) to maintain and extend all of our existing directors' and officers' liability insurance and, to the extent applicable, all of our subsidiaries' (including the surviving company and its subsidiaries) existing directors' and officers' liability insurance (or policies providing equivalent coverage on terms no less favorable to the our and our subsidiaries' current and former directors and officers) for a period of not less than six years from and after the Effective Time with respect to claims arising from acts, omissions, facts or events that occurred on or before the Effective Time, including in connection with the approvals required pursuant to the Merger Agreement and the transactions contemplated thereby. This obligation is subject to a cap of 300% of the annual premium amount that we are currently paying for such insurance but, if we are unable to obtain the amount of insurance required for an amount less than such cap, we must obtain as much insurance as can be obtained for aggregate premiums not in excess of the cap.

At our option, we may elect to obtain a six-year "tail" or "runoff" insurance policy with respect to acts, omissions, facts or events occurring on or prior to the Effective Time. If we purchase a "tail" or "runoff" insurance policy, it shall be in lieu of the obligation of our obligations to maintain (or purchase replacement) officers' and directors' liability insurance described in the prior paragraph. In the event we purchase a "tail" or "runoff" policy prior to the Effective Time, we must use our reasonable best efforts to maintain such tail or runoff policy in full force and effect for its term.

The present and former directors, managers and officers of us, RG and our respective subsidiaries, as third party beneficiaries of these provisions in the Merger Agreement, will have the right to enforce the provisions of the Merger Agreement relating to their indemnification.

Amendment

At any time prior to the Effective Time and, in certain instances, with the prior written consent of the Series A Purchaser (as described below in *Ancillary Agreements Stock Purchase Agreement* beginning on page 131) and Mr. Peter Kim and Fireman (as defined below) as described below in *Ancillary Agreements Rollover Agreement* beginning on page 133), the parties to the Merger Agreement may amend or supplement the Merger Agreement in any and all respects, whether before or after the receipt of approval by our stockholders or RG's equity holders, by written agreement executed and delivered by duly authorized officers of the respective parties, by action taken or authorized by their respective boards of directors or board of managers, as applicable. Notwithstanding the foregoing, (i) following receipt of the stockholder approvals contemplated by the Merger Agreement, no amendment or change to the Merger Agreement can occur without further approval by our stockholders if applicable law requires such approval and (ii) no amendments or waivers of any financing source provisions will be effective without the written consent of each of the debt financing parties.

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ANCILLARY AGREEMENTS

Stock Purchase Agreement

On September 8, 2015, we entered into the Stock Purchase Agreement with the Series A Purchaser, pursuant to which we will issue to the Series A Purchaser an aggregate of 50,000 shares of our Series A Convertible Preferred Stock for an aggregate purchase price of $50 million in cash. Concurrently with the execution of the Stock Purchase Agreement, Tengram Capital Partners Fund II, L.P., a Delaware limited partnership, entered into a guaranty in favor of us with respect to the obligations of the Series A Purchaser under the Stock Purchase Agreement to pay the purchase price. The Stock Purchase Agreement contains various representations, warranties and covenants including a covenant by us to reserve the amount of shares of our common stock for issuance that would be necessary to fulfill our obligations with respect to the conversion of the Series A Convertible Preferred Stock. Additionally, we have agreed to prepare and file a subsequent listing application with NASDAQ to cover the common stock underlying the shares of Series A Convertible Preferred Stock and use our reasonable best efforts to cause such shares to be approved for listing on NASDAQ as soon as reasonably practicable following the date of the Stock Purchase Agreement, and in any event prior to the date on which the sale of the Series A Convertible Preferred Stock is consummated. The Stock Purchase Agreement also provides that the proceeds from the sale of Series A Convertible Preferred Stock must be used for the purposes of consummating the Merger and the related transactions. Further, pursuant to the terms of the Stock Purchase Agreement, neither we nor any of our subsidiaries are allowed to amend or waive any material term or condition of the Merger Agreement without the prior written consent of the Series A Purchaser. The Stock Purchase Agreement also provides that at the closing of the transactions contemplated by the Stock Purchase Agreement, the applicable number of directors of our Board must resign such that only two directors on our Board immediately prior to such closing will remain on our Board immediately following such closing, leaving five vacancies. Furthermore, as of the closing of the transactions contemplated by the Stock Purchase Agreement, the remaining members of our Board will appoint three (3) persons designated by the Series A Purchaser in writing at least five (5) business days prior to the anticipated closing date of such closing to fill three of such vacancies on our Board. One of the remaining vacancies will be filled by Michael Buckley, our Chief Executive Officer following the closing of the transactions contemplated by the Stock Purchase Agreement, with the remaining vacancy to be filled at a later date by majority vote of our Board in accordance with our Bylaws.

The Stock Purchase Agreement includes various conditions to closing, including, among others, (i) stockholder approval of the Reverse Stock Split Proposal, (ii) filing the Amended and Restated Charter (as defined below), which includes the amendments to effectuate the Reverse Stock Split and the certificate of designation for the Series A Convertible Preferred Stock, (iii) stockholder approval of the Share Issuance Proposals, (iv) consummation of the Merger in accordance with the terms of the Merger Agreement, (vi) listing on NASDAQ of the common stock underlying the Series A Convertible Preferred Stock and (v) delivery of the Registration Rights Agreement (as defined below) duly executed by the Company.

The following is a summary of the material terms of the Series A Convertible Preferred Stock as set forth in the form of certificate of designation for the Series A Convertible Preferred Stock:

> *Dividends.* Each share of Series A Convertible Preferred Stock entitles the holder thereof to receive cumulative cash dividends when, as and if declared by the Board, at an annual rate equal to 10% of the liquidation preference, which is defined as $1,000 per share, the original issue price, plus accumulated and accrued dividends thereon through such date. To the extent not paid in cash on March 31, June 30, September 30 and December 31 of each year (each, a "***Dividend Reference Date***"), all dividends which have accrued on each share outstanding during the calendar quarter preceding the applicable Dividend Reference Date shall be accumulated and shall

remain accumulated dividends with respect to such share until paid to the holder thereof. Additionally, if the Board declares or pays a dividend on the common stock, then each holder of the Series A Convertible Preferred Stock will be entitled to receive a cash dividend in the amount per share of Series A Convertible Preferred Stock equal to the product of the per share dividend declared and paid in respect of each share of common stock and the number of whole shares of common stock into which such share of Series A Convertible Preferred Stock would then be convertible in accordance with the terms of the certificate of designation.

Voting. On any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders, each holder of the Series A Convertible Preferred Stock is entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of the Series A Convertible Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. This is in addition to any voting rights provided by applicable law. Additionally, except as provided by law or otherwise provided in the certificate of incorporation or certificate of designation, holders of the Series A Convertible Preferred Stock will vote together with the holders of common stock as a single class.

Series A Directors. For so long as the shares of the Series A Convertible Preferred Stock remain outstanding, the holders of the Series A Convertible Preferred Stock, exclusively and as a separate class, will be entitled to elect (a) three (3) Series A Directors as long as such holders, together with any other beneficial owner of such Series A Convertible Preferred Stock, own in aggregate, beneficially or of record and without duplication, at least $66^2/_3$% of the voting power of the Company held by such holders and other beneficial owners at the time the Series A Convertible Preferred Stock is initially issued, (b) two (2) members of the Board as long as such holders, together with any other beneficial owner of such Series A Convertible Preferred Stock, own in aggregate, beneficially or of record and without duplication, at least $33^1/_3$% but less than $66^2/_3$% of the voting power of the Company held by such holders and other beneficial owners at the time the Series A Convertible Preferred Stock is initially issued, and (c) one (1) member of the Board so long as such holders, together with any other beneficial owner of such Series A Convertible Preferred Stock, own in aggregate, beneficially or of record and without duplication, at least 5% of the outstanding voting power of the Company, but less than $33^1/_3$% of the voting power of the Company held by such holders and other beneficial owners at the time the Series A Convertible Preferred Stock is initially issued. Any Series A Director may be removed without cause by, and only by, the affirmative vote of the holders of a majority of the shares of Series A Convertible Preferred Stock.

Protective Provisions. So long as at least 50% of the shares of the Series A Convertible Preferred Stock issued on the original issue date remain outstanding, the Company may not, without the prior vote or written consent of the holders of at least a majority of the shares of the Series A Convertible Preferred Stock then outstanding, voting separately as a single class: (1) change, amend, alter or repeal any provision of the certificate of incorporation or bylaws; (2) authorize, issue, create or designate any series of capital stock of the Company ranking senior or *pari passu* to the Series A Convertible Preferred Stock; (3) take any action to liquidate, dissolve or wind-up the business and affairs of the Company; or (4) increase the authorized number of members of the Board.

Liquidation Preference. Upon any liquidation event, the holders of any outstanding shares of the Series A Convertible Preferred Stock are entitled to receive out of the liquidation proceeds, prior and in preference to the holders of any other class or series of capital stock of the Company, an amount per share of the Series A Convertible Preferred Stock equal to the greater of: (1) the liquidation preference per share on the date of determination; and (2) the amount that would be payable to a holder of a share of Series A Convertible Preferred Stock had such

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holder converted such share into shares of common stock immediately prior to such liquidation event.

Conversion. Each share of the Series A Convertible Preferred Stock is convertible, at the option of the holder thereof, at any time and without the payment of additional consideration by such holder, into such number of fully paid and non-assessable shares of common stock as is determined by dividing $1,000 per share of the Series A Convertible Preferred Stock, plus the amount of accumulated and accrued and unpaid dividends thereon as of the conversion date, by the conversion price in effect at the time of conversion. The conversion price, which is adjustable, is initially $11.10 (after taking into account the Reverse Stock Split). As set forth in the certificate of designation, the conversion price will decrease or increase, as applicable, in connection with the issuance of additional shares of common stock, stock splits and combinations, the payment of dividends and distributions and certain reorganizations, recapitalizations and other specified transactions.

The full text of the Stock Purchase Agreement and the form of certificate of designation for the Series A Convertible Preferred Stock are attached to this joint proxy and consent solicitation statement/prospectus as Appendix D and are incorporated in this joint proxy and consent solicitation statement/prospectus by reference.

Rollover Agreement

On September 8, 2015, we also entered into the Rollover Agreement with the holders of our Convertible Notes, pursuant to which the holders of our Convertible Notes have agreed to contribute to us at the closing of the Merger the Convertible Notes in exchange for the following:

issuance by us of a number of shares of our common stock with a value per share of $11.10 equal to the sum of (i) a specified percentage of the principal amount of Convertible Notes held by such noteholder, which principal amount, as of July 1, 2015, is $33,990,538 in the aggregate for all noteholders and which will be increased by any PIK interest payable in accordance with the terms of the Convertible Notes until the Rollover Time and (without duplication) (ii) all accrued interest, including default interest as applicable, owing on 50% of the principal amount of such Convertible Notes in accordance with the terms of the Convertible Notes as of the Rollover Time, which amount, as of July 1, 2015, is $1,936,617 in the aggregate for all noteholders and which will continue to accrue interest in accordance with the terms of the Convertible Notes until the Rollover Time;

a cash payment by us to each noteholder equal to 25% of the principal amount of Convertible Notes as of the Rollover Time held by each such holder of the Convertible Notes, which principal amount, as of July 1, 2015, is $33,990,538 in the aggregate for all noteholders and which will be increased by any PIK interest payable in accordance with the terms of the Convertible Notes until the Rollover Time; and

Modified Convertible Notes, each with a principal amount equal to the sum of (i) a specified percentage of the principal amount of Convertible Notes as of the Rollover Time held by each holder of the Convertible Notes, which principal amount, as of July 1, 2015, is $33,990,538 in the aggregate for all noteholders and which will be increased by any PIK interest payable in accordance with the terms of the Convertible Notes until the Rollover Time and (without duplication) (ii) all accrued interest, including default interest as applicable, owing on 50% of the principal amount of the Convertible Notes in accordance with the terms of the Convertible Notes as of the Rollover Time, which amount, as of July 1, 2015, is $1,936,617 in the aggregate for all noteholders and which will continue to accrue interest in accordance with the terms of the Convertible Notes until the Rollover Time.

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The holders of the Convertible Notes will receive in the aggregate approximately 14.1% of our outstanding common stock on an as-converted, fully diluted basis outstanding immediately after consummation of the Merger.

The Rollover Agreement contains representations, warranties and covenants, including a covenant that requires us to maintain a reserve from our duly authorized common stock for issuance of the shares of our common stock upon conversion of the Modified Convertible Notes. We have agreed to prepare and timely file with NASDAQ a subsequent listing application covering all shares of our common stock to be issued upon conversion of the Modified Convertible Notes and use reasonable best efforts to cause the shares of our common stock comprising the consideration pursuant to the Rollover Agreement and the common stock to be issued upon conversion of the Modified Convertible Notes to be approved for listing on NASDAQ as soon as reasonably practicable following the date of the Rollover Agreement and in any event prior to the closing of the Merger. Additionally, we have agreed to reimburse Mr. Peter Kim and Fireman Capital CPF Hudson Co-Invest LP ("***Fireman***") in an aggregate amount up to $250,000 for certain fees and expenses incurred in connection with the Rollover Agreement, the Modified Convertible Notes and Mr. Kim's employment agreement, dated as of September 8, 2015. Additionally, without the prior written consent of Mr. Kim and Fireman, the Company may not amend the Merger Agreement and related transaction documents in a manner that would be adverse to the economic benefits to the noteholders. The Rollover Agreement includes various conditions to closing, including the condition that the Merger shall have been consummated in accordance with the terms of the Merger Agreement and delivery of our signature to the Registration Rights Agreement. The Rollover Agreement will be automatically terminated upon termination of the Merger Agreement prior to the Rollover Time. The Rollover Agreement may also be terminated by the Company or by Mr. Kim and Fireman if the Rollover Time has not occurred prior to April 8, 2016.

The Modified Convertible Notes are structurally and contractually subordinated to our senior debt and will mature five and a half years following the closing date. The Modified Convertible Notes accrue interest quarterly on the outstanding principal amount at a rate of 6.5% per annum (to be increased to 7% as of October 1, 2016 with respect to the Modified Convertible notes issued to Fireman), which will be payable 50% in cash and 50% in additional notes, except that we may, in our sole discretion, elect to pay 100% of such interest in cash. Beginning upon the date of issuance, the Modified Convertible Notes will be convertible by each of the holders into shares of our common stock, cash, or a combination of cash and common stock, at our election.

If we elect to issue only shares of common stock upon conversion of the Modified Convertible Notes, each of the Modified Convertible Notes would be convertible, in whole but not in part, into a number of shares equal to the conversion amount divided by the market price. The conversion amount is (a) the product of (i) the market price, multiplied by (ii) the quotient of (A) the principal amount, divided by (B) the conversion price, minus (b) the aggregate optional prepayment amounts paid to the holder. The market price is the average of the closing prices for our common stock over the 20 trading day period immediately preceding the notice of conversion. If we elect to pay cash with respect to a conversion of the Modified Convertible Notes, the amount of cash to be paid per share will be equal to the conversion amount. We will have the right to prepay all or any portion of the principal amount of the Modified Convertible Notes at any time so long as it makes a pro rata prepayment on all of the Modified Convertible Notes.

The full text of the Rollover Agreement is attached to this joint proxy and consent solicitation statement/prospectus as Appendix E and is incorporated in this joint proxy and consent solicitation statement/prospectus by reference.

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Registration Rights Agreement

At the Effective Time, we expect to enter into a registration rights agreement (the "***Registration Rights Agreement***") with the Series A Purchaser under the Stock Purchase Agreement and the noteholders party to the Rollover Agreement. Pursuant to the Registration Rights Agreement, we will provide certain demand registration rights to register the shares of common stock issued in connection with the Rollover Agreement, and issuable upon conversion of the Modified Convertible Notes and the Series A Convertible Preferred Stock, on registration statements on Form S-1 or Form S-3, subject to certain limitations as described therein, and will also provide certain piggy back registration rights. The full text of the Form of Registration Rights Agreement is attached to this joint proxy and consent solicitation statement/prospectus as Appendix F and is incorporated in this joint proxy and consent solicitation statement/prospectus by reference.

Voting Agreement

On September 8, 2015, we entered into the Voting Agreement with RG and Joseph M. Dahan, our former Creative Director and Director of the Company, pursuant to which Mr. Dahan has agreed to vote all of the common stock he holds in a manner so as to facilitate consummation of the Merger and related transactions. As of December 10, 2015, Mr. Dahan owns shares of our common stock representing approximately 17% of our outstanding voting power. The full text of the Voting Agreement is attached to this joint proxy and consent solicitation statement/prospectus as Appendix G and is incorporated in this joint proxy and consent solicitation statement/prospectus by reference.

Debt Commitment Letters

Concurrent with the execution and delivery of the Merger Agreement, RG obtained the Term Commitment Letter from the Term Lender, in which the Term Lender agreed to provide to us and RG, and certain of our and RG's subsidiaries, upon the terms and subject to the conditions set forth in the Term Commitment Letter, up to $50 million in term loan financing the New Term Credit Facility. The proceeds of the New Term Credit Facility will be used to fund in part the Merger and pay certain fees and expenses associated with the New Term Credit Facility and Merger.

The availability of the New Term Credit Facility is conditioned on the consummation of the Merger as well as other conditions, including, but not limited to:

- the negotiation, execution and delivery of customary definitive loan documents (including a customary intercreditor agreement) for the New Term Credit Facility;

- except with respect to certain items disclosed in the disclosure letter delivered simultaneously with the execution of the Merger Agreement, since November 30, 2014, (x) there shall not have been any changes, events, effects, developments, occurrences or state of facts that, individually or in the aggregate, have had or would reasonably be expected to have a Company material adverse effect and (y) us and our subsidiaries shall have carried on and operated their respective businesses in all material respects in the ordinary course of business consistent with past practice;

- since the date of the Merger Agreement, there shall not have occurred a Company material adverse effect and there shall not have been any changes, events, effects, developments, occurrences or state of facts that, individually or in the aggregate, would reasonably be expected to have a Company material adverse effect;

- except with respect to certain items disclosed in the disclosure letter delivered simultaneously with the execution of the Merger Agreement, since December 31, 2014, (x) there shall not have been any changes, events, effects, developments, occurrences or state of facts that, individually or in the aggregate, have had or would reasonably be expected to have a RG material adverse

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effect and (y) RG and its subsidiaries shall have carried on and operated their respective businesses in all material respects in the ordinary course of business consistent with past practice;

since the date of the Merger Agreement, there shall not have occurred a RG material adverse effect and there shall not have been any changes, events, effects, developments, occurrences or state of facts that, individually or in the aggregate, would reasonably be expected to have a RG material adverse effect;

the payment of the Term Lender's reasonable documented out-of-pocket costs, fees and expenses in connection with the New Term Credit Facility;

the absence of any amendments or modifications to the Merger Agreement that would be materially adverse to the lenders or the obligors under the New Term Credit Facility;

the receipt by the Company of sale proceeds from the divestiture of assets relating to the Joe's Business in an amount of at least $80 million;

the receipt of UCC, tax and judgment lien searches and other appropriate evidence of the absence of liens on the collateral securing the New Term Credit Facility, subject to exceptions;

the receipt of certain closing documents, opinions, certificates and other customary deliverables;

the repayment in full of certain existing indebtedness of ours, of RG's and of our respective subsidiaries and the receipt of certain termination and release documents and/or payoff letters necessary to release the liens of any existing lender on the collateral securing the New Term Credit Facility;

the accuracy of specified representations, including with respect to solvency;

the subordination of the Modified Convertible Notes to the obligations under the New Term Credit Facility;

the indebtedness outstanding under the Modified Convertible Notes may not exceed $19 million; and

the contribution by the Series A Purchaser, or another affiliate of TCP, of new cash equity to the borrowers under the New Term Credit Facility in amount equal to at least $50 million.

The documentation governing the New Credit Agreements has not been finalized and, accordingly, the actual terms may differ from those described herein.

Although the New Term Credit Facility is not subject to the lenders' satisfaction with their due diligence or to a "market out," such financing may not be considered assured.

As of the date of this joint proxy and consent solicitation statement/prospectus, RG is engaging in discussions with a lender to provide the New Revolving Credit Facility and expects to obtain such facility prior to the closing of the Merger.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information and related notes present the historical condensed combined financial information of the Company and RG after giving effect to the Asset Sale and the Merger.

The pro forma financial information was based on and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial information;
- the Company's consolidated financial statements as of and for the nine months ended August 31, 2015 and for the year ended November 30, 2014 and the notes relating thereto included elsewhere in this joint proxy and consent solicitation statement/prospectus; and
- RG's consolidated financial statements as of and for the nine months ended September 30, 2015 and for the year ended December 31, 2014 and the notes relating thereto included elsewhere in this joint proxy and consent solicitation statement/prospectus.

The unaudited pro forma condensed combined financial information gives effect to:

- the sale of certain operating and intellectual property assets of the Company related to the Joe's Business for a total of $80 million;
- repayment of the Term Loan Credit Agreement, the Revolving Credit Agreement and the outstanding debt obligations of RG;
- the combination of the Company with RG in the Merger, using the acquisition method of accounting with the Company treated as the legal acquirer and RG as the accounting acquirer;
- the issuance and sale of $50 million of the Company's Series A Convertible Preferred Stock;
- the incurrence of $50 million of indebtedness under a new term loan credit facility and of $20 million of indebtedness under a new $40 million line of credit facility and the repayment and settlement of the outstanding debt obligations of the Company and RG; and
- the exchange of the Convertible Notes for a combination of cash, shares of common stock and Modified Convertible Notes.

The historical financial statements have been adjusted in the pro forma financial information to give effect to events that are (1) directly attributable to the Asset Sale, the Merger and the related transactions, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined company.

The unaudited pro forma condensed combined balance sheet gives effect to the Asset Sale, the Merger and the related transactions as if they had occurred on August 31, 2015. The unaudited pro forma condensed combined statements of operations for the nine months ended August 31, 2015, and for the year ended November 30, 2014, are presented as if the Merger had occurred on December 1, 2013. The Company completed the Asset Sale of the Joe's Business on September 11, 2015. The Joe's Business is presented as discontinued operations in the historical consolidated financial statements of the Company included in this joint proxy and consent solicitation statement/prospectus and, accordingly, is not presented the unaudited pro forma condensed combined statements of operations because it will not have a continuing impact on the combined company.

The Company and RG have different fiscal year ends, with the most recent annual period of the Company ended on November 30, 2014 and the most recent annual period of RG ended on December 31, 2014. The unaudited pro forma condensed combined balance sheet as of August 31, 2015 includes (1) the Company's balance sheet information as of August 31, 2015 and (2) RG's balance sheet information as of September 30, 2015. The unaudited pro forma condensed combined statements

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of operations for the year ended November 30, 2014 includes (1) the Company's year ended November 30, 2014 and (2) RG's year ended December 31, 2014. The unaudited pro forma condensed combined statements of operations for the nine months ended August 31, 2015 includes (1) the Company's nine months ended August 31, 2015 and (2) RG's nine months ended September 30, 2015.

The unaudited pro forma condensed combined financial information relating to the Merger is prepared using the acquisition method of accounting with the Company treated as the legal acquirer and RG as the accounting acquirer.

The fair value estimates of the assets acquired and liabilities assumed used in the unaudited pro forma condensed combined financial information are preliminary. The estimates and assumptions are subject to change at the effective time of the Merger. The final determination of the fair value estimates will be based on the actual tangible assets and liabilities, and intangible assets of the Company as of the effective time of the Merger. Accordingly, the final acquisition accounting adjustments may be materially different from the preliminary unaudited adjustments presented herein.

Merger-related transaction costs may also differ at the time of the Merger. The unaudited pro forma condensed combined financial information has been prepared in a manner consistent with the accounting policies adopted by the Company. The accounting policies of RG are similar in all material respects to those of the Company. Upon completion of the Merger, or as more information becomes available, the Company will perform a more detailed review of RG's accounting policies. As a result of that review, differences could be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements.

The unaudited pro forma condensed combined financial information has been prepared for informational purposes only and is not necessarily indicative of or intended to represent what the combined company's condensed consolidated financial position or results of operations actually would have been had the Asset Sale, the Merger and the related transactions occurred as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The pro forma adjustments are based on the information available at the time of the preparation of this joint proxy and consent solicitation statement/prospectus.

The unaudited pro forma condensed combined financial information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Business of the Company*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Business of RG*" and the historical consolidated financial statements of the Company and RG included in this joint proxy and consent solicitation statement/prospectus.

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JOE'S JEANS INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

AS OF AUGUST 31, 2015

(in thousands)

	Historical Joe's Jeans Inc. and Subsidiaries	Pro Forma Disposition	Note Ref	Pro Forma Reflecting Disposition	Historical RG Parent, LLC and Subsidiaries	Pro Forma Adjustments Business Combination	Note Ref	Pro Forma Combined
ASSETS								
Current assets								
Cash and cash equivalents	$ 368	$		$ 368	$ 579	$ 15,014	(k)	$ 15,961
Accounts receivable, net	142			142	8,499			8,641
Factored accounts receivable, net	8,518			8,518				8,518
Inventories, net	15,350			15,350	17,543	1,418	(l)	34,311
Deferred income taxes, net	5,786	(4,277)	(i)	1,509				1,509
Prepaid expenses and other current assets	1,512			1,512	1,963			3,475
Current portion of assets held for sale	72,532	(72,532)	(a)					
Total current assets	104,208	(76,809)		27,399	28,584	16,432		72,415
Property and equipment, net	1,832			1,832	$ 13,096			14,928
Goodwill	8,394			8,394	2,286	(7,811)	(m)	2,869
Intangible assets	55,022			55,022	40,154	478	(n)	95,654
Deferred financing costs	1,295	(1,295)	(f)			300	(o)	300
Other assets	778			778	188			966
Total assets	$ 171,529	$ (78,104)		$ 93,425	$ 84,308	$ 9,399		$ 187,132
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current liabilities								
Accounts payable and accrued expenses	$ 13,797	$ (785)	(c)	$ 13,012	$ 13,634	$ (2,571)	(p)	$ 24,075
Income taxes payable		7,649	(g)	7,649				7,649
Buy-out payable	3,277	(1,638)	(h)	1,639		(1,639)	(q)	
Line of credit and current loan payable	19,587	(15,780)	(e)	3,807	19,169	(2,976)	(r)	20,000
Short-term debt	59,183	(59,183)	(b)					
Current portion of liabilities held for sale	5,860	(5,860)	(a)					
Total current liabilities	101,704	(75,597)		26,107	32,803	(7,186)		51,724
Convertible notes	26,762			26,762		(12,836)	(s)	13,926
Long-term debt					778	48,347	(t)	49,125
Deferred income taxes, net	18,373	254	(i)	18,627		(2,735)	(u)	15,892
Deferred rent	1,744			1,744	3,224	(1,744)	(v)	3,224
Other liabilities	393	(250)	(d)	143				143
Total liabilities	148,976	(75,593)		73,383	36,805	23,846		134,034
Commitments and contingencies								

Convertible Preferred stock								5	(w)	5
Common stock		7,082				7,082		(5,847)	(x)	1,235
Additional paid in capital		111,870				111,870		(54,712)	(y)	57,158
Accumulated deficit		(92,964)		(2,511)	(j)	(95,475)		90,175	(z)	(5,300)
Members' equity							47,503	(47,503)	(aa)	
Treasury shares		(3,435)				(3,435)		3,435	(bb)	
Total stockholders' equity		22,553		(2,511)		20,042	47,503	(14,447)		53,098
Total liabilities and stockholders' equity	$	171,529	$	(78,104)	$	93,425	$ 84,308	$ 9,399		$ 187,132

The accompanying notes are an integral part of the Unaudited Pro Forma Condensed Combined Financial Information.

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JOE'S JEANS INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED AUGUST 31, 2015

(in thousands, except per share data)

	Historical Joe's Jeans Inc. and Subsidiaries	Historical RG Parent, LLC and Subsidiaries	Pro Forma Adjustments Business Combination	Note Ref	Pro Forma Combined
Net sales	$ 61,266	$ 52,808	$		$ 114,074
Cost of goods sold	35,190	20,001			55,191
Gross profit	26,076	32,807			58,883
Operating expenses					
Selling, general and administrative	34,895	29,386			64,281
Depreciation and amortization	2,448	2,747	(403)	(cc)	4,792
Retail stores impairment	470				470
	37,813	32,133	(403)		69,543
Operating income (loss)	(11,737)	674	403		(10,660)
Interest expense	4,637	411	(438)	(dd)	4,610
Income (loss) from continuing operations, before provision for income taxes	(16,374)	263	841		(15,270)
Income tax expense (benefit)	1,698	48	56	(ee)	1,802
Income (loss) from continuing operations	$ (18,072)	$ 215	$ 785		$ (17,072)
Loss per share:					
Net loss:					$ (17,072)
Less: Preferred dividends					4,243
Net loss attributable to shareholders					(21,315)
Participating securities Series A Preferred Stock					
Net loss attributable to common shareholders					$ (21,315)
Weighted average common shares outstanding	69,314				370,642
Basic and diluted loss per common share	$ (0.26)				$ (0.06)

The accompanying notes are an integral part of the Unaudited Pro Forma Condensed Combined Financial Information.

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JOE'S JEANS INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED NOVEMBER 30, 2014

(in thousands, except per share data)

	Historical Joe's Jeans Inc. and Subsidiaries	Historical RG Parent, LLC and Subsidiaries	Pro Forma Adjustments Business Combination	Note Ref	Pro Forma Combined
Net sales	$ 84,225	$ 68,801	$		$ 153,026
Cost of goods sold	44,502	26,541	1,418	(ff)	72,461
Gross profit	39,723	42,260	(1,418)		80,565
Operating expenses					
Selling, general and administrative	42,329	33,183			75,512
Impairment of goodwill	23,585				23,585
Depreciation and amortization	3,637	3,122	(536)	(cc)	6,223
Retail stores impairment	840				840
	70,391	36,305	(536)		106,160
Operating income (loss)	(30,668)	5,955	(882)		(25,595)
Interest expense	5,141	529	471	(dd)	6,141
Other income	(2,268)				(2,268)
Income (loss) from continuing operations, before provision for income taxes	(33,541)	5,426	(1,353)		(29,468)
Income tax expense (benefit)	(5,059)	174	1,976	(ee)	(2,909)
Income (loss) from continuing operations	$ (28,482)	$ 5,252	$ (3,329)		$ (26,559)
Loss per share:					
Net loss:					$ (26,559)
Less: Preferred dividends					5,191
Net loss attributable to shareholders					(31,750)
Participating securities Series A Preferred Stock					
Net loss attributable to common shareholders					$ (31,750)
Weighted average common shares outstanding	68,226				370,642
Basic and diluted loss per common share	$ (0.42)				$ (0.09)

The accompanying notes are an integral part of the Unaudited Pro Forma Condensed Combined Financial Information.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information is derived from the historical financial statements of the Company and RG.

The Company and RG have different fiscal year ends, with the most recent annual period of the Company ended on November 30, 2014 and the most recent annual period of RG ended on December 31, 2014. The unaudited pro forma condensed combined balance sheet as of August 31, 2015 includes (1) the Company's balance sheet information as of August 31, 2015 and (2) RG's balance sheet information as of September 30, 2015. The unaudited pro forma condensed combined statements of operations for the year ended November 30, 2014 includes (1) the Company's year ended November 30, 2014 and (2) RG's year ended December 31, 2014. The unaudited pro forma condensed combined statements of operations for the nine months ended August 31, 2015 includes (1) the Company's nine months ended August 31, 2015 and (2) RG's nine months ended September 30, 2015.

The unaudited pro forma condensed combined balance sheet gives effect to the Asset Sale, the Merger and the related transactions as if they had occurred on August 31, 2015. The unaudited pro forma condensed combined statements of operations for the nine months ended August 31, 2015 and for the year ended November 30, 2014 are presented as if the Merger had occurred on December 1, 2013. The Company completed the Asset Sale of the Joe's Business on September 11, 2015. The Joe's Business is presented as discontinued operations in the historical financial statements of the Company included in this joint proxy and consent solicitation statement/prospectus and, accordingly, is not presented in the unaudited pro forma condensed combined statements of operations.

The unaudited pro forma condensed combined financial information is prepared using the acquisition method of accounting with the Company treated as the legal acquirer and RG as the accounting acquirer. The fair value estimates of the assets acquired and liabilities assumed used in the unaudited pro forma condensed combined financial information are preliminary. The estimates and assumptions are subject to change at the effective time of the Merger. The final determination of the fair value estimates will be based on the actual tangible assets and liabilities, and intangible assets, of the Company as of the effective time of the Merger. Accordingly, the final acquisition accounting adjustments may be materially different from the preliminary unaudited adjustments presented herein.

Merger-related transaction costs may also differ at the time of the Merger. The unaudited pro forma condensed combined financial information has been prepared in a manner consistent with the accounting policies adopted by the Company. The accounting policies of RG are similar in all material respects to those of the Company. Upon completion of the Merger, or as more information becomes available, the Company will perform a more detailed review of RG's accounting policies. As a result of that review, differences could be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements.

The pro forma adjustments are based on the information available at the time of the preparation of this joint proxy and consent solicitation statement/prospectus.

2. The Asset Sale

In connection with the Asset Sale, the Operating Assets Purchaser acquired all of the Company's accounts receivable, factored accounts receivable, inventories, pre-paid expenses, security deposits, certain leases and all tangible property located within certain real property locations, including certain retail stores, and the operation of the e-commerce website, and assumed accounts payable and accrued expenses and obligations under certain real property leases, all of which are related to the operation of the Joe's Business.

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As a result, the Company's assets and liabilities presented as held for sale on the Company's balance sheet at August 31, 2015, are as follows (in thousands):

Current assets:		
Accounts receivable, net	$	682
Factored accounts receivable, net		12,014
Inventories, net		29,396
Prepaid expenses and other current assets		337
Property and equipment, net		1,988
Goodwill		3,836
Intangible assets		24,000
Other assets		279
Total current assets	$	72,532
Current liabilities:		
Accounts payable and accrued expenses	$	4,558
Deferred rent		1,302
Total current liabilities	$	5,860
Net Assets Sold	$	66,672

(a)

Represents adjustments to eliminate the Company's assets and liabilities presented as held for sale, as set forth in the table above.

The cash proceeds from the Asset Sale totaled $80 million and were used for the repayment of all of the Company's indebtedness outstanding under its Term Loan Credit Agreement with Garrison and the Company's indebtedness outstanding under its Revolving Credit Agreement with CIT (the "***Existing Indebtedness***") and related fees. Concurrently, the Company entered into the Amended and Restated Revolving Credit Agreement on September 11, 2015 with CIT.

Sources and uses of cash in relation to the Asset Sale (in thousands) as follows:

Proceeds from sale of net operating assets	$	13,000
Proceeds from sale of the IP assets		67,000
Repayment of short term debt ($59,183 carrying value + $743 of original issue discount)		(59,926)
Payment of forbearance fees		(1,259)
Payment of prepayment penalties		(1,400)
Payment for accrued payroll and vacation		(785)
Fees paid to advisors		(600)
Payment of lender success fee		(250)
Repayment of Joe's line of credit		(19,587)
Cash advanced on Amended and Restated Revolving Credit Facility	$	(3,807)

(b)

Represents an adjustment to short-term debt of $59,183 for the repayment of the term loan with Garrison which was comprised of the principal balance of $59,926 and the elimination of the original issue discount of $743.

(c)

Represents an adjustment to accounts payable and accrued expenses of $785 to reflect the payment of accrued payroll and vacation liabilities.

(d) Represents an adjustment to other liabilities of $250 to reflect the payment to CIT of a success fee. This liability was recorded when the CIT revolving credit facility was established on October 1, 2013 and due on the earlier of the maturity or repayment of the CIT revolving credit facility.

(e) Represents an adjustment to the line of credit and current loan payable of $15,780 to reflect the repayment of the Company's revolving credit facility with CIT of $19,587, which was offset by advances of $3,807 against the Company's Amended and Restated Revolving Credit Agreement.

(f) Represents an adjustment to reflect the elimination of $1,295 of deferred financing costs as a result of the Company's extinguishment of its debt.

(g) Represents an adjustment to income tax payable to record an estimated income tax expense of $7,649 comprised of $7,000 relating to the gain on the Asset Sale and $649 relating to the Buy-out payable described in (h) below.

(h) Represents an adjustment to buy-out payable of $1,638 to reflect the partial forgiveness of the indebtedness owed to Mr. Joseph M. Dahan (the "***Buy-out payable***") upon the completion of the Asset Sale.

(i) Represents adjustments to deferred income taxes, net of $4,277 and $254, respectively, related to the impact of the Asset Sale on deferred income taxes due to a reversal of $9,063 for the deferred tax liability for the Joe's trademark that was established when the Company purchased the Joe's brand in 2007 and to the reversal of the valuation allowance previously recorded against net operating losses and other deferred tax assets of $13,594 as a result of the taxable gain on the Asset Sale.

(j) Represents an adjustment to accumulated deficit of $2,511 to reflect the adjustments to accumulated deficit related to the Asset Sale comprised of the following (in thousands):

Proceeds from the sale of assets		$	80,000
Net assets sold			(66,672)
Gain on Asset Sale			13,328
Expense of original issue discount	(b)		(743)
Fees incurred	*		(3,259)
Expense of deferred financing fees	(f)		(1,295)
Estimate of tax expense	(g)		(7,649)
Forgiveness of a portion of the Buy-out payable	(h)		1,638
Tax benefit from reversal of deferred taxes	(i)		(4,531)
Net adjustment to accumulated deficit		$	(2,511)

* "Fees Incurred", represents payment of fees to the Company's lenders for forbearance agreements of $1,259, prepayment penalties in respect of Company's debt of $1,400 and fees to the Company's financial advisor of $600.

3. The Merger

On September 8, 2015, the Company entered into the Merger Agreement with Merger Sub and RG, pursuant to which Merger Sub will merge with and into RG on the terms and subject to the conditions set forth in the Merger Agreement, so that RG, as the surviving company, will become a wholly-owned subsidiary of the Company. Subject to the conditions set forth in the Merger Agreement, the Merger is expected to close in the first calendar quarter of 2016.

The Merger has been accounted for under the acquisition method of accounting assuming RG is the accounting acquirer. Under the acquisition method of accounting, the purchase price and the net

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assets acquired and liabilities assumed are recorded based on their estimated fair values as of the reporting date. The excess of purchase price over the net assets is recorded as goodwill. The preliminary valuation of the fair value of the assets acquired and liabilities assumed are based on estimates and assumptions and are subject to change pending finalization of the valuations. The differences between the preliminary and final estimated fair values could be material.

The stock price used to determine the preliminary estimated purchase price is based on the closing price of the Company's common stock as of December 1, 2015, which was $0.21. The equity consideration is based upon the assumption that 104,513 pre-split shares are outstanding, which includes the Company's total pre-split shares outstanding of 69,887 and 34,626 total aggregate shares issuable to convertible noteholders assuming conversion of the Convertible Notes into shares of the Company's common stock in accordance with the Rollover Agreement. The Company's total pre-split shares outstanding have not been adjusted for additional shares that are expected to be issued upon acceleration of vesting of existing grants under the Company's Amended & Restated Stock Incentive Plan upon the closing of the Merger, as the additional share amount will not be material.

The calculation of preliminary estimated purchase price (in thousands), as follows:

Cash paid to existing holders of convertible notes	$	9,140
Fair value of Modified Convertible Notes transferred to the existing holders of convertible notes		13,926
Equity consideration to Company's stockholders and existing holders of convertible notes (104,513 pre-split shares at $0.21)		21,948
Total Purchase Price	$	45,014

The preliminary estimated fair value of the Modified Convertible Notes was determined by a third-party valuation specialist. The face value of the Modified Convertible Notes in the amount of $15,615 was discounted by $1,689 to arrive at the fair value of the Modified Convertible Notes. The discount was calculated based on the present values of the Modified Convertible Notes contractual cash flows.

The assets acquired and the liabilities assumed at their preliminary estimated fair values and the resulting goodwill are as follows (in thousands):

Cash and cash equivalents	$	368
Accounts receivable		142
Factored accounts receivable		8,518
Inventories		16,768
Deferred income tax asset		1,509
Prepaid expenses and other current assets		1,512
Property and equipment		1,832
Intangible assets		55,500
Other assets		778
Accounts payable and accrued expenses		(10,441)
Accrued seller transaction costs		(2,925)
Income taxes payable		(7,649)
Line of credit		(3,807)
Deferred income tax liability		(15,892)
Other liabilities		(143)
Buy-out payable		(1,639)
Goodwill balance as a result of the Merger		583
Total	$	45,014

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The table below illustrates the potential impact to the preliminary purchase price resulting from a 10% increase or decrease in the closing price of the Company's common stock as of December 1, 2015 of $0.21, which is the price that was used to calculate the fair value of the equity consideration (in thousands):

	10% increase in share price	10% decrease in share price
Share consideration	$ 24,142	$ 19,753
Cash consideration	9,140	9,140
Modified Convertible Notes payable	13,926	13,926
Total preliminary purchase price	$ 47,208	$ 42,819
Goodwill (gain on bargain purchase)	$ 2,778	$ (1,612)

The following summarizes the sources and uses of cash from the Merger and the related financing activities that are assumed to occur at the closing of the Merger (in thousands):

Proceeds from issuance of Series A convertible preferred stock	$ 50,000
Proceeds from new term debt	50,000
Proceeds from new line of credit	20,000
Payment of deferred financing fees for term loan credit facility	(875)
Payment of deferred financing fees for line of credit	(300)
Redemption of RG units	(61,053)
Repayment of the Company's Amended and Restated Revolving Credit Facility	(3,807)
Repayment of RG's line of credit and current loan payable	(19,169)
Repayment of RG's long term debt	(778)
Buyer's and seller's transaction costs	(8,225)
Partial repayment of existing convertible notes	(9,140)
Repayment of Joe Dahan Buy-out payable (net of forgiveness of $1,638)	(1,639)
Total net sources of cash	$ 15,014

(k)

Represents an adjustment of $15,014 to cash and cash equivalents reflecting the total net sources of cash at the closing of the Merger, as set forth in the table above.

(l)

Represents an adjustment to inventories, net of $1,418 to record the Company's inventories at fair value.

(m)

Represents an adjustment to decrease goodwill by $7,811 from the carrying value of the Company's goodwill in the amount of $8,394 to the goodwill balance as a result of the Merger in the amount of $583. The following table summarizes the pro forma goodwill balance of the combined company as of August 31, 2015 (in thousands):

Goodwill balance as a result of the Merger	$ 583
RG's historical goodwill	2,286
Total	$ 2,869

(n)

Represents an adjustment of $478 to reflect the estimated fair value of the intangible assets recorded in the Merger.

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The intangible assets acquired from the Company by RG in connection with the Merger include the following (in thousands):

		Amortization Period (in years)
Tradenames	$ 37,500	Indefinite
Customer relationships	18,000	10 Years
Total	$ 55,500	

The preliminary estimated fair value of the intangible assets acquired was determined by the Company, which considered a valuation report of a third-party valuation specialist. The fair value of the tradenames was estimated using an income approach based on the relief-from-royalty method. The fair value of the customer relationship was estimated using a "with versus without" methodology to measure.

(o) Represents an adjustment to deferred financing costs of $300 to capitalize deferred financing fees that will be incurred in conjunction with the new line of credit entered into at the closing of the Merger.

(p) Represents an adjustment to accounts payable and accrued expenses of $2,571 to reflect elimination of accrued interest on the Company's convertible notes as a result of the settlement of such obligations.

(q) Represents an adjustment to buy-out payable of $1,639 to reflect the repayment of the Buy-out payable at the closing of the Merger.

(r) Represents an adjustment to line of credit and current loan payable of $2,976 to reflect the following:

(i) the repayment of $3,807 on the Company's revolving credit facility,

(ii) the repayment of $19,169 on RG's line of credit and current loan payable, and

(iii) the receipt of cash proceeds from borrowings on the Company's new line of credit of $20,000.

(s) Represents an adjustment to convertible notes of $12,836 to reflect partial repayment and settlement of the existing convertible notes and to record the Modified Convertible Notes at their estimated fair value of $13,926. This adjustment is comprised of the following (in thousands):

Accrued interest on convertible notes payable	$ (2,571)
Elimination of unamortized original issue discount	(7,229)
Cash paid to existing holders of convertible notes	9,140
Notes converted to common stock of the Company	11,807
Fair value adjustment to Modified Convertible Notes payable	1,689
Total	$ 12,836

(t)

Represents an adjustment to long term debt of $48,347 to reflect the repayment of RG's long term debt of $778 and the cash proceeds from the new term loan of $50,000, net of financing fees of $875, recorded as a debt discount.

(u)

Represents an adjustment to deferred income taxes, net of $2,735 to record deferred income tax liabilities associated with the change in value of the Hudson tradename due to acquisition accounting.

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(v)
Represents an adjustment to deferred rent of $1,744 to record the Company's deferred rent liability at fair value due to acquisition accounting.

(w)
Represents an adjustment to convertible preferred stock of $5 to reflect the par value of 50,000 shares of Series A Convertible Preferred Stock at par value of $0.10 per share to be issued at the closing of the Merger.

(x)
Represents an adjustment to common stock of $5,847 to reflect the par value of 12,350,000 shares of the Company's common stock (post-split) at par value of $0.10 per share.

(y)
Represents an adjustment to additional paid in capital of $54,712 to reflect:

(i)
the elimination of the Company's additional paid-in-capital of $111,870;

(ii)
the issuance of $50,000 of Series A Convertible Preferred Stock, less $5 of the par value;

(iii)
the Company's common stock retained by existing shareholders and shares issued to the holders of convertible notes valued at $21,948 (104,513 pre-split shares at $0.21 per share) reflected as equity consideration;

(iv)
the reduction of additional paid-in-capital of $13,550 to reflect the amount of the redemption in excess of the balance of RG's members' equity (redemption of $61,053 less balance of member's equity of $47,503 see note (aa)). The excess redemption is accounted for as a reduction of additional paid-in-capital; and

(v)
$1,235 relating to 1,235,000 shares of the Company's common stock (post-split) at par value of $0.10 per share.

(z)
Represents an adjustment to accumulated deficit of $90,175 to reflect:

(i)
the elimination of the Company's accumulated deficit of $95,475; and

(ii)
transaction expenses of $5,300 incurred by RG upon the closing of the Merger.

(aa)
Represents an adjustment to member's equity of $47,503 to reflect the redemption of the outstanding members' equity of RG of $61,053 with the balance being reflected as a reduction of additional paid-in-capital. See note (y).

(bb)
Represents an adjustment to treasury shares of $3,435 to reflect the elimination of the value of the treasury shares.

4. Adjustments to the Unaudited Pro Forma Condensed Combined Statements of Operations

(cc)
Represents adjustments to depreciation and amortization to reflect amortization expense for the finite lived intangible assets for the nine months ended August 31, 2015 in the amount of $403 and the year ended November 30, 2014 in the amount of $536. This adjustment is a result of the change in the fair value of the Company's intangible assets upon the closing of the Merger and the allocation between the finite lived and indefinite lived intangibles.

(dd)

Represents the net adjustment to interest expense to reflect the interest on indebtedness of the combined company for the nine months ended August 31, 2015 in the amount of $438 and the year ended November 30, 2014 in the amount of $471. The combined company's debt will include a term loan, line of credit and Modified Convertible Notes that carry the following interest rates (in thousands):

$50,000 term loan at an 8.8% variable interest rate;

$20,000 line of credit at a 2.1% variable interest rate; and

$13,926 Modified Convertible Notes at a 6.5% fixed interest rate.

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The term loan and line of credit interest rates stated above are at current rates based upon the commitment letters from the lenders. An interest rate variance of $^1/_8$ of a percent would result in an increase or decrease of approximately $88,000 to pre-tax income.

(ee)
Represents an adjustment to income tax expense (benefits) to record a provision for income taxes for RG calculated using an estimated combined federal and state statutory income tax rate of 39.6%. RG is a partnership for tax purposes and accrues minimum tax obligations on its income in certain states.

(ff)
Represents an adjustment to cost of goods sold of $1,418 to increase cost of sales for the year ended November 30, 2014 as a result of the increase in the fair value of the inventories, net, and based upon the assumed sell through of the inventories.

5. Pro Forma Income (Loss) Per Share

Pro Forma Combined

The Company's Series A Convertible Preferred Stock has the non-forfeitable right to participate on an as converted basis at the conversion rate then in effect in any common stock dividends declared and as such, is considered a participating security. The Series A Convertible Preferred Stock are included in the computation of basic and diluted loss per share pursuant to the two-class method. The Series A Convertible Preferred Stock do not participate in undistributed net losses because they are not contractually obligated to do so.

The computation of diluted earnings per share attributable to common shareholders reflects the potential dilution that could occur if securities or other contracts to issue common shares that are dilutive were exercised or converted into common shares (or resulted in the issuance of common shares) and would then share in the earnings of the Company. During the periods in which the Company records a loss from continuing operations attributable to common shareholders, securities would not be dilutive to net loss per share and conversion into common shares is assumed to not occur.

The following table provides a reconciliation of net loss to preferred shareholders and common shareholders for purposes of computing net loss per share for the nine months ended August 31, 2015 and for the year ended November 30, 2014, respectively (in thousands, except per share amounts):

	Nine Months Ended August 31, 2015	Year Ended November 30, 2014
Net loss:	$ (17,072)	$ (26,559)
Less: Preferred dividends(i)	4,243	5,191
Net loss attributable to shareholders	(21,315)	(31,750)
Participating securities Series A Convertible Preferred Stock(ii)		
Net loss attributable to common shareholders	$ (21,315)	$ (31,750)
Weighted average common shares outstanding	370,642	370,642
Basic and diluted loss per common share	$ (0.06)	$ (0.09)

(i)

Each share of Series A Convertible Preferred Stock entitles the holder to receive cumulative cash dividends payable quarterly at an annual rate of 10% plus accumulated and accrued dividends thereon through such date.

(ii) As these shares are participating securities that participate in earnings, but do not participate in losses based on their contractual rights and obligations, this calculation demonstrates that there is no allocation of the loss to these securities.

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Basic weighted average shares outstanding for the nine months ended August 31, 2015 and the year ended November 30, 2014 include (in thousands):

	Pre-Reverse Split
Joe's Jeans Inc. shares outstanding at the closing of the Merger	69,887
New shares to be issued in the Merger to RG members	266,129
New shares to be issued in the Merger to existing holders of convertible notes	34,626
Total	370,642

Diluted weighted average shares outstanding used for the nine months ended August 31, 2015 and the year ended November 30, 2014 exclude the anti-dilutive impact of 10,391 restricted stock awards expected to be outstanding at the time of the closing of the Merger.

Pro forma income (loss) per share does not reflect the impact of the proposed reverse stock split in a ratio of 1-for-30. See *"Proposal 5 The Reverse Stock Split Proposal"* for additional information about the reverse stock split. Pro forma income (loss) per share assuming the reverse stock split is as follows (in thousands, except per share amounts):

	Nine Months Ended August 31, 2015	Year Ended November 30, 2014
Net loss:	$ (17,072)	$ (26,559)
Less: Preferred dividends(i)	4,243	5,191
Net loss attributable to shareholders	(21,315)	(31,750)
Participating securities Series A Convertible Preferred Stock(ii)		
Net loss attributable to common shareholders	$ (21,315)	$ (31,750)
Weighted average common shares outstanding	12,355	12,355
Basic and diluted loss per common share	$ (1.73)	$ (2.57)

(i) Each share of Series A Convertible Preferred Stock entitles the holder to receive cumulative cash dividends payable quarterly at an annual rate of 10% plus accumulated and accrued dividends thereon through such date.

(ii) As these shares are participating securities that participate in earnings, but do not participate in losses based on their contractual rights and obligations, this calculation demonstrates that there is no allocation of the loss to these securities.

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BUSINESS OF THE COMPANY

Overview

We began our operations in April 1987 as Innovo to manufacture and domestically distribute cut and sewn canvas and nylon consumer products for the utility, craft, sports-licensed and advertising specialty markets. In 1990, Innovo merged into Elorac Corporation, a Delaware corporation, and was renamed Innovo Group Inc., which was renamed Joe's Jeans Inc. in October 2007. We have evolved from producing craft and accessory products to designing and selling apparel products bearing the Joe's® and Hudson® brand names.

On September 30, 2013, we acquired all of the outstanding equity interests in Hudson Clothing Holdings, Inc. and its subsidiaries ("***Hudson***"), a designer and marketer of women's and men's premium branded denim apparel, for an aggregate purchase price consisting of approximately $65,416,000 in cash and approximately $27,451,000 in convertible notes, net of discount. We also issued promissory notes, bearing no interest, for approximately $1,235,000 in aggregate principal amount that were paid on April 1, 2014 to certain option holders of Hudson. This acquisition provided us with an additional proven premium denim brand and enhanced our prospects for growth across wholesale, retail and e-commerce, both domestically and overseas, and created the potential for improved purchasing authority with current and future vendors and other operational efficiencies. As of the acquisition date, the acquired business represented approximately 40% of our consolidated total assets at November 30, 2013 and approximately three percent of consolidated net loss for the year ended November 30, 2013.

On September 11, 2015, we completed the Asset Sale of (i) certain of our intellectual property assets used or held for use in the Joe's Business for an aggregate purchase price of $67 million, and (ii) among other things, certain inventory and other assets and liabilities related to the Joe's Business for an aggregate purchase price of $13 million. We operated the Joe's Business, which includes certain inventory and other assets operated under the brand name "Joe's Jeans," "Joe's," "Joe's JD" and "else," from 2001 to 2015. The proceeds of the Asset Sale were used to repay all of our indebtedness outstanding under the Term Loan Credit Agreement and a portion of our indebtedness outstanding under our revolving credit agreement. As a result, the Term Loan Credit Agreement was paid in full and terminated on September 11, 2015 and we entered into Amended and Restated Revolving Credit Agreement, which provides for a maximum credit availability of $7.5 million and waved certain defaults.

The Company will retain and operate the 32 Joe's® brand retail stores after the closing of the Operating Asset Purchase Agreement and the IP Asset Purchase Agreement and thereafter will proceed with the disposition of certain stores; provided, however that, certain retail stores designated by Operating Assets Purchaser will be transferred to the Operating Assets Purchaser on or prior to December 31, 2016 for no additional consideration. Subject to certain limitations on the Company's aggregate net liability with respect to the net costs and expenses related to the operation of the retail stores if the Merger does not close, such costs and expenses will be borne by the Company, the IP Assets Purchaser and the Operating Assets Purchaser. The Operating Assets Purchaser will supply Joe's® branded merchandise to the retail stores for resale under a license from the IP Assets Purchaser.

Our principal business activity is the design, development and worldwide marketing of apparel products, which include denim jeans, related casual wear and accessories that bear the brand Hudson®. Hudson® was established in 2002 and is recognized as a premier designer and marketer of women's and men's premium branded denim apparel, an industry term for denim jeans with price points generally of $120 or more, for its quality, fit and fashion-forward designs. We sell our products to numerous retailers, which include major department stores, specialty stores and distributors around the world.

Our product line includes women's, men's and children's denim jeans, pants, jackets and other bottoms. We continue to evaluate offering a range of products under the Hudson® brand name.

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Principal Products and Revenue Sources

Our principal apparel products bear the Hudson® brand name. Our product line includes women's, men's and children's denim jeans, pants and other bottoms. We continue to evaluate offering a range of products in the future under the Hudson® brand name. The Hudson® children's product offerings are also licensed by us. Until the sale of the Joe's Business, we also sold products bearing the Joe's® brand name.

Our reportable business segments are Wholesale and Retail. We manage, evaluate and aggregate our operating segments for segment reporting purposes primarily on the basis of business activity and operation. Our Wholesale segment is comprised of sales of our Hudson® products to retailers, specialty stores and international distributors, revenue from licensing agreements and includes expenses from sales, trade shows, distribution, product samples and customer service departments. Our products are marketed to United States retailers through third party and company owned showrooms located in New York, Los Angeles and other major cities in the United States and to international retailers through international distributors, agents or licensed stores in the various countries. Our Retail segment is comprised of sales of our products to consumers through our retail internet site for Hudson® products. Our Corporate and other is comprised of expenses from corporate operations, which include the executive, finance, legal, human resources, design and production departments and general advertising expenses associated with our brands.

Product Design, Development and Sourcing

Our product development is managed internally by head designer, Ben Taverniti, who leads the design team responsible for the creation, development and coordination of the product group offerings for the Hudson® brand. We typically develop four collections per year for spring, summer, fall/back-to-school, and winter/holiday, with certain core basic styles offered throughout the year. Mr. Taverniti is an instrumental part of our design process. When we acquired the Hudson® brand, we assumed an employment agreement with him, which has been changed to a consulting agreement. The loss of Mr. Taverniti as our head designer would not change any rights we have to the Hudson® brand. We believe that should his services terminate, we would be able to find alternative sources for the development and design of the Hudson® brand.

We rely on third party manufacturers to manufacture all of our products for distribution. We manufacture our products in numerous countries, with most of our denim production in Mexico and the United States, and our knits and other production in the United States, China, Hong Kong, India, Portugal and Mexico. We do not have a long-term supply agreement with any of our third party manufactures or contractors, and we believe that there are a number of overseas and domestic contractors that could fulfill our requirements in the event that one of our existing manufacturers would not be able to do so. We purchase products in various stages of production from partial to completed finished goods. We control production schedules in order to ensure quality and timely deliveries and conduct all aspects of inventory, warehousing, picking and packing services internally.

We purchase fabric from independent vendors located domestically and internationally. Our raw materials are principally blends of fabrics, yarns and threads and are available from multiple sources. Our primary suppliers include Candiani, Orta and Italdenim for fabrics and Revolution Group for trims. We do not enter into any long term agreements with these suppliers nor are we substantially dependent on any one of them. We have not experienced any material shortage of raw material to meet our needs. We continue to explore alternate inventory strategies designed to improve our gross margins. However, there can be no assurance that any change in sourcing will result in enhanced profit margins, similar quality or timely deliveries, but we do believe that continuing to monitor this expense can be beneficial for the growth of our brands.

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In the event we terminate any of our relationships with third parties or the economic climate or other factors result in a significant reduction in the number of contractors, our business could be negatively impacted. At this time, we believe that we would be able to find alternative sources for production if this were to occur; however, no assurances can be given that a transition would not involve a disruption to our business.

We generally purchase our products in United States dollars. However, because we use some overseas or non-United States suppliers, the cost of these products may be affected by changes in the value of the relevant currencies. Certain of our apparel purchases in the international markets will be subject to the risks associated with the importation of these types of products. See "*Business of the Company Import and Export Restrictions and Other Governmental Regulations*."

While we attempt to mitigate our exposure to manufacturing risks, the use of independent suppliers reduces our control over production and delivery and exposes us to customary risks associated with sourcing products from independent suppliers. Transactions with foreign manufacturers and suppliers are subject to the typical risks of doing business abroad, generally, such as the cost of transportation and the imposition of import duties and restrictions. The countries in which our products are manufactured may, from time to time, impose new quotas, duties, tariffs or other restrictions, or adjust presently prevailing quotas, duties or tariff levels, which could affect our operations and our ability to import products at current or increased levels. We cannot predict the likelihood or frequency of any such events occurring. See "*Business of the Company Import and Export Restrictions and Other Governmental Regulations*." Furthermore, the inability of a manufacturer to ship orders of our products in a timely manner or to meet our quality standards could cause us to miss the delivery date requirements of our customers for those items, which could result in cancellation of orders, refusal to accept deliveries or a reduction in purchase prices. Due to the seasonality of our business, and the apparel and fashion business in particular, the dates on which customers require shipments of products from us are critical, as styles and consumer tastes change so rapidly and particularly from one season to the next. Because quality is a leading factor when customers and retailers accept or reject goods, any decline in quality by our third-party manufacturers could be detrimental not only to a particular order, but also to our future relationship with that particular customer.

We also require our independent manufacturers to operate in compliance with applicable laws and regulations; however, we have no control over the ultimate actions of our independent manufacturers. Despite our lack of control, we have internal operating guidelines to promote ethical business practices and our employees periodically visit and monitor the operations of our independent manufacturers. We also use the services of a third party independent labor consulting service to conduct random, on-site audits as required by state labor laws to help minimize our risk and exposure to unacceptable labor practice violations.

Trademarks and License Agreements

We own a variety of pending applications and registrations throughout the world for a variety of trademarks and service marks, in addition to the common law rights associated therewith for our various brands.

For the Hudson® brand, these marks include the "Hudson" word mark and "Hudson" logo and "Let Yourself Go" as applied to apparel, as well as for online retail store services for such goods.

As of November 30, 2015, we own approximately three United States trademark registrations and two pending U.S. trademark applications. As of November 30, 2015, we also own a variety of registrations and pending applications for the above-referenced marks as applied to apparel, footwear, and related fashion accessories in various foreign jurisdictions throughout the world. More specifically, approximately 13 registrations have been issued in jurisdictions such as Australia, Canada, the

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European Community which comprises 28 member countries, Hong Kong, Japan, Macao, South Korea, New Zealand and Taiwan.

We also selectively license our Hudson® brand for certain product categories or for retail stores in foreign jurisdictions. Licensing categories broadens and enhances the products available under the brand name. In addition, by licensing certain product categories, we receive royalty payments on net sales or purchases of product for sale at the retail stores without incurring significant capital investments or incremental operating expenses. There are certain minimum net sales that the licensees are required to meet, and the agreements generally have renewal rights. As of November 30, 2015, we had one active license agreement for Hudson®.

Sales, Distribution and Outsourcing Agreements

Domestically, we sell our products through our own showrooms. At the showrooms, retailers review the latest collections offered and place orders. The showroom representatives provide us with purchase orders from the retailers and other specialty store buyers.

We sell our products internationally through distributors in various countries that are managed by us and through licensed stores. We believe that by working directly with our distributors abroad rather than through a third party master distributor, we exercise more control and guidance over sales. Further, we expect to benefit in sales and profitability over the long term from selling our products directly to the distributors. As we develop our internal structure to support our international business, we continue to evaluate our options and review relationships in the international marketplace to create a strategy to improve and grow international sales.

Advertising, Marketing and Promotion

Our advertising campaigns for our brand has been limited to strategic placement of advertising in areas of high concentration of fashion advertising through billboard advertisement in Los Angeles, California and New York City, print ads in magazines and on specialty online websites. We generally locate short-term billboard advertising space in various locations in and around New York City and Los Angeles. In addition, we utilize public relations firms to strategically place our products in magazines, editorials and with stylists. We also have internal visual merchandisers who work with our customers to create the presentation of our products to enhance sales. For example, many of our customers' stores have denim focus areas located within a department that are dedicated to selling and showcasing our merchandise on a year-round basis.

Customers

Our products are sold to consumers through high-end department stores and boutiques located throughout the world.

We currently sell to domestic department stores such as Macy's Inc., which includes Bloomingdale's and Macy's, Neiman Marcus, Nordstrom, Saks Fifth Avenue, Von Maur, Lord & Taylor, Dillard's and Belk stores and approximately 1,000 specialty retailers, which include American Rag, Amazon, Revolve Clothing and Shop Bop in the United States. We sell internationally to distributors and our products can be found in major retailers in countries such as France, Japan, Italy, Germany, Russia, Spain, Sweden and Turkey. In addition, we also sell prior season or excess merchandise to off-price retailers.

The Hudson® website, *www.hudsonjeans.com*, has been established to promote and advance the Hudson® brand's image and to allow consumers to review and purchase online the latest collection of products. The information available on the website is not intended to be incorporated into this joint proxy and consent solicitation statement/prospectus. We currently use both online and print advertising to create brand awareness with customers as well as consumers.

We do not enter into long-term agreements with any of our customers. Instead, we receive individual purchase order commitments from our customers. A decision by the controlling owner of a group of stores or any other significant customer, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease the amount of merchandise purchased from us, or to change their manner of doing business with us, could have a material adverse effect on our financial condition and results of operations. See "*Risk Factors Risks Related to the Combined Company A substantial portion of the combined company's net sales and gross profit will be derived from a small number of large customers, and the loss of any of these large customers could have a material adverse effect on the combined company's financial condition and results of operations*."

For fiscal 2014, our ten largest customers and customer groups accounted for approximately 66% of our net sales. We believe that we would be able to find alternative customers to purchase our products in the event of the loss of any of these existing customers. For example, our largest customer is Nordstrom Inc. and it represents the only customer that was over 10% of our net sales in fiscal 2014.

Seasonality of Business and Working Capital

Products are designed and marketed primarily for four principal selling seasons: spring, summer, fall/back-to-school and winter/holiday. Typically, we have approximately a 12 to 14 week turnaround time between the time we book an order at a show and when we ship it. Our primary booking periods for the retail sales seasons are as follows:

Retail Sales Season	Primary Booking Period
Spring	September - November
Summer	November - March
Fall/Back-to-School	February - May
Winter/Holiday	June - August

We have historically experienced, and expect to continue to experience seasonal fluctuations in our net sales. A significant amount of our net sales are realized during the third and fourth quarter when we ship orders taken during earlier months. For fiscal 2014, we funded our liquidity needs through cash from operations and cash availability under our financing agreements with CIT and we plan to fund our liquidity needs through cash from operations and cash availability under our financing agreements with CIT or other alternative financing sources for the remainder of fiscal 2015. If sales are materially different from seasonal norms, our annual operating results could be materially affected. Accordingly, our results for the individual quarters are not necessarily indicative of the results to be expected for the entire year.

Credit and Collection

We currently extend credit to a majority of our larger customers, who purchase our products from us at wholesale prices. Our decision to extend credit is based on factors such as credit approval by CIT under our factoring arrangements, past credit history, reputation of creditworthiness within our industry and timelines of payments made to us. We generally extend this credit without requiring collateral. A small percentage of our customers are required to pay by either cash before delivery, credit card or cash on delivery, or C.O.D., which is also based on such factors as lack of credit history, reputation (or lack thereof) within our industry and/or prior payment history. For those customers to whom we extend credit, typical terms are net 30 to 60 days. Based on industry practices, financial awareness of the customers with whom we conduct business and business experience of our industry, our management exercises professional judgment in determining which customers will be extended credit. We are exposed to some collection risk for receivables which were factored with recourse where CIT did not accept the credit risk. However, the aggregate amount of exposure is generally low and, therefore, we believe that the credit risk associated with our extension of credit is minimal.

Backlog

Although we may, at any given time, have significant business booked in advance of ship dates, customers' purchase orders are typically filled and shipped within two to six weeks. As of November 30, 2014, we had backlog of $20,429,000 compared to $20,924,000 as of November 30, 2013. The amount of outstanding customer purchase orders at a particular time includes purchase orders for Hudson, which was acquired in September 2013, and is influenced by numerous factors, including the product mix, timing of the receipt and processing of customer purchase orders, shipping schedules for the product and specific customer shipping windows. Due to these factors, a comparison of outstanding customer purchase orders from period to period is not necessarily meaningful and may not be indicative of eventual actual shipments.

Competition

The apparel industry in which we operate is fragmented and highly competitive in the United States and on a worldwide basis. We compete for consumers with a large number of apparel companies similar to ours. Our primary branded competitors include AG, Paige Premium Denim, Rag and Bone, Seven for All Mankind, Citizens of Humanity, J Brand and True Religion. We do not hold a dominant competitive position, and our ability to sell our products is dependent upon the anticipated popularity of our designs and brand name, the price and quality of our products and our ability to meet our customers' delivery schedules. We believe the range of fits and uniqueness of our designs differentiates us from our competitors and we believe that we are competitive with companies producing goods of like quality and pricing. We believe that we can maintain our competitive position through new product development, creating product identity and brand awareness and competitive pricing. Many of our competitors may possess greater financial, technical and other resources, and the intense competition and the rapid changes in consumer preferences constitute significant risk factors in our operations. As we expand globally, we will continue to encounter additional sources of competition. See *"Risk Factors Risks Related to the Combined Company The combined company will face intense competition in the denim and premium lifestyle apparel industries. If we are unable to compete effectively, our business, financial condition and results of operations may be negatively impacted."*

Import and Export Restrictions and Other Governmental Regulations

Transactions with our foreign manufacturers and suppliers are subject to the general risks of doing business abroad. Imports into the United States are affected by, among other things, the cost of transportation and the imposition of import duties and restrictions. The countries in which our products might be manufactured may, from time to time, impose new quotas, duties, tariffs or other restrictions, or adjust presently prevailing quotas, duties or tariff levels, which could affect our operations and our ability to import products at current or increased levels. We cannot predict the likelihood or frequency of any such events occurring. The enactment of any additional duties, quotas or restrictions could result in increases in the cost of our products generally and might adversely affect our sales and profitability.

Our import operations are subject to international trade agreements and regulations such as the North American Free Trade Agreement and other bilateral textile agreements between the United States and a number of foreign countries, including Morocco, Hong Kong, China, Taiwan and Korea. Some of these agreements impose quotas on the amount and type of goods that can be imported into the United States from these countries. Such agreements also allow the United States to impose, at any time, restraints on the importation of categories of merchandise that, under the terms of the

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agreements, are not subject to specified limits. Some of our imported products are also subject to United States customs duties and, in the ordinary course of business, we are from time to time subject to claims by the United States Customs Service for duties and other charges. In addition, exports of our products to certain countries are subject to quotas, duties, tariffs or other restrictions that could result in increases in the cost of our products generally and might adversely affect our sales and profitability.

Employees

As of November 30, 2015, we had 385 total employees, which included 201 full-time employees, 151 part-time employees, and 33 temporary employees. We consider our relationships with our employees to be good.

Financial Information about Geographic Areas

Currently, we do not have any material reportable operations outside of the United States.

Manufacturing and Distribution Relationships

Our denim products are manufactured by contractors located in Mexico, Turkey, China, and Los Angeles, California. Our non-denim products are primarily manufactured in the United States, Peru, Portugal, and Asia, including Hong Kong, China, India and Korea. Our products are distributed out of Los Angeles or directly from the factory to the customer. The following table and disclosure above represents the percentage of denim and non-denim products manufactured in the various countries or on the geographic continent as a percentage of all products manufactured during the fiscal year and includes information with respect to our former Joe's Business.

	2014	2013
United States	24.8%	23.5%
Mexico	64.4%	57.2%
Europe	0.8%	1.3%
Asia	10.0%	18.0%
	100.0%	100.0%

Available Information

Our primary corporate website address is *www.joesjeans.com*. We make available on or through our website, without charge, our Annual Report, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. Additionally, we routinely post additional important information including press releases, investor presentations and notices of upcoming events, under the "Investor Relations" section of our website and we recognize our website as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under SEC Regulation FD. Investors may be notified of postings to the website by signing up for email alerts. Although we maintain a website at *www.joesjeans.com*, we do not intend that the information available through our website be incorporated into this joint proxy and consent solicitation statement/prospectus. In addition, any materials filed with, or furnished to, the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or viewed on line at *www.sec.gov*. Information regarding the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330.

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Properties

Our principal place of business is located in Commerce, Los Angeles County, California, where we have a month to month lease for approximately 30,915 square feet of design and administrative offices and certain office space of approximately 1,000 square feet at 2340 S. Eastern Avenue, Commerce, California under an arrangement with the Operating Assets Purchaser.

The Company will retain and operate the 32 Joe's® brand retail stores after the closing of the Operating Asset Purchase Agreement and the IP Asset Purchase Agreement and thereafter will proceed with the disposition of certain stores; provided, however that, certain retail stores designated by Operating Assets Purchaser will be transferred to the Operating Assets Purchaser on or prior to December 31, 2016 for no additional consideration. As of November 30, 2015, we operated retail store locations under non-cancelable operating lease agreements expiring on various dates through 2023 or three or ten years from the opening date of the store. These facilities are all located in the United States. As of November 30, 2015, we had 32 stores open and operating. Our retail square footage as of November 30, 2015 was approximately 61,762 square feet in the aggregate. Our retail stores range in size from 941 to 3,025 square feet.

We believe that our existing facilities are well maintained, in good operating condition and are adequate for our present level of operations.

Legal Proceedings

We are a party to lawsuits and other contingencies in the ordinary course of our business. We do not believe that we are a party to any material pending legal proceedings or that it is probable that the outcome of any individual action would have an adverse effect in the aggregate on our financial condition. We do not believe that it is likely that an adverse outcome of individually insignificant actions in the aggregate would be sufficient enough, in number or in magnitude, to have a material adverse effect in the aggregate on our financial condition.

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BUSINESS OF ROBERT GRAHAM

RG's principal business activity is the design, development, sales and licensing of apparel products and accessories that bear the brand name Robert Graham®. RG can be described as 'American Eclectic.' Since its launch in 2001, RG was created on the premise of introducing sophisticated, eclectic style to the fashion market as an American-based company with an intention of inspiring a global movement. RG received the 2014 "Menswear Brand of the Year" award from the American Apparel & Footwear Association. RG's Robert Graham® product line includes premium priced men's sport shirts, denim jeans, pants, shorts, sweaters, knits, t-shirts, sportcoats, outerwear, and swimwear. RG also offer a line of women's apparel, mainly in its own retail stores. Additionally, men's shoes, belts, small leather goods, dress shirts, neckwear, tailored clothing, headwear, eye and sun glasses, jewelry, hosiery, underwear, loungewear and fragrances are produced by third parties under various license agreements and RG receives royalty payments based upon net sales from licensees. Because RG focuses on design, development and marketing, it relies on third parties to manufacture its apparel products. RG sells its brand in a limited manner in the international market.

RG's strategy is to build brand recognition by marketing its products to fashion-conscious, affluent consumers who shop in its retail stores, its retail internet site or premium retail stores operated by third-parties. RG continually updates its product offerings to be seen as a leader in the apparel and accessories market. RG maintains and exercises control over advertising and marketing activities from its headquarters, where it sets the tone for integrity, consistency and direction of the Robert Graham® brand image. Furthermore, RG controls its brand image by controlling the distribution of its products. RG sells its current season merchandise only through its retail stores, its retail internet site, premium department stores, specialty stores, and international stores that display and merchandise its products in a way that supports its brand image and is in synch with the lifestyle and shopping experience expected by its customers. RG sells its prior season merchandise and some "designed-for-outlet" product through our own outlet stores and through select off-price retailer stores.

RG's principal executive offices are located at 264 West 40th Street, 10th Floor, New York, NY 10018 and its telephone number is (212) 869-8001.

RG is a privately held company with approximately 273 employees approximately 57% of which are full-time.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE BUSINESS OF THE COMPANY

This discussion and analysis summarizes the significant factors affecting our results of operations and financial conditions during the fiscal years ended November 30, 2014, 2013 and 2012, respectively, and the three and nine month periods ended August 31, 2015 and 2014. The discussion and analysis should be read in conjunction with our Audited Consolidated Financial Statements and the related notes thereto contained in this joint proxy and consent solicitation statement/prospectus and our Unaudited Condensed Consolidated Financial Statements, Notes to Unaudited Condensed Consolidated Financial Statements and supplemental information contained in this joint proxy and consent solicitation statement/prospectus. This discussion contains forward-looking statements reflecting our current expectations and estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward Looking Information" appearing elsewhere in this joint proxy and consent solicitation statement/prospectus.

We completed the acquisition of Hudson on September 30, 2013 and the information presented includes the results of operations of Hudson from that date through the end of our fiscal year of November 30, 2013, which was approximately two months of operations, and its financial results are included in each of the two reportable segments in a manner consistent with our reporting structure. Therefore, our results of operations for the fiscal year 2013 are not necessarily indicative of future results. Our financial results for fiscal 2014 reflect a full year of operations for our Hudson subsidiary.

We completed the sale of certain of our operating and intellectual property assets related to the Joe's Business to two separate purchasers for an aggregate purchase price of $80 million in September 2015, and, as a result, sales of our Joe's® products are presented as held for sale (discontinued operations) in our condensed consolidated financial statements for all periods presented. As part of the Asset Sale, we entered into the IP Asset Purchase Agreement with the IP Assets Purchaser and, solely for the purposes of its related guarantee, Sequential Brands Group, Inc., a Delaware corporation, pursuant to which, the IP Assets Purchaser, among other things, purchased the Intellectual Property Assets used or held for use in the Joe's Business. The aggregate purchase price was $67 million. Simultaneous with the IP Asset Purchase Agreement, we entered into the Operating Asset Purchase