Apparel Holding Corp.
Form 424B4
November 22, 2013
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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-191336

10,000,000 Shares

Apparel Holding Corp.

Common Stock

This is an initial public offering of shares of common stock of Apparel Holding Corp. (to be renamed Vince Holding Corp. prior to the consummation of this offering). Apparel Holding Corp. is selling 10,000,000 shares of common stock in this offering.

Prior to this offering, there has been no public market for the common stock. The initial public offering price of our common stock is $20.00 per share. The common stock has been approved for listing on the New York Stock Exchange under the symbol VNCE .

We are an emerging growth company as defined under the federal securities laws and are therefore subject to reduced public company reporting requirements.

See Risk Factors on page 29 to read about the factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$ 20.00	$ 200,000,000
Underwriting discount(1)	$ 1.40	$ 14,000,000
Proceeds, before expenses, to us	$ 18.60	$ 186,000,000

(1) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See Other Information Related to this Offering Underwriting.

To the extent that the underwriters sell more than 10,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 1,500,000 shares from the selling stockholders at the initial price to the public less the underwriting discounts. We will not receive any proceeds with respect to such shares.

The underwriters expect to deliver the shares against payment in New York, New York on or about November 27, 2013.

Goldman, Sachs & Co. **Baird**

BofA Merrill Lynch **Barclays** **J.P. Morgan** **Wells Fargo Securities**

KeyBanc Capital Markets **Stifel** **William Blair**

Prospectus dated November 21, 2013.

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We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information

contained in this prospectus is current only as of its date.

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Persons who come into possession of this prospectus and any such free writing prospectus in jurisdictions outside the United States (the U.S.) are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

Market and Industry Data

We obtained the industry, market and competitive position data throughout this prospectus from our own internal estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties, including (i) the *Worldwide Luxury Markets Monitor, Spring 2012 Update* (dated May 7, 2012), the *2012 Luxury Goods Worldwide Market Study (11th Edition)* (dated October 15, 2012) and the *Worldwide Luxury Markets Monitor, Spring 2013 Update* (dated May 16, 2013) (the Bain Studies) each of which was prepared by the Altagamma Foundation in cooperation with Bain & Company and (ii) the *Vince Survey Among Qualified Non-Customers* (dated January 9, 2013) (the Harris Study) which was prepared by Harris Interactive. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these studies and publications is reliable, we have not independently verified market and industry data from third-party sources. Further, while we believe the market opportunity information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Risk Factors. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us. See Special Note Regarding Forward-Looking Statements.

The Bain Studies analyze the global luxury market, including the market and financial performance of more than 230 of the world s leading luxury goods companies and brands. All 2012 figures derived from the Bain Studies are based on an exchange rate of $1.00 to 0.809.

We commissioned the Harris Study to analyze awareness of the Vince brand, affinity for the Vince brand and overall brand and purchase behavior among 500 qualified respondents.

Basis of Presentation

Our fiscal year ends on the Saturday closest to January 31. Fiscal years are identified in this prospectus according to the calendar year prior to the calendar year in which they end. For example, references to 2012, fiscal 2012 or fiscal year 2012 or similar references refer to the fiscal year ended on February 2, 2013. References to the first six months of fiscal 2012 and the first six months of fiscal 2013 refer to the six month periods ended July 28, 2012 and August 3, 2013, respectively.

Unless the context otherwise requires, references to the company, we, us and our collectively refer to Vince Holdin Corp. (currently known as Apparel Holding Corp.) and its consolidated subsidiaries, which will include Vince, LLC after giving effect to the transactions to be effected immediately prior to the consummation of this offering. When discussing periods prior to the consummation of this offering, such references refer to the historical results and

operations of Vince, LLC. We describe these transactions in the Restructuring Transactions section of this prospectus as IPO Restructuring Transactions . Additionally, unless the context otherwise requires, references to:

AHC refer to Apparel Holding Corp. and its consolidated subsidiaries (including Kellwood Company) prior to the completion of the IPO Restructuring Transactions. Apparel Holding Corp. is the historical owner and operator of the Vince and non-Vince businesses;

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Kellwood refer to Kellwood Holding, LLC and its consolidated subsidiaries (including Kellwood Company, LLC) after giving effect to the IPO Restructuring Transactions, as the future owner and operator of the non-Vince businesses, or to the non-Vince businesses of AHC prior to the completion of the IPO Restructuring Transactions, as the context requires;

Kellwood Company refer to Kellwood Company prior to the completion of the IPO Restructuring Transactions and Kellwood Company, LLC references refer to such entity after completion of the IPO Restructuring Transactions;

Vince refer to the Vince business after giving effect to the IPO Restructuring Transactions; and

Vince, LLC refer to the entity that has historically held the Vince assets and liabilities and will continue to do so after completion of the IPO Restructuring Transactions and the consummation of this offering and the application of the proceeds of this offering as described herein. Apparel Holding Corp. is the legal issuer of the shares offered in this offering. Investors will be investing in the Vince business, however, they will be purchasing shares issued by Apparel Holding Corp., not Vince, LLC.

In connection with the IPO Restructuring Transactions, affiliates of Sun Capital Partners, Inc. (Sun Capital) will retain their ownership of the non-Vince businesses through their ownership of Kellwood Holding, LLC.

Trademarks

Prior to giving effect to the IPO Restructuring Transactions, AHC owned or had rights to trademarks or trade names that it used in conjunction with the operation of both the Vince and non-Vince businesses, including Vince®, Rebecca Taylor®, David Meister®, My Michelle®, XOXO®, Jolt®, Rewind®, Democracy , Sag Harbor®, Briggs New York®, Jax®, Sangria , Kelty®, Sierra Designs®, Ultimate Direction®, Slumberjack®, Wenzel® and Isis®. After giving effect to the IPO Restructuring Transactions, we will own or have the right to use the Vince® trademark, under which we will operate our business, and Kellwood will continue to own the trademarks and tradenames necessary to operate the non-Vince businesses. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. In this prospectus, we also refer to product names, trademarks, trade names and service marks that are the property of other companies. Each of the trademarks, trade names or service marks of other companies appearing in this prospectus belongs to its owners. Our use or display of other companies product names, trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship by us of, the product, trademark, trade name or service mark owner, unless we otherwise indicate.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. It does not contain all of the information that may be important to you and your investment decision. You should carefully read the following summary together with the entire prospectus, including the matters set forth under Risk Factors, Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC and our financial statements and related notes included in the Additional Information Related to Vince Supplemental Selected Historical Financial Data of Vince, LLC section of this prospectus. Some of the statements in this prospectus constitute forward-looking statements. See Special Note Regarding Forward-Looking Statements. Statement of operations data set forth in this Prospectus Summary and the Additional Information Related to Vince Vince Business and Risk Factors Risks Related to Vince sections are calculated and presented on a stand-alone basis for Vince, LLC as if the Vince Transfer (as defined below in Corporate and Other Information) was consummated on the first day of the applicable period, unless the context otherwise requires. See Summary Historical Financial Data of Vince, LLC for additional information.

Restructuring Transactions

Apparel Holding Corp. was formed to hold the assets and liabilities of Kellwood Company in connection with the February 2008 acquisition of Kellwood Company by affiliates of Sun Capital Partners, Inc. (Sun Capital). In September 2012, Kellwood Company transferred the assets and liabilities of the Vince business to Vince, LLC in anticipation of this offering. Immediately prior to the consummation of this offering, affiliates of Sun Capital will engage in a series of transactions pursuant to which they will establish new corporate entities that will retain all of the non-Vince businesses after this offering. These non-Vince businesses will accordingly remain privately-held and will not be owned by the investors in this offering. In addition, in connection with the IPO Restructuring Transactions, as described below in The Offering Restructuring Transactions, Apparel Holding Corp., the entity offering stock in this offering, will change its name to Vince Holding Corp. and its only assets, liabilities, and operations will consist of the Vince business. Vince is the business in which you are investing by buying shares of common stock in this offering. Notwithstanding the foregoing, an investment in us is not the same as an investment in Vince, LLC as there are assets and liabilities of Apparel Holding Corp. not reflected in the Vince, LLC balance sheet. These assets and liabilities will be significantly impacted by the IPO Restructuring Transactions and the application of the net proceeds of this offering. See Additional Information Related to AHC Unaudited Pro Forma Consolidated Financial Data of AHC.

Consummation of this offering is conditioned upon the successful completion of the IPO Restructuring Transactions, including entry into the Transfer Agreement, which requires the issuance of the Kellwood Note Receivable, the application of the proceeds of this offering to the repayment of the Kellwood Note Receivable and the repayment, discharge or refinancing, as applicable, of certain indebtedness of Kellwood Company. The indebtedness that is to be repaid or discharged immediately after the closing of this offering (after giving effect to an additional capital contribution to be made by affiliates of Sun Capital as part of the IPO Restructuring Transactions) includes the Cerberus Term Loan Agreement, which had an outstanding balance of $45.7 million as of August 3, 2013, and the Sun Term Loan Agreements, which totaled $118.0 million in the aggregate as of August 3, 2013 (each as defined in Restructuring Transactions). Kellwood Company, LLC will also, at closing, issue an unconditional redemption notice to redeem all of its 12.875% Second-Priority Senior Secured Payment-In-Kind Notes due 2014, which totaled $146.8 million as of August 3, 2013 (the 12.875% Notes), and refinance its $155 million revolving credit facility (the Wells Fargo Facility), which had an outstanding balance of $115.6 million as of August 3, 2013, to, among other things, release Vince, LLC

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as a guarantor. At or after the closing of this offering, Kellwood Company, LLC may use proceeds remaining from the repayment of the Kellwood Note Receivable to repurchase some or all of its 7.625% 1997 Debentures due 2017, which totaled $87.0 million in the aggregate as of August 3, 2013 (the 7.625% Notes) and some or all of its 3.5% 2004 Convertible Debentures due June 15, 2034, which totaled $0.2 million in the aggregate as of August 3, 2013 (the 3.5% Convertible Notes). Neither Apparel Holding Corp. nor Vince, LLC is a guarantor or obligor of the 7.625% Notes or the 3.5% Convertible Notes. Although the repayment, discharge, repurchase or refinancing of the Kellwood Company indebtedness described in this paragraph is not a condition to the closing of this offering, the Transfer Agreement requires that Kellwood Company, LLC apply the proceeds from the repayment of the Kellwood Note Receivable to effect such repayments, discharges, repurchases and refinancings and entry into the Transfer Agreement is a closing condition. See Restructuring Transactions, Use of Proceeds and Other Information Related to this Offering Description of Certain Indebtedness of AHC for additional information. If any of these conditions are not satisfied, the offering will not be consummated and you will not receive or be obligated to pay for shares of Vince Holding Corp. common stock until such time as all such conditions are satisfied or the offering is withdrawn in accordance with applicable law.

Our Company

Apparel Holding Corp. is currently a diversified apparel company that designs, manufactures, and markets a collection of fashion brands which include Vince, Rebecca Taylor, David Meister, Sag Harbor, My Michelle and XOXO, along with numerous private label businesses for major retailers. AHC has four reportable segments which include (i) Vince, contemporary fashion apparel and accessories sold under the Vince® brand name; (ii) American Recreational Products (ARP), recreational apparel and products sold under Kelty, Sierra Designs, Ultimate Direction, Slumberjack, Wenzel and Isis brand names; (iii) Juniors, a collection of denim, dresses and sportswear labels sold under the Rewind, My Michelle and Jolt brand name as well as private label; and (iv) Moderate, moderately priced related separates and pants covering career and casual lifestyles sold through wholesale distribution and produced under private labels, as well as under the Sag Harbor and Briggs New York brands. After giving effect to the IPO Restructuring Transactions, Apparel Holding Corp. will be renamed Vince Holding Corp. and its assets, liabilities, and operations will consist solely of the Vince business. An investment in us is an investment in the Vince business.

Vince is a prominent, high-growth contemporary apparel brand known for its modern, effortless style and everyday luxury essentials. The Vince brand was founded in 2002 with a collection of stylish women s knits and cashmere sweaters that rapidly attracted a loyal customer base drawn to the casual sophistication and luxurious feel of our products. Over the last decade, Vince has generated strong sales momentum and has successfully grown to include a men s collection in 2007, expanded denim, leather and outerwear lines in 2010 and women s footwear, which was launched through a licensing partnership in 2012. The Vince brand is synonymous with a clean, timeless aesthetic, sophisticated design and superior quality. We believe these attributes have generated strong customer loyalty and allow us to hold a distinctive position among contemporary apparel brands. We also believe that we will achieve continued success by expanding our product assortment and distributing this expanded product assortment through our premier wholesale partners in the U.S. and select international markets, as well as through our growing number of branded retail locations and on our e-commerce platform.

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The strength of the Vince brand is demonstrated by our growth trajectory, with net sales, comparable store sales growth, Adjusted EBITDA and net income, as set forth below, for each of fiscal 2010, fiscal 2011 and fiscal 2012 and the first six months of fiscal 2012 and 2013:

Period	Net Sales	Change from Prior Period	Comparable Store Sales Growth	Adjusted EBITDA	Change from Prior Period	Net Income
(Dollars in Millions)						
Fiscal 2010	$ 111.5		9.3%	$ 23.6		$ 9.1
Fiscal 2011	175.3	57.2%	7.6%	44.2	86.9%	16.7
Fiscal 2012	240.4	37.1%	23.1%	51.5	16.6%	10.3
First six months of Fiscal 2012	90.5		13.9%	15.3		1.2
First six months of Fiscal 2013	114.7	26.6%	31.7%	21.5	40.9%	2.4

See Non-GAAP Financial Measures for the definition of Adjusted EBITDA and a reconciliation from net income to Adjusted EBITDA.

Led by an experienced management team, Vince is evolving from a U.S. wholesale-driven women s apparel business to a global, dual-gender, multi-channel lifestyle brand. We believe we have significant and visible growth opportunities that include:

- expanding the brand s appeal with new product offerings;
- increasing wholesale penetration and productivity in premier department stores and specialty stores;
- opening new retail locations and improving productivity in existing Vince stores;
- growing our e-commerce business;
- selectively adding new points of distribution globally; and
- building brand awareness to attract new customers.

We serve our customers through a variety of channels that reinforce the Vince brand image. Our diversified channel strategy allows us to introduce our products to customers through multiple distribution points that are reported in two segments: wholesale and direct-to-consumer. Our wholesale segment is comprised of sales to premier department stores and specialty stores in the U.S. and in select international markets, with U.S. wholesale representing 76% of our

fiscal 2012 sales and 70.4% of our sales for the first six months of fiscal 2013. We believe that our success in the U.S. wholesale segment and strong relationships with premier wholesale partners provide opportunities for continued growth. These growth initiatives include creating enhanced product assortments and brand extensions through both in-house development activities and licensing arrangements, as well as by continuing the build-out of Vince branded shop-in-shops in select wholesale partner locations. We also believe international wholesale, which represented 8% of net sales for fiscal year 2012 and 10.3% of net sales for the first six months of fiscal 2013, presents a significant growth opportunity as we strengthen our presence in existing geographies and introduce Vince in new markets globally.

In 2008, we began to broaden our distribution beyond the wholesale channel with the opening of our first retail store. Since then, we have expanded our direct-to-consumer presence, and as of October 5, 2013, we operated 27 stores, which consist of 21 full-price retail stores and six outlet locations. Based on a combination of third-party analyses and internal projections, we believe the U.S. market can currently support at least 100 free-standing Vince store locations. The direct-to-consumer

segment also includes our website, *www.vince.com*, which was launched in 2008. The direct-to-consumer segment accounted for 15.5% of fiscal 2012 net sales and 19.3% of net sales for the first six months of fiscal 2013, and we expect sales from this channel to accelerate as we drive productivity in existing stores, open new stores and upgrade and re-launch our website in 2014.

Our Competitive Strengths

Differentiated Brand for Everyday Luxury Essentials. We believe that the Vince brand holds a distinct position in today s marketplace driven by a premium product assortment that combines sophisticated comfort with contemporary and timeless fashion that can be worn virtually everyday. The Vince brand is distinguished by a refined, modern aesthetic with superior quality and attention to detail and fit. The premium nature of the Vince brand is reinforced through our highly selective wholesale partnerships with premier department stores and specialty stores and a retail strategy designed to ensure a consistent brand presentation and enhanced customer experience. We believe the enduring fashion and effortless style of the Vince brand, coupled with a pricing strategy that positions us as an affordable luxury, have created strong and proven global appeal.

Exceptional Customer Loyalty and Reach. The quality, consistency and design of our products have attracted a loyal following among style-savvy consumers across a broad age demographic. Based on a 2012 third-party survey that we commissioned among 500 qualified consumers, Vince has high levels of brand affinity and purchase intent. Among women surveyed who are aware of Vince, 41% express that they love the brand, and 35% report that they are highly likely to purchase the brand within the next six months, representing the highest levels of affinity and purchase intent compared to 20 other peer brands included in the survey. While our target customer is between the ages of 30 and 50, we have successfully attracted fashion-conscious customers as young as 18 and customers over 55 who appreciate our brand s sophistication and design aesthetic.

Established Network of Premier Wholesale Partners. Vince is a leading brand in premier U.S. department stores, including Nordstrom, Saks Fifth Avenue, Neiman Marcus and Bloomingdale s, as well as in select specialty stores nationwide. Based on industry experience, we believe that in the majority of these U.S. department stores, Vince was a top selling brand on the contemporary floor in fiscal 2012 and the first six months of fiscal 2013. Our product offerings and brand also resonate with customers outside the U.S., as demonstrated by the strong growth experienced through premium international stores including Harrods and Harvey Nichols in both these periods and by Lane Crawford in the first six months of fiscal 2013. Looking forward, we believe there are opportunities for further growth and productivity gains with our wholesale partners through new initiatives such as product line extensions and the transformation of Vince product displays at select department stores into branded shop-in-shops.

Scalable and Flexible Retail Format. We opened our first retail location in 2008 and have since grown our retail footprint in the U.S. to a total of 27 stores, which consist of 21 full-price retail stores and six outlet locations, as of October 5, 2013. Our stores offer a personalized, service-oriented shopping experience in a boutique setting that reflects the lifestyle and modern aesthetic of the brand. We have a proven and flexible full-price retail format that targets both street and mall locations, which can accommodate both dual and single gender assortments. The strength of our retail channel is evidenced by the revenue growth across our existing store base, with a 9.3%, 7.6% and 23.1% comparable store sales growth in fiscal 2010, fiscal 2011 and fiscal 2012, respectively, and 31.7% comparable store sales growth in the first six months of fiscal 2013. We continue to open retail locations and invest in infrastructure to support the long-term growth of this channel.

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Experienced Management Team. We have assembled a world-class management team with extensive experience across a broad range of disciplines including global brand building, merchandising, marketing, design, operations, retail, international, licensing and finance. Our highly skilled team is led by our Chief Executive Officer (CEO), Jill Granoff, who was previously CEO of Kenneth Cole Productions, our President and Chief Creative Officer, Karin Gregersen, who was previously Managing Director of Chloé/Richemont Americas, and our Chief Financial Officer (CFO), Lisa Klinger, who was previously CFO of The Fresh Market.

Growth Strategy

Capitalize on New and Existing Product Opportunities. We believe there are significant opportunities to capitalize on our strong customer loyalty and growing customer base by enhancing our current product assortment and introducing new product categories in order to provide additional reasons to shop the Vince brand. We plan to build sales of existing product categories by elevating our men s collection, expanding our denim and outerwear offerings, increasing our assortment of women s bottoms and dresses and implementing a replenishment program for core items. Additionally, we continue to identify new product categories that will allow us to capture incremental share from existing customers and attract new customers. Categories already identified include handbags and leather accessories, which we anticipate launching in 2015, as well as more tailored collections for women and men. We also entered into a licensing agreement for women s footwear, which launched in 2012, and signed a licensing agreement in 2013 for the launch of children s apparel in 2014. We also anticipate launching men s footwear in 2014 through a licensing partner. We will continue to explore additional licensing opportunities for select categories requiring specialized expertise, such as intimates/loungewear, men s footwear and fashion accessories.

Increase Wholesale Penetration. In fiscal 2012, we grew our wholesale net sales in the U.S. by 35% compared to fiscal 2011. This revenue growth exceeded our growth of 17% in the number of wholesale doors during fiscal 2012, which illustrates our ability to improve productivity within existing locations. We believe we can continue to increase wholesale net sales by enhancing assortments in existing product categories, introducing new product categories and improving our visual presentation, space layout and fixtures. Working with our wholesale partners, we are planning to open 15 to 20 new branded shop-in-shops in fiscal 2013 and believe there is an attractive opportunity to open additional shop-in-shops in 2014 and beyond. We believe our shop-in-shop strategy will provide our customers with a more elevated retail shopping experience and allow us to better showcase the Vince lifestyle.

Accelerate Growth of U.S. Direct-to-Consumer Segment. As of October 5, 2013, we operated 27 stores, which consist of 21 full-price retail stores and six outlet locations. Based on a combination of third-party analyses and internal projections, we believe the U.S. market can currently support at least 100 free-standing Vince store locations. We plan to double our current store base over the next three to five years, including opening a net total of six new stores in fiscal 2013. Our new full-price store model ranges from 2,000 to 3,000 gross square feet, and we target a payback period on our new store investments of two to three years. In addition to new store expansion, we also have an opportunity to increase productivity in our existing stores through enhanced merchandising with a focus on a broad lifestyle presentation, personalized customer service strategies, the launch of new product categories, improved inventory management and the expansion of made-for-outlet product. We believe our recently enhanced e-commerce strategy creates additional opportunities for growth. As a component of this strategy, we intend to upgrade and re-launch our *www.vince.com* website in 2014 to offer a more compelling shopping experience and richer content to increase customer engagement and visit frequency.

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Expand Our International Business. Given increasing worldwide demand for affordable luxury goods, targeted international expansion represents a compelling growth opportunity. Vince products are currently sold in 43 countries, either directly to premier department and specialty stores, or through distribution relationships with highly-regarded international partners with exclusive rights to certain territories. As of October 5, 2013, we had eight international shop-in-shops. We believe we can increase international sales by supplementing existing distribution partnerships, increasing wholesale penetration and productivity and selectively adding retail locations with current and prospective partners in attractive international markets including Canada, select European countries, Asia and the Middle East.

Build Our Brand Awareness. Vince has a significant opportunity to increase brand awareness and drive incremental sales. Based on a 2012 third-party consumer survey we commissioned, Vince has aided brand awareness of 20% compared to 30% to 50% for other contemporary brands and approximately 75% to 90% for brands like Michael Kors, Diane von Furstenburg and Ralph Lauren. Aided brand awareness is when a respondent indicates recognition of a specific brand from a list of possible names presented by those conducting the survey instead of indicating recognition of a specific brand without being offered a list of potential responses. Our low awareness level, coupled with the high affinity and purchase intent we have among existing consumers, underscores what we believe is a significant growth opportunity to convert potential new customers to loyal brand enthusiasts. To address this opportunity, we intend to increase our marketing investment across a range of strategic initiatives, including cooperative advertising with wholesale partners, print media, digital media, editorial coverage, direct mail, search engine optimization, social media initiatives, targeted product placement, celebrity outreach and in-store events. We also believe our brand awareness will increase as we open new retail stores in prominent, high-visibility locations, increase the number of shop-in-shops at our wholesale partner locations and upgrade and re-launch our *www.vince.com* website.

Recent Developments of Apparel Holding Corp.

Set forth below is selected preliminary, unaudited consolidated financial data of Apparel Holding Corp. and its consolidated subsidiaries for the third quarter of fiscal 2013, based upon AHC s estimates. It includes selected preliminary, unaudited consolidated financial data associated with the combined Vince and non-Vince businesses and assets and liabilities associated with the Vince business as well as the non-Vince businesses that will be transferred to Kellwood Holding, LLC and its consolidated subsidiaries in connection with the IPO Restructuring Transactions. An investment in us after giving effect to the IPO Restructuring Transactions is an investment in the Vince business. We will not have ongoing involvement with the non-Vince businesses following separation, with the exception of our payments to Kellwood for certain services to be provided under the Shared Services Agreement as further described elsewhere in this prospectus. Similarly, Kellwood will not have ongoing involvement in our business, other than pursuant to the Shared Services Agreement. Once we have completed the IPO Restructuring Transactions, results of operations of the non-Vince businesses will be reported as discontinued operations for accounting purposes and our continuing operations will consist solely of the Vince business.

This data has been prepared by, and is the responsibility of, AHC management. AHC s independent registered public accounting firm, PricewaterhouseCoopers LLP, has not audited, reviewed, compiled or performed any procedures related to, and does not express an opinion or any other form of assurance with respect to, this data. This summary is not a comprehensive statement of AHC s financial results for the third quarter of fiscal 2013 and AHC s actual results may differ materially from these estimates due to the completion of its financial closing procedures, final adjustments and

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other developments that may arise between now and the time the financial results for this period are finalized.

Net sales are estimated to be between $212.9 million and $215.0 million for the third quarter of fiscal 2013, an increase of 5.0% at the midpoint of the range as compared to $203.4 million for the third quarter of fiscal 2012. The estimated increase in net sales is primarily due to higher net sales within our Vince and Juniors segments, partially offset by lower net sales within our ARP segment.

Gross margin rate for the third quarter of fiscal 2013 is estimated to be between 31.3% and 32.7%, an increase of approximately 110 basis points compared to the third quarter fiscal 2012 rate of 30.9%. The estimated increase in gross margin is driven primarily by a higher percentage of our sales coming from the Vince segment, in which AHC generally recognizes higher margins.

Income from operations is estimated to be between $12.0 million and $15.0 million for the third quarter of fiscal 2013 as compared to $16.1 million for the third quarter of fiscal 2012. The increase in net sales noted above is expected to be offset by increased selling, general and administrative expenses, which are expected to be between $52.8 million and $53.8 million, primarily in its Vince segment and partially offset by a decrease in unallocated corporate selling, general and administrative expenses.

Net loss is estimated to be between $(4.5) million and $(1.5) million for the third quarter of fiscal 2013 as compared to net loss of $(14.9) million for the third quarter of fiscal 2012. The estimated decrease in net loss compared to the corresponding period in fiscal 2012 is primarily driven by the net loss from discontinued operations of $6.7 million for the third quarter of fiscal 2012, which was not repeated in fiscal 2013.

Adjusted EBITDA is estimated to be between $16.1 million and $20.3 million for the third quarter of fiscal 2013, as compared to $21.5 million for the third quarter of fiscal 2012. AHC s adjusted EBITDA estimate for the third quarter of fiscal 2013 reflects AHC s estimated net loss from continuing operations before income taxes of between $(4.4) million and $(1.4) million, plus estimated deprecation of $1.2 million, plus estimated amortization of $0.5 million, plus estimated interest expense, net of $14.8 million plus estimated restructuring, environmental and other charges of between $0.1 million and $1.3 million, plus estimated public company transition costs of $3.2 million. AHC s Adjusted EBITDA for the third quarter of fiscal 2012 reflects AHC s loss from continuing operations before provision of income taxes of $(8.3) million plus depreciation of $1.0 million, plus amortization of $0.5 million, plus interest expense, net of $23.8 million, plus restructuring, environmental and other charges of $0.6 million plus public company transition costs of $3.9 million, in each case for the third quarter of fiscal 2012.

AHC includes Adjusted EBITDA for a number of reasons as described in Additional Information Related to AHC Management s Discussion and Analysis of Financial Condition and Results of Operations of AHC. AHC s use of Adjusted EBITDA has certain limitations because it does not reflect all items of income and expense that affect AHC s operations. Investors are encouraged to review AHC s financial information in its entirety and not rely on a single financial measure.

AHC has provided a range from the preliminary results described above primarily because its financial closing procedures for the month ended November 2, 2013 and the third quarter of fiscal 2013 have not yet been completed

and as such, the financial closing procedures are not yet complete. As a result, AHC expects that its financial results upon completion of our closing procedures will vary from the preliminary estimates within the ranges as described above. Among the components of AHC s financial results as to which it is unable to determine specific amounts prior to the completion of its

quarter end closing procedures are: (i) net sales, which AHC estimates based upon recent historical trends, internal analysis and forecasting and preliminary unaudited results for the two fiscal months ended October 5, 2013; (ii) certain general operating expenses associated with accrued liabilities arising at the end of the period, which are estimated based upon recent historical trends and internal reporting and forecasting; (iii) employee bonus expenses, which are included in AHC s operating expenses and estimated based upon a formula that is dependent upon AHC s forecasted Adjusted EBITDA; (iv) certain operating expenses associated with commitments and contingencies; and (v) AHC s income tax provision, which has been estimated based upon AHC s current tax provision as of and at August 3, 2013 and AHC s forecasted pre-tax income (loss) for the period. AHC expects to complete its closing procedures with respect to the month ending November 2, 2013 and the third quarter of fiscal 2013 in December 2013.

Recent Developments of Vince, LLC

Set forth below is selected preliminary, unaudited financial data of Vince, LLC for the third quarter of fiscal 2013, based upon our estimates. This data has been prepared by, and is the responsibility of, management. Our independent auditor, PricewaterhouseCoopers LLP, has not audited, reviewed, compiled or performed any procedures, and does not express an opinion or any other form of assurance with respect to this data. This summary is not a comprehensive statement of our financial results for this period and our actual results may differ materially from these estimates due to the completion of our financial closing procedures, final adjustments and other developments that may arise between now and the time the financial results for this period are finalized.

Please note the following:

Apparel Holding Corp. (to be renamed Vince Holding Corp. prior to the consummation of this offering) is the legal issuer of the shares offered in this offering.

The information set forth below is provided as supplemental information and should not be considered in lieu of the information pertaining to Apparel Holding Corp; and

The financial information included in this discussion and in Vince, LLC s historical financial statements may not be indicative of Apparel Holding Corp. s financial position, operating results and changes in equity after the completion of the IPO Restructuring Transactions, or what they would have been had the Vince business operated separately from the non-Vince businesses during the periods presented.

Net sales for the third quarter of fiscal 2013 are estimated to be between $85.3 million and $86.2 million, an increase of 10.8% to 11.9% as compared to $77.0 million for the third quarter of fiscal 2012. This net sales growth is on top of a 34.0% increase in net sales during the corresponding third quarter period in fiscal 2012. The increase in net sales is expected to be primarily due to an increase in our direct to consumer channel with comparable store sales growth of 16.5%, the opening of seven additional retail stores, and increased e-commerce sales volume. The 16.5% comparable store sales growth expectation for the third quarter of fiscal 2013 is in addition to 23.4% comparable store sales growth reported in the third quarter of fiscal 2012. We also estimate 2.0% to 3.0% growth in the wholesale channel driven by net sales growth in the high-teens at our premier U.S. wholesale partners and the opening of 13 new global shop-in-shops, mostly offset by the fact that our international wholesale partners shifted some of their purchases from the third quarter of fiscal 2013 to the second quarter of fiscal 2013 and the fact that our off-price partners shifted some of their purchases into the fourth quarter of fiscal 2013. These timing shifts impacted our third quarter fiscal 2013 wholesale sales

growth by eight percentage points.

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Gross margin rate for the third quarter of fiscal 2013 is estimated to be between 48.5% and 49.0%, an increase of approximately 290 to 340 basis points compared to the third quarter fiscal 2012 rate of 45.6%. The estimated increase in gross margin is driven by (i) a higher percentage of our sales coming from the direct-to-consumer segment, where we generally recognize higher margins, which we estimate will deliver approximately 200 to 240 basis points of gross margin expansion and (ii) an increased percentage of full-price sales compared to off-price sales in the third quarter of fiscal 2013, which we estimate will deliver approximately 300 to 350 basis points of gross margin improvement relative to the third quarter of fiscal 2012. These margin expansion drivers will be partially offset by increased margin contribution payments provided to our wholesale partners in the third quarter of fiscal 2013, which are estimated to result in a 210 to 250 basis points decline in gross margin.

Income from operations for the third quarter of fiscal 2013 is estimated to be between $17.3 million and $17.8 million, an increase of 11.4% to 14.2% as compared to $15.6 million for the third quarter of fiscal 2012. The estimated increase in income from operations compared to the corresponding period in fiscal 2012 is primarily due to increased net sales, partially offset by higher selling, general and administrative (SG&A) expenses. Total SG&A expenses are estimated to be between $23.9 million and $24.3 million, or 28.0% to 28.2% as a percentage of sales, versus $19.4 million, or 25.2% as a percentage of sales, in the corresponding period in fiscal 2012. The increased SG&A expenses were driven by incremental compensation costs associated with the hiring of the stand-alone Vince management team estimated at 80 to 85 basis points, incremental new store costs estimated at 145 to 155 basis points and increased marketing and design expense estimated at 55 to 60 basis points, each of which reflect continued investment in the business for future growth.

Net income for the third quarter of fiscal 2013 is estimated to be between $6.3 million and $6.5 million, an increase of 12.7% to 16.7% as compared to net income of $5.6 million for the third quarter of fiscal 2012. The estimated increase in net income versus the corresponding period in fiscal 2012 is primarily due to increased net sales, partially offset by higher SG&A expenses.

Adjusted EBITDA for the third quarter of fiscal 2013 is estimated to be between $21.1 million and $21.6 million, an increase of 6.4% to 8.6% as compared to $19.9 million for the third quarter of fiscal 2012. Our adjusted EBITDA estimate for the third quarter of fiscal 2013 reflects estimated income before income taxes of between $10.4 million and $10.7 million, plus estimated depreciation of $0.6 million, plus estimated amortization of $0.2 million, plus estimated net interest expense of between $6.8 million and $6.9 million, plus estimated public company transition costs of $3.2 million. The adjusted EBITDA for the third quarter of fiscal 2012 reflects income before income taxes of $9.3 million plus depreciation of $0.4 million, plus amortization of $0.2 million, plus net interest expense of $6.1 million, plus public company transition costs of $3.9 million.

We include Adjusted EBITDA for a number of reasons as described in Additional Information Related to Vince Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince. Our use of Adjusted EBITDA has certain limitations because it does not reflect all items of income and expense that affect our operations. Investors are encouraged to review our financial information in its entirety and not rely on a single financial measure.

We have provided a range from the preliminary results described above primarily because the financial closing procedures for the month ended November 2, 2013 and the third quarter of fiscal 2013 have not yet been completed.

As a result, we expect that our financial results upon completion of our closing procedures will vary from our preliminary estimates within the ranges as described above.

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Among the components of our financial results as to which we are unable to determine specific amounts prior to the completion of its quarter end closing procedures are : (i) net sales, which we estimate based upon recent historical trends, internal analysis and forecasting and preliminary unaudited results for the two months ended October 5, 2013; (ii) certain general operating expenses associated with accrued liabilities arising at the end of the period, which are estimated based upon recent historical trends and internal reporting and forecasting; (iii) employee bonus expenses, which are included in our operating expenses and estimated based upon a formula that is dependent upon our forecasted Adjusted EBITDA; (iv) certain operating expenses associated with commitments and contingencies; and (v) our income tax provision, which has been estimated based upon our current tax provision as of and at August 3, 2013 and our forecasted pre-tax income for the period. We expect to complete our closing procedures with respect to the month ending November 2, 2013 and the third quarter of fiscal 2013 in December 2013.

Our Market Opportunity

We operate in the global personal luxury goods industry. According to the Bain Studies, the luxury goods market grew at a compound annual growth rate of approximately 6% between 1996 and 2012, with estimated sales of approximately $260 billion in 2012. The Bain Studies define the global personal luxury goods market to include design, hospitality, wines & spirits, food, cars and yachts. According to the Bain Studies, for fiscal 2010 through fiscal 2012, the global personal luxury goods market grew at an 11% compounded annual growth rate. Going forward, Bain & Company expects the global personal luxury goods market to grow 4% to 5% in 2013, and at a 5% to 6% compounded annual growth rate over the next few years, reflecting a growing middle class possessing increased purchasing power in select international markets, increased demand for higher-end apparel and leather goods, and growing demand for luxury goods in China and South-East Asia. We believe our business is well-positioned to benefit from these trends.

Risks Associated with our Business

There are a number of risks and uncertainties that may affect our financial and operating performance and our growth prospects. You should carefully consider all of the risks discussed in Risk Factors before investing in our common stock. Some of these risks include the following:

- General economic conditions in the U.S. and other parts of the world, including a continued weakening of the economy and restricted credit markets, can affect consumer confidence and consumer spending patterns;

- Intense competition in the apparel industry could reduce our sales and profitability;

- A substantial portion of our revenue is derived from a small number of large wholesale partners, and the loss of any of these wholesale partners could substantially reduce our total revenue;

- We have grown rapidly in recent years and we have limited operating experience as a team at our current scale of operations. If we are unable to manage our operations at our current size or are unable to manage any future growth effectively, our business results and financial performance may suffer;

Kellwood provides us with certain key services for our business. If Kellwood fails to perform its obligations to us or if we do not find appropriate replacement services, we may be unable to perform these services or implement substitute arrangements on a timely and cost-effective basis on terms favorable to us; and

Our historical financial information may not be representative of our results as a stand-alone public company.

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Our Equity Sponsor

Sun Capital is a leading private investment firm focused on leveraged buyouts, equity, debt and other investments in market-leading companies that can benefit from its in-house operating professionals and experience. Since its inception in 1995, Sun Capital affiliates have invested in over 320 companies worldwide with combined sales in excess of $45 billion. Sun Capital affiliates have invested in several specialty retail and apparel companies, including Gerber Childrenswear, Hanna Andersson, Limited Stores, Gordmans, Scotch & Soda, Mattress Firm, Pamida and Shopko Stores.

On February 12, 2008, investment funds advised by affiliates of Sun Capital acquired Kellwood Company for aggregate consideration of $955.4 million, including the assumption of debt, in a cash tender offer and subsequent squeeze-out merger. Sun Cardinal, LLC (Sun Cardinal) and SCSF Cardinal, LLC (SCSF Cardinal), affiliates of Sun Capital and the selling stockholders in this offering, have offered the underwriters an option to purchase an additional 1,500,000 shares in this offering. Following consummation of this offering, affiliates of Sun Capital will own approximately 72% of our outstanding common stock, or 68% if the underwriters option to purchase additional shares from the selling stockholders is fully exercised. See Other Information Related to this Offering Security Ownership of Certain Beneficial Owners of AHC. Sun Cardinal, LLC, a Sun Capital affiliate, will have the ability to designate a majority of our directors for so long as affiliates of Sun Capital own 30% or more of the outstanding shares of our common stock. As a result, funds advised by affiliates of Sun Capital will be able to have a significant effect relating to votes over fundamental and significant corporate matters and transactions. See Risk Factors Risks Related to this Offering and Our Common Stock We are a controlled company, controlled by investment funds advised by affiliates of Sun Capital, whose interests in our business may be different from yours.

Company History

Kellwood Company was founded in 1961 as the successor by merger of fifteen independent suppliers to Sears, Roebuck & Co. Beginning in 1985, Kellwood implemented a strategy to expand its branded business, broaden its customer base, diversify its distribution channels and further develop its global sourcing capability. In 2006, Kellwood Company acquired the Vince business from its founders. As described above, affiliates of Sun Capital acquired Kellwood Company in February 2008 through Apparel Holding Corp. Affiliates of Sun Capital will continue to control the non-Vince businesses through their ownership of Kellwood Holding, LLC, after giving effect to the IPO Restructuring Transactions.

Corporate and Other Information

Apparel Holding Corp. was incorporated in Delaware in February 2008 in connection with the acquisition of Kellwood Company by affiliates of Sun Capital. In September 2012, Kellwood Company formed Vince, LLC and all assets constituting the Vince business were contributed to Vince, LLC at such time (the Vince Transfer). Immediately prior to the consummation of this offering, Apparel Holding Corp. will be renamed Vince Holding Corp., the entity issuing common stock in this offering. Our principal executive office is located at 1441 Broadway, 6th Floor, New York, New York 10018 and our telephone number is (212) 515-2600. Our corporate website address is *www.vince.com*. The information contained on, or accessible through, our corporate website does not constitute part of this prospectus.

Affiliates of Sun Capital are Apparel Holding Corp. s controlling stockholders. After consummation of this offering, affiliates of Sun Capital will continue to control both Kellwood and Vince. Kellwood will continue to provide certain services to us through the Shared Services Agreement (as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement), such as

distribution, information technology and back office support.

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Emerging Growth Company Status

We are, and will continue to be after completing the IPO Restructuring Transactions, an emerging growth company, as defined in the Jumpstart Our Business Startups Act (the JOBS Act). For as long as we are an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding advisory say-on-pay votes on executive compensation and stockholder advisory votes on golden parachute compensation.

Under the JOBS Act, we will remain an emerging growth company until the earliest of:

- the last day of the fiscal year during which we have total annual gross revenues of $1 billion or more;
- the last day of the fiscal year following the fifth anniversary of the consummation of this offering;
- the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt; and
- the date on which we are deemed to be a large accelerated filer under the Securities Exchange Act of 1934, as amended (the Exchange Act). We will qualify as a large accelerated filer as of the first day of the first fiscal year after we have (i) more than $700 million in outstanding common equity held by our non-affiliates and (ii) been public for at least 12 months. The value of our outstanding common equity will be measured each year on the last day of our second fiscal quarter.

The JOBS Act also provides that an emerging growth company can utilize the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the Securities Act) for complying with new or revised accounting standards. However, we are choosing to opt out of such extended transition period, and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for companies that are not emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

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The Offering

Common stock offered by us	10,000,000 shares.
Option to purchase additional shares offered by the selling stockholders	The selling stockholders have agreed to allow the underwriters to purchase up to an additional 1,500,000 shares in the aggregate from them, at the public offering price, less the underwriting discounts, within 30 days of the date of this prospectus. We will not receive proceeds, if any, from the underwriters option to purchase additional shares.
Common stock outstanding immediately after the offering	36,263,585 shares.
Selling stockholders	Sun Cardinal, LLC and SCSF Cardinal, LLC, affiliates of Sun Capital.
Use of proceeds	We expect to receive net proceeds from this offering of approximately $177 million, based upon the initial public offering price of $20.00 per share and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.
	We expect to receive approximately $177 million of net proceeds from this offering and retain approximately $5.0 million of such net proceeds for general corporate purposes. We expect to use the remaining estimated net proceeds, together with net borrowings of $169.5 million under our new term loan facility, to repay the Kellwood Note Receivable, as described in Restructuring Transactions. The Kellwood Note Receivable will total $341.5 million.
	After giving effect to the contribution of certain indebtedness under the Sun Term Loan Agreements to be made by Sun Capital or its affiliates as part of the IPO Restructuring Transactions (the Additional Sun Capital Contribution), which capital contribution will be in addition to the Sun Capital Contribution, as described below in Restructuring Transactions, Kellwood Company, LLC will use proceeds from our repayment of the Kellwood Note Receivable to repay, discharge or repurchase a portion of its indebtedness, including fees, expenses and accrued and unpaid interest related thereto. Additionally, Kellwood Company, LLC will refinance the remainder of such then outstanding indebtedness for which Apparel Holding Corp. or Vince, LLC is a guarantor or obligor. Kellwood Company, LLC also intends to utilize a portion of the proceeds

from repayment of the Kellwood Note Receivable to pay (i) a restructuring fee equal to 1% of the aggregate of this

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offering and certain related debt repayments and the amount of the new Vince and Kellwood credit facilities to Sun Capital Partners Management V, LLC (Sun Capital Management) pursuant to that certain management services agreement, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Management Fees (the Management Services Agreement) and (ii) a debt recovery bonus of $6.0 million to our Chief Executive Officer, as described in Additional Information Related to Vince Vince Executive Compensation Employment Agreements. See Restructuring Transactions and Use of Proceeds for additional information. The restructuring fee described in clause (i) above and payable to Sun Capital Management in connection with this offering will total $3.3 million.

Restructuring Transactions

Effective September 1, 2012, Kellwood Company, a wholly-owned subsidiary of Apparel Holding Corp., contributed the assets and liabilities constituting the Vince business to Vince, LLC, a Delaware limited liability company and wholly-owned subsidiary of Kellwood Company, in the Vince Transfer.

In anticipation of this offering and effective June 18, 2013, affiliates of Sun Capital, contributed $407.5 million of indebtedness to Apparel Holding Corp. as a capital contribution. We refer to this contribution as the Sun Capital Contribution. Affiliates of Sun Capital will contribute an estimated $70.1 million of indebtedness under the Sun Term Loan Agreements to Apparel Holding Corp. in the Additional Sun Capital Contribution as part of the IPO Restructuring Transactions. Such number reflects that the amount of the Kellwood Note Receivable will be $341.5 million and assumes that the aggregate amount of uses of the Kellwood Note Receivable proceeds (as described in Use of Proceeds) will total $411.4 million.

We will complete the IPO Restructuring Transactions immediately prior to the consummation of this offering through which (i) Kellwood Holding, LLC will acquire the non-Vince businesses, which include Kellwood Company, LLC (to be converted from Kellwood Company in connection with these transactions) and (ii) Vince Intermediate Holding, LLC, a to be formed direct subsidiary of Apparel Holding Corp., will retain the Vince business, which includes Vince, LLC. Sun Capital affiliates will continue to own and control the non-Vince businesses through their ownership of Kellwood Holding, LLC after giving effect to the IPO Restructuring Transactions. Additionally, immediately prior to consummation of this offering, and as part of the IPO Restructuring Transactions, Apparel Holding Corp. will (A) convert all of its issued and outstanding

	non-voting common stock into common stock on a one-for-one basis, (B) effect a stock split of its common stock on a 28.5177 for one basis and (C) change its name to Vince Holding Corp. We refer to the Vince Transfer, the Sun Capital Contribution and the IPO Restructuring Transactions collectively as the Restructuring Transactions. Successful completion of the IPO Restructuring Transactions is a condition to the consummation of this offering. For a more detailed discussion and charts showing our structure before and after consummation of this offering, see Restructuring Transactions.
Dividend policy	We currently expect to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness and therefore we do not anticipate paying any cash dividends in the foreseeable future. We anticipate that our ability to pay dividends on our common stock will be limited by our new revolving credit facility and our new term loan facility and may be further restricted by the terms of any other of our future debt or preferred securities. See Dividend Policy of AHC and Additional Information Related to Vince Description of Certain Indebtedness of Vince, LLC.
Risk factors	See Risk Factors and the other information in this prospectus for a discussion of the factors you should consider before you decide to invest in our common stock.
New York Stock Exchange Symbol	We have been approved to list our common stock on the New York Stock Exchange (the NYSE) under the symbol VNCE .

The number of shares of our common stock to be outstanding following this offering is based on 26,263,585 shares of our common stock outstanding as of October 15, 2013, and excludes:

- 99,812 shares of our common stock issuable upon the exercise of options that we intend to grant under our new management equity incentive plan (the "Vince 2013 Incentive Plan"), as described in Additional Information Related to Vince Vince Executive Compensation Employee Stock Plans Vince 2013 Incentive Plan, to our Chief Financial Officer with an exercise price equal to $20.00;

- 256,645 shares of our common stock issuable upon the exercise of options that we intend to grant under the Vince 2013 Incentive Plan to certain of our employees (excluding our named executive officers) with an exercise price equal to $20.00;

- 2,208,281 shares of our common stock issuable upon the exercise of options that were issued to Vince employees and a former AHC executive under the 2010 Option Plan of Kellwood Company (the 2010 Option Plan), after giving effect to the IPO Restructuring Transactions (including the related stock split) and Apparel

Holding Corp. s assumption of Kellwood Company s remaining obligations under the 2010 Option Plan. Affiliates of Sun Capital have the right to acquire the 262,111 shares of stock issuable upon the exercise of options previously granted to such former AHC executive and to exercise those options upon the closing of this offering, or the options themselves. These options will have a weighted average

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exercise price of $5.38 per share. See note (5) to Additional Information Related to AHC AHC Executive Compensation Outstanding Equity Awards at Fiscal 2012 Year-End for additional information regarding such options and the related purchase right held by affiliates of Sun Capital;

198,064 shares of our common stock which are to be issued to non-Vince employees in exchange for their vested Kellwood Company stock options previously issued under the 2010 Option Plan (as such options are adjusted to give effect to the IPO Restructuring Transactions, including the related stock split);

7,500 restricted stock units, representing the right, at the option of the company, to deliver 7,500 shares of our common stock or an equivalent cash amount, that we intend to grant to our non-employee directors in the aggregate in connection with the consummation of this offering;

approximately 3,000,000 shares of our common stock that will be reserved and available for issuance under our Vince 2013 Incentive Plan, after giving effect to the option and restricted stock grants described above, to certain of our employees (including our Chief Financial Officer) at or after the consummation of this offering; and

1,000,000 shares of our common stock reserved for future issuance under our 2013 Employee Stock Purchase Plan (the "Vince ESPP") which we plan to adopt in connection with this offering (as described in Additional Information Related to Vince Vince Executive Compensation Employee Stock Plans Employee Stock Purchase Plan).

Unless otherwise indicated, this prospectus reflects and assumes the following:

the conversion of all of our issued and outstanding non-voting common stock into common stock on a one-for-one basis;

the subsequent stock split of our common stock on a 28.5177 for one basis; and

the completion of the remainder of the IPO Restructuring Transactions.

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Summary Historical Consolidated Financial Data of Apparel Holding Corp.

The following tables set forth summary historical consolidated financial data of Apparel Holding Corp. and its consolidated subsidiaries. They include the results of operations associated with the combined Vince and non-Vince businesses and assets and liabilities associated with the Vince business as well as the non-Vince businesses that will be transferred to Kellwood Holding, LLC and its consolidated subsidiaries in connection with the IPO Restructuring Transactions. An investment in us after giving effect to the IPO Restructuring Transactions is an investment in the Vince business. We will not have ongoing involvement with the non-Vince businesses following separation, with the exception of our payments to Kellwood for certain services to be provided under the Shared Services Agreement as further described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement contained elsewhere in this prospectus. Similarly, Kellwood will not have ongoing involvement in our business, other than pursuant to the Shared Services Agreement. You should read the information set forth below in conjunction with Use of Proceeds, Capitalization of AHC, Additional Information Related to AHC Selected Historical Consolidated Financial Data of AHC, Additional Information Related to AHC Management s Discussion and Analysis of Financial Condition and Results of Operations of AHC and Apparel Holding Corp. s audited historical consolidated financial statements and notes thereto included elsewhere in this prospectus.

The statement of operations data for each of fiscal 2010, fiscal 2011 and fiscal 2012 set forth below are derived from AHC s audited consolidated financial statements included elsewhere in this prospectus. The statements of operations data for each of the six month periods ended July 28, 2012 and August 3, 2013 and the balance sheet data as of August 3, 2013 set forth below are derived from AHC s unaudited quarterly consolidated financial statements included elsewhere in this prospectus and contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of our financial position and results of operations for the periods presented. Operating results for the six month periods are not necessarily indicative of results for a full financial year, or any other periods. Historical results are not necessarily indicative of results to be expected for future periods.

Once we have completed the IPO Restructuring Transactions, results of operations of the non-Vince businesses will be reported as discontinued operations for accounting purposes and our continuing operations will consist solely of the Vince business. See Summary Historical Financial Data of Vince, LLC for additional information regarding the operations and assets and liabilities of Vince, LLC.

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(In thousands, except per share data)	Fiscal Year 2010(1)	Fiscal Year 2011(1)	Fiscal Year 2012	Six Months Ended July 28, 2012	Six Months Ended August 3, 2013
				(unaudited)	(unaudited)
Statement of Operations Data:					
Net sales	$ 586,574	$ 662,846	$ 707,995	$ 319,445	$ 363,967
Cost of products sold	430,801	490,110	507,905	235,293	256,031
Gross profit	155,773	172,736	200,090	84,152	107,936
Operating expenses:					
Selling, general and administrative expenses	140,567	155,220	177,755	83,526	93,503
Amortization of intangible assets	954	1,941	1,899	950	950
Restructuring, environmental remediation and other charges(2)	9,729	2,651	5,091	2,264	827
Impairment of long-lived assets (excluding goodwill)	438	2,504	2,349	717	
Impairment of goodwill		10,821			
Change in fair value of contingent consideration, net(3)		(1,578)	(7,162)	(4,507)	(54)
Total operating expenses	151,688	171,559	179,932	82,950	95,226
Income from operations	4,085	1,177	20,158	1,202	12,710
Interest expense, net	103,074	127,148	122,383	74,151	43,671
Gain on acquisition, net of tax(3)	(939)				
Gain on debt extinguishment(3)	(15,912)				
Other expense, net	2,442	1,914	2,723	1,215	1,233
Loss before provision for income taxes	(84,580)	(127,885)	(104,948)	(74,164)	(32,194)
Provision for income taxes	3,507	3,401	708	2,245	2,679
Net loss from continuing operations(2)(3)	$ (88,087)	$ (131,286)	$ (105,656)	$ (76,409)	$ (34,873)
Net (loss) income from discontinued operations(2)(4)	(16,391)	(16,580)	(2,053)	(4,798)	9,230
Net loss	$ (104,478)	$ (147,866)	$ (107,709)	$ (81,207)	$ (25,643)
Pro forma basic and diluted loss per share from continuing operations(5)	$ (3.36)	$ (5.00)	$ (4.03)	$ (2.92)	$ (1.33)
Pro forma basic and diluted (loss) income per share from discontinued operation(5)	(.63)	(.63)	(.08)	(.18)	.35

Pro forma basic and diluted loss per share(5)	$	(3.99)	$	(5.63)	$	(4.11)	$	(3.10)	$	(.98)
Pro forma weighted average shares outstanding:										
Basic and diluted(5)		26,211,131		26,211,131		26,211,131		26,211,131		26,211,131

(1) In January 2011, AHC acquired Rebecca Taylor, a women s contemporary apparel and accessory company. In July 2011, AHC acquired Zobha, a women s athletic apparel brand, primarily focused on the yoga market. See Additional Information Related to AHC Management s Discussion and Analysis or Financial Condition and Results of Operations of AHC Basis of Presentation for information regarding AHC s decision to divest the Zobha business during the second quarter of 2013.

(2) During the years presented, AHC performed several rationalization efforts aimed at improving its operational efficiency to streamline the fashion apparel and recreational apparel and products businesses. These restructuring activities, along

with impairment of long-lived assets, environmental remediation charges and other charges included in net loss from continuing operations, are $10.2 million in fiscal 2010, $16.0 million in fiscal 2011, $7.4 million in fiscal 2012, $3.0 million in the first six months of fiscal 2012 and $0.8 million in the first six months of fiscal 2013. These restructuring activities, along with impairment of long-lived assets and other charges included in net (loss) income from discontinued operations, are $27.7 million in fiscal 2010, $6.6 million in fiscal 2011, $4.8 million in fiscal 2012, $0.2 million in the six months of fiscal 2012 and $0.9 million in the six months of fiscal 2013.

(3) Net loss from continuing operations includes net gains affecting comparability of the following:

$16.8 million in fiscal 2010 comprised of a $0.9 million gain on the acquisition of certain net assets from Adampluseve, Inc, (the Adam operations) as the fair value of the identifiable assets less the liabilities assumed exceeded the fair value of the purchase price consideration, and a $15.9 million gain on debt extinguishment as a result of AHC s repurchase of $29.7 million of face value of certain notes outstanding from an affiliate of Sun Capital for $9.1 million in cash;

$1.6 million in fiscal 2011 due to a reduction in the estimated contingent payments related to the acquisitions of Rebecca Taylor and Zobha as those purchase agreements contained provisions for contingent consideration that would be paid to the respective sellers if certain performance targets are met within a specified timeframe and during the periods presented expectations related to the achievement of these targets were revised; and

$7.2 million in fiscal 2012, of which $4.5 million was recognized during the six months ended July 28, 2012, due to further reductions in the estimated contingent payments related to the acquisitions of Rebecca Taylor and Zobha.

(4) During fiscal 2011, AHC discontinued its Adam operations and Koret wholesale operations. During fiscal 2012, AHC discontinued its Baby Phat wholesale and Lamb & Flag businesses. Additionally, AHC sold its Royal Robbins and BLK DNM businesses. During the first quarter of fiscal 2013, AHC discontinued its Phat Licensing business because it sold the related trademarks. During the second quarter of fiscal 2013, AHC divested its Zobha business. As such, these operations have been reflected as discontinued operations for all periods presented.

(5) Gives effect to the stock split of our common stock on a 28.5177 for one basis.

AHC s consolidated balance sheet data as of August 3, 2013 is presented on an actual basis:

(In thousands)	**As of August 3, 2013 Actual (unaudited)**

Balance Sheet Data:	
Cash and cash equivalents	$ 2,178
Total current assets	228,891
Total assets	467,791
Total current liabilities	221,230
Long-term debt	386,842
Total stockholders deficit	(179,102)
Total liabilities and stockholders deficit	467,791

For information relating to the impact of the IPO Restructuring Transactions and this offering on AHC s consolidated balance sheet, see the balance sheet data of AHC, as presented as of August 3, 2013 on an actual, pro forma and pro forma, as adjusted basis in Summary Historical Financial Data of Vince, LLC.

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Summary Unaudited Pro Forma Consolidated Financial Data of AHC

The following tables set forth the summary unaudited consolidated pro forma financial data of AHC for fiscal 2012 and the first six months of fiscal 2013. They give effect to anticipated transactions and adjustments that are relevant to the understanding of the business being offered and will have a material impact on the comparability of AHC s results of operations. They are described below and are as follows: (i) Kellwood Separation, (ii) Sun Capital Contribution and Tax Receivable Agreement, and (iii) This Offering. You should read the information set forth below together with Additional Information Related to AHC Unaudited Pro Forma Consolidated Financial Data of AHC included elsewhere in this prospectus for our pro forma results of operations for fiscal 2010 and fiscal 2011. For summary information related to the pro forma, as adjusted balance sheet of AHC after giving effect to this offering, please see Summary Historical Financial Data of Vince, LLC. Finally, for additional information relating to the IPO Restructuring Transactions and the use of our proceeds from this offering, please see Restructuring Transactions, Use of Proceeds, and Capitalization of AHC.

The Kellwood Separation. AHC will use a series of transactions (including the Additional Sun Capital Contribution) to legally separate the Vince business from the non-Vince businesses immediately prior to consummation of this offering. We refer to this series of transactions as the Kellwood Separation. Once these transactions have occurred, the non-Vince businesses will be owned and operated separately from us. After consummation of this offering, the Vince business will be our only assets, liabilities and operations. Although Apparel Holding Corp. is the legal issuer of the shares offered in this offering, an investment in us after giving effect to the IPO Restructuring Transactions is an investment in the Vince business.

Sun Capital Contribution and Tax Receivable Agreement. Additional restructuring activities that have occurred or will occur in order to effect the consummation of this offering, include the following:

- effective June 18, 2013, affiliates of Sun Capital contributed $407.5 million of indebtedness under the Sun Capital Loan Agreement and the Sun Promissory Notes (each as defined in Restructuring Transactions) as a capital contribution to Apparel Holding Corp. in the Sun Capital Contribution; and

- we will enter into a tax receivable agreement (the Tax Receivable Agreement or TRA) with our stockholders immediately prior to the consummation of this offering (which will include affiliates of Sun Capital, the Pre-IPO Stockholders).

This Offering. Pro forma adjustments to reflect (i) our receipt of the estimated net proceeds from the sale of common stock by us in the offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us; and (ii) our use of these proceeds and the incurrence of approximately $175 million of borrowings under our new term loan facility, as described in Use of Proceeds, including repayment of the Kellwood Note Receivable, are described as Offering Adjustments.

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Fiscal 2012 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC(1)

		Kellwood Separation		Sun Capital Contribution and TRA		This Offering(4)	
(In thousands, except per share amounts)	Historical Consolidated AHC	Kellwood Separation Adjustments(2)	Pro Forma	Sun Capital Contribution and TRA Adjustments(3)	Pro Forma	Adjustments	Pro Forma, As Adjusted
Net sales	$ 707,995	$ (467,643)	$ 240,352	$	$ 240,352	$	$ 240,352
Cost of products sold	507,905	(375,749)	132,156		132,156		132,156
Gross profit	200,090	(91,894)	108,196		108,196		108,196
Operating Expenses:							
Selling, general and administrative expenses	177,755	(111,094)	66,661		66,661		66,661
Amortization of intangible assets	1,899	(1,301)	598		598		598
Impairment (excluding goodwill), restructuring, environmental remediation, and other charges	7,440	(7,440)					
Impairment of goodwill							
Change in fair value of contingent consideration, net	(7,162)	7,162					
Total operating expenses	179,932	(112,673)	67,259		67,259		67,259
Income from operations	20,158	20,779	40,937		40,937		40,937

Interest expense, net(5)	122,383	(53,700)	68,683	(68,683)		11,400	11,400
Other expense, net	2,723	(1,944)	779		779		779
(Loss) income before provision for income taxes	(104,948)	76,423	(28,525)	68,683	40,158	(11,400)	28,758
Provision for income taxes(6)	708	15,512	16,220		16,220	(4,560)	11,660
Net (loss) income from continuing operations	$ (105,656)	$ 60,911	$ (44,745)	$ 68,683	$ 23,938	$ (6,840)	$ 17,098
Basic earnings (loss) per share(7)	$ (4.03)		$ (1.71)		$ .91		$ .47
Diluted earnings (loss) per share(7)	$ (4.03)		$ (1.71)		$ .89		$ .46
Weighted average number of common shares outstanding, basic(7)	26,211,131		26,211,131		26,211,131		36,211,131
Weighted average number of common shares outstanding, diluted(7)	26,211,131		26,211,131		26,858,255		36,858,255

See accompanying notes to Summary Unaudited Pro Forma Consolidated Financial Data of AHC.

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First Six Months of 2013 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC(1)

		Kellwood Separation		Sun Capital Contribution and TRA		This Offering(4)	
(In thousands, except per share amounts)	Historical Consolidated AHC	Kellwood Separation Adjustments(2)	Pro Forma	Sun Capital Contribution and TRA Adjustments(3)	Pro Forma	Adjustments	Pro Forma, As Adjusted
Net sales	$ 363,967	$ (249,310)	$ 114,657	$	$ 114,657	$	$ 114,657
Cost of products sold	256,031	(192,525)	63,506		63,506		63,506
Gross profit	107,936	(56,785)	51,151		51,151		51,151
Operating Expenses:							
Selling, general and administrative expenses	93,503	(59,537)	33,966		33,966		33,966
Amortization of intangible assets	950	(650)	300		300		300
Impairment (excluding goodwill), restructuring, environmental remediation, and other charges	827	(827)					
Impairment of goodwill							
Change in fair value of contingent consideration, net	(54)	54					
Total operating expenses	95,226	(60,960)	34,266		34,266		34,266
Income from operations	12,710	4,175	16,885		16,885		16,885
	43,671	(27,788)	15,883	(15,883)		5,700	5,700

Interest expense, net(5)							
Other expense, net	1,233	(721)	512		512		512
(Loss) income before provision for income taxes	(32,194)	32,684	490	15,883	16,373	(5,700)	10,673
Provision for income taxes(6)	2,679	3,909	6,588		6,588	(2,280)	4,308
Net (loss) income from continuing operations	$ (34,873)	$ 28,775	$ (6,098)	$ 15,883	$ 9,785	$ (3,420)	$ 6,365
Basic earnings (loss) per share(7)	$ (1.33)		$ (.23)		$ .37		$ .18
Diluted earnings (loss) per share(7)	$ (1.33)		$ (.23)		$ .37		$ .17
Weighted average number of common shares outstanding, basic(7)	26,211,131		26,211,131		26,211,131		36,211,131
Weighted average number of common shares outstanding, diluted(7)	26,211,131		26,211,131		26,715,649		36,715,649

See accompanying notes to Summary Unaudited Pro Forma Consolidated Financial Data of AHC.

(1) You should refer to the Notes to the Unaudited Pro Forma Consolidated Financial Data of AHC contained in Additional Information Related to AHC Unaudited Pro Forma Consolidated Financial Data of AHC for detailed information regarding the pro forma adjustments.

(2) As described within Restructuring Transactions included elsewhere in this prospectus, AHC will use a series of transactions (including the Additional Sun Capital Contribution) to legally separate the non-Vince businesses from the Vince business immediately prior to the consummation of this offering. Once these transactions have occurred, the non-Vince businesses will be owned and operated separately from us. After consummation of this offering, the Vince business will be our only assets, liabilities and operations. An investment in us after giving effect to the IPO Restructuring Transactions is an investment in the Vince business. We will not have ongoing involvement with the non-Vince businesses following separation, with the exception of our payments to Kellwood for certain services to be provided under the Shared Services Agreement as further described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement contained elsewhere in this prospectus. Similarly, Kellwood will not have ongoing involvement in our business, other than pursuant to the Shared Services Agreement. Following the consummation of this offering, we expect to report the non-Vince businesses as discontinued operations in accordance with ASC Topic 205 *Presentation of Financial Statements* beginning with our first financial statements filed after the effectiveness of the registration statement of which this prospectus forms a part. All pro forma adjustments to AHC s historical financial statements that relate to the separation of the Vince business from the non-Vince businesses are described as Kellwood Separation Adjustments and they are included under the caption Kellwood Separation.

(3) On June 18, 2013, affiliates of Sun Capital contributed $407.5 million of indebtedness under the Sun Capital Loan Agreement and the Sun Promissory Notes to AHC in the Sun Capital Contribution. As such, the related interest expense on such indebtedness has been removed from AHC s pro forma statements of operations for fiscal 2012 and the first six months of fiscal 2013.

(4) Reflects pro forma adjustments related to (i) our receipt of the estimated net proceeds from the sale of common stock by us in the offering after deducting the underwriting discounts and commissions and estimated offering expenses payable by us; (ii) our use of these proceeds and the incurrence of approximately $175 million of borrowings under our new term loan facility, as described in Use of Proceeds, including repayment of the Kellwood Note Receivable; and (iii) recognition of applicable deferred financing costs capitalized; interest expense on our new term loan facility at 6% per annum (including amortization of deferred financing costs); related adjustment to provision for income taxes at a 40% effective tax rate; and pro forma basic and diluted weighted average shares outstanding have been adjusted to reflect the offering of 10,000,000 shares and impact of potential dilutive shares as applicable. As reflected in the table, the interest expense of this borrowing, had it been incurred on the first day of fiscal 2012 or the first day of fiscal 2013, would have been $11.4 million or $5.7 million, respectively.

(5) Historical AHC interest represents interest costs and amortization of debt issuance costs on the following indebtedness: the Wells Fargo Facility, the Sun Capital Loan Agreement, the Sun Promissory Notes, the Cerberus Term Loan, the Sun Term Loan Agreements, the 12.875% Notes, the 7.625% Notes and the 3.5% Convertible Notes (each as defined and described in Restructuring Transactions). Pro forma for Kellwood Separation interest represents interest costs on the Sun Capital Loan Agreement and the Sun Promissory Notes. Pro forma for Sun Capital Contribution and Tax Receivable Agreement contains no interest. Pro forma, as adjusted includes interest costs on a new revolving credit facility and a new term loan facility we expect to enter into in connection with the consummation of this offering.

(6) AHC has historically included the operating results of the combined Vince business and non-Vince businesses in its U.S. federal and state income tax returns. Provision for income taxes in this pro forma presentation have been determined assuming the Kellwood Separation had occurred at the beginning of the earliest period

presented, and would therefore exclude the historical operating results of the non-Vince businesses. These amounts are not necessarily indicative of the provision for income taxes that would have been recorded had we operated separately from the non-Vince businesses during the periods presented. The adjustment represents the difference between the amount calculated in accordance with the methodology described herein and the historical amounts recorded.

(7) Gives effect to the stock split of our common stock on a 28.5177 for one basis.

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Summary Historical Financial Data of Vince, LLC

The following tables set forth the summary historical financial data of Vince, LLC, the entity that has historically held the Vince assets and liabilities and will continue to do so after completion of the IPO Restructuring Transactions and the consummation of this offering.

Please note the following:

- **Apparel Holding Corp. (to be renamed Vince Holding Corp. prior to the consummation of this offering) is the legal issuer of the shares offered in this offering. Investors will be investing in the Vince business, however, they will be purchasing shares issued by Apparel Holding Corp., not Vince, LLC;**

- **The information set forth below is provided as supplemental information and should not be considered in lieu of the information pertaining to Apparel Holding Corp; and**

- **The financial information included in this discussion and in Vince, LLC s historical financial statements may not be indicative of Apparel Holding Corp. s financial position, operating results and changes in equity after the completion of the IPO Restructuring Transactions, or what they would have been had the Vince business operated separately from the non-Vince businesses during the periods presented.**

You should read the information set forth below in conjunction with Use of Proceeds, Capitalization of AHC, Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC, Additional Information Related to Vince Supplemental Selected Historical Financial Data of Vince, LLC, and Vince, LLC s audited financial statements and notes thereto included elsewhere in this prospectus. The statement of operations data for each of fiscal 2010, fiscal 2011 and fiscal 2012 are derived from Vince, LLC s audited financial statements included elsewhere in this prospectus.

The statement of operations data for the six month periods ended July 28, 2012 and August 3, 2013 and the balance sheet of Vince, LLC dated as of August 3, 2013 set forth below are derived from Vince, LLC s unaudited quarterly financial statements and contain all adjustments, consisting of normal recurring adjustments, that our management considers necessary for a fair presentation of our financial position and results of operations for the periods presented. The balance sheet data of AHC dated as of August 3, 2013 set forth below is derived from AHC s unaudited quarterly consolidated financial statements included elsewhere in this prospectus and contain all adjustments, consisting of normal recurring adjustments, that AHC s management considers necessary for a fair presentation of our financial position and results of operation for the periods presented. We have included the balance sheet data of AHC on an actual, pro forma and pro forma, as adjusted basis, each as of August 3, 2013, to reflect the assets and liabilities of the business in which you will be investing.

Operating results for the six month periods are not necessarily indicative of results for a full financial year, or any other periods. Vince, LLC s summary historical financial data include charges from Kellwood Company for certain expenses, including centralized legal, tax, treasury, information technology, employee benefits and other centralized services and infrastructure costs. The charges have been determined on bases that we consider to be reasonable reflections of the utilization of services provided or the benefit received by Vince, LLC.

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Summary Historical Financial Data of Vince, LLC

	Fiscal Year			Six Months Ended	
	2010	2011	2012	July 28, 2012	August 3, 2013
(In thousands, except for percentages and store counts)				(unaudited)	(unaudited)
Statement of Operations Data:					
Net sales	$ 111,492	$ 175,255	$ 240,352	$ 90,531	$ 114,657
Cost of products sold	55,695	89,545	132,156	50,119	63,506
Gross profit	55,797	85,710	108,196	40,412	51,151
Operating expenses:					
Selling, general and administrative expenses(1)(2)	32,704	42,148	66,639	27,057	33,954
Amortization of intangible assets	598	599	598	299	300
Total operating expenses	33,302	42,747	67,237	27,356	34,254
Income from operations	22,495	42,963	40,959	13,056	16,897
Interest expense(3)	7,172	15,004	22,903	10,690	12,429
Other expense, net	350	478	779	396	512
Income before provision for income taxes	14,973	27,481	17,277	1,970	3,956
Provision for income taxes	5,923	10,812	6,964	789	1,556
Net income	$ 9,050	$ 16,669	$ 10,313	$ 1,181	$ 2,400
Other Operating and Financial Data:					
Total stores at end of period	16	19	22	19	24
Comparable store sales growth	9.3%	7.6%	23.1%	13.9%	31.7%
Capital expenditures	$ 1,602	$ 1,450	$ 1,821	$ 457	$ 3,406

(1) Includes the impact of our public company transition costs and certain one-time costs of $9.3 million, $1.7 million and $4.0 million for fiscal 2012, the first six months of fiscal 2012 and the first six months of fiscal 2013, respectively. These costs include transition payments to our founders, charges that are directly attributable to this offering, incremental costs for external legal counsel and consulting fees incurred to effect the Restructuring Transactions and other one-time charges. We expect additional transaction costs (excluding underwriting discounts and commissions) of approximately $5.0 million for the remainder of fiscal 2013 will be charged to selling, general and administrative expenses (SG&A).

(2) Vince, LLC is charged for the use of services provided by the departments and shared facilities of Kellwood, which will own and operate the non-Vince businesses after the consummation of this offering. These charges are based upon the actual cost incurred, without markup. These functions and facilities will remain with Kellwood

upon separation in the IPO Restructuring Transactions and will continue to be an integral part of the non-Vince businesses going forward. Vince, LLC will continue to use certain of these services for a period of time through the Shared Services Agreement described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement and will be charged accordingly. The charges to Vince, LLC may not be representative of what the costs would have been had Vince, LLC been a separate, stand-alone entity during the periods presented.

(3) Interest expense for fiscal 2010, fiscal 2011 and fiscal 2012 and the six month periods ended July 28, 2012 and August 3, 2013 represents interest costs and amortization of debt issuance costs on certain Kellwood Company indebtedness, including the Wells Fargo Facility, the Cerberus Term Loan and the Sun Term Loan Agreements (each as defined and described in Restructuring Transactions). These debt instruments and related interest expense are included in the Vince, LLC financial statements as Vince, LLC is a borrower party thereunder. We intend to enter into a new revolving credit facility and a new term loan facility in connection with the consummation of this offering and expect to incur interest expense on those at market rates prevailing at the time. We also intend to borrow approximately $175 million under our new term loan facility at that time. The interest expense of this borrowing (including amortization of deferred financing costs), had it been incurred on the first day of fiscal 2012 or the first day of fiscal 2013, would have been $11.4 million or $5.7 million for fiscal 2012 or the six months ended August 3, 2013, respectively.

The balance sheet data as of August 3, 2013 is presented:

on an actual basis for Vince, LLC;

on an actual basis for AHC.;

on a pro forma basis to reflect changes in AHC s balance sheet assuming (i) the separation of the assets constituting the Vince business from those of the non-Vince businesses and (ii) our entry into the Tax Receivable Agreement, each in the IPO Restructuring Transactions (as further described in Restructuring Transactions) and as if such transactions had occurred on August 3, 2013. See Restructuring Transactions for additional information; and

on a pro forma, as adjusted basis to further reflect changes in AHC s balance sheet including (i) our receipt of the estimated net proceeds from the sale of 10,000,000 shares of common stock by us in this offering, after deducting the underwriting discounts and commissions payable by us and estimated offering expenses payable by us, (ii) our use of these proceeds as described in Use of Proceeds, including repayment of the Kellwood Note Receivable and (iii) our entry into our new term loan and revolving credit facilities and approximately $175 million of borrowings under such term loan facility.

	As of August 3, 2013			
(In thousands)	Actual (Vince, LLC) (unaudited)	Actual (AHC) (unaudited)	Pro Forma (AHC) (unaudited)	Pro Forma, As Adjusted (AHC) (unaudited)
Balance Sheet Data:				
Cash and cash equivalents	$ 106	$ 2,178	$ 325	$ 5,325
Total current assets	82,603	228,891	82,892	87,892
Total assets	290,562	467,791	389,580	400,080
Kellwood Note Receivable(1)			341,500	
Total current liabilities	148,005(2)	221,230	374,023	32,523
Long-term debt	163,675(2)	386,842		175,000
Tax Receivable Agreement due(3)			172,151	172,151
Invested equity/Stockholders deficit	(26,159)	(179,102)	(159,836)	17,164
Total liabilities and invested equity/Stockholders deficit	290,562	467,791	389,580	400,080

(1) In connection with Vince Intermediate Holding, LLC s acquisition of Vince, LLC in the IPO Restructuring Transactions, Vince Intermediate Holding, LLC will issue the Kellwood Note Receivable to Kellwood Company, LLC. The principal amount of the Kellwood Note Receivable represents (i) the face value of the indebtedness, including accrued and unpaid interest and any related fees and expenses, to be repaid, discharged or repurchased by Kellwood Company, LLC in connection with the consummation of this offering, (ii) a restructuring fee equal to 1% of the aggregate of this offering and certain related debt repayments and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management pursuant to the Management Services Agreement, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Management Fees, and (iii) a debt recovery bonus of $6.0 million to our Chief Executive Officer, as described in Additional Information Related to Vince Vince Executive Compensation Employment Agreements, all after giving effect to the Additional Sun Capital Contribution. The restructuring fee described in clause (ii) above and payable to Sun Capital Management in connection with this offering will total $3.3 million. Most of the proceeds from this offering, along with the net borrowings under our

new term loan facility, will be used to repay the Kellwood Note Receivable.

(2) Included within current liabilities are short-term borrowings under the Wells Fargo Facility of $115.6 million as of August 3, 2013. Long-term debt includes the Cerberus Term Loan and the Sun Term Loan Agreements. Total current liabilities Pro Forma (AHC) include amounts outstanding under the Kellwood Note Receivable. These debt instruments and the related capitalized deferred issuance costs are included in the Vince, LLC financial statements as Vince, LLC is a borrower party. This debt was incurred to fund the operation and growth of the Vince and non-Vince businesses, including to finance certain acquisitions made by AHC since 2008. As discussed above, we intend to enter into a new revolving credit facility and a new term loan facility with the consummation of this offering. We also intend to borrow approximately $175 million under our new term loan facility at that time. The interest expense of this borrowing, (including amortization of deferred financing costs) had it been incurred on the first day of fiscal 2012 or the first day of fiscal 2013, would have been $11.4 million or $5.7 million, respectively.

(3) As described in Other Information Related to the Offering Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement included elsewhere in this Prospectus, we will enter into the Tax Receivable Agreement with the Pre-IPO Stockholders, where we will be obligated to pay 85% of cash savings on federal, state and local income taxes realized by us through our use of certain net tax assets held by us subsequent to the IPO Restructuring Transactions. The amount set forth in this line represents 85% of the value of these net tax assets.

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Non-GAAP Financial Measures

To provide investors with additional information about our financial results, we disclose within this prospectus Adjusted EBITDA, a non-GAAP financial measure of Vince, LLC, after giving effect to the Vince Transfer. This metric is derived exclusively from the operations of the Vince business, as reflected in the Vince, LLC financial statements and results of operations. We have provided below a reconciliation between Adjusted EBITDA and net income. Net income is the most directly comparable financial measure prepared in accordance with U.S. generally accepted accounting principles (GAAP).

We have included Adjusted EBITDA in this prospectus because we believe it enhances investors understanding of Vince, LLC s operating results. Adjusted EBITDA is provided because management believes it is an important measure of financial performance commonly used to determine the value of companies, to define standards for borrowing from institutional lenders and because it is the primary measure used by management to evaluate our performance.

Some limitations of Adjusted EBITDA are:

- Adjusted EBITDA does not reflect the interest expense of, or the cash requirements necessary to service interest or principal payments on, our debts;
- Adjusted EBITDA does not reflect income tax payments that may represent a reduction in cash available to us;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future; and
- other companies may calculate Adjusted EBITDA differently or not at all, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income and Vince, LLC s audited historical financial results presented elsewhere in the prospectus in accordance with GAAP.

The following table presents a reconciliation of Vince, LLC net income to Adjusted EBITDA based on Vince, LLC s statements of operations for each of the periods indicated:

	Fiscal Year			Six Months Ended	
(In thousands)	2010	2011	2012	July 28, 2012	August 3, 2013
				(unaudited)	(unaudited)
Net income	$ 9,050	$ 16,669	$ 10,313	$ 1,181	$ 2,400

Interest expense(a)	7,172	15,004	22,903	10,690	12,429
Provision for income taxes	5,923	10,812	6,964	789	1,556
Depreciation and amortization expense	1,492	1,701	2,009	921	1,106
EBITDA	23,637	44,186	42,189	13,581	17,491
Public company transition costs(b)			9,331	1,679	4,011
Adjusted EBITDA	$ 23,637	$ 44,186	$ 51,520	$ 15,260	$ 21,502

(a) Interest expense for fiscal 2010, fiscal 2011 and fiscal 2012 and the six month periods ended July 28, 2012 and August 3, 2013 represents certain interest costs and amortization of debt issuance costs on Kellwood Company indebtedness, including the Wells Fargo Facility, the Cerberus Term Loan and the Sun Term Loan Agreements. These debt instruments and related interest expense are included in the Vince, LLC financial statements as Vince, LLC is a borrower party thereunder. We intend to enter into a new revolving credit facility and new term loan facility in connection with the consummation of this offering and expect to incur interest expense on those at market rates prevailing at the time. We also intend to borrow approximately

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$175 million under our new term loan facility at that time. The interest expense of this borrowing (including amortization of deferred financing costs), had it been incurred on the first day of fiscal 2012 or the first day of fiscal 2013, would have been $11.4 million or $5.7 million, respectively.

(b) Adjusted EBITDA does not include the impact of our public company transition costs and certain one-time costs of $9.3 million, $1.7 million and $4.0 million for fiscal 2012, the first six months of fiscal 2012 and the first six months of fiscal 2013, respectively. These costs include transition payments to our founders, charges that are directly attributable to this offering, incremental costs for external legal counsel and consulting fees incurred to effect the Restructuring Transactions and other one-time costs. These charges are excluded due to their non-recurring nature and ability to impact comparability to other periods.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this prospectus, before making an investment decision. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose all or part of your investment.

We have divided the risk factors set forth in this section into the following four categories: (i) Risks Related to Vince; (ii) Risks Related to the Restructuring Transactions; (iii) Risks Related to AHC; and (iv) Risks Related to this Offering and Our Common Stock. The risks set forth in the Risks Related to AHC section of this Risk Factors section relate to risks related to the Apparel Holding Corp. business (which includes the Vince and non-Vince businesses). Although Apparel Holding Corp. is the legal issuer of the shares offered in this offering, an investment in our common stock is an investment in the Vince business and does not constitute an investment in the non-Vince businesses.

Risks Related to Vince

General economic conditions in the U.S. and other parts of the world, including a continued weakening of the economy and restricted credit markets, can affect consumer confidence and consumer spending patterns.

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 our business overall, the carrying value of our tangible and intangible assets and specifically sales, gross margins and profitability. The success of our operations depends on consumer spending. Consumer spending is impacted by a number of factors, including actual and perceived economic conditions affecting disposable consumer income (such as unemployment, wages, energy costs and consumer debt levels), business conditions, interest rates and availability of credit and tax rates in the general economy and in the international, regional and local markets in which our products are sold.

Recent global economic conditions have included significant recessionary pressures and declines in employment levels, disposable income and actual and/or perceived wealth and further declines in consumer confidence and economic growth. These conditions have led and could lead to continued declines in consumer spending over the foreseeable future and may have resulted in a shift in consumer spending habits that makes it unlikely that spending will return to prior levels for the foreseeable future. The current depressed economic environment has been characterized by a decline in consumer discretionary spending and has disproportionately affected retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary or luxury purchases, including fashion apparel such as ours. While we have seen occasional signs of stabilization in the North American markets during 2012 and 2013, a shift towards continued recessionary conditions could adversely impact our sales volumes and overall profitability in the future. Further, the European debt crisis resulting from growing concerns that European countries could default on their national debt, has caused instability in the European economy, which is one of the areas that we are currently targeting for international expansion. Continued economic volatility and declines in the value of the Euro or other foreign currencies could negatively impact the global economy as a whole. Such a condition may have a material adverse impact on the profitability and liquidity of our international operations, as well as hinder our ability to grow through expansion in the international markets.

Economic conditions have also led to a highly promotional environment and strong discounting pressure from both our wholesale partners and retail customers, which have had a negative impact on our revenues and profitability. This promotional environment may continue even after economic growth

returns, as we expect consumer spending trends are likely 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 or other hostilities around the world could lead to further decreases in consumer spending.

Intense competition in the apparel industry could reduce our sales and profitability.

As an apparel company, we face intense competition from other domestic and foreign apparel, footwear and accessories manufacturers and retailers. Competition may result in pricing pressures, reduced profit margins, lost market share or failure to grow our market share, any of which could substantially harm our business and results of operations. Competition is based on many factors including, without limitation, the following:

- establishing and maintaining favorable brand recognition;
- developing products that appeal to consumers;
- pricing products appropriately;
- determining and maintaining product quality;
- obtaining access to sufficient floor space in retail locations;
- providing appropriate services and support to retailers;
- maintaining and growing market share;
- hiring and retaining key employees; and
- protecting intellectual property.

Competition in the apparel industry is intense and is dominated by a number of very large brands, many of which have longer operating histories, larger customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. These capabilities of our competitors may allow them to better withstand downturns in the economy or apparel industry. Any increased competition, or our failure to adequately address any of these competitive factors, could result in reduced sales, which could adversely affect our business, financial condition and operating results.

Competition, along with such other factors as consolidation within the retail industry and changes in consumer spending patterns, could also result in significant pricing pressure. These factors may cause us to reduce our sales

prices to our wholesale partners and retail consumers, which could cause our gross margins to decline if we are unable to appropriately manage inventory levels and/or otherwise offset price reductions with comparable reductions in our operating costs. If our sales prices decline and we fail to sufficiently reduce our product costs or operating expenses, our profitability may decline, which could have a material adverse effect on our business, financial condition and operating results.

Our business depends on a strong brand image, and if we are not able to maintain or enhance our brand, particularly in new markets where we have limited brand recognition, we may be unable to sell sufficient quantities of our merchandise, which would harm our business and cause our results of operations to suffer.

We believe that maintaining and enhancing the Vince brand is critical to maintaining and expanding our customer base. Maintaining and enhancing our brand may require us to make substantial investments in areas such as visual merchandising (including working with our wholesale partners to transform select Vince displays into branded shop-in-shops), marketing and advertising,

employee training and store operations. A primary component of our strategy involves expanding into other geographic markets and working with existing wholesale partners, particularly within the U.S. We anticipate that, as our business expands into new markets and further penetrates existing markets, and as the markets in which we operate become increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Certain of our competitors in the apparel industry have faced adverse publicity surrounding the quality, attributes and performance of their products. Our brand may similarly be adversely affected if our 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 our merchandise. Maintaining and enhancing our brand will depend largely on our ability to be a leader in the contemporary apparel industry and to continue to provide high quality products. If we are unable to maintain or enhance our brand image, our results of operations may suffer and our business may be harmed.

A substantial portion of our revenue is derived from a small number of large wholesale partners, and the loss of any of these wholesale partners could substantially reduce our total revenue.

We have a small number of wholesale partners who account for a significant portion of our net sales. Net sales to the full-price, off-price and e-commerce operations of our four largest wholesale partners were 61% of our total revenue for fiscal 2012 and 63% of our total revenue for the first six months of fiscal 2013. These partners, each of which accounted for more than 10% of our total revenue for fiscal 2012, include Nordstrom, Saks Fifth Avenue, Neiman Marcus and Bloomingdale s. Nordstrom, Saks Fifth Avenue and Neiman Marcus each accounted for more than 10% of our total revenue for the first six months of fiscal 2013 and collectively represented 55.7% of our total revenue in such period. We do not have written agreements with any of our wholesale partners, and purchases generally occur on an order-by-order basis. A decision by any of our major wholesale partners, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to significantly decrease the amount of merchandise purchased from us or our licensing partners, or to change their manner of doing business with us or our licensing partners, could substantially reduce our revenue and have a material adverse effect on our profitability. Furthermore, due to the concentration of our wholesale partner base, our results of operations could be adversely affected if any of these customers fails to satisfy its payment obligations to us when due. During the past several years, the retail industry has experienced a great deal of ownership change, and we expect such change will continue. For example, Saks Fifth Avenue, one of our top four customers, recently agreed to be acquired by a third party. We cannot guarantee that our relationship with Saks Fifth Avenue will not be impacted by this ownership change and any strategic changes Saks Fifth Avenue may implement as a result. In addition, store closings by our wholesale partners decrease the number of stores carrying our products, while the remaining stores may purchase a smaller amount of our products and may reduce the retail floor space designated for our brand. In the future, retailers may further consolidate, undergo restructurings or reorganizations, realign their affiliations or reposition their stores target markets. Any of these types of actions could decrease the number of stores that carry our products or increase the ownership concentration within the retail industry. These changes could decrease our opportunities in the market, increase our reliance on a diminishing number of large wholesale partners and decrease our negotiating strength with our wholesale partners. These factors could have a material adverse effect on our business, financial condition and operating results.

We may not be able to successfully expand our wholesale partnership base or grow our presence with existing wholesale partners.

As part of our growth strategy, we intend to increase productivity and penetration with existing wholesale partners and form relationships with new, international wholesale partners. These initiatives may include the establishment of additional shop-in-shops within select department stores. The

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location of Vince displays or shop-in-shops within department stores is controlled in large part by our wholesale partners. Although the investments made by us and our wholesale partners in the development and installation of Vince displays and shop-in-shops decreases the risk that our wholesale partners will require us to move to a less desirable area of their store or reduce the space allocated to such displays and shops, they are not contractually prohibited from doing so or required to grant additional or more desirable space to us. As of October 5, 2013, we had seven shop-in-shops with our U.S. wholesale partners and eight shop-in-shops with our international wholesale partners. While expanding the number of shop-in-shops is part of our growth strategy, there can be no assurances we will be able to align our wholesale partners with this strategy and continue to receive floor space from our wholesale partners to open or expand shop-in-shops.

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 luxury 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 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;
- 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, which will initially be provided by Kellwood under the terms of the Shared Services Agreement.

As of October 5, 2013, we had 27 stores, which consist of 21 full-price retail stores and six outlet locations. We plan to double our store base over the next three to five years, including opening a net total of six new stores in fiscal 2013. Our new stores, however, may not be immediately profitable and

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we 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. There can be no assurance that we will open the planned number of stores in fiscal 2013 or thereafter. Any failure to successfully open and operate new stores may adversely affect our business, financial condition and operating results.

As we expand our store base, we may be unable to maintain or grow comparable store sales or average sales per square foot at the same rates that we have achieved in the past, which could cause our share price to decline.

As we expand our store base, we may not be able to maintain or grow at the same rates of comparable store sales growth that we have achieved historically. In addition, we may not be able to maintain or grow our historic average sales per square foot as we move into new markets. 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. 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.

We have grown rapidly in recent years and we have limited operating experience as a team at our current scale of operations. If we are unable to manage our operations at our current size or are unable to manage any future growth effectively, our business results and financial performance may suffer.

We have expanded our operations rapidly since our inception in 2002, and we have limited operating experience at our current size. Our business has more than doubled over the past two years, as we have grown our total net sales from $111.5 million in fiscal 2010 to $240.4 million in fiscal 2012 and from $90.5 million for the first six months of fiscal 2012 to $114.7 million for the first six months of fiscal 2013. We have made and are making investments to support our near and longer-term growth. If our operations continue to grow over the longer term, of which there can be no assurance, we will be required to expand our sales and marketing, product development and distribution functions, to upgrade our management information systems and other processes, and to obtain more space for our expanding administrative support and other headquarters personnel. Kellwood will continue to provide services to us after this offering under the Shared Services Agreement. Our expansion may exceed the capacity that Kellwood is able to provide, on attractive pricing terms or at all, under the terms of the Shared Services Agreement (as more fully described below in Problems with our distribution system could harm our ability to meet customer expectations, manage inventory, complete sales and achieve targeted operating efficiencies). Our continued growth could strain our existing resources, and we could experience operating difficulties, including obtaining sufficient raw materials at acceptable prices, securing manufacturing capacity to produce our 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 our common stock.

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Kellwood provides us with certain key services for our business. If Kellwood fails to perform its obligations to us or if we do not find appropriate replacement services, we may be unable to perform these services or implement substitute arrangements on a timely and cost-effective basis on terms favorable to us.

As a business unit of Kellwood, we have historically relied on the financial resources and the administrative and operational support systems of Kellwood to run our business. Some of the Kellwood systems we are using include enterprise resource planning (ERP), human resource management systems and distribution applications. Many of these systems are complex and either highly customized or proprietary. In conjunction with our separation from Kellwood, we are in the process of separating our assets from those of Kellwood and either creating our own financial, administrative, operational and other support systems or contracting with third parties to replace Kellwood s systems that will not be provided to us under the terms of the Shared Services Agreement as discussed below. In order to successfully implement our own systems and operate as a stand-alone business, we must be able to attract and retain a number of highly skilled employees. We must also obtain goods, technology and services without the benefit of Kellwood s purchasing power. As an entity separate from Kellwood, we may be unable to obtain such goods, technology and services at prices and on terms as favorable as those available to us prior to the separation, which could increase our costs and reduce our profitability.

We will enter into the Shared Services Agreement in connection with the consummation of the IPO Restructuring Transactions. The Shared Services Agreement will govern the provision by Kellwood of certain support services to us, including distribution, information technology and back office support. Kellwood will provide these services until we elect to terminate the provision thereof in accordance with the terms of such agreement or, for services which require a term as a matter of law or which are based on a third-party agreement with a set term, the related termination date specified in the schedule thereto. Upon the termination of certain services, Kellwood may no longer be in a position to provide certain other related services. Assuming we proceed with our request to terminate the original services, such related services shall also be terminated in connection with such termination. The Shared Services Agreement will terminate automatically upon the termination of all services provided thereunder, unless earlier terminated by either party in connection with the other party s material breach upon 30 days prior notice to such defaulting party. After termination of the agreement, Kellwood will have no obligation to provide any services to us. See Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement for a description of these services. The services provided under the Shared Services Agreement (as may be amended from time to time) may not be sufficient to meet our needs and we may not be able to replace these services at favorable costs and on favorable terms, if at all. In addition, Kellwood has experienced financial difficulty in the past. For example, in 2009, Kellwood s independent auditors raised substantial doubt regarding Kellwood s ability to continue as a going concern. If Kellwood encounters any issues during the transitional period which impact its ability to provide services pursuant to the Shared Services Agreement, our business could be materially harmed. Any failure or significant downtime in our own financial or administrative systems or in Kellwood s financial or administrative systems during the transitional period and any difficulty in separating our assets from Kellwood s assets and integrating newly acquired assets into our business could result in unexpected costs, impact our results or prevent us from paying our suppliers and employees and performing other administrative services on a timely basis and could materially harm our business, financial condition, results of operations and cash flows.

Our limited operating experience and brand recognition in international markets may delay our expansion strategy and cause our business and growth to suffer.

We face additional risks with respect to our strategy to expand internationally, including our efforts to further expand our business in Canada, select European countries, Asia and the Middle East

through arrangements with international partners. Our current operations are based largely in the U.S., with international sales representing approximately 8% of net sales for fiscal 2012 and 10.3% of net sales for the first six months of fiscal 2013. Therefore we have a limited number of customers and experience in operating outside of the U.S. We also do not have extensive experience with regulatory environments and market practices outside of the U.S. and cannot guarantee, notwithstanding our international partners familiarity with such environments and market practices, that we will be able to penetrate or successfully operate in any market outside of the U.S. Many of these markets have different operational characteristics, including employment and labor regulations, transportation, logistics, real estate (including lease terms) and local reporting or legal requirements. Furthermore, consumer demand and behavior, as well as style preferences, size and fit, and purchasing trends, may differ in these markets and, as a result, sales of our product may not be successful, or the margins on those sales may not be in line with those that we currently anticipate. In addition, in many of these markets there is significant competition to attract and retain experienced and talented employees. Failure to develop new markets outside of the U.S. or disappointing sales growth outside of the U.S. may harm our business and results of operations.

Our plans to improve and expand our product offerings may not be successful, and the implementation of these plans may divert our operational, managerial and administrative resources, which could harm our competitive position and reduce our net revenue and profitability.

In addition to our store expansion strategy, we plan to grow our business by increasing our core product offerings, which includes expanding our men s collection, denim, outerwear, women s bottoms and dresses assortment. We also plan to develop and introduce select new product categories and pursue select additional licensing opportunities such as intimates/loungewear, men s footwear and fashion accessories.

The principal risks to our ability to successfully carry out our plans to improve and expand our product offerings are that:

- if our expected product offerings fail to maintain and enhance our brand identity, our image may be diminished or diluted and our sales may decrease;

- if we fail to find and enter into relationships with external partners with the necessary specialized expertise or execution capabilities, we may be unable to offer our planned product extensions or to realize the additional revenue we have targeted for those extensions; and

- the use of licensing partners may limit our ability to conduct comprehensive final quality checks on merchandise before it is shipped to our stores or to our wholesale partners.

In addition, our ability to successfully carry out our plans to improve and expand our 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 our business, any of which could impact our competitive position and reduce our net revenue and profitability.

Our current and future licensing arrangements may not be successful and may make us susceptible to the actions of third parties over whom we have limited control.

Our current and future licensing arrangements may not be successful and may make us susceptible to the actions of third parties over whom we have limited control. We entered into a licensing agreement when we launched women s footwear in 2012 and signed a licensing agreement in 2013 for the launch of children s apparel in 2014. We also anticipate launching men s footwear in 2014 through a licensing partner. In the future, we may enter into select additional licensing

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arrangements for product offerings which require specialized expertise. We may also enter into select licensing agreements pursuant to which we may grant third parties the right to distribute and sell our products in certain geographic areas. Although we have taken and will continue to take steps to select potential licensing partners carefully and monitor the activities of our licensing partners (through, among other things, approval rights over product design, production quality, packaging, merchandising, marketing, distribution and advertising), such arrangements may not be successful. Our licensing partners may fail to fulfill their obligations under their license agreements or have interests that differ from or conflict with our own, such as the pricing of our products and the offering of competitive products. In addition, the risks applicable to the business of our licensing partners may be different than the risks applicable to our 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 our licensing partners to successfully market our products or otherwise conduct its business, may result in loss of revenue and competitive harm to our operations in regions or product categories where we have entered into such licensing arrangements.

Our business will suffer if we fail to respond to changing customer tastes.

Customer tastes can change rapidly. We may not be able to anticipate, gauge or respond to these changes within a timely manner. We may also not be able to continue to satisfy our customers existing tastes and preferences. If we misjudge the market for products or product groups, or if we fail to identify and respond appropriately to changing consumer demands, we may be faced with unsold finished goods inventory, which could materially adversely affect expected operating results and decrease sales, gross margins and profitability.

If we are unable to accurately forecast customer demand for our products, our manufacturers may not be able to deliver products to meet our requirements, and this could result in delays in the shipment of products to our stores and to wholesale partners.

We stock our stores, and provide inventory to our wholesale partners, based on our or their estimates of future demand for particular products. Our inventory management and planning team determines the number of pieces of each product that we will order from our manufacturers based upon past sales of similar products, sales trend information and anticipated demand at our suggested retail prices. However, if our inventory and planning team fails to accurately

forecast customer demand, we may experience excess inventory levels or a shortage of products. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand.

Factors that could affect our inventory management and planning team s ability to accurately forecast customer demand for our products include:

a substantial increase or decrease in demand for our products or for products of our competitors;

- our failure to accurately forecast customer acceptance for our new products;
- new product introductions or pricing strategies by competitors;
- more limited historical store sales information for our newer markets;
- weakening of economic conditions or consumer confidence in the future, which could reduce demand for discretionary items, such as our products; and
- acts or threats of war or terrorism which could adversely affect consumer confidence and spending or interrupt production and distribution of our products and our raw materials.

Because of our rapid growth, we have occasionally placed insufficient levels of desirable product with our wholesale partners and in our retail locations such that we were unable to fully satisfy customer demand at those locations. We cannot guarantee that we will be able to match supply with demand in all cases in the future, whether as a result of our inability to produce sufficient levels of desirable product or our failure to forecast demand accurately. As a result of these inabilities or failures, we may encounter difficulties in filling customer orders or in liquidating excess inventory at discount prices and may experience significant write-offs. Additionally, if we over-produce 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 brand image and adversely impact sales, gross margins and profitability.

Our senior management team has limited experience working together as a group, and may not be able to manage our business effectively.

Our CEO, Jill Granoff, and CFO, Lisa Klinger, joined the company in 2012. Many of the other members of our senior management team, including our new President and Chief Creative Officer, Karin Gregersen, have been with us less than one year. As a result, our senior management team has limited experience working together as a group. This lack of shared experience could negatively impact our senior management team s ability to quickly and efficiently respond to problems and effectively manage our business. If our management team is not able to work together as a group, our results of operations may suffer and our business may be harmed.

Loss of key personnel could disrupt our operations.

Our continued success is dependent on the 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 industry is intense, and we compete for these individuals with other companies that in many cases have greater financial and other resources. The loss of the services of any members of senior management or the inability to attract and retain other qualified executives could have a material adverse effect on our business, results of operations and financial condition.

Our competitive position could suffer if our intellectual property rights are not protected.

We believe that our trademarks and designs are of great value. From time to time, third parties have challenged, and may in the future try to challenge, our ownership of our intellectual property. In some cases, third parties with similar

trademarks or other intellectual property may have pre-existing and potentially conflicting trademark registrations. We rely on cooperation from third parties with similar trademarks to be able to register our trademarks in jurisdictions in which such third parties have already registered their trademarks. We are susceptible to others imitating our products and infringing our intellectual property rights. Imitation or counterfeiting of our products or infringement of our intellectual property rights could diminish the value of our brands or otherwise adversely affect our

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revenues. The actions we have taken to establish and protect our trademarks and other intellectual property rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of the trademarks and intellectual property rights of others. In addition, others may assert rights in, or ownership of, our trademarks and other intellectual property rights or in similar marks or marks that we license and/or market and we may not be able to successfully resolve these conflicts to our satisfaction. We may need to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of resources. Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products. In addition, resolution of claims may require us to redesign our products, license rights from third parties or cease using those rights altogether. Any of these events could harm our business and cause our results of operations, liquidity and financial condition to suffer.

We license our website domain name from a third-party. Pursuant to the license agreement (the License Agreement), our license to use *www.vince.com* will expire in 2018 and will automatically renew for successive one year periods, subject to our right to terminate the arrangement with or without cause; provided, that we must pay the applicable early termination fee and provide 30 days prior notice in connection with a termination without cause. The licensor has no termination rights under the License Agreement. Any failure by the licensor to perform its obligations under the License Agreement could adversely affect our brand and make it more difficult for users to find our website.

Problems with our distribution system could harm our ability to meet customer expectations, manage inventory, complete sales and achieve targeted operating efficiencies.

In the U.S., we rely on a distribution facility operated by Kellwood in City of Industry, California. Our ability to meet the needs of our wholesale partners and our own retail stores depends on the proper operation of this distribution facility. Kellwood will continue to provide distribution services, until we elect to terminate such services, as part of the Shared Services Agreement, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement. We also have a warehouse in Belgium operated by a third-party logistics provider to support our wholesale orders for customers located in Europe. There can be no assurance that we will be able to enter into other contracts for an alternate or replacement distribution centers on acceptable terms or at all. Such an event could disrupt our operations. In addition, because substantially all of our products are distributed from one location, our operations could also be interrupted by labor difficulties, or by floods, fires, earthquakes or other natural disasters near such facility. We maintain business interruption insurance and are a beneficiary under similar Kellwood insurance policies related to Kellwood assets or services we will continue to utilize under the Shared Services Agreement. These policies, however, 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 extent of our foreign sourcing may adversely affect our business.

Our products are primarily produced by, and purchased or procured from, independent manufacturing contractors located outside of the U.S., with approximately 94% of our total revenue for fiscal 2012 and 93% of our total revenue for the first six months of fiscal 2013 attributable to manufacturing contractors located outside of the U.S. These manufacturing contractors are located mainly in countries in Asia and South America, with approximately 70% and 21% of our purchases for fiscal 2012 and approximately 73% and 21% of our purchases for the first six months of fiscal 2013, attributable to manufacturing contractors located in China and Peru, respectively. A manufacturing

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contractor s failure to ship products to us in a timely manner or to meet the required quality standards could cause us to miss the delivery date requirements of our 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 us. As a result of the magnitude of our foreign sourcing, our business is subject to the following risks:

political and economic instability in countries or regions, especially Asia, 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 U.S. and foreign countries;

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

labor union strikes at ports through which our products enter the U.S.;

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 our products are or are planned to be produced;

increases in the costs of fuel, travel and transportation;

reduced manufacturing flexibility because of geographic distance between our foreign manufacturers and us, increasing the risk that we 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 us from manufacturing products in any significant international market, prevent us from acquiring products from foreign suppliers, or significantly increase the cost of our products, our operations could be seriously disrupted until alternative suppliers are found or alternative markets are developed, which could negatively impact our business.

We do not have written agreements with any of our third-party manufacturing contractors. As a result, any single manufacturing contractor could unilaterally terminate its relationship with us at any time. Two of our manufacturers in China, one of which we have worked with since our inception in 2002 and the other with whom we have worked for over five years, accounted for the production of approximately 25% and 23.5% of our finished products during fiscal 2012 and the first six months of fiscal 2013, respectively. Supply disruptions from these manufacturers (or any of our other manufacturers) could have a material adverse effect on our ability to meet customer demands, if we are unable to source suitable replacement materials at acceptable prices or at all. Our inability to promptly replace manufacturing contractors that terminate their relationships with us or cease to provide high quality products in a timely and cost-efficient manner could have a material adverse effect on our business, financial condition and operating results.

Fluctuations in the price, availability and quality of raw materials could cause delays and increase costs and cause our operating results and financial condition to suffer.

Fluctuations in the price, availability and quality of the fabrics or other raw materials, particularly cotton, leather, and synthetics used in our manufactured apparel, could have a material adverse effect on cost of sales or our ability to meet customer demands. The prices of fabrics depend largely on the market prices of the raw materials used to produce them. The price and availability of the raw materials and, in turn, the fabrics used in our apparel may fluctuate significantly, depending on many factors, including crop yields, weather patterns, labor costs and changes in oil prices. We may not be able to create suitable design solutions that utilize raw materials with attractive prices or, alternatively, to pass higher raw materials prices and related transportation costs on to our customers. We are not always successful in our efforts to protect our business from the volatility of the market price of raw materials, and our business can be materially affected by dramatic movements in prices of raw materials. The ultimate effect of this change on our earnings cannot be quantified, as the effect of movements in raw materials prices on industry selling prices are uncertain, but any significant increase in these prices could have a material adverse effect on our business, financial condition and operating results.

Our reliance on independent manufacturers could cause delays or quality issues which could damage customer relationships.

We use independent manufacturers to assemble or produce all of our products, whether inside or outside the U.S. We are dependent on the ability of these independent manufacturers to adequately finance the production of goods ordered and maintain sufficient manufacturing capacity. The use of independent manufacturers to produce finished goods and the resulting lack of direct control could subject us to difficulty in obtaining timely delivery of products of acceptable quality. We generally do not have long-term contracts with any independent manufacturers. Alternative manufacturers, if available, may not be able to provide us with products or services of a comparable quality, at an acceptable price or on a timely basis. Identifying a suitable supplier is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other ethical practices. There can be no assurance that there will not be a disruption in the supply of our products from independent manufacturers or, in the event of a disruption, that we would be able to substitute suitable alternative manufacturers in a timely manner. The failure of any independent manufacturer to perform or the loss of any independent manufacturer could have a material adverse effect on our business, results of operations and financial condition.

If our independent manufacturers fail to use ethical business practices and comply with applicable laws and regulations, our brand image could be harmed due to negative publicity.

We have established and currently maintain operating guidelines which promote ethical business practices such as fair wage practices, compliance with child labor laws and other local laws. While we monitor compliance with those guidelines, we do not control our independent manufacturers or their business practices. Accordingly, we cannot guarantee their compliance with our guidelines. A lack of demonstrated compliance could lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations.

Violation of labor or other laws by our independent manufacturers or the divergence of an independent manufacturer s labor or other practices from those generally accepted as ethical in the U.S. or other markets in which we do business could also attract negative publicity for us and our brand. From time to time, our audit results have revealed a lack of compliance in certain respects, including with respect to local labor, safety and environmental laws. Other apparel companies have faced criticism after highly-publicized incidents or compliance issues have occurred or been exposed at factories producing their products. To the extent our manufacturers do not bring their operations into

compliance with such laws or resolve material issues identified in any of our audit results, we may face similar criticism and negative publicity. This could diminish the value of our brand image and reduce demand for our merchandise. In addition, other apparel companies have encountered organized boycotts of their products in such situations. If we, or other companies in our industry, encounter similar problems in the future, it could harm our brand image, stock price and results of operations.

Monitoring compliance by independent manufacturers is complicated by the fact that expectations of ethical business practices continually evolve, may be substantially more demanding than applicable legal requirements and are driven in part by legal developments and by diverse groups active in publicizing and organizing public responses to perceived ethical shortcomings. Accordingly, we cannot predict how such expectations might develop in the future and cannot be certain that our guidelines would satisfy all parties who are active in monitoring and publicizing perceived shortcomings in labor and other business practices worldwide.

Our operating results are subject to seasonal and quarterly variations in our net revenue and income from operations, which could cause the price of our common stock to decline.

We have experienced, and expect to continue to experience, seasonal variations in our net revenue and income from operations. Seasonal variations in our net revenue are primarily related to increased sales of our products during our fiscal third and fourth quarters, reflecting our historical strength in sales during the fall and holiday seasons. Historically, seasonable variations in our income from operations have been driven principally by increased net revenue in such fiscal quarters.

Our rapid growth may have overshadowed whatever seasonal or cyclical factors might have influenced our business to date. In addition, as our revenue mix evolves over time to include more sales from additional retail stores, we may see an increase in the percentage of sales occurring during the fourth quarter. Such seasonal or cyclical variations in our business may harm our results of operations in the future, if we do not plan inventory appropriately, if customer shopping patterns fluctuate during such seasonal periods or if bad weather during the fourth quarter constrains shopping activity.

Any future seasonal or quarterly fluctuations in our results of operations may not match the expectations of market analysts and investors to assess the longer-term profitability and strength of our business at any particular point, which could lead to increased volatility in our stock price. Increased volatility could cause our stock price to suffer in comparison to less volatile investments.

We are subject to risks associated with leasing retail space, are generally subject to long-term non-cancelable leases and are required to make substantial lease payments under our operating leases, and any failure to make these lease payments when due would likely harm our business, profitability and results of operations.

We do not own any of our stores, but instead lease all of our retail stores under operating leases. Our leases generally have initial terms of 10 years, and generally can be extended only for one additional 5-year term. All of our leases require a fixed annual rent, and most require the payment of additional rent if store sales exceed a negotiated amount. Most of our leases are net leases, which require us to pay all of the cost of insurance, taxes, maintenance and utilities, and we generally cannot cancel these leases at our option. Additionally, certain of our leases allow the lessor to terminate the lease if we do not achieve a specified gross sales threshold. We have experienced circumstances in the past where landlords have attempted to invoke these contractual provisions. Although we believe we will achieve the required threshold to continue those leases, we cannot assure you that we will do so. Any loss of our store locations due to underperformance may harm our results of operations, stock price and reputation.

Payments under these leases account for a significant portion of our SG&A expenses. For example, as of October 5, 2013, we were a party to operating leases associated with our retail stores requiring future minimum lease payments of $6.8 million in the aggregate through fiscal 2013 and approximately $55.2 million thereafter. We expect that any new retail stores we open will also be leased by us under operating leases, which will further increase our operating lease expenses and require significant capital expenditures. Our substantial operating lease obligations could have significant negative consequences, including, among others:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring a substantial portion of our available cash to pay our rental obligations, thus reducing cash available for other purposes;
- limiting our flexibility in planning for or reacting to changes in our business or in the industry in which we compete; and
- placing us at a disadvantage with respect to some of our competitors.

We depend on cash flow from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities, and sufficient funds are not otherwise available to us from borrowings under our new credit facilities or from other sources, we may not be able to service our operating lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which would harm our business.

In addition, additional sites that we lease are likely to be subject to similar long-term non-cancelable 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. Of our existing leases, one retail lease expires in fiscal 2013 and no existing retail leases expire in fiscal 2014. 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, our business, profitability and results of operations may be harmed.

The Patient Protection and Affordable Care Act may materially increase our costs and/or make it harder for us to compete as an employer.

The Patient Protection and Affordable Care Act imposed new mandates on employers, including a requirement effective January 1, 2014 (which has temporarily been extended to January 1, 2015 due to a recent executive order) that employers with 50 or more full-time employees provide credible health insurance to employees or pay a financial penalty. Given our current health plan design, and assuming the law is implemented without significant changes, these mandates could materially increase our costs. Moreover, if we choose to opt out of offering health insurance to our

employees, we may become less attractive as an employer and it may be harder for us to compete for qualified employees.

System security risk issues could disrupt our internal operations or information technology services, and any such disruption could negatively impact our net sales, increase our expenses and harm our reputation.

Experienced computer programmers and hackers, and even internal users, may be able to penetrate our network security and misappropriate our confidential information or that of third parties,

including our customers, create system disruptions or cause shutdowns. In addition, employee error, malfeasance or other errors in the storage, use or transmission of any such information could result in a disclosure to third parties outside of our network. As a result, we could incur significant expenses addressing problems created by any such inadvertent disclosure or any security breaches of our network. This risk is heightened because we collect and store customer information, including credit card information, and use certain customer information for our marketing purposes. In addition, we rely on third parties for the operation of our website, *www.vince.com*, and for the various social media tools and websites we use as part of our marketing strategy.

Consumers are increasingly concerned over the security of personal information transmitted over the internet, consumer identity theft and user privacy, and any compromise of customer information could subject us to customer or government litigation and harm our reputation, which could adversely affect our business and growth. Moreover, we could incur significant expenses or disruptions of our operations in connection with system failures or breaches. In addition, sophisticated hardware and operating system software and applications that we procure form third parties may contain defects in design or manufacture, including bugs and other problems that could unexpectedly interfere with the operation of our systems. The costs to us to eliminate or alleviate security problems, viruses and bugs, or any problems associated with the outsourced services could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that may impeded our sales, distribution or other critical functions. In addition to taking the necessary precautions ourselves, we require that third-party service providers implement reasonable security measures to protect our customers identity and privacy. We do not, however, control these third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future.

Changes in laws, including employment laws and laws related to our merchandise, could make conducting our business more expensive or otherwise change the way we do business.

We are subject to numerous regulations, including labor and employment, customs, truth-in-advertising, consumer protection, and zoning and occupancy laws and ordinances that regulate retailers generally or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. If these regulations were to change or were violated by our management, employees, vendors, independent manufacturers or partners, the costs of certain goods could increase, or we could experience delays in shipments of our products, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our merchandise and hurt our business and results of operations.

In addition to increased regulatory compliance requirements, changes in laws could make ordinary conduct of business more expensive or require us to change the way we do business. For example, changes in federal and state minimum wage laws could raise the wage requirements for certain of our employees at our retail locations, which would increase our selling costs and may cause us to reexamine our wage structure for such employees. Other laws related to employee benefits and treatment of employees, including laws related to limitations on employee hours, supervisory status, leaves of absence, mandated health benefits, overtime pay, unemployment tax rates and citizenship requirements, could negatively impact us, by increasing compensation and benefits costs which would in turn reduce our profitability.

Moreover, changes in product safety or other consumer protection laws could lead to increased costs to us for certain merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for us to plan and prepare for potential changes to applicable laws and future actions or payments related to such changes could be material to us.

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If we are unable to attract, assimilate and retain new employees, we may not be able to grow or successfully operate our business.

To be successful in continuing to grow our business, we will need to continue to attract, assimilate, retain and motivate highly talented employees with a range of skills and experience, especially at the store management levels. Although we have recently hired and trained new store managers and experienced sales associates at several of our retail locations, competition for employees in our industry is intense and we may from time to time experience difficulty in retaining our associates or attracting the additional talent necessary to support the growth of our business. These problems could be exacerbated as we embark on our strategy of opening new retail stores over the next several years. We will also need to attract and retain other professionals across a range of disciplines, including design, production, sourcing and international business, as we develop new product categories and continue to expand our international presence. Furthermore, we will need to recruit employees to provide, or enter into consulting or outsourcing arrangements with respect to the provision of, services to be provided by Kellwood under the Shared Services Agreement when Kellwood no longer provides such services thereunder. If we are unable to attract, assimilate and retain additional employees with the necessary skills, we may not be able to grow or successfully operate our business.

Our operations will be restricted by our new credit facilities.

We intend to enter into a new revolving credit facility and a new term loan facility in connection with the consummation of this offering. We expect that our new credit facilities will contain significant restrictive covenants. These covenants may impair our financing and operational flexibility and make it difficult for us to react to market conditions and satisfy our ongoing capital needs and unanticipated cash requirements. Specifically, such covenants will likely restrict our ability and, if applicable, the ability of our subsidiaries to, among other things:

- incur additional debt;
- make certain investments and acquisitions;
- enter into certain types of transactions with affiliates;
- use assets as security in other transactions;
- pay dividends;
- sell certain assets or merge with or into other companies;
- guarantee the debt of others;

- enter into new lines of businesses;
- make capital expenditures;
- prepay, redeem or exchange our debt; and
- form any joint ventures or subsidiary investments.

Our ability to comply with the covenants and other terms of our debt obligations will depend on our future operating performance. If we fail to comply with such covenants and terms, we would be required to obtain waivers from our lenders to maintain compliance with our debt obligations. If we are unable to obtain any necessary waivers and the debt is accelerated, a material adverse effect on our financial condition and future operating performance would likely result. See Additional Information Related to Vince Description of Certain Indebtedness of Vince, LLC. The terms of our debt obligations may restrict or delay our ability to fulfill our obligations under the Tax Receivable Agreement. In accordance with the terms of the Tax Receivable Agreement, delayed or unpaid

amounts thereunder would accrue interest at a default rate of one-year LIBOR plus 500 basis points until paid. Our obligations under the Tax Receivable Agreement could result in a failure to comply with covenants or financial ratios required by our debt financing agreements and could result in an event of default under such a debt financing. See Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement for more information regarding the terms of the Tax Receivable Agreement.

We could incur significant costs in complying with environmental, health and safety laws or as a result of satisfying any liability or obligation imposed under such laws.

Our operations are subject to various federal, state, local and foreign environmental, health and safety laws and regulations. We could be held liable for the costs to address contamination of any real property ever owned, operated or used as a disposal site. In addition, in the event that Kellwood Company becomes financially incapable of addressing the environmental liability incurred prior to the structural reorganization separating Kellwood Company from Vince, LLC, a third-party may file suit and attempt to allege that AHC engaged in a fraudulent transfer by arguing that the purpose of the separation of the non-Vince assets from AHC was to insulate AHC assets from the environmental liability. For example, pursuant to a Consent Decree with the U.S. Environmental Protection Agency (EPA) and the State of Missouri, a non-Vince subsidiary of AHC is conducting a cleanup of contamination at the site of a plant in New Haven, Missouri, which occurred between 1973 and 1985. Kellwood Company has posted a letter of credit in the amount of $5.9 million as a performance guarantee for the estimated cost of the required remediation work. If, despite the financial assurance provided by Kellwood Company as required by the EPA, Kellwood Company became financially unable to address this remediation, and if the corporate separateness of Vince, LLC is disregarded or if a fraudulent transfer is found to have occurred, Vince, LLC could be liable for the full amount of the remediation. If this were to occur or if we were to became liable for other environmental liabilities or obligations, it could have a material adverse effect on our business, financial condition or results of operations.

We will incur significant expenses as a result of being a public company, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

We will incur significant legal, accounting, insurance, share-based compensation and other expenses as a result of being a public company. The Sarbanes-Oxley Act, as well as related rules implemented by the SEC and the securities regulators and by the NYSE, have required changes in corporate governance practices of public companies. We expect that compliance with these laws, rules and regulations, including compliance with Section 404(b) of the Sarbanes-Oxley Act once we are no longer an emerging growth company, will substantially increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. We also expect these laws, rules and regulations to make it more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or to incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as officers. To assist in the recruitment of qualified directors, officers and other members of senior management and to help align their interests with those of our stockholders, we intend to make equity grants under the Vince 2013 Incentive Plan. The Vince, LLC audited financial statements included elsewhere in this prospectus do not include charges for shared based compensation. We will, however, in future periods report charges associated with grants made under the Vince 2013 Incentive Plan as we expect that shared based compensation will constitute a significant component of our executive compensation program. As a result of the foregoing, we expect an increase in legal, accounting, insurance, share based compensation and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

Risks Related to the Restructuring Transactions

Our historical financial information may not be representative of our results as a stand-alone public company.

The historical financial information we have included in this prospectus has been derived from the consolidated financial statements of AHC and does not necessarily reflect what our financial position, results of operations or cash flows would have been had we operated separately from the non-Vince businesses during the historical periods presented. The historical costs and expenses reflected in our consolidated financial statements include charges for certain corporate functions historically provided by Kellwood Company, including centralized legal, accounting, tax, treasury, information technology and other services and infrastructure costs. We and Kellwood believe these charges are reasonable reflections of the historical utilization levels of these services in support of our business. The historical financial information is not necessarily indicative of our future results of operations, financial position, cash flows or costs and expenses. We have not made adjustments to reflect many significant changes that will occur in our cost structure, funding and operations as a result of our separation from the non-Vince businesses, including changes in our employee base, changes in our legal structure, and increased costs associated with being a publicly traded, stand-alone company. For additional information, see Additional Information Related to Vince Supplemental Selected Historical Financial Data of Vince, LLC, Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC and Vince, LLC s historical consolidated financial statements and notes thereto included elsewhere in this prospectus.

Any disputes that arise between us and Kellwood with respect to our past and ongoing relationships could harm our business operations.

Disputes may arise between Kellwood and us in a number of areas relating to our past and ongoing relationships, including:

- intellectual property and technology matters;
- labor, tax, employee benefit, indemnification and other matters arising from our separation from Kellwood;
- employee retention and recruiting;
- business combinations involving us;
- the nature, quality and pricing of transitional services Kellwood has agreed to provide us; and
- business opportunities that may be attractive to both Kellwood and us.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party. We anticipate that following this offering, affiliates of Sun Capital, who will also continue to control Kellwood after consummation of this offering, will own approximately 72% of our common stock (assuming no exercise of the underwriters option to purchase additional shares) and Sun Cardinal,

LLC, an affiliate of Sun Capital, will have the ability to designate a majority of our directors.

Third parties may seek to hold us responsible for liabilities related to the non-Vince businesses that we will not retain in the IPO Restructuring Transactions or for liabilities associated with Vince assets not yet transferred to us.

We are currently subject to a number of liabilities, including the Cerberus Term Loan, the 12.875% Notes, the Sun Term Loan Agreements, the Wells Fargo Facility and various trade credit or other general unsecured obligations. As described further below, in connection with the separation of the non-Vince businesses from the Vince business in the IPO Restructuring Transactions and the

consummation of this offering, Kellwood Company, LLC will repay, repurchase or discharge certain of these obligations in full (after giving effect to the Additional Sun Capital Contribution) using proceeds from the repayment of the Kellwood Note Receivable and will otherwise refinance certain of its other indebtedness (including the Wells Fargo Facility). Kellwood Company, LLC will remain liable for any remaining obligations related to the non-Vince businesses. Despite this fact, third parties may seek to hold us responsible for liabilities related to the non-Vince businesses.

As described in Restructuring Transactions and Use of Proceeds, Kellwood Company, LLC will, immediately after the closing of this offering, (i) use proceeds from the repayment of the Kellwood Note Receivable to repay or discharge the Cerberus Term Loan and the Sun Term Loan Agreements and to deposit with the trustee of the 12.875% Notes an amount sufficient to redeem such notes in full, in connection with the concurrent issuance of an unconditional redemption notice for the 12.875% Notes and the satisfaction and discharge of the indenture governing the 12.875% Notes and (ii) refinance the Wells Fargo Facility to, among other things, release Vince, LLC as an obligor thereunder. While the execution of the IPO Restructuring Transactions is in fact a technical default under these agreements, because we believe that the concurrent repayment, discharge or refinancing of those obligations satisfies any such default, we do not believe any consent of the lenders or noteholders under the related agreements or instruments is necessary and accordingly we do not intend to seek any such consent. We could nevertheless be subject to claims from Kellwood Company s creditors as a result of such technical defaults and these claims may force us to engage in costly litigation. If such claims are successful and indemnity is unavailable from Kellwood Company, LLC, our financial condition and results of operations may be harmed.

Also, Kellwood Company will conduct a tender offer to purchase any and all of the 7.625% Notes at par plus accrued but unpaid interest thereon in connection with this offering. Neither Apparel Holding Corp. nor Vince, LLC is a guarantor or obligor of the 7.625% Notes. We do not intend to take any extraordinary steps with regard to any other liabilities, including the 3.5% Convertible Notes, trade credit or other general unsecured obligations of Kellwood Company. While we believe the execution of the IPO Restructuring Transactions is not a default under, nor does it create any additional rights with respect to, the 7.625% Notes or any other general unsecured liabilities, it is possible that any holders of 7.625% Notes that remain untendered after consummation of our proposed tender offer or other holders of general unsecured liabilities could attempt to draw the ongoing Vince business into any attempts to collect on any such liabilities from Kellwood Company, LLC.

Kellwood Company, LLC has agreed, pursuant to the Transfer Agreement to be entered into as part of the IPO Restructuring Transactions, to indemnify us for any claims and losses that may arise related to its failure to repay, repurchase, discharge or refinance certain of its indebtedness, as described in the three immediately prior paragraphs. But if Kellwood Company, LLC is not able to satisfy its related indemnification obligations to us, our financial condition or results of operations could suffer. See Risks Related to Vince Kellwood provides us with certain key services for our business. If Kellwood fails to perform its obligations to us or if we do not find appropriate replacement services, we may be unable to perform these services or implement substitute arrangements on a timely and cost-effective basis on terms favorable to us and Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Transfer Agreement for additional information regarding the risks related to Kellwood s ability to satisfy its obligations to us and the indemnity to be provided to us by Kellwood Company, LLC pursuant to the terms of the Transfer Agreement.

We will be required to pay for 85% of certain tax benefits, and could be required to make substantial cash payments in which the stockholders purchasing shares in this offering will not participate.

Immediately prior to the consummation of this offering, we intend to enter into the Tax Receivable Agreement with the Pre-IPO Stockholders. Under the Tax Receivable Agreement, we will be obligated

to pay to the Pre-IPO Stockholders an amount equal to 85% of the cash savings in federal, state and local income tax realized by us by virtue of our future use of the federal, state and local net operating losses (NOLs) held by us as of October 5, 2013, together with section 197 intangible deductions (collectively, the Pre-IPO Tax Benefits). Section 197 intangible deductions means amortization deductions with respect to certain amortizable intangible assets which are held by us and our subsidiaries immediately after this offering. Cash tax savings generally will be computed by comparing our actual federal, state and local income tax liability to the amount of such taxes that we would have been required to pay had such Pre-IPO Tax Benefits not been available to us. While payments made under the Tax Receivable Agreement will depend upon a number of factors, including the amount and timing of taxable income we generate in the future and any future limitations that may be imposed on our ability to use the Pre-IPO Tax Benefits, the payments could be substantial. Assuming the federal, state and local corporate income tax rates presently in effect, no material change in applicable tax law and no limitation on our ability to use the Pre-IPO Tax Benefits under Section 382 of the U.S. Internal Revenue Code, as amended (the Code), the estimated cash benefit of the full use of these Pre-IPO Tax Benefits would be approximately $200 million, of which 85%, or $170 million, is potentially payable to the Pre-IPO Stockholders under the terms of the Tax Receivable Agreement. The Tax Receivable Agreement accordingly could require us to make substantial cash payments in which the stockholders purchasing shares in this offering will not participate.

Although we are not aware of any issue that would cause the U.S. Internal Revenue Service (the IRS), to challenge any tax benefits arising under the Tax Receivable Agreement, the affiliates of Sun Capital will not reimburse us for any payments previously made if such benefits subsequently were disallowed, although the amount of any tax savings subsequently disallowed will reduce any future payment otherwise owed to the Pre-IPO Stockholders. For example, if our determinations regarding the applicability (or lack thereof) and amount of any limitations on the NOLs under Section 382 of the Code were to be successfully challenged by the IRS after payments relating to such NOLs had been made to the Pre-IPO Stockholders, we would not be reimbursed by the Pre-IPO Stockholders and our recovery would be limited to the extent of future payments (if any) otherwise remaining under the Tax Receivable Agreement. As a result, in such circumstances we could make payments to the Pre-IPO Stockholders under the Tax Receivable Agreement in excess of our actual cash tax savings. Furthermore, while we will generally only make payments under the Tax Receivable Agreement after we have recognized a cash flow benefit from the utilization of the Pre-IPO Tax Benefits, (other than upon a change of control or other acceleration event), the payments required under the agreement could require us to use a substantial portion of our cash from operations for those purposes.

At the effective date of the Tax Receivable Agreement, any liability recognized will be accounted for in our financial statements as a reduction of additional paid-in capital. Subsequent changes in the Tax Receivable Agreement liability will be recorded through earnings in operating expenses. Although we currently have a valuation allowance on the entire amount of NOLs, if we continue to be profitable, the valuation allowance could be reduced or eliminated. Even if the NOLs are available to us, the Tax Receivable Agreement will operate to transfer significantly all of the benefit to the Pre-IPO Stockholders. Additionally, the payments we make to the Pre-IPO Stockholders under the Tax Receivable Agreement are not expected to give rise to any incidental tax benefits to us, such as deductions or an adjustment to the basis of our assets.

Federal and state laws impose substantial restrictions on the utilization of NOL carry-forwards in the event of an ownership change, as defined in Section 382 of the Code. Under the rules, such an ownership change is generally any change in ownership of more than 50 percent of a company s stock within a rolling three-year period, as calculated in accordance with the rules. The rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning directly or indirectly 5% or more of the stock of the company and any change in ownership arising from new issuances of stock by the company.

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At this time, we have not performed a detailed analysis under Section 382 of the Code to determine if the IPO Restructuring Transactions would constitute an ownership change. With this offering and other transactions that have occurred over the past three years, we may trigger or have already triggered an ownership change limitation. We may also experience ownership changes in the future as a result of subsequent shifts in stock ownership. As a result, if we earn net taxable income, our ability to use the pre-change NOL carry-forwards (after giving effect to payments to be made to the Pre-IPO Stockholders under the Tax Receivable Agreement) to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us. Notwithstanding the foregoing, our preliminary analysis under Section 382 of the Code indicates that the IPO Restructuring Transactions would not trigger an ownership change limitation.

If we did not enter into the Tax Receivable Agreement, we would be entitled to realize the full economic benefit of the Pre-IPO Tax Benefits, to the extent allowed by federal, state and local law, including Section 382 of the Code. Subject to exceptions, the Tax Receivable Agreement is designed with the objective of causing our annual cash costs attributable to federal state and local income taxes (without regard to our continuing 15% interest in the Pre-IPO Tax Benefits) to be the same as we would have paid had we not had the Pre-IPO Tax Benefits available to offset our federal, state and local taxable income. As a result, stockholders purchasing shares in this offering will not be entitled to the economic benefit of the Pre-IPO Tax Benefits that would have been available if the Tax Receivable Agreement were not in effect (except to the extent of our continuing 15% interest in the Pre-IPO Tax Benefits).

In certain cases, payments under the Tax Receivable Agreement to the Pre-IPO stockholders may be accelerated and/or significantly exceed the actual benefits we realize in respect of the Pre-IPO Tax Benefits.

Upon the election of an affiliate of Sun Capital to terminate the Tax Receivable Agreement pursuant to a change in control (as defined in the Tax Receivable Agreement) or upon our election to terminate the Tax Receivable Agreement early, all of our payment and other obligations under the Tax Receivable Agreement will be accelerated and will become due and payable. Additionally, the Tax Receivable Agreement provides that in the event that we breach any of our material obligations under the Tax Receivable Agreement by operation of law as a result of the rejection of the Tax Receivable Agreement in a case commenced under Title 11 of the United States Code (the Bankruptcy Code) then all of our payment and other obligations under the Tax Receivable Agreement will be accelerated and will become due and payable.

In the case of any such acceleration, we would be required to make an immediate payment equal to 85% of the present value of the tax savings represented by any portion of the Pre-IPO Tax Benefits for which payment under the Tax Receivable Agreement has not already been made, which upfront payment may be made years in advance of the actual realization of such future benefits. Such payments could be substantial and could exceed our actual cash tax savings from the Pre-IPO Tax Benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will have sufficient cash available or that we will be able to finance our obligations under the Tax Receivable Agreement.

If we were to elect to terminate the Tax Receivable Agreement immediately after this offering, based on a discount rate equal to monthly LIBOR plus 200 basis points, we estimate that we would be required to pay $158.7 million in the aggregate under the Tax Receivable Agreement. See Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement.

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Risks Related to AHC

General economic conditions in the U.S., Europe and other parts of the world, including a continued weakening of the economy and restricted credit markets, can affect consumer confidence and consumer spending patterns.

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 AHC s business overall, the carrying value of AHC s tangible assets and intangible assets and specifically sales, gross margins and profitability. The success of AHC s operations depends on consumer spending. Consumer spending is impacted by a number of factors, including actual and perceived economic conditions affecting disposable consumer income (such as unemployment, wages, energy costs, consumer debt levels, etc.), business conditions, interest rates and availability of credit and tax rates in the general economy and in the international, regional and local markets where AHC s products are sold.

Recent global economic conditions have included significant recessionary pressures and declines in employment levels, disposable income and actual and/or perceived wealth and further declines in consumer confidence and economic growth. These conditions have led and could lead to continued substantial declines in consumer spending over the foreseeable future and may have resulted in a resetting of consumer spending habits that makes it unlikely that spending will return to prior levels for the foreseeable future. The current depressed economic environment has been characterized by a dramatic decline in consumer discretionary spending and has disproportionately affected retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary purchases, including fashion apparel such as AHC brands. While there have been occasional signs of stabilization in the North American markets during 2012, a shift towards continued recessionary conditions could adversely impact AHC s sales volumes and overall profitability in the future. Further, the European debt crisis resulting from growing concerns that European countries could default on their national debt, have caused instability in the European economy. Continued economic volatility and declines in the value of the Euro could negatively impact the global economy as a whole. Such a condition would have a material adverse impact on the profitability and liquidity of AHC s international operations, as well as hinder AHC s ability to grow through expansion in the international markets.

Economic conditions have also led to a highly promotional environment and strong discounting pressure from both AHC s wholesale and retail customers, which have had a negative effect on its revenues and profitability. This promotional environment may likely continue even after economic growth returns, as AHC expects consumer spending trends are likely 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 or other hostilities could lead to further decreases in consumer spending.

Intense competition in the apparel industry could reduce AHC s sales and profitability.

As an apparel company, AHC faces intense competition from other domestic and foreign apparel, footwear and accessories producers and retailers. Competition may result in pricing pressures, reduced profit margins or lost market share or failure to grow AHC s market share, any of which could substantially harm its business and results of operations. Competition is based on many factors including, without limitation, the following:

- establishing and maintaining favorable brand recognition;

developing products that appeal to consumers;

pricing products appropriately;

determining and maintaining product quality;

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- obtaining access to sufficient floor space in retail outlets;
- providing appropriate services and support to retailers;
- maintaining and growing market share;
- maintaining key employees; and
- protecting intellectual property.

Competition in the apparel industry is intense and is dominated by a number of very large brands, many of which have longer operating histories, larger customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than AHC does. These capabilities of AHC s competitors may allow them to better withstand downturns in the economy or apparel industry. The aggressive and competitive nature of the apparel industry may result in lower prices for AHC s products and decreased gross profit margins, either of which may materially adversely affect sales and profitability. Any increased competition, or AHC s failure to adequately address any of these competitive factors, could result in reduced sales, which could adversely affect AHC s business, financial condition and operating results.

AHC s business will suffer if AHC fails to continually anticipate fashion trends and consumer tastes.

Customer tastes and fashion trends can change rapidly. AHC may not be able to anticipate, gauge or respond to these changes within a timely manner. If AHC misjudges the market for its products or product groups, or if AHC fails to identify and respond appropriately to changing consumer demands and fashion trends, it may be faced with unsold finished goods inventory, which could materially adversely affect expected operating results and decrease sales, gross margins and profitability.

Alternatively, even if AHC reacts appropriately to changes in fashion trends and consumer preferences, consumers may consider its various brand images to be outdated or associate its brands with styles that are no longer popular or trend-setting. Any of these outcomes could have a material adverse effect on AHC s brands, business and results of operations.

The apparel industry has relatively long lead times for the design and production of products. Consequently, AHC must in some cases commit to production in advance of orders based on forecasts of customer and consumer demand. If AHC fails to forecast demand accurately, it may under-produce or over-produce a product and encounter difficulty in filling customer orders or in liquidating excess inventory. Additionally, if AHC 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 retrospective price adjustments. These outcomes could have a material adverse effect on sales and brand image and adversely impact sales, gross margins and profitability.

A substantial portion of AHC s revenue is derived from a small number of large wholesale partners, and the loss of any of these wholesale partners could substantially reduce AHC s total revenue.

A small number of AHC s wholesale partners account for a significant portion of its total revenue. Total revenue to AHC s ten largest wholesale partners was 55% of its total revenue for fiscal 2012 and 60% for the first six months of fiscal 2013. AHC does not have written agreements with any of its wholesale partners, and purchases generally occur on an order-by-order basis. A decision by any of AHC s major wholesale partners, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to decrease significantly the amount of merchandise purchased from AHC or its licensing partners, or to change their manner of doing business with AHC or its licensing partners, could substantially reduce AHC s revenue and have a material adverse effect on its profitability. During the past several years, the retail industry has experienced a great deal of

consolidation and other ownership changes, and AHC expects such changes will continue. In addition, store closings by AHC s wholesale partners decrease the number of stores carrying its products, while the remaining stores may purchase a smaller amount of AHC s products and may reduce the retail floor space designated for AHC s brands. In the future, retailers may further consolidate, undergo restructurings or reorganizations, realign their affiliations or reposition their stores target markets. Any of these types of actions could decrease the number of stores that carry AHC s products or increase the ownership concentration within the retail industry. These changes could decrease AHC s opportunities in the market, increase its reliance on a diminishing number of large wholesale partners and decrease AHC s negotiating strength with its wholesale partners. These factors could have a material adverse effect on AHC s business, financial condition and operating results.

Consolidation and change in the retail industry may eliminate existing or potential customers.

A number of apparel retailers have experienced significant changes and difficulties over the past several years, including consolidation of ownership, increased centralization of buying decisions, restructurings, bankruptcies and liquidations. During past years, various apparel retailers, including some of AHC s customers, have experienced financial problems including bankruptcy that have increased the risk of extending credit to those retailers. Financial problems with respect to any of AHC s customers could cause it to reduce or discontinue business with those customers or require AHC to assume more credit risk relating to those customers receivables, either of which could have a material adverse effect on Kellwood s business, results of operations and financial condition.

There has been, and continues to be, merger, acquisition and consolidation activity in the retail industry. In 2012, the apparel industry experienced a number of consolidation agreements and acquisitions by private-equity investors. If consumer confidence and overall economic conditions continue to recover in the foreseeable future, AHC would expect consolidation and merger activity to continue. Future consolidation could reduce the number of AHC s customers and potential customers. A smaller market for AHC s products could have a material adverse impact on its business and results of operations. In addition, it is possible that the larger customers, which result from mergers or consolidations, could decide to perform many of the services that AHC currently provides. If that were to occur, it could cause AHC s business to suffer.

With increased consolidation in the retail industry, AHC is increasingly dependent upon key retailers whose bargaining strength and share of AHC s business is growing. Accordingly, AHC faces greater pressure from these customers to provide more favorable trade terms, often in form of customers requiring AHC to provide price concessions on prior shipments as a prerequisite for obtaining future orders. AHC could be negatively affected by changes in the policies or negotiating positions of its customers. Pressure for these concessions is largely determined by overall retail sales performance and, more specifically, the performance of AHC s products at retail. To the extent AHC s customers have more of its goods on hand at the end of the season, there will be greater pressure for AHC to grant markdown concessions on prior shipments. Additionally, AHC could be negatively affected by changes in the policies or negotiating positions of its customers. AHC s inability to develop satisfactory programs and systems to satisfy these customers could adversely affect operating results in any reporting period.

AHC is reliant on its retail customers for the sale of its goods.

AHC is primarily a wholesale manufacturer and marketer of womens, juniors and girls apparel. AHC s customers are primarily retailers who sell AHC s goods in their retail stores or online. AHC s success in selling its products is largely dependent on its retail customers success in selling to their customers, the end users of AHC s products. The success of AHC s retail customers is in turn subject to a number of factors, many of which are outside of AHC s and their control.

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Loss of key personnel could disrupt AHC s operations.

AHC s continued success is dependent on its ability to attract, retain and motivate qualified management, designers, administrative and sales personnel to support existing operations and future growth. Competition for qualified personnel in the apparel industry is intense, and AHC competes for these individuals with other companies that in many cases have greater financial and other resources. The loss of the services of any members of senior management or the inability to attract and retain other qualified personnel could have a material adverse effect on AHC s business, results of operations and financial condition.

The extent of AHC s foreign sourcing may adversely affect AHC s business.

AHC s products are primarily produced by, and purchased or procured from, independent manufacturing contractors located mainly in countries in Asia. A manufacturing contractor s failure to ship products to AHC in a timely manner or to meet the required quality standards could cause us to miss the delivery date requirements of AHC s 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 it. As a result of the magnitude of AHC s foreign sourcing, its business is subject to the following risks:

- political and economic instability in countries, 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 and quotas 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;

- significant fluctuation of the value of the dollar against foreign currencies;

- 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 AHC s products are or are planned to be produced;

- increases in the costs of fuel, travel and transportation;

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

- increases in manufacturing costs in the event of a decline in the value of the United States dollar against major world currencies, particularly the Chinese Yuan, and higher labor costs being experienced by our foreign manufacturers in China; and

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

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

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The success of AHC s licenses depends on the value of the licensed brands.

Some of AHC s products are produced under license agreements with third parties. Similarly, AHC licenses some of its brand names to other companies. Brands that AHC licenses from third parties are integral to its business as is the implementation of AHC s strategies for growing and expanding these brands and trademarks. AHC markets some of its products under the names and brands of recognized designers. AHC s sales of these products could decline if any of those designer s images or reputations were to be negatively impacted. Additionally, AHC relies on continued good relationships with both licensees and licensors, of certain trademarks and brand names. Adverse actions by any of these third parties could damage the brand equity associated with these trademarks and brands, which could have a material adverse effect on AHC s business, results of operations and financial condition.

AHC s competitive position could suffer if its intellectual property rights are not protected.

AHC believes that its trademarks, patents and designs are of great value. From time to time, third parties have challenged, and may in the future try to challenge, AHC s ownership of its intellectual property. AHC is susceptible to others imitating its products and infringing its intellectual property rights. AHC Imitation or counterfeiting of AHC s products or infringement of its intellectual property rights could diminish the value of AHC s brands or otherwise adversely affect AHC s revenues. The actions AHC has taken to establish and protect its trademarks and other intellectual property rights may not be adequate to prevent imitation of its products by others or to prevent others from seeking to invalidate AHC s trademarks or block sales of its products as a violation of the trademarks and intellectual property rights of others. In addition, others may assert rights in, or ownership of, AHC s trademarks and other intellectual property rights or in similar marks or marks that AHC licenses and/or market and AHC may not be able to successfully resolve these conflicts to its satisfaction. AHC may need to resort to litigation to enforce its intellectual property rights, which could result in substantial costs and diversion of resources. Successful infringement claims against AHC could result in significant monetary liability or prevent AHC from selling some of its products. In addition, resolution of claims may require AHC to redesign its products, license rights from third parties or cease using those rights altogether. Any of these events could harm AHC s business and cause its results of operations, liquidity and financial condition to suffer.

AHC currently owns the exclusive right to use various domain names containing or relating to its brands. AHC may be unable to prevent third parties from acquiring and using domain names that infringe or otherwise decrease the value of its trademarks and other proprietary rights. Failure to protect AHC s domain names could adversely affect its brands and make it more difficult for users to find AHC s websites.

Fluctuations in the price, availability and quality of raw materials could cause delays and increase costs and cause AHC s operating results and financial condition to suffer.

Fluctuations in the price, availability and quality of the fabrics or other raw materials, particularly cotton, leather, and synthetics used in AHC s manufactured apparel, could have a material adverse effect on cost of sales or AHC s ability to meet customer demands. The prices of fabrics depend largely on the market prices of the raw materials used to produce them. The price and availability of the raw materials and, in turn, the fabrics used in AHC s apparel may fluctuate significantly, depending on many factors, including crop yields, weather patterns, labor costs and changes in oil prices. AHC may not be able to pass higher raw materials prices and related transportation costs on to its customers. AHC is not always successful in its efforts to protect its business from the volatility of the market price of raw materials, and AHC s business can be materially affected by dramatic movements in prices of raw materials. The ultimate effect of this change on AHC s earnings cannot be quantified, as the effect of movements in raw materials prices on industry selling prices are uncertain, but any significant increase in these prices could have a material adverse effect on its business, financial condition and operating results.

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Problems with AHC s distribution system could harm its ability to meet customer expectations, manage inventory, complete sales and achieve objectives for operating efficiencies.

AHC operates two distribution facilities in City of Industry, California and St. George, Utah, as well as utilizing seven third-party distribution facilities. AHC s ability to meet the needs of its wholesale partners and its own retail stores depends on the proper operation of these distribution facilities. Because a substantial portion of AHC s products are distributed from these locations, AHC s operations could also be interrupted by labor difficulties, or by floods, fires, earthquakes or other natural disasters near such either facility. AHC maintains business interruption insurance, but it may not adequately protect AHC from the adverse effects that could result from significant disruptions to its distribution system, such as the long-term loss of customers or an erosion of AHC s brand image. If AHC encounters problems with its distribution system, its ability to meet customer expectations, manage inventory, complete sales and achieve objectives for operating efficiencies could be harmed. Any of the foregoing factors could have a material adverse effect on AHC s business, financial condition and operating results.

AHC s ability to source its merchandise profitably or at all could be hurt if new trade restrictions are imposed or existing trade restrictions become more burdensome.

The majority of AHC s products are currently manufactured for it outside of the U.S. The U.S. and the countries in which AHC s products are produced or sold internationally have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust prevailing quota, duty or tariff levels. Countries impose, modify and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for AHC to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could increase the cost or reduce the supply of products available to AHC or may require AHC to modify its supply chain organization or other current business practices, any of which could harm AHC s business, financial condition and results of operations.

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

AHC provides stock to its wholesale partners, based on its estimates of future demand for particular products. AHC s inventory management and planning teams determine the number of pieces of each product that AHC will order from its manufacturers based upon past sales of similar products, feedback from focus groups, sales trend information and anticipated retail price. However, if AHC s inventory and planning teams fail to accurately forecast customer demand, AHC may experience excess inventory levels or a shortage of products.

Factors that could affect AHC s inventory and planning team s ability to accurately forecast customer demand for its products include:

- a substantial increase or decrease in consumer demand for AHC s products or for products of AHC s competitors;
- AHC 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 AHC s newer markets;

weakening of economic conditions or consumer confidence in future economic conditions, which could reduce demand for discretionary items, such as AHC s products; and

acts or threats of war or terrorism which could adversely affect consumer confidence and spending or interrupt production and distribution of AHC s products and AHC s raw materials.

Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discount prices, which would cause our gross margin to suffer and could impair the strength and exclusivity of AHC s brand.

In addition, if AHC underestimates customer demand for its products, AHC s manufacturers may not be able to deliver products to meet its requirements, and this could result in delays in the shipment of products to AHC s wholesale partners and may damage our reputation and customer relationships. There can be no assurances that AHC will be able to successfully manage its inventory at a level appropriate for future customer demand.

We could incur significant costs in complying with environmental, health and safety laws or as a result of satisfying any liability or obligation imposed under such laws.

Our operations are subject to various federal, state, local and foreign environmental, health and safety laws and regulations. We could be held liable for the costs to address contamination of any real property we have ever owned, operated or used as a disposal site. For example, pursuant to a Consent Decree with the EPA and the State of Missouri, we are conducting a cleanup of contamination at the site of a plant in New Haven, Missouri, which occurred between 1973 and 1985. As of August 3, 2013 AHC s best estimate of the discounted value of the total obligation for required and voluntary remedial activities at this New Haven site was $9.7 million. If AHC s estimated amount of the discounted value is incorrect or if AHC were to become liable for other environmental liabilities or obligations, it could have a material adverse effect on its business, financial condition or results of operations.

System security risk issues could disrupt AHC s internal operations or information technology services, and any such disruption could harm AHC s net sales, increase our expenses and harm its reputation.

Experienced computer programmers and hackers, and even internal users, may be able to penetrate AHC s network security and misappropriate AHC s confidential information or that of third parties, including our customers, create system disruptions or cause shutdowns. In addition, employee error, malfeasance or other errors in the storage, use or transmission of any such information could result in a disclosure to third parties outside of AHC s network. As a result, AHC could incur significant expenses addressing problems created by any such inadvertent disclosure or any security breaches of its network. This risk is heightened because AHC collects and stores customer information, including credit card information, and use certain customer information for its marketing purposes. In addition, AHC relies on third parties for the operation of its various websites and for the various social media tools and websites AHC uses as part of its marketing strategy.

Consumers are increasingly concerned over the security of personal information transmitted over the internet, consumer identity theft and user privacy, and any compromise of customer information could subject AHC to customer or government litigation and harm AHC s reputation, which could adversely affect AHC s business and growth. Moreover, AHC could incur significant expenses or disruptions of its operations in connection with system failures or breaches. In addition, sophisticated hardware and operating system software and applications that AHC procures from third parties may contain defects in design or manufacture, including bugs and other problems that could unexpectedly interfere with the operation of AHC s systems. The costs to AHC to eliminate or alleviate security problems, viruses and bugs, or any problems associated with the outsourced services, could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that may impeded AHC s sales, distribution or other critical functions. In addition to taking

the necessary precautions, AHC requires that third-party service providers implement reasonable security measures to protect its customers identity and privacy. AHC does not, however, control these third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future.

There are claims made against AHC from time to time that can result in litigation or regulatory proceedings which could distract management from AHC s business activities and result in significant liability.

AHC faces the risk of litigation and other claims against it. Litigation and other claims may arise in the ordinary course of its business and include commercial disputes, intellectual property issues, product-oriented allegations and slip and fall claims. In addition, AHC could face a wide variety of associate claims against it, including general discrimination, privacy, labor and employment, ERISA and disability claims. Any claims could result in litigation against AHC and could also result in regulatory proceedings being brought against AHC by various federal and state agencies that regulate its business, including the U.S. Equal Employment Opportunity Commission. Often these cases raise complex factual and legal issues, which are subject to risks and uncertainties and which could require significant management time and expense. Litigation and other claims and regulatory proceedings against AHC could result in unexpected expenses and liability, and could also materially and adversely affect AHC s operations and reputation.

Changes in laws, including employment laws and laws related to AHC s merchandise, could make conducting AHC s business more expensive or otherwise change the way AHC does business.

AHC is subject to numerous regulations, including labor and employment, customs, truth-in-advertising, consumer protection and zoning and occupancy laws and ordinances that regulate retailers generally or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. If these regulations were to change or were violated by AHC s management, associates, vendors, buying agents or trading companies, the costs of certain goods could increase, or AHC could experience delays in shipments of its products, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for AHC s merchandise and hurt its business and results of operations.

In addition to increased regulatory compliance requirements, changes in laws could make ordinary conduct of business more expensive or require us to change the way AHC does business. Other laws related to employee benefits and treatment of associates, including laws related to limitations on associate hours, supervisory status, leaves of absence, mandated health benefits or overtime pay, could negatively impact AHC, such as by increasing compensation and benefits costs for overtime and medical expenses.

Moreover, changes in product safety or other consumer protection laws could lead to increased costs to AHC for certain merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for AHC to plan and prepare for potential changes to applicable laws and future actions or payments related to such changes could be material to AHC.

AHC is subject to potential challenges relating to overtime pay and other regulations that impact its employees, which could cause its business, financial condition, results of operations or cash flows to suffer.

U.S. federal and state labor laws govern AHC s relationship with its employees and affect its operating costs. These laws include minimum wage requirements, overtime pay, unemployment tax rates, workers compensation rates and citizenship requirements. These laws change frequently and

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may be difficult to interpret and apply. In particular, as a retailer, AHC may be subject to challenges regarding the application of overtime and related pay regulations to its employees. A determination that AHC does not comply with these laws could harm its brand image, business, financial condition and results of operation. Additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence or mandated health benefits could also cause our business, financial condition, results of operations or cash flows to suffer.

Risks Related to this Offering and Our Common Stock

We cannot assure that a market will develop for our common stock or what the price of our common stock will be.

Before this offering, there was no public trading market for our common stock, and we cannot assure you that one will develop or be sustained after this offering. If a market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at an attractive price or at all. We cannot predict the prices at which our common stock will trade. The initial public offering price for our common stock will be determined through our negotiations with the underwriters and may not bear any relationship to the market price at which our common stock will trade after this offering or to any other established criteria of the value of our business. It is possible that, in future quarters, our operating results may be below the expectations of securities analysts and investors. As a result of these and other factors, the price of our common stock may decline, possibly materially.

Our stock price may be volatile and your investment in our common stock could suffer a decline in value.

Broad market and industry factors may harm the price of our common stock, regardless of our actual operating performance. Factors that could cause fluctuation in the price of our common stock may include, among other things:

- actual or anticipated fluctuations in quarterly operating results or other operating metrics, such as comparable store sales, that may be used by the investment community;
- changes in financial estimates by us or by any securities analysts who might cover our stock;
- speculation about our business in the press or the investment community;
- conditions or trends affecting our industry or the economy generally;
- stock market price and volume fluctuations of other publicly traded companies and, in particular, those that are in the apparel, accessories and retail industries;
- announcements by us or our competitors of new products, significant acquisitions, strategic partnerships or divestitures;

announcements by our wholesale partners of negative business performance or the projection that future business performance will be negative;

changes in product assortment between high and low margin products;

capital commitments;

our entry into new markets;

timing of new store openings;

percentage of sales from new stores versus established stores;

additions or departures of key business leaders;

- actual or anticipated sales of our common stock, including sales by our directors, officers or significant stockholders;
- significant developments relating to our manufacturing, distribution, or supplier relationships;
- customer purchases of new products from us and our competitors;
- investor perceptions of the apparel, accessories and retail industries in general and our company in particular;
- major catastrophic events;
- volatility in our stock price, which may lead to higher stock-based compensation expense under applicable accounting standards;
- changes in accounting standards, policies, guidance, interpretation or principles; and
- material litigation or government investigations.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation, even if it does not result in liability for us, could result in substantial costs to us and divert management s attention and resources.

We are a controlled company, controlled by investment funds advised by affiliates of Sun Capital, whose interests in our business may be different from yours.

Upon consummation of this offering, affiliates of Sun Capital will own approximately 72% of our outstanding common stock, assuming the underwriters do not exercise their option to purchase additional shares from the selling stockholders. If the underwriters exercise their option to purchase additional shares from the selling stockholders, affiliates of Sun Capital will own approximately 68% of our outstanding common stock. As such, affiliates of Sun Capital will, for the foreseeable future, have significant influence over our reporting and corporate management and affairs, and will be able to control virtually all matters requiring stockholder approval. For so long as affiliates of Sun Capital own 30% or more of our outstanding shares of common stock, Sun Cardinal, one of our selling stockholders, will have the right to designate a majority of our board of directors. For so long as Sun Cardinal has the right to designate a majority of our board of directors, the directors designated by Sun Cardinal are expected to constitute a majority of each committee of our board of directors, other than the Audit Committee, and the chairman of each of the committees, other than the Audit Committee, is expected to be a director serving on such committee who is designated by Sun Cardinal, provided that, at such time as we are not a controlled company under the NYSE corporate governance standards, our committee membership will comply with all applicable requirements of those standards and a majority of our board of directors will be independent directors, as defined under the rules of the NYSE.

As a controlled company, the rules of the NYSE exempt us from the obligation to comply with certain corporate governance requirements, including the requirements that a majority of our board of directors consists of independent

directors, as defined under such rules and that we have nominating and corporate governance and compensation committees that are each composed entirely of independent directors. These exemptions do not modify the requirement for a fully independent audit committee, which is permitted to be phased-in as follows: (1) one independent committee member at the time of listing; (2) a majority of independent committee members within 90 days of our initial public offering; and (3) all independent committee members within one year of our initial public offering. Similarly, once we are no longer a controlled company, we must comply with the independent board committee requirements as they relate to the nominating and corporate governance and compensation committees, on the same phase-in schedule as set forth above, with the trigger date being the date we are no longer a controlled company as opposed to our initial public offering date. Additionally, we will have 12 months from the date we cease to be a controlled company to have a majority of independent directors on our board of directors.

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Affiliates of Sun Capital will control actions to be taken by us and our board of directors, including amendments to our amended and restated certificate of incorporation and amended and restated bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors designated by Sun Cardinal will have the authority, subject to the terms of our indebtedness and the rules and regulations of the NYSE, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The NYSE independence standards are intended to ensure that directors who meet the independence standard are free of any conflicting interest that could influence their actions as directors. Our amended and restated certificate of incorporation will provide that the doctrine of corporate opportunity will not apply against Sun Capital or its affiliates, or any of our directors who are associates of, or affiliated with, Sun Capital, in a manner that would prohibit them from investing in competing businesses or doing business with our partners or customers. It is possible that the interests of Sun Capital and its affiliates may in some circumstances conflict with our interests and the interests of our other stockholders, including you. For example, Sun Capital may have different tax positions from other stockholders which could influence their decisions regarding whether and when we should dispose of assets, whether and when we should incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement that we will enter into in connection with this offering, and whether and when we should terminate the Tax Receivable Agreement and accelerate our obligations thereunder. In addition, the structuring of future transactions may take into consideration tax or other considerations of Sun Capital and its affiliates even where no similar benefit would accrue to us. See Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement.

If you purchase shares of our common stock in this offering, you will experience substantial and immediate dilution.

If you purchase shares of common stock in this offering, you will incur immediate and substantial dilution in the amount of $24.48 per share, because the initial public offering price of $20.00 is substantially higher than the net tangible book value per share of our outstanding common stock. This dilution is due in large part to the fact that affiliates of Sun Capital paid substantially less than the initial public offering price when they acquired their shares of our capital stock in February 2008.

Our business and stock price may suffer as a result of our lack of public company operating experience. In addition, if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

We are a privately-held company. Our lack of recent public company operating experience may make it difficult to forecast and evaluate our future performance. If we are unable to execute our business strategy, either as a result of our inability to effectively manage our business in a public company environment or for any other reason, our business performance, financial condition and results of operations may be harmed. In addition, the trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our stock would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any dividends on our common stock. We intend to retain all of our earnings for the foreseeable future to finance the operation and expansion of our business and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases. Our board of directors retains the discretion to change this policy.

We are a holding company and we are dependent upon distributions from our subsidiaries to pay dividends and taxes and other expenses.

Vince Holding Corp. will be a holding company with no material assets other than its ownership of membership interests in Vince Intermediate Holding, LLC, a holding company that will have no material assets other than its interest in Vince, LLC. Neither Vince Holding Corp. nor Vince Intermediate Holding, LLC will have any independent means of generating revenue. To the extent that we need funds, for a cash dividend to holders of our common stock or otherwise, and Vince Intermediate Holding, LLC or Vince, LLC is restricted from making such distributions under applicable law or regulation or is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition.

We will file consolidated income tax returns on behalf of Vince Holding Corp. and Vince Intermediate Holding, LLC. Most of our future tax obligations will likely be attributed to the operations of Vince, LLC. Accordingly, most of the payments against the Tax Receivable Agreement will be attributed to the operations of Vince, LLC. We intend to cause Vince, LLC to pay dividends or make funds available to us in an amount sufficient to allow us to pay our taxes and any payments due to the Pre-IPO Stockholders under the Tax Receivable Agreement. If, as a consequence of these various limitations and restrictions, we do not have sufficient funds to pay tax or other liabilities, we may have to borrow funds and thus our liquidity and financial condition could be materially adversely affected. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest at a default rate of one-year LIBOR plus 500 basis points until paid. See Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement for more information regarding the terms of the Tax Receivable Agreement.

We will have broad discretion over the use of proceeds from this offering after repayment of the Kellwood Note Receivable, and such remaining proceeds will be limited. Additionally, drawings under our new term loan facility will also be used to help repay the Kellwood Note Receivable and we will have no availability under such facility after giving effect to such repayment.

Most of the net proceeds from this offering are being used, along with net borrowings under our new term loan facility, to repay the Kellwood Note Receivable that will be issued to Kellwood Company, LLC in connection with the IPO Restructuring Transactions. Kellwood Company, LLC will use proceeds from the repayment of the Kellwood Note Receivable to (i) repay or retire long-term indebtedness (including accrued and unpaid interest thereon and any related fees and expenses) that was incurred to fund the operation and growth of the Vince and non-Vince businesses, (ii) pay a restructuring fee equal to 1% of the aggregate of this offering and certain related debt repayment and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management pursuant to the Management Services Agreement, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Management Fees, and (iii) a debt recovery bonus of $6.0 million to our Chief Executive Officer, as described in Additional Information Related to Vince Vince Executive Compensation Employment Agreements, all after giving effect to the Additional Sun Capital Contribution. The restructuring fee described in clause (ii) above and payable to Sun Capital Management in connection with this offering will total $3.3 million. Most of the net

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proceeds from this offering, along with the net borrowings under our new term loan facility, are being used to repay the Kellwood Note Receivable. Kellwood Company, LLC will use the proceeds from such repayment to repay, discharge or repurchase debt incurred to acquire and operate the non-Vince businesses of Apparel Holding Corp. or to pay fees associated with the operation of such businesses, investors should expect that these proceeds will not directly benefit the Vince business or be used to fund its expansion or growth. Additionally, we will have broad discretion over the use of the net proceeds from this offering that are not used to repay the Kellwood Note Receivable. You will be relying on the judgment of our board of directors and management regarding the application of any such remaining proceeds. Finally, as drawings under our new term loan facility will be used to help repay the Kellwood Note Receivable (in an amount equal to the entire availability under such facility), no portion of such facility will available to support our future growth and operations and we may need to draw on our new revolving credit facility to fund such future growth and operations.

Anti-takeover provisions of Delaware law and our amended and restated certificate of incorporation and bylaws could delay and discourage takeover attempts that stockholders may consider to be favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws will contain provisions that may make the acquisition of our company more difficult without the approval of our board of directors. These provisions include:

- the classification of our board of directors so that not all members of our board of directors are elected at one time;
- the authorization of the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;
- stockholder action can only be taken at a special or regular meeting and not by written consent following the time that Sun Capital and its affiliates cease to beneficially own a majority of our common stock;
- advance notice procedures for nominating candidates to our board of directors or presenting matters at stockholder meetings;
- removal of directors only for cause following the time that Sun Capital and its affiliates cease to beneficially own a majority of our common stock;
- allowing Sun Cardinal to fill any vacancy on our board of directors for so long as affiliates of Sun Capital own 30% or more of our outstanding shares of common stock and thereafter, allowing only our board of directors to fill vacancies on our board of directors; and

following the time that Sun Capital and its affiliates cease to beneficially own a majority of our common stock, super-majority voting requirements to amend our bylaws and certain provisions of our certificate of incorporation.

Our amended and restated certificate of incorporation will also contain a provision that provides us with protections similar to Section 203 of the Delaware General Corporation Law (DGCL), and will prevent us from engaging in a business combination, such as a merger, with a person or group who acquires at least 15% of our voting stock for a period of three years from the date such person became an interested stockholder, unless board or stockholder approval is obtained prior to acquisition. However, our amended and restated certificate of incorporation will also provide that both Sun Capital and its affiliates and any persons to whom a Sun Capital affiliate sells its common stock will be deemed to have been approved by our board of directors.

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These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change of control of our company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

A total of 26,263,585, or 68.9%, of our total outstanding shares after the offering are restricted from immediate resale, but may be sold on the NYSE in the near future. The large number of shares eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock.

The market price of our common stock could decline significantly as a result of sales of a large number of shares of our common stock in the market after this offering. The sales, or the perception that these sales might occur, could depress the market price of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon consummation of this offering and after giving effect to the IPO Restructuring Transactions, we will have 36,263,585 shares of common stock outstanding. The shares of common stock offered in this offering will be freely tradable without restriction under the Securities Act, except for any shares of our common stock that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is required under the Securities Act or an exemption from registration is available. In addition, pursuant to our Registration Agreement, affiliates of Sun Capital have rights to require us to file registration statements registering additional sales of shares of common stock or to include sales of such shares of common stock in registration statements that we may file for ourselves. Subject to compliance with applicable lock-up restrictions and satisfaction of certain conditions, shares of common stock sold under these registration statements can be freely sold in the public market. In the event such registration rights are exercised and a large number of shares of common stock are sold in the public market, such sales could reduce the trading price of our common stock. These sales could also impede our ability to raise future capital. Additionally, we will bear all expenses in connection with any such registrations (other than underwriting discounts and commissions). See Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Registration Agreement.

We and the holders of substantially all of our common stock outstanding on the date of this prospectus, including each of our executive officers and directors, have agreed with the underwriters, that for a period of 180 days after the date of this prospectus, we or they will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of or hedge any shares of our common stock, or any options or warrants to purchase any shares of our common stock or any securities convertible into or exchangeable for shares of common stock, subject to specified exceptions. The representatives of the underwriters may, in their discretion, at any time without prior notice, release all or any portion of the shares from the restrictions in any such agreement. See Other Information Related to this Offering Underwriting for more information. Substantially all of our shares of common stock outstanding as of the date of this prospectus may be sold in the public market by existing stockholders 90 days after the date of this prospectus, subject to the lock-up agreements and applicable volume and other limitations imposed under federal securities laws. See Other Information Related to this Offering Shares Eligible for Future Sale for a more detailed description of the restrictions on selling shares of our common stock after this offering. Sales by our existing stockholders of a substantial number of shares in the public market, or the perception that these sales might occur, could cause the market price of our common stock to decrease significantly.

Number of shares and % of total outstanding	Date Available for Sale into Public Market
10,000,000, or 27.6%	Immediately after this offering
26,263,585, or 68.9%	180 days after the date of this prospectus due to contractual obligations and lock-up agreements between the holders of these shares and the underwriters. However, the underwriters can waive the provisions of these lock-up agreements and allow these stockholders to sell their shares at any time

In the future, we may also issue our securities in connection with investments or acquisitions. The number of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to you.

Any issuance of preferred stock could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Upon consummation of this offering, our board of directors will have the authority to issue preferred stock and to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium over the market price, and adversely affect the market price and the voting and other rights of the holders of our common stock.

We are an emerging growth company and may elect to comply with reduced public company reporting requirements, which could make our common stock less attractive to investors.

After giving effect to the IPO Restructuring Transactions, we will continue to be an emerging growth company, as defined by the JOBS Act. For as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various public company reporting requirements. These exemptions include, but are not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, and (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years after the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act, which such fifth anniversary will occur in 2018. However, if certain events occur prior to the end of such five-year period, including if we become a large accelerated filer, our annual gross revenues exceed $1.0 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we would cease to be an emerging growth company prior to the end of such five-year period. We will become a large accelerated filer the year after we have an aggregate worldwide market value of the voting and non-voting common equity held by non-affiliates of $700 million or more. We have taken advantage of certain of the reduced disclosure obligations regarding executive compensation in this prospectus and may elect to take advantage of other reduced burdens in future filings. As a result, the information we provide to holders of our common stock may be different than you might receive from other public reporting companies in which you hold equity interests. We cannot predict if investors will find our common stock

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less attractive as a result of our reliance on these exemptions. If some investors find our common stock less attractive as a result of any choice we make to reduce disclosure, there may be a less active trading market for our common stock and the price for our common stock may be more volatile.

As an emerging growth company we will not be required to comply with the rules of the SEC implementing Section 404(b) of the Sarbanes-Oxley Act and therefore our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal controls over financial reporting until the year following the year we cease to be an emerging growth company. Upon becoming a public company, we will be required to comply with the SEC s rules implementing Section 302 and 404 other than 404(b) of the Sarbanes-Oxley Act. These rules will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. Though we will be required to disclose changes made in our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following the year our first annual report is required to be filed with the SEC. If we are unable to conclude that we have effective internal control over financial reporting, our independent registered public accounting firm is unable to provide us with an unqualified report as and when required by Section 404 or we are required to restate our financial statements, we may fail to meet our public reporting obligations and investors could lose confidence in our reported financial information, which could have a negative impact on the trading price of our stock.

Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. However, we have irrevocably elected not to avail ourselves of this extended transition period for complying with new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Our amended and restated certificate of incorporation will also provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware is, to the fullest extent permitted by applicable law, the sole and exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus constitute forward-looking statements, including in the sections captioned Prospectus Summary, Risk Factors, Additional Information Related to AHC AHC Business, Additional Information Related to AHC Management s Discussion and Analysis of Financial Condition and Results of Operations of AHC, Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC and Additional Information Related to Vince Vince Business, Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts or present facts or conditions, such as statements regarding our future financial condition or results of operations, our prospects and strategies for future growth, the introduction of new merchandise, and the implementation of our marketing and branding strategies. In many cases, you can identify forward-looking statements by terms such as may, will, should, expects, plans, anticipates, believes, estimates, predicts, potential or the negative of these terms or other comparable terminolog

The forward-looking statements contained in this prospectus reflect our views as of the date of this prospectus about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in Risk Factors, Additional Information Related to AHC Management s Discussion and Analysis of Financial Condition and Results of Operations of AHC and Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC These factors include without limitation:

- changes in consumer spending and general economic conditions;
- our ability to respond to market competition;
- our dependence on a strong brand image;
- our ability to maintain and expand our relationships with our significant wholesale partners;
- our ability to locate suitable locations to open new stores and to attract customers to our stores;
- our ability to maintain recent levels of comparable store sales or average sales per square foot;
- our ability to manage our operations at our current size or manage future growth effectively;

our reliance on Kellwood to provide us with certain key services for our business;

our ability to successfully improve and expand our product offerings;

the success of our current and future licensing arrangements;

our ability to successfully anticipate customer tastes;

our ability to forecast customer demand for our products and deliver products to our stores and wholesale partners;

our ability to successfully expand in the U.S. and other new markets;

the ability of our senior management team to work together as a group;

our ability to attract and retain the services of our senior management and key employees;

our inability to protect our trademarks or other intellectual property rights;

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- the ability of our suppliers or manufacturers to produce or deliver our products in a timely or cost-effective manner;
- our reliance on foreign sourcing for our product offerings;
- our ability to respond to fluctuations in the price, availability and quality of raw materials;
- harm to our brand image due to the failure of our independent manufacturers to use ethical business practices;
- our ability to accurately anticipate and respond to seasonal or quarterly fluctuations in our operating results;
- risks associated with leasing retail space subject to long-term non-cancelable leases;
- changes in laws and regulations applicable to our business;
- system security risk issues that could disrupt our internal operations or information technology services;
- the success of our advertising, marketing and promotional strategies;
- our ability to source our merchandise profitably or at all;
- restrictions imposed by our indebtedness on our current and future operations;
- increased costs as a result of being a public company; and
- our failure to maintain adequate internal controls.

Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. All of the forward-looking statements we have included in this prospectus are based on information available to us on the date of this prospectus. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as otherwise required by law.

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RESTRUCTURING TRANSACTIONS

Effective September 1, 2012, Kellwood Company, a wholly-owned subsidiary of Apparel Holding Corp., contributed the assets and liabilities constituting our business to Vince, LLC in the Vince Transfer. Affiliates of Sun Capital contributed, effective June 18, 2013, $407.5 million of indebtedness under the following instruments as a capital contribution to Apparel Holding Corp. in the Sun Capital Contribution: (i) that certain Loan Authorization Agreement, originally dated February 13, 2008 (the Sun Capital Loan Agreement), by and between Apparel Holding Corp. and certain Sun Capital affiliates for a $72.0 million line of credit, (ii) that certain $225,000,000 Senior Subordinated Promissory Note, dated May 2, 2008 (as amended, the First Sun Promissory Note), of Apparel Holding Corp. in favor of a certain Sun Capital affiliate and (iii) that certain $75,000,000 Senior Subordinated Promissory Note, dated as of May 2, 2008 (as amended on July 19, 2012, the Second Sun Promissory Note and collectively with the First Sun Promissory Note, the Sun Promissory Notes), of Apparel Holding Corp. in favor of a certain Sun Capital affiliate (such transactions in clauses (i)-(iii), the Sun Capital Contribution).

We have elected to complete the IPO Restructuring Transactions discussed in this section so that investors may invest in a stand-alone Vince business. In addition, the IPO Restructuring Transactions preserve the value of certain of AHC s pre-offering tax attributes and allow the Pre-IPO Stockholders and Vince Holding Corp. to benefit from those pre-offering tax attributes after the consummation of this offering. We have elected to complete the IPO Restructuring Transactions immediately prior to the consummation of this offering to reduce the risk of incurring the costs and expenses related to the IPO Restructuring Transactions if the offering is not completed.

The chart below is a summary of Apparel Holding Corp. s current structure prior to the consummation of this offering after giving effect to the Vince Transfer and the Sun Capital Contribution.

(1) Consists of the Sun Term Loan A Agreement and the Sun Term Loan B/C/D/E/F/G Agreement, as described below. A portion of the indebtedness under such agreements will be contributed by affiliates of Sun Capital to Apparel Holding Corp. in the Additional Sun Capital Contribution, which is a part of the IPO Restructuring Transactions.

(2) Vince, LLC is currently a borrower party or guarantor to the Wells Fargo Facility, the Cerberus Term Loan, the Sun Term Loan Agreements and the 12.875% Notes (each as defined below). Vince, LLC will be released from such obligations in connection with the repayment, discharge or refinancing, as applicable, by Kellwood Company, LLC of such obligations, which will happen contemporaneously with the consummation of this offering.

Immediately prior to consummation of this offering, the following IPO Restructuring Transactions will take place:

affiliates of Sun Capital will contribute certain indebtedness under the Sun Term Loan Agreements as a capital contribution to Apparel Holding Corp., as part of the Additional Sun Capital Contribution;

Apparel Holding Corp. will contribute such indebtedness to Kellwood Company as a capital contribution, at which time such indebtedness will be cancelled;

Vince Intermediate Holding, LLC will be formed and become a direct subsidiary of Vince Holding Corp.;

Kellwood Company, LLC (which is to be converted from Kellwood Company in connection with the IPO Restructuring Transactions) will be contributed to Vince Intermediate Holding, LLC;

Apparel Holding Corp. and Vince Intermediate Holding, LLC will enter into the Transfer Agreement with Kellwood Company, LLC, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Transfer Agreement;

Kellwood Company, LLC will distribute 100% of Vince, LLC s membership interests to Vince Intermediate Holding, LLC, who will issue the Kellwood Note Receivable to Kellwood Company, LLC. Proceeds from the repayment of the Kellwood Note Receivable will be used to, among other things, repay, discharge or repurchase indebtedness of Kellwood Company, LLC, as described in Use of Proceeds. The Kellwood Note Receivable will be issued in the amount of $341.5 million;

Kellwood Holding, LLC will be formed by Vince Intermediate Holding, LLC and Vince Intermediate Holding, LLC will, through a series of steps, contribute 100% of the membership interests of Kellwood Company, LLC to Kellwood Intermediate Holding, LLC (which will be formed as a wholly-owned subsidiary of Kellwood Holding, LLC);

100% of the membership interests of Kellwood Holding, LLC will be distributed to the Pre-IPO Stockholders;

Vince Holding Corp. will enter into the Tax Receivable Agreement with the Pre-IPO Stockholders, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement;

Vince, LLC will enter into the Shared Services Agreement with Kellwood Company, LLC, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement; and

the conversion of all of our issued and outstanding non-voting common stock into common stock on a one-for-one basis and the subsequent stock split of our common stock on a 28.5177 for one basis, at which time Apparel Holding Corp. will become Vince Holding Corp.

As a result of the IPO Restructuring Transactions, the non-Vince businesses will be separated from the Vince business, the Pre-IPO Stockholders (through their ownership of Kellwood Holding, LLC) will

retain the ownership and control of the non-Vince businesses and a stand-alone Vince business will remain. We refer to the Vince Transfer, the Sun Capital Contribution and the IPO Restructuring Transactions collectively as the Restructuring Transactions.

Immediately after the consummation of this offering and as described below, Vince Holding Corp. will contribute the net proceeds from this offering to Vince Intermediate Holding, LLC. Vince Intermediate Holding, LLC will use such proceeds, less $5.0 million to be retained for general corporate purposes, and approximately $169.5 million of net borrowings under its new term loan facility (as described in Additional Information Related to Vince Description of Certain Indebtedness of Vince, LLC) to immediately repay the Kellwood Note Receivable. There will be no outstanding balance on the Kellwood Note Receivable after giving effect to such repayment. Proceeds from the repayment of the Kellwood Note Receivable will be used to (i) repay, discharge or repurchase indebtedness of Kellwood Company, LLC in connection with the closing of this offering (including $9.1 million of accrued and unpaid interest on such indebtedness) and (ii) pay (A) the restructuring fee payable to Sun Capital Management and (B) the debt recovery bonus payable to our Chief Executive Officer, all after giving effect to the Additional Sun Capital Contribution. The Kellwood Note Receivable will not include amounts outstanding under the Wells Fargo Facility. As discussed in Additional Information Related to AHC Description of Certain Indebtedness of AHC, Kellwood Company, LLC will refinance the Wells Fargo Facility in connection with the consummation of this offering. Neither Apparel Holding Corp. nor Vince, LLC will guarantee or be a borrower party to the refinanced credit facility.

Kellwood Company, LLC (currently known as Kellwood Company) will use the proceeds from the repayment of the Kellwood Note Receivable to, after giving effect to the Additional Sun Capital Contribution, (i) repay, at closing, all indebtedness outstanding under (A) the term loan with Cerberus Business Finance, LLC (the Cerberus Term Loan), which had an outstanding balance of $45.7 million as of August 3, 2013, (B) that certain Fifth Amended and Restated B/C/D/E/F/G Loan Agreement (the Sun Term Loan B/C/D/E/F/G Agreement) between Kellwood Company and certain Sun Capital affiliates and (C) that certain Second Amended and Restated Sun Term Loan A Agreement (the Sun Term Loan A Agreement and collectively with the Sun Term Loan B/C/D/E/F/G Agreement, the Sun Term Loan Agreements) between Kellwood Company and certain Sun Capital affiliates, and which Sun Term Loan Agreements collectively totaled $118.0 million in the aggregate as of August 3, 2013, (ii) redeem at par all of the 12.875% Notes, which totaled $146.8 million as of August 3, 2013, pursuant to an unconditional redemption notice to be issued at the closing of this offering, plus, with respect to clauses (i) and (ii), fees, expenses and accrued and unpaid interest thereon, (iii) pay a restructuring fee equal to 1% of the aggregate of the offering and certain related debt repayments and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management pursuant to the Management Services Agreement and (iv) pay a debt recovery bonus of $6.0 million to our Chief Executive Officer, as described in Additional Information Related to Vince Vince Executive Compensation Employment Agreements. The restructuring fee described in clause (iii) above and payable to Sun Capital Management in connection with this offering will total $3.3 million.

In addition, Kellwood Company will conduct a tender offer for all of its outstanding 7.625% Notes, which totaled $87.0 million in aggregate principal amount as of August 3, 2013, at par plus accrued and unpaid interest thereon, using proceeds from the repayment of the Kellwood Note Receivable. The tender offer will close at or after the closing of this offering. Kellwood Company, LLC may also, at or after the closing of this offering, use proceeds remaining from the repayment of the Kellwood Note Receivable to discharge or repurchase at par all or any of its 3.5% Convertible Notes, which totaled $0.2 million in aggregate principal amount as of August 3, 2013, plus accrued and unpaid interest thereon. Neither Apparel Holding Corp. nor Vince, LLC is a guarantor or obligor of either the 7.625% Notes or the 3.5% Convertible Notes.

If the tender offer for the 7.625% Notes is not completed contemporaneously with the closing of this offering, Kellwood Company, LLC shall enter into an escrow agreement with Vince Intermediate

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Holding, LLC and US Bank, National Association (the Escrow Agent) at the closing of this offering, pursuant to which Kellwood Company, LLC will escrow an amount necessary to purchase the 7.625% Notes which may be tendered in the tender offer at the closing of the tender offer until the termination of the related escrow agreement. If the tender offer is completed contemporaneously with the consummation of this offering, we will not enter into the escrow agreement. No interest will accrue on the funds placed into escrow with the Escrow Agent and both Vince Intermediate Holding, LLC and Kellwood Company, LLC must consent to any distributions from the escrow account in accordance with the terms of the Escrow Agreement. The escrow agreement will automatically terminate upon the earlier of (i) the closing of the tender offer for the 7.625% Notes and (ii) the three-month anniversary of the closing of this offering. Amounts in escrow shall be held for the benefit of Kellwood Company, LLC and not for the benefit of any holders of the 7.625% Notes. Kellwood Company, LLC will retain amounts remaining in the escrow account, if any, after consummation of the tender offer.

In addition, Kellwood Company, LLC will, immediately after the consummation of this offering, refinance the Wells Fargo Facility, to among other things, remove Vince, LLC as an obligor thereunder. See Use of Proceeds and Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC for additional information. As of August 3, 2013, the Wells Fargo Facility had an outstanding balance of $115.6 million.

After completion of these various transactions (including the Additional Sun Capital Contribution) and payments and application of the net proceeds from the repayment of the Kellwood Note Receivable, Vince, LLC s obligations under the Wells Fargo Facility, the Cerberus Term Loan, the Sun Term Loan Agreements and the 12.875% Notes will be terminated or discharged. Neither Apparel Holding Corp. nor Vince, LLC is a guarantor or obligor of the 7.625% Notes or the 3.5% Convertible Notes. Thereafter, Vince Holding Corp., and by extension the investors in this offering, will not be responsible for the obligations described above and the only outstanding obligations of Vince Holding Corp. and its subsidiaries immediately after the consummation of this offering will be the $175 million outstanding under its new term loan facility.

While the execution of the IPO Restructuring Transactions is a technical default under the agreements or instruments governing the Cerberus Term Loan, the Sun Term Loan Agreements and the indenture governing the 12.875% Notes, because we believe that the concurrent repayment or discharge of those obligations satisfies any such default, we do not believe any consent of the lenders or noteholders under the related agreements or instruments is necessary and accordingly we do not intend to seek any such consent. We could nevertheless be subject to claims from Kellwood Company s creditors as a result of such technical defaults and these claims may force us to engage in costly litigation. If such claims are successful and indemnity if unavailable from Kellwood Company, LLC (pursuant to the Transfer Agreement or otherwise), our financial condition and results of operations may be harmed. See Risk Factors Risks Related to the Restructuring Transactions Third parties may seek to hold us responsible for liabilities related to the non-Vince businesses that we will retain in the IPO Restructuring Transactions or for liabilities associated with the Vince assets not yet transferred to us.

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The chart below is a summary of our corporate structure and that of the assets constituting the non-Vince businesses upon consummation of this offering, assuming the underwriters do not exercise their option to purchase additional shares from the selling stockholders.

(1) The Kellwood Note Receivable will be repaid immediately after the closing of this offering with most of the net proceeds from this offering, along with the net borrowings under our new term loan facility. See Use of Proceeds.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of shares of our common stock in this offering of approximately $177 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares of our common stock from the selling stockholders, we will not receive any proceeds from the sale of any such shares.

We intend to retain approximately $5.0 million of the net proceeds from this offering for general corporate purposes. We intend to use the remaining $172 million of net proceeds from this offering, together with net borrowings of $169.5 million under our new term loan facility, to repay the Kellwood Note Receivable, which will total $341.5 million.

As discussed in Restructuring Transactions immediately prior to consummation of this offering, Vince Intermediate Holding, LLC will issue the Kellwood Note Receivable to Kellwood Company, LLC in connection with Vince Intermediate Holding, LLC s acquisition of Vince, LLC. Proceeds from the repayment of the Kellwood Note Receivable will be used to (i) repay, discharge or repurchase certain indebtedness of Kellwood Company, LLC and (ii) pay (A) the restructuring fee payable to Sun Capital Management and (B) the debt recovery bonus payable to our Chief Executive Officer, all after giving effect to the Additional Sun Capital Contribution. The Kellwood Note Receivable will not include amounts outstanding under the Wells Fargo Facility. As discussed in Additional Information Related to AHC Description of Certain Indebtedness of AHC, Kellwood will refinance the Wells Fargo Facility in connection with the consummation of this offering. Neither Apparel Holding Corp. nor Vince, LLC will guarantee or be a borrower party to the refinanced credit facility. It will not bear interest and will be due the date of its issuance. Vince Holding Corp. will contribute all of the net proceeds from this offering to Vince Intermediate Holding, LLC immediately after the consummation of this offering. Vince Intermediate Holding, LLC will use such proceeds (less $5 million which will be retained for general corporate purposes) and approximately $169.5 million of net borrowings under its new term loan facility to immediately repay the Kellwood Note Receivable. There will be no outstanding balance on the Kellwood Note Receivable after giving effect to such repayment.

As described in the table below, Kellwood Company, LLC will use the proceeds from the repayment of the Kellwood Note Receivable to, after giving effect to the Additional Sun Capital Contribution, (i) repay, at closing, all indebtedness outstanding under (A) the Cerberus Term Loan, which had an outstanding balance of $45.7 million as of August 3, 2013 and (B) the Sun Term Loan Agreements, which collectively totaled $118.0 million in the aggregate as of August 3, 2013, (ii) redeem at par all of the outstanding 12.875% Notes, which totaled $146.8 million as of August 3, 2013, pursuant to an unconditional redemption notice to be issued at the closing of this offering, plus, with respect to clauses (i) and (ii), fees, expenses and accrued and unpaid interest thereon, (iii) pay a restructuring fee equal to the aggregate of 1% of the offering and certain related debt repayment and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management pursuant to the Management Services Agreement and (iv) pay a debt recovery bonus of $6.0 million to our Chief Executive Officer. The restructuring fee described in clause (iii) above and payable to Sun Capital Management in connection with this offering will total $3.3 million.

In addition, Kellwood Company will conduct a tender offer for all of its outstanding 7.625% Notes, which totaled $87.0 million in aggregate principal amount as of August 3, 2013, at par plus accrued and unpaid interest thereon, using proceeds from the repayment of the Kellwood Note Receivable. The tender offer will close at or after the closing of this offering. Kellwood Company, LLC may also, at or after the closing of this offering, use proceeds remaining from the repayment of the Kellwood Note Receivable to discharge or repurchase at par all or any of its 3.5% Convertible Notes, which totaled

$0.2 million in aggregate principal amount as of August 3, 2013, plus accrued and unpaid interest thereon. Neither Apparel Holding Corp. nor Vince, LLC is a guarantor or obligor of either the 7.625% Notes or the 3.5% Convertible Notes.

If the tender offer for the 7.625% Notes is not completed contemporaneously with the closing of this offering, Kellwood Company, LLC shall enter into an escrow agreement with Vince Intermediate Holding, LLC and the Escrow Agent at the closing of this offering, pursuant to which Kellwood Company, LLC will escrow an amount necessary to purchase the 7.625% Notes which may be tendered in the tender offer at the closing of the tender offer until the termination of the related escrow agreement. If the tender offer is completed contemporaneously with the consummation of this offering, we will not enter into the escrow agreement. No interest will accrue on the funds placed into escrow with the Escrow Agent and both Vince Intermediate Holding, LLC and Kellwood Company, LLC must consent to any distributions from the escrow account in accordance with the terms of the Transfer Agreement. The escrow agreement will automatically terminate upon the earlier of (i) the closing of the tender offer for the 7.625% Notes and (ii) the three-month anniversary of the closing of this offering. Amounts in escrow shall be held for the benefit of Kellwood Company, LLC and not for the benefit of any holders of the 7.625% Notes. Kellwood Company, LLC will retain amounts remaining in the escrow account, if any, after consummation of the tender offer.

The following table sets forth the uses from the repayment of the Kellwood Note Receivable, which will total $341.5 million, after giving effect to the estimated $70.1 million Additional Sun Capital Contribution. The final amount of the Additional Sun Capital Contribution will be adjusted to fill any gap between the amount of the Kellwood Note Receivable of $341.5 million and the amount of all payments to be made and indebtedness to be repaid, repurchased or redeemed at or after closing in connection with this offering (including all accrued and unpaid interest thereon and all fees and expenses related thereto).

Use	Amount
Repayment of Cerberus Term Loan	$45.7 million[(1)]
Repayment of Sun Term Loan Agreements	$118 million[(1)]
Redemption of the 12.875% Notes	$147.6 million[(1)]
Repurchase or refinancing of the 7.625% Notes	$90.8 million[(1)(2)(3)]
Repurchase of the 3.5% Convertible Notes	$0.2 million[(1)(2)]
Restructuring fee payable to Sun Capital Management	$3.3 million
Debt recovery bonus payable to our Chief Executive Officer	$6.0 million

(1) Amount includes estimated fees and expenses and accrued and unpaid interest as of August 3, 2013.
(2) Amount includes estimated fees and expenses and accrued and unpaid interest as of August 3, 2013.
(3) An amount sufficient to repurchase the 7.625% Notes which may be tendered in the tender offer at the closing of the tender offer will be placed into escrow with the Escrow Agent, in accordance with the terms of the related escrow agreement and for the period described above.

After consummation of the IPO Restructuring Transactions and this offering, neither Vince Holding Corp. nor any subsidiary thereof (including Vince, LLC) will have any obligations under any of the following agreements or instruments, which are to be repaid, repurchased or discharged by Kellwood Company, LLC using proceeds from the repayment of the Kellwood Note Receivable:

***Cerberus Term Loan*.** The Cerberus Term Loan terminates upon the earliest to occur of (i) October 19, 2015, (ii) the date on which the Wells Fargo Facility has been paid in full and all commitments thereunder have been terminated, (iii) 60 days prior to the scheduled December 31, 2014 maturity date of the 12.875% Notes (including any extensions thereof agreed to after October 19, 2011) and (iv) the date on which the loans under the Sun Term

Loan Agreements are accelerated. All borrowings under the Cerberus Term Loan bear interest at a rate per annum equal to the applicable margin (which ranges from 10.75% to 11.25% per annum for LIBOR rate loans, based on leverage and income tests contained therein, plus, at the borrowers election, LIBOR or an applicable reference rate).

Sun Term Loan Agreements. The Sun Term Loan Agreements terminate upon the earliest to occur of (i) January 19, 2017 and (ii) the scheduled maturity of the Cerberus Term Loan (unless such maturity has been extended, in which case the maturity set forth in clause (i) shall be extended by the same amount of time). All borrowings under the Sun Term Loan A Agreement and the Term B Loan, Term C Loan and Term D Loan under the Sun Term Loan B/C/D/E/F/G Agreement bear interest at a rate equal to 10% per annum. All borrowings under the Term E Loan, Term F Loan and Term G Loan under the Sun Term Loan B/C/D/E/F/G Agreement bear interest at a rate equal to 12% per annum. The Term G Loan was entered into on June 28, 2013 and there are currently no amounts outstanding under the Term G Loan. The Term G Loan was entered into to fund working capital, capital expenditures and other general corporate purposes of the Company.

12.875% Notes. The 12.875% Notes are scheduled to mature on December 31, 2014. Interest on such notes is paid (i) in cash, at a rate of 7.875% per annum, payable in January and July and (ii) in the form of PIK interest at a rate of 5% per annum.

Additionally, in connection with the consummation of this offering and the payment of a restructuring fee equal to $3.3 million or the aggregate of 1% of this offering and certain related debt repayments and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management with proceeds from the repayment of the Kellwood Note Receivable, the Management Services Agreement will be terminated, as will Vince, LLC s guarantee of obligations thereunder. Additionally, Kellwood Company, LLC will use proceeds from the repayment of the Kellwood Note Receivable to pay a debt recovery bonus of $6.0 million to our Chief Executive Officer immediately after the consummation of this offering.

All of the indebtedness under the facilities or agreements described above was incurred to fund the operation and growth of the Vince and non-Vince businesses, including to finance certain acquisitions made by AHC since 2008. See Risk Factors Risks Related to this Offering and Our Common Stock We will have broad discretion over the use of proceeds from this offering after repayment of the Kellwood Note Receivable, and such remaining proceeds will be limited. Additionally, drawings under our new term loan facility will also be used to help repay the Kellwood Note Receivable and we will have no availability under such facility after giving effect to such repayment.

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DIVIDEND POLICY OF AHC

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness, therefore we do not anticipate paying any cash dividends in the foreseeable future. Additionally, because we are a holding company, our ability to pay dividends on our common stock will be limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our new revolving credit facility or new term loan facility. See Additional Information Related to Vince Description of Certain Indebtedness of Vince, LLC. Any future determination to pay dividends will be at the discretion of our board of directors, subject to compliance with covenants in current and future agreements governing our indebtedness, and will depend upon our results of operations, financial condition, capital requirements, general business conditions, expansion plans and other factors that our board of directors may deem relevant.

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CAPITALIZATION OF AHC

The following table sets forth our cash and cash equivalents, short-term borrowings and capitalization as of August 3, 2013 on:

- an actual basis;
- on a pro forma basis to give effect to the IPO Restructuring Transactions (including the Additional Sun Capital Contribution and the conversion of all of our issued and outstanding non-voting common stock on a one-for-one basis), and
- on a pro forma, as adjusted basis to further reflect (i) our receipt of the estimated net proceeds from the sale of 10,000,000 shares of common stock by us in this offering, after deducting the underwriting discounts and commissions payable by us and our estimated offering expenses; and (ii) our use of these proceeds and the incurrence of approximately $175 million of borrowings under our new term loan facility, as described in Use of Proceeds, including repayment of the Kellwood Note Receivable.

You should read this table together with the sections entitled Use of Proceeds, Additional Information Related to Vince Supplemental Selected Historical Financial Data of Vince, LLC and the notes thereto and Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC included elsewhere in this prospectus.

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(In thousands)	August 3, 2013 Actual (unaudited)	Pro Forma (unaudited)	Pro Forma, As Adjusted (unaudited)
Cash and restricted cash:			
Cash and cash equivalents	$ 2,178	$ 325	$ 5,325
Short-term borrowings:			
Wells Fargo Facility(1)(2)	$ 115,601	$	$
Kellwood Note Receivable(3)		341,500	
Long-term debt:			
New Vince revolving credit facility	$	$	$
New Vince term loan facility			175,000
Cerberus Term Loan(2)	45,660		
12.875% Notes(2)	143,962		
7.625% Notes	78,991		
3.5% Convertible Notes	214		
Sun Term Loan Agreements(2)	118,015		
Total long-term debt	386,842		175,000
Stockholders (Deficit) Equity:			
Preferred Stock, $0.001 par value per share actual, $0.01 par value per share pro forma and pro forma, as adjusted; 100,000 shares authorized actual, 10,000,000 shares authorized pro forma and pro forma, as adjusted; no shares issued and outstanding actual, pro forma and pro forma, as adjusted			
Non-Voting Common Stock, $0.001 par value per share actual; 1,700,000 shares authorized actual, no shares authorized pro forma and pro forma, as adjusted; 193 shares issued and outstanding actual, no shares issued or outstanding, pro forma and pro forma, as adjusted			
Common Stock, $0.001 par value per share actual, $0.01 par value per share pro forma and pro forma, as adjusted; 1,200,000 shares authorized actual, 100,000,000 shares authorized pro forma and pro forma, as adjusted; 919,118 shares issued and outstanding actual, 26,216,635 shares issued and outstanding pro forma and 36,216,635 shares issued and outstanding pro forma, as adjusted	$ 1	$ 262	$ 362
Additional paid in capital	794,528	813,533	990,433
Accumulated deficit	(973,523)	(973,523)	(973,523)
Accumulated other comprehensive loss	(108)	(108)	(108)
Total stockholders (deficit) equity	(179,102)	(159,836)	17,164
Total capitalization	$ 207,740	$ (159,836)	$ 192,164

(1) Includes $12.6 million of outstanding letters of credit. Kellwood Company, LLC will refinance the Wells Fargo Facility in connection with this offering. See Use of Proceeds and Restructuring Transactions.

(2) Vince, LLC is a borrower party or guarantor under the agreements governing the Wells Fargo Facility, the Cerberus Term Loan, the Sun Term Loan Agreements and the 12.875% Notes. Vince, LLC s obligations under all of the above, other than with respect to the Wells Fargo Facility, which will be refinanced by Kellwood Company, LLC in connection with this offering as described in footnote (1) above, will be terminated or discharged in connection with the repayment of such indebtedness with net proceeds from this offering and borrowings under our new term loan facility, as described in Use of Proceeds, after giving effect to the Additional Sun Capital Contribution.

(3) As a result of the IPO Restructuring Transactions, Vince Intermediate Holding, LLC will acquire Vince, LLC from Kellwood Company, LLC in exchange for the Kellwood Note Receivable. The net proceeds from this offering (after giving effect to underwriting discounts, fees and expenses related to this offering and $5.0 million of proceeds to be retained by us), along with $169.5 million of net indebtedness under our new term loan facility, will be used to repay the Kellwood Note Receivable. Proceeds from the repayment of the Kellwood Note Receivable will be used to (i) repay, discharge or repurchase indebtedness of Kellwood Company, LLC (including accrued and unpaid interest and any related fees and expenses) in connection with the consummation of this offering and (ii) pay (A) a restructuring fee equal to 1% of the aggregate of this offering and certain related debt repayment and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management pursuant to the Management Services Agreement, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Management Fees, and (B) a debt recovery bonus of $6.0 million to our Chief Executive Officer, as described in Additional Information Related to Vince Vince Executive Compensation Employment Agreements, all after giving effect to the Additional Sun Capital Contribution. The restructuring fee described in clause (ii) above and payable to Sun Capital Management in connection with this offering will total $3.3 million.

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The number of pro forma, as adjusted shares of common stock shown as issued and outstanding as of October 15, 2013 excludes:

- 99,812 shares of our common stock issuable upon the exercise of options that we intend to grant under the Vince 2013 Incentive Plan, as described in Additional Information Related to Vince Vince Executive Compensation Employee Stock Plans Vince 2013 Incentive Plan, to our Chief Financial Officer with an exercise price equal to $20.00;

- 256,645 shares of our common stock issuable upon the exercise of options that we intend to grant under the Vince 2013 Incentive Plan to certain of our employees (excluding our named executive officers) with an exercise price equal to $20.00;

- 2,208,281 shares of our common stock issuable upon the exercise of options that were issued to Vince employees and a former AHC executive under the 2010 Option Plan, after giving effect to the IPO Restructuring Transactions (including the related stock split) and Apparel Holding Corp. s assumption of Kellwood Company s remaining obligations under the 2010 Option Plan. Affiliates of Sun Capital have the right to acquire the 262,111 shares of stock issuable upon the exercise of options previously granted to such former AHC executive and to exercise those options upon the closing of this offering, or the options themselves. These options will have a weighted average exercise price of $5.38 per share. See note (5) to Additional Information Related to AHC AHC Executive Compensation Outstanding Equity Awards at Fiscal 2012 Year-End for additional information regarding such options and the related purchase right held by affiliates of Sun Capital;

- 198,064 shares of our common stock which are to be issued to non-Vince employees, in exchange for their vested Kellwood Company stock options previously issued under the 2010 Option Plan (as such options are adjusted to give effect to the IPO Restructuring Transactions, including the related stock split);

- 7,500 restricted stock units, representing the right, at the option of the company, to deliver 7,500 shares of our common stock or an equivalent cash amount, that we intend to grant to our non-employee directors in the aggregate in connection with the consummation of this offering;

- approximately 3,000,000 shares of our common stock that will be reserved and available for future issuance under our Vince 2013 Incentive Plan, after giving effect to the option and restricted stock grants described above, to certain of our employees (including our Chief Financial Officer) at or after the consummation of this offering; and

- 1,000,000 shares of our common stock reserved for future issuance under the Vince ESPP which we plan to adopt in connection with this offering (as described in Additional Information Related to Vince Vince Executive Compensation Employee Stock Plans Employee Stock Purchase Plan).

The number of pro forma, as adjusted shares of our common stock shown as issued and outstanding excludes 1,838 shares of our non-voting common stock issued to a former AHC executive in October 2013. Such shares shall be converted into 52,422 shares of our common stock in the IPO Restructuring Transactions.

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DILUTION

If you invest in our common stock in this offering, you will experience immediate and substantial dilution in the pro forma net tangible book value of your shares of our common stock. The pro forma net tangible book value (deficit) of our common stock as of August 3, 2013 was $(334.1) million, or approximately $(12.72) per share. Pro forma net tangible book value per share represents the amount of total pro forma tangible assets reduced by the amount of our total pro forma liabilities divided by the pro forma number of shares of common stock that would have been outstanding on August 3, 2013, prior to the sale of 10,000,000 shares of our common stock in this offering. Pro forma net tangible book value as of August 3, 2013 gives pro forma effect to the IPO Restructuring Transactions (including (i) the conversion of all of our issued and outstanding non-voting common stock into common stock on a one-for-one basis; and (ii) the subsequent stock split of our common stock on a 28.5177 for one basis).

On February 12, 2008, affiliates of Sun Capital acquired Kellwood Company for aggregate consideration of $955.4 million, including the assumption of our debt (or approximately $36.38 per pro forma share, as compared to the initial public offering price of $20.00 per share.

Dilution to new investors in pro forma net tangible book value per share represents the difference between the amount per share paid by new investors purchasing shares of common stock in this offering and the pro forma net tangible book value per share of our common stock immediately after the consummation of this offering. After giving effect to the sale of shares of our common stock in this offering based upon an initial public offering price of $20.00, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, the Sun Capital Contribution and IPO Restructuring Transactions and the application of the estimated net proceeds therefrom (including the repayment of the Kellwood Note Receivable), our pro forma, as adjusted net tangible book value as of August 3, 2013 would have been $(162.6) million, or $(4.48) per share. This represents an immediate increase in pro forma net tangible book value of $8.24 per share to the Pre-IPO Stockholders and an immediate dilution of $24.48 per share to new investors purchasing shares of common stock in this offering at the initial public offering price. The following table illustrates this per share dilution:

Initial public offering price per share		$ 20.00
Pro forma net tangible book value per share as of August 3, 2013 (before giving effect to this offering)	$ (12.72)	
Increase in pro forma net tangible book value per share attributable to new investors in this offering	8.24	
Pro forma, as adjusted net tangible book value per share as of August 3, 2013 (after giving effect to this offering)		(4.48)
Dilution per share to new investors		$ 24.48

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The following table sets forth, on a pro forma basis as adjusted as of August 3, 2013, after giving effect to the IPO Restructuring Transactions as described in Restructuring Transactions included elsewhere in this prospectus and the sale of 10,000,000 shares of our common stock in this offering, the total number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid to us by the Pre-IPO Stockholders and by new investors who purchase shares of common stock in this offering, before deducting the underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		**Total Consideration**		**Average Price**
	Number	**Percent**	**Amount**	**Percent**	**Per Share**
Pre-IPO Stockholders	26,263,585	72%	955,400,000	83%	$ 36.38
New investors	10,000,000	28%	200,000,000	17%	$ 20.00
Total	36,263,585	100%	1,155,400,000	100%	$ 31.86

Upon consummation of this offering, the Pre-IPO Stockholders will own 72%, and new investors will own 28% of the total number of shares of common stock outstanding after this offering. Except as otherwise indicated, the discussion and tables above assume no exercise of the underwriters option to purchase an additional 1,500,000 shares from the selling stockholders. If the underwriters exercise their option to purchase additional shares in full from the selling stockholders, the Pre-IPO Stockholders would own 68% and new investors would own 32% of the total number of shares of common stock outstanding after this offering.

The foregoing discussion and the tables and calculations above exclude:

3,400,000 shares of our common stock reserved for issuance under the Vince 2013 Incentive Plan (including the 99,812 shares of our common stock to be issued to our Chief Financial Officer, the 256,645 shares of our common stock that may be issued to other Vince employees (other than our named executive officers), and the 7,500 restricted stock units that are to be issued to our non-employee directors, in each case at the closing of this offering);

2,208,281 shares of our common stock issuable upon the exercise of options that were issued to Vince employees and to a former AHC executive under the 2010 Option Plan, after giving effect to the IPO Restructuring Transactions;

198,064 shares of our common stock which are to be issued to non-Vince employees in exchange for their vested Kellwood Company stock options previously issued under the 2010 Option Plan (as such options are adjusted to give effect to the IPO Restructuring Transactions, including the related stock split); and

1,000,000 shares of our common stock reserved for future issuance under the Vince ESPP.

To the extent that any options or equity incentive grants are issued in the future, including pursuant to the Vince 2013 Incentive Plan or the Vince ESPP, with an exercise or purchase price below the initial offering price, new investors

will experience further dilution. See Additional Information Related to Vince Vince Executive Compensation Employee Stock Plans Vince 2013 Incentive Plan.

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ADDITIONAL INFORMATION RELATED TO AHC

The information appearing in this section includes additional information regarding the non-Vince businesses that are to be transferred to Kellwood Holding, LLC and its subsidiaries in the IPO Restructuring Transactions. The Pre-IPO Stockholders will continue to own and operate 100% of the non-Vince businesses through their ownership of Kellwood Holding, LLC after giving effect to the IPO Restructuring Transactions. Vince Holding Corp., the issuer of common stock in this offering, will have no interest in the non-Vince businesses after giving effect to the IPO Restructuring Transactions.

As used in this Additional Information Related to AHC Section, unless the context otherwise requires:

Kellwood refers to Kellwood Holding, LLC and its consolidated subsidiaries (including Kellwood Company, LLC) after giving effect to the IPO Restructuring Transactions, or to the non-Vince businesses of AHC prior to the consummation of the IPO Restructuring Transactions, as the context requires; and

AHC refers to Apparel Holding Corp. and its consolidated subsidiaries (including Kellwood Company) prior to consummation of the IPO Restructuring Transactions. Apparel Holding Corp. is the historical owner and operator of the Vince and non-Vince business.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF AHC

The following tables set forth selected historical consolidated financial data of Apparel Holding Corp. and its consolidated subsidiaries. They include assets and liabilities associated with the Kellwood business that will be transferred to Kellwood Holding, LLC and its consolidated subsidiaries in the IPO Restructuring Transactions. They also include the assets and liabilities of the Vince business transferred to Vince, LLC in connection with the Vince Transfer in September 2012. The Vince, LLC assets and liabilities have no relation to the non-Vince businesses. The following reflects the results of operations associated with the combined Vince and non-Vince assets. An investment in us after giving effect to the IPO Restructuring Transactions is an investment in the Vince business. We will not have ongoing involvement with the non-Vince businesses following separation, with the exception of our payments to Kellwood for certain services to be provided under the Shared Services Agreement as further described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement contained elsewhere in this prospectus. Similarly, Kellwood will not have ongoing involvement in our business, other than pursuant to the Shared Services Agreement. You should read the information set forth below in conjunction with Use of Proceeds, Capitalization of AHC, Additional Information Related to AHC Management s Discussion and Analysis of Financial Condition and Results of Operations of AHC and AHC s audited historical consolidated financial statements and notes thereto included elsewhere in this prospectus.

The statement of operations data for each of fiscal 2010, fiscal 2011 and fiscal 2012 and the historical balance sheet data as of fiscal 2010, fiscal 2011 and fiscal 2012 set forth below are derived from AHC s audited consolidated financial statements included elsewhere in this prospectus. The statements of operations data for each of the six month periods ended July 28, 2012 and August 3, 2013 and the balance sheet data as of August 3, 2013 set forth below are derived from AHC s unaudited quarterly consolidated financial statements included elsewhere in this prospectus and contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of AHC s financial position and results of operations for the periods presented. Operating results for the six month periods are not necessarily indicative of results for a full financial year, or any other periods. Historical results are not necessarily indicative of results to be expected for future periods.

After consummation of this offering and the IPO Restructuring Transactions, AHC s results of the non-Vince businesses will be reported as discontinued operations for accounting purposes and AHC s continuing operations will consist solely of the non-Vince businesses. See Additional Information Related to Vince Supplemental Selected Historical Financial Data of Vince, LLC for additional information regarding the operations and assets and liabilities of Vince, LLC.

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(In thousands, except per share data)	Fiscal Year 2010(1)	Fiscal Year 2011(1)	Fiscal Year 2012	Six Months Ended July 28, 2012	Six Months Ended August 3, 2013
				(unaudited)	(unaudited)
Statement of Operations Data:					
Net sales	$ 586,574	$ 662,846	$ 707,995	$ 319,445	$ 363,967
Cost of products sold	430,801	490,110	507,905	235,293	256,031
Gross profit	155,773	172,736	200,090	84,152	107,936
Operating expenses:					
Selling, general and administrative expenses	140,567	155,220	177,755	83,526	93,503
Amortization of intangible assets	954	1,941	1,899	950	950
Restructuring, environmental remediation and other charges(3)	9,729	2,651	5,091	2,264	827
Impairment of long-lived assets (excluding goodwill)	438	2,504	2,349	717	
Impairment of goodwill		10,821			
Change in fair value of contingent consideration, net(2)		(1,578)	(7,162)	(4,507)	(54)
Total operating expenses	151,688	171,559	179,932	82,950	95,226
Income from operations	4,085	1,177	20,158	1,202	12,710
Interest expense, net	103,074	127,148	122,383	74,151	43,671
Gain on acquisition, net of tax(2)	(939)				
Gain on debt extinguishment(2)	(15,912)				
Other expense, net	2,442	1,914	2,723	1,215	1,233
Loss before provision for income taxes	(84,580)	(127,885)	(104,948)	(74,164)	(32,194)
Provision for income taxes	3,507	3,401	708	2,245	2,679
Net loss from continuing operations(2)(3)	(88,087)	(131,286)	(105,656)	(76,409)	(34,873)
Net (loss) income from discontinued operations(3)(4)	(16,391)	(16,580)	(2,053)	(4,798)	9,230
Net loss	$ (104,478)	$ (147,866)	$ (107,709)	$ (81,207)	$ (25,643)
Pro forma Basic and diluted loss per share from continuing operations(5)	$ (3.36)	$ (5.00)	$ (4.03)	$ (2.92)	$ (1.33)
Pro forma Basic and diluted (loss) income per share from discontinued operation(5)	(.63)	(.63)	(.08)	(.18)	.35

Pro forma Basic and diluted loss per share(5)	$ (3.99)	$ (5.63)	$ (4.11)	$ (3.10)	$ (.98)
Pro forma Weighted average shares outstanding:					
Basic and diluted(5)	26,211,131	26,211,131	26,211,131	26,211,131	26,211,131

(1) In January 2011, AHC acquired Rebecca Taylor, a women s contemporary apparel and accessory company. In July 2011, AHC acquired Zobha, a women s athletic apparel brand, primarily focused on the yoga market. See Additional Information Related to AHC Management s Discussion and Analysis of Financial Condition and Results of Operations of AHC Basis of Presentation for information regarding AHC s decision to divest the Zobha business during the second quarter of fiscal 2013.

(2) Net loss from continuing operations includes net gains affecting comparability of the following:

$16.8 million in fiscal 2010 comprised of a $0.9 million gain on the acquisition of certain net assets from the Adam operations as the fair value of the identifiable assets less the liabilities assumed exceeded the fair value of the consideration, and a $15.9 million gain on debt extinguishment as a result of AHC s repurchase of $29.7 million of face value of certain notes outstanding from an affiliate of Sun Capital for $9.1 million in cash;

$1.6 million in fiscal 2011 due to a reduction in the estimated contingent payments related to the acquisitions of Rebecca Taylor and Zobha as those purchase agreements contain provisions for contingent consideration that will be paid to the respective sellers if certain performance targets are met within a specified timeframe and during the periods presented expectations related to the achievement of these targets were revised; and

$7.2 million in fiscal 2012, of which $4.5 million was recognized during the six months ended July 28, 2012, due to further reductions in the estimated contingent payments related to the acquisitions of Rebecca Taylor and Zobha.

(3) During the years presented AHC performed several rationalization efforts aimed at improving AHC s operational efficiency to streamline the fashion apparel business and recreational apparel and products businesses. These restructuring activities, along with impairment of long-lived assets, environmental remediation charges and other charges included in net loss from continuing operations are $10.2 million in fiscal 2010, $15.1 million in fiscal 2011, $7.4 million in fiscal 2012, $3.0 million in the first six months of fiscal 2012, and $0.8 million in the first six months of fiscal 2013. These restructuring activities, along with impairment of long-lived assets and other charges included in net (loss) income from discontinued operations are $27.7 million in fiscal 2010, $6.3 million in fiscal 2011, $4.8 million in fiscal 2012, $0.2 million in the first six months of fiscal 2012, and $0.9 million in the first six months of fiscal 2013.

(4) During fiscal 2011, AHC discontinued its Adam operations and Koret wholesale operations. AHC had previously acquired the net assets which comprised its Adam operations during fiscal 2010. During fiscal 2012, AHC discontinued its Baby Phat wholesale and Lamb & Flag businesses. Additionally, AHC sold its Royal Robbins and BLK DNM businesses. During the first quarter of fiscal 2013, AHC discontinued its Phat Licensing business because AHC sold the related trademarks. During the second quarter of fiscal 2013, AHC divested its Zobha business. As such, these operations have been reflected as discontinued operations for all periods presented.

(5) Gives effect to the stock split of our common stock on a 28.5177 for one basis.

	As of			
(In thousands)	January 29, 2011	January 28, 2012	February 2, 2013	August 3, 2013
				(unaudited)
Balance Sheet Data:				
Cash and cash equivalents	$ 5,194	$ 1,839	$ 1,881	$ 2,178
Total current assets	186,673	211,254	199,792	228,891
Total assets	410,718	468,445	442,124	467,791
Total current liabilities	180,939	213,403	190,046	221,230
Long-term debt	758,473	934,354	761,752	386,842
Total stockholders deficit	(595,219)	(743,021)	(561,265)	(179,102)
Total liabilities and stockholders deficit	410,718	468,445	442,124	467,791

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA OF AHC

The following unaudited selected consolidated financial data presents AHC s historical consolidated statements of operations and consolidated balance sheet after giving effect to the transactions and adjustments as described in the accompanying notes. The unaudited pro forma consolidated financial data was prepared (i) on a basis consistent with that used in preparing AHC s audited consolidated financial statements and includes all adjustments, consisting of normal and recurring items, that AHC considers necessary for a fair presentation of its financial position and results of operations for the unaudited periods and (ii) consistent with the requirements of Article 11 of Regulation S-X.

This unaudited pro forma consolidated financial data should be read in conjunction with the information contained in Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC, Additional Information Related to Vince Supplemental Selected Historical Financial Data of Vince, LLC, the audited financial statements of Vince, LLC and the related notes thereto appearing elsewhere in this prospectus, Additional Information Related to AHC Management s Discussion and Analysis of Financial Condition and Results of Operations of AHC, Additional Information Related to AHC Selected Historical Consolidated Financial Data of AHC, the audited consolidated financial statements of AHC and related notes thereto appearing elsewhere in this prospectus and Restructuring Transactions.

As used in this section, unless the context requires otherwise:

our, us, we and Vince Holding Corp. refer to Vince Holding Corp. (currently known as Apparel Holding Corp.) and its consolidated subsidiaries (including Vince, LLC) after giving effect to the IPO Restructuring Transactions;

Vince refers to the Vince business after giving effect to the IPO Restructuring Transactions;

Vince, LLC refers to the entity that has historically held the Vince assets and liabilities and will continue to do so after completion of the IPO Restructuring Transactions and the consummation of this offering and the application of the proceeds of this offering as described herein. Apparel Holding Corp. is the legal issuer of the shares offered in this offering. Investors will be investing in the Vince business, however, they will be purchasing shares issued by Apparel Holding Corp., not Vince, LLC;

AHC refers to Apparel Holding Corp. and its consolidated subsidiaries (including Kellwood Company) prior to the completion of the IPO Restructuring Transactions. Apparel Holding Corp. is the historical owner and operator of the Vince and non-Vince businesses; and

Kellwood refers to Kellwood Holding, LLC and its consolidated subsidiaries (including Kellwood Company, LLC) after giving effect to the IPO Restructuring Transactions, as the future owner and operator of the non-Vince businesses, or to the non-Vince businesses of AHC prior to the completion of the IPO Restructuring Transactions, as the context requires.

This unaudited pro forma consolidated financial data gives effect to anticipated transactions that we believe are relevant to the understanding of the business being offered and will have a material impact on the comparability of our

results of operations. They are described below and are as follows: (i) Kellwood Separation, (ii) Sun Capital Contribution and Tax Receivable Agreement, and (iii) This Offering.

The Kellwood Separation

As described within Restructuring Transactions included elsewhere in this prospectus, AHC will use a series of transactions to legally separate the Vince business from the non-Vince businesses immediately prior to consummation of this offering. We refer to this series of transactions as the

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Kellwood Separation . Once these transactions have occurred, the non-Vince businesses will be owned and operated separately from us. After consummation of this offering, the Vince business will be our only assets, liabilities, and operations. Although Apparel Holding Corp. is the legal issuer of the shares offered in this offering, an investment in us after giving effect to the IPO Restructuring Transactions is an investment in the Vince business. Following the consummation of this offering, we expect to report the non-Vince operations as discontinued operations in accordance with ASC Topic 205 *Presentation of Financial Statements* beginning with our first financial statements filed after the effectiveness of the registration statement of which this prospectus forms a part. All pro forma adjustments to our historical financial statements that relate to the separation from the non-Vince businesses are described as Kellwood Separation Adjustments and they are included under the caption Kellwood Separation.

In addition, set forth below is supplemental disclosure of the allocation of the pro forma results of operations and financial position of the Kellwood Separation Adjustments . This supplemental disclosure is referred to as Allocation of Pro Forma and represents the allocation of the unaudited pro forma results of operations and financial position among Apparel Holding Corp., Vince Intermediate Holding, LLC and Vince, LLC after giving effect to the Kellwood Separation. Apparel Holding Corp., Vince Intermediate Holding, LLC and Vince, LLC, collectively, will represent the three corporate or limited liability company entities that represent the consolidated group that will constitute the Vince business after consummation of the IPO Restructuring Transactions. The financial results of Vince, LLC are presented since after giving effect to the IPO Restructuring Transactions, Vince, LLC will be the sole operating subsidiary of the business in which you are investing in this offering. The Vince, LLC financials have been prepared on a standalone, carve-out basis. As such we present an adjustment column within the Allocation of Pro Forma table to reconcile the Vince, LLC financials on a stand-alone carve-out basis with the pro forma presentation of AHC after giving effect to the Kellwood Separation.

Sun Capital Contribution and Tax Receivable Agreement

Additional restructuring activities that have occurred or will occur in order to effect the consummation of this offering, include the following:

- effective June 18, 2013, affiliates of Sun Capital contributed $407.5 million of indebtedness under the Sun Capital Loan Agreement and the Sun Promissory Notes as a capital contribution to Apparel Holding Corp. in the Sun Capital Contribution; and

- we will enter into the Tax Receivable Agreement, (referred to in this Unaudited Pro Forma Consolidated Financial Data of AHC as the TRA), with the Pre-IPO Stockholders as described in Other Information Related to the Offering Certain Relationships and Related Party transactions of AHC Tax Receivable Agreement.

Pro forma adjustments related to these additional restructuring activities are described as Sun Capital Contribution and TRA Adjustments.

This Offering

Pro forma adjustments to reflect (i) our receipt of the estimated net proceeds from the sale of shares of common stock by us in this offering at an initial public offering price of $20.00 per share, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us; and (ii) our use of these proceeds and the incurrence of approximately $175 million of borrowings under our new term loan facility, as described in Use of Proceeds,

including repayment of the Kellwood Note Receivable, are described as Offering Adjustments.

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Unaudited Pro Forma Statements of Operations

In accordance with Article 11 of Regulation S-X we have provided AHC s unaudited pro forma consolidated statements of operations for fiscal 2010, fiscal 2011, fiscal 2012 and the first six months of fiscal 2012 and the first six months of fiscal 2013, presented on a pro forma basis to give effect to the Kellwood Separation as if it had occurred at the beginning of fiscal 2010.

Additionally, the unaudited pro forma consolidated statements of operations for fiscal 2012 and the first six months of fiscal 2013 are presented on a pro forma basis, to give effect to the Sun Capital Contribution and entry into the TRA, as if such transactions had been consummated on the first day of fiscal 2012; and finally, the unaudited pro forma consolidated statements of operations are presented for fiscal 2012 and the first six months of fiscal 2013 on a pro forma, as adjusted basis, to further reflect the impact of the Offering Adjustments.

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Fiscal 2010 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC

	Kellwood Separation			Allocation of Pro Forma(2)				
(In thousands, except per share amounts)	Historical Consolidated AHC	Kellwood Separation Adjustments(1)	Pro Forma	AHC	Vince Intermediate Holding, LLC	Vince, LLC(3)	Adjustments	Pro Forma
Net sales	$ 586,574	$ (475,082)(a)	$ 111,492	$	$	$ 111,492	$	$ 111,492
Cost of products sold	430,801	(375,106)(a)	55,695			55,695		55,695
Gross profit	155,773	(99,976)	55,797			55,797		55,797
Operating Expenses:								
Selling, general and administrative expenses	140,567	(107,829)(b)	32,738	34(g)		32,704(i)		32,738
Amortization of intangible assets	954	(356)	598			598		598
Restructuring, environmental remediation and other charges	9,729	(9,729)						
Impairment of long-lived assets (excluding goodwill)	438	(438)						
Impairment of goodwill								
Change in fair value of contingent consideration, net								
Total operating expenses	151,688	(118,352)	33,336	34		33,302		33,336
Income (loss) from operations	4,085	18,376	22,461	(34)		22,495		22,461
	103,074	(35,124)(c)	67,950	67,950(h)		7,172(j)	(7,172)(k)	67,950

Interest expense, net								
Gain on acquisition, net of tax	(939)	939(d)						
Gain on debt extinguishment	(15,912)	15,912(e)						
Other expense, net	2,442	(2,092)	350			350		350
Income (loss) before provision for income taxes	(84,580)	38,741	(45,839)	(67,984)		14,973	7,172	(45,839)
Provision for income taxes	3,507	5,462(f)	8,969			5,923	3,046(l)	8,969
Net income (loss) from continuing operations	$ (88,087)	$ 33,279	$ (54,808)	$ (67,984)	$	$ 9,050	$ 4,126	$ (54,808)
Basic and diluted loss per share	$ (3.36)		$ (2.09)					
Weighted average number of common shares outstanding, basic and diluted	26,211,131		26,211,131					

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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Fiscal 2011 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC

		Kellwood Separation		Allocation of Pro Forma(2)			
(In thousands, except per share amounts)	Historical Consolidated AHC	Kellwood Separation Adjustments(1)	Pro Forma	AHC	Vince Intermediate Holding, LLC	Vince, LLC(3)	Adjustments	Pro Forma
Net sales	$ 662,846	$ (487,591)(a)	$ 175,255	$	$	$ 175,255	$	$ 175,255
Cost of products sold	490,110	(400,565)(a)	89,545			89,545		89,545
Gross profit	172,736	(87,026)	85,710			85,710		85,710
Operating Expenses:								
Selling, general and administrative expenses	155,220	(113,027)(b)	42,193	45(g)		42,148(i)		42,193
Amortization of intangible assets	1,941	(1,342)	599			599		599
Restructuring, environmental remediation and other charges	2,651	(2,651)						
Impairment of long-lived assets (excluding goodwill)	2,504	(2,504)						
Impairment of goodwill	10,821	(10,821)						
Change in fair value of contingent consideration, net	(1,578)	1,578(m)						
Total operating expenses	171,559	(128,767)	42,792	45		42,747		42,792

Income (loss) from operations	1,177	41,741	42,918	(45)		42,963		42,918
Interest expense, net	127,148	(45,785)(c)	81,363	81,363(h)		15,004(j)	(15,004)(k)	81,363
Other expense, net	1,914	(1,436)	478			478		478
(Loss) Income before provision for income taxes	(127,885)	88,962	(38,923)	(81,408)		27,481	15,004	(38,923)
Provision for income taxes	3,401	13,693(f)	17,094			10,812	6,282(l)	17,094
Net (loss) income from continuing operations	$ (131,286)	$ 75,269	$ (56,017)	$ (81,408)	$	$ 16,669	$ 8,722	$ (56,017)
Basic and diluted loss per share	$ (5.00)		$ (2.14)					
Weighted average number of common shares outstanding, basic and diluted	26,211,131		26,211,131					

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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Fiscal 2012 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC

	Kellwood Separation			Allocation of Pro Forma(2)				
(In thousands, except per share amounts)	Historical Consolidated AHC	Kellwood Separation Adjustments(1)	Pro Forma	AHC	Vince Intermediate Holding, LLC	Vince, LLC(3)	Adjustments	Pro Forma
Net sales	$ 707,995	$ (467,643)(a)	$ 240,352	$	$	$ 240,352	$	$ 240,352
Cost of products sold	507,905	(375,749)(a)	132,156			132,156		132,156
Gross profit	200,090	(91,894)	108,196			108,196		108,196
Operating Expenses:								
Selling, general and administrative expenses	177,755	(111,094)(b)	66,661	22(g)		66,639(i)		66,661
Amortization of intangible assets	1,899	(1,301)	598			598		598
Restructuring, environmental remediation and other charges	5,091	(5,091)						
Impairment of long-lived assets (excluding goodwill)	2,349	(2,349)						
Impairment of goodwill								
Change in fair value of contingent consideration, net	(7,162)	7,162(m)						
Total operating expenses	179,932	(112,673)	67,259	22		67,237		67,259

Income (loss) from operations	20,158	20,779	40,937	(22)		40,959		40,937
Interest expense, net	122,383	(53,700)(c)	68,683	68,683(h)		22,903(j)	(22,903)(k)	68,683
Other expense, net	2,723	(1,944)	779			779		779
(Loss) income before provision for income taxes	(104,948)	76,423	(28,525)	(68,705)		17,277	22,903	(28,525)
Provision for income taxes	708	15,512(f)	16,220			6,964	9,256(l)	16,220
Net (loss) income from continuing operations	$ (105,656)	$ 60,911	$ (44,745)	$ (68,705)	$	$ 10,313	$ 13,647	$ (44,745)
Basic and diluted loss per share	$ (4.03)		$ (1.71)					
Weighted average number of common shares outstanding, basic and diluted	26,211,131		26,211,131					

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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First Six Months of Fiscal 2012 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC

	Kellwood Separation			Allocation of Pro Forma(2)				
(In thousands, except per share amounts)	Historical Consolidated AHC	Kellwood Separation Adjustments(1)	Pro Forma	AHC	Vince Intermediate Holding, LLC	Vince, LLC(3)	Adjustments	Pro Forma
Net sales	$ 319,445	$ (228,914)(a)	$ 90,531	$	$	$ 90,531	$	$ 90,531
Cost of products sold	235,293	(185,174)(a)	50,119			50,119		50,119
Gross profit	84,152	(43,740)	40,412			40,412		40,412
Operating Expenses:								
Selling, general and administrative expenses	83,526	(56,457)(b)	27,069	12(g)		27,057(i)		27,069
Amortization of intangible assets	950	(651)	299			299		299
Restructuring, environmental remediation and other charges	2,264	(2,264)						
Impairment of long-lived assets (excluding goodwill)	717	(717)						
Impairment of goodwill								
Change in fair value of contingent consideration, net	(4,507)	4,507(m)						
Total operating expenses	82,950	(55,582)	27,368	12		27,356		27,368

Income (loss) from operations	1,202	11,842	13,044	(12)	13,056		13,044
Interest expense, net	74,151	(26,256)(c)	47,895	47,895(h)	10,690(j)	(10,690)(k)	47,895
Other expense, net	1,215	(819)	396		396		396
(Loss) income before provision for income taxes	(74,164)	38,917	(35,247)	(47,907)	1,970	10,690	(35,247)
Provision for income taxes	2,245	2,872(f)	5,117		789	4,328(l)	5,117
Net (loss) income from continuing operations	$ (76,409)	$ 36,045	$ (40,364)	$ (47,907)	$ $ 1,181	$ 6,362	$ (40,364)
Basic and diluted loss per share	$ (2.92)		$ (1.54)				
Weighted average number of common shares outstanding, basic and diluted	26,211,131		26,211,131				

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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First Six Months of Fiscal 2013 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC

	Kellwood Separation			Allocation of Pro Forma(2)				
(In thousands, except per share amounts)	Historical Consolidated AHC	Kellwood Separation Adjustments(1)	Pro Forma	AHC	Vince Intermediate Holding, LLC	Vince, LLC(3)	Adjustments	Pro Forma
Net sales	$ 363,967	$ (249,310)(a)	$ 114,657	$	$	$ 114,657	$	$ 114,657
Cost of products sold	256,031	(192,525)(a)	63,506			63,506		63,506
Gross profit	107,936	(56,785)	51,151			51,151		51,151
Operating Expenses:								
Selling, general and administrative expenses	93,503	(59,537)(b)	33,966	12(g)		33,954(i)		33,966
Amortization of intangible assets	950	(650)	300			300		300
Restructuring, environmental remediation and other charges	827	(827)						
Impairment of long-lived assets (excluding goodwill)								
Impairment of goodwill								
Change in fair value of contingent consideration, net	(54)	54(m)						
Total operating expenses	95,226	(60,960)	34,266	12		34,254		34,266

Income (loss) from operations	12,710	4,175	16,885	(12)		16,897		16,885
Interest expense, net	43,671	(27,788)(c)	15,883	15,883(h)		12,429(j)	(12,429)(k)	15,883
Other expense, net	1,233	(721)	512			512		512
(Loss) income before provision for income taxes	(32,194)	32,684	490	(15,895)		3,956	12,429	490
Provision for income taxes	2,679	3,909(f)	6,588			1,556	5,032(l)	6,588
Net (loss) income from continuing operations	$ (34,873)	$ 28,775	$ (6,098)	$ (15,895)	$	$ 2,400	$ 7,397	$ (6,098)
Basic and diluted loss per share	$ (1.33)		$ (.23)					
Weighted average number of common shares outstanding, basic and diluted	26,211,131		26,211,131					

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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Fiscal 2012 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC

		Sun Capital Contribution and TRA		This Offering(5)	
(In thousands, except per share amounts)	Pro Forma for Kellwood Separation(4)	Sun Capital Contribution and TRA Adjustments	Pro Forma	Adjustments	Pro Forma, As Adjusted
Net sales	$ 240,352	$	$ 240,352	$	$ 240,352
Cost of products sold	132,156		132,156		132,156
Gross profit	108,196		108,196		108,196
Operating Expenses:					
Selling, general and administrative expenses	66,661		66,661		66,661
Amortization of intangible assets	598		598		598
Restructuring, environmental remediation and other charges					
Impairment of long-lived assets (excluding goodwill)					
Impairment of goodwill					
Change in fair value of contingent consideration, net					
Total operating expenses	67,259		67,259		67,259
Income from operations	40,937		40,937		40,937
Interest expense, net	68,683	(68,683)(n)		11,400	11,400
Other expense, net	779		779		779
(Loss) income before provision for income taxes	(28,525)	68,683	40,158	(11,400)	28,758
Provision for income taxes	16,220		16,220	(4,560)	11,660
Net (loss) income from continuing operations	$ (44,745)	$ 68,683	$ 23,938	$ (6,840)	$ 17,098
Basic earnings (loss) per share	$ (1.71)		$ .91		$ .47
Diluted earnings (loss) per share	$ (1.71)		$ .89		$ .46
	26,211,131		26,211,131		36,211,131

Weighted average number of common shares outstanding, basic			
Weighted average number of common shares outstanding, diluted	26,211,131	26,858,255	36,858,255

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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First Six Months of Fiscal 2013 Unaudited Pro Forma Statement of Operations of Historical Consolidated AHC

		Sun Capital Contribution and TRA		This Offering(5)	
(In thousands, except per share amounts)	Pro Forma for Kellwood Separation (4)	Sun Capital Contribution and TRA Adjustments	Pro Forma	Adjustments	Pro Forma, As Adjusted
Net sales	$ 114,657	$	$ 114,657	$	$ 114,657
Cost of products sold	63,506		63,506		63,506
Gross profit	51,151		51,151		51,151
Operating Expenses:					
Selling, general and administrative expenses	33,966		33,966		33,966
Amortization of intangible assets	300		300		300
Impairment of long-lived assets (excluding goodwill)					
Impairment of goodwill					
Change in fair value of contingent consideration, net					
Total operating expenses	34,266		34,266		34,266
Income from operations	16,885		16,885		16,885
Interest expense, net	15,883	(15,883)(n)		5,700	5,700
Other expense, net	512		512		512
Net income before provision for income taxes	490	15,883	16,373	(5,700)	10,673
Provision for income taxes	6,588		6,588	(2,280)	4,308
(Loss) income from continuing operations	$ (6,098)	$ 15,883	$ 9,785	$ (3,420)	$ 6,365
Basic (loss) income per share	$ (.23)		$ .37		$ .18
Diluted (loss) income per share	$ (.23)		$ .37		$ .17
Weighted average number of common shares outstanding, basic	26,211,131		26,211,131		36,211,131
	26,211,131		26,715,649		36,715,649

Weighted average number of
common shares outstanding, diluted

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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Unaudited Pro Forma Consolidated Balance Sheet

AHC s unaudited consolidated balance sheet is presented as of August 3, 2013 on:

an actual basis;

a pro forma basis to give effect to the Kellwood Separation as if it occurred on such date;

a pro forma basis to give effect to entry into the TRA as if such transaction occurred on such date; and

a pro forma, as adjusted basis to give further effect to this offering and the application of the proceeds therefrom as if such transactions occurred on such date.

August 3, 2013 Unaudited Pro Forma Balance Sheet of Historical Consolidated AHC

	Kellwood Separation			**Allocation of Pro Forma(2)**				
(In thousands)	**Historical Consolidated AHC**	**Kellwood Separation Adjustments**(6)	**Pro Forma**	**AHC**	**Vince Intermediate Holding, LLC**	**Vince, LLC**(3)	**Adjustments**	**Pro Forma**
ASSETS								
Current assets:								
Cash and cash equivalents	$ 2,178	$ (1,853)	$ 325	$ 219	$	$ 106	$	$ 325
Receivables, net	115,718	(75,815)	39,903			39,903		39,903
Inventories, net	93,858	(65,853)	28,005			28,005		28,005
Prepaid expenses and other current assets	17,001	(2,342)(o)	14,659(o)			14,589	70(k)	14,659
Current assets of discontinued operations	136	(136)						
Total current assets	228,891	(145,999)	82,892	219		82,603	70	82,892
Property, plant and equipment, net	20,261	(10,763)	9,498			9,498		9,498
Intangible assets, net	145,331	(34,789)	110,542			110,542		110,542
Goodwill	65,876	(2,130)	63,746			63,746		63,746
Other assets	7,405	115,497(o)	122,902(o)		69,744(t)	24,173	28,985(u)	122,902

Long-term assets of discontinued operations	27	(27)						
Total assets	$ 467,791	$ (78,211)	$ 389,580	$ 219	$ 69,744	$ 290,562	$ 29,055	$ 389,580
LIABILITIES AND STOCKHOLDERS DEFICIT								
Current liabilities:								
Short-term borrowings	115,601	(115,601)				115,601(j)	(115,601)(k)	
Accounts payable	73,510	(45,572)	27,938			27,938		27,938
Accrued salaries and employee benefits	13,886	(11,561)	2,325			2,325		2,325
Other accrued expenses	16,535	(14,275)	2,260	181		2,141	(62)(k)	2,260
Kellwood Note Receivable		341,500(p)	341,500		341,500(p)			341,500
Current liabilities of discontinued operations	1,698	(1,698)						
Total current liabilities	221,230	152,793	374,023	181	341,500	148,005	(115,663)	374,023
Long-term debt	386,842	(386,842)				163,675	(163,675)	
Deferred income taxes and other	36,409	(33,167)(o)	3,242(o)			5,041	(1,799)	3,242
Tax Receivable Agreement due								
Long-term liabilities of discontinued operations	2,412	(2,412)						
Total stockholders deficit invested equity	(179,102)	191,417(q)	12,315	38	(271,756)	(26,159)	310,192	12,315
Total liabilities and stockholders deficit/invested equity	$ 467,791	$ (78,211)	$ 389,580	$ 219	$ 69,744	$ 290,562	$ 29,055	$ 389,580

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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August 3, 2013 Unaudited Pro Forma Balance Sheet of Historical Consolidated AHC

		Sun Capital Contribution and TRA		This Offering(5)	
(In thousands)	Pro Forma for Kellwood Separation(4)	Sun Capital Contribution and TRA Adjustments	Pro Forma	Adjustments	Pro Forma, As Adjusted
ASSETS					
Current assets:					
Cash and cash equivalents	$ 325	$	$ 325	$ 5,000	$ 5,325
Receivables, net	39,903		39,903		39,903
Inventories, net	28,005		28,005		28,005
Prepaid expenses and other current assets	14,659		14,659		14,659
Current assets of discontinued operations					
Total current assets	82,892		82,892	5,000	87,892
Property, plant and equipment, net	9,498		9,498		9,498
Intangible assets, net	110,542		110,542		110,542
Goodwill	63,746		63,746		63,746
Other assets	122,902		122,902	5,500	128,402
Long-term assets of discontinued operations					
Total assets	$ 389,580	$	$ 389,580	$ 10,500	$ 400,080
LIABILITIES AND STOCKHOLDERS DEFICIT					
Current liabilities:					
Short-term borrowings					$
Accounts payable	27,938		27,938		27,938
Accrued salaries and employee benefits	2,325		2,325		2,325
Other accrued expenses	2,260		2,260		2,260
Kellwood Note Receivable	341,500		341,500	(341,500)	
Current liabilities of discontinued operations					
Total current liabilities	374,023		374,023	(341,500)	32,523
Long-term debt				175,000	175,000
Deferred income taxes and other	3,242		3,242		3,242
Tax Receivable Agreement due		172,151(r)	172,151		172,151

Long-term liabilities of discontinued operations					
Total stockholders deficit	12,315	(172,151)(s)	(159,836)	177,000	17,164
Total liabilities and stockholders deficit	$ 389,580	$	$ 389,580	$ 10,500	$ 400,080

See accompanying notes to Unaudited Pro Forma Consolidated Financial Data.

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Notes to Unaudited Pro Forma Consolidated Financial Data

(1) As described within Restructuring Transactions included elsewhere in this prospectus, AHC will use a series of transactions (including the Additional Sun Capital Contribution) to legally separate the non-Vince businesses from the Vince business immediately prior to the consummation of this offering. Once these transactions have occurred, the non-Vince businesses will be owned and operated separately from us. After consummation of this offering, the Vince business will be our only assets, liabilities, and operations. An investment in us after giving effect to the IPO Restructuring Transactions is an investment in the Vince business. We will not have ongoing involvement with the non-Vince businesses following separation, with the exception of our payments to Kellwood for certain services to be provided under the Shared Services Agreement as further described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement contained elsewhere in this prospectus. Similarly, Kellwood will not have ongoing involvement in our business, other than pursuant to the Shared Services Agreement. Following the consummation of this offering, we expect to report the non-Vince businesses as discontinued operations in accordance with ASC Topic 205 *Presentation of Financial Statements* beginning with our first financial statements filed after the effectiveness of the registration statement of which this prospectus forms a part. All pro forma adjustments to AHC s historical financial statements that relate to the separation of the Vince business from the non-Vince businesses are described as Kellwood Separation Adjustments and they are included under the caption Kellwood Separation.

As the Kellwood Separation is expected to have a material impact on AHC s results of operations, AHC has included unaudited pro forma financial statements of operations for fiscal 2010, fiscal 2011 and fiscal 2012, as well as for the first six months of fiscal 2012 and fiscal 2013 which gives effect to the Kellwood Separation as though it occurred at the beginning of fiscal 2010. AHC has also included an unaudited pro forma balance sheet as of August 3, 2013, which give effect to the Kellwood Separation as though it had occurred on that date, at which time the non-Vince businesses would be presented as discontinued operations for all historical reporting periods. There will be no gain or loss recognized as a result of the IPO Restructuring Transactions because the entities involved in the transactions are under the common control of affiliates of Sun Capital.

(2) Set forth within the tables is supplemental disclosure of the allocation of the pro forma results of operations and financial position of the Kellwood Separation Adjustments. This supplemental disclosure is referred to as Allocation of Pro Forma and represents the allocation of the unaudited pro forma results of operations and financial position among Apparel Holding Corp., Vince Intermediate Holding, LLC and Vince, LLC after giving effect to the Kellwood Separation. Apparel Holding Corp., Vince Intermediate Holding, LLC and Vince, LLC, collectively, will represent the three corporate or limited liability company entities that represent the consolidated group that will constitute the Vince business after consummation of the IPO Restructuring Transactions. The financial results of Vince, LLC are presented since after giving effect to the IPO Restructuring Transactions as Vince, LLC will be the sole operating subsidiary of the business in which you are investing. The Vince, LLC financials have been prepared on a stand-alone carve-out basis. As such, we present an adjustment column within the Allocation of Pro Forma table to reconcile the Vince, LLC financials on a stand-alone carve-out basis with the pro-forma presentation of AHC after giving effect to the Kellwood Separation. The amounts presented for AHC within the Allocation of Pro Forma table are exclusive of AHC s investment in Vince, LLC.

(3) Amounts are derived from the Vince, LLC audited financial statements included elsewhere in this prospectus. Those audited statements were prepared on a standalone carve-out basis. The Vince, LLC financial statements include short-term borrowings, long-term debt and interest expense related to certain Kellwood Company indebtedness, including the Wells Fargo Facility, the Cerberus Term Loan and the Sun Term Loan Agreements. Such debt instruments and related

interest expense are included in the Vince, LLC financial statements as Vince, LLC is a borrower party thereunder.

Provision for income taxes in the Vince, LLC financial statements has been determined on a stand-alone basis (i.e. on a separate return basis.) As such, the assessment of the realization of net deferred tax assets, the need for a valuation allowance and judgments on the recognition of tax benefits were based on Vince, LLC s own facts and circumstances and excluded from that assessment were any impacts of the overall results of the non-Vince businesses. The provision for income taxes is not necessarily indicative of the income taxes that would have been recorded had the Vince business been owned and operated separately from the non-Vince businesses during the periods presented.

(4) Reflects the unaudited pro forma results of operations and financial position of AHC after giving effect to the Kellwood Separation.

(5) Presented on a pro forma, as adjusted basis to further reflect (i) our receipt of the net proceeds from the sale of shares of common stock by us in this offering at an initial public offering price of $20.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us; (ii) our use of these proceeds and the incurrence of approximately $175 million of borrowings under our new term loan facility, as described in Use of Proceeds, including repayment of the Kellwood Note Receivable; and (iii) recognition of applicable deferred financing costs capitalized; interest expense on our new term loan facility at 6% per annum (including amortization of deferred financing costs); related adjustment to provision for income taxes at a 40% effective tax rate; and pro forma basic and diluted weighted average shares outstanding have been adjusted to reflect the offering of 10,000,000 shares and impact of potential dilutive shares as applicable. As reflected in the table, the interest expense of this borrowing, had it been incurred on the first day of fiscal 2012 or the first day of fiscal 2013, would have been $11.4 million or $5.7 million, respectively, for fiscal 2012 and the first six months of fiscal 2013.

(6) AHC will use a series of transactions (including the Additional Sun Capital Contribution) to legally separate the Vince business from the non-Vince businesses immediately prior to consummation of this offering. We refer to this series of transactions as the Kellwood Separation. Once these transactions have occurred, the non-Vince businesses will be owned and operated separately from us and we will present the historical non-Vince businesses as discontinued operations. These pro forma adjustments give effect to the removal of assets and liabilities of the non-Vince businesses, and the net impact of these transactions are reflected as an adjustment to consolidated AHC s additional paid in capital.

(a) AHC has maintained distinct financial records of the non-Vince businesses, separate from the Vince business, which include all of the direct revenues and charges pertaining to the applicable business, as appropriate. All operating revenues and cost of sales can be identified as specifically pertaining to sales of products of the non-Vince or Vince business, as applicable.

(b) As noted above in note (a), AHC has maintained distinct financial records of its Vince and non-Vince businesses. Any SG&A expenses identified as directly pertaining to the Vince or non-Vince businesses are

charged directly to the Vince or non-Vince businesses, as appropriate. Additionally, the Vince business is charged for the use of services provided by centralized Kellwood departments and shared facilities. These charges are based upon the actual cost incurred, without mark-up. These functions and facilities will remain with Kellwood upon separation, and will continue to be an integral part of that business going forward. We will continue to use certain of these services for a period of time through the Shared Services Agreement (as described in Other information related to the Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement) and will be charged accordingly. The charges to Vince, LLC may not be representative of what the costs would have been had the Vince business been owned and operated separately

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from the non-Vince businesses during the periods presented, however management believes the amounts to be charged to Vince, LLC are representative of the incremental cost to Kellwood to service the Vince business.

(c) This pro forma adjustment represents Kellwood Company indebtedness and related interest expense, including under the Wells Fargo Facility, the Cerberus Term Loan, the Sun Term Loan Agreements, the 12.875%, the 7.625% Notes and the 3.5% Convertible Notes. These debt instruments and related interest expense are allocated to discontinued operations as the related indebtedness will be repaid, refinanced, discharged or repurchased in connection with the Kellwood Separation or, with respect to those obligations for which Vince, LLC is neither a borrower nor a guarantor, they will remain obligations of Kellwood Company. After giving effect to the Additional Sun Capital Contribution, most of the proceeds from this offering, along with the borrowings under our new term loan facility, will be used to repay, discharge or repurchase the related obligations under such instruments (other than the Wells Fargo Facility which will separately be refinanced by Kellwood Company, LLC in connection with this offering) and to pay (i) a restructuring fee equal to 1% of the aggregate of this offering and certain related debt repayment and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management pursuant to the Management Services Agreement, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Management Fees, and (ii) a debt recovery bonus of $6.0 million to our Chief Executive Officer, as described in Additional Information Related to Vince Vince Executive Compensation Employment Agreements. The restructuring fee described in clause (i) above and payable to Sun Capital Management in connection with this offering will total $3.3 million. None of the debt obligations that have been allocated to discontinued operations are expected to be retained by the non-Vince businesses subsequent to the consummation of this offering (except for indebtedness for which neither Apparel Holding Corp. nor Vince, LLC is a guarantor or an obligor and which may be repaid, refinanced, discharged or repurchased after the closing of this offering, as described in Use of Proceeds and Restructuring Transactions and after giving effect to the Additional Sun Capital Contribution).

(d) This pro forma adjustment relates to the $0.9 million gain on the acquisition of the Adam operations in fiscal 2010 as the fair value of the identifiable assets less the liabilities assumed exceeded the fair value of the purchase price consideration.

(e) This pro forma adjustment relates to the $15.9 million gain on debt extinguishment as a result of AHC s repurchase of $29.7 million of face value of certain notes outstanding from an affiliate of Sun Capital for $9.1 million in cash.

(f) AHC has historically included the operating results of the combined Vince business and non-Vince businesses in its U.S. federal and state income tax returns. Provision for income taxes in this pro forma presentation have been determined assuming the Kellwood Separation had occurred at the beginning of the earliest period presented, and would therefore exclude the historical operating results of the non-Vince businesses. These amounts are not necessarily indicative of the provision for income taxes that would have been recorded had we operated separately from the non-Vince businesses during the periods presented. The adjustment represents the difference between the amount calculated in accordance with the methodology described herein and the historical amounts recorded. The effective tax rate in this pro forma presentation differs from the U.S. statutory tax rate of 35% primarily due to the AHC interest expense that is disallowed for income tax purposes.

(g) AHC has incurred certain costs related to maintaining its corporate existence and other related overhead costs. These have not been allocated to any of AHC s subsidiaries. These costs will remain in continuing operations subsequent to the Kellwood Separation due to their ongoing nature as related corporate overhead.

(h) The amounts reflected in interest expense, net for the AHC within the Allocation of Pro Forma table represent the interest expense related to AHC s indebtedness to affiliates of Sun Capital under the Sun Capital Loan Agreement and the Sun Promissory Notes. This debt, and related interest expense, will not be allocated to discontinued operations for historical periods as a result of the Kellwood Separation. Effective June 18, 2013, affiliates of Sun Capital contributed the $407.5 million of indebtedness under the Sun Capital Loan Agreement and the Sun Promissory Note as a capital contribution to Apparel Holding Corp. in the Sun Capital Contribution. Accordingly, for periods subsequent to June 18, 2013 AHC ceased to accrue any interest expense related to that debt.

(i) The Vince, LLC financial statements were prepared on a standalone carve-out basis and include SG&A expenses related to the Vince business, including the impact of our public company transition costs and certain other one-time costs. This results in an amount similar to the SG&A expenses reflected within the AHC pro forma column as expenses related to the Kellwood departments and services to be utilized by us under the Shared Services Agreement will be included as part of the discontinued operations in this pro forma presentation.

(j) Short-term borrowings represent borrowings under the Wells Fargo Facility. Long-term debt includes the Cerberus Term Loan and the Sun Term Loan Agreements. These debt instruments, the related capitalized deferred issuance costs and related accrued interest and interest expense are included in the Vince, LLC financial statements as Vince, LLC is a borrower party thereunder. Notwithstanding the foregoing, the related obligations under these debt instruments and the associated expenses are excluded from the historical AHC pro forma financials as they will be reported as part of discontinued operations after consummation of the IPO Restructuring Transactions. Additionally, after consummation of this offering, neither Vince Holding Corp. nor any subsidiary thereof (including Vince, LLC) will have any obligations under any of these agreements or instruments, which are to be repaid, refinanced, repurchased or discharged by Kellwood Company, LLC in connection with this offering (after giving effect to the Additional Sun Capital Contribution, as described in Restructuring Transactions.)

(k) The purpose of the adjustment is to reconcile short-term borrowings, long-term debt, accrued interest, deferred debt issuance costs and related interest expense contained in the Vince, LLC financial statements to that of pro forma consolidated AHC financial statements after giving effect to the Kellwood Separation (to remove the Wells Fargo Facility, Cerberus Term Loan and Sun Term Loan Agreements which are contained in the Vince, LLC financial statements).

(l) The provision for income taxes was calculated on a separate-return basis for the Vince, LLC financial statements. The purpose of the adjustment is to reconcile the basis of presentation used in preparing the Vince, LLC financial statements to that of the pro forma consolidated AHC financial statements after giving effect to the Kellwood Separation.

(m) This pro forma adjustment represents the charges to adjust the fair value of contingent consideration for the non-Vince businesses of Rebecca Taylor and Zobha brands due to decreases in estimated contingent purchase price consideration related to the acquisition of such brands.

(n) On June 18, 2013, affiliates of Sun Capital contributed $407.5 million of indebtedness under the Sun Capital Loan Agreement and the Sun Promissory Notes to AHC in the Sun Capital Contribution. The contributed indebtedness consisted of $369.5 million of outstanding principal balances and $38.0 million of capitalized PIK interest. This pro forma adjustment gives effect to that contribution for fiscal 2012 and the first six months of fiscal 2013 as of the beginning of fiscal 2012 for the unaudited pro forma consolidated statement of operations. As such, the related interest expense on such indebtedness has been removed from AHC s pro forma statements of operations for fiscal 2012 and the first six months of fiscal 2013.

(o) Set forth in the tables below is additional detail regarding the composition of the following financial statement line items appearing on the unaudited pro forma balance sheet as of

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August 3, 2013: prepaid expenses and other current assets, other assets, and deferred income taxes and other. We have provided additional information within these tables to explain the calculation and composition of the aforementioned balances in the pro forma presentation.

(in thousands)		Kellwood Separation	
	Historical Consolidated AHC	**Kellwood Separation Adjustments**	**Pro Forma**
Prepaid expenses and other current assets			
Net current deferred tax assets	$ 110	$ 2,662	$ 2,772(i)
Other prepaid expenses and other current assets	16,891	(5,004)(iii)	11,887
Total prepaid expenses and other current assets	$ 17,001	$ (2,342)	$ 14,659
Other assets			
Net long-term deferred tax assets	$ 116	$ 121,092	$ 121,208
Deferred debt issuance costs	3,835	(3,835)(ii)	
Other long-term assets	3,454	(1,760)(iii)	1,694
Total other assets	$ 7,405	$ 115,497	$ 122,902
Deferred income taxes and other			
Non-current uncertain tax positions	$ 388	$ (388)(iii)	$
Non-current deferred tax liabilities	3,699	(3,699)	(i)
Other non-current liabilities	32,322	(29,080)(iii)	3,242
Total deferred income taxes and other	$ 36,409	$ (33,167)	$ 3,242

(i) These transactions have been structured in such a way as to preserve a significant amount of tax assets that may otherwise expire prior to being used. Various federal and state net operating losses are available to offset future taxable income; however a full valuation allowance was placed on these assets as AHC s historical pretax losses indicated that the realization of these benefits was not more likely than not. As Kellwood Company converts to a limited liability company structure as a result of the IPO Restructuring Transactions and becomes Kellwood Company, LLC, the tax assets which will attach to and be available for use by the Vince business after the Kellwood Separation and as such, the pro forma balance sheet gives effect to such conversion.

After the Kellwood Separation, there are also deferred tax assets related to Section 197 intangibles of the non-Vince businesses and other net deferred tax liabilities related to Kellwood that will carry over to the Vince business after the consummation of this offering.

Pro forma deferred income tax assets and liabilities consist of the following (in thousands):	
Federal and state net operating losses	$ 77,640
Section 197 intangible basis of the non-Vince businesses	39,430
Release of valuation allowance on deferred tax assets of the Vince business	14,808
Other deferred tax liabilities	(7,898)
Total net deferred taxes	$ 123,980
Pro forma deferred income tax assets and liabilities included in:	
Net current deferred tax assets	$ 2,772
Net non-current deferred tax assets	121,208
Non-current deferred tax liabilities	
Total net deferred income taxes	$ 123,980

The net deferred tax assets discussed above are all currently recorded in the financial statements of AHC. However, they are fully offset with a valuation allowance. The valuation

allowance is released upon the Kellwood Separation, the offset of which is deemed to be additional paid in capital. The use of these assets is subject to the TRA, as further discussed in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement. Under the TRA we will be obligated to pay to our pre-IPO stockholders 85% of the cash savings on federal, state and local income taxes realized by us through our use of the net tax assets held by us subsequent to the Kellwood Separation. The difference between the net deferred income tax assets of $124.0 million and the $172.1 million amount due under the Tax Receivable Agreement is due primarily to the book basis of Vince, LLC Section 197 intangible assets. Such assets have not yet generated a deferred tax asset but the tax amortization will be subject to the Tax Receivable Agreement.

(ii) Deferred debt issuance costs relate to Kellwood indebtedness which will be allocated to discontinued operations in connection with the Kellwood Separation.

(iii) These pro forma adjustments give effect to the removal of assets and liabilities of the non-Vince businesses in the Kellwood Separation.

(p) As a result of the IPO Restructuring Transactions, Vince Intermediate Holding, LLC will acquire Vince, LLC from Kellwood Company, LLC in exchange for the Kellwood Note Receivable. The principal amount of the Kellwood Note Receivable represents (i) the face value amount of the indebtedness, including accrued and unpaid interest and any related fees and expenses, to be repaid, discharged or repurchased by Kellwood Company, LLC in connection with the consummation of this offering and the repayment of the Kellwood Note Receivable by us (after giving effect to the Additional Sun Capital Contribution), (ii) a restructuring fee equal to 1% of the aggregate of this offering and certain related debt repayments and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management pursuant to the Management Services Agreement, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Management Fees, and (iii) a debt recovery bonus of $6.0 million to our Chief Executive Officer, as described in Additional Information Related to Vince Vince Executive Compensation Employment Agreements, all after giving effect to the Additional Sun Capital Contribution. The restructuring fee described in clause (ii) above and payable to Sun Capital Management in connection with this offering will total $3.3 million. Most of the net proceeds from this offering, along with approximately $169.5 million of net borrowings under our new term loan facility, will be used to repay the Kellwood Note Receivable, which will total $341.5 million.

All Kellwood Company long-term indebtedness outstanding (including accrued and unpaid interest and any related fees and expenses) will be repaid, discharged or repurchased with proceeds from the Kellwood Note Receivable (after giving effect to the Additional Sun Capital Contribution).

Kellwood Company long-term debt as of August 3, 2013 presented in AHC Financial Statements (dollars in thousands:

	Face Value	Less: Discount(1)	Carrying Value
Cerberus Term Loan	$ 45,660	$	$ 45,660
Sun Term Loan Agreements	118,015		118,015
12.875% Notes	146,768	(2,806)	143,962
7.625% Notes.	86,953	(7,962)	78,991

3.5% Convertible Debt	214		214
Total	$ 397,610	$ (10,768)	$ 386,842

(1) Represents original issue discount.

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Kellwood Company long-term debt as of August 3, 2013 presented in Vince, LLC Financial Statements (as a borrower party, dollars in thousands):

	Face Value	Less: Discount	Carrying Value
Cerberus Term Loan.	$ 45,660	$	$ 45,660
Sun Term Loan Agreements	118,015		118,015
Total(1)	$ 163,675	$	$ 163,675

(1) Does not include the 12.875% Notes in accordance with GAAP requirements as Vince, LLC is only a guarantor, rather than an obligor, of such obligations.

Kellwood Company, LLC s expected use of the proceeds from the repayment of the Kellwood Note Receivable as of August 3, 2013 is set forth below (dollars in thousands). The Kellwood Note Receivable will total $341.5. The amount of the Additional Sun Capital Contribution will be adjusted to fill any gap between the Kellwood Note Receivable and the amount of all payments to be made and Kellwood Company indebtedness to be repaid, repurchased or redeemed at or after closing using proceeds from the repayment of such note (including any interest accrued after August 3, 2013, but immediately prior to such repayment, repurchase or redemption).

	Face Value	Accrued Interest	Total
Cerberus Term Loan.	$ 45,660	$	$ 45,660
Sun Term Loan Agreements	118,015		118,015
12.875% Notes	146,768	787	147,555
Restructuring fee payable to Sun Capital Management			3,300
Debt recovery bonus payable to our Chief Executive Officer			6,000
7.625% Notes and 3.5% Convertible Debt.	87,167	1,935	89,102
Estimated related third-party fees and expenses			2,000
Additional Sun Capital Contribution			(70,132)
Total uses			$ 341,500

(q) Adjustment represents the net impact of the removal of assets and liabilities of the non-Vince businesses with the net impact reflected within stockholders deficit as additional paid in capital.

(r) As described in Other information related to the Offering Certain Relationships and Related Party transactions of AHC Tax Receivable Agreement included elsewhere in this prospectus, we will enter into the TRA with the Pre-IPO Stockholders, where we will be obligated to pay 85% of cash savings on federal, state and local income taxes realized by us through our use of certain net tax assets held by us subsequent to the Kellwood Separation. This pro forma adjustment gives effect to what we believe the expected liability would have been under such

agreement after giving effect to the IPO Restructuring Transactions as though such events had occurred on August 3, 2013. We estimate $30.4 million of net cash savings (after the 85% due to the Pre-IPO stockholders) on federal, state and local income taxes realized by us through our use of certain net tax assets held by us subsequent to the Kellwood Separation. Our ability to realize the net cash savings described in the previous sentence will depend upon a number of factors, including the amount and timing of taxable income we generate in the future and any future limitations that may be imposed on our ability to use certain net tax assets.

(s) The adjustment to additional paid in capital represents the entry into the TRA of $172.2 million.

(t) $69.7 million of deferred tax assets are allocated to Vince Intermediate Holding, LLC. These include $77.6 million of deferred tax assets related to historical NOL carry forwards and $7.9 million of other deferred tax liabilities generated by Kellwood Company that will transfer to Vince Intermediate Holding, LLC upon Kellwood Company s conversion to a limited liability company.

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(u) The $29.0 million proforma adjustment primarily relates to the $39.4 million of deferred tax assets related to the Section 197 intangible basis of the non-Vince businesses that will attach to the Vince Section 197 intangibles upon separation from Kellwood. This additional deferred tax asset is partially offset by a $7.9 million difference in the deferred income taxes computed on a separate-return basis for Vince, LLC and the overall pro forma consolidated AHC deferred income taxes. It is also partially offset by $2.5 million of deferred debt issuance costs which are reported in the Vince, LLC other assets financial statement line item but excluded from the pro forma AHC other assets financial statement line item after giving effect to the Kellwood Separation.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF AHC

You should read the following discussion together with Additional Information Related to AHC Selected Historical Consolidated Financial Data of AHC and the consolidated financial statements and related notes of Apparel Holding Corp. included elsewhere in this prospectus. The statements in this discussion regarding expectations of AHC s future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Risk Factors Risks Related to AHC and Special Note Regarding Forward-Looking Statements. AHC s actual results may differ materially from those contained in or implied by any forward-looking statements. As used in this section, unless the context requires otherwise, AHC refers to Apparel Holding Corp. and its consolidated subsidiaries prior to giving effect to the IPO Restructuring Transactions, and Kellwood refers to Kellwood Holding, LLC and its consolidated subsidiaries (including Kellwood Company, LLC) after giving effect to the IPO Restructuring Transactions.

The businesses of AHC described in this section represent its various operations, including the Vince and non-Vince businesses. The non-Vince businesses will not be owned by investors in this offering following the IPO Restructuring Transactions. For a discussion and analysis of the financial information relating solely to the Vince business, please see Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC.

Business Summary

AHC is a holding company, controlled by the affiliates of Sun Capital. In 2008, AHC acquired Kellwood Company and its subsidiaries. Kellwood Company was founded in 1961 as the successor by merger of fifteen independent suppliers to Sears, Roebuck & Co. (Sears). Beginning in 1985, Kellwood implemented a strategy to expand its branded business, broaden its customer base, diversify its distribution channels and further develop its global product sourcing capability. As a result of this strategy, AHC has redirected its focus from the manufacturing of private label apparel and home fashions for Sears to the development of branded fashion apparel and recreational products. As part of this strategy, AHC also acquired various apparel companies or businesses and has divested numerous others. AHC now has a diversified brand portfolio that serves a broad range of customer segments across multiple wholesale partners and through its own retail stores and websites.

AHC did not have any customers that accounted for more than 10% of consolidated net sales from continuing operations during fiscal 2012. In fiscal 2011, sales to Kohl s accounted for more than 10% of the consolidated net sales of continuing operations. These sales represented 14% of fiscal 2011 net sales. In fiscal 2010, sales to Kohl s and Macy s accounted for more than 10% of the consolidated net sales from continuing operations. These sales represented 15% and 12% of fiscal 2010 net sales, respectively.

AHC manufactures, distributes and markets products under many brands, some of which it owns, and others that are under licensing agreements. In addition, AHC has four reportable segments, as set forth below:

Vince: Contemporary fashion apparel and accessories sold under the Vince® brand name through wholesale distribution to premier department stores and specialty stores as well as direct-to-consumer through Vince s retail stores and the *www.vince.com* website;

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American Recreational Products (ARP   ): Recreational apparel and products sold under Kelty, Sierra Designs, Ultimate Direction, Slumberjack, Wenzel and Isis brand names through wholesale distribution to retailers as well as through websites;

Juniors: A collection of denim, dresses and sportswear labels that appeal to girls and young women sold under the Rewind, My Michelle and Jolt brand name as well as private label to wholesale partners. Additionally, AHC licenses the XOXO brand name and produces apparel under that name for wholesale partners within this segment; and

Moderate: Moderately priced related separates and pants covering career and casual lifestyle sold through wholesale distribution and produced under private labels as well as under the Sag Harbor and Briggs New York brands.

Performance results of AHC s remaining operating segments, primarily apparel sold under the Rebecca Taylor, Democracy, Jax and Sangria brands as well as under the licensed David Meister brand, have been combined in Other, as none of these brands individually meets the quantitative thresholds for disclosures as a reportable segment. Other operations accounted for less than 25% of AHC s revenues in each of fiscal 2010, fiscal 2011 and fiscal 2012 and the first six months of fiscal 2013.

In connection with this offering, all AHC segments other than the Vince segment will be separated from AHC in the IPO Restructuring Transactions, as defined elsewhere in this prospectus, by Apparel Holding Corp., the entity offering stock in this offering. Apparel Holding Corp. will report operations from all segments other than the Vince segment as discontinued operations in future reporting periods after the consummation of this offering.

Basis of Presentation

AHC operates on a fiscal calendar widely used by the retail industry that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to January 31 of the following year.

References to   fiscal year 2012   or   fiscal 2012   refer to the fiscal year ended February 2, 2013;

References to   fiscal year 2011   or   fiscal 2011   refer to the fiscal year ended January 28, 2012;

References to   fiscal year 2010   or   fiscal 2010   refer to the fiscal year ended January 29, 2011;

References to   the first six months of fiscal 2012   refer to the six month period ended July 28, 2012; and

References to   the first six months of fiscal 2013   refer to the six month period ended August 3, 2013.

Fiscal year 2012 consisted of a 53-week period and each of fiscal 2011 and fiscal 2010 consisted of a 52-week period. Each of the first six months of fiscal 2012 and the first six months of fiscal 2013 consisted of a 26-week period.

Net sales. Net sales consists of revenues from the sale of products, less returns, discounts and allowances and other offsets to net sales as well as shipping and handling fees and licensing fees and royalties. In AHC s wholesale operations, revenue is recognized when goods are shipped in accordance with customer orders, at which point title passes. Provisions for discounts, returns and other allowances are recorded as a reduction of net sales in the same period as the related sales. In

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AHC s direct to consumer operations, revenue is recognized at the time of customer purchase in retail stores, and at the time of shipment for customer e-commerce orders. During the second quarter of fiscal 2013, AHC divested its Zobha business to focus resources on its larger contemporary and Juniors brands. Accordingly the historical results of operations and financial position of the Zobha business are reported as discontinued operations for all periods presented.

Cost of products sold. AHC s cost of products sold includes:

- the cost of purchased merchandise, including raw materials;
- the cost of inbound transportation, including freight;
- the cost of production, sourcing and technical design departments;
- other processing costs associated with acquiring and preparing the inventory for sale;
- shrink and valuation reserves;
- royalties for licensed brand names; and
- depreciation on owned facilities and equipment.

There may be variations in the costs that other companies use to calculate gross profit. As a result, data in this prospectus regarding AHC s gross profit dollars and gross margin may not be comparable with similar data made available by other companies.

Gross profit/Gross margin. Gross profit is defined as net sales less the cost of products sold. Gross margin is the percentage of gross profit to net sales.

Selling, general and administrative expenses. AHC s SG&A expenses consist of marketing, advertising, design, occupancy, certain distribution costs, salaries and benefits and other corporate overhead.

Amortization of intangible assets. Amortization of intangible assets consists of straight-line amortization expense on definite-lived intangible assets over their useful lives (10 or 20 years). These assets are comprised of customer relationships and were valued at the time of AHC s acquisition of Kellwood Company in 2008. Definite-lived intangible assets are tested for impairment if a triggering event occurs.

Restructuring, environmental remediation and other charges. AHC s restructuring, environmental remediation and other charges consist of:

- Restructuring expenses associated with efforts to continuously improve operational and organizational efficiency such as costs for moving facilities, exiting businesses, curtailing/downsizing operations because of changing economic conditions, and other costs resulting from asset redeployment decisions;

- Charges to adjust environmental remediation obligations related to a former manufacturing facility, as described below; and

- Charges to record settlement obligations related to unclaimed property.

During the second quarter of fiscal 2012, Kellwood Company entered into a Consent Decree with the EPA, and Missouri Department of Natural Resources (MDNR) to conduct cleanup initiatives for the decontamination of soil and groundwater located near a former metal fabrication plant in New

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Haven, Missouri. The agreement became effective August 24, 2012, and was entered into as settlement of a lawsuit filed against Kellwood Company, a wholly-owned subsidiary of AHC, by the EPA and MDNR. The lawsuit alleged that Kellwood Company inappropriately disposed of tetrachloroethylene (PCE), an industrial degreaser used to clean metal rods for tent poles, on the surrounding grounds and sewer system of a plant operated by American Recreation Products, a wholly-owned subsidiary of Kellwood Company, between 1973 and 1985.

As of February 2, 2013, AHC recorded $9.6 million for estimated capital costs and ongoing remedial activities at the New Haven site. This amount represents AHC s best estimate of the discounted value of the total obligation. The recorded liability differs from the $5.9 million letter of credit required by the EPA primarily due to AHC s use of a lower discount rate, as well as assumption of additional costs not reflected in the EPA s estimate of the related remediation work. These additional costs include voluntary corrective actions as well as EPA oversight fees.

Impairment of long-lived assets (excluding goodwill). Definite-lived intangible and long-lived assets are tested for impairment if a triggering event occurs. Under the provisions of ASC Topic 350, AHC tests its indefinite-lived intangible assets, which primarily consist of trademarks, at least annually and in an interim period if a triggering event occurs. During fiscal 2012, AHC tested indefinite-lived intangible assets for impairment under the provisions of ASU 2012-02 and completed its most recent annual impairment testing during the fourth quarter of fiscal 2012.

Impairment of goodwill. In accordance with ASC Topic 350, goodwill is tested for impairment at least annually and in an interim period if it appears more likely than not that the carrying amount exceeds its fair value. Goodwill represents the excess of the cost of acquired businesses over the fair market value of the identifiable net assets. AHC completed its most recent annual impairment testing of goodwill during the fourth quarter of fiscal 2012.

Change in fair value of contingent consideration. The purchase agreements related to the acquisitions of the Rebecca Taylor and Zobha businesses contain provisions for contingent consideration that will be paid to the respective sellers if certain performance targets are met within a specified timeframe. These amounts were estimated on the purchase date based on the terms of the purchase agreement and weighted average probability EBITDA forecasts. As forecasted EBITDA amounts change, estimates of future performance are revised and adjustments to the contingent payments are recorded. AHC will continue to estimate these payments through the end of the potential payout period that terminates on January 30, 2016, the last day of fiscal 2015.

Interest expense, net. AHC s interest expense consists of interest on its indebtedness with affiliates of Sun Capital and interest on Kellwood Company s various debt agreements, amortization of deferred debt issuance costs and amortization of debt discounts. The interest associated with the Sun Capital Loan Agreement and the Sun Promissory Notes was contributed as a capital contribution to AHC effective June 18, 2013.

Gain on acquisition, net of tax. In connection with the acquisition of the Adam operations, the fair value of the identifiable assets acquired less liabilities assumed exceeded the fair value of the consideration and accordingly, the acquisition was accounted for as a bargain purchase and AHC recorded a gain on acquisition during the third quarter of fiscal 2010 when it was acquired. AHC s Adam operations are now reported within discontinued operations as AHC ceased such operations in the fourth quarter of fiscal 2011.

Gain on debt extinguishment. Gain on debt extinguishment occurred in fiscal 2010 when Kellwood Company repurchased $29.7 million in aggregate principal amount of its 7.625% Notes from an affiliate of Sun Capital for $9.1 million in cash. The repurchased 7.625% Notes were then retired. Approximately $87.0 million in aggregate principal amount of 7.625% Notes remain outstanding following the repurchase. The extinguishment resulted in a gain of $15.9 million.

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Other expense, net. AHC s other expense, net consists of miscellaneous income and expenses and management fees paid to Sun Capital Management.

Provision for income taxes. AHC is subject to taxation in many jurisdictions, and the calculation of its tax liabilities involves dealing with inherent uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. Historically, AHC has been primarily subject to taxation in the U.S. because the majority of products were sold to customers in the U.S. In the future as business expands outside the U.S., AHC could become subject to taxation based on the foreign statutory rates in the countries where these sales occur and its effective tax rate would fluctuate accordingly. AHC is subject to examination of its income tax returns by the IRS and other tax authorities. AHC regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of income tax reserves and expenses. Should actual events differ from current expectations, it could materially impact AHC s financial position, results of operations and cash flows.

AHC accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities at enacted rates. Valuation allowances are determined in accordance with the more likely than not recognition criteria. Absent the IPO Restructuring Transactions, based on available information, it is more likely than not that AHC s net deferred tax assets will not be realized, and accordingly AHC has taken a full valuation allowance against all of its U.S. net deferred tax assets.

As a result of the IPO Restructuring Transactions AHC expects to be able to utilize these net deferred tax assets. As of February 2, 2013 there are deferred tax assets of $67.4 million related to NOL carry-forwards, which has a full valuation allowance recorded against it. AHC had approximately $179.0 million of federal NOL carry-forwards as of February 2, 2013 that will expire between 2029 and 2033 if they are not used prior to the applicable expiration date. In connection with the consummation of this offering, AHC will enter into the Tax Receivable Agreement with the Pre-IPO Stockholders, as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement. As a result of the Tax Receivable Agreement, 85% of any benefits AHC receives from utilization of NOLs and other tax attributes will be paid to the Pre-IPO Stockholders. AHC currently projects that the net benefits from the NOL carry-forwards and other tax attributes covered by the Tax Receivable Agreement will be utilized within ten years. AHC does not anticipate that the existence of the Tax Receivable Agreement, or payments to be made thereunder, will impact its effective tax rate which is estimated to be approximately 38% to 42% both during and after the period AHC will be subject to the Tax Receivable Agreement.

Furthermore, federal and state laws impose substantial restrictions on the utilization of NOL carry-forwards in the event of an ownership change, as defined in Section 382 of the Code. Under the rules, such an ownership change is generally any change in ownership of more than 50 percent of a company s stock within a rolling three-year period, as calculated in accordance with the rules. The rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning directly or indirectly 5% or more of the stock of the company and any change in ownership arising from new issuances of stock by the company.

At this time, AHC has not performed a detailed analysis under Section 382 of the Code to determine if the IPO Restructuring Transactions would constitute an ownership change. With this offering and other transactions that have occurred over the past three years, AHC may trigger or have already triggered an ownership change limitation. AHC may also experience ownership changes in the future as a result of subsequent shifts in stock ownership. As a result, if AHC earns net taxable income, the ability to use the pre-change NOL carry-forwards (after giving effect to payments to be

made to the Pre-IPO Stockholders under the Tax Receivable Agreement) to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us. Notwithstanding the foregoing, AHC s preliminary analysis under Section 382 of the Code indicates that the IPO Restructuring Transactions would not trigger an ownership change limitation.

Net (loss) income from discontinued operations. In accordance with ASC Topic 205, AHC reports the results of operations from discontinued businesses that have been disposed of once the operations and cash flows of the business have been or will be eliminated and AHC will not have significant continuing involvement with the disposed businesses. During the second quarter of fiscal 2013, AHC divested the Zobha business to focus resources on its larger contemporary and Juniors brands. During 2012, AHC decided to exit the Baby Phat wholesale business as a result of the decision to exit the urban-wear market generally. AHC also exited its startup Lamb & Flag business as a result of the decision to refocus on core businesses and cease startup activities. Additionally, the BLK DNM and Royal Robbins, LLC businesses (and certain related Canadian assets and liabilities), were sold during 2012. During 2011, AHC discontinued its Adam operations and Koret wholesale business due to poor operating performance.

The following discussion is a summary of the key factors management considers necessary in reviewing AHC s results of operations, liquidity, capital resources and operating results. The amounts and disclosures included in management s discussion and analysis of financial condition and results of operations, unless otherwise indicated, are presented on a continuing operations basis. This discussion should be read in conjunction with Additional Information Related to AHC Unaudited Pro Forma Consolidated Financial Data of AHC and AHC s consolidated financial statements and related notes thereto, included elsewhere in this prospectus.

The following discussion includes financial information prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), as well as Adjusted EBITDA, which is considered a non-GAAP financial measure. Generally, a non-GAAP financial measure is a numerical measure of a company s financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. The presentation of Adjusted EBITDA is intended to supplement understanding of AHC s operating performance. This non-GAAP financial measure is not intended to be a performance measure that should be regarded as an alternative to, or more meaningful than GAAP measures and may not be comparable to similarly titled measures presented by other companies.

Adjusted EBITDA is defined as income or loss from continuing operations before provision for income taxes, net interest expense, depreciation, amortization of intangible assets, restructuring, environmental and other charges, impairment of long-lived assets, impairment of goodwill, and certain gains and losses that affect comparability. AHC believes Adjusted EBITDA assists in comparing performance over various reporting periods and against peers on a consistent basis because it removes from operating results the impact of items that do not reflect our core operating performance. See the Non-GAAP Reconciliations section below for reconciliations of this non-GAAP financial measure to its most comparable measure calculated and presented in accordance with GAAP.

All AHC segments, other than the Vince segment, will be separated from AHC in the IPO Restructuring Transactions and reported by Apparel Holding Corp. as discontinued operations in future reporting periods. Affiliates of Sun Capital will control the non-Vince businesses through their ownership of Kellwood Holding, LLC after giving effect to the IPO Restructuring Transactions.

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Results of Continuing Operations

The following tables summarize key components of AHC s results of continuing operations for the periods indicated, both in dollars and as a percentage of AHC s net sales:

housands, except entages)	Fiscal Year 2010		2011		2012		Six Months Ended July 28, 2012 (unaudited)		August 3, 2013 (unaudited)	
ement of rations Data:										
ales	$ 586,574	100%	$ 662,846	100.0%	$ 707,995	100.0%	$ 319,445	100.0%	$ 363,967	100.
of products sold	430,801	73.4	490,110	73.9	507,905	71.7	235,293	73.7	256,031	70.
s Profit	155,773	26.6	172,736	26.1	200,090	28.3	84,152	26.3	107,936	29.
ating expenses:										
ng, general and nistrative expenses	140,567	24.0	155,220	23.4	177,755	25.1	83,526	26.1	93,503	25.
rtization of gible assets	954	0.2	1,941	0.3	1,899	0.3	950	0.3	950	0.
ructuring, ronmental diation and other ges	9,729	1.7	2,651	0.4	5,091	0.7	2,264	0.7	827	0.
irment of -lived assets uding goodwill)	438	0.1	2,504	0.4	2,349	0.3	717	0.2		
irment of goodwill			10,821	1.6						
ge in fair value of ngent deration			(1,578)	(0.2)	(7,162)	(1.0)	(4,507)	(1.4)	(54)	
operating nses	151,688	25.9	171,559	25.9	179,932	25.4	82,950	26.0	95,226	26.
me from operations	4,085	0.7	1,177	0.2	20,158	2.8	1,202	0.4	12,710	3.
est expense, net	103,074	17.6	127,148	19.2	122,383	17.3	74,151	23.2	43,671	12.
on acquisition, net x	(939)	(0.2)								
on debt guishment	(15,912)	(2.7)								
r expense, net	2,442	0.4	1,914	0.3	2,723	0.4	1,215	0.4	1,233	0.
before provision ncome taxes	(84,580)	(14.4)	(127,885)	(19.3)	(104,948)	(14.8)	(74,164)	(23.2)	(32,194)	(8.

ision for income	3,507	0.6	3,401	0.5	708	0.1	2,245	0.7	2,679	0.
oss from nuing operations	(88,087)	(15.0)	(131,286)	(19.8)	(105,656)	(14.9)	(76,409)	(23.9)	(34,873)	(9.
loss) income from ontinued operations	(16,391)	(2.8)	(16,580)	(2.5)	(2,053)	(0.3)	(4,798)	(1.5)	9,230	2.
oss	$ (104,478)	(17.8)%	$ (147,866)	(22.3)%	$ (107,709)	(15.2)%	$ (81,207)	(25.4)%	$ (25,643)	(7.

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Non-GAAP Reconciliations

Reconciliations of AHC s non-GAAP measure to loss of continuing operations before provision for income taxes are included below.

	Fiscal Year			Six Months Ended	
	2010	2011	2012	July 28, 2012	August 3, 2013
(in thousands)				(unaudited)	(unaudited)
Adjusted EBITDA					
Vince	$ 23,637	$ 44,186	$ 51,520	$ 15,260	$ 21,502
ARP	(1,454)	(7,854)	(4,496)	(208)	(528)
Juniors	13,557	9,411	9,426	3,113	9,384
Moderate	18,672	250	1,924	(1,003)	832
Other	(1,301)	10,296	6,916	2,747	3,792
Segment Adjusted EBITDA	53,111	56,289	65,290	19,909	34,982
Unallocated corporate Adjusted EBITDA	(31,312)	(32,196)	(30,736)	(15,914)	(15,149)
Interest expense, net	(103,074)	(127,148)	(122,383)	(74,151)	(43,671)
Depreciation	(9,035)	(8,491)	(5,611)	(2,905)	(2,622)
Amortization of intangible assets	(954)	(1,941)	(1,899)	(950)	(950)
Restructuring, environmental and other charges	(9,729)	(2,651)	(5,091)	(2,264)	(827)
Impairment of long-lived assets (excluding goodwill)	(438)	(2,504)	(2,349)	(717)	
Impairment of goodwill		(10,821)			
Change in fair value of contingent consideration		1,578	7,162	4,507	54
Gain on acquisition, net of tax	939				
Gain on debt extinguishment	15,912				
Public company transition costs(a)			(9,331)	(1,679)	(4,011)
Loss of continuing operations before provision for income taxes	$ (84,580)	$ (127,885)	$ (104,948)	$ (74,164)	$ (32,194)

(a) Adjusted EBITDA does not include the impact of public company transition costs and certain one-time costs of $9.3 million for fiscal 2012 and $4.0 million for the first six months of fiscal 2013. These costs include transition payments to the Vince founders, charges that are directly attributable to this offering, incremental costs for external legal counsel and consulting fees incurred to effect the Restructuring Transactions and other one-time costs. These charges are excluded due to their non-recurring nature and ability to impact comparability to other periods.

First Six Months of Fiscal 2013 Compared to First Six Months of Fiscal 2012

Net sales for continuing operations for the first six months of fiscal 2013 were $364.0 million, increasing $44.5 million, or 13.9%, versus $319.4 million for the first six months of fiscal 2012. The increase in sales compared to the prior year is primarily due to increased sales of contemporary and Juniors brands.

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Segment Results of Operations

(In thousands)	Net Sales by Segment First Six Months 2012 (unaudited)	Net Sales by Segment First Six Months 2013 (unaudited)	Segment Adjusted EBITDA First Six Months 2012 (unaudited)	Segment Adjusted EBITDA First Six Months 2013 (unaudited)
Net Sales by Segment				
Vince	$ 90,531	$ 114,657	$ 15,260	$ 21,502
ARP	52,295	51,272	(208)	(528)
Juniors	89,850	110,575	3,113	9,384
Moderate	38,509	32,182	(1,003)	832
Other	48,260	55,281	2,747	3,792
Total	$ 319,445	$ 363,967	$ 19,909	$ 34,982

Vince. Net sales from the Vince segment (which is now operated through Vince, LLC) increased $24.1 million, or 26.6%, to $114.7 million in the first six months of fiscal 2013 from $90.5 million in the first six months of fiscal 2012 due to additional volume at existing as well as new wholesale partners, as well as an increase in the number of retail stores and increased productivity at existing retail stores. The overall increase in net sales was driven primarily by the strength of existing product lines, successful introduction of new products and the increasing recognition of the Vince brand name.

Segment Adjusted EBITDA from the Vince segment increased $6.2 million, or 40.1%, to $21.5 million in the first six months of fiscal 2013 from $15.3 million in the first six months of fiscal 2012 due to the increase in sales noted above, partially offset by higher design, development and marketing expenses to support the growth of the brand.

ARP. Net sales from the ARP segment decreased $1.0 million, or 2.0% to $51.3 million in the first six months of fiscal 2013 from $52.3 million in the first six months of fiscal 2012, driven by a shift in the timing of product shipments into the third quarter of 2013.

Segment Adjusted EBITDA from the ARP segment decreased $0.3 million, or 153.9%, to $(0.5) million in the first six months of fiscal 2013 from $(0.2) million in the first six months of fiscal 2012, driven by a shift in the timing of product shipments into the third quarter of 2013.

Juniors. Net sales from the Juniors segment increased $20.7 million, or 23.1% to $110.6 million in the first six months of fiscal 2013 from $89.9 million in the first six months of fiscal 2012 primarily due to increased private label program orders from one of AHC s wholesale partners, as well an increase in the number of wholesale doors distributing AHC s products and sales related to its licensed XOXO product.

Segment Adjusted EBITDA from the Juniors segment increased $6.3 million, or 201.5%, to $9.4 million in the first six months of fiscal 2013 from $3.1 million in the first six months of fiscal 2012 primarily due to increased, higher margin net sales coupled with a reduction in advertising expenses.

Moderate. Net sales from the Moderate segment decreased $6.3 million, or 16.4% to $32.2 million in the first six months of fiscal 2013 from $38.5 million in the first six months of fiscal 2012 due to reduced orders from AHC s wholesale partners. The moderate segment has been and continues to be a declining source of sales for AHC as retailers expand their private label offerings.

Segment Adjusted EBITDA from the Moderate segment was $0.8 million in the first six months of fiscal 2013 compared to $(1.0) million in the first six months of fiscal 2012 due to improved gross margin rates and expense reductions in compensation costs and design expenses.

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Other. Net revenue from the Other segment increased $7.0 million, or 14.5% to $55.3 million for the first six months of fiscal 2013 from $48.3 million in the first six months of fiscal 2012 due primarily to additional orders from a certain wholesale partner as they continue to implement an out-sourced strategy for their private label brands, as well as growth at Rebecca Taylor and the addition of a new value program with a certain wholesale partner. This was partially offset by a decrease in revenue related to AHC s David Meister dress business.

Segment Adjusted EBITDA from the Other segment increased $1.0 million, or 38.0% to $3.8 million for the first six months of fiscal 2013 from $2.7 million in the first six months of fiscal 2012 due to a greater percentage of sales coming from the Rebecca Taylor business, where we generally achieve higher margins.

Cost of products sold from continuing operations for the first six months of fiscal 2013 was $256.0 million increasing $20.7 million, or 8.8%, compared to $235.3 million in the first six months of fiscal 2012. The increase in cost of products sold is due primarily to additional sales volume period over period.

Gross *profit/gross margin* for continuing operations for the first six months of fiscal 2013 increased 330 basis points to 29.7% from 26.3% in the first six months of fiscal 2012. The increase is due to increased volume of the higher margin Vince and Rebecca Taylor brands.

Selling, general and administrative expense (SG&A) for continuing operations in the first six months of fiscal 2013 was $93.5 million, or 25.7% of net sales, increasing $10.0 million, or 11.9% compared to $83.5 million, or 26.1%, of net sales in the first six months of fiscal 2012. The increase in SG&A expense is primarily due to: (i) increased marketing expense of $0.8 million and increased compensation expense of $5.6 million to support the growth of AHC s Vince brand and the opening of new retail stores; and (ii) increased legal, consulting and outside services expenses of $2.0 million related to preparation of the IPO Restructuring Transactions and this offering.

Amortization of intangible assets for continuing operations for the first six months of fiscal 2013 and for the first six months of fiscal 2012 remained unchanged at $1.0 million.

Restructuring, environmental remediation and other charges for continuing operations for the first six months of fiscal 2013 were $0.8 million, decreasing $1.4 million from $2.3 million in the first six months of fiscal 2012 for the reasons set forth in Impairment, Restructuring, Environmental Remediation and Other Charges.

Impairment of long-lived assets (excluding goodwill) for continuing operations was $0.7 million for the first six months of fiscal 2012 due to the realization of an impairment loss for the decline in market value of AHC s exited facility in Trenton, Tennessee. AHC had no impairments on long-lived assets of its continuing operations during the first six months of fiscal 2013.

Interest expense, net for the first six months of fiscal 2013 was $43.7 million, a decrease of $30.5 million compared to $74.2 million in the first six months of fiscal 2012. The decrease is due primarily to lower average outstanding debt balances during the first six months of fiscal 2013 as compared to the first six months of fiscal 2012. During the fourth quarter of fiscal 2012 all capitalized interest accrued prior to July 19, 2012 related to indebtedness with affiliates of Sun Capital was waived. In June 2013, outstanding debt was contributed to equity in the Sun Capital Contribution.

Other expense, net for continuing operations remained consistent at $1.2 million for the first six months of fiscal 2012 and fiscal 2013.

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Provision for income taxes. AHC s effective tax rates on pretax earnings for continuing operations for the first six months of fiscal 2013 and the first six months of fiscal 2012 were (8.3%) and (3.0%), respectively. The rate for these periods differs from the U.S. statutory rate of 35% primarily due to the incurrence of additional valuation allowances and nondeductible interest.

Net (loss) income from discontinued operations. There was $9.2 million of income for the first six months of fiscal 2013 compared to a loss of $4.8 million for the first six months of fiscal 2012**.** The change is primarily due to a tax benefit of $11.9 million recognized in the first quarter of fiscal 2013 as a result of releasing a valuation allowance. This release in valuation allowance is due to the allocation of the disallowed tax loss on the sale of the Baby Phat trademark to intangible assets with indefinite lives resulting in fewer deferred tax liabilities that cannot be offset against deferred tax assets for valuation allowance purposes.

Fiscal Year 2012 Compared to Fiscal Year 2011

Net sales for continuing operations for fiscal 2012 were $708.0 million, increasing $45.1 million, or 6.8%, versus $662.8 million for fiscal 2011. The increase in sales compared to the prior year is primarily due to increased sales of the Vince and Rebecca Taylor brands, and recreational apparel and products, partially offset by a decrease in sales in AHC s Moderate and Juniors brands.

Segment Results of Operations

	Net Sales by Segment Fiscal Year		**Segment Adjusted EBITDA Fiscal Year**	
	2011	**2012**	**2011**	**2012**
(In thousands)				
Net Sales by Segment				
Vince	$ 175,255	$ 240,352	$ 44,186	$ 51,520
ARP	94,606	98,830	(7,854)	(4,496)
Juniors	190,613	181,582	9,411	9,426
Moderate	103,817	78,103	250	1,924
Other	98,555	109,128	10,296	6,916
Total	$ 662,846	$ 707,995	$ 56,289	$ 65,290

Vince. Net sales from the Vince segment increased $65.1 million, or 37.1%, to $240.4 million in fiscal 2012 from $175.3 million in fiscal 2011 due to additional volume at existing as well as new wholesale partners, as well as an increase in the number of retail stores and increased sales at existing retail stores. The overall increase in net sales was driven primarily by the strength of Vince s existing product lines, successful introduction of new products and the increasing recognition of the Vince brand name.

Segment Adjusted EBITDA from the Vince segment increased $7.3 million, or 16.6%, to $51.5 million in fiscal 2012 from $44.2 million in fiscal 2011. This increase was due primarily to the increase in sales noted above, partially offset by higher compensation costs incurred to support the growth of the brand.

ARP. Net sales from the ARP segment increased $4.2 million, or 4.5%, to $98.8 million in fiscal 2012 from $94.6 million in fiscal 2011 driven by additional wholesale volume of camping equipment at recreational retailers,

primarily specialty stores, national sporting goods stores and hunting and fishing stores.

Segment Adjusted EBITDA from the ARP segment increased $3.4 million, or 42.8%, to $(4.5) million in fiscal 2012 from $(7.9) million in fiscal 2011 driven primarily but inventory markdowns that occurred in fiscal 2011 but did not recur in fiscal 2012.

Juniors. Net sales from the Juniors segment decreased $9.0 million, or 4.7% to $181.6 million in fiscal 2012 from $190.6 million in fiscal 2011 primarily due to reduced orders from one of AHC s wholesale partners who decided to develop one of its Juniors labels internally that AHC previously produced for them.

Segment Adjusted EBITDA from the Juniors segment remained consistent at $9.4 million for fiscal 2011 and fiscal 2012 despite a decrease in net sales volume from fiscal 2011 to fiscal 2012, primarily due to cost reductions.

Moderate. Net sales from the Moderate segment decreased $25.7 million, or 24.8%, to $78.1 million in fiscal 2012 from $103.8 million in fiscal 2011 due to reduced orders from AHC s wholesale partners. The Moderate space has been and continues to be a declining source of sales for AHC as retailers expand their private label offerings.

Segment Adjusted EBITDA from the Moderate segment increased $1.7 million, or 669.6%, to $1.9 million in fiscal 2012 from $0.2 million in fiscal 2011 due primarily to expense reduction actions taken as a result of reduced net sales volume.

Other. Net revenue from the Other segment increased $10.6 million, or 10.7% to $109.1 million in fiscal 2012 from $98.6 million in fiscal 2011 due primarily to additional orders from a certain wholesale partner for whom AHC is developing certain of its private label brands, as well as growth at Rebecca Taylor.

Segment Adjusted EBITDA from the Other segment decreased $3.4 million, or 32.8% to $6.9 million in fiscal 2012 from $10.3 million in fiscal 2011 due primarily to additional compensation, design and occupancy expense as a result of growing the Rebecca Taylor business.

Cost of products sold for continuing operations for fiscal 2012 was $507.9 million increasing $17.8 million, or 3.6%, versus $490.1 million for fiscal 2011. The increase in cost of products sold is due primarily to the additional sales volume year over year.

Gross profit/gross margin for continuing operations increased 220 basis points to 28.3% in fiscal 2012 from 26.1% in fiscal 2011. The increase in margin rate is due to additional volume in AHC s higher-margin Vince and Rebecca Taylor brands.

Selling, general and administrative expenses for continuing operations in fiscal 2012 was $177.8 million, or 25.1% of net sales, increasing $22.5 million, or 14.5% compared to $155.2 million, or 23.4%, of net sales in fiscal 2011. The increase in SG&A expense compared to the prior year is primarily due to (i) increased compensation expense of $16.7 million related to hiring and retention of certain key employees (including one-time transition payments to the Vince founders); (ii) increased occupancy expense of $2.6 million due to new retail store openings; and (iii) increased design, development and marketing expenses of $3.8 million to support the growth of AHC s contemporary brands and the opening of new retail stores.

Amortization of intangible assets for continuing operations for fiscal 2011 and fiscal 2012 was unchanged at $1.9 million.

Restructuring, environmental remediation and other charges for continuing operations were $5.1 million in fiscal 2012, increasing $2.4 million from $2.7 million in fiscal 2011. The increase is due to recording $2.5 million in fiscal 2012 for the settlement obligations related to unclaimed property.

Impairment of long-lived assets (excluding goodwill) for continuing operations was $2.3 million for fiscal 2012, decreasing $0.2 million from $2.5 million in fiscal 2011. In fiscal year 2011, we recognized an impairment charge of

$2.5 million on a trademark due to declining results of one of our Juniors wholesale businesses. In fiscal year 2012, we recognized an additional impairment charge of $1.2 million on this

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trademark due to further declines in related operating results, as well as an impairment charge of $0.7 million on our exited facility in Trenton, Tennessee due to a decline in market value.

Impairment of goodwill for continuing operations for fiscal 2011 was $10.8 million. This was due to a decrease in the near-term forecasted EBITDA of Rebecca Taylor. This was primarily due to a delay in expected growth and cost synergies. There were no goodwill impairments during fiscal 2012.

Change in fair value of contingent consideration for continuing operations was $7.2 million for fiscal 2012 and $1.6 million for fiscal 2011 due to decreases in estimated contingent purchase price consideration related to the Rebecca Taylor and Zobha acquisitions. AHC will continue to estimate the Rebecca Taylor payments through the end of the potential payout period that terminates on January 30, 2016, the last day of fiscal 2015.

Interest expense, net for continuing operations for fiscal 2012 was $122.4 million, a decrease of $4.8 million compared to $127.1 million in fiscal 2011. The decrease is due primarily to lower average outstanding debt balances in fiscal 2012 as compared to fiscal 2011. Additionally, a $1.7 million non-cash charge to write-off deferred debt issuance costs occurred in fiscal 2011 as a result of refinancing Kellwood Company s credit facility. No similar charge was incurred in fiscal 2012.

Other expense, net for continuing operations for fiscal 2012 was $2.7 million, an increase of $0.8 million compared to $1.9 million in fiscal 2011. The change is primarily due to the recognition of the death benefit of a life insurance policy on a former executive during fiscal 2011.

Provision for income taxes. AHC s effective tax rates on pretax earnings for continuing operations for fiscal 2012 and 2011 were (0.7%) and (2.7%), respectively. The 2012 and 2011 rates differ from the U.S. statutory rate of 35.0% primarily due to nondeductible interest expense and additional valuation allowance placed on U.S. deferred tax assets.

Net (loss) income from discontinued operations was a loss of $2.1 million for fiscal 2012 and a loss of $16.6 million for fiscal 2011. The change is primarily due to discontinuing unprofitable businesses including the Adam operations and the Koret wholesale operations during the fourth quarter of fiscal 2011, discontinuing the BLK DNM and Lamb & Flag businesses during the second and third quarters of fiscal 2012, respectively, and divesting the Zobha business during the second quarter of 2013.

Fiscal Year 2011 Compared to Fiscal Year 2010

Net sales for continuing operations for fiscal 2011 were $662.8 million, increasing $76.2 million, or 13.0%, versus $586.6 million for fiscal 2010. The increase in sales compared to the prior year is primarily due to increased sales of AHC s contemporary and Juniors brands, including the sales of AHC s newly acquired Rebecca Taylor brand, partially offset by the closure of the Koret retail outlet stores and decreasing sales in the Moderate segment.

Segment Results of Operations

	Net Sales by Segment		**Segment Adjusted EBITDA**	
	Fiscal Year		**Fiscal Year**	
(In thousands)	**2010**	**2011**	**2010**	**2011**

Vince	$ 111,492	$ 175,255	$ 23,637	$ 44,186
ARP	98,203	94,606	(1,454)	(7,854)
Juniors	177,629	190,613	13,557	9,411
Moderate	141,895	103,817	18,672	250
Other	57,355	98,555	(1,301)	10,296
Total	$ 586,574	$ 662,846	$ 53,111	$ 56,289

Vince. Net sales from the Vince segment increased $63.8 million, or 57.2%, to $175.3 million in fiscal 2011 from $111.5 million in fiscal 2010 due to additional volume at existing as well as new wholesale partners, as well as an increase in the number of retail stores and increased sales at existing retail stores. The overall increase in net sales was driven primarily by the strength of Vince s existing products lines, and the increasing recognition of the Vince brand name.

Segment Adjusted EBITDA from the Vince segment increased $20.6 million, or 86.9%, to $44.2 million in fiscal 2011 from $23.6 million in fiscal 2010. This increase was driven primarily from the increased sales volume noted above and a decrease in operating expenses as a percentage of sales. The decrease in operating expenses as a percentage of sales resulted from our sales growing at a greater rate than our expenses during fiscal 2011.

ARP. Net sales from the ARP segment decreased $3.6 million, or 3.7%, to $94.6 million in fiscal 2011 from $98.2 million in fiscal 2010 driven by a reduction in wholesale volume of camping equipment at recreational retailers, primarily specialty retailers, national sporting goods stores and hunting and fishing stores.

Segment Adjusted EBITDA from the ARP segment decreased $6.4 million, or 440.2%, to $(7.9) million in fiscal 2011 from $(1.5) million in fiscal 2010 driven by a reduction in wholesale volume of camping equipment at recreational retailers, primarily specialty retailers, national sporting goods stores and hunting and fishing stores and a further reduction in margin on these net sales.

Juniors. Net sales from the Juniors segment increased $13.0 million, or 7.3%, to $190.6 million in fiscal 2011 from $177.6 million in fiscal 2010 as a result of increased volume to AHC s wholesale partners as a result of expanded product offerings, new labels and new customers.

Segment Adjusted EBITDA from the Juniors segment decreased $4.1 million, or 30.6%, to $9.4 million in fiscal 2011 from $13.6 million in fiscal 2010 as a result of higher raw material and manufacturing costs driven by expanded product offerings, new labels and new customers.

Moderates. Net sales from the Moderate segment decreased $38.1 million, or 26.8%, to $103.8 million in fiscal 2011 from $141.9 million in fiscal 2010 due to reduced orders from AHC s wholesale partners as well as the closure of Koret retail outlet stores. The moderate segment has been and continues to be a declining source of sales for AHC as retailers expand their private label offerings.

Segment Adjusted EBITDA from the Moderate segment decreased $18.4 million, or 98.7%, to $0.2 million in fiscal 2011 from $18.7 million in fiscal 2010 due to net sales volume reductions from AHC s wholesale partners as well as the closure of Koret retail outlet stores.

Other. Net sales from the Other segment increased $41.2 million, or 71.8%, to $98.6 million in fiscal 2011 from $57.3 million in fiscal 2010 primarily due to the acquisition of Rebecca Taylor during the fourth quarter of fiscal 2010.

Segment Adjusted EBITDA from the Other segment was $10.3 million in fiscal 2011 compared to $(1.3) million in fiscal 2010 primarily due to the acquisition of Rebecca Taylor during the fourth quarter of fiscal 2010.

Cost of products sold for continuing operations for fiscal 2011 was $490.1 million, increasing $59.3 million, or 13.8%, versus $430.8 million for fiscal 2010 due primarily to additional sales volume.

Gross profit/gross margin for continuing operations decreased 50 basis points to 26.1% in fiscal 2011 from 26.6% in fiscal 2010. The decrease in margin rate is primarily driven by increasing raw material and manufacturing costs and excess inventory in the ARP and Moderate segments, partially offset by increased volume of the higher margin Vince and Rebecca Taylor brands.

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Selling, general and administrative expenses for continuing operations in fiscal 2011 was $155.2 million, or 23.4% of net sales, increasing $14.7 million, or 10.4% compared to $140.6 million, or 24.0%, of net sales in fiscal 2010. The increase in selling, general and administrative expenses compared to the prior year is primarily due to (i) increased expenses of $12.8 million related to the newly acquired Rebecca Taylor business; (ii) increased sample and pattern expenses of $1.8 million related to new product offerings; and (iii) increased marketing and advertising expenses of $0.9 million to support the growth of AHC s contemporary brands and the opening of new retail stores.

Amortization of intangible assets for continuing operations for fiscal 2011 was $1.9 million, increasing $1.0 million compared to $1.0 million in fiscal 2010. The increase in amortization expense was principally due to the new intangible assets arising from AHC s fiscal 2010 acquisition of Rebecca Taylor.

Restructuring, environmental remediation and other charges for continuing operations were $2.7 million in fiscal 2011, decreasing $7.1 million from $9.7 million in fiscal 2010. The decrease is primarily due to a decrease in employee termination and one-time benefit arrangements of $1.3 million, a decrease in exit costs related to leased facilities of $2.7 million, and a charge of $2.9 million recognized in fiscal 2010 related to an environmental remediation liability at a former manufacturing facility.

Impairment of long-lived assets (excluding goodwill) for continuing operations was $2.5 million for fiscal 2011, increasing $2.1 million from $0.4 million in fiscal 2010. The increase is primarily due to recognizing an impairment charge in fiscal 2011 of $2.5 million on a trademark due to declining results of one of our Juniors wholesale businesses.

Impairment of goodwill for continuing operations for fiscal 2011 was $10.8 million. This was due to a decrease in the near-term forecasted EBITDA of Rebecca Taylor. This was primarily due to a delay in expected growth and cost synergies. There were no goodwill impairments during fiscal 2010.

Change in fair value of contingent consideration for continuing operations was $1.6 million for fiscal 2011 due to decreases in estimated contingent purchase price consideration related to the Rebecca Taylor acquisition. As the acquisition of Rebecca Taylor occurred in January of fiscal 2010, no change in fair value of contingent consideration was recorded in 2010.

Interest expense, net for continuing operations for fiscal 2011 was $127.1 million, an increase of $24.1 million compared to $103.1 million in fiscal 2010. The increase is due primarily to higher average outstanding debt balances as compared to fiscal 2010, as well as a $1.7 million non-cash charge to write-off deferred debt issuance costs recorded in fiscal 2011.

Gain on acquisition, net of tax for continuing operations for fiscal 2010 was $0.9 million. This gain resulted from AHC s acquisition of the Adam operations. The fair value of the identifiable assets acquired less liabilities assumed of $1.6 million exceeded the fair value of the consideration of $0.1 million and net of tax of $0.6 million. Accordingly, the acquisition has been accounted for as a bargain purchase and, as a result, AHC recognized a gain of $0.9 million associated with the acquisition in the third quarter of fiscal 2010.

Gain on debt extinguishment for continuing operations for fiscal 2010 was $15.9 million as a result of the repurchase of $29.7 million in aggregate principal of the 7.625% Notes completed during the first quarter of fiscal 2010.

Other expense, net for continuing operations for fiscal 2011 was $1.9 million, a decrease of $0.5 million compared to $2.4 million in fiscal 2010. The decrease was primarily due to the recognition of the death benefit of a life insurance policy on a former executive during fiscal 2011.

Provision for income taxes. AHC s effective tax rates on pretax earnings for continuing operations for fiscal 2011 and 2010 were (2.7%) and (4.1%), respectively. The fiscal 2011 and 2010 rates differ from the U.S. statutory rate of 35% primarily due to nondeductible interest expense and additional valuation allowance placed on U.S. deferred tax assets.

Net (loss) income from discontinued operations was a loss of $16.6 million for fiscal 2011 and $16.4 million for fiscal 2010, increasing $0.2 million from fiscal 2010 to fiscal 2011. The change is primarily due to increased losses recognized on AHC s discontinued start-up brands and underperforming businesses in fiscal 2011 as compared to fiscal 2010, substantially offset by impairment charges of $24.1 million recognized on AHC s Baby Phat and Phat Farm trademarks in fiscal 2010.

Impairment, Restructuring, Environmental Remediation and Other Charges

Restructuring charges are comprised of expenses associated with efforts to continuously improve operational and organizational efficiency. These expenses result from numerous individual actions implemented across AHC s divisions on an ongoing basis. Restructuring charges include costs for moving facilities, exiting businesses, curtailing/downsizing operations because of changing economic conditions, and other costs resulting from asset redeployment decisions. Unless otherwise indicated, these charges are recorded as part of unallocated corporate expenses and not directly charged to any segment.

Impairment, restructuring, environmental remediation and other charges during the first six months of fiscal 2013 and the first six months of fiscal 2012 included various efforts to create a more efficient operational and organizational structure in AHC s support operations and apparel businesses. Additionally, AHC recognized an impairment charge of $0.7 million during the first six months of fiscal 2012 due to a decline in the market value of an exited facility in Trenton, Tennessee. Impairment, restructuring, environmental remediation and other charges during fiscal 2012 included:

- charges to accrue future lease payments and other contractual obligations associated with exited businesses;
- charges to record settlement obligations related to escheat liability;
- charges to adjust environmental remediation obligations (as described above in Basis of Presentation Restructuring, environmental remediation and other charges) related to a former manufacturing facility;
- costs to maintain closed facilities, partially offset by the recovery of charges through the sublease and other use of vacant spaces;
- impairment charges of $6.7 million related to intangible assets and other long-lived assets, of which $1.2 million was allocated to our Juniors segment, with the remainder allocated to Corporate expenses and discontinued businesses; and

severance charges and related costs for exited businesses and various restructuring projects to create a more efficient operational and organizational structure in AHC s support operations and apparel businesses.

Impairment, restructuring, environmental remediation and other charges during fiscal 2011 included:

charges to accrue future lease payments and other contractual obligations associated with exited businesses;

charges related to an environmental remediation obligation at a former manufacturing facility;

costs to maintain closed facilities, partially offset by the recovery of charges through the sublease and other use of vacant spaces;

impairment charges of $19.4 million related to goodwill, intangible assets, and other long-lived assets, of which $2.5 million and $10.8 million was allocated to the Juniors and Other operating segments, respectively, with the remainder relating to discontinued businesses; and

severance charges and related costs for various restructuring projects to create a more efficient operational and organizational structure in AHC s support operations and apparel businesses.

Impairment, restructuring, environmental remediation and other charges during fiscal 2010 included:

charges that related to closing Koret outlet stores and other costs associated with vacant spaces;

charges to accrue future lease payments due to early exit of leased spaces;

charges related to an environmental remediation obligation at a former manufacturing facility;

impairment charges of $24.6 million primarily related to intangible assets of AHC s discontinued Phat Licensing business; and

severance charges and related costs for various restructuring projects to create a more efficient operational and organizational structure in AHC s support operations and apparel businesses.

For fiscal 2010, fiscal 2011 and fiscal 2012 and the six months ended July 28, 2012 and August 3, 2013, the costs related to impairment of long-lived assets and restructuring, environmental remediation and other charges recorded in continuing and discontinuing operations were as follows:

(In thousands)	Continuing Operations	Discontinued Operations	Total
Fiscal 2010	$ 10,167	$ 27,704	$ 37,871
Fiscal 2011	15,976	6,627	22,603
Fiscal 2012	7,440	4,789	12,229
First Six Months Fiscal 2012 (unaudited)	2,981	221	3,202
First Six Months Fiscal 2013 (unaudited)	827	942	1,769

For fiscal 2010, fiscal 2011 and fiscal 2012 the costs related to impairment of long-lived assets and restructuring, environmental remediation and other charges were recorded as follows:

(In thousands)	Continuing Operations	Fiscal 2010 Discontinued Operations	Total
Restructuring, environmental remediation and other charges	$ 9,729	$ 3,575	$ 13,304
Impairment of long-lived assets (excluding goodwill)	438	24,129	24,567
Impairment of goodwill			
Total pretax cost	$ 10,167	$ 27,704	$ 37,871
After tax cost	$ 10,167	$ 27,704	$ 37,871

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(In thousands)	Fiscal 2011 Continuing Operations	Discontinued Operations	Total
Restructuring, environmental remediation and other charges	$ 2,651	$ 489	$ 3,140
Impairment of long-lived assets (excluding goodwill)	2,504	5,913	8,417
Impairment of goodwill	10,821	225	11,046
Total pretax cost	$ 15,976	$ 6,627	$ 22,603
After tax cost	$ 15,124	$ 6,333	$ 21,457

(In thousands)	Fiscal 2012 Continuing Operations	Discontinued Operations	Total
Restructuring, environmental remediation and other charges	$ 5,091	$ 409	$ 5,500
Impairment of long-lived assets (excluding goodwill)	2,349	4,380	6,729
Impairment of goodwill			
Total pretax cost	$ 7,440	$ 4,789	$ 12,229
After tax cost	$ 7,440	$ 4,789	$ 12,229

For the first six months of fiscal 2012 and fiscal 2013, the costs related to impairment of long-lived assets and restructuring, environmental remediation and other charges were recorded as follows:

(In thousands)	First Six Months Fiscal 2012 Continuing Operations	Discontinued Operations	Total
	(unaudited)	(unaudited)	(unaudited)
Restructuring, environmental remediation and other charges	$ 2,264	$ 221	$ 2,485
Impairment of long-lived assets (excluding goodwill)	717		717
Impairment of goodwill			
Total pretax cost	$ 2,981	$ 221	$ 3,202
After tax cost	$ 2,981	$ 221	$ 3,202

	First Six Months Fiscal 2013
	Total

(In thousands)	Continuing Operations (unaudited)	Discontinued Operations (unaudited)	(unaudited)
Restructuring, environmental remediation and other charges	$ 827	$ 508	$ 1,335
Impairment of long-lived assets (excluding goodwill)		434	434
Impairment of goodwill			
Total pretax cost	$ 827	$ 942	$ 1,769
After tax cost	$ 827	$ 942	$ 1,769

The results of operations, impairment of long-lived assets, restructuring and other charges for businesses sold and shut down are reported as discontinued operations. The gains and losses on consummated transactions involving the sale of operations are included as part of net (loss) income from discontinued operations.

AHC completed its most recent annual impairment testing of goodwill and indefinite-lived intangible assets during the fourth quarter of fiscal 2012. AHC recorded no goodwill impairment charges in fiscal 2012 or 2010, but its goodwill impairment charges for fiscal 2011 amounted to $10.8

million and $0.2 million for continuing and discontinued operations, respectively. AHC s impairment charges for identifiable intangible assets for continuing and discontinued operations amounted to $24.6 million, $8.2 million, and $1.2 million in fiscal 2010, fiscal 2011 and fiscal 2012, respectively, which represent write downs of AHC s intangible assets to their fair values.

For its long-lived assets, during the fourth quarter of fiscal 2012, AHC determined that its equity investment in the purchaser of BLK DNM was fully impaired due to continued poor operating performance and negative cash flows. AHC retained an equity interest after the sale of its BLK DNM business during the second quarter of fiscal 2012. AHC also recognized impairment charges of $0.7 million related to an exited facility in Trenton, Tennessee due to a decline in market value. This charge was recorded during fiscal 2012 at the time the facility was sold to a third-party. Further AHC recognized an impairment of fixed assets of $4.4 million during fiscal 2012 related to shutting down its Lamb & Flag operations.

Roll-forwards of the major components of the impairment of long-lived assets and restructuring, environmental remediation and other charges for fiscal 2011 and fiscal 2012 and the first six months of fiscal 2013 recorded in continuing operations are as follows:

(In thousands)	Contractual Obligations	Employee Severance and Termination Benefits	Impairment of Long-Lived Assets	Restructuring, Environmental Remediation and Other Charges	Total
Accrual as of January 29, 2011	$ 894	$ 384	$	$ 10,349	$ 11,627
Provision	342	1,093	13,325	1,216	15,976
Non-cash utilization			(13,325)		(13,325)
Utilization	(763)	(1,236)		(2,007)	(4,006)
Accrual as of January 28, 2012	473	241		9,558	10,272
Provision	142	1,974	2,349	2,975	7,440
Non-cash utilization			(2,349)		(2,349)
Utilization	(467)	(1,777)		(464)	(2,708)
Accrual as of February 2, 2013	148	438		12,069	12,655
Provision (unaudited)	24	511		292	827
Non-cash utilization (unaudited)					
Utilization (unaudited)	(93)	(856)		(363)	(1,312)
Accrual as of August 3, 2013 (unaudited)	$ 79	$ 93	$	$ 11,998	$ 12,170

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Roll-forwards of the major components of the impairment of long-lived assets and restructuring, environmental remediation and other charges for fiscal 2011 and fiscal 2012 and the first six months of fiscal 2013 recorded in discontinued operations are as follows:

(In thousands)	Contractual Obligations	Employee Severance and Termination Benefits	Impairment of Long-Lived Assets	Restructuring, Environmental Remediation and Other Charges	Total
Accrual as of January 29, 2011	$ 22,047	$ 791	$	$ 188	$ 23,026
Provision (reversal)	(90)	554	6,138	25	6,627
Non-cash utilization			(6,138)		(6,138)
Utilization	(7,925)	(805)		(213)	(8,943)
Accrual as of January 28, 2012	14,032	540			14,572
Provision (reversal)	(599)	551	4,380	457	4,789
Non-cash utilization			(4,380)		(4,380)
Utilization	(12,215)	(1,031)		(170)	(13,416)
Accrual as of February 2, 2013	1,218	60		287	1,565
Provision (unaudited)	230	269	434	9	942
Non-cash utilization (unaudited)			(434)		(434)
Utilization (unaudited)	(1,211)	(100)		(36)	(1,347)
Accrual as of August 3, 2013 (unaudited)	$ 237	$ 229	$	$ 260	$ 726

Contractual obligations represent adverse contractual arrangements under which losses are probable and estimable and where there is no future economic benefit. These include make-whole payments to PVH Corp. (PVH) as a result of the termination of the Calvin Klein license agreement and minimum lease payments, as well as costs related to vacated leased spaces for the exited Lamb & Flag business.

In continuing and discontinued operations, contractual obligations and employee severance and termination benefits will largely be settled through the first quarter of fiscal 2015 in accordance with the related agreements.

During fiscal 2013, AHC expects actions to be taken that will result in additional restructuring charges to continuing operations of less than $0.5 million and additional net cash outflows related to restructuring activities of approximately $1.2 million. AHC expects actions to be taken that will result in additional restructuring charges to discontinued operations of approximately $0.2 million and additional net cash outflows related to restructuring activities of approximately $0.6 million.

Discontinued Operations

During the second quarter of fiscal 2013, AHC divested its Zobha business in order to focus resources on its larger contemporary and juniors brands.

During the first quarter of fiscal 2013, AHC sold its Baby Phat trademark to a licensee after having also shut down its Baby Phat wholesale operations during the fourth quarter of fiscal 2012. AHC previously sold its Phat Farm trademark to the same licensee in the second quarter of fiscal 2012. The disposal of these trademarks (collectively, Phat Licensing) and related wholesale operations resulted from its decision to exit the urban wear market generally and refocus AHC s efforts on its larger contemporary and Juniors brands.

In the fourth quarter of fiscal 2012, AHC sold the equity interests of Royal Robbins, LLC, and certain assets and liabilities of its Royal Robbins Canada operations to an unrelated third party.

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In the third quarter of fiscal 2012, AHC discontinued its Lamb & Flag operations, and in the second quarter of fiscal 2012, AHC sold substantially all the assets and liabilities of its BLK DNM operations. The decision to exit both these businesses resulted from the determination that AHC s startup brands are not aligned with its current strategic initiatives.

In the fourth quarter of fiscal 2011, AHC discontinued its Adam operations and Koret businesses due to poor operating performance.

The results of operations and restructuring and other charges for the discontinued operations are reported as discontinued operations in AHC s consolidated financial statements included elsewhere in this prospectus, for all periods presented. Additionally, assets and liabilities of the discontinued operations are segregated in AHC s consolidated financial statements included elsewhere in this prospectus.

The following table provides summarized operating results for fiscal 2010, fiscal 2011 and fiscal 2012 and the first six months of fiscal 2012 and fiscal 2013 for discontinued operations.

	Fiscal Year			Six Months Ended	
(In thousands, except effective tax rate)	2010	2011	2012	July 28, 2012	August 3, 2013
				(unaudited)	(unaudited)
Net sales	$ 52,454	$ 63,199	$ 47,163	$ 28,583	$ 1,097
Cost of products sold	24,097	45,928	34,014	20,613	1,758
Gross profit	28,357	17,271	13,149	7,970	(661)
Selling, general and administrative expenses	17,238	26,771	20,184	13,381	1,848
Amortization of intangible assets	83	108	294	261	
Restructuring and other charges	3,575	489	409	221	508
Impairment of long-lived assets (excluding goodwill)	24,129	5,913	4,380		434
Impairment of goodwill		225			
Interest expense, net		471	1,616	869	
Other (income) expense, net	(688)	15	(11,730)	(2,172)	(768)
Loss before provision for income taxes	(15,980)	(16,721)	(2,004)	(4,590)	(2,683)
Provision for income taxes	411	(141)	49	208	(11,913)
Net (loss) income from discontinued operations	$ (16,391)	$ (16,580)	$ (2,053)	$ (4,798)	$ 9,230
Effective tax rate	(2.6)%	0.8%	(2.4)%	(4.5)%	N.M.

Net sales for discontinued operations during the first six months of fiscal 2013 were $1.1 million compared to $28.6 million for the first six months of fiscal 2012, at which time the Zobha, Phat Licensing, Lamb & Flag, BLK

DNM, Royal Robbins and Baby Phat Wholesale businesses were all still in operation. The significant decrease of $27.5 million, or 96.2% from the first six months of fiscal 2012 to the first six months of fiscal 2013 is attributable to the fact that Zobha and Phat Licensing were the only aforementioned businesses still in operation during the first six months of fiscal 2013. Net sales for discontinued operations for fiscal 2012 were $47.2 million, compared to $63.2 million in fiscal 2011, decreasing $16.0 million, or 25.4%. $16.0 million of the decrease in net sales is due to the shutdown of the Adam operations and Koret businesses at the end of fiscal 2011. Net sales for fiscal 2011 were $63.2 million, compared to $52.5 million in fiscal 2010, increasing $10.7 million, or 20.5%. The increase is primarily a result of the addition of the Baby Phat wholesale operations in fiscal 2011.

Cost of products sold for discontinued operations during the first six months of fiscal 2013 was 1.8, versus $20.6 million in the first six months of fiscal 2012 due to the fact that the businesses described in the immediately prior paragraph were no longer in operation after the first six months of fiscal 2012. Cost of products sold for discontinued operations for fiscal 2012 was $34.0 million, decreasing $11.9 million, or 25.9%, versus $45.9 million for fiscal 2011. Cost of products sold for discontinued operations for fiscal 2011 was $45.9 million, increasing $21.8 million, or 90.6%, versus $24.1 million for fiscal 2010.

Gross profit/gross margin for discontinued operations was 27.9% during the first six months of fiscal 2012. During the first six months of fiscal 2013, AHC experienced a negative gross margin of (60.3)% primarily due to the concessions granted to customers of AHC s Baby Phat licensing business to liquidate the inventory of this discontinued business. Gross profit/gross margin increased 60 basis points to 27.9% in fiscal 2012 from 27.3% in fiscal 2011. Gross profit/gross margin decreased 2,680 basis points to 27.3% in fiscal 2011 from 54.1% in fiscal 2010. The decrease from fiscal 2010 to fiscal 2011 is due to the substantial negative margins realized in 2011 from the Adam operations and Koret operations. While these charges did not recur in fiscal 2012, margin improvement was partially offset by the charges of $2.1 million incurred to liquidate the Lamb & Flag and Baby Phat wholesale inventory in fiscal 2012.

Selling, general and administrative expenses for discontinued operations in the first six months of fiscal 2013 was $1.8 million, representing costs associated with AHC s Zobha business prior to the divestiture thereof. During the first six months of fiscal 2012, SG&A for discontinued operations was $13.4 million, or 46.8%, of sales for discontinued operations, at which time the Zobha, Phat Licensing, Lamb & Flag, BLK DNM, Royal Robbins and Baby Phat Wholesale businesses were still operating. Selling, general and administrative expenses for discontinued operations in fiscal 2012 were $20.2 million, compared to $26.8 million in fiscal 2011, decreasing $6.6 million, or 24.6%. The decrease is attributable to exiting the Adam operations and Koret businesses in the fourth quarter of fiscal 2011, for which these costs were eliminated. SG&A expenses for fiscal 2011 were $26.8 million, compared to $17.2 million in fiscal 2010, increasing $9.5 million, or 55.3%. The increase resulted from incurring only partial year charges related to the startup of the BLK DNM operations and acquisition of the Adam operations in 2010. AHC also incurred additional expenses related to the addition of the Zobha and Baby Phat wholesale operations in the third quarter of fiscal 2011.

Amortization of intangible assets for discontinued operations is related to the definite-lived assets recognized as a result of acquiring the Royal Robbins and Adam brands. Amortization remained relatively unchanged at $0.1 million in fiscal 2010 and fiscal 2011 and was $0.3 million in fiscal 2012. Amortization was $0 for the first six months of fiscal 2013 and $0.3 million for the first six months of fiscal 2012.

Restructuring and other charges for discontinued operations were $0.5 million during the first six months of fiscal 2013, and $0.2 million during the first six months of fiscal 2012. Charges recognized during the first six months of fiscal 2013 were primarily related to costs to divest AHC s Zobha business, while the changes recognized during the first six months of fiscal 2012 resulted from the recognition of costs to exit AHC s Lamb & Flag business, partially offset by adjustments to decrease AHC s estimated reserves on exited lease spaces and other shutdown costs. Restructuring and other charges for discontinued operations decreased from $0.5 million in fiscal 2011 to $0.4 million in fiscal 2012. Charges recognized in fiscal 2012 primarily relate to costs incurred to exit our Lamb & Flag business, partially offset by reversals of previously accrued make-whole payments related to our terminated Calvin Klein license agreement. Charges recognized in fiscal 2011 primarily relate to costs incurred to exit our Adam business, partially offset by reversals of accrued make-whole payments for our Calvin Klein license agreement. Restructuring and other charges decreased from $3.6 million in fiscal 2010 to $0.5 million during fiscal 2011 as a result of recognizing various costs in fiscal 2010 to reduce overhead and obtain operational efficiencies within our Phat Licensing business.

Impairment of long-lived assets for discontinued operations was $0.4 million for the first six months of fiscal 2013 due to the write-off of obsolete fixed assets related to AHC s Zobha business. Impairment of long-lived assets was $4.4 million for fiscal 2012, decreasing $1.5 million from $5.9 million in fiscal 2011. The decrease is primarily due to recognizing impairment losses of $5.2 million on our Phat Licensing and Adam intangible assets in fiscal 2011, partially offset by the write-down of the Lamb & Flag fixed assets of $4.4 million in fiscal 2012. Impairment of long-lived assets decreased from $24.1 million in fiscal 2010 to $5.9 million in fiscal 2011. In fiscal 2010, we

recognized an impairment charge of $24.1 million on our Phat Licensing trademarks due to the declining results of our licensees, which was partially offset by the additional impairment charges recognized for our Phat Licensing and Adam intangible assets in fiscal 2011.

Interest expense, net for discontinued operations incurred on the portion of debt required to be repaid upon completing the sale of the Royal Robbins operations in the fourth quarter of fiscal 2012 was retrospectively allocated to discontinued operations in fiscal 2011 and fiscal 2012. Interest expense, net for discontinued operations was $0 in the first six months of fiscal 2013 compared to $0.9 million in the first six months of fiscal 2012. This balance increased to $0.5 million in fiscal 2011 from no interest expense in fiscal 2010 and to $1.6 million in fiscal 2012 as AHC did not obtain financing under the Wells Fargo Facility and the Cerberus Term Loan until the third quarter of fiscal 2011.

Other (income) expense, net from discontinued operations during the first six months of fiscal 2013 was income of $0.8 million, representing the gain on the sale of the Baby Phat trademark. Other (income) expense, net for discontinued operations was income of $2.2 in the first six months of fiscal 2012, which primarily consisted of a $3.7 million gain on the sale of AHC s Phat Farm trademark, partially offset by a loss recognized on the sale of AHC s BLK DNM business. Other (income) expenses, net increased from $0 in fiscal 2011 to income of $11.7 million in fiscal 2012. This change resulted from the $9.1 million gain realized on AHC s sale of the Royal Robbins business and the $3.7 million gain realized on the sale of AHC s Phat Farm trademark, partially offset by the $1.9 million loss recognized on the sale of the BLK DNM operations in fiscal 2012. No operations were disposed of in fiscal 2011 through sale transactions.

Effective tax rates for discontinued operations for fiscal 2010, fiscal 2011 and fiscal 2012 differs from the U.S. statutory rate of 35% primarily due to a full valuation allowance on current year deferred tax assets offset in part by state taxes. The rate for the first six months of fiscal 2013 differs from the U.S. statutory rate of 35% primarily due to a release of valuation allowance. The release in valuation allowance is primarily due to the allocation of the disallowed tax loss on the sale of the Baby Phat trademark to intangible assets with indefinite lives resulting in fewer deferred tax liabilities that cannot be offset against deferred tax assets for valuation allowance purposes. The effective tax rate for discontinued operations for the first six months of fiscal 2012 differs from the U.S. statutory rate of 35% primarily due to an increase in the valuation allowance offset in part by state taxes and the lower tax rate on foreign earnings.

AHC expects to have future net cash outflows related to its discontinued operations of approximately $1.5 million, which is primarily payable through fiscal 2014.

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Quarterly Financial Data

The following table presents AHC s unaudited consolidated quarterly results of operations for the ten fiscal quarters ended August 3, 2013. This table includes all adjustments, consisting only of normal recurring adjustments that AHC considers necessary for fair presentations of its financial position and operating results for the quarters presented:

	Quarter Ended									
	April 30, 2011	**July 30, 2011**	**October 29, 2011**	**January 28, 2012**	**April 28, 2012**	**July 28, 2012**	**October 27, 2012**	**February 2, 2013**	**May 4, 2013**	**August 3 2013**
n thousands, naudited)										
et Revenues	$ 146,102	$ 164,010	$ 194,517	$ 158,217	$ 151,664	$ 167,781	$ 203,355	$ 185,195	$ 170,714	$ 193,253
ost of oducts sold	107,460	119,191	143,480	119,979	113,737	121,556	140,440	132,172	124,673	131,358
ross Profit	38,642	44,819	51,037	38,238	37,927	46,225	62,915	53,023	46,041	61,895
perating penses:										
lling, general d ministrative penses	38,641	40,201	37,145	39,233	41,814	41,712	45,786	48,443	45,174	48,329
mortization of tangible sets	350	350	766	475	475	475	475	474	475	475
estructuring, vironmental mediation and her charges	1,367	323	109	852	988	1,276	556	2,271	782	45
npairment of ng-lived sets xcluding odwill)				2,504		717	9	1,623		
npairment of odwill				10,821						
nange in fair lue of ntingent nsideration				(1,578)		(4,507)		(2,655)		(54
otal operating penses	40,358	40,874	38,020	52,307	43,277	39,673	46,826	50,156	46,431	48,795
oss) income om operations	(1,716)	3,945	13,017	(14,069)	(5,350)	6,552	16,089	2,867	(390)	13,100

terest pense, net	28,746	29,917	33,672	34,813	37,291	36,860	23,773	24,459	24,303	19,368
ain on quisition, net tax										
ain on debt tinguishment										
her expense, come) net	674	597	(314)	957	667	548	609	899	338	895
ss before ovision for come taxes	(31,136)	(26,569)	(20,341)	(49,839)	(43,308)	(30,856)	(8,293)	(22,491)	(25,031)	(7,163
ovision for come taxes	1,296	1,169	556	380	1,238	1,007	(58)	(1,479)	1,354	1,325
et loss from ntinuing erations	(32,432)	(27,738)	(20,897)	(50,219)	(44,546)	(31,863)	(8,235)	(21,012)	(26,385)	(8,488
et income ss) from scontinued erations, net income taxes	1,793	(1,894)	(960)	(15,519)	(2,609)	(2,189)	(6,660)	9,405	11,276	(2,046
et loss	$ (30,639)	$ (29,632)	$ (21,857)	$ (65,738)	$ (47,155)	$ (34,052)	$ (14,895)	$ (11,607)	$ (15,109)	$ (10,534

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Liquidity and Capital Resources

AHC has substantial indebtedness as a result of its February 2008 acquisition of Kellwood Company by the Pre-IPO Stockholders. Since its acquisition, AHC has incurred additional debt in order to fund negative cash flows, principally due to significant cash outflows resulting from its numerous restructuring activities, the significant level of interest expense arising from its substantial indebtedness, and significant cash outflows related to payments for acquisitions. The retail and apparel industry and economy as a whole have suffered recessionary conditions, a decline in employment levels and declines in consumer confidence in a number of the years since the acquisition of Kellwood Company by affiliates of Sun Capital, which have negatively impacted operating results. As a result, AHC has been, and continues to be, challenged by its heavily leveraged capital structure, negative cash flows, and significant level of interest expense.

AHC currently funds its cash requirements primarily through cash generated from operations and relies on its revolving credit facility for cash borrowings as needed. At February 2, 2013, its borrowing base provided for a borrowing level of $110.9 million under the Wells Fargo Facility and there were borrowings outstanding and letters of credit outstanding of $79.8 million and $13.3 million, respectively. AHC expects that cash on hand, cash flows from operating activities, and available credit under the Wells Fargo Facility will be adequate to meet its liquidity needs for the next 12 months. As of October 5, 2013, availability under the Wells Fargo Facility was $17.7 million.

AHC will continue to evaluate potential financing transactions, including refinancing certain tranches of its indebtedness, issuing incremental debt, obtaining incremental letter of credit facilities and extending maturities of its existing debt, as well as evaluating other potential transactions which may provide it with additional liquidity. In addition, AHC s capital and SG&A spending, restructuring plans, and growth initiatives contain discretionary elements. The discretionary elements can be deferred or otherwise eliminated in the near term to provide additional flexibility to manage its liquidity requirements. However, there can be no assurance as to which, if any, of these alternatives AHC may choose, or whether financing or refinancing will be available to it on acceptable terms or at all.

Wells Fargo Facility

On October 19, 2011, Kellwood Company and certain of its domestic subsidiaries, as borrowers, (Borrowers), entered into a credit agreement with the Wells Fargo Bank, National Association, as agent, and lenders from time to time party thereto, as amended, the Wells Fargo Facility. The Wells Fargo Facility provides the Borrowers with a non-amortizing senior revolving credit facility with aggregate lending commitments of $160.0 million, reduced to $155.0 million by the December 31, 2012 Amendment described below. The Wells Fargo Facility terminates at the earliest to occur of (a) October 19, 2016, (b) 90 days prior to the scheduled December 31, 2014, maturity date of the 12.875% Notes (including any extension effective on or prior to such 90th day prior to such scheduled maturity date) or (c) 90 days prior to the scheduled maturity date of the Cerberus Term Loan (including any extension effective on or prior to such 90th day prior to such scheduled maturity date). The amount which the Borrowers may borrow from time to time under the Wells Fargo Facility is determined on the basis of a borrowing base formula that is a percentage of Kellwood Company s accounts receivable and inventory that meet eligibility criteria specified in the Wells Fargo Facility, but in no case more than the aggregate lending commitments of the participating lenders. All borrowings under the Wells Fargo Facility bear interest at a rate per annum equal to an applicable margin (ranging from 2.5% to 3.0% per annum for LIBOR Revolver Loans (as defined therein) and 1.25% to 1.75% for Base Rate Loans (as defined therein) based on average availability under the Wells Fargo Facility plus, at the Borrowers election, LIBOR or a Base Rate (as defined in the Wells Fargo Facility)). In addition to paying interest, the Borrowers will pay a periodic commitment fee to the lenders under the Wells Fargo Facility based on the amount of unused availability under the borrowing base formula. The Wells Fargo Facility is

secured by a first-priority security interest in substantially all of the assets of the Borrowers, principally consisting of accounts receivable, inventory, and intellectual property. The Wells Fargo Facility contains certain customary representations, warranties, provisions and restrictions. The Wells Fargo Facility requires that the Borrowers maintain a fixed charge coverage ratio of at least 1:1 during any Covenant Testing Period (as defined in therein) which is triggered when excess availability is below 12.5% of the aggregate commitments under the Wells Fargo Facility (the Covenant Testing Trigger Date). The fixed charge ratio is defined as the ratio of Consolidated EBITDA (as defined in the Wells Fargo Facility) (with certain addbacks as defined in the Wells Fargo Facility for certain restructuring charges, startup losses in newly developed brands, costs incurred in certain acquisitions, management fees, as well as certain other costs and charges) minus certain capital expenditures and certain distributions, redemptions and management fees; to fixed charges, defined as consolidated net interest expense paid or payable in cash, scheduled principal payments on debt in cash and certain earnout payments paid in cash, excluding earnout payments related to the Vince brand for the 2011 fiscal year, up to a certain amount, calculated over the trailing four fiscal quarters. Upon the occurrence and during the continuance of an event of default or upon the occurrence of a Covenant Testing Trigger Date, a cash dominion period will go into effect whereby the agent has the ability to direct the disposition of the balances in controlled deposit accounts. The cash dominion period will expire when availability is over 12.5% of the aggregate commitments under the Wells Fargo Facility for a period of 90 consecutive days and any other events of default have been waived.

On March 23, 2012, Kellwood Company amended the Wells Fargo Facility to modify the Covenant Testing Period such that it is now triggered when excess availability is below $5.0 million, and triggered the cash dominion period, as defined therein. This amendment was entered into in consideration for a guaranty of payment of Kellwood Company s obligations under the Wells Fargo Facility and a $20.0 million letter of credit to the benefit of Wells Fargo Bank, National Association, as agent, issued by an affiliate of Sun Capital for repayment under the guaranty should it ever become payable pursuant to its terms.

On April 20, 2012, Kellwood Company amended the Wells Fargo Facility to extend the modification to the Covenant Testing Period to be in effect until March 21, 2014 unless the guaranty described above is no longer in effect or the full face amount of the letter of credit described above is no longer available to be drawn. The guaranty will be released, the letter of credit returned and the trigger for the Covenant Testing Period will return to the pre-amendment level when availability is above $35.0 million for 90 consecutive days and is projected to remain above $25.0 million through the remaining term of the Wells Fargo Facility. This amendment also provided for the consent of the Wells Fargo Facility lenders to the additional loans under the Sun Loan Agreements.

On December 31, 2012, Kellwood Company amended the Wells Fargo Facility to obtain consent to the sale of the Royal Robbins business, to release Royal Robbins, LLC as a Borrower and/or Obligor under the Wells Fargo Facility, and to release the agent s lien on the assets of the Royal Robbins business. Additionally, the first $10 million of the net cash proceeds arising from the cash purchase price paid at closing (excluding any escrow amount) were to be applied to the Cerberus Term Loan and the remaining portion to be remitted to the Wells Fargo Facility. This amendment also resulted in a permanent reduction to availability of $5.0 million.

On June 28, 2013, Kellwood Company and the lenders under the Wells Fargo Facility entered into a consent pursuant with respect to Kellwood Company s incurrence of Term Loan G under the Sun Term Loan B/C/D/E/F/G Agreement.

In connection with consummation of this offering, Kellwood Company, LLC will refinance the Wells Fargo Facility. See Use of Proceeds and Restructuring Transactions.

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Sun Promissory Notes

On May 2, 2008, AHC issued the Sun Promissory Notes in amounts totaling $300.0 million. The unpaid principal balance of the note accrues interest at 15% per annum until the maturity date of October 15, 2011, at which point any unpaid principal balance of the note shall accrue interest at a rate of 17% per annum until the note is paid in full. All interest which is not paid in cash on or before an interest payment date shall be deemed paid in kind and added to the principal balance of the note. All interest accrued shall be deemed interest paid in kind unless an election is made otherwise. No interest has been paid on the Sun Promissory Notes.

On July 19, 2012, AHC amended the Sun Promissory Notes to extend the maturity date to October 15, 2016 and reduce the interest rate to 12% per annum until maturity, at which point any unpaid principal balance of the notes shall accrue interest at a rate of 14% per annum until the notes are paid in full.

On December 28, 2012, all interest accrued under the note prior to July 19, 2012 was waived. This resulted in an increase to additional paid-in-capital in the amount of $270.8 million as both parties were under the common control of affiliates of Sun Capital.

Effective June 18, 2013, an affiliate of Sun Capital contributed $407.5 million of indebtedness under the Sun Capital Loan Agreement and the Sun Promissory Notes as a capital contribution to AHC in the Sun Capital Contribution.

Sun Capital Loan Agreement

AHC is party to the Sun Capital Loan Agreement with SCSF Kellwood Finance, LLC (SCSF Finance) and Sun Kellwood Finance (as successors to Bank of Montreal) for a $72.0 million line of credit. Under the terms of this agreement, as amended from time to time, interest accrues at the greater of prime plus 2% per annum or LIBOR plus 4.75% per annum and is due by the last day of each fiscal quarter. The principal balance of the loan which remains unpaid after demand for repayment or during the existence of any other Event of Default, as defined in the credit agreement, bears interest until paid in full at a post-maturity rate of 2% per annum above the rate otherwise applicable. Interest on the loan is payable either in immediately available funds on each interest payment date or by adding such interest to the unpaid principal balance of the loan on each interest payment date. No interest has been paid on the Sun Capital Loan Agreement. The original maturity date of the loan was August 6, 2009. On July 19, 2012, the maturity date of the loan was extended to August 6, 2014.

On December 28, 2012, Sun Kellwood Finance and SCSF Finance waived all interest capitalized and accrued under the loan authorization agreement prior to July 19, 2012. As all parties are under the common control of affiliates of Sun Capital, this transaction resulted in a capital contribution of $18.2 million, which was recorded as an adjustment to additional paid-in-capital as of February 2, 2013.

Effective June 18, 2013, an affiliate of Sun Capital contributed $407.5 million of indebtedness under the Sun Capital Loan Agreement and the Sun Promissory Notes as a capital contribution to AHC in the Sun Capital Contribution.

Cerberus Term Loan

On October 19, 2011, Kellwood Company and certain of its domestic subsidiaries, as borrowers, entered into the Cerberus Term Loan with Cerberus Business Finance, LLC (the Agent) as collateral agent, and the lenders from time to time party thereto. The Cerberus Term Loan provides the

Borrowers with a non-amortizing secured Cerberus Term Loan in an aggregate amount of $55.0 million. The Cerberus Term Loan terminates at the earliest to occur of (a) October 19, 2015, (b) the date on which the Wells Fargo Facility has been paid in full and all commitments thereunder have been terminated, (c) 60 days prior to the scheduled December 31, 2014 maturity date of the 12.875% Notes (including any extensions thereof agreed to after October 19, 2011) or (d) the date on which the term loans under the Sun Term Loan Agreements are accelerated. All borrowings under the Cerberus Term Loan bear interest, from the date of the agreement until the effective date of the amendment described below at a rate per annum equal to an applicable margin (10.25% per annum for LIBOR Rate Loans (as defined therein) and 7.75% for Reference Rate Loans (as defined therein)) plus, at the Borrowers election, LIBOR or a Reference Rate as defined in the Cerberus Term Loan. The Cerberus Term Loan is secured by a security interest in substantially all of the assets of the Borrowers, principally consisting of accounts receivable, inventory and intellectual property, which security interest is contractually subordinated to security interests of the lenders under the Wells Fargo Facility. The Cerberus Term Loan contains certain customary representations, warranties, provisions and restrictions. The Cerberus Term Loan required that the Borrowers maintain a fixed charge coverage ratio as of each fiscal quarter end prior to the effective date of the amendment described below of at least 1:1. The fixed charge ratio is defined as the ratio of Consolidated EBITDA (as defined in the December 31 amendment to the Cerberus Term Loan as described below) (with certain addbacks as defined in the amended Cerberus Term Loan for certain restructuring charges, startup losses in newly developed brands, costs incurred in certain acquisitions, as well as certain other costs and charges) minus certain capital expenditures and certain distributions, redemptions and management fees; to fixed charges, defined as consolidated net interest expense paid or payable in cash, scheduled principal payments on debt in cash and certain earnout payments paid in cash, excluding earnout payments related to the Vince brand for the 2011 fiscal year, up to a certain amount, calculated over the trailing four fiscal quarters. The Cerberus Term Loan also required that the Borrowers maintain a leverage ratio as defined in the Cerberus Term Loan and ranging from 2.85:1 to 4.25:1 during the life of the Cerberus Term Loan prior to the effective date of the amendment described below. The leverage ratio is defined as the ratio of indebtedness secured by a lien on any collateral (including the debt under the Wells Fargo Facility and Cerberus Term Loan and capitalized leases, but excluding the debt under the Sun Loan Agreements (as defined below) and the 12.875% Notes), divided by Consolidated EBITDA (as defined in the December 31 amendment to the Cerberus Term Loan described below) for the trailing four fiscal quarters.

On January 26, 2012, Kellwood Company obtained a waiver to the Cerberus Term Loan until the end of the first quarter of fiscal 2012 (the Waiver Period) as AHC anticipated not being in compliance with the fixed charge coverage ratio and the leverage ratio covenants as of January 28, 2012. In conjunction with this waiver, Kellwood Company paid the Agent a $75,000 waiver fee and an affiliate of Sun Capital provided the Agent with a $10.0 million letter of credit. The waiver required the parties to the Cerberus Term Loan to work in good faith during the Waiver Period to amend the financial covenants set forth in the Cerberus Term Loan at levels mutually acceptable to all parties.

On March 23, 2012, Kellwood Company entered into a waiver consenting to the March 23, 2012 amendment entered into with respect to the Wells Fargo Facility referred to above.

On April 20, 2012, Kellwood Company entered into Consent and Amendment No. 1 to Cerberus Term Loan. This amendment provided for the consent of the Cerberus Term Loan lenders to the additional term loans under the Sun Loan Agreement (as defined below), the release of the $10.0 million letter of credit noted above and the delivery of Kellwood Company s audited fiscal 2011 financial statements within 97 days of the fiscal year-end. This amendment increased the applicable margins for borrowings under the Cerberus Term Loan which bore interest from and after the effective date of the amendment at a rate per annum equal to an applicable margin (ranging from 10.75% to 11.25% per annum for LIBOR Rate Loans (as defined in the Cerberus Term Loan) and 8.25% to

8.75% for Reference Rate Loans (as defined in the Cerberus Term Loan) based on leverage and income tests under the Cerberus Term Loan) plus, at the Borrowers election, LIBOR or a Reference Rate as defined in the Cerberus Term Loan. The amendment also provided for a portion of such interest equal to 1% per annum to be paid-in-kind and added to the principal amount of such term loans at Kellwood Company s option so long as no event of default exists. The amendment also modified the financial covenant levels required to be maintained by the Borrowers beginning with the second quarter of fiscal 2012 for each financial covenant. The Cerberus Term Loan, as amended, requires that the Borrowers maintain a fixed charge coverage ratio as of each fiscal quarter end (beginning with the second quarter of fiscal 2012) ranging from 0.14:1 to 1.28:1 during the life of the Cerberus Term Loan. The Cerberus Term Loan, as amended, also required that the Borrowers maintain a leverage ratio as defined in the Cerberus Term Loan and ranging from 2.44:1 to 7.77:1 during the life of the Cerberus Term Loan (beginning with the second quarter of fiscal 2012). The minimum fixed charge coverage ratios for the second, third and fourth quarters of fiscal 2012 were 0.14:1, 0.41:1 and 0.67:1, respectively. The minimum fixed charge coverage ratios for 2013 were 0.89:1, 1.24:1, 1.28:1, and 1.22:1 for the first through fourth quarters, respectively. Subsequent to 2013, the quarterly minimum fixed charge coverage ratio remained at 1.22:1. The maximum leverage ratios for the second, third and fourth quarters of fiscal 2012 were 7.77:1, 5.71:1 and 3.51:1, respectively. The maximum leverage ratios for 2013 were 3.47:1, 358:1, 3.08:1, and 2.44:1 for the first through fourth quarters, respectively. Subsequent to 2013, the maximum quarterly leverage ratio remains at 2.44:1.

On December 31, 2012, Kellwood Company amended the Cerberus Term Loan to obtain consent to the sale of the Royal Robbins business, to release Royal Robbins, LLC as a Borrower and/or Obligor under the Cerberus Term Loan, and to release the agent s lien on the assets of Royal Robbins. This amendment required the prepayment of the obligations under the Cerberus Term Loan in an amount not less than $10.0 million from a portion of the proceeds from the sale of Royal Robbins, with the remaining funds to be remitted to the Wells Fargo Facility. This amendment also redefined the definition Consolidated EBITDA to allow for certain additional addbacks.

On May 3, 2013, Kellwood Company amended the Cerberus Term Loan in anticipation of not being in compliance with the fixed charge coverage ratio covenant during fiscal 2013. This amendment modified the definition of the fixed charge coverage ratio to allow Kellwood Company to exclude certain types of capital expenditures in the calculation of the minimum fixed charge coverage ratio for the second, third, and fourth quarters of fiscal 2013, not to exceed $7.5 million in total. Additionally, this amendment modified the minimum fixed charge coverage ratios for the second, third, and fourth quarters of fiscal 2013 to be 1.10:1, 1.175:1, and 1.25:1, respectively. The minimum fixed charge coverage ratio for all fiscal quarters subsequent to fiscal 2013 was modified to be 1.25:1. Kellwood Company anticipates that it will be in compliance with all provisions of the amended Cerberus Term Loan during fiscal 2013, until consummation of this offering, at which time Kellwood Company, LLC will use a portion of the net proceeds from the repayment of the Kellwood Note Receivable to repay all amounts outstanding under the Cerberus Term Loan (and accrued and unpaid interest thereon). At February 2, 2013, Kellwood Company was in compliance with all provisions of the amended Cerberus Term Loan. On June 28, 2013, Cerberus and Kellwood Company entered into a consent to the Cerberus Term Loan with respect to AHC s incurrence of the Term G Loan under the Sun Term Loan B/C/D/E/F/G Agreement.

Immediately after the consummation of this offering, Kellwood Company, LLC will use a portion of the proceeds from the repayment of the Kellwood Note Receivable to repay all amounts outstanding under the Cerberus Term Loan (and accrued and unpaid interest thereon) in full**.**

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Sun Term Loan A/B/C/D/E/F/G Obligations

On July 23, 2009, Kellwood Company and certain of its domestic subsidiaries, as borrowers (the Borrowers), affiliates of Sun Capital, as lenders, and Sun Kellwood Finance, LLC, as collateral agent, entered into the Sun Term Loan A Loan Agreement pursuant to which the Sun Capital affiliated lenders made certain Term A loans with an original principal amount of $12.2 million, the proceeds of which were used by the Borrowers to fund payment of the principal amounts outstanding, plus accrued and unpaid interest on Kellwood Company s 7.875% 1999 Debentures due July 15, 2009 that were not tendered as part of the exchange offer for the 12.875% Notes.

On October 19, 2011, the Sun Term Loan A Loan Agreement was amended and restated in order to conform to representations, warranties and covenants to that of the Wells Fargo Facility and the Cerberus Facility which were entered into on that date. The Sun Term Loan Agreements were also amended to provide a termination date of the earlier of (i) January 19, 2017 or (ii) the date on which the Cerberus Term Loan has been terminated; provided that, if the Cerberus Term Loan is extended, the stated maturity date set forth in (i) above shall be extended by a period of the same duration. The interest terms of the Sun Term Loan Agreements were amended such that the Sun Term Loan Agreements bear interest at 10% per annum (or 12% per annum in the case of the Term E Loans, Term F Loans and the Term G Loans described below) that will be added to the principal amounts of the term loans thereunder. If the availability under the Wells Fargo Facility is not less than $45.0 million, Kellwood Company may pay interest at a rate of 5% per annum in cash with respect to the Term A, B, C and D Loans and at a rate of 6% per annum in cash with respect to the Term E, F and G Loans. The Sun Term Loan Agreements are secured by a security interest in substantially all of the assets of the Borrowers, which security interest is contractually subordinated to the security interests of the lenders under the Wells Fargo Facility and the Cerberus Term Loan. The Sun Term Loan Agreements contain customary representations, warranties, provisions and restrictions substantially similar to Wells Fargo Facility and the Cerberus Term Loan.

The Sun Term Loan B/C/D Agreement, dated as of July 23, 2009 pursuant to which the lenders made certain (i) Term B Loans with an original principal amount of $22.4 million issued on January 4, 2011, the proceeds of which were used by the Borrowers solely to finance the acquisition of Rebecca Taylor, (ii) Term C Loans with an original principal amount of $14.9 million issued on March 18, 2011, the proceeds of which were used to fund working capital, capital expenditures and other general corporate purposes of the Borrowers and (iii) Term D Loans with an original principal amount of $10.0 million issued on August 5, 2011, the proceeds of which were used to fund all or any part of the purchase price or cost of design, construction, installation or improvement or lease of property (real or personal), plant or equipment (whether through the direct acquisition of such assets or the acquisition of capital stock of any person owning such assets) used in the business of the Borrowers.

On October 19, 2011, the Sun Term Loan B/C/D Agreement and the Sun Term Loan A Agreement each were amended and restated in order to confirm the related representations, warranties and covenants to those of the Wells Fargo Term Facility and the Cerberus Term Loan entered into on that date. The Sun Term Loan Agreements were also amended to provide a termination date of the earlier of (i) January 19, 2017 or (ii) the date on which the Cerberus Term Loan has been terminated; provided that, if the Cerberus Term Loan is extended, the stated maturity date set forth in (i) above shall be extended by a period of the same duration. The interest terms of the Sun Term Loan Agreements were amended such that the Sun Term Loan Agreements bear interest at 10% per annum (or 12% per annum in the case of the Term E Loans, Term F Loans and the Term G Loans described below) that will be added to the principal amounts of such term loans. If the availability under the Wells Fargo Facility is not less than $45.0 million, AHC may pay interest at a rate of 5% per annum in cash with respect to the Term A Loan, Term B Loan, Term C Loan and Term D Loans and at a rate of 6% per annum in cash with respect to the Term E Loan, Term F Loan and Term G Loan. The Sun Term Loan Agreements are secured by a security interest in substantially all of the assets of the Borrowers, which security interest is contractually subordinated to the security

interests of the lenders under the Wells Fargo Facility and the Cerberus Term Loan. The Sun Term Loan Agreements contain customary representations, warranties, provisions and restrictions substantially similar to Wells Fargo Facility and the Cerberus Term Loan.

On April 20, 2012, Kellwood Company entered into an amendment and restatement of each of the Sun Term Loan Agreements. The Sun Term Loan B/C/D Agreement was amended and restated and became the Sun Term Loan B/C/D/E/F Agreement in order to (i) provide for new Term E Loans with an original principal amount of $5.1 million, the proceeds of which were used to finance costs and expenses and earnout payments in respect of certain acquisitions consummated by the Borrowers prior to the date of the Term E Loans, (ii) provide for new Term F Loans with an original principal amount of $24.9 million, the proceeds of which were used to fund working capital, capital expenditures and other general corporate purposes of the Borrowers, and (iii) conform certain covenant and definitional changes made to the Wells Fargo Facility and the Cerberus Term Loan. The primary reason for entering into the amendment and restatement of the Sun Term A Loan Agreement was to conform to the aforementioned changes made to the Wells Fargo Facility, the Cerberus Term Loan and the Sun Term Loan B/C/D Agreement. The Term E Loans and the Term F Loans bear interest at a rate of 12% per annum and such interest will be added to the principal amounts of such loans at the end of each fiscal quarter. If the availability under the Wells Fargo Facility is not less than $45.0 million, Kellwood Company may pay interest at a rate of 6% per annum in cash. No cash interest has been paid on the Sun Term Loan Agreements.

On June 28, 2013, Kellwood Company entered into an amendment and restatement of the Sun Term Loan B/C/D/E/F Agreement in order to (i) provide for new Term G Loans with an original principal amount of $5.0 million, the proceeds of which were used to fund working capital, capital expenditures and other general corporate purposes of the Borrowers and (ii) to conform to the changes made to the Wells Fargo Facility and the Cerberus Term Loan. On June 28, 2013 Kellwood Company also entered into an amendment to the Sun Term Loan A Agreement to allow for the addition of the Term G Loans and to conform to the changes made to the Wells Fargo Facility, the Cerberus Term Loan and the Sun Term Loan B/C/D/E/F Agreement.

As part of the IPO Restructuring Transactions, affiliates of Sun Capital will contribute certain indebtedness under the Sun Term Loan Agreements as a capital contribution to Apparel Holding Corp. in the Additional Sun Capital Contribution (which indebtedness shall be subsequently cancelled in connection with Apparel Holding Corp. s subsequent contribution of such indebtedness to Kellwood Company). Immediately after the consummation of this offering, Kellwood Company, LLC will use a portion of the proceeds from the repayment of the Kellwood Note Receivable to repay all amounts outstanding under the Sun Term Loan Agreements (and accrued and unpaid interest thereon) in full (after giving effect to the Additional Sun Capital Contribution).

12.875% Notes

Interest on the 12.875% Notes is paid (a) in cash at a rate of 7.875% per annum payable in January and July; and (b) in the form of PIK interest at a rate of 5% per annum (PIK Interest) payable either by increasing the principal amount of the outstanding 12.875% Notes, or by issuing additional 12.875% Notes with a principal amount equal to the PIK Interest accrued for the interest period. The 12.875% Notes are guaranteed by various of Kellwood Company s subsidiaries on a secured basis, which security interest is contractually subordinated to security interests of lenders under the Wells Fargo Facility, the Cerberus Term Loan and the Sun Loan Agreements. The 12.875% Notes contain certain customary provisions that, among other things, limit Kellwood Company s ability to incur additional indebtedness, make certain restricted payments, dispose of assets or redeem or repurchase capital stock or prepay subordinated indebtedness.

Immediately after the consummation of this offering, Kellwood Company, LLC will issue an unconditional redemption notice to redeem at par all issued and outstanding 12.875% Notes (including accrued and unpaid interest thereon) in full and deposit such amounts with the trustee under the indenture governing the 12.875% Notes using a portion of proceeds from the repayment of the Kellwood Note Receivable, with such amounts to be distributed to the holders of the 12.875% Notes when such notes are redeemed in accordance with the notice of redemption.

7.625% Notes

On April 15, 2010, Kellwood Company repurchased $29.7 million in aggregate principal amount of the 7.625% Notes from an affiliate of Sun Capital for $9.1 million in cash. The repurchased 7.625% Notes were then retired. Approximately $87.0 million in aggregate principal amount of 7.625% Notes remain outstanding following the repurchase. Interest is payable in April and October. The extinguishment resulted in a gain of $15.9 million during 2010.

In connection with consummation of this offering, Kellwood Company will conduct a tender offer for all of the outstanding 7.625% Notes at par plus accrued and unpaid interest thereon and will use a portion of proceeds from the repayment of the Kellwood Note Receivable to purchase, at or after the closing of this offering, all such notes validly tendered and not validly withdrawn in such tender offer.

Cash (used in)/provided by operating activities. Cash provided by operating activities primarily consists of net loss, adjusted for certain non-cash items including depreciation and amortization, share-based compensation, capitalized PIK interest expense, deferred income taxes, amortization of bond discounts and debt issuance costs, impairment, restructuring, environmental remediation and other charges, gains and losses on dispositions of various assets and businesses, and the effect of changes in working capital and other activities.

In the first six months of fiscal 2013, net cash used in operating activities was $41.0 million and consisted of a net loss of $25.6 million plus non-cash items of $21.5 million less changes in working capital and other activities of $36.9 million. Non-cash items consisted primarily of capitalized PIK interest expense of $23.3 million, deferred income tax benefit of $9.7 million, depreciation and amortization of $3.7 million, and amortization of bond discounts and debt issue costs of $3.5 million. Cash used in working capital and other activities consisted of an increase in receivables, net of $4.2 million, an increase in inventories, net of $18.8 million, an increase in prepaid and other current assets of $7.3 million and a decrease in accounts payable and other accrued expenses of $4.2 million as a result of timing of payments to vendors.

In the first six months of fiscal 2012, net cash used in operating activities was $41.0 million and consisted of a net loss of $81.2 million plus non-cash items of $61.5 million less changes in working capital and other activities of $21.4 million. Non-cash items consisted primarily of capitalized PIK interest expense of $55.2 million, depreciation and amortization of $4.6 million, amortization of bond discounts and debt issuance costs of $3.6 million, net gains of $2.4 million on the disposition of trademarks and businesses, and a net gain of $4.5 million on fair value of contingent consideration. Cash used in working capital and other activities consisted primarily of an increase in inventories, net of $8.3 million, an increase in receivables, net of $7.5 million as a result of timing of customer payments, an increase in prepaid expenses and other current assets of $2.3 million, and payments of liabilities associated with restructuring and environmental remediation activities of $7.4 million.

In fiscal 2012, net cash used in operating activities was $26.0 million and consisted of a net loss of $107.7 million plus non-cash items of $98.3 million less changes in working capital and other activities of $16.6 million. Non-cash items consisted primarily of capitalized PIK interest expense of $86.5 million, depreciation and amortization of $8.4 million, amortization of bond discounts and debt

issuance costs of $7.2 million, impairment charges of $6.7 million, restructuring, environmental remediation and other charges of $5.5 million, gains on disposition of trademarks of $4.2 million, gains on disposition of businesses of $7.3 million and a net gain on fair value of contingent consideration of $7.2 million. Cash used for working capital and other activities consisted primarily of payments of liabilities associated with restructuring and environmental remediation activities of $16.1 million, a decrease in accounts payable and accrued expenses of $7.8 million due to timing of vendor payments and payroll, partially offset by an increase in other assets and liabilities of $5.7 million.

In fiscal 2011, net cash used in operating activities was $38.3 million and consisted of a net loss of $147.9 million plus $135.6 million of non-cash items less $26.0 million for changes in working capital and other activities. Non-cash items consisted primarily of capitalized PIK interest expense of $92.1 million, depreciation and amortization of $11.1 million, amortization of bond discounts and debt issuance costs of $6.4 million, impairment charges of $19.5 million and restructuring, environmental remediation and other charges of $3.1 million. Cash used for working capital and other activities consisted primarily of an increase in receivables, net of $20.9 million due to increased net sales, an increase in inventories, net of $5.9 million due to a forecasted increase in net sales, payments of liabilities associated with restructuring and environmental remediation activities of $12.9 million, partially offset by an increase in accounts payable and accrued expense of $12.6 million due to timing of vendor payments and payroll.

In fiscal 2010, net cash used in operating activities was $44.7 million and consisted of a net loss of $104.5 million plus $118.2 million of non-cash items less $58.5 million for changes in working capital and other activities. Non-cash items consisted primarily of capitalized PIK interest expense of $75.1 million, depreciation and amortization of $10.3 million, amortization of bond discounts and debt issuance costs of $6.8 million, impairment charges of $24.6 million and restructuring, environmental remediation and other charges of $13.3 million, and a gain on debt extinguishment of $15.9 million. Cash used for working capital and other activities consisted primarily of an increase in inventories, net of $28.5 million due to timing of inventory purchases, payments of liabilities associated with restructuring and environmental remediation activities of $18.6 million, an increase in receivables, net of $5.8 million due to the timing of customer payments, and an increase in accounts payable and accrued expenses of $6.0 million due to timing of vendor payments and payroll.

Net cash (used in)/provided by investing activities. Net cash from investing activities primarily relates to capital expenditures and payments for acquisitions and proceeds from dispositions. Net cash provided by investing activities was $0.5 million in the first six months of fiscal 2013 due primarily to proceeds received from the disposition of a trademark and other assets, partially offset by capital expenditures of $5.5 million. Net cash used in the first six months of fiscal 2012 was $2.5 million due to deposits to restricted accounts and capital expenditures, partially offset by proceeds from dispositions of trademarks and businesses. Net cash from investing activities increased $87.0 million from $69.6 million used in investing activities in fiscal 2011 to $17.5 million provided by investing activities in fiscal 2012. The increase is primarily attributable to significantly higher amounts of cash used in fiscal 2011 for cash purchase consideration related to the Vince acquisition, as well as proceeds received from the disposition of various trademarks, the disposition of two closed distribution center facilities, and the sale of the BLK DNM and Royal Robbins business during fiscal 2012. Net cash from investing activities decreased $35.5 million from $34.0 million used in investing activities in fiscal 2010 to $69.6 million used in investing activities in fiscal 2011. The change is due to significant cash purchase consideration paid during fiscal 2011 related to the Vince acquisition as well as additional capital expenditures for new retail store development.

Net cash (used in)/provided by financing activities. Net cash from financing activities primarily relates to borrowings and repayments of short-term debt obligations, long-term debt obligations, revolving credit facilities and debt issuance costs related thereto. Net cash provided by financing

activities was $40.8 million in the first six months of fiscal 2013 due to additional net borrowings of $35.8 million on the Wells Fargo Facility and additional borrowings of $5.0 million under the Sun Term Loan Agreements. Net cash provided by financing activities was $43.6 million in the first six months of fiscal 2012 due to additional borrowings of $30.0 million under the Sun Term Loan Agreements and net borrowings of $16.5 million on the Wells Fargo Facility. Net cash from financing activities decreased $95.8 million from $104.5 million provided by financing activities in fiscal 2011 to $8.6 million provided by financing activities in fiscal 2012. The decrease is primarily due to a fiscal 2012 repayment on a long-term loan obligation incurred in the prior year, as well as fewer net borrowings of long-term loan obligations and revolving credit facilities during fiscal 2012, net of fees paid for amendments. Net cash from financing activities increased $37.1 million from $67.3 million provided by financing activities in fiscal 2010 to $104.5 million provided by financing activities in fiscal 2011. This increase is due to additional debt obligations incurred during fiscal 2011 partially offset by lower net borrowings from revolving credit facilities and fees paid for debt issuance.

Cash from discontinued operations. All cash flows from discontinued operations are combined with cash flows from continuing operations within our discussions of net cash from operating activities, investing activities, and financing activities above.

Net cash used in operating activities of AHC included a $14.8 million increase, $13.3 million increase, and $11.2 million increase in working capital of discontinued operations for fiscal 2010, fiscal 2011, and fiscal 2012, respectively. Net cash used in operating activities of AHC included a $0.5 million increase and $1.9 million decrease in working capital requirements of discontinued operations for the first six months of fiscal 2012 and fiscal 2013, respectively.

Noteworthy investing activities of discontinued operations consist of proceeds received from the dispositions of various businesses and trademarks. In fiscal 2012, AHC received a combined amount of $28.3 million net of selling costs for the sale of its Phat Farm trademark, BLK DNM business, and Royal Robbins business. During the first six months of fiscal 2013, AHC sold the Baby Phat trademark and received $4.8 million in sale proceeds, net of related selling costs. During the first six months of fiscal 2012, AHC received $4.6 million net of selling costs to sell various trademarks related to discontinued operations, including its Phat Farm trademark. There were no investing activities related to discontinued operations that generated material cash flows in fiscal 2010 or fiscal 2011.

Net cash from financing activities was not materially impacted by discontinued operations for all periods presented.

Cash and cash equivalents. Cash and cash equivalents increased $0.1 million from $1.8 million at January 28, 2012 to $1.9 million at February 2, 2013. The increase is due to cash provided by investing activities, specifically the disposition of businesses and trademarks, as well as net borrowings on AHC s long-term loan obligations, offset by cash used to finance operating activities.

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Contractual Obligations and Commitments

A summary of AHC s contractual obligations and commitments at February 2, 2013 is as follows:

	Future payments due by period(1)				
	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years	Total
(In thousands)					
Wells Fargo Facility(2)(3)	$	$ 79,783	$	$	$ 79,783
Sun Promissory Notes principal and PIK interest(4)			497,894		497,894
Sun Capital Loan Agreement principal and PIK interest(4)		77,450			77,450
Other long-term debt principal and PIK interest(3)		331,685	86,953	200	418,838
Long-term debt cash interest(2)(3)	18,047	24,750	13,260	244	56,301
Operating lease obligations	16,367	28,016	19,822	30,081	94,286
Minimum royalty/advertising obligations	574	508			1,082
Purchase orders/commitments	103				103
Contingent purchase price(5)		3,663	3,454		7,117
Uncertain tax positions(6)	2,357	4,138	690		7,185
Environmental remediation(7)	656	2,115	1,611	8,499	12,881
State income tax settlement(8)	2,042	3,067			5,109
Employment contracts(9)	132	332			464
Obligation from exit activities	3,356	1,594			4,950
Other contractual commitments(10)	1,334	624			1,958
Tax Receivable Agreement(11)					172,087
Total	$ 44,968	$ 557,725	$ 623,684	$ 39,024	$ 1,437,488

(1) In connection with consummation of this offering, Vince, LLC will enter into the Shared Services Agreement with Kellwood Company, LLC pursuant to which Kellwood will provide support services in various operational areas including, among other things, distribution, information technology and back office support (as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Shared Services Agreement). We have excluded the amounts due under such agreement from the table herein as we cannot precisely estimate the future payments to be made thereunder and timing thereof. However, we currently expect to pay between $8.0 million to $10.0 million on an annualized basis in the near to intermediate term after consummation of this offering for services to be provided by Kellwood under the Shared Services Agreement.

(2) The cash interest commitment excludes cash interest on the Wells Fargo Facility as the agreement contains variable interest provisions for which no reliable estimate of future payment amounts can be made. These long-term debt obligations will be repaid, refinanced or discharged in connection with the consummation of this offering.

(3) Payments under these instruments will not be required in any period after consummation of this offering, as most of the net proceeds from this offering, along with the net borrowings under our new term loan facility, will be used to repay the Kellwood Note Receivable. In turn, Kellwood Company, LLC will use the proceeds from such repayment to repay, refinance or discharge this indebtedness for which Vince, LLC is a guarantor or an obligor (after giving effect to the Additional Sun Capital Contribution immediately after the closing of this offering). Kellwood Company, LLC may also use such proceeds to repurchase or refinance the other indebtedness represented by these instruments at or after the closing of this offering.

(4) On June 18, 2013, Sun Kellwood Finance and SCSF Finance assigned all title and interest in both the Sun Promissory Notes and note under the Sun Capital Loan Agreement to Sun Cardinal. Immediately following the assignment of these notes, Sun Cardinal contributed all outstanding principal and interest due as of June 18, 2013 to the capital of AHC. These transactions were recorded in the second quarter of fiscal 2013 as increases to AHC s additional paid in capital in the amounts of $334.6 million and $72.9 million for the Sun Promissory Notes and Sun Capital Loan Agreement, respectively, in connection with the Sun Capital Contribution.

(5) Represents the amount of potential additional cash purchase consideration related to the Rebecca Taylor acquisition. The obligor under such agreements and contracts is Kellwood Company and such obligations will remain with Kellwood Company after the consummation of this offering. These commitments and obligations are not currently, and will not become, the obligations of Vince, LLC or the Vince business subsequent to the IPO Restructuring Transactions and the consummation of this offering.

(6) These amounts are inclusive of estimated interest currently due, as well as an estimate of future interest that will be payable. AHC has excluded $2.7 million from the table that it believes is not reasonably possible to predict when it may be paid.

(7) Kellwood Company has posted a letter of credit in the amount of $5.9 million as a performance guarantee related to environmental remediation work. AHC currently estimates undiscounted cash flows of $12.9 million related to this remediation work. The obligor under such agreements and contracts is Kellwood Company and such obligations will remain with Kellwood Company after the consummation of this offering. These commitments and obligations are not currently, and will not become, the obligations of Vince, LLC or the Vince business subsequent to the IPO Restructuring Transactions and the consummation of this offering.

(8) Kellwood Company settled an ongoing income tax case with a state jurisdiction during fiscal 2012 payable over a three year period. The amounts within the table include estimated interest payments at a rate of 7.5%. The obligor under such agreements and contracts is Kellwood Company and such obligations will remain with Kellwood Company after the consummation of this offering. These commitments and obligations are not currently, and will not become, the obligations of Vince, LLC or the Vince business subsequent to the IPO Restructuring Transactions and the consummation of this offering.

(9) Kellwood Company has entered into agreements with certain employees to provide for relocation benefits.

(10) Other contractual commitments include payments under significant non-cancellable consulting and software contracts. The obligor under such agreements and contracts is Kellwood Company and such obligations will remain with Kellwood Company after the consummation of this offering. These commitments and obligations are not currently, and will not become, the obligations of Vince, LLC or the Vince business subsequent to the IPO Restructuring Transactions and the consummation of this offering.

(11) Immediately prior to the consummation of this offering, Vince Holding Corp. will enter into the Tax Receivable Agreement with the Pre-IPO Stockholders (as described in Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC Tax Receivable Agreement). While we have included the total amount estimated to be due under such agreement, we cannot reliably estimate in which future periods these amounts would become due.

Inflation

While inflation may impact AHC s sales and cost of goods sold, AHC believes the effects of inflation on its results of operations and financial condition are not significant. While the offering involves only an investment in the Vince business, AHC cannot provide any assurances that its results of operations and financial condition will not be materially impacted by inflation in the future.

Quantitative and Qualitative Disclosures About Market Risk

AHC is exposed to interest rate risk resulting from fluctuations in interest expense of variable-rate debt, as well as fluctuations in the fair value of its fixed-rate debt instruments. These obligations were contributed to the capital of AHC in the Sun Capital Contribution or will be repaid, refinanced, repurchased or discharged in connection with this offering (including the Additional Sun Capital Contribution).

As of February 2, 2013, 23.4% of AHC s total debt outstanding related to variable-rate debt instruments, including the Wells Fargo Facility, Cerberus Term Loan, and the Sun Capital Loan Agreement and the Sun Promissory Notes. Affiliates of Sun Capital contributed $407.5 million of

indebtedness, including under the Sun Capital Loan Agreement, in the Sun Capital Contribution. Any increase in interest rates of these financial instruments could have an adverse impact on the results of AHC s operations, as management does not currently hedge against interest rate fluctuations and does not intend to engage in such hedging activity in the foreseeable future. A 100 basis point increase to the market rates utilized within each of the variable-rate debt instruments would have resulted in a $1.8 million increase to AHC s interest expense for fiscal 2012. AHC s strategy regarding management of its exposure to interest rate fluctuations did not change significantly during the year. Management does not expect any significant changes in AHC s exposure to interest rate fluctuations or in how such exposure is managed during the remainder of fiscal 2013.

Based on quoted market prices obtained through independent pricing sources for the same or similar types of borrowing arrangements, AHC s fixed-rate debt had a fair value of approximately $620.4 million as of February 2, 2013, which compares to the book value of $644.8 million. Market interest rate changes result in increases or decreases in the fair value of AHC s fixed-rate debt. Notwithstanding that all of AHC s fixed-rate debt will be repaid, refinanced, repurchased or discharged in connection with this offering (after giving effect to the Sun Capital Contribution and the Additional Sun Capital Contribution), at February 2, 2013 a 100 basis point increase in interest rates would have resulted in approximately a $4.4 million decrease in the fair value of its fixed-rate debt; a 100 basis point decrease in interest rates would have resulted in approximately a $4.5 million increase in the fair value of its fixed-rate debt.

In addition, AHC does not believe that foreign currency risk, commodity price or inflation risks are expected to be material to its business or its consolidated financial position, results of operations or cash flows after giving effect to the Sun Capital Contribution and the IPO Restructuring Transactions (including the Additional Sun Capital Contribution).

Off-Balance Sheet Arrangements

During fiscal 2010, fiscal 2011 and fiscal 2012, AHC did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements included elsewhere in this prospectus in conformity with generally accepted accounting principles requires that management make certain estimates and assumptions that affect amounts reported in AHC s consolidated financial statements and accompanying notes. Actual results will differ from those estimates and assumptions and the differences may be material. Significant accounting policies, estimates and judgments which management believes are the most critical to aid in fully understanding and evaluating the reported financial results are discussed below.

Revenue Recognition

Sales are recognized when goods are shipped in accordance with customer orders for AHC s wholesale and e-commerce businesses, and at the time of sale to consumer for AHC s retail business. The Vince segment and the Rebecca Taylor operations are the only parts of AHC s business with retail store operations. The estimated amounts of sales discounts, returns and allowances are accounted for as reductions of sales when the associated sale occurs. These estimated amounts are adjusted periodically based on changes in facts and circumstances when the changes become known to AHC. Accrued discounts, returns and allowances are included as an offset to accounts receivable in the

balance sheets for AHC s wholesale business.

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Accounts Receivable Reserves for Allowances

Accounts receivable are recorded net of allowances for returns and existing and expected future chargebacks from customers. It is the nature of the apparel and recreational products industry that suppliers like AHC face significant pressure from customers in the retail industry to provide allowances to compensate for customer margin shortfalls. This pressure often takes the form of customers requiring AHC to provide price adjustments on prior shipments as a prerequisite for obtaining future orders. Pressure for these concessions is largely determined by overall retail sales performance and, more specifically, the performance of AHC s products at retail. To the extent AHC s customers have more of its goods on hand at the end of the season, there will be greater pressure for AHC to grant markdown allowances on prior shipments. AHC s accounts receivable balances are reported net of expected allowances for these matters based on the historical level of concessions required and its estimates of the level of markdowns and allowances that will be required in the coming season in order to collect the receivables. AHC evaluates the allowance balances on a continuing basis and adjust them as necessary to reflect changes in anticipated allowance activity. AHC also provides an allowance for sales returns based on historical return rates.

Accounts Receivable Allowance for Doubtful Accounts

AHC maintains an allowance for doubtful accounts receivable for estimated losses resulting from customers that are unable to meet their financial obligations. AHC s estimation of the allowance for doubtful accounts involves consideration of the financial condition of specific customers as well as general estimates of future collectability based on historical experience and expected future trends. The estimation of these factors involves significant judgment. In addition, actual collection experience, and thus bad debt expense, can be significantly impacted by the financial difficulties of as few as one customer.

Inventory Valuation

Inventories are stated at lower of cost or market. Inventory values are reduced to net realizable value when there are factors indicating that certain inventories will not be sold on terms sufficient to recover their cost. AHC s products can be classified into two types: replenishment and non- replenishment. Replenishment items are those basics that are not highly seasonal or dependent on fashion trends. The same products are sold by retailers 12 months a year and styles evolve slowly. Retailers generally replenish their stocks of these items as they are sold. Only a relatively small portion of AHC s business involves replenishment items.

The majority of AHC s products consist of items that are non-replenishment as a result of being highly tied to a season or fashion look. These products are economically perishable . The value of this seasonal merchandise might be sufficient for AHC to generate a profit over its cost at the beginning of its season, but by the end of its season a few months later the same inventory might be salable only at less than cost. For these products, the selling season generally ranges from three to six months. The value may rise again the following year when the season in which the goods sell approaches or it may not, depending on the level of prior year merchandise on the market and on year-to-year fashion changes.

The majority of out-of-season inventories must be sold to off-price retailers and other customers who serve a customer base that will purchase prior year fashions. The amount, if any, that these customers will pay for prior year fashions is determined by the desirability of the inventory itself as well as the general level of prior year goods available to these customers. The assessment of inventory value, as a result, is highly subjective and requires an assessment of the seasonality of the inventory, its future desirability, and future price levels in the off-price sector.

Many of AHC s products are purchased for and sold to specific customers orders. Others are purchased in anticipation of selling them to a specific customer. The loss of a major customer, whether

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due to the customer s financial difficulty or other reasons, could have a significant negative impact on the value of the inventory expected to be sold to that customer. This negative impact can also extend to purchase obligations for goods that have not yet been received. These obligations involve product to be received into inventory over the next one to six months.

Fair Value Assessments of Goodwill and Intangible Assets

Goodwill and other indefinite-lived intangible assets are tested for impairment at least annually and in an interim period if a triggering event occurs. AHC completed its most recent annual impairment testing on goodwill and indefinite-lived intangible assets during the fourth quarter of fiscal 2012.

Goodwill represents the excess of the cost of acquired businesses over the fair market value of their identifiable net assets. As the acquisition by Kellwood Company of the net assets of Vince occurred prior to the current requirements of ASC Topic 805: *Business Combinations*, the additional purchase consideration paid to the former owners of Vince subsequent to the acquisition date was recorded as an addition to the purchase price, and therefore goodwill, once determined. In September 2011, the Financial Accounting Standards Board (FASB) issued an amendment to the Intangibles Goodwill and Other Topic of Accounting Standards Codification (ASC). The goodwill impairment qualitative assessment requires an assessment of the reporting unit to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If adverse qualitative trends are identified that could negatively impact the fair value of the reporting unit, a step one goodwill impairment test is performed. The step one goodwill impairment test requires an estimate of the fair value of the reporting unit and certain assets and liabilities. If the fair value of a reporting unit exceeds its book value, goodwill of the reporting unit is not considered impaired and step two of the impairment test is not required. If the book value of a reporting unit exceeds its fair value, step two of the impairment test is performed to measure the amount of impairment loss, if any. The implied fair value of the reporting unit s goodwill is compared to the book value of that goodwill. If the book value of the reporting unit s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination.

An entity may pass on performing the qualitative assessment for a reporting unit and directly perform step one of the assessment. This determination can be made on an asset by asset basis, and an entity may resume performing a qualitative assessment in subsequent periods. These amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. AHC early adopted these amendments during fiscal year 2011 and performed a qualitative assessment of impairment in fiscal 2011 for goodwill related to its reporting units, with the exception of Vince, as there was significant related purchase consideration capitalized in fiscal 2011.

In July 2012, the FASB issued Accounting Standards Update No. 2012-02, Intangibles Goodwill and Other (Topic 350): *Testing Indefinite Lived Assets for Impairment*. Under this amendment, an entity may elect to perform a qualitative impairment assessment for indefinite-lived intangible assets similar to the goodwill impairment testing guidance discussed above.

This amendment is effective for annual and interim impairment tests for indefinite-lived intangible assets performed for fiscal years beginning after September 15, 2012. AHC early adopted this amendment during fiscal 2012 and performed a quantitative assessment of impairment in fiscal 2012 for trademarks associated with certain brands.

For trademarks that AHC directly proceeded to step one during fiscal 2012, and for impairment tests performed in prior years, AHC primarily uses the relief from royalty method to calculate the fair value of the intangible assets,

which uses revenue projections, royalty rates and discount rates in the calculation.

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Determining the fair value of goodwill and other intangible assets is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates and operating margins, discount rates and future market conditions, among others. It is possible that estimates of future operating results (which will need to give effect to give effect to the IPO Restructuring Transactions and the discontinuance of the Kellwood operations) could change adversely and impact the evaluation of the recoverability of the carrying value of goodwill and intangible assets and that the effect of such changes could be material.

Definite-lived intangible assets are primarily compromised of customer relationships and are being amortized on a straight-line basis over their useful lives of 10 to 20 years.

Income Taxes

AHC is subject to taxation in many jurisdictions, and the calculation of its tax liabilities involves dealing with inherent uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. AHC assesses the income tax positions and record tax liabilities for all years subject to examination based upon management s evaluation of the facts, circumstances and information available at the reporting date. AHC accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities at enacted rates. AHC bases its estimate of deferred tax assets and liabilities on current tax laws and rates and, in certain cases, business plans and other expectations about future outcomes. AHC records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized.

AHC s accounting for deferred tax consequences represents management s best estimate of future events that can be appropriately reflected in the accounting estimates. Changes in existing tax laws, regulations, rates and future operating results may affect the amount of deferred tax liabilities or the valuation of deferred tax assets over time.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are also subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Although AHC believes the measurement of liabilities for uncertain tax positions is reasonable, no assurance can be given that the final outcome of these matters will not be different than what is reflected in the historical income tax provisions and accruals. If AHC ultimately determines that the payment of these liabilities will be unnecessary, the liability will be reversed and a tax benefit will be recognized during the period in which it is determined the liability no longer applies. Conversely, additional tax charges are recorded in a period in which it is determined that a recorded tax liability is less than the ultimate assessment is expected to be. If additional taxes are assessed as a result of an audit or litigation, it could have a material effect on AHC s income tax provision and net income in the period or periods for which that determination is made.

Recent Accounting Pronouncements

In June 2011, the FASB issued an accounting standards update regarding the presentation of comprehensive income in financial statements. The provisions of this standard provide an option to present the components of net income and other comprehensive income either as one continuous statement of comprehensive income or as two separate but consecutive statements. This standard was amended December 2011 as it relates to the presentation of comprehensive income. This amendment defers the requirement to present the effects of reclassifications out of accumulated other comprehensive income on AHC s consolidated statements of income, which was required in the

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Comprehensive Income amendment made in June 2011. The provisions of this new disclosure standard were effective January 1, 2012. AHC has provided a separate Statement of Other Comprehensive Income during the current year. The requirement to present the effects of reclassifications out of accumulated other comprehensive income will impact only the presentation of the financial statements to the extent AHC has instances of these transactions in the future.

In September 2011 and July 2012, the FASB issued amendments to the *Intangibles Goodwill and Other* topic of ASC. Under these amendments, an entity may elect to perform a qualitative impairment assessment for goodwill and indefinite-lived intangible assets. We have adopted these amendments, as discussed above.

In May 2011, the FASB issued ASU 2011-04. The new guidance resulted in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP. The new guidance did not extend the use of fair value accounting, but provided guidance on how it should be applied where its use is already required or permitted by other standards within GAAP. This update was effective for interim and annual periods beginning after December 15, 2011. The adoption of this guidance in fiscal 2011 did not have a material impact on AHC s consolidated financial position, results of operations, or cash flows.

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AHC BUSINESS

Overview

AHC is a holding company, controlled by the affiliates of Sun Capital. Kellwood Company was founded in 1961 as the successor by merger of fifteen independent suppliers to Sears, Roebuck & Co. (Sears). Beginning in 1985, Kellwood implemented a strategy to expand its branded business, broaden its customer base, diversify its distribution channels and further develop its global product sourcing capability. As a result of this strategy, AHC has redirected its focus from the manufacturing of private label apparel and home fashions for Sears to the development of branded fashion apparel and recreational products. As part of this strategy, AHC also acquired various apparel companies or businesses and has divested numerous others. AHC now has a diversified brand portfolio that serves a broad range of customer segments across multiple wholesale partners and through its own retail stores and websites.

AHC did not have any customers that accounted for more than 10% of consolidated net sales from continuing operations during fiscal 2012. In fiscal 2011, sales to Kohl s accounted for more than 10% of the consolidated net sales of continuing operations. These sales represented 14% of fiscal 2011 net sales. In fiscal 2010, sales to Kohl s and Macy s accounted for more than 10% of the consolidated net sales from continuing operations. These sales represented 15% and 12% of fiscal 2010 net sales, respectively.

AHC manufactures, distributes and markets products under many brands, some of which it owns, and others that are under licensing agreements. In addition, prior to the IPO Restructing Transactions, AHC had four reportable segments, as set forth below. Each segment is responsible for its own design, merchandising and sourcing activities:

Vince: Contemporary fashion apparel and accessories sold under the Vince® brand name through wholesale distribution to premier department stores and specialty stores as well as direct-to-consumer through our retail stores and the *www.vince.com* website;

American Recreational Products (ARP): Recreational apparel and products sold under Kelty, Sierra Designs, Ultimate Direction, Slumberjack, Wenzel and Isis brand names through wholesale distribution to retailers as well as through websites;

Juniors: A collection of denim, dresses and sportswear labels that appeal to girls and young women sold under the Rewind, My Michelle and Jolt brand name as well as private label to wholesale partners. Additionally, AHC licenses the XOXO brand name and produces apparel under that name for wholesale partners within this segment; and

Moderate: Moderately priced related separates and pants covering career and casual lifestyle sold through wholesale distribution and produced under private labels as well as under the Sag Harbor and Briggs New York brands.

Performance results of AHC s remaining operating segments, primarily apparel sold under the Rebecca Taylor, Democracy, Jax and Sangria brands as well as under the licensed David Meister brand, have been combined in Other, as none of these brands individually meets the quantitative thresholds for disclosures as a reportable segment. Other operations accounted for less than 25% of AHC s revenues in each of fiscal 2010, fiscal 2011 and fiscal 2012 and the

first six months of fiscal 2013.

In connection with this offering, all AHC segments other than the Vince segment will be separated from AHC in the IPO Restructuring Transactions, as defined elsewhere in this prospectus, by Apparel Holding Corp., the entity offering stock in this offering. Apparel Holding Corp. will report operations from all segments other than the Vince segment as discontinued operations in future reporting periods after the consummation of this offering.

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Company History

Affiliates of Sun Capital acquired Kellwood Company and formed AHC in connection with the February 2008 acquisition of Kellwood Company by affiliates of Sun Capital. As discussed in Additional Information Related to Vince Vince Business elsewhere in this prospectus, Kellwood Company acquired the Vince business in September 2006. Gerber Childrenswear LLC and Hanna Andersson LLC were sold during the fourth quarter of fiscal 2008 to affiliates of Sun Capital. In January 2010, AHC acquired certain net assets from Juno Rising, Inc. AHC subsequently acquired the Adam operations in August 2010. Thereafter, AHC acquired Rebecca Taylor and Zobha in July 2011. Additionally, during 2011, AHC discontinued its Adam operations and Koret wholesale business. During 2012, AHC decided to exit its Baby Phat wholesale and Lamb & Flag businesses. Additionally, BLK DNM and Royal Robbins, LLC businesses (and certain related Canadian assets and liabilities), were sold during 2012. AHC divested the Zobha operations during the second quarter of fiscal 2013.

Properties; Distribution and Production

At October 5, 2013, AHC operated two distribution or production facilities and utilized six third-party distribution centers. AHC s operating facilities are leased under operating leases that generally contain renewal options. AHC also operated 35 retail stores at October 5, 2013. AHC s retail spaces are leased under operating leases. AHC leases its corporate office spaces in St. Louis County, Missouri and New York City, as well as showrooms and divisional office spaces in City of Industry, Los Angeles, California, New York City, Boulder, Colorado, and Mississauga, Ontario.

The fashion apparel divisions currently operate one warehousing and distribution center totaling approximately 471,000 square feet in City of Industry, California. All of AHC s warehousing and distribution occurs at its distribution facility in City of Industry, California or third party distribution centers. These facilities serve multiple divisions, thereby generating economies of scale in warehousing and distribution activities.

The recreational apparel and products division operates one warehousing and distribution center totaling approximately 177,000 square feet in St. George, Utah, and also uses third-party distribution facilities.

Information Systems

AHC is responsible for and maintains the following information technology systems and services across all of its segments (except as described in the following paragraph): information technology and planning and administration; desktop support and help desk; its ERP system; financial applications, warehouse systems, reporting and analysis applications; and its retail and e-commerce interfaces. Kellwood will continue to provide such services to Vince after consummation of the IPO Restructuring Transactions and this offering, until such time as Vince elects to terminate provision of such services in accordance with the terms of the Shared Services Agreement.

AHC s ERP system was developed from a core system that is widely used in the apparel and fashion industry, which AHC has customized to suit its inventory management and order processing requirements. AHC has integrated Oracle Financials with its ERP system to meet its financial reporting and accounting requirements. Additionally, AHC uses a suite of third-party hosted retail applications integrated with its ERP system that provide it with merchandising , retail inventory management, point-of-sale systems, customer relationship management and retail accounting. Its retail applications are supported through a Software as Service model, which allows for new implementations to occur quickly. AHC s ERP and warehouse systems are also integrated with a hosted, third-party e-commerce platform.

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Competition

AHC faces strong competition in each of its segments and markets where it competes on the basis of price, quality, style and brand recognition and is facing increased competition from private label brands. Some of AHC s competitors have achieved significant recognition for their brand names or have substantially greater financial, marketing, distribution and other resources than AHC. AHC s competitors vary across segment but include other fashion label platforms, including the Jones Group, Fifth and Pacific, PVH Corp., VF Corporation, G-III Apparel Group, Ltd. and Perry Ellis.

In management s opinion, AHC s current facilities are generally well maintained and provide adequate capacity for future operations. However, management continues to evaluate the need to reposition its portfolio of businesses and facilities to meet the needs of the changing markets we serve and to reflect the international business environment.

Employees

As of October 5, 2013, AHC had approximately 1,514 employees. None of our employees are currently covered by a collective bargaining agreement, and we believe our employee relations are good.

Intellectual Property

AHC owns or has rights to trademarks or tradenames that it uses for the production, marketing and distribution of its products in the U.S. and internationally. These trademarks and tradenames include the following: Vince®, Rebecca Taylor®, David Meister®, My Michelle®, XOXO®, Jolt®, Rewind®, Democracy, Sag Harbor®, Briggs New York®, Jax®, Sangria, Kelty®, Sierra Designs®, Ultimate Direction®, Slumberjack®, Wenzel® and Isis®. After giving effect to the IPO Restructuring Transactions and the consummation of this offering, Vince, LLC will have the sole right to use the Vince® trademark, under which Vince will operate the Vince business and Kellwood will continue to own the trademarks and tradenames necessary to operate the non-Vince businesses.

Legal Proceedings

During the second quarter of fiscal 2012, Kellwood Company entered into a Consent Decree with the EPA and MDNR to conduct cleanup initiatives for the decontamination of soil and groundwater located near a former metal fabrication plant in New Haven, Missouri. The agreement became effective August 24, 2012, and was entered into as settlement of a lawsuit filed against Kellwood Company by the EPA and MDNR. Effective October 15, 2012, in accordance with the terms of the agreement, Kellwood Company posted a letter of credit payable to the EPA in the amount of $5.9 million as a performance guarantee for the estimated cost of remediation work. As of February 2, 2013, AHC recorded $9.6 million for estimated capital costs and ongoing remedial activities at the New Haven site. AHC s recorded liability differs from the performance guarantee required by the EPA primarily due to management s use of a lower discount rate, as well as assumption of additional costs not reflected in the EPA s estimate of remediation work. These additional costs include voluntary corrective actions implemented by AHC, as well as EPA oversight fees.

AHC is currently party to various legal proceedings. While management currently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse impact on AHC s financial position, cash flows or results of operations, litigation is subject to inherent uncertainties.

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AHC MANAGEMENT

Below is a list of names, ages and a brief overview of the business experience of AHC s executive officers and directors:

Name	Age	Position/Title
Christopher T. Metz	48	Director and Chairman
Mark E. Brody	52	Director
Jason H. Neimark	42	Director
Jerome Griffith	55	Director Nominee
Robert A. Bowman	58	Director Nominee
Jill Granoff	51	Director and Chief Executive Officer
Lynn Shanahan	53	Chief Executive Officer, Kellwood Brands
Arthur Gordon	72	Chief Executive Officer, Kellwood Western Region
Lisa Klinger	46	Chief Financial Officer and Treasurer
Deena Gianoncelli	40	Senior Vice President, Human Resources
Keith Grypp	49	Senior Vice President, General Counsel and Secretary

Directors and Executive Officers

AHC believes that Apparel Holding Corp. s board of directors should be composed of individuals with knowledge and experience in many substantive areas that impact our business. The following areas are the most important to AHC: fashion and consumer goods; retail and wholesale; marketing and merchandising; sales and distribution; international business development; strategic planning and leadership of complex organizations; accounting, finance, and capital structure; legal/regulatory and government affairs; talent management; and board practices of other major corporations. AHC believes that all of Apparel Holding Corp. s current board members possess the professional and personal qualifications necessary for board service, and have highlighted in the individual biographies below the specific experience, attributes, and skills that led to the conclusion that each board member should serve as a director.

Christopher T. Metz. Mr. Metz has served as a director since 2008 and will be appointed to serve as the Chairman of Apparel Holding Corp. s board of directors prior to the consummation of this offering. Mr. Metz has served as Managing Director of Sun Capital since 2005 and has extensive global operating and leadership experience in the consumer and durable goods industries. Prior to joining Sun Capital, Mr. Metz was President at Black & Decker, leading its Hardware and Home Improvement Group from 1999 to 2005. During his 13 years at Black & Decker, Mr. Metz held various other senior leadership positions, including President of Kwikset Corporation, President of Price Pfister faucets, President of Baldwin Hardware, and General Manager of European Professional Power Tools and Accessories, based in Frankfurt, Germany. Mr. Metz also serves on several boards of Sun Capital portfolio companies, including Avion Services Group Holding Corp., Captain D s Holding Corp., Friendly s Ice Cream LLC, Grandy s Holding Corp., Lexington Furniture Industries, Inc., Pemco World Air Services, Inc., Rowe Fine Furniture, Inc., and SK Financial Services Corp. Mr. Metz also served on the board of Amicus Wind Down Corporation, a public company, from 2010 to 2012. Mr. Metz brings to Apparel Holding Corp. s board extensive public and international leadership experience.

Mark E. Brody. Mr. Brody has served as a director since 2008. Mr. Brody has served as a Managing Director and Group Chief Financial Officer of Sun Capital since 2006. Prior to joining Sun Capital, Mr. Brody served from 2001 to 2006 as Chief Financial Officer for Flight Options, a leading provider of fractional jet services. Prior to Flight Options, he served as Chief Financial Officer or Vice President, Finance for manufacturing-related public companies,

including Sudbury, Inc., Essef

Corporation, Anthony & Sylvan Pools, and Waterlink, Inc. Mr. Brody also serves on several boards of Sun Capital portfolio companies, including Limited Stores Company, LLC, Cello-Foil Products, Inc., Emerald Performance Materials LLC, Exopack Holding Corp., Garden Fresh Restaurant Corp., and TPG Enterprises, Inc. Mr. Brody started his career as an auditor with Ernst & Young. Mr. Brody brings to the board significant experience in finance, accounting and corporate strategy development.

Jason H. Neimark. Mr. Neimark has served as a director since May 2013. Mr. Neimark has served as a Managing Director of Sun Capital since 2001. Mr. Neimark has led more than 65 buyout and capital markets transactions in a broad range of industries on behalf of affiliates of Sun Capital in the U.S. and Europe. From 2000 to 2001, Mr. Neimark was a Principal and President of K&D Distributors, a national direct marketer and specialty distributor of optical products where he led a financial and operational turnaround which concluded in a successful sale. From 1995 to 2000, Mr. Neimark served as a principal of Midwest Mezzanine Funds, a provider of junior capital to middle market businesses. After receiving his CPA designation in 1992, Mr. Neimark worked as a tax consultant and auditor for KPMG Peat Marwick. Mr. Neimark also serves on several boards of Sun Capital portfolio companies, including Gordmans Stores Inc. Mr. Neimark was a director of Accuride Corporation, a public company, from February 2009 to October 2009 and was a director of Loud Technologies, a private company, from May 2005 to July 2008. Mr. Neimark provides strong finance skills to Apparel Holding Corp. s board of directors and valuable experience gained from previous board service.

Jerome Griffith. Mr. Griffith will be appointed to our board of directors in connection with the consummation of this offering. Mr. Griffith has served as the Chief Executive Officer, President and a member of the board of directors of Tumi Holding, Inc. since April 2009. From 2002 to February 2009, Mr. Griffith was employed at Esprit Holdings Limited, a global fashion brand, where he was promoted to Chief Operating Officer and appointed to the board of directors in 2004, then promoted to President of Esprit North and South America in 2006. From 1999 to 2002, Mr. Griffith worked as an Executive Vice President at Tommy Hilfiger. From 1998 to 1999, Mr. Griffith worked as the President of Retail at the J. Peterman Company, a catalog-based apparel and retail company. From 1989 through 1998, Mr. Griffith worked in various positions at Gap, Inc. Mr. Griffith brings to our board experience as a public company director, experience as a senior executive of a major global consumer products company and a proven track record of innovation and driving international growth and expansion.

Robert A. Bowman. Mr. Bowman will be appointed to our board of directors in connection with the consummation of this offering. Mr. Bowman currently serves as President and Chief Executive Officer of Major League Baseball Advanced Media (MLB.com), the Internet and interactive media unit of Major League Baseball. Prior to joining MLB.com in November 2000, Mr. Bowman was President and Chief Executive Officer of Cyberian Outpost, Inc., an online retailer of computers and electronics. Before joined Cyberian Outpost in September 1999, Mr. Bowman held several senior management positions at ITT Corporation, including President, Chief Operating Officer and Chief Financial Officer. Earlier in his career, Mr. Bowman served for eight years as Treasurer of the State of Michigan. Mr. Bowman is currently a director and chairman of the audit committee of Take-Two Interactive Software Inc. Mr. Bowman previously served as a director of Warnaco Group, Inc. from 2004 to 2013, Director of Blockbuster, Inc. from 2003 to 2010 and director of World Wrestling Entertainment, Inc. from 2003 to 2008. Mr. Bowman brings to our board experience as a public company director and extensive financial experience in both the public and private sectors.

Jill Granoff. Ms. Granoff has served as AHC s Chief Executive Officer and a director since May 2012. Ms. Granoff has also served as Vince s Chief Executive Officer since August 2012. Previously, Ms. Granoff served as Chief Executive Officer of Kenneth Cole Productions, Inc., a designer and marketer of women s and men s apparel, footwear and accessories, from 2008 until 2011. Prior to that, Ms. Granoff served as Executive Vice President of Liz Claiborne Inc. where she had global

responsibility for Juicy Couture, Lucky Brand Jeans, Kate Spade and the company s e-commerce and outlet businesses. Prior to joining Liz Claiborne, Ms. Granoff was President and Chief Operating Officer of Victoria Secret Beauty, a division of Limited Brands, where she worked from 1999 to 2006. From 1990 to 1999, Ms. Granoff held various executive positions at The Estée Lauder Companies. Ms. Granoff is a member of the board of directors of Demandware and the Fashion Institute of Technology Foundation. Ms. Granoff brings significant senior leadership, operating and industry experience to Apparel Holding Corp. s board of directors. Ms. Granoff s position as AHC s Chief Executive Officer also allows her to advise the board of directors on management s perspective over a full range of issues affecting AHC.

Lynn Shanahan. Ms. Shanahan has served as the Chief Executive Officer of Kellwood Brands, since July 2013. Previously, Ms. Shanahan was founder of C2 Group, LLC (C2 Group) a company that partners with leading fashion and lifestyle companies to provide operating management, brand development and overall growth strategies. Most recently, through C2 Group, Ms. Shanahan was President of Marimekko NA from 2011 to 2013. Prior to that, Ms. Shanahan worked at Tommy Hilfiger for 15 years where she last served as Group President, with responsibility for U.S. Wholesale, E-commerce, Licensing and Marketing.

Arthur Gordon. Mr. Gordon has served as the Chief Executive Officer of Kellwood Western Region since August 2009. Previously, Mr. Gordon served as Chief Executive Officer of Kellwood ENC (previously En Chant e Inc.) and My Michelle from 1998 to 2009. Prior to that, Mr. Gordon served as President of ENC from 1987 to 1997.

Lisa Klinger. Ms. Klinger has served as AHC s Chief Financial Officer and Treasurer since December 2012. Ms. Klinger has also served as Vince s Chief Financial Officer since December 2012. Previously, Ms. Klinger served as Executive Vice President and Chief Financial Officer of The Fresh Market, Inc., a specialty retailer, from 2009 until 2012. Prior to that, Ms. Klinger served as interim Chief Financial Officer of Michael s Stores during 2008 and Senior Vice President of Finance and Treasurer from 2005 to 2009. Ms. Klinger previously served as Assistant Treasurer at Limited Brands from 2000 to 2005.

Deena Gianoncelli. Ms. Gianoncelli began serving as our Senior Vice President, Human Resources in September 2013. Previously, Ms. Gianoncelli served as Director of Human Resources for Amazon.com from 2012 to 2013. Prior to that, Ms. Gianoncelli served as the Vice President of Human Resources for Hugo Boss Americas from 2010 to 2012. In addition, Ms. Gianoncelli served as Senior Director of Human Resources for Medco Health Solutions from 2005 to 2010.

Keith Grypp. Mr. Grypp has worked at AHC for over 20 years and has served as AHC s Senior Vice President, Secretary and General Counsel since 2009. Mr. Grypp served as Vice President, Secretary and General Counsel from 2008 to 2009. Prior to that, Mr. Grypp served as Assistant General Counsel and Assistant Secretary from 2007 to 2008 and Attorney and Assistant Secretary from 2002 to 2007. Prior to that, Mr. Grypp held various management positions in the audit and information technology department from 1989 to 2002. Mr. Grypp is also a licensed CPA and was employed as an auditor with PricewaterhouseCoopers LLP from 1986 to 1989 and as an attorney with a law firm in St. Louis from 1995 to 1997.

Family Relationships

There are no family relationships between any of AHC s executive officers or directors.

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Corporate Governance

See Additional Information Related to Vince Vince Management Corporate Governance for a description of the corporate governance provisions and practices to be adopted by the AHC board of directors and stockholders in connection with the consummation of this offering.

Compensation Committee Interlocks and Insider Participation

In fiscal year 2012, AHC did not have a Compensation Committee. All compensation decisions were made by the board of directors of AHC, which held deliberations during fiscal year 2012 concerning executive officer compensation. As a member of the board of directors of AHC, Ms. Granoff participated in deliberations concerning compensation of executive officers. See Additional Information Related to AHC AHC Executive Compensation Employment Agreements for a description of the employment agreements of our executive officers.

None of our executive officers serve as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors.

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AHC EXECUTIVE COMPENSATION

The following executive compensation section contains information related to the historical Named Executive Officers of AHC. In connection with this offering, all AHC segments other than the Vince segment will be separated from AHC in the IPO Restructuring Transactions as defined elsewhere in this prospectus. Some of the current AHC officers will remain with the Kellwood business and thus will not be officers of Vince, LLC or Apparel Holding Corp. (to be renamed Vince Holding Corp.), the entity offering stock in this offering, after consummation of this offering.

The following section provides compensation information pursuant to the scaled disclosure rules applicable to emerging growth companies under the rules of the SEC and may contain statements regarding future individual and company performance targets and goals. These targets and goals are disclosed in the limited context of the company s executive compensation program and should not be understood to be statements of management s expectations or estimates of results or other guidance. AHC specifically cautions investors not to apply these statements to other contexts. AHC s Named Executive Officers for fiscal 2012 and the positions they held with AHC during fiscal 2012 are set forth below:

Jill Granoff, Chief Executive Officer, Kellwood and Vince

Arthur Gordon, Chief Executive Officer, Kellwood Western Region

Michael Saunders, Senior Vice President and Chief Operating Officer, Kellwood

This executive compensation section contains certain forward-looking statements that are based on our current plans and expectations regarding future compensation plans and arrangements. The actual compensation plans and expectations that we adopt may differ materially from the currently anticipated plans and arrangements as summarized in this discussion.

Overview

AHC is a privately-held company solely owned by the Pre-IPO Stockholders. As a result, AHC was not subject to any stock exchange listing or SEC rules requiring a majority of its board of directors to be independent or relating to the formation and functioning of board committees, including audit, compensation and nominating committees. As such, all compensation decisions have historically been made by the board of directors of Kellwood Company, a wholly-owned subsidiary of AHC. Furthermore, AHC s executive officers are currently compensated by Kellwood Company for performing services on its behalf. To date, the compensation of the executive officers identified in the Summary Compensation Table in this prospectus, who are referred to as AHC s Named Executive Officers, has consisted of a combination of base salary, bonuses (sign-on, performance based and guaranteed) and long-term incentive compensation in the form of Kellwood Company stock options issued under the 2010 Option Plan). Executive officers and all salaried employees are also eligible to receive health and welfare benefits. Pursuant to employment agreements or an offer letter, the Named Executive Officers were also eligible to receive certain payments and benefits upon termination of employment under certain circumstances, as well as acceleration of vesting of certain outstanding equity awards in connection with a change in control. See Employment Agreements for additional information.

In connection with the consummation of the IPO Restructuring Transactions and this offering, Kellwood Company will assign to Vince Holding Corp. or one of its subsidiaries (after giving effect to the IPO Restructuring Transactions) Kellwood Company s obligations under those executive employment agreements pursuant to which the related executive officers will be providing services to Vince after consummation of this offering. Employment Agreements

for the non-Vince officers will remain with Kellwood Company. See Employment Agreements for additional information.

The compensation paid to AHC s Named Executive Officers for fiscal 2012 may not necessarily be indicative of how Vince Holding Corp. or Kellwood Company, LLC, a wholly-owned subsidiary to be separated from Apparel Holding Corp. in the IPO Restructuring Transactions, may compensate its Named Executive Officers following the consummation of this offering. See Additional Information Related to Vince Vince Executive Compensation for a description of executive compensation paid to Vince s named executive officers.

Executive Compensation Design Overview

AHC s executive compensation programs have historically been designed to provide competitive total compensation opportunities. They were designed to align pay with achievement of Kellwood s annual and long-term financial and operational goals and recognize individual achievement. In setting pay levels, AHC reviewed published survey information and other available compensation data that was specific to companies of similar size and positioning in our industry. As currently structured, AHC s executive compensation program is designed to:

- provide aggregate compensation that reflects the market compensation for executives with similar responsibilities in similar companies with appropriate adjustments to reflect the experience, performance and other distinguishing characteristics of specific individuals;
- be commensurate with our short-term and long-term financial performance;
- be aligned with the value for stakeholders; and
- provide a competitive compensation opportunity to allow us to attract and retain key executive talent.

AHC believes that an important criterion for the determination of the aggregate value of its compensation program and the allocation of such value among the various elements of its compensation plans is market data on the amounts, allocations and structures utilized by similarly situated companies for positions of comparable responsibility. As discussed in Additional Information Related to Vince Executive Compensation Executive Compensation Design Overview, Apparel Holding Corp. intends to work with Aon to determine the elements of its go-forward public company compensation program, for Vince officers and directors. Affiliates of Sun Capital and AHC management are continuing to evaluate the elements of the compensation package for Kellwood officers that will remain employed by Kellwood Company, LLC after the consummation of this offering.

Risk Assessment and Compensation Practices

AHC s management assesses and discusses with the board of directors its compensation policies and practices for its employees as they relate to AHC s overall risk management, and based upon this assessment, AHC believes that any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on us.

Compensation of Named Executive Officers

Base Salaries. In fiscal 2012, the board of directors of Kellwood Company, a wholly-owned subsidiary of AHC, reviewed and held deliberations concerning the compensation of its executive officers, including AHC s Named Executive Officers. Going forward, Vince s compensation committee will review the base salaries of Vince s executive

officers, including Ms. Granoff, at least annually and make adjustments as it determines to be reasonable and necessary. AHC anticipates that Kellwood Company, LLC s board of managers (after giving effect to the IPO Restructuring Transactions and

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Kellwood Company s conversion) will continue to make compensation decisions for its managers and the non-Vince officers. The current base salaries of the Named Executive Officers are as follows:

Named Executive Officer	Base Salary
Jill Granoff, Chief Executive Officer, Kellwood and Vince(1)	$ 1,000,000
Arthur Gordon, Chief Executive Officer, Kellwood Western Region	$ 800,000
Michael Saunders, Senior Vice President and Chief Operating Officer, Kellwood(2)	$ 540,000

(1) Ms. Granoff joined AHC as Chief Executive Officer in May 2012 and subsequently became the Chief Executive Officer of the Vince business in August 2012. The board of directors approved a base salary increase for Ms. Granoff from $900,000 to $1,000,000 effective as of February 1, 2013.

(2) Mr. Saunders resigned his position as Senior Vice President and Chief Operating Officer of Kellwood effective June 30, 2013. He will not be an AHC Named Executive Officer for fiscal 2013 or any subsequent period.

Sign-On Bonuses. Certain executives received a one-time sign-on bonus when they joined AHC. For fiscal 2012, no Named Executive Officers received any sign-on bonus.

Guaranteed Bonus. Certain executives were eligible to receive a guaranteed minimum bonus based on their annual salary and their targeted bonus opportunity. If an executive s award in fiscal 2012 under the AHC 2012 Bonus Plan was lower than their guaranteed minimum bonus as set forth in their employment agreement or offer letter, they received a cash bonus for such year in amount equal to the difference, so that their total cash bonus award for fiscal 2012 was equal to their guaranteed minimum bonus. For fiscal 2012, Ms. Granoff, Mr. Gordon and Mr. Saunders had guaranteed bonuses of $500,000, $250,000 and $100,000, respectively. See Summary Compensation Table and Cash Bonus Plan for additional information.

Cash Bonus Plan. The AHC 2012 Bonus Plan was designed to encourage a high level of performance in each year so that the achievement of targeted performance levels is rewarded with a target incentive payout, and performance above such levels is rewarded with higher-level payouts. Each executive officer is assigned a target annual award opportunity based on the achievement of EBITDA performance that is expressed as a percentage of such executive s base salary. Kellwood Company s board of directors has historically approved these targeted award opportunities for each executive officer. Ms. Granoff received additional cash bonus payments for fiscal 2012, as the amount of her guaranteed bonus exceeded the amount she received based on the EBITDA targets under the AHC 2012 Bonus Plan. For fiscal 2012, the threshold, target and maximum EBITDA targets for AHC were $42.4 million, $47.4 million and $57.4 million, respectively. Actual EBITDA for AHC for fiscal 2012 was $46.9 million. Neither Mr. Saunders nor Mr. Gordon received any additional cash bonus payment for fiscal 2012 as the amount they received under the AHC 2012 Bonus Plan exceeded their guaranteed bonuses for fiscal 2012.

Kellwood Company s board of directors established EBITDA targets for fiscal 2013 for AHC s Named Executive Officers under the AHC 2013 Bonus Plan. For fiscal 2013, Ms. Granoff s targeted incentive payout under the AHC 2013 Bonus Plan is based on the following allocations:

From February 2, 2013 to July 31, 2013, 50% of her targeted incentive payout under the AHC 2013 Bonus Plan is based on the achievement of EBITDA targets for AHC s non-Vince businesses and 50% of such

payment is based on the achievement of Vince EBITDA targets;

From August 1, 2013 until the date of consummation of this offering, 25% of her targeted incentive payout under the AHC 2013 Bonus Plan is based on the achievement of EBITDA targets for AHC s non-Vince businesses and 75% of such payment is based on the achievement of Vince EBITDA targets; and

After the date of consummation of this offering, 100% of such payout will be based on the achievement of Vince EBITDA targets.

AHC believes it is currently on track to achieve the targeted AHC non-Vince and Vince EBITDA performance levels under the AHC 2013 Bonus Plan. The EBITDA targets under the AHC 2013 Incentive Plan for Mr. Saunders are based on the achievement of targeted AHC Non-Vince EBITDA levels. For Mr. Gordon, the EBITDA targets under the AHC 2013 Bonus Plan are based on the achievement of targeted AHC Non-Vince and AHC regional EBITDA levels.

Although AHC is using EBITDA performance as a financial measure for fiscal 2013 and have done so historically, it may use other objective financial performance indicators for the cash bonus plan in the future, including but not limited to the price of our common stock, stockholder return, return on equity, return on investment, return on capital, sales productivity, same-store sales growth, economic value added, gross margin, cash flow, earnings per share or market share.

Kellwood Equity Incentives. On June 30, 2010, the board of directors of Kellwood Company, a wholly-owned subsidiary of AHC, approved the 2010 Option Plan. The 2010 Option Plan provides for the grant of options to acquire up to 105,000 shares of non-voting common stock of Kellwood Company. Options granted under the 2010 Option Plan (i) have an exercise price based on the fair market value; (ii) vest over a five year period at a rate of 20% per year, (iii) expire on the earlier of the tenth anniversary of the grant date or upon termination of employment for cause and (iv) generally become exercisable upon termination or a liquidity event, as defined by the 2010 Option Plan.

Ms. Granoff s grant agreement provides that she may exercise vested options in connection with a sale, certain termination events (including termination by the company without cause, termination by Ms. Granoff with or without good reason and upon her death or disability) and this offering; provided, that Ms. Granoff shall be entitled to exercise only a portion of her vested options in connection with this offering (based upon the amount of cash realized by affiliates of Sun Capital in connection therewith). The grant agreements associated with all other issued and outstanding Kellwood Company options prohibit the exercise of vested options, except in connection with a sale or termination of employment for cause. This offering does not constitute a sale event under such agreements.

Notwithstanding the foregoing, Kellwood Company intends to amend and restate the grant agreements associated with the issued and outstanding Kellwood Company options (which would include Ms. Granoff s grant agreement) prior to their assumption by Apparel Holding Crop. to eliminate the restrictions on exercisability for vested options following the closing of an initial public offering and to provide for a minimum holding period to apply to any shares received on account of exercising such options.

The fair value of the stock options is determined at the grant date using a probability-weighted expected return method model, which requires us to make several significant assumptions including long-term EBITDA growth rates, future enterprise value, discount rates, and timing and probability of a future liquidity event. This methodology was selected based on the current capital structure and forecasted operational performance.

In addition, 100% of any outstanding and unvested shares granted under the 2010 Option Plan will vest upon a Sale of the Company. Sale of the Company is defined as (i) any consolidation, merger or other transaction in which Kellwood Company is not the surviving entity or which results in the acquisition of all or substantially all of Kellwood Company s outstanding shares of common stock by a single person or entity or by a group of persons or entities acting in concert; (ii) any sale or transfer of all or substantially all of (A) Kellwood Company s assets (excluding, however, for this purpose any real estate sale-lease back transaction) or (B) the subsidiaries which make up Kellwood Company s women s business; or

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(iii) the date that (A) more than fifty percent (50%) of the shares of voting stock of the surviving or acquiring entity is owned and/or controlled (by agreement or otherwise), directly or indirectly, by a single person or entity or by a group of persons or entities acting in concert other than Sun Capital or its affiliates; and (B) Sun Capital or its affiliates no longer controls Kellwood Company s board of directors; provided, however, that the term sale shall not include transactions either (x) with affiliates of Kellwood Company or Sun Capital (as determined by the board of directors of Kellwood Company in its good faith sole discretion) or (y) pursuant to which more than fifty percent (50%) of the shares of voting stock of the surviving or acquiring entity is owned and/or controlled (by agreement or otherwise), directly or indirectly, by Sun Capital or its affiliates. Because the IPO Restructuring Transactions all involve transactions with affiliates of Kellwood Company or Sun Capital, they will not constitute a Sale of the Company which would result in the vesting of Kellwood Company options held by our named executive officers.

In determining the number of shares underlying each option grant, the Kellwood Company board of directors took into account each executive officer s existing unvested equity grants and made awards that they determined would be sufficient to motivate and retain each executive officer past the expected date of this offering. The stock option grants made to AHC s Named Executive Officers in fiscal 2012 were as follows:

Named Executive Officer	Date of Grant	Number of Shares	Exercise Price(1)
Jill Granoff	May 4, 2012	44,000	$ 150.78
Arthur Gordon(2)	N/A		
Michael Saunders	N/A		

(1) The grant date fair value of these option grants is reflected in the Summary Compensation Table under the Option Awards column.
(2) As described below in Employment Agreements, Mr. Gordon agreed to cancel his outstanding Kellwood Company stock options in exchange for payments under his retirement agreement. Such options were effectively surrendered and cancelled on October 4, 2012 in accordance with the terms of the related option cancellation agreement.

In connection with the consummation of this offering, Apparel Holding Corp. employees who will continue as employees of the non-Vince businesses after the consummation of this offering will collectively receive 198,064 shares of Apparel Holding Corp. common stock in exchange for their vested Kellwood Company stock options (previously issued under the 2010 Option Plan). All other stock options previously issued to such employees under the 2010 Option Plan will be cancelled upon the closing of this offering. Apparel Holding Corp. will assume Kellwood Company s remaining obligations under the 2010 Option Plan. After giving effect to such assumption and the IPO Restructuring Transactions (including the related stock split), the stock options previously issued to Vince employees and to Mr. Saunders (as discussed below in Note 5 to Outstanding Equity Awards at Fiscal 2012 Year-End) under the 2010 Option Plan will become options to acquire shares of Apparel Holding Corp. common stock. The options to acquire 44,000 shares of Kellwood Company common stock previously issued to Ms. Granoff will become options to acquire 1,153,291 shares of Apparel Holding Corp. common stock with an exercise price of $5.75 per share. The grant date fair value of Ms. Granoff s option grant, as set forth below in the Summary Compensation Table under the Option Awards column, will remain unchanged, after giving effect to Apparel Holding Corp. s assumption of Kellwood Company s obligations under the 2010 Option Plan and the IPO Restructuring Transactions.

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Summary Compensation Table

The following table provides information regarding the total compensation for services rendered in all capacities that was earned by each individual who served as a principal executive officer of AHC at any time during fiscal 2012 and the two other most highly compensated executive officers who were serving as executive officers during the fiscal year ended February 2, 2013.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compen-sation ($)(2)	All Other Compen-sation ($)	Total ($)
Jill Granoff *Chief Executive Officer*(3)	2012	$ 661,154(4)	$ 27,363(5)	$ 2,128,920	$ 472,637	$ 11,245(6)	$ 3,301,319
Arthur Gordon *Chief Executive Officer, Kellwood Western Region*	2012	$ 800,000			$ 308,766	$ 21,074(6)	$ 1,129,840
	2011	$ 800,000			$ 190,109	$ 21,645(6)	$ 1,011,754
Michael Saunders *Senior Vice President and Chief Operating Officer*	2012	$ 540,000			$ 189,055	$ 14,988(6)	$ 744,043
	2011	$ 539,846			$ 0	$ 14,932(6)	$ 554,778

(1) The fair value of stock options granted in fiscal 2012 was determined at the grant date using a Black-Scholes model, which requires us to make several significant assumptions including risk-free interest rate, volatility, expected term, and discount factors for stockholders in a privately-held company. At the grant date, the options granted in fiscal year 2012 had a weighted average fair value of $43.01 per share. As discussed above in Compensation of Named Executive Officers Kellwood Equity Incentives, the options previously issued to Ms. Granoff will become options to acquire 1,153,291 shares of Apparel Holding Corp. common stock (after giving effect to the IPO Restructuring Transactions (including the related stock split) and Apparel Holding Corp. s assumption of Kellwood Company s obligations under the 2010 Option Plan), with an exercise price per share equal to $5.75.

(2) Amounts reflect the annual incentive cash bonus earned in the fiscal year shown but paid in the following fiscal year.

(3) Ms. Granoff was not employed by the company in fiscal 2011.

(4) Salary reflects base compensation from hire date of May 4, 2012 through February 2, 2013.

(5) Amount reflects cash bonus payment after giving effect to the $472,637 which was paid upon the achievement of targeted objectives under the AHC 2012 Bonus. The aggregate of such amounts (or $500,000) represents the amount of Ms. Granoff s guaranteed bonus under the terms of her employment agreement.

(6) Amounts reflect the value of their clothing allowance, car allowance and excess life insurance.

Employment Agreements

Jill Granoff, Chief Executive Officer. Kellwood Company entered into an employment agreement with Ms. Granoff on May 4, 2012. Pursuant to the terms of the employment agreement, Ms. Granoff received an annual base salary of $900,000 in fiscal 2012. In addition to base salary, Ms. Granoff was eligible to participate in the AHC 2012 Bonus Plan which provided her with the opportunity to earn a bonus targeted at 75% of her base salary in fiscal 2012. Under her employment agreement, Ms. Granoff was guaranteed an annual cash bonus of $500,000 for fiscal 2012. Effective February 1, 2013, Ms. Granoff received a base salary increase to $1,000,000 and her targeted bonus opportunity increased to 100% of her base salary. Ms. Granoff has no guaranteed bonus for fiscal 2013.

In connection with the consummation of this offering and the repayment of certain Kellwood Company indebtedness, Ms. Granoff will earn a debt recovery bonus under the terms of her amended employment agreement. The amount of the bonus is equal to 4.4% of the related debt recovery, subject to the aggregate maximum bonus cap of $6.0 million; provided, that she remain continuously employed with AHC through the related payment date. As set forth therein, she is eligible to receive a

debt recovery bonus upon any reduction in the debt outstanding under the Cerberus Term Loan, the Public Bonds and the Sun Term Loan Agreements. In connection with Kellwood Company s sale of Royal Robbins in December 2012, Kellwood Company repaid $10.0 million of indebtedness under the Cerberus Term Loan. This repayment triggered a $440,000 debt recovery bonus for Ms. Granoff. Ms. Granoff has agreed to delay the payment of such bonus until the earlier of (i) December 31, 2013, (ii) the consummation of this offering, (iii) the consummation of a sale of all or substantially all of the Vince business to a third-party not affiliated with Kellwood Company or (iv) the termination of Ms. Granoff s employment for any reason, pursuant to the terms of a related letter agreement. This payment reduces the amount of debt recovery bonus to which she would otherwise be entitled to receive upon the repayment of the Cerberus Term Loan, the Public Bonds and the Sun Term Loan Agreements in connection with the consummation of this offering on a dollar for dollar basis.

On September 24, 2013, Ms. Granoff and Kellwood Company entered into an amendment to her employment agreement. Pursuant to the terms of the amendment, Kellwood Company has agreed to pay the debt recovery bonus to Ms. Granoff upon the closing of this offering prior to paying the restructuring fee to Sun Capital Management or repaying, refinancing or repurchasing the 7.625% Notes, each as described in Use of Proceeds and Restructuring Transactions. Neither Apparel Holding Corp. nor Vince, LLC is a guarantor or obligor of the 7.625% Notes.

In the event Ms. Granoff s employment is terminated without cause or Ms. Granoff terminates her employment for good reason, she would be eligible to receive (i) any unpaid base salary through her termination date, together with a pro-rated portion of the annual bonus for the year in which her termination occurs, (ii) reimbursement for any unreimbursed business expenses incurred through her termination date, (iii) any accrued and unused vacation time, (iv) all other payments, benefits or fringe benefits to which she is entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant, (v) her base salary during a period ending on the 18th month anniversary of her termination date, less any salary she receives from other full-time employment after the 12-month anniversary of her termination, (vi) continued participation in our group health plan for 18 months or until she obtains other employment following the first anniversary of her termination and such employment offers comparable group health benefits for which she is eligible, (vii) the pro rata portion of shares subject to Ms. Granoff s option grants which would have otherwise vested on the next scheduled vesting date had her employment continued until such time and (viii) any prior period bonus earned and not yet paid.

Kellwood Company s obligations under Ms. Granoff s employment agreement will be assigned to Vince Holding Corp. or one of its subsidiaries in connection with this offering.

***Arthur Gordon, Chief Executive Officer*, *Kellwood Western Region*.** Beginning fiscal 2009, Mr. Gordon received an annual base salary of $800,000. In addition to base salary, Mr. Gordon was eligible to participate in the AHC 2012 Bonus Plan that provided him with the opportunity to earn a bonus targeted at 70% of his base salary. Effective May 1, 2013, Mr. Gordon entered into an amended and restated retirement agreement and related option cancellation agreement with Kellwood Company, a wholly-owned subsidiary of AHC. Pursuant to the terms of his retirement agreement, Kellwood Company agreed to make the following payments to Mr. Gordon in the event he is terminated without cause or voluntarily resigns or retires after February 1, 2014: (i) any unpaid and earned cash incentive bonus for the prior year; (ii) a lump sum equal to 18 months of his base salary, plus a lump sum equal to the average of his three prior year cash incentive bonuses, each subject to Mr. Gordon s execution of a satisfactory release; and (iii) provided that Mr. Gordon is paying the employee portion of his COBRA premium, the amount in excess of the COBRA premium for a period of 18 months or until he secures other employment. In such event, Kellwood Company may retain his exclusive consulting services, upon the mutual agreement of the parties, for a period beginning on his termination date and ending on the earlier of: (A) the 12-month anniversary of his termination date; (B) his death or

disability; and (C) his termination as a consultant for cause. Mr. Gordon will earn a bonus of $130,563 upon the consummation of this offering, which constitutes a Sale under the terms of his retirement agreement. Such amount shall be paid by Kellwood Company, LLC upon the earlier of (1) 30 days following the consummation of this offering; (2) the payment of severance amounts to him; and (3) February 1, 2014. Notwithstanding the foregoing, he shall not be entitled to any payments under his retirement agreement if he voluntarily resigns or retires before February 2, 2014, upon his death or disability or if he is terminated for cause. Mr. Gordon agreed to cancel his outstanding Kellwood Company stock options in connection with his entry into this amended and restated retirement agreement.

It is currently anticipated that Mr. Gordon s sole operational responsibilities will relate to AHC s non-Vince businesses after consummation of this offering, and that he will remain an employee of Kellwood Company, LLC. As such, he will not be one of Vince Holding Corp. s Named Executive Officers for fiscal 2013 or beyond.

Outstanding Equity Awards at Fiscal 2012 Year-End

The following table sets forth information regarding outstanding equity awards of Kellwood Company held by our Named Executive Officers at the end of fiscal 2012:

		Options Awards(1)			
Name	**Vesting Commencement Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**
Jill Granoff	May 4, 2012(2)		44,000(3)	$ 150.78(3)	May 4, 2022(3)
Arthur Gordon(4)	N/A				
Michael Saunders	February 20, 2008	8,000	2,000	$ 1.00	June 30, 2020(5)

(1) Each stock option was granted pursuant to the 2010 Option Plan. Pursuant to the terms of his extension agreement (as described below in Note 4), the options previously issued to Mr. Saunders will be exercisable into shares of Apparel Holding Corp. common stock upon the consummation of this offering.

(2) Ms. Granoff s options will vest 20% each year on the anniversary of the grant date beginning on the first anniversary of the grant date so long as she remains continuously employed with the company. Notwithstanding the foregoing, unvested options will automatically vest upon the consummation of certain sale and change of control transactions.

(3) As discussed above in Compensation of Named Executive Officers Kellwood Equity Incentives, the options to acquire 44,000 shares of Kellwood Company common stock previously issued to Ms. Granoff will become options to acquire 1,153,291 shares of Apparel Holding Corp. common stock with an exercise price of $5.75 per share (after giving effect to the IPO Restructuring Transactions (including the related stock split) and the assumption by Apparel Holding Corp. of Kellwood Company s remaining obligations under the 2010 Option Plan). The option expiration date will remain May 4, 2022 and will be subject to the same vesting terms; provided that the restrictions on exercisability will be removed in connection with the amendment and restatement of such

agreement, as described above in Compensation of Named Executive Officers Kellwood Equity Incentives.

(4) As described below in Employment Agreements, Mr. Gordon agreed to cancel his outstanding Kellwood Company stock options in exchange for payments under his retirement agreement. Such options were effectively surrendered and cancelled on October 4, 2012 in accordance with the terms of the related option cancellation agreement.

(5) Mr. Saunders entered into an Extension Agreement with Kellwood Company on August 5, 2013, pursuant to which the expiration date of his previously granted Kellwood Company options was extended from the date which was ten days after the date upon which his employment with Kellwood Company was terminated, or July 8, 2013, to the earliest of (a) the date which is 10 days after the consummation of this offering, (b) the date of the consummation of a Sale (as such term is defined in Saunders original Grant Agreement) and (c) on June 30, 2020 (such earliest of (a), (b) or (c) referred to herein as, the Expiration Time). Kellwood Company shall provide Saunders with at least 10 days notice of the Expiration Time. Mr. Saunders has agreed not to exercise any of the subject options until the date that is 10 days prior to the Expiration Time. Within the 30 day period prior to the Expiration Time, affiliates of Sun Capital shall have the right to purchase all or any of Mr. Saunders options at the lower of (i) $120.78 per option (as such price may be adjusted in accordance with the Extension Agreement) and (ii) the fair market value of the underlying share, minus $1.00 per option. Such options will

become options to acquire shares of Apparel Holding Corp. common stock in connection with the assumption by Apparel Holding Corp. of Kellwood Company s remaining obligations under the 2010 Option Plan (with the number of shares subject to such options and the related exercise price adjusted to give effect to the stock split which will occur as part of the IPO Restructuring Transactions). Affiliates of Sun Capital would pay any such option purchase price in cash. In the event Mr. Saunders exercises his options prior to the Expiration Time, he will receive shares of Apparel Holding Corp. common stock. Additionally, affiliates of Sun Capital shall have the right, within seven months of the related exercise date, to purchase any or all of such shares of Apparel Holding Corp. common stock at the lower of (i) $121.78 per share (as may be adjusted in accordance with the Extension Agreement) and (ii) the fair market value of such share at the time of repurchase. They would pay for any such shares in cash. These options will become options to acquire 262,111 shares of Apparel Holding Corp. common stock with an adjusted exercise price of $0.04 per share. Affiliates of Sun Capital intend to purchase such options and exercise them in connection with the closing of this offering.

Director Compensation

During fiscal 2012, AHC did not make any compensation payments (including any equity grants) to its directors, for service as directors, as all of its directors were employees of AHC or affiliates of Sun Capital, which will continue to be AHC s controlling stockholder after consummation of this offering. Sun Cardinal, an affiliate of Sun Capital, will also have the authority to designate a majority of AHC s directors after consummation of this offering. AHC did reimburse directors for out-of-pocket expenses they incurred in connection with their service as directors, including those incurred in connection with attending all board and committee meetings. See Additional Information Related to Vince Vince Executive Compensation Director Compensation for a description of Vince Holding Corp. s director compensation arrangements after consummation of this offering.

Director and Officer Indemnification and Limitation of Liability

There is no pending litigation or proceeding naming any of our directors or officers to which indemnification is being sought, and we are not aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Employee Stock Plans

2010 Option Plan

The 2010 Option Plan was adopted by the board of directors of Kellwood Company, a wholly-owned subsidiary of Apparel Holding Corp., on June 30, 2010. As of October 5, 2013, Kellwood Company had reserved 105,000 shares of its common stock for issuance under the 2010 Option Plan. The Kellwood Company board of directors will not grant any further awards under the 2010 Option Plan to any of AHC s officers or directors after the consummation of this offering. Future awards to executive officers that will provide services to Vince after consummation of this offering and AHC s directors shall be granted by AHC s board of directors or compensation committee under the Vince 2013 Incentive Plan, as described in Additional Information Related to Vince Vince Executive Compensation.

As discussed above in Compensation of Named Executive Officers Kellwood Equity Incentives, Apparel Holding Corp. employees who will continue as employees of the non-Vince businesses after the consummation of this offering will collectively receive 198,064 shares of Apparel Holding Corp. common stock in exchange for their vested Kellwood Company stock options (previously issued under the 2010 Option Plan). All other stock options previously issued to such employees under the 2010 Option Plan will be cancelled upon the closing of this offering. Vince Holding Corp. will assume Kellwood Company s remaining obligations under the 2010 Option Plan. After giving effect to such assumption, the stock options previously issued to Vince employees and to Mr. Saunders under the 2010

Option Plan will become options to acquire 262,111 shares of Apparel Holding Corp. common stock.

All other stock options previously issued to such employees under the 2010 Option Plan will be cancelled upon the closing of this offering. Vince Holding Corp. will assume Kellwood Company s remaining obligations under the 2010 Option Plan. After giving effect to such assumption, the stock options previously issued to Mr. Saunders under the 2010 Option Plan will become options to acquire 262,111 shares of Apparel Holding Corp. common stock.

Section 401(k) Plan

AHC provides the defined contribution Kellwood Retirement Savings Plan, a 401(k) Plan, as well as various group health and welfare programs that are generally available to all Kellwood employees, including AHC s Named Executive Officers.

Under the plan, eligible employees electing to participate may contribute up to 100% of their pretax income, subject to IRS rules limiting an individual s total contributions and the application of IRS tests designed to ensure that the plan does not discriminate in favor of highly compensated employees.

Effective February 1, 2013, AHC reinstated the 401(k) match for all employees. AHC will match 50% up to the first 3% of the employee s deferral. AHC did not make any contributions to any AHC Named Executive Officer s 401(k) account in fiscal 2012.

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DESCRIPTION OF CERTAIN INDEBTEDNESS OF AHC

The following description of certain indebtedness of AHC sets forth the debt of historical AHC and its consolidated subsidiaries. Immediately prior to the consummation of this offering, all AHC segments other than the Vince segment (or the non-Vince businesses) will be separated from AHC in the IPO Restructuring Transactions. In connection with these transactions, the Pre-IPO Stockholders will continue to own the non-Vince businesses through their ownership of Kellwood Holding, LLC. Kellwood Company, LLC will become a subsidiary of Kellwood Holding, LLC and will remain liable for its obligations under the debt described in this section. Additionally, Vince, LLC s obligations under the Wells Fargo Facility, the Cerberus Term Loan, the Sun Term Loan Agreements and the 12.875% Notes will be terminated or released immediately after the consummation of this offering (after giving effect to the Additional Sun Capital Contribution) and Vince, LLC will not guarantee or become a party to Kellwood s new revolving credit facility. As a result, the debt of Kellwood after giving effect to the IPO Restructuring Transactions will not be the debt of Apparel Holding Corp, the entity offering stock in this offering.

Immediately after the consummation of this offering, Kellwood Company, LLC will use the proceeds from the repayment of the Kellwood Note Receivable to, after giving effect to the Additional Sun Capital Contribution, (i) repay, at closing, all indebtedness outstanding under (A) the Cerberus Term Loan, which had an outstanding balance of $45.7 million as of August 3, 2013 and (B) the Sun Term Loan Agreements, which collectively totaled $118.0 million in the aggregate as of August 3, 2013, (ii) redeem at par all of the outstanding 12.875% Notes, which totaled $146.8 million as of August 3, 2013, pursuant to an unconditional redemption notice to be issued at the closing of this offering, plus, with respect to clauses (i) and (ii), fees, expenses and accrued and unpaid interest thereon, (iii) pay a restructuring fee equal to 1% of the aggregate of the offering and certain related debt repayment and the amount of the new Vince and Kellwood credit facilities to Sun Capital Management pursuant to the Management Services Agreement and (iv) pay a debt recovery bonus of $6.0 million to our Chief Executive Officer, as described in Additional Information Related to Vince Vince Executive Compensation Employment Agreements. The restructuring fee described in clause (iii) above and payable to Sun Capital Management in connection with this offering will total $3.3 million. There will be no outstanding balance on the Kellwood Note Receivable after giving effect to the repayment thereof to be made by Vince Intermediate Holding, LLC immediately after the closing of this offering.

In addition, Kellwood Company will conduct a tender offer for all of its outstanding 7.625% Notes, which totaled $87.0 million in aggregate principal amount as of August 3, 2013, at par plus accrued and unpaid interest thereon, using proceeds from the repayment of the Kellwood Note Receivable. The tender offer will close at or after the closing of this offering. Kellwood Company, LLC may also, at or after the closing of this offering, use proceeds remaining from the repayment of the Kellwood Note Receivable to discharge or repurchase at par all or any of its 3.5% Convertible Notes, which totaled $0.2 million in aggregate principal amount as of August 3, 2013, plus accrued and unpaid interest thereon. Neither Apparel Holding Corp. nor Vince, LLC is a guarantor or obligor of either the 7.625% Notes or the 3.5% Convertible Notes.

If the tender offer for the 7.625% Notes is not completed contemporaneously with the closing of this offering, Kellwood Company, LLC shall enter into an escrow agreement with Vince Intermediate Holding, LLC and the Escrow Agent at the closing of this offering, pursuant to which Kellwood Company, LLC will escrow an amount necessary to purchase the 7.625% Notes which may be tendered in the tender offer at the closing of the tender offer until the termination of the related escrow agreement. If the tender offer is completed contemporaneously with the consummation of this offering, we will not enter into the escrow agreement. No interest will accrue on the funds placed into escrow with the Escrow Agent and both Vince Intermediate Holding, LLC and Kellwood Company, LLC must consent to any distributions from the escrow account in accordance with the terms of the Transfer

Agreement. The escrow agreement will automatically terminate upon the earlier of (i) the closing of the tender offer for the 7.625% Notes and (ii) the three-month anniversary of the closing of this offering. Amounts in escrow shall be held for the benefit of Kellwood Company, LLC and not for the benefit of any holders of the 7.625% Notes.

In addition, Kellwood Company, LLC will, immediately after the consummation of this offering, refinance the Wells Fargo Facility, to among other things, remove Vince, LLC as an obligor thereunder. See Use of Proceeds and Other Information Related to this Offering Certain Relationships and Related Party Transactions of AHC for additional information and Additional Information Related to AHC Management s Discussion and Analysis of Financial Condition and Results of Operations of AHC Liquidity and Capital Resources for a description of such indebtedness.

In connection with the refinancing of the Wells Fargo Facility, Kellwood Company, LLC anticipates entering into a $120 million revolving facility. In general, we expect that such facility will contain representations and warranties, financial and restrictive covenants, events of default and collateral arrangements that are customary for this type of financing. Vince, LLC will not guarantee or be a borrower party or guarantor to any such new revolving credit facility.

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ADDITIONAL INFORMATION RELATED TO VINCE

The information appearing in this section relates to the Vince business and Apparel Holding Corp., the entity offering shares of common stock in this offering after giving effect to the IPO Restructuring Transactions, and to the operations of Vince, LLC and the Vince business on a historical basis, as the context requires.

Please note the following:

- **Apparel Holding Corp. (to be renamed Vince Holding Corp. prior to the consummation of this offering) is the legal issuer of the shares offered in this offering. Investors will be investing in the Vince business, however, they will be purchasing shares issued by Apparel Holding Corp., not Vince, LLC;**

- **The information set forth below is provided as supplemental information and should not be considered in lieu of the information pertaining to Apparel Holding Corp; and**

- **The financial information included in this discussion and in Vince, LLC s historical financial statements may not be indicative of Apparel Holding Corp. s financial position, operating results and changes in equity after the completion of the IPO Restructuring Transactions, or what they would have been had the Vince business operated separately from the non-Vince businesses during the periods presented.**

As used in this Additional Information Related to Vince section, unless the context otherwise requires:

- *our, us, we and Vince Holding Corp. refers to Vince Holding Corp. (currently known as Apparel Holding Corp.) and its consolidated subsidiaries (including Vince, LLC) after giving effect to the IPO Restructuring Transactions;*

- *Vince refers to the Vince business after giving effect to the IPO Restructuring Transactions;*

- *Vince, LLC refers to the entity that has historically held the Vince assets and liabilities and will continue to do so after completion of the IPO Restructuring Transactions and the consummation of this offering and the application of proceeds of this offering as discussed herein. Apparel Holding Corp. is the legal issuer of the shares offered in this offering. Investors will be investing in the Vince business, however, they will be purchasing shares issued by Apparel Holding Corp., not Vince, LLC.;*

- *AHC refers to Apparel Holding Corp. and its consolidated subsidiaries (including Kellwood Company) prior to the completion of the IPO Restructuring Transactions. Apparel Holding Corp. is the historical owner and operator of the Vince and non-Vince businesses; and*

Kellwood refers to Kellwood Holding, LLC and its consolidated subsidiaries (including Kellwood Company, LLC) after giving effect to the IPO Restructuring Transactions, as the future owner and operator of the non-Vince businesses, or to the non-Vince businesses of AHC prior to the completion of the IPO Restructuring Transactions, as the context requires.

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SUPPLEMENTAL SELECTED HISTORICAL FINANCIAL DATA OF VINCE, LLC

The following tables set forth the supplemental selected historical financial data of Vince, LLC, the entity that has historically held the Vince assets and liabilities and will continue to do so after completion of the IPO Restructuring Transactions and the consummation of this offering.

You should read the information set forth below in conjunction with Use of Proceeds, Capitalization of AHC, Additional Information Related to Vince Supplemental Management s Discussion and Analysis of Financial Condition and Results of Operations of Vince, LLC and Vince, LLC s audited financial statements and notes thereto included elsewhere in this prospectus. The statement of operations data for each of fiscal 2010, fiscal 2011 and fiscal 2012 and the balance sheet data as of January 28, 2012 and February 2, 2013 set forth below are derived from Vince, LLC s audited financial statements included elsewhere in this prospectus.

The statement of operations data for the six month periods ended July 28, 2012 and August 3, 2013 and the balance sheet data as of August 3, 2013 set forth below are derived from Vince, LLC s unaudited quarterly financial statements and contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of our financial position and results of operations for the periods presented.

Operating results for the six month periods are not necessarily indicative of results for a full financial year, or any other periods. Vince, LLC s summary historical financial data include charges from Kellwood Company for certain expenses, including centralized legal, tax, treasury, information technology, employee benefits and other centralized services and infrastructure costs. The charges have been determined on bases that we considered to be reasonable reflections of the utilization of services provided or the benefit received by Vince, LLC.

	Fiscal Year			Six Months Ended	
	2010	2011	2012	July 28, 2012	August 3, 2013
(In thousands, except for percentages and store counts)					
				(unaudited)	(unaudited)
Statement of Operations Data:					
Net sales	$ 111,492	$ 175,255	$ 240,352	$ 90,531	$ 114,657
Cost of products sold	55,695	89,545	132,156	50,119	63,506