

JOE'S JEANS INC.
Form DEF 14A
March 10, 2014

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

JOE'S JEANS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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JOE'S JEANS INC.

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

March 10, 2014

Dear Stockholder:

You are cordially invited to attend the 2014 annual meeting of stockholders of Joe's Jeans Inc., or Joe's, which will be held at the Sofitel Hotel Los Angeles, 8555 Beverly Boulevard, Los Angeles, California 90048, on Thursday, May 8, 2014. The 2014 annual meeting of stockholders will begin promptly at 9:00 a.m. local time.

The accompanying notice of annual meeting and proxy statement, which you are urged to read carefully, provides important information regarding the business to be conducted at the annual meeting.

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

On behalf of the Board of Directors, I thank you for your support and continued interest in Joe's.

Sincerely,

Samuel J. Furrow
CHAIRMAN OF THE BOARD OF DIRECTORS
JOE'S JEANS INC.

This notice of annual meeting and proxy statement and proxy are first being mailed on or about March 17, 2014 to our common stockholders.

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JOE'S JEANS INC.

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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON THURSDAY, MAY 8, 2014**

Time and Date	9:00 a.m., local time on Thursday, May 8, 2014
Place	Sofitel Hotel Los Angeles, 8555 Beverly Boulevard, Los Angeles, California 90048
Items of Business	<p>(1) To elect the eight director nominees named in the attached proxy statement to serve on the Board of Directors until the 2015 annual meeting of stockholders or until their respective successors are elected and qualified;</p> <p>(2) To approve an amendment to our Seventh Amended and Restated Certificate of Incorporation to increase the amount of authorized shares of our common stock from 100 million to 120 million in order to permit the issuance of the common stock upon conversion of the convertible notes (the "<i>Buyer Notes</i>") issued in connection with our acquisition of Hudson Clothing Holdings, Inc., a Delaware corporation ("<i>Hudson</i>");</p> <p>(3) To approve, under applicable NASDAQ Listing Rules, the issuance of common stock upon conversion of the Buyer Notes issued in connection with our acquisition of Hudson in excess of 19.99% of the common stock outstanding prior to such issuance;</p> <p>(4) To approve an amendment to the Amended and Restated 2004 Stock Incentive Plan to increase the reservation of the total shares available for issuance to 11,825,000 shares of common stock;</p> <p>(5) To conduct an advisory vote to approve named executive officer compensation;</p> <p>(6) To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2014; and</p> <p>(7) To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.</p>
Record Date	You can vote if, at the close of business on March 14, 2014, you were a holder of record of our common stock.
Proxy Voting	All stockholders are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, you are urged to vote promptly by signing and returning the enclosed proxy card or by telephone or Internet, or if you hold your shares in street name using the voting instruction form provided by your broker, bank or nominee, or by accessing the website or toll-free number indicated on the voting instructions accompanying your proxy card to vote via the Internet or phone.

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The Board of Directors unanimously recommends that you vote to:

elect the eight director nominees named in the attached proxy statement;

approve the amendment to our Seventh Amended and Restated Certificate of Incorporation;

approve, under applicable NASDAQ Listing Rules, the issuance of common stock upon the conversion of the Buyer Notes;

approve the amendment to the Amended and Restated 2004 Stock Incentive Plan;

approve the compensation of our Named Executive Officers; and

ratify the appointment of auditors as described in detail in the accompanying proxy statement.

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

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 8, 2014. This proxy statement and our 2013 Annual Report and the Hudson Financials (as defined below) are available free of charge at <http://www.joesjeans.com/2014proxy>.

By Order of the Board of Directors,

Samuel J. Furrow
Chairman of the Board of Directors
Commerce, California
March 10, 2014

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STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to the financial condition, results of operations, cash flows, financing plans, business strategies, capital and other expenditures, competitive positions, growth opportunities for existing products, plans and objectives of management and other matters. Statements in this document that are not historical facts are identified as forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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

These forward-looking statements, including statements relating to future business prospects, revenues, working capital, liquidity, capital needs and income, wherever they occur in this proxy statement, are estimates reflecting our best judgment. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in this proxy statement and those discussed from time to time in our Securities and Exchange Commission, or SEC, reports, including our annual report on Form 10-K for the year ended November 30, 2013 filed with the SEC on February 13, 2014 and our subsequently filed quarterly reports on Form 10-Q. You should read and consider carefully the information about these and other risks set forth under the caption "Risk Factors" in such filings.

As used in this proxy statement, the terms "we," "us," "our," "Joe's," and "Joe's Jeans" refer to Joe's Jeans Inc. and our subsidiaries and affiliates, unless the context indicates otherwise.

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**QUESTIONS AND ANSWERS
ABOUT THE PROXY MATERIALS
AND THE ANNUAL MEETING**

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

Q:
Why am I receiving these materials?

A:
The Board of Directors of Joe's, or our Board of Directors, is providing these proxy materials to you in connection with our annual meeting of stockholders, which will take place on Thursday, May 8, 2014. Our common stockholders are invited to attend the annual meeting and are entitled to and requested to vote on the proposals described in this proxy statement.

Q:
What information is contained in this proxy statement?

A:
The information included in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, information including compensation concerning directors and our most highly paid executive officers, and certain other required information.

Q:
What proposals will be voted on at the annual meeting?

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

(1) To elect the eight director nominees named in this proxy statement to serve on the Board of Directors until the 2015 annual meeting of stockholders or until their respective successors are elected and qualified;

(2) To approve an amendment to our Seventh Amended and Restated Certificate of Incorporation to increase the amount of authorized shares of our common stock from 100 million to 120 million in order to permit the issuance of the common stock upon conversion of the convertible notes (the "*Buyer Notes*") issued in connection with our acquisition of Hudson Clothing Holdings, Inc., a Delaware corporation ("*Hudson*");

(3) To approve, under applicable NASDAQ Listing Rules, the issuance of common stock upon conversion of the Buyer Notes issued in connection with our acquisition of Hudson in excess of 19.99% of the common stock outstanding prior to such issuance;

(4) To approve an amendment to the Amended and Restated 2004 Stock Incentive Plan to increase the reservation of the total shares available for issuance to 11,825,000 shares of common stock;

(5) To conduct an advisory vote to approve named executive officer compensation;

(6) To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2014; and

(7) Such other business as may properly come before the annual meeting of stockholders or any adjournment or postponement thereof.

Q:
How does the Board of Directors recommend that I vote?

A:

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Our Board of Directors unanimously recommends that you vote your shares:

"FOR" each of the eight director nominees to the Board of Directors named in this proxy statement;

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"FOR" the amendment to our Seventh Amended and Restated Certificate of Incorporation;

"FOR" the issuance of common stock upon the conversion of the Buyer Notes;

"FOR" the amendment to the Amended and Restated 2004 Stock Incentive Plan;

"FOR" the approval of the compensation of our Named Executive Officers as disclosed pursuant to Item 402(m) through (q) of Regulation S-K, including the compensation tables and narrative discussion; and

"FOR" the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2014.

Q:

Why are we seeking stockholder approval of Proposals 2 and 3?

A:

On September 30, 2013, we completed our acquisition of all of the outstanding equity interests in Hudson (the "*Acquisition*"), a designer and marketer of women's and men's premium branded denim apparel, for an aggregate purchase price consisting of approximately \$65.4 million in cash and approximately \$32.4 million in Buyer Notes (face amount). We also issued promissory notes, bearing no interest, for approximately \$1.2 million in aggregate principal amount payable on April 1, 2014 to certain optionholders of Hudson. Hudson represents approximately 40% of our consolidated assets as of November 30, 2013.

We are seeking stockholder approval of Proposal 2, because it is necessary to increase the amount of authorized common stock permitted to be issued under Seventh Amended and Restated Certificate of Incorporation in order to have a sufficient amount of common stock available to allow the issuance of common stock upon conversion of the Buyer Notes issued in connection with the Acquisition and to continue to have sufficient common stock available for other general corporate purposes on an ongoing basis, including the proposed increase in shares reserved under the Amended and Restated 2004 Stock Incentive Plan.

We are seeking stockholder approval of Proposal 3, because pursuant to the terms of the Buyer Notes, we have agreed to seek stockholder approval, under applicable NASDAQ Listing Rules, of the issuance of the common stock upon conversion of the Buyer Notes. Our common stock is listed on the NASDAQ Global Market and, as a result, we are subject to the NASDAQ's Listing Rules. The potential issuance of the shares of our common stock upon conversion of the Buyer Notes may implicate certain of the NASDAQ listing standards requiring prior stockholder approval in order to maintain our listing on the NASDAQ Global Market, including the following:

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

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

Assuming we elect to convert all of the Buyer Notes into shares of common stock, the issuance of common stock upon the conversion of certain Buyer Notes may be deemed to result in a group of

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certain holders of Buyer Notes acquiring more than 20% of our shares of common stock. Accordingly, we are seeking the stockholders approval on any "change in control" as used in Rule 5635(b) in the event that the potential issuance of our common stock upon conversion of the Buyer Notes as proposed as in Proposal 3 would be deemed to be a "change in control" for purposes of Rule 5635(b). Stockholders should note that a "change of control" as described under Rule 5635(b) applies only with respect to the application of such rule, and does not constitute a "change of control" for purposes of Delaware law, our organizational documents, or any other purpose.

In order to comply with applicable NASDAQ Listing Rules, the Buyer Notes were issued with limited conversion rights. Until our stockholders approve Proposal 3, the Buyer Notes may not be converted into shares of our common stock in excess of an exchange cap, subject to adjustment for any stock splits, reverse stock splits or similar events affecting the common stock (the "**Exchange Cap**"), which as of the issuance date of the Buyer Notes was 13,628,159 shares of common stock.

Q:
What are the terms of the Buyer Notes?

A:
The Buyer Notes were issued with different interest rates and conversion features for Hudson's management stockholders and Fireman Capital CPF Hudson Co-Invest LP, a Delaware limited partnership ("**Fireman**"), respectively. Interest on the convertible notes will be paid in a combination of cash and additional notes ("**PIK Notes**").

Buyer Notes in an aggregate principal amount of approximately \$22.9 million (face amount) were issued to Hudson's management stockholders (the "**Management Notes**"). The Management Notes are structurally and contractually subordinated to our senior debt and mature on March 31, 2019. The Management Notes accrue interest quarterly on the outstanding principal amount (i) from September 30, 2013 until the earlier to occur of the date of conversion of the notes or November 30, 2014 at a rate of 10% per annum, which will be payable 7.68% in cash and 2.32% in PIK Notes ("**PIK Interest**"), (ii) from December 1, 2014 until the earlier to occur of the date of conversion of the notes or September 30, 2016 at a rate of 10% per annum, which interest will payable in cash, and (iii) from October 1, 2016 until the earlier to occur of the date of conversion of the notes or the date such principal amount is paid in full at a rate of 10.928% per annum, which interest will be payable in cash. Payment of interest at the cash pay rate under clause (ii) or (iii), as applicable, for any payment date will be subject to satisfaction of the following conditions: (i) the issuance of the financial statements of our company and our consolidated subsidiaries for the fiscal quarter ending November 30, 2014 and for each fiscal quarter occurring thereafter, (ii) the "Leverage Ratio" (as defined in our term loan credit agreement) as of the most recently ended fiscal quarter is less than 3.21x to 1.00 and (iii) the "Excess Availability" (as defined in our term loan credit agreement) as of such date shall not be less than \$18,000,000 (which Excess Availability may be comprised of up to \$4,000,000 in "Unrestricted Cash" (as defined in our term loan credit agreement)). If such conditions are not satisfied as of any interest payment date, then the cash component of such interest payment will be payable 7.68% in cash and the remainder will be payable in PIK Interest. The Management Notes become convertible by each of the holders beginning September 30, 2015 and ending March 31, 2019, into shares of our common stock, cash, or a combination of cash and common stock, at our election.

The approximately \$9.6 million (face amount) in aggregate principal amount of Buyer Notes issued to Fireman (the "**Fireman Note**") are structurally and contractually subordinated to Company's senior debt and mature on March 31, 2019. The Fireman Note accrues interest quarterly on the outstanding principal amount (i) from September 30, 2013 until the earlier to occur of the date of conversion of the notes or November 30, 2014 at a rate of 6.5% per annum, which will be payable 3.0% in cash and 3.5% in PIK Interest, (ii) from December 1, 2014 until the earlier to occur of the date of conversion of the notes or September 30, 2016 at a rate of 6.5% per annum, which

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interest will payable in cash, and (iii) from October 1, 2016 until the earlier to occur of the date of conversion of the notes or the date such principal amount is paid in full at a rate of 7.0% per annum, which interest will be payable in cash. Payment of interest at the cash pay rate under clause (ii) or (iii), as applicable, for any payment date will be subject to satisfaction of the following conditions: (i) the issuance of the financial statements of our company and our consolidated subsidiaries for the fiscal quarter ending November 30, 2014 and for each fiscal quarter occurring thereafter, (ii) the "Leverage Ratio" (as defined in our term loan credit agreement) as of the most recently ended fiscal quarter is less than 3.00x to 1.00 and (iii) the "Excess Availability" (as defined in our term loan credit agreement) as of such date shall not be less than \$18,000,000 (which Excess Availability may be comprised of up to \$4,000,000 in "Unrestricted Cash" (as defined in our term loan credit agreement)). If such conditions are not satisfied as of any interest payment date, then the cash component of such interest payment will be payable 3.0% in cash and the remainder shall be payable in PIK Interest. The Firemen Note will become convertible by the holder October 1, 2014 and ending March 31, 2019, into shares of common stock, cash, or a combination of cash and common stock, at our election.

Subject to receipt of Joe's stockholders' approval of Proposal 3 pursuant to the NASDAQ Listing Rules, if Joe's elects to issue only shares of common stock upon conversion of the Buyer Notes, each of the Buyer Notes would be convertible, in whole but not in part, at a conversion price of \$1.78 per share, subject to certain adjustments that are typical for convertible notes of this type, into approximately 18.2 million shares of common stock. The Fireman Note may be converted at its sole election and the Management Notes may be converted at either a majority of the holders' election or individually, depending on the holder. Prior to receipt of stockholder approval of Proposal 3, the conversion rights will be limited to approximately 13.6 million shares of common stock. If we elect to pay cash with respect to a conversion of the Buyer Notes, the amount of cash to be paid per share shall equal (a) the number of shares of common stock issuable upon such conversion multiplied by (b) the average of the closing prices for the common stock over the 20 trading day period immediately preceding the notice of conversion. We will have the right to prepay all or any portion of the principal amount of the Buyer Notes at any time by paying 103% of the principal amount of the portion of any Management Notes subject to prepayment or 100% of the principal amount of the portion of the Fireman Note subject to prepayment.

The Buyer Notes are expressly junior and subordinated in right of payment to all amounts due and owing upon any indebtedness outstanding under our revolving credit facility and term loan facility.

On September 30, 2013, we entered into a registration rights agreement with the holders of the Buyer Notes (the "**Registration Rights Agreement**"). Pursuant to the Registration Rights Agreement, at any time following the 20 month anniversary of the date of the Registration Rights Agreement (or, in the case of Fireman, the 10 month anniversary of the date of the Registration Rights Agreement), any holder or group of holders that, together with its or their affiliates (collectively, a "**Demanding Stockholder**") holds more than 20% of the shares issued or issuable pursuant to the Buyer Notes (the "**Registrable Shares**") will have the right to require us to prepare and file a registration statement on Form S-1 or S-3 or any similar form or successor to such forms under the Securities Act, or any other appropriate form under the Securities Act or the Exchange Act for the resale of all or part of its Registrable Shares. The Demanding Stockholders will collectively have the right to require up to two registration statements on Form S-1 and an unlimited number of registration statements on Form S-3. Additionally, the Registration Rights Agreement allows for piggy back registration rights, subject to certain limitations as described therein, which allows each holder of Registrable Shares to participate in the registration statement each time we or another holder of Registrable Shares proposes to conduct a sale of its common stock to the public.

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The foregoing descriptions of the Buyer Notes, the Registration Rights Agreement and the Voting Letters, do not purport to be complete and are subject to, and qualified, in their entirety by, the full text of the form of the Buyer Notes, which was included as Exhibit 4.1 to our Current Report on Form 8-K filed on October 4, 2013, the Registration Rights Agreement, which was included as Exhibit 10.1 to our Current Report on Form 8-K filed on October 4, 2013, and the Form of Voting Letters, which was included as Exhibit 10.2 to our Current Report on Form 8-K filed on October 4, 2013, each of which is incorporated herein by reference.

Q:

Are holders of the Buyer Notes eligible to vote on Proposals 2 and 3?

A:

No. Holders of the Buyer Notes are not eligible to vote on Proposals 2 and 3, unless such holders otherwise hold shares of our common stock that are eligible to vote at the annual meeting.

Q:

Have any of our stockholders agreed to vote in favor of Proposals 2 and 3?

A:

Yes, as previously disclosed, certain stockholders of the company holding approximately 23% of our Company's voting power, have each entered into a letter solely between such stockholder and our company (the "**Voting Letters**") to vote in favor of authorizing us to issue, at our election, the maximum amount of shares of Common Stock upon conversion of the Buyer Notes, the approval of an amendment to our Certificate of Incorporation to increase the amount of authorized shares of Common Stock in an amount sufficient to permit the issuance of the Common Stock upon conversion of all Buyers Notes and the approval of any other matters related to the Acquisition. Each of the Voting Letters is substantially the same. We do not know how any other significant stockholders intend to vote their shares at the annual meeting.

Q:

What effect will the failure to approve Proposals 2 and 3 have on the Acquisition?

A:

None. The Acquisition was completed on September 30, 2013.

Q:

Did Joe's incur indebtedness in connection with the Acquisition and will the outcome of the votes on Proposals 2 and 3 impact Joe's need for additional indebtedness?

A:

We incurred substantial indebtedness to finance the acquisition of Hudson, including approximately \$32.4 million (face amount) in the aggregate principal amount of Buyer Notes, a \$50 million revolving credit facility and a \$60 million term loan facility. In addition, Hudson is now a borrower and/or credit party under these financing facilities. In connection with these agreements, we have certain restrictions on our ability and our subsidiaries' ability, to create or incur indebtedness; create liens; consolidate, merge, liquidate or dissolve; sell, lease or otherwise transfer any of its assets; substantially change the nature of its business; make investments or acquisitions; pay dividends; enter into transactions with affiliates; amend material documents, prepay certain indebtedness and make capital expenditures with certain exceptions. In addition, all of our assets, including our trademarks, are pledged as collateral under the loans. The increased indebtedness may make us more vulnerable to general adverse economic and industry conditions. The increased indebtedness will also increase borrowing costs and the covenants in the agreements may also limit our ability to obtain additional financing to fund working capital, capital expenditures, acquisitions or general corporate requirements. We will also be required to dedicate a larger portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including working capital, capital expenditures and general corporate purposes.

If Proposals 2 and 3 are not approved, upon the conversion of the Buyer Notes, we may need to incur additional indebtedness to settle the conversion in cash or a combination of cash and stock since we can only issue shares up to the Exchange Cap. To the extent that Proposal 3 is not

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approved, pursuant to the Buyer Notes, we are required to use our commercially reasonable efforts to explore raising additional indebtedness or other financing, refinancing of our senior debt, or obtaining waivers from the holders of our senior debt to allow Joe's to convert the Buyer Notes and fulfill in cash any conversion obligations not paid in shares of our common stock, subject to approval of the Board of Directors. Our ability to obtain financing on reasonable terms will depend on our future operating performance and financial results, and will be subject, in part, to factors beyond our control, including interest rates and general economic, financial and business conditions. Any additional required financing will increase our substantial indebtedness and likely result in further restrictions and consequences as described above. If we are unable to obtain the necessary financing we may default on the Buyer Notes which may have a material adverse effect on Joe's. For a further discussion of the impacts of failing to approve Proposals 2 and 3, see the disclosure included below under the headings "What if our stockholders do not approve Proposal 2?", "What if our stockholders approve Proposal 2, but do not approve Proposal 3?", "What if our stockholders do not approve Proposal 3?", and "What if our stockholders approve Proposal 3, but do not approve Proposal 2?" We encourage you to read the risk factor entitled "We incurred substantial indebtedness to finance the acquisition of Hudson and are subject to compliance with those financing agreements, which may decrease business flexibility and adversely affect financial results" contained in our Annual Report on Form 10-K for the year ended November 30, 2013, filed on February 13, 2014 (the "**2013 Annual Report**"), which is incorporated by reference into this proxy statement and a copy of which is being mailed with this proxy statement.

Q:
Where can I find more financial and other information regarding Hudson and the Acquisition?

A:
Certain historical financial statements of Hudson and pro forma condensed combined financial statements of Joe's together with Hudson as of and for the nine months ended August 31, 2013 and for the fiscal year ended November 30, 2012 (collectively, the "**Hudson Financials**") were filed as exhibits to Amendment No. 1 to our Current Report on Form 8-K/A filed on December 6, 2013 (the "**Hudson 8-K/A**"). In addition, our 2013 Annual Report contains additional financial information, disclosure and analysis regarding the Acquisition of Hudson and its impact on our Company. The Hudson 8-K/A and 2013 Annual Report are incorporated by reference into this proxy statement and a copy of the Hudson Financials and 2013 Annual Report are being mailed with this proxy statement.

Q:
What shares can I vote?

A:
Each share of our common stock issued and outstanding as of the close of business on March 14, 2014, or the Record Date, is entitled to vote for all proposals being voted upon at the annual meeting. You may cast one vote per share of common stock held by you as of the Record Date. These shares include shares that are (1) held directly in your name as the common stockholder of record, and (2) shares held for you as the beneficial owner through a broker, bank or other nominee. As of the March 10, 2014, we had 68,935,458 shares of common stock issued and outstanding, which number we expect will be unchanged as of the Record Date, and 827 common stockholders of record.

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

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

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Common Stockholder of Record

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

Beneficial Owner

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

Q:
How can I attend the annual meeting?

A:
You are entitled to attend the annual meeting only if you are a Joe's common stockholder of record as of the close of business on the Record Date or you hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. If you are not a common stockholder of record, but hold the shares through a broker, bank or nominee (*i.e.*, in street name), you will be required to provide proof of beneficial ownership on the Record Date, such as your most recent account statement prior to March 14, 2014, a copy of the voting instruction form provided by your broker, bank or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the annual meeting.

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

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

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

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

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beneficially in street name, please follow the instructions included in the proxy materials provided to you by your broker, bank or nominee or on your voting instruction form.

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

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

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

Q:
May I change my vote?

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

Q:
Is my vote confidential?

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

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

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

are present and vote at the annual meeting; or

properly submit a proxy card or vote over the Internet or by telephone.

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

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Q: **How are votes counted?**

A: For the election of directors, you may vote **"FOR"** all of the nominees or your vote may be **"WITHHELD"** for one or more of the nominees. For the other items of business, you may vote **"FOR," "AGAINST"** or **"ABSTAIN."** If you **"ABSTAIN,"** the abstention has the same effect as a vote **"AGAINST"** the proposal. If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items.

Q: **What happens if I do not give specific voting instructions?**

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

If you hold your shares through a broker, bank or other nominee and you do not return a voting instruction form, your broker may vote your shares on routine matters, but not on non-routine matters. As a result, your broker may not vote your shares without receipt of a voting instruction form with respect to Proposals 1 through 5 because each proposal is a non-routine matter, but may vote your shares without your instructions with respect to Proposal 6 (ratification of independent registered public accounting firm) because this matter is considered routine.

Q: **Who will count the vote?**

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

Q: **Who will serve as inspector of election?**

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

Q: **What is the voting requirement to approve each of the proposals?**

A: For Proposal 1, regarding the election of directors, the eight nominees receiving a plurality of **"FOR"** votes at the annual meeting will be elected. However, pursuant to our Corporate Governance Guidelines, any incumbent director that receives a greater number of **"WITHHELD"** votes than **"FOR"** votes in an uncontested election shall tender his or her resignation. If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker has not received voting instructions from the beneficial owner of shares held in street name, and the broker does not have or declines to exercise discretionary authority to vote those shares. Brokers may not vote shares on Proposals 1 through 5 without instructions from the beneficial owner of such shares. If the broker is not instructed with respect to Proposals 1 through 5, the shares will constitute broker non-votes.

Proposal 2 requires the affirmative **"FOR"** vote of a majority of our issued and outstanding common stock. Broker non-votes and abstentions will have the same effect as a vote against Proposal 2.

Proposals 3, 4, 5 and 6 require the affirmative **"FOR"** vote of a majority of those shares present in person or represented by proxy and entitled to vote on those proposals at the annual meeting. In tabulating the voting results for Proposals 3, 4 and 5, shares that constitute broker non-votes are not considered entitled to vote on such proposals. Thus, broker non-votes will not be counted in the vote total and will have no effect on the vote. Brokers have the discretion to vote your shares

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with respect to Proposal 6 because it is a routine matter. Abstentions have the same effect as votes against Proposals 3, 4, 5 and 6.

In addition, in order to satisfy NASDAQ's shareholder approval requirements for Proposals 3 and 4, a majority of the total votes cast on Proposals 3 and 4 must be voted in favor of such proposals. Under NASDAQ rules, abstentions are treated as votes cast, but broker non-votes are not. Therefore, abstentions will have the effect of a vote against Proposals 3 and 4, but broker non-votes will have no effect on the outcome of that proposal for purposes of the NASDAQ shareholder approval requirements.

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

A:
Other than the proposals described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the person named as proxyholder, Marc Crossman, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees for our Board of Directors is not available as a candidate, the person named as proxyholder will vote your proxy for such other candidate or candidates as may be nominated by the Board of Directors.

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

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

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

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

Q:
Can I access the Notice of Annual Meeting, Proxy Statement, 2013 Annual Report and the Hudson Financials on the Internet?

A:
The Notice of Annual Meeting, Proxy Statement, 2013 Annual Report, Hudson Financials and any other materials made available by Joe's are or will be, as the case may be, available at <http://www.joesjeans.com/2014proxy>.

Q:
Where can I find the results of the annual meeting?

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

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Q: Where can I obtain a copy of Joe's Annual Report on Form 10-K for the year ended November 30, 2013?

A: A copy of our Annual Report on Form 10-K for the year ended November 30, 2013 and the Hudson Financials are being mailed with this proxy statement and are available at <http://www.joesjeans.com/2014proxy>.

Q: What if I share an address with another common stockholder?

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

Q: What is the deadline to propose actions for consideration at next year's annual meeting of stockholders?

A: You may submit proposals, including director nominations, for consideration at future common stockholder meetings. We expect to hold our 2015 annual meeting of stockholders in or around May of 2015. Our common stockholders may submit proposals that they believe should be voted upon at the 2015 annual meeting consistent with regulations of the SEC and our bylaws.

Pursuant to Rule 14a-8 under the Exchange Act, some stockholder proposals may be eligible for inclusion in our 2015 proxy statement. Any such stockholder proposals must be submitted in writing to and received by the Corporate Secretary of Joe's at 2340 South Eastern Avenue, Commerce, California 90040 no later than November 17, 2014. The submission of a stockholder proposal does not guarantee that it will be included in our proxy statement.

With respect to any stockholder proposal not submitted pursuant to SEC Rule 14a-8 under the Exchange Act in connection with the 2015 Annual Meeting of Stockholders, the proxy submitted or such meeting will confer discretionary authority to vote on such proposals unless we are notified of such proposal no later than January 31, 2015 and the proponent complies with the other requirements set forth in SEC Rule 14a-4(c) under the Exchange Act.

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

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

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

A: Stockholders may recommend candidates for consideration by the Board of Directors' Nominating and Governance Committee by providing written notice to Joe's Jeans Inc., c/o Office of Corporate Secretary, 2340 South Eastern Avenue, Commerce, California 90040. The written notice must provide the candidate's name, age, business and residence addresses, biographical data, including principal occupation, qualifications, the number and class of our shares, if any, beneficially owned by the candidate, and all other information regarding candidates required by Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder. A written statement from the candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director should accompany any stockholder recommendation. Any stockholder who wishes to recommend a nominee for election as a director must also provide his, her or its name and address, the number and class of shares beneficially owned by the stockholder, a description of all arrangements or understandings relating to the nomination among the stockholder making the nomination, the proposed nominee and any other person or persons (including their names), and all other information regarding the stockholder required by Section 14 of the Exchange Act, the rules and regulations promulgated thereunder and our Seventh Amended and Restated Certificate of Incorporation, as may be amended from time to time, and Amended and Restated Bylaws.

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JOE'S JEANS INC.
2340 SOUTH EASTERN AVENUE
COMMERCE, CALIFORNIA 90040

PROXY STATEMENT

**ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY,
 MAY 8, 2014**

PROPOSAL 1

ELECTION OF DIRECTORS

Our bylaws provide that our Board of Directors will consist of not less than three directors, with the exact number of directors (subject to such minimum and any range of size established by our common stockholders) to be determined by resolution of our Board of Directors. Currently, the number of directors has been set at eight. At our annual meeting, eight directors will be elected to serve until the 2015 annual meeting of stockholders or until their respective successors are elected and qualified. Our Board of Directors' nominees for election are set forth below.

Q:
What is the vote required to approve Proposal 1?

A:
 Our Board of Directors will be elected by a plurality vote. However, pursuant to our Corporate Governance Guidelines, any incumbent director that receives a greater number of "**WITHHELD**" votes than "**FOR**" votes in an uncontested election shall tender his or her resignation. Unless otherwise instructed on the proxy, properly executed proxies will be voted for the election of all of the director nominees set forth below. Our Board of Directors believes that all such nominees will stand for election and will serve if elected. However, if any of the persons nominated by the Board of Directors fails to stand for election or is unable to accept election, proxies will be voted by the proxy holder for the election of such other person or persons as the Board of Directors may recommend.

Q:
What information is provided with respect to nominees to the Board of Directors?

A:
 The following table sets forth information regarding our eight nominees to our Board of Directors:

Name	Age	Position	Year First Elected Director
Samuel J. (Sam) Furrow(1)(3)	72	Chairman of the Board of Directors	1998
Marc B. Crossman	42	Chief Executive Officer, President, and Director	1999
Joe Dahan	46	Creative Director and Director	2007
Joanne Calabrese(2)(3)	55	Director	2012
Kelly Hoffman(1)(2)(3)	56	Director	2004
Peter Kim	43	Director	(4)
Suhail R. Rizvi	48	Director	2003
Kent Savage(1)(2)	52	Director	2003

(1) Member of the Audit Committee

(2) Member of the Compensation and Stock Option Committee

(3)

Member of the Nominating and Governance Committee

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(4) The Board of Directors appointed Mr. Kim as a member at the effective time of the Acquisition on September 30, 2013.

Q: What is the business experience, key attributes and skills of the nominees for election to our Board of Directors?

A: The business experience of our nominees for election to our Board of Directors is as follows:

Samuel J. (Sam) Furrow has served as Chairman of our Board of Directors since October 1998. Mr. Furrow became a member of our Board of Directors in April 1998 and served as our Chief Executive Officer from October 1998 until December 2000. Mr. Furrow also has been Chairman of the Board of Furrow Auction Company, a real estate and equipment sales company with its headquarters in Knoxville, Tennessee, since April 1968; Chairman of Furrow Justice Machinery Corporation, a six-branch industrial and construction equipment dealer, since 1983; owner of Knoxville Motor Company Mercedes Benz and Land Rover of Knoxville since December 1980 and July 1997, respectively. Mr. Furrow received his undergraduate and J.D. degrees from the University of Tennessee. Due to Mr. Furrow's extensive background as a business owner and operator, he brings substantial business experience and leadership to the Board of Directors, as well as offering advice and guidance to our management team.

Marc B. Crossman has served as our Chief Executive Officer since January 2006, our President since September 2004 and a member of our Board of Directors since January 1999. From March 2003 until August 2007, Mr. Crossman served as our Chief Financial Officer. From January 1999 until March 2003, Mr. Crossman served as a Vice President and Equity Analyst with J.P. Morgan Securities Inc. From September 1997 until January 1999, Mr. Crossman served as a Vice President and Equity Analyst with CIBC Oppenheimer Corporation. Mr. Crossman received his B.S. degree in Mathematics from Vanderbilt University. With Mr. Crossman's background as an equity analyst, his tenure with the Company and a member of the Board of Directors since 1999, Mr. Crossman provides strategic guidance and experience for all aspects of our operations, including our capital and strategic matters.

Joe Dahan has served as the president and head designer for our Joe's Jeans subsidiary since its formation in February 2001, and as Creative Director and a member of our Board of Directors since October 2007. Mr. Dahan is responsible for the design, development and marketing of Joe's products. From 1996 until 2001, Mr. Dahan was the head designer for Azteca Production International, Inc., or Azteca, where he was responsible for the design, development and merchandising of product lines developed by Azteca, a manufacturer of branded and private label denim products. From 1989 until 1996, Mr. Dahan was engaged in the design and development of apparel products for a company of which he was an owner and operator. Mr. Dahan's significant experience in the apparel industry brings expertise related to the creative and strategic direction of our brand from season to season and our operational matters.

Joanne Calabrese has served as a member of our Board of Directors since March 2012. Since July 2012, Ms. Calabrese has served as Senior Vice President Americas Region for Fossil, Inc., a publicly-traded global retailer specializing in the design, innovation and marketing of fashion lifestyle and accessory items, including, watches, handbags and clothing. From 2007 until July 2012, Ms. Calabrese served as founder and owner of jcr³, a retail consulting firm specializing in the merchandising, marketing, multi-channel retailing and strategic planning for global retail expansion. Prior to her consulting practice, from 2001 until 2006, Ms. Calabrese served as President of the Americas region for The Body Shop, a personal care retailer with 450 stores in the United States, Mexico, and Canada. Ms. Calabrese has also previously served in executive positions for other well-known retail companies, such as the Gap, Inc., Macy's Inc., and DFS Group, the operator of Duty Free Shops. Ms. Calabrese began her career as a buyer for shoes and fashion accessories at

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Marshall Field's. Ms. Calabrese's retail and apparel industry knowledge enables her to offer advice and guidance to our management on our expansion and development of our retail stores.

Kelly Hoffman has served as a member of our Board of Directors since June 2004. Since January 2013, Mr. Hoffman has served as the Chief Executive Officer and Director of Ring Energy, Inc. (OTCBB: RNGE), an oil and gas exploration, development and production company with operations in Texas and Kansas. From December 2011 until January 2013, Mr. Hoffman served as a consultant to numerous companies in the oil and gas industry. From April 2008 until December 2011, Mr. Hoffman served as President of Victory Park Resources, a privately held exploration and production company specializing in the acquisition of oil and gas producing properties in Oklahoma, Texas and New Mexico. From 1998 until September 2009, Mr. Hoffman served as Chairman of the Board of Directors and Chief Executive Officer of Varsity Media Group Inc., a technology and new media company. From 1991 until 1998, Mr. Hoffman owned AOCO Operating, a company that raised capital for the acquisition of property in Texas, Louisiana and New Mexico whereby he purchased over 20,000 acres and drilled over 75 successful oil wells. Mr. Hoffman began his oil and gas career at Amoco Production Company in Texas in various positions. Mr. Hoffman attended Texas Tech University and majored in Business Administration. Mr. Hoffman's experience with starting up, raising capital and running various companies has provided us with practical knowledge and guidance on operations.

Peter Kim has served a member of our Board of Directors and the chief executive officer of our wholly owned subsidiary, Hudson Clothing Holdings, Inc., or Hudson, since our acquisition of Hudson on September 30, 2013. Mr. Kim is responsible for the operation of our Hudson subsidiary, a leading global designer and marketer of women's and men's premium branded denim apparel. Mr. Kim has been the Chief Executive Officer and member of the Board of Directors of Hudson since he founded it in 2002. Mr. Kim's apparel and denim industry knowledge enables him to offer advice and guidance to our management as we grow our operations in the denim industry.

Suhail R. Rizvi has served as a member of our Board of Directors since April 2003. Since 2004, Mr. Rizvi has served as founder, Chairman and Chief Investment Officer of Rizvi--Traverse Management LLC and other related funds. Mr. Rizvi has over twenty years of private equity investing experience for his own account and as a fiduciary for institutional investors through various entities or funds as founder, principal or manager. Mr. Rizvi received his B.S. degree in Economics from the Wharton School of the University of Pennsylvania and sits on the Wharton Undergraduate Executive Board. Mr. Rizvi's experience as an executive and private equity investor brings strong financial and strategic expertise to our Board of Directors and management to assist in achieving stockholder value.

Kent Savage has served as a member of our Board of Directors since July 2003. Since 2000, Mr. Savage has served as the General Partner of Savage Interests LP, a limited partnership for investments. Since 2012, Mr. Savage has also served as co-founder and Chief Executive Officer of Icon.me, LLC. From June 2005 until 2010, Mr. Savage served as Founder and CEO of Famecast, Inc., a privately held interactive branded entertainment and contest management company. From January 2004 until June 2005, Mr. Savage served as Chief Executive Officer for Digital Lifestyles Group, Inc., a publicly traded manufacturer and distributor of personal computers, and in connection, Mr. Savage created the hip-e computer. Between February 2003 and January 2004, Mr. Savage served in various consulting capacities to start-up companies. From September 2002 until February 2003, Mr. Savage served as co-founder, Chief Sales and Marketing Officer for TippingPoint Technologies (NASDAQ: TPTI), which was acquired by 3Com. From February 1999 until August 2001, Mr. Savage served as co-founder, CEO and President for Netpliance, Inc. From April 1998 until February 1999, Mr. Savage served as General Manager, Broadband for Cisco Systems Inc. Service Provider Line of Business. From July 1996 until April 1998, Mr. Savage served as Vice President, Sales and Marketing for NetSpeed, Inc. Mr. Savage

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received his B.S. degree in Business from Oklahoma State University, attended University of Virginia's Executive Leadership Program, and received his M.B.A. degree from Southern Methodist University. Mr. Savage's extensive experience as an officer and director at other public companies brings valuable experience and insight regarding our financial and accounting matters to lead our Audit Committee.

Q:

How are the Board of Directors elected and how many meetings were held in fiscal 2013?

A:

Each member of our Board of Directors is elected at the annual meeting of stockholders and serves until the next annual meeting of stockholders or until a successor has been elected and qualified or his earlier death, resignation or removal. Vacancies on the Board of Directors are filled by a majority vote of the remaining Board of Directors. Our Board of Directors manages us through board meetings and through its committees. During our fiscal year ended November 30, 2013, or fiscal 2013, our Board of Directors met or acted through written consent a total of 12 times. No incumbent member of our Board of Directors who served as a director in fiscal 2013 attended in person or via teleconference or proxy less than 75% of all the meetings of our Board of Directors and the committees on which he served during fiscal 2013. Although we do not have a formal policy regarding attendance at our annual meeting of stockholders, we attempt to accommodate the schedules of each member of our Board of Directors in choosing a date for our annual meeting of stockholders and our annual meeting of our Board of Directors. Because we changed the date of our annual meeting in fiscal 2013 to less than five months after our prior year annual meeting, we did not require members of our Board of Directors to attend the annual meeting of stockholders in person. However, three members of our Board of Directors attended in person. In accordance with our Corporate Governance Guidelines, non-management directors also meet as needed in executive sessions without management present. The Chairman of the Board acts as the chair of executive sessions of the non-management directors. During fiscal 2013, our non-management directors did not meet in executive session, but met just prior to our fiscal year end in November of fiscal 2012.

Q:

What committees has the Board of Directors formed?

A:

Our Board of Directors has an Audit Committee, Compensation and Stock Option Committee and Nominating and Governance Committee.

Audit Committee. The Audit Committee is currently comprised of Messrs. Hoffman, Furrow and Savage. Mr. Savage serves as Chairman of the Audit Committee. Mr. Tom O'Riordan was a member and Chairman of the Audit Committee until he retired from the Board of Directors in April 2013, at which time he was replaced on the Audit Committee by Mr. Hoffman. The Audit Committee met or acted through written consent a total of six times in fiscal 2013.

The principal responsibility of the Audit Committee is to oversee our accounting and financial reporting processes and the audits of our financial statements. In that regard, the Audit Committee assists our Board of Directors in monitoring (1) our accounting, auditing, and financial reporting processes generally, including the qualifications, independence and performance of the independent auditor (including pre-approval of audit and non-audit services to be performed by the independent auditor), (2) the integrity of our financial statements, (3) our systems of internal control regarding finance and accounting and (4) our compliance with legal and regulatory requirements. The Audit Committee has a charter that details its duties and responsibilities, which was adopted by our Board of Directors on November 21, 2013. Our Audit Committee is also responsible for reviewing with management our major risk exposures and our risk assessment and risk management programs. Currently, all Audit Committee members are "independent" under NASDAQ listing standards and as such term is defined in the rules and regulations of the SEC, and Mr. Savage has also been designated to be an "audit committee financial expert" as such term

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is defined in the rules and regulations of the SEC. Until his resignation in April 2013, Mr. O'Riordan had been designated to be an "audit committee financial expert" as such term is defined in the rules and regulations of the SEC. A copy of the Audit Committee charter, as amended from time to time, can be found on our website at www.joesjeans.com under our Investor Relations heading.

Compensation and Stock Option Committee. Currently, the Compensation and Stock Option Committee, or the Compensation Committee, is comprised of Messrs. Hoffman and Savage and Ms. Calabrese. Mr. Hoffman serves as Chairman of the Compensation Committee. The Compensation Committee met or acted through written consent a total of two times in fiscal 2013.

The principal responsibilities of the Compensation Committee are (1) discharging our Board of Directors' responsibilities relating to the compensation of our Chief Executive Officer and other executive officers, (2) administering our equity-based compensation plans and (3) reviewing the disclosures in our Compensation Discussion and Analysis and producing an annual compensation committee report for inclusion in our proxy statements, as applicable. The Compensation Committee has a charter that details its duties and responsibilities, which was adopted by our Board of Directors on November 21, 2013. Currently, all Compensation Committee members are "independent" under NASDAQ listing standards. A copy of the Compensation Committee charter, as amended from time to time, can be found on our website at www.joesjeans.com under our Investor Relations heading. The Compensation Committee also has the ability to delegate its duties as necessary and appropriate, including the ability to delegate certain of its responsibilities under our stock incentive plans.

Nominating and Governance Committee. The Nominating and Governance Committee is currently comprised of Messrs. Furrow and Hoffman and Ms. Calabrese. Mr. Furrow serves as Chairman of the Nominating and Governance Committee. Mr. O'Riordan was a member of the Nominating and Governance Committee until he retired from the Board of Directors in April 2013. The Nominating and Governance Committee met a total of one time in fiscal 2013 and met prior to the filing of this proxy statement to propose the above slate of nominees for election to our Board of Directors by our common stockholders for this annual meeting.

The principal responsibilities of the Nominating and Governance Committee are (1) assisting our Board of Directors in identifying individuals qualified to serve as members of our Board of Directors, (2) developing and recommending to our Board of Directors a set of corporate governance guidelines, and (3) overseeing the evaluation of our Board of Directors and management. In that regard, the Nominating and Governance Committee also has primary responsibility to recommend to our Board of Directors the director nominees for election by the stockholders at meetings of stockholders and for filling any vacancies and newly created directorships, to periodically review and make recommendations regarding the composition and size of our Board of Directors and committees, to review and make recommendations to our Board of Directors with respect to director compensation, and to oversee director orientation and continuing education programs.

The Nominating and Governance Committee has a charter that details its duties and responsibilities, which was adopted by our Board of Directors on November 21, 2013. Currently, all Nominating and Governance Committee members are "independent" under NASDAQ listing standards. There is no specific procedure outlined in the charter for the Nominating and Governance Committee to consider nominees to our Board of Directors that are recommended by our common stockholders, but such nominees will be considered in accordance with the principal responsibilities of the Nominating and Governance Committee, our bylaws, our Corporate Governance Guidelines and all applicable rules and regulations relating to such nominations by our common stockholders. Any recommendations by stockholders for nominations to our Board of

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Directors would be evaluated in a manner similar to how the Nominating and Governance Committee considers all directors. The Nominating and Governance Committee has the responsibility for developing criteria for the selection of new directors and nominees for vacancies. In evaluating the suitability of candidates, the Nominating and Governance Committee may take into account many factors, including the nominee's judgment, experience, independence, character, business acumen and such other factors as the Nominating and Governance Committee concludes are pertinent in light of the current needs of our Board of Directors, including an incumbent's past performance, attendance at meetings and participation in and contributions to the activities of our Board of Directors. We have no formal policy on diversity; however, our Board of Directors believes that its membership should reflect a diversity of experience, gender, race, ethnicity and age. To date, no more specific criteria has been developed other than that set forth in the charter of the Nominating and Governance Committee and our Corporate Governance Guidelines. In addition, in July 2011, we engaged an outside consulting firm to assist us with evaluating potential members for our Board of Directors. In connection with this assistance, on March 19, 2012, Joanne Calabrese was elected as a new member of our Board of Directors. A copy of the Nominating and Governance Committee charter, as amended from time to time, can be found on our website at www.joesjeans.com under our Investor Relations heading.

Q:

How are members of the Board of Directors compensated for their service?

A:

Historically, our non-employee directors have been compensated for service through an equity grant or on a cash basis. Our directors are not compensated in any other manner; however, they are reimbursed for travel and business expenses associated with attending our annual meeting if the director's schedule permits such attendance.

In November 2012, the Compensation Committee of the Board of Directors approved grants of restricted stock units, or RSUs with a fair market value of \$70,000 to each non-employee director, for which the non-employee director had the option to elect all RSUs or 1/3 of the fair market value in cash and 2/3 in RSUs or the entire award in cash to be paid quarterly. The following non-employee directors each received 78,652 RSUs: Sam Furrow and Suhail Rizvi. The following non-employee directors received 52,436 RSUs and \$23,332 in cash: Kent Savage and Joanne Calabrese. Tom O'Riordan and Kelly Hoffman each received \$70,000 as a cash retainer. The RSUs vested and the cash amounts were paid on a quarterly basis over the course of the 12 months subsequent to the grant. This amount was determined based upon the prior year's payment.

Name	Board of Director Fees		
	Fees earned or paid in cash	Stock Awards(1)	Total
Sam Furrow	\$	\$ 70,000	\$ 70,000
Suhail Rizvi		70,000	70,000
Kent Savage	23,332	46,668	70,000
Joanne Calabrese	23,332	46,668	70,000
Tom O'Riordan	87,500(2)		87,500
Kelly Hoffman	70,000		70,000
	\$ 204,164	\$ 233,336	\$ 437,500

(1)

Represents or 78,652 or 52,436 shares of RSUs granted to our non-employee directors on November 14, 2012 pursuant to the Amended Stock Incentive Plan and reflects the dollar amount of compensation expense recognized by us in our financial statements for

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reporting purposes in accordance with ASC 718. The RSUs vested on a quarterly basis over a 12 month period with the first tranche vesting on February 14, 2013. For a discussion on the assumptions made regarding the valuation of the stock awards, please see "Note 7 Stockholders' Equity Stock Incentive Plans" in our Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended November 30, 2012.

(2)

Mr. O'Riordan was paid a one-time payment of \$70,000 in connection with his retirement from the Board of Directors in April 2013 in addition to fees previously earned prior to April 2013.

Members of our Board of Directors who are employees receive no additional compensation for service as members of our Board of Directors. Members of our Board of Directors who also serve on one or more committees of our Board of Directors do not receive any additional compensation for such service.

In February 2014, the Compensation Committee of the Board of Directors approved grants of RSUs to the directors as follows: (i) 65,772 RSUs each to Sam Furrow and Suhail Rizvi that vest on a quarterly basis over the course of 12 months; (ii) 44,067 RSUs each to Kent Savage and Joanne Calabrese that vest on a quarterly basis over the course of 12 months and \$32,340 each to Kent Savage and Joanne Calabrese in the form of cash payments to be paid in quarterly installments of \$8,085 each primarily to cover tax obligations associated with the vesting of the RSUs over the course of 12 months. In lieu of a RSU grant, Kelly Hoffman will be compensated through a cash retainer in the amount of \$98,000 to be paid in quarterly installments of \$24,500 over the course of 12 months. The RSU awards are subject to the terms and conditions of the Amended and Restated 2004 Stock Incentive Plan and the applicable award agreement to be executed by each participant.

Q:

Has our Board of Directors adopted a code of ethics?

A:

Our Board of Directors adopted a Code of Business Conduct and Ethics for all of our directors, officers and employees on May 22, 2003. Our Code of Business Conduct and Ethics is available on our website at www.joesjeans.com under our Investor Relations heading or you may request a free copy of our Code of Business Conduct and Ethics from our Chief Compliance Officer at our corporate headquarters at the following address: 2340 South Eastern Avenue, Commerce, California 90040 or by calling (323) 837-3700. You may also find a copy of our Code of Business Conduct and Ethics filed as Exhibit 14 to our Annual Report on Form 10-K for the fiscal year ended November 29, 2003 filed with the SEC on February 27, 2004.

To date, there have been no waivers under our Code of Business Conduct and Ethics. We intend to disclose any amendments to our Code of Business Conduct and Ethics and any waiver granted from a provision of such Code on our website at www.joesjeans.com within the same time frame that would otherwise be required by a Form 8-K. The information contained or connected to our website is not incorporated by reference into this proxy statement and should not be considered a part of this or any other report that we file or furnish to the SEC.

Q:

Has our Board of Directors adopted corporate governance guidelines?

A:

Our Board of Directors has adopted Corporate Governance Guidelines that describe, among other matters, the role of the Board of Directors, Board of Directors composition and selection, independence standards and other Director qualifications, selection of the chairman and chief executive officer, our majority voting standard, committees of the Board of Directors, meetings of the Board of Directors, Director responsibilities, Director compensation, annual performance evaluations, succession planning, and the process for stockholders or other interested parties to

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communicate with our Board of Directors. A copy of the Corporate Governance Guidelines, as amended from time to time, can be found on our website at www.joesjeans.com under our Investor Relations heading.

Q:

What is our Board of Directors' role in risk management and oversight?

A:

Our Board of Directors oversees our risks in an enterprise wide approach to understand our material enterprise risks, including operational, financial, strategic, compliance and reputational risks. First, we have a fully independent Audit Committee that is primarily responsible for reviewing with management our major risk exposures and our risk assessment and risk management programs, including our financial risks. Our Audit Committee meets on a quarterly basis and as needed with management, internal auditors and our internal audit consultants to review and discuss these matters. In addition, at the invitation of the Audit Committee, other members of the Board of Directors and management team are also present at these meetings to participate in the discussion on our most significant risks and exposure to risks and the evaluation of these matters to ensure consensus and mutual understanding between our Board of Directors and management. Finally, each of our committees considers their own particular set of risks associated with its responsibilities.

Q:

What is the leadership structure of our Board of Directors?

A:

Our Board of Directors is led by our Chairman of the Board and our company is led by our President and CEO. In accordance with our Corporate Governance Guidelines, our Board of Directors believes that whether to have the same person occupy the offices of Chairman and CEO should be decided by the Board of Directors, from time to time, in its business judgment after considering relevant circumstances. We currently separate the offices of Chairman and CEO: our Chairman is currently Mr. Sam Furrow and our President and CEO is currently Mr. Marc Crossman. We believe that separating the role of Chairman and CEO promotes balance between the oversight function of the Board of Directors and our operational and strategic direction undertaken by our CEO. We believe that this separation also balances the leadership in the boardroom and at the company in its day to day operational activities. Our Board of Directors also believes that this issue is part of the succession planning process. Our Board of Directors will periodically make a determination as to the appropriateness of this policy in connection with the recruitment and succession of the Chairman and/or CEO. In addition, all of our committees have separate committee chairpersons that act as the presiding chair at the particular committee meetings. All of our committees are comprised of independent members. Also, all members are free to request items for inclusion on the agenda at meetings, as well as have an opportunity to bring up any items of discussion at any time among the Board of Directors or with management.

Q:

How does the Board of Directors recommend I vote?

A:

Our Board of Directors unanimously recommends a vote "**FOR**" the director nominees listed above.

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PROPOSAL 2

APPROVAL OF AMENDMENT TO THE SEVENTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE AMOUNT OF AUTHORIZED SHARES OF COMMON STOCK

Our Board of Directors has approved and recommends the adoption of an amendment to our Seventh Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock available for issuance by 20 million from 100 million to 120 million. The increase in the number of authorized shares of common stock available for issuance is necessary to provide us with a sufficient reserve of shares of common stock to permit the issuance of common stock upon conversion of the Buyer Notes issued in connection with our acquisition of Hudson and to continue to have common stock available for other general corporate purposes on an ongoing basis, including the proposed increase in shares reserved under the Amended and Restated 2004 Stock Incentive Plan. We are asking our common stockholders to consider and approve the amendment to our Seventh Amended and Restated Certificate of Incorporation. Currently, we have 100 million shares of our common stock and 5 million shares of our preferred stock authorized for issuance. In the event of approval of this amendment, our authorized shares of common stock would be increased by 20 million to 120 million. Our authorized shares of preferred stock will remain the same. If this proposal is approved, the additional shares would be part of the existing class of common stock and if and when issued, would have the same rights and privileges as the shares of common stock presently issued and outstanding. As of March 10, 2014, we had 69,459,564 shares of common stock issued and 68,935,458 shares of common stock outstanding.

Q: Why do we need to increase the number of authorized shares of common stock available for issuance by twenty million?

A: The number of authorized shares of common stock available for issuance under our Seventh Amended and Restated Certificate of Incorporation is currently set at 100 million shares. As of March 10, 2014, we had 69,459,564 shares of common stock issued and outstanding, including treasury shares. As of March 10, 2014, we had 18,923,916 shares of common stock reserved for future issuance, including (i) 775,000 shares of common stock issuable upon the exercise of stock options granted under the incentive plans; (ii) 1,545,326 shares of common stock issuable upon the vesting of RSUs; (iii) an aggregate of 2,975,431 shares of common stock available for future issuance under the Amended and Restated 2004 Stock Incentive Plan; and (iv) 13,628,159 shares of common stock issuable upon conversion of the Buyer Notes (subject to Exchange Cap). If Proposal 4 is approved, the shares of common stock available for future issuance under the Amended and Restated 2004 Stock Incentive Plan will increase to 7,975,431 shares.

Until our stockholders approve Proposal 3, the Buyer Notes may not be converted into shares of our common stock in excess of the Exchange Cap, which as of the issuance date of the Buyer Notes was 13,628,159 shares of common stock. Upon the approval of Proposal 3, each of the Buyer Notes, including the PIK Notes, would be convertible, subject to certain conditions, including our election to convert such notes into common stock or cash, in whole but not in part, at a conversion price of \$1.78 per share, subject to certain adjustments that are typical for convertible notes of this type, into approximately 18.4 million shares of common stock. In addition, as described above in "Questions and Answers about the Proxy Material and the Annual Meeting" under the question "What are the terms of the Buyer Notes?", we will issue additional Buyer Notes as PIK Interest from time to time, which will increase the number of shares issuable upon conversion of the Buyer Notes.

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Below is a table that calculates the current shares available for future issuance based on current uses of the authorized shares of the common stock as of March 10, 2014.

	Shares of common stock (in thousands)
Authorized shares of common stock	100,000
Issued and outstanding shares of common stock, including treasury shares	(69,460)
Reserved shares of common stock:	
Stock options	(775)
RSU	(1,545)
Future issuances under the Amended and Restated 2004 Stock Incentive Plan	(2,975)
Shares issuable upon conversion of the Buyer Notes (subject to Exchange Cap)	(13,628)

Shares available for future issuances 11,617

Below is a table that calculates the current shares available for future issuance based on current uses of the authorized shares of the common stock as of March 10, 2014, assuming that Proposals 2, 3 and 4 are approved.

	Shares of common stock (in thousands)
Authorized shares of common stock	120,000
Issued and outstanding shares of common stock, including treasury shares	(69,460)
Reserved shares of common stock:	
Stock options	(775)
RSU	(1,545)
Future issuances under the Amended and Restated 2004 Stock Incentive Plan	(7,975)
Shares issuable upon conversion of the Buyer Notes	(18,350)

Shares available for future issuances 21,895(1)

(1)

If Proposal 2 is not approved, but Proposals 3 and 4 are approved, we would have approximately 1.3 million shares available for future issuance.

Our Board of Directors has concluded that increasing the number of authorized shares of common stock available for issuance by 20 million is necessary and in the best interest of Joe's and its stockholders and will sufficiently offset the shares of common stock issuable upon conversion of the Buyer Notes (including future issuances of PIK Notes) and will provide us with flexibility to continue to issue additional shares of common stock in the ordinary course of business for general corporate purposes that may be identified from time to time, such as financings, acquisitions, strategic business relationships, stock dividends, including stock splits in the form of stock dividends, or issuances under our benefit plans. Except as otherwise disclosed in this proxy statement, Joe's has no present commitment, plan or intent to issue any of the additional shares of common stock provided for in this Proposal 2.

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Q: Will the approval of Proposal 2 be dilutive to existing holders of common stock or have an anti-takeover effect?

A: Approval of Proposal 2 may be dilutive to existing stockholders because such approval will increase the number of authorized shares of common stock available for issuance by 20 million. The issuance of up to 20 million additional shares of common stock would result in a reduction of the percentage of ownership interest held by our existing stockholders. Also, the addition of a substantial number of shares of our common stock into the market or the registration of any other securities may significantly and negatively affect the prevailing market price for our common stock.

Although we have not proposed the increase in the number of authorized shares of common stock with the intent of using the additional shares to prevent or discourage any actual or threatened takeover, under certain circumstances, such shares could have an anti-takeover effect. The additional shares could be issued to dilute the stock ownership or voting rights of persons seeking to obtain control of us or could be issued to persons allied with the Board of Directors or management and thereby have the effect of making it more difficult to remove directors or members of management by diluting the stock ownership or voting rights of persons seeking to effect such a removal. Accordingly, if Proposal 2 is approved, the additional shares of authorized common stock may render more difficult or discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of common stock, or the replacement or removal of the Board of Directors or management.

In addition to the proposed amendment to our Seventh Amended and Restated Certificate of Incorporation, existing provisions of our governing documents, including, among other provisions, the ability of the Board of Directors to designate the terms of and issue preferred stock without stockholder approval, and applicable provisions of Delaware law may also have anti-takeover effects, making it more difficult for or preventing a third-party from acquiring control of us or changing our Board of Directors and management. These provisions may also have the effect of deterring hostile takeovers or delaying changes in control of us or in our management.

Q: Why is the Board of Directors recommending Proposal 2?

A: Our Board of Directors has concluded that the amendment to our Seventh Amended and Restated Certificate of Incorporation is in our best interest and the interest of our common stockholders. Our Board of Directors believes that the proposed amendment to our Seventh Amended and Restated Certificate of Incorporation is necessary to provide us with a sufficient reserve of shares of common stock to permit the issuance of common stock upon conversion of the Buyer Notes issued in connection with our acquisition of Hudson, provide us with a sufficient reserve of shares of common stock to permit the issuance of additional common stock related to the proposed increase in shares reserved under the Amended and Restated Plan, and to continue to have common stock available for other general corporate purposes on an ongoing basis, as more fully discussed above. A description of the Buyer Notes is included above in "Questions and Answers about the Proxy Material and the Annual Meeting" under the question "What are the terms of the Buyer Notes?"

Q: How will the Seventh Amended and Restated Certificate of Incorporation be amended?

A: If this Proposal 2 is approved and the amendment to the Seventh Amended and Restated Certificate of Incorporation becomes effective, the first paragraph of Article Fourth of the Seventh Amended and Restated Certificate of Incorporation, which sets forth our presently authorized capital stock, will be amended to replace the provision regarding our authorized capital stock as set forth below.

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"FOURTH: (a) The total number of shares of capital stock that the Corporation shall be authorized to issue is 125,000,000 divided into two classes as follows: (i) one hundred twenty million (120,000,000) shares of common stock having a par value of \$.10 per share ("Common Stock"), and (ii) five million (5,000,000) shares of serial preferred stock in series having a par value of \$.10 per share (the "Preferred Stock")."

Q: If Proposal 2 is approved, when will the Seventh Amended and Restated Certificate of Incorporation be amended?

A: The amendment to the Seventh Amended and Restated Certificate of Incorporation will become effective immediately upon the filing of a Certificate of Amendment to our Seventh Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, which we expect to file promptly after the annual meeting. If Proposal 2 is not approved by our stockholders, the number of authorized shares of common stock will remain unchanged.

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

A: Our director and CEO of our Hudson subsidiary, Mr. Peter Kim, currently holds approximately \$14.3 million in aggregate principal amount of Buyer Notes, including PIK Notes, which were issued as consideration for his equity interests in Hudson. If the stockholders approve Proposals 1 and 2, Mr. Kim's notes would be convertible, subject to certain conditions, including our election to convert his notes into common stock rather than cash or a combination of cash and stock, into approximately 8.0 million shares of common stock. Mr. Kim is also a party to the Registration Rights Agreement, described above in "Questions and Answers about the Proxy Material and the Annual Meeting" under the question "What are the terms of the Buyer Notes?"

Q: What is the vote required to approve Proposal 2?

A: Proposal 2 requires the affirmative "**FOR**" vote of a majority of our issued and outstanding common stock. Unless otherwise instructed on the proxy, properly executed proxies will be voted in favor of this proposal.

Q: What if our stockholders do not approve Proposal 2?

A: If Proposal 2 is not approved by our stockholders at the annual meeting, we may not have sufficient authorized shares of common stock available to issue common stock upon the conversion of the Buyer Notes, if we have already issued such shares for general corporate purposes or if we deem it necessary to keep those shares for future general corporate purposes in the ordinary course of business. When the holders of the Buyer Notes elect to convert their notes, such notes are convertible, in our discretion, into common stock, cash, or a combination of common stock and cash. If we did not have sufficient shares of common stock reserved for issuance, or if we deem it necessary to keep those shares for future general corporate purposes in the ordinary course of business, all conversion requests would be paid at our election in cash or a combination of cash and stock up to the amount of shares we could issue under our current Seventh Amended and Restated Certificate of Incorporation (and the Exchange Cap, to the extent applicable). If we did not have sufficient cash on hand, we would have to seek additional financing. Our ability to obtain financing on reasonable terms will depend on our future operating performance and financial results, and will be subject, in part, to factors beyond our control, including interest rates and general economic, financial and business conditions. See also "Questions and Answers about the Proxy Materials and the Annual Meeting" under the questions "Did Joe's incur indebtedness in connection with the Acquisition and will the outcome of the votes on Proposals 2 and 3 impact Joe's need for additional indebtedness?"

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Q: **What if our stockholders approve Proposal 2, but do not approve Proposal 3?**

A: If Proposal 2 is approved by our stockholders, but Proposal 3 is not approved, the number of authorized shares of common stock available for issuance will increase by 20 million, however, the Buyer Notes will remain subject to the Exchange Cap. A description of the impact of the failure to approve Proposal 3 is included below under the heading "What if our stockholders do not approve Proposal 3?" In the event Proposal 2 is approved but Proposal 3 is not approved, we agreed to use our reasonable best efforts to obtain stockholder approval of the proposal at each stockholders meeting thereafter until so obtained.

Q: **How does the Board of Directors recommend I vote?**

A: The Board of Directors unanimously recommends that you vote "**FOR**" the amendment to our Seventh Amended and Restated Certificate of Incorporation.

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PROPOSAL 3

**APPROVAL, UNDER APPLICABLE NASDAQ LISTING RULES, THE ISSUANCE OF
COMMON STOCK UPON CONVERSION OF THE BUYER NOTES**

Q: **Why are we seeking stockholder approval of Proposal 3?**

A: Our common stock is listed on the NASDAQ Global Market and, as a result, we are subject to the NASDAQ's Listing Rules. The potential issuance of the shares of our common stock upon conversion of the Buyer Notes may implicate certain of the NASDAQ listing standards requiring prior stockholder approval in order to maintain our listing on the NASDAQ Global Market, including the following:

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

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

Assuming we elect to convert all of the Buyer Notes into shares of common stock, the issuance of common stock upon the conversion of certain Buyer Notes may be deemed to result in a group of certain holders of Buyer Notes acquiring more than 20% of our shares of common stock. Accordingly, we are seeking the stockholders approval on any "change in control" as used in Rule 5635(b) in the event that the potential issuance of our common stock upon conversion of the Buyer Notes as proposed as in Proposal 3 would be deemed to be a "change in control" for purposes of Rule 5635(b). Stockholders should note that a "change of control" as described under Rule 5635(b) applies only with respect to the application of such rule, and does not constitute a "change of control" for purposes of Delaware law, our organizational documents, or any other purpose.

In order to comply with applicable NASDAQ Listing Rules, the Buyer Notes were issued with limited conversion rights. Until our stockholders approve Proposal 3, the Buyer Notes may not be converted into shares of our common stock in excess of the Exchange Cap, which as of the issuance date of the Buyer Notes was 13,628,159 shares of common stock.

Pursuant to the terms of the Buyer Notes, we have agreed to seek stockholder approval, under applicable NASDAQ Listing Rules, of the issuance of the common stock upon conversion of the Buyer Notes.

We seek your approval of Proposal 3 in order to comply with the applicable NASDAQ Listing Rules and to satisfy our obligations under the Buyer Notes.

A description of the Buyer Notes is included above in "Questions and Answers about the Proxy Materials and the Annual Meeting" under the question "What are the terms of the Buyer Notes?" Information on the availability of historical financial statements of Hudson and pro forma condensed combined financial statements of our Company together with Hudson as of and for the nine months ended August 31, 2013 and for the fiscal year ended November 30, 2012 is included

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above under the heading "Where can I find more financial and other information regarding the Acquisition?"

Q: **Will the approval of Proposal 3 be dilutive to existing holders of common stock?**

A: The Buyer Notes currently contain a limitation on the maximum number of shares of common stock issuable upon conversion of the Buyer Notes, referred to as the Exchange Cap, such that absent stockholder approval of Proposal 3, the Buyer Notes may not be converted into shares of our common stock in excess of the Exchange Cap, which as of the issuance date of the Buyer Notes was 13,628,159 shares of common stock, which represents approximately 19.99% of the common stock outstanding immediately prior to the issuance of the Buyer Notes. Approval of Proposal 3 may be dilutive to existing stockholders because such approval would allow the Buyer Notes to be converted into shares of common stock in excess of the Exchange Cap, in our discretion, which could result in additional shares being issuable upon conversion of the Buyer Notes. If Proposal 3 is approved, the currently outstanding Buyer Notes, including PIK Notes, when such notes become eligible for conversion, would be convertible, subject to certain conditions, including our election to convert such notes into common stock or cash, into approximately 18.4 million shares of common stock at the current conversion price of \$1.78 per share, which represents an increase of approximately 4.8 million shares of common stock above the current Exchange Cap of approximately 13.6 million shares of common stock. Issuing such additional shares of common stock would result in a reduction of the percentage of ownership interest held by our existing stockholders. Also, the addition of a substantial number of shares of our common stock into the market or the registration of any other securities may significantly and negatively affect the prevailing market price for our common stock.

The actual number of shares of common stock that will be issuable upon conversion of a Buyer Notes will not be known until such conversion occurs and may be in excess of the Exchange Cap. As described more fully above in "Questions and Answers about the Proxy Materials and the Annual Meeting" under the question "What are the terms of the Buyer Notes?", (i) interest on the Buyer Notes is payable under certain circumstances in the form of additional Buyer Notes, referred to as PIK Notes, that will also be convertible into shares common stock and (ii) the conversion price of the Buyer Notes, which is currently \$1.78 per share, is subject to certain adjustments that are typical for convertible notes of this type and such adjustments may increase the number of shares of common stock issuable upon conversion of the Buyer Notes. Any additional PIK Notes issued from time to time or decrease in the conversion price of the Buyer Notes, would increase the number of shares of common stock due upon conversion of Buyer Notes.

Q: **Why is the Board of Directors recommending Proposal 3?**

A: Our Board of Directors has concluded that approving the issuance of our common stock upon conversion of the Buyer Notes is in our best interest and the interest of our common stockholders. Our Board of Directors believes that approval of Proposal 3 is necessary to provide us with the flexibility to issue shares of common stock, in excess of the Exchange Cap, at our election, upon conversion of the Buyer Notes. A description of the Buyer Notes is included above in "Questions and Answers about the Proxy Materials and the Annual Meeting" under the question "What are the terms of the Buyer Notes?"

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

A: Mr. Kim, our Director and CEO of Hudson, currently holds approximately \$14.3 million in aggregate principal amount of Buyer Notes, including PIK Notes, which were issued as consideration for his equity interests in Hudson. If the stockholders approve Proposals 1 and 2,

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Mr. Kim's notes would be convertible, subject to certain conditions, including our election to convert his notes into common stock rather than cash, into approximately 8.0 million shares of common stock. Mr. Kim is also a party to the Registration Rights Agreement, described above in "Questions and Answers about the Proxy Materials and the Annual Meeting" under the question "What are the terms of the Buyer Notes?"

Q:
What is the vote required to approve Proposal 3?

A:
Pursuant to Delaware corporate law, in order to approve Proposal 3, the affirmative "**FOR**" vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the proposal is required. Unless otherwise instructed on the proxy, properly executed proxies will be voted in favor of this proposal. In addition, in order to satisfy NASDAQ's shareholder approval requirement, a majority of the total votes cast on the proposal must be voted in favor of the proposal.

Q:
What if our stockholders do not approve Proposal 3?

A:
If Proposal 3 is not approved by our stockholders at the annual meeting in accordance with the NASDAQ Listing Rules, the Buyer Notes will remain subject to the Exchange Cap, which limits the total number of shares of common stock that may be issued to 19.99% of the common stock outstanding prior to the issuance of the Buyer Notes. When the holders of the Buyer Notes elect to convert their notes, such notes are convertible, in our discretion, into common stock, cash or a combination of common stock and cash, provided that the total number of shares of common stock issued may not exceed the Exchange Cap. Once we have issued shares of common stock up to Exchange Cap, all conversion requests would have to be paid in cash. If we did not have sufficient cash on hand, we would have to seek additional financing. Our ability to obtain financing on reasonable terms will depend on our future operating performance and financial results, and will be subject, in part, to factors beyond our control, including interest rates and general economic, financial and business conditions. See also "Questions and Answers about the Proxy Materials and the Annual Meeting" under the questions "Did Joe's incur indebtedness in connection with the Acquisition and will the outcome of the votes on Proposals 2 and 3 impact Joe's need for additional indebtedness?"

In the event Proposal 3 is not approved by our stockholders at the annual meeting, we agreed to use our reasonable best efforts to obtain stockholder approval of the proposal at each stockholders meeting thereafter until so obtained.

Q:
What if our stockholders approve Proposal 3, but do not approve Proposal 2?

A:
If Proposal 3 is approved by our stockholders, but Proposal 2 is not approved, the Buyer Notes will no longer be subject to the Exchange Cap, however, we may not have sufficient authorized shares of common stock available to issue common stock upon the conversion of the Buyer Notes, if we have already issued such shares for general corporate purposes or if we deem it necessary to keep those shares for future general corporate purposes in the ordinary course of business. A description of the impact of the failure to approve Proposal 2 is included above under the heading "What if our stockholders do not approve Proposal 2?" In the event Proposal 3 is approved, but Proposal 2 is not approved, we intend to seek stockholder approval of the Proposal 2 at each stockholders meeting thereafter until so obtained. See also "Questions and Answers about the Proxy Materials and the Annual Meeting" under the questions "Did Joe's incur indebtedness in connection with the Acquisition and will the outcome of the votes on Proposals 2 and 3 impact Joe's need for additional indebtedness?"

Q:
How does the Board of Directors recommend I vote?

A:
The Board of Directors unanimously recommends that you vote "**FOR**" the approval of the issuance of common stock upon conversion of the Buyer Notes.

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PROPOSAL 4

On April 7, 2004, our Board of Directors adopted the 2004 Stock Incentive Plan. Our common stockholders approved the 2004 Stock Incentive Plan at the annual meeting of stockholders on June 3, 2004 and approved an amendment to our 2004 Stock Incentive Plan on each of June 9, 2005, October 11, 2007 and October 8, 2009 to increase in the reservation of the total shares available for issuance to 12,265,172 shares of common stock. On September 7, 2011, our Board of Directors adopted the Amended and Restated 2004 Stock Incentive Plan (the "**Restated Stock Plan**"), which was updated with respect to certain provisions and changes in the tax code since its original adoption, as well as to set the total shares available for issuance under the plan to 6,825,000. Our common stockholders approved the Restated Stock Plan at the annual meeting of stockholders on October 26, 2011. We now wish to further amend the Restated Stock Plan to increase the total shares of common stock available for issuance under the plan by 5,000,000 shares of common stock to 11,825,000 (the "**Proposed Amendment**"). As of March 10, 2014, we had an aggregate of 2,975,431 shares of common stock available for future issuance under the Restated Stock Plan.

Our Restated Stock Plan provides for an award of options, whether nonqualified or incentive, restricted common stock, restricted common stock units, or RSUs, performance awards (which may be in the form of performance shares, performance share units or cash performance awards), purchases, share awards, stock appreciation rights or other awards based on the value of our common stock. The Restated Stock Plan permits the Compensation and Stock Option Committee to grant performance compensation awards, contingent upon pre-established performance goals to our executives. In order to qualify for deductibility under Section 162(m) of the Internal Revenue Code, or the Code, the Restated Stock Plan, including, without limitation, the performance goals for determining performance awards set forth in the plan, were approved by our common stockholders at the annual meeting on October 26, 2011. If the Proposed Amendment is not approved by our common stockholders at the upcoming annual meeting of stockholders on May 8, 2014, we can continue to make awards under the Restated Stock Plan, which will continue to be effective according to its terms (as in effect without the Proposed Amendment).

Q: What is the vote required to approve Proposal 4?

A: Pursuant to Delaware corporate law, in order to approve the Proposed Amendment, the affirmative "**FOR**" vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the proposal is required. Unless otherwise instructed on the proxy, properly executed proxies will be voted in favor of this proposal. In addition, in order to satisfy NASDAQ's shareholder approval requirement, a majority of the total votes cast on the proposal must be voted in favor of the proposal.

Q: What happens if Proposal 4 is not approved?

A: In the event that Proposal 4 is not approved in accordance with Delaware corporate law or the NASDAQ rules, then no change will be made to the reservation of shares under the Restated Stock Plan and the Restated Stock Plan will continue as in effect without the Proposed Amendment.

Q: Why is the Board of Directors recommending this Proposal?

A: Our Board of Directors has concluded that the adoption of the Proposed Amendment is in our best interest and the interest of our common stockholders. Our Board of Directors believes that the Proposed Amendment is necessary to provide us with a sufficient reserve of common stock for future awards of various types needed to attract, employ and retain employees, directors and consultants of outstanding ability for us, which now includes our Hudson subsidiary.

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Q: How would the Restated Stock Plan be amended if the Proposed Amendment is approved?

A: If the Proposed Amendment is approved by our common stockholders, the Restated Stock Plan would be amended solely to set the total shares available for issuance under the plan at 11,825,000 shares of common stock.

We currently have no specific plans, proposals or arrangements to issue any of the unallocated shares currently available for issuance under the Restated Stock Plan or any of the additional shares that would become available if the Proposed Amendment is approved by our stockholders.

Q: When would the Proposed Amendment become effective?

A: If approved by our common stockholders, the Proposed Amendment will become effective upon approval. As soon as reasonably practicable thereafter, we intend to file a registration statement covering the offering of the additional shares underlying the Proposed Amendment with the SEC pursuant to the Securities Act.

Q: What is a general description of the principal terms of the Restated Stock Plan?

A: A general description of the principal terms of the Restated Stock Plan is set forth below. However, this summary does not purport to be a complete description of all of the provisions of the Restated Stock Plan, a copy of which is attached to this proxy statement as *Appendix A*.

General. The purpose of the Restated Stock Plan is to enhance our ability to attract and retain officers, directors, employees and consultants of outstanding ability and to provide selected officers, employees, directors and consultants with an interest in us parallel to that of our stockholders. The Restated Stock Plan provides for the award of options, whether nonqualified or incentive, restricted common stock, RSUs, performance shares, performance share units, purchases, share awards, stock appreciation rights and other awards based on the value of our common stock to our officers, employees, directors and consultants, as well as those officers, employees, directors and consultants of our subsidiaries or affiliates.

Effective Date. The Proposed Amendment will become effective on the date that it is approved by our stockholders in accordance with this Proposal 4.

Number of Shares. Subject to adjustment for certain corporate events, the total number of shares of common stock which are available for the grant of awards under the Restated Stock Plan cannot exceed 6,825,000 shares of common stock (11,825,000 shares if the Proposed Amendment is approved by our stockholders); provided, that, for purposes of this limitation, any common stock subject to an option which is canceled or expires without exercise will again become available for award under the Restated Stock Plan. Upon forfeiture of awards in accordance with the provisions of the Restated Stock Plan and the terms and conditions of the award, such shares will again be available for subsequent awards under the Restated Stock Plan. Subject to adjustment, no employee will be granted, during any one (1) year period, options to purchase more than 1,250,000 shares of common stock, and the number of shares of common stock subject to any awards other than options or stock appreciation rights will not exceed 1,250,000 shares of common stock. All shares of common stock reserved for issuance under the Restated Stock Plan may be used for grants of "incentive stock options," as described below. Common stock available for issue or distribution under the Restated Stock Plan will be authorized and unissued shares or shares reacquired by us in any manner.

Administration. The Compensation and Stock Option Committee of our Board of Directors administers the Restated Stock Plan. The Compensation and Stock Option Committee is currently comprised of Messrs. Hoffman and Savage and Ms. Calabrese. All members of the Compensation and Stock Option Committee are non-employee directors within the meaning of Rule 16b-3 as promulgated

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under Section 16 of the Exchange Act, as amended, are also outside directors within the meaning of Section 162(m) of the Code are "independent directors" within the meaning of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The Compensation and Stock Option Committee has the power to (i) approve the selection of participants, (ii) determine the type of stock awards to be made to participants, (iii) determine the number of shares of common stock subject to awards, (iv) determine the terms and conditions of any awards granted there under (including, but not limited to, any restriction and forfeiture conditions on such awards) and (v) interpret the Restated Stock Plan, to establish, amend, and rescind any rules and regulations relating to the Restated Stock Plan, to determine the terms and provisions of any agreements entered into thereunder, and to make all other determinations necessary or advisable for the administration of the Restated Stock Plan.

Eligibility. Employees, officers, directors and consultants of us and our subsidiaries or affiliates selected by the Compensation and Stock Option Committee are eligible to receive grants of awards under the Restated Stock Plan. As of March 10, 2014, there were approximately 566 employees, four executive officers and five directors eligible to participate in the Restated Stock Plan.

Awards. Awards under the Restated Stock Plan may consist of options, restricted common stock, RSUs, performance awards (which may be in the form of performance shares, performance share units or cash performance awards), stock purchases, share awards, stock appreciation rights or other share awards based on the value of our common stock.

(1) **Options.** Both "nonqualified stock options", or Nonqualified Stock Options, and "incentive stock options", or ISOs, may be granted under the Restated Stock Plan, which we will collectively refer to as Options. The terms of any such Option will be set forth in an option agreement and will be consistent with the following:

Exercise Price. The exercise price per share of the shares of our common stock to be purchased pursuant to any Option will be fixed by the Compensation and Stock Option Committee at the time such Option is granted. In no event will the exercise price for ISOs be less than the fair market value of a share on the day on which the ISO is granted; provided, however, that in the case of ISOs granted to 10% shareholders, the price per share shall not be less than 110% of the fair market value of a share on the day on which the ISO is granted. The Compensation and Stock Option Committee may also reduce the Option price of any outstanding Option either through a direct amendment to such Option or through a cancellation of such Option and immediate grant of a new Option with a lower Option price or in any other manner it deems appropriate.

Option Term. Subject to termination, the duration of each Option will be determined by the Compensation and Stock Option Committee, but may not exceed 10 years from the date of grant; provided, however, that in the case of ISOs granted to 10% shareholders, the term of such Option will not exceed 5 years from the date of grant. In the event of a participant's death (other than ISOs) Options that would otherwise remain exercisable following such death, will remain exercisable for one year following such death irrespective of the terms of the Option.

Vesting. An Option will vest and become exercisable at a rate determined by the Compensation and Stock Option Committee on the date of grant.

(2) **Restricted Awards.** The Restated Stock Plan permits the Compensation and Stock Option Committee to award restricted common stock under the Restated Stock Plan to eligible participants. The Compensation and Stock Option Committee may also award restricted common stock in the form of RSUs having a value equal to an identical number of shares of common stock. Payment of RSUs will be made in common stock or in cash or in a combination thereof (based upon the Fair Market Value (as defined in the Restated Stock Plan) of the common stock on the day the restricted period expires).

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(3) *Performance Compensation Awards.* The Compensation and Stock Option Committee has the authority, at the time of grant of any award under the Restated Stock Plan (other than Options and stock appreciation rights granted with an exercise price or grant price, as the case may be, equal to or greater than the fair market value per share of common stock on the date of grant), to designate such award as a performance compensation award in order to qualify the award as "performance-based compensation" under Section 162(m) of the Code. In addition, the Committee and Stock Option Committee has the authority to make an award of a cash bonus to any participant and designate the award as a performance compensation award in order to qualify such Award as "performance-based compensation" under Section 162(m). The Compensation and Stock Option Committee will, in its sole discretion, designate within the first 90 days of a performance period (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) which participants will be eligible to receive performance compensation awards in respect of the performance period. However, designation of a participant eligible to receive an award for a performance period will not in any manner entitle the participant to receive payment in respect of any performance compensation award for the performance period. The determination as to whether or not the participant becomes entitled to payment in respect of any performance compensation award will be decided solely in accordance with the applicable provisions of the Restated Stock Plan. Performance compensation awards under the Restated Stock Plan will be subject to achievement of performance goals. Performance goals may be expressed in terms of one or more of the following business criteria: revenue, earnings before interest, taxes, depreciation and amortization, or EBITDA, funds from operations, funds from operations per share, operating income, pre or after tax income, cash available for distribution, cash available for distribution per share, net earnings, earnings per share, return on equity, return on assets, share price performance, improvements in our attainment of expense levels, and implementing or completion of critical projects, or improvement in cash-flow (before or after tax).

Unless otherwise provided in the applicable award agreement, a participant must be employed on the last day of a performance period to be eligible for payment in respect of a performance compensation award for that performance period. A participant will be eligible to receive payment in respect of a performance compensation award only to the extent that: (a) the performance goals for such period are achieved; and (b) the performance formula as applied against such performance goals determines that all or some portion of such participant's performance compensation award has been earned for the performance period. Following the completion of a performance period, the Compensation and Stock Option Committee will review and certify in writing whether, and to what extent, the performance goals for the performance period have been achieved and, if so, calculate and certify in writing that amount of the performance compensation awards earned for the period based upon the performance formula. The Compensation and Stock Option Committee will then determine the actual size of each participant's performance compensation award for the performance period and, in so doing, may generally apply negative discretion to eliminate or reduce the size of a performance compensation award, if and when it deems appropriate. However, the Compensation and Stock Option Committee will not have the discretion to (a) grant or provide payment in respect of performance compensation awards for a performance period if the performance goals for that performance period have not been attained; or (b) increase a performance compensation award above the maximum amount payable under the applicable provisions of the Restated Stock Plan. Performance compensation awards granted for a performance period will be paid to participants as soon as administratively practicable following completion of the certifications by the Compensation and Stock Option Committee.

The maximum performance compensation award payable to any one participant under the Restated Stock Plan for a performance period is 6,825,000 shares of common stock (11,825,000 shares if the Proposed Amendment is approved by our stockholders) or, in the event the performance compensation award is paid in cash, the equivalent cash value thereof on the first or last day of the performance period to which the award relates, as determined by the Compensation and Stock Option

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Committee. The maximum amount that can be paid in any calendar year to any participant pursuant to a performance-based cash bonus award is \$4,000,000. Furthermore, any performance compensation award that has been deferred will not (between the date as of which the award is deferred and the payment date) increase (A) with respect to performance compensation award that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Compensation and Stock Option Committee or (B) with respect to a performance compensation award that is payable in shares of common stock, by an amount greater than the appreciation of a share of common stock from the date the award is deferred to the payment date.

(4) *Share Purchases.* The Compensation and Stock Option Committee may authorize eligible individuals to purchase common stock at price equal to, below or above the fair market value of the common stock at the time of grant.

(5) *Share Awards.* Subject to such performance and employment conditions as the Compensation and Stock Option Committee may determine, awards of common stock or awards based on the value of the common stock may be granted either alone or in addition to other awards granted under the Restated Stock Plan.

(6) *Stock Appreciation Rights.* The Compensation and Stock Option Committee may, either alone or in connection with the grant of another award grant stock appreciation rights, the terms of which will be set forth in an agreement.

Market Value of our Common Stock Underlying Outstanding Options. As of March 10, 2014, the approximate market value of our common stock underlying outstanding options to be issued was \$3,202,000 based upon 775,000 options granted to employees, officers and directors that have not yet been exercised and 1,545,000 shares of restricted stock or restricted stock units not yet vested under the Restated Stock Plan. For further information regarding shares authorized for issuance under our equity compensation plans, please see below under "Equity Compensation Plan Information."

Change in Control. Unless otherwise provided in an award agreement, upon the occurrence of a "Change in Control" (as defined in the Restated Stock Plan), all options and stock appreciation rights will automatically become vested and exercisable in full and all restrictions or performance conditions, if any, on any common stock awards, restricted common stock, RSUs, performance shares or performance share units granted will automatically lapse.

Adjustments. The Restated Stock Plan provides that in the event of certain corporate events or changes in the common stock, awards and the number of shares under the Restated Stock Plan may be adjusted to reflect such event.

Amendment and Termination. In general, the Restated Stock Plan will expire on October 26, 2021 (except as to awards outstanding on that date). The Board of Directors may terminate or amend the Restated Stock Plan in any respect at any time, except that, no amendment will be made without our common stockholder approval, if such approval is necessary to comply with any applicable law, regulation or stock exchange rule and, no amendment w