

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

SCHEDULE 13E-3

(Amendment No. 2)
(Rule 13E-100)

RULE 13E-3 TRANSACTION STATEMENT
Under Section 13(e) of the Securities Exchange Act of 1934

J.CREW GROUP, INC.

(Name of Issuer)

**J.CREW GROUP, INC.
CHINOS HOLDINGS, INC.
CHINOS ACQUISITION CORPORATION
TPG PARTNERS VI, L.P.
GREEN EQUITY INVESTORS V, L.P.
GREEN EQUITY INVESTORS SIDE V, L.P.
MILLARD S. DREXLER**
(Name of Persons Filing Statement)

Common Stock, par value \$0.01 per share
(Title of Class of Securities)

46612H402
(CUSIP Number of Class of Securities)

**J.Crew Group, Inc.
c/o Corporate Secretary
770 Broadway
New York, NY 10003
(212) 209-2500**

**Ronald Cami, Esq.
General Counsel
TPG Capital, L.P.
345 California Street, Suite 3300
San Francisco
(415) 743-1500**

**Michael Gennaro
Chief Operating Officer
Leonard Green & Partners, L.P.
11111 Santa Monica Blvd., #2000
Los Angeles, CA 90025
(310) 954-0444**

**Millard S. Drexler
c/o J.Crew Group, Inc.
770 Broadway
New York, NY 10003
(212) 209-2500**

(Name, address and telephone number of person authorized to receive
notices and communications on behalf of the persons filing statement)

With copies to:

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This statement is filed in connection with (check the appropriate box):

- ☒ The filing of solicitation materials on an information statement subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the Securities Exchange Act of 1934.
- ☐ The filing of a registration statement under the Securities Act of 1933.
- ☐ A tender offer.
- ☐ None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies: ☒

Check the following box if the filing is a final amendment reporting the results of the transaction: ☐

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
\$2,991,101,723	\$213,265.55

* For purposes of calculating the filing fee only, the transaction value was determined based upon the sum of (A) (1) 63,934,844 shares of common stock (including restricted shares) issued and outstanding and owned by persons other than the Company, Parent and Merger Sub (each, as defined in this Schedule 13E-3) on November 19, 2010, multiplied (2) by \$43.50 per share (the “*Per Share Merger Consideration*”) and (B) (1) 8,307,717 shares of common stock underlying outstanding options of the Company as of November 19, 2010, multiplied by (2) the excess of the Per Share Merger Consideration over the weighted average exercise price of \$18.23.

** The filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, is calculated by multiplying the Transaction Valuation by .0000713.

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

Amount Previously Paid: \$213,265.55

Form or Registration No.: Schedule 14A—Preliminary Proxy Statement

Filing Party: J.Crew Group, Inc.

Date Filed: December 6, 2010

Introduction

This Amendment No. 2 to Rule 13E-3 transaction statement on Schedule 13E-3, together with the exhibits hereto (this “**Schedule 13E-3**” or “**Transaction Statement**”) is being filed with the Securities and Exchange Commission (the “**SEC**”) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) jointly by the following persons (each, a “**Filing Person**,” and collectively, the “**Filing Persons**”): J.Crew Group, Inc., a Delaware corporation (“**J.Crew**,” or the “**Company**”), the issuer of the common stock, par value \$0.01 per share (the “**Company Common Stock**”) that is subject to the Rule 13e-3 transaction; TPG Partners VI, L.P., a Delaware limited partnership (“**TPG VI**”), Green Equity Investors V, L.P., a Delaware limited partnership (“**GEI V**”), Green Equity Investors Side V, L.P., a Delaware limited partnership (“**GEI Side V**”), Chinos Holdings, Inc., a Delaware corporation (“**Parent**”), Chinos Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent (the “**Merger Sub**”) and Millard S. Drexler, Chairman and Chief Executive Officer of the Company.

On November 23, 2010, Parent, Merger Sub and the Company entered into an Agreement and Plan of Merger, subsequently amended on January 18, 2011 by Amendment No. 1 to the Agreement and Plan of Merger (as amended, the “**Merger Agreement**”), providing for the merger of Merger Sub with and into the Company (the “**Merger**”), with the Company surviving the Merger as a wholly owned subsidiary of Parent. Parent and Merger Sub are beneficially owned by TPG VI, GEI V and GEI Side V. Concurrently with the filing of this Schedule 13E-3, the Company is filing with the SEC a revised preliminary Proxy Statement (the “**Proxy Statement**”) under Regulation 14A of the Exchange Act, relating to a special meeting of the stockholders of the Company at which the stockholders of the Company will consider and vote upon a proposal to adopt the Merger Agreement. The adoption of the Merger Agreement will require the affirmative vote of (i) stockholders holding at least a majority of the shares of Company common stock outstanding at the close of business on the record date for the special meeting and (ii) stockholders holding at least a majority of the outstanding shares of Company common stock at the close of business on the record date other than shares owned, directly or indirectly, by Parent, Merger Sub, the Rollover Investors, any other officers or directors of the Company or any of their respective affiliates or associates (as defined under Section 12b-2 of the Exchange Act). A copy of the revised preliminary Proxy Statement is attached hereto as Exhibit (a)(1) and copies of the Agreement and Plan of Merger and the Amendment No. 1 to the Agreement and Plan of Merger are attached as Annex A and Annex B, respectively, to the Proxy Statement.

Under the terms of the Merger Agreement, at the effective time of the Merger each outstanding share of the Company Common Stock will be converted automatically into the right to receive \$43.50 in cash (the “**Per Share Merger Consideration**”), without interest and less any applicable withholding taxes, excluding shares owned by (i) Parent, Merger Sub or any other direct or indirect wholly owned subsidiary of Parent, including shares to be contributed to Parent by Mr. Drexler and affiliated trusts (collectively, the “**Rollover Investors**”) pursuant to an equity rollover agreement between Parent and the Rollover Investors (the “**Rollover Agreement**”) immediately prior to the effective time of the Merger and any shares contributed to Parent by any members of the Company’s management team who may have the opportunity to invest in Parent and who choose to make this investment prior to the effective time of the Merger, (ii) the Company or any direct or indirect wholly owned subsidiary of the Company or (iii) stockholders who have properly exercised, perfected and not withdrawn a demand for, or lost the right to, appraisal rights under Delaware law. The Merger remains subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, including obtaining approval of the existing stockholders of the Company.

The cross-references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the Proxy Statement of the information required to be included in response to the items of Schedule 13E-3. Pursuant to General Instruction F to Schedule 13E-3, the information contained in the Proxy Statement, including all annexes thereto, is incorporated in its entirety herein by this reference, and the responses to each item in this Schedule 13E-3 are qualified in their entirety by the information contained in the Proxy Statement and the annexes thereto. As of the date hereof, the Proxy Statement is in preliminary form and is subject to completion or amendment. Capitalized terms used but not defined in this Schedule 13E-3 shall have the meanings given to them in the Proxy Statement.

All information contained in this Schedule 13E-3 concerning each Filing Person has been supplied by such Filing Person. No Filing Person, including the Company, is responsible for the accuracy of any information supplied by any other Filing Person.

Item 1. Summary Term Sheet.

The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”

Item 2. Subject Company Information.

(a) Name and Address. The information contained in the section of the Proxy Statement entitled “SPECIAL FACTORS—The Parties” is incorporated herein by reference.

(b) Securities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
“THE SPECIAL MEETING—Record Date; Stockholders Entitled to Vote; Quorum”
“COMMON STOCK TRANSACTION INFORMATION”

The exact title of each class of the subject equity securities is “J.Crew Group, Inc. common stock, par value \$0.01 per share.”

(c) Trading Market and Price. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“MARKET PRICE AND DIVIDEND INFORMATION”

(d) Dividends. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“MARKET PRICE AND DIVIDEND INFORMATION”

(e) Prior Public Offerings. Not applicable.

(f) Prior Stock Purchases. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“COMMON STOCK TRANSACTION INFORMATION”

Item 3. Identity and Background of Filing Person.

(a) Name and Address. J.Crew Group, Inc. is the subject company. The information set forth in the Proxy Statement contained in the section of the Proxy Statement entitled “SPECIAL FACTORS—The Parties” is incorporated herein by reference.

(b) Business and Background of Entities. The information set forth in the Proxy Statement contained in the section of the Proxy Statement entitled “SPECIAL FACTORS—The Parties” is incorporated herein by reference.

(c) Business and Background of Natural Persons. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SPECIAL FACTORS—The Parties”
“SPECIAL FACTORS—Business and Background of Natural Persons Related to the Company”
“SPECIAL FACTORS—Business and Background of Natural Persons Related to TPG VI, Parent, Merger Sub and the Leonard Green Entities”

Items 4. Terms of the Transaction.

(a) (1) Not applicable.

(a) (2) The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”
“QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
“SPECIAL FACTORS—Background of the Merger”
“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”
“SPECIAL FACTORS—Purposes and Reasons of TPG VI, the Leonard Green Entities, Parent, Merger Sub and the MD Parties for the Merger”
“THE SPECIAL MEETING—Record Date; Stockholders Entitled to Vote; Quorum”
“SPECIAL FACTORS—Certain Material United States Federal Income Tax Consequences”

(c) Different Terms. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”
“SPECIAL FACTORS—Certain Effects of the Merger”
“SPECIAL FACTORS—Financing of the Merger—Rollover Financing”

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”

(d) Appraisal Rights. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”

“APPRAISAL RIGHTS”

Annex D—DELAWARE GENERAL CORPORATION LAW SECTION 262

(e) Provisions for Unaffiliated Security Holders. The information set forth in the Proxy Statement under “SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger,” is incorporated herein by reference. There have been no other provisions in connection with the merger to grant unaffiliated security holders access to the corporate files of the Filing Persons or to obtain counsel or appraisal services at the expense of the Filing Persons.

(f) Eligibility for Listing or Trading. Not applicable.

Item 5. *Past Contacts, Transactions, Negotiations and Agreements.*

(a) Transactions. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

“THE MERGER AGREEMENT”

Annex A—MERGER AGREEMENT

Annex B—AMENDMENT NO. 1 TO THE MERGER AGREEMENT

(b) Significant Corporate Events. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

“THE MERGER AGREEMENT”

Annex A—MERGER AGREEMENT

Annex B—AMENDMENT NO. 1 TO THE MERGER AGREEMENT

(c) Negotiations or Contacts. The information set forth in the Proxy Statement under “SPECIAL FACTORS—Background of the Merger” is incorporated herein by reference.

(e) Agreements Involving the Subject Company’s Securities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

“SPECIAL FACTORS—Financing of the Merger—Rollover Financing”

“THE MERGER AGREEMENT”

Annex A—MERGER AGREEMENT

Annex B—AMENDMENT NO. 1 TO THE MERGER AGREEMENT

Item 6. *Purposes of the Transaction and Plans or Proposals.*

(b) Use of Securities Acquired. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Certain Effects of the Merger”

“SPECIAL FACTORS—Plans for the Company”

“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”

(c)(1)-(8) Plans. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Certain Effects of the Merger”

“SPECIAL FACTORS—Plans for the Company”

“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”

“MARKET PRICE AND DIVIDEND INFORMATION”

“SPECIAL FACTORS—Delisting and Deregistration of the Company’s Common Shares”

“SPECIAL FACTORS—Financing of the Merger”

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

“THE MERGER AGREEMENT”

Annex A—MERGER AGREEMENT

Annex B—AMENDMENT NO. 1 TO THE MERGER AGREEMENT

Item 7. *Purposes, Alternatives, Reasons and Effects.*

(a) Purposes. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS—Purposes and Reasons of TPG VI, the Leonard Green Entities, Parent, Merger Sub and the MD Parties for the Merger”

“SPECIAL FACTORS—Certain Effects of the Merger”

“SPECIAL FACTORS—Plans for the Company”

“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”

(b) Alternatives. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Alternatives to Merger”

(c) Reasons. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS—Purposes and Reasons of TPG VI, the Leonard Green Entities, Parent, Merger Sub and the MD Parties for the Merger”

(d) Effects. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Certain Effects of the Merger”

“SPECIAL FACTORS—Plans for the Company”

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”

“THE MERGER AGREEMENT—Effects of the Merger; Directors and Officers; Certificate of Incorporation; Bylaws”

“SPECIAL FACTORS—Certain Material United States Federal Income Tax Consequences”

“APPRAISAL RIGHTS”

Annex D—DELAWARE GENERAL CORPORATION LAW SECTION 262

Item 8. Fairness of the Transaction.

(a), (b) Fairness; Factors Considered in Determining Fairness. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Opinion of Perella Weinberg, Financial Advisor to the Special Committee”

“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS—Positions of TPG VI, the Leonard Green Entities, Parent and Merger Sub Regarding the Fairness of the Merger”

“SPECIAL FACTORS—Positions of the MD Parties Regarding the Fairness of the Merger”

Annex C—FINANCIAL ADVISOR OPINION

(c) Approval of Security Holders. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”

“THE SPECIAL MEETING—Record Date; Stockholders Entitled to Vote; Quorum”

“THE MERGER AGREEMENT—Conditions to the Merger”

(d) Unaffiliated Representative. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Opinion of Perella Weinberg, Financial Advisor to the Special Committee”

Annex C—FINANCIAL ADVISOR OPINION

(e) Approval of Directors. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

(f) Other Offers. The information set forth in the Proxy Statement under “SPECIAL FACTORS—Background of the Merger” is incorporated herein by reference.

Item 9. Reports, Opinions, Appraisals and Negotiations.

(a)-(c) Report, opinion or appraisal; Preparer and summary of the report, opinion or appraisal; Availability of documents. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference.

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Opinion of Perella Weinberg, Financial Advisor to the Special Committee”

“SPECIAL FACTORS—Analysis of Goldman Sachs, Financial Advisor to Parent”

“WHERE YOU CAN FIND MORE INFORMATION”

Annex C—FINANCIAL ADVISOR OPINION

Item 10. Source and Amounts of Funds or Other Consideration.

(a), (b) Source of Funds; Conditions. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Financing of the Merger”

“THE MERGER AGREEMENT—Financing Covenant; Company Cooperation”

(c) Expenses. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Effects on the Company if Merger is not Completed”

“SPECIAL FACTORS—Fees and Expenses”

“THE MERGER AGREEMENT—Termination”

“THE MERGER AGREEMENT—Termination Fees and Reimbursement of Expenses”

(d) Borrowed Funds. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Financing of the Merger”

Item 11. *Interest in Securities of the Subject Company.*

(a) Securities Ownership. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

“COMMON STOCK OWNERSHIP OF MANAGEMENT AND BENEFICIAL OWNERS”

(b) Securities Transactions. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

“SPECIAL FACTORS—Background of the Merger”

“THE MERGER AGREEMENT”

“COMMON STOCK TRANSACTION INFORMATION”

Annex A—MERGER AGREEMENT

Annex B—AMENDMENT NO. 1 TO THE MERGER AGREEMENT

Item 12. *The Solicitation or Recommendation.*

(d) Intent to Tender or Vote in a Going-Private Transaction. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”

(e) Recommendation of Others. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”

“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS—Positions of TPG VI, the Leonard Green Entities, Parent and Merger Sub Regarding the Fairness of the Merger”

“SPECIAL FACTORS—Positions of the MD Parties Regarding the Fairness of the Merger”

Item 13. *Financial Statements.*

(a) Financial Information. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SELECTED FINANCIAL INFORMATION”

“WHERE YOU CAN FIND MORE INFORMATION”

(b) Pro forma information. Not applicable.

Item 14. *Persons/Assets, Retained, Employed, Compensated Or Used.*

(a) Solicitations or Recommendations. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS—Fees and Expenses”

“THE SPECIAL MEETING—Solicitation of Proxies”

(b) Employees and corporate assets. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”

“SPECIAL FACTORS—Background of the Merger”

“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“THE SPECIAL MEETING—Solicitation of Proxies”

Item 15. Additional Information.

(b) Other material information. The entirety of the Proxy Statement, including all Annexes thereto, is incorporated herein by reference.

Item 16. Exhibits.

- (a)(1) Preliminary Proxy Statement of J.Crew Group, Inc., incorporated by reference to the Schedule 14A filed with the Securities and Exchange Commission on January 20, 2011 (the “**Preliminary Proxy Statement**”).
- (a)(2)(i) Form of Proxy Card, incorporated herein by reference to the Preliminary Proxy Statement.
- (a)(2)(ii) Joint press release issued by J.Crew Group, Inc., dated November 23, 2010, incorporated by reference to Exhibit 99.2 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(iii) M. Drexler All-Associate E-mail, dated November 23, 2010, incorporated by reference to Exhibit 99.3 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(iv) M. Drexler Associate Voicemail Transcript, dated November 23, 2010, incorporated by reference to Exhibit 99.4 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(v) M. Drexler Prepared Remarks for Town Hall Meeting, dated November 23, 2010, incorporated by reference to Exhibit 99.5 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(vi) Associate FAQ, dated November 23, 2010, incorporated by reference to Exhibit 99.6 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(vii) Investor Conference Call Script, dated November 23, 2010, incorporated by reference to Exhibit 99.7 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(viii) Master Q&A, dated November 23, 2010, incorporated by reference to Exhibit 99.8 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(ix) Talking Points for use with Investors/Analysts, dated November 23, 2010, incorporated by reference to Exhibit 99.9 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(x) Talking Points for Senior Managers, dated November 23, 2010, incorporated by reference to Exhibit 99.10 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(xi) Press release issued by J.Crew Group, Inc., dated January 18, 2011, incorporated by reference to Exhibit 99.1 to the Company’s Current Report on Form 8-K filed with the SEC on January 18, 2011.
- (a)(2)(xii) M. Drexler Associate Voicemail Transcript, dated January 18, 2011, incorporated by reference to Exhibit 99.2 to the Company’s Current Report on Form 8-K filed with the SEC on January 18, 2011.
- (b)(1) Equity Commitment Letter, dated as of November 23, 2010, by and between Parent and TPG Partners VI, L.P.
- (b)(2) Equity Commitment Letter, dated as of November 23, 2010, by and among Parent, Green Equity Investors V, L.P. and Green Equity Investors Side V, L.P.
- (b)(3) Debt Commitment Letter, dated as of November 23, 2010, by and among Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Merger Sub.”
- (c)(1) Opinion of Perella Weinberg Partners LP, dated November 22, 2010, incorporated herein by reference to Annex C to the Preliminary Proxy Statement.

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- (c)(2) Financial Analysis Presentation Materials, dated November 22, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
 - (c)(3) Discussion Materials, dated October 4, 2010, of Goldman Sachs & Co. to TPG Capital, L.P. ·
 - (c)(4) Presentation Materials, dated October 25, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
 - (c)(5) Presentation Materials, dated October 29, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
 - (c)(6) Presentation Materials, dated November 1, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
 - (c)(7) Presentation Materials, dated November 4, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
 - (c)(8) Presentation Materials, dated November 9, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
 - (c)(9) Presentation Materials (Presentation 1), dated November 21, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
 - (c)(10) Presentation Materials (Presentation 2), dated November 21, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
 - (c)(11) Presentation Materials, dated November 20, 2009, of Goldman, Sachs & Co. to Messrs. Scully and Haselden.
 - (c)(12) Discussion Materials, dated May 20, 2010, of Goldman, Sachs & Co. to Messrs. Scully and Haselden.
 - (c)(13) Presentation Materials, dated June 3, 2010, of Goldman, Sachs & Co. to Mr. Scully.
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 - (d)(6) Third Amended and Restated Employment Agreement, dated as of July 13, 2010, by and among the Company, J.Crew Operating Corp. and Millard S. Drexler, incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on September 3, 2010.
 - (f) Section 262 of the Delaware General Corporation Law, incorporated herein by reference to Annex D to the Preliminary Proxy Statement.
 - (g) None.

^{*} Previously filed on December 6, 2010.

^{**} Previously filed on December 29, 2010.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

J.CREW GROUP, INC.

By: /S/ JAMES S. SCULLY
James S. Scully
Chief Administrative Officer and Chief Financial Officer

Dated: January 20, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

CHINOS HOLDINGS, INC.

By: /S/ RONALD CAMI
Ronald Cami
Vice President

Dated: January 20, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

CHINOS ACQUISITION CORPORATION

By: /S/ RONALD CAMI
Ronald Cami
Vice President

Dated: January 20, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

TPG PARTNERS VI, L.P.

By: TPG GenPar VI, L.P., its General Partner

By: TPG GenPar VI Advisors, LLC, its General Partner

By: /S/ RONALD CAMI
Ronald Cami
Vice President

Dated: January 20, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GREEN EQUITY INVESTORS V, L.P.

By: /s/ MICHAEL GENNARO
Michael Gennaro
Chief Operating Officer and Secretary

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: /s/ MICHAEL GENNARO
Michael Gennaro
Chief Operating Officer and Secretary

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/S/ MILLARD S. DREXLER

Dated: January 20, 2011

EXHIBIT INDEX

- (a)(1) Preliminary Proxy Statement of J.Crew Group, Inc., incorporated by reference to the Schedule 14A filed with the Securities and Exchange Commission on January 20, 2011 (the “**Preliminary Proxy Statement**”).
- (a)(2)(i) Form of Proxy Card, incorporated herein by reference to the Preliminary Proxy Statement.
- (a)(2)(ii) Joint press release issued by J.Crew Group, Inc., dated November 23, 2010, incorporated by reference to Exhibit 99.2 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(iii) M. Drexler All-Associate E-mail, dated November 23, 2010, incorporated by reference to Exhibit 99.3 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(iv) M. Drexler Associate Voicemail Transcript, dated November 23, 2010, incorporated by reference to Exhibit 99.4 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(v) M. Drexler Prepared Remarks for Town Hall Meeting, dated November 23, 2010, incorporated by reference to Exhibit 99.5 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(vi) Associate FAQ, dated November 23, 2010, incorporated by reference to Exhibit 99.6 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(vii) Investor Conference Call Script, dated November 23, 2010, incorporated by reference to Exhibit 99.7 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(viii) Master Q&A, dated November 23, 2010, incorporated by reference to Exhibit 99.8 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(ix) Talking Points for use with Investors/Analysts, dated November 23, 2010, incorporated by reference to Exhibit 99.9 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(x) Talking Points for Senior Managers, dated November 23, 2010, incorporated by reference to Exhibit 99.10 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(xi) Press release issued by J.Crew Group, Inc., dated January 18, 2011, incorporated by reference to Exhibit 99.1 to the Company’s Current Report on Form 8-K filed with the SEC on January 18, 2011.
- (a)(2)(xii) M. Drexler Associate Voicemail Transcript, dated January 18, 2011, incorporated by reference to Exhibit 99.2 to the Company’s Current Report on Form 8-K filed with the SEC on January 18, 2011.
- (b)(1) Equity Commitment Letter, dated as of November 23, 2010, by and between Parent and TPG Partners VI, L.P. ·
- (b)(2) Equity Commitment Letter, dated as of November 23, 2010, by and among Parent, Green Equity Investors V, L.P. and Green Equity Investors Side V, L.P:
- (b)(3) Debt Commitment Letter, dated as of November 23, 2010, by and among Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Merger Sub.·
- (c)(1) Opinion of Perella Weinberg Partners LP, dated November 22, 2010, incorporated herein by reference to Annex C to the Preliminary Proxy Statement.
- (c)(2) Financial Analysis Presentation Materials, dated November 22, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·

-
- (c)(3) Discussion Materials, dated October 4, 2010, of Goldman Sachs & Co. to TPG Capital, L.P. .
 - (c)(4) Presentation Materials, dated October 25, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc..
 - (c)(5) Presentation Materials, dated October 29, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc..
 - (c)(6) Presentation Materials, dated November 1, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc..
 - (c)(7) Presentation Materials, dated November 4, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc..
 - (c)(8) Presentation Materials, dated November 9, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc..
 - (c)(9) Presentation Materials (Presentation 1), dated November 21, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc..
 - (c)(10) Presentation Materials (Presentation 2), dated November 21, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc..
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- (g) None.

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- " Previously filed on December 29, 2010.



Presentation to J.Crew

**Goldman, Sachs & Co.
November 20, 2009**

Table of Contents

I. Market Perspectives on J.Crew and Comparison to Peers

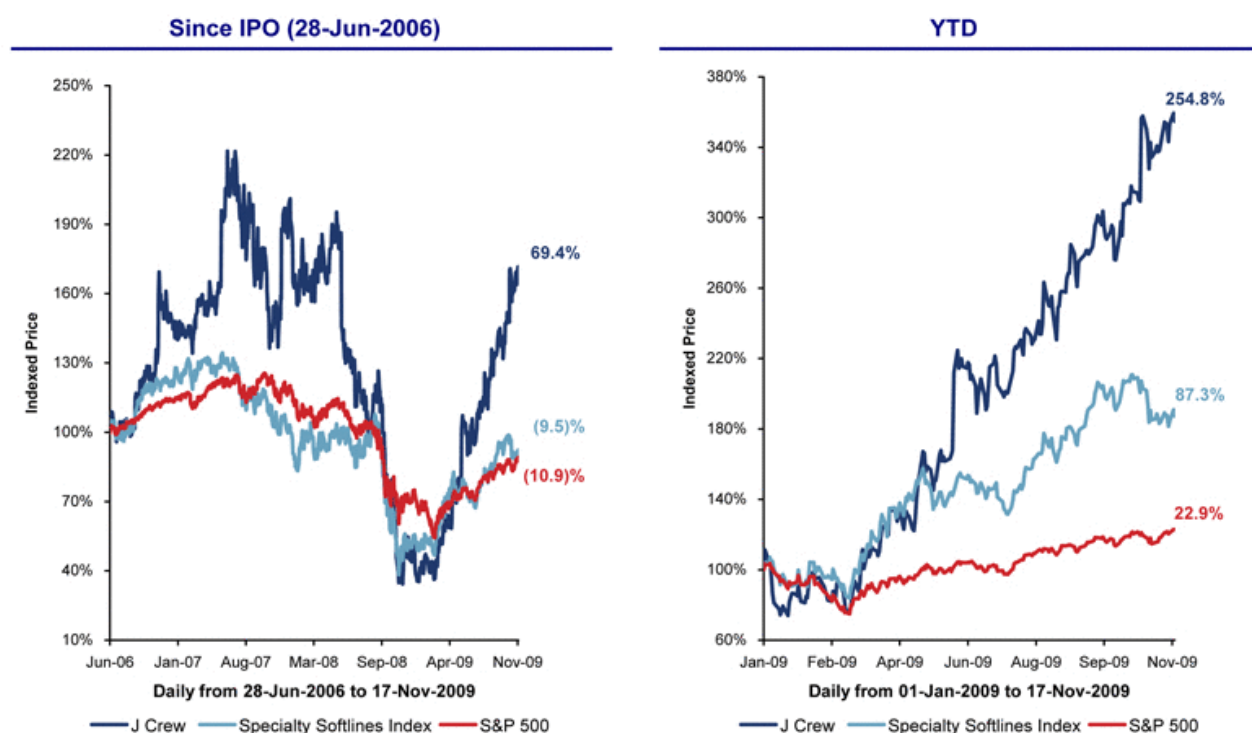
II. Capital Structure Alternatives for J.Crew

Appendix A: Supplemental Materials

Goldman Sachs does not provide accounting, tax, or legal advice. Notwithstanding anything in this document to the contrary, and except as required to enable compliance with applicable securities law, you (and each of your employees, representatives, and other agents) may disclose to any and all persons the US federal income and state tax treatment and tax structure of the transaction and all materials of any kind (including tax opinions and other tax analyses) that are provided to you relating to such tax treatment and tax structure, without Goldman Sachs imposing any limitation of any kind.

I. Market Perspectives on J.Crew and Comparison to Peers

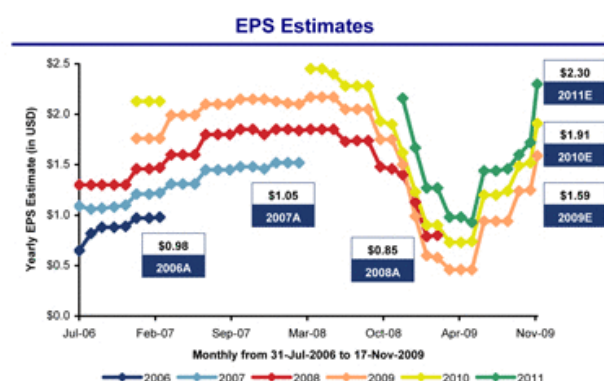
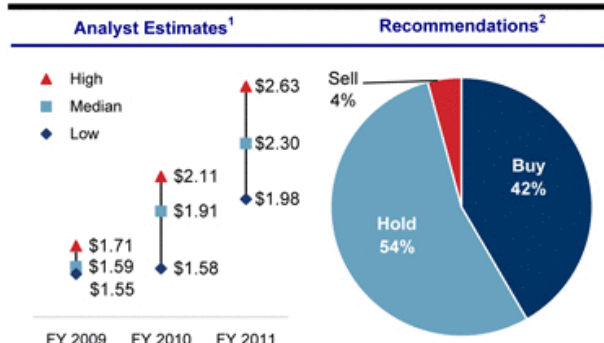
J.Crew Stock Has Rallied Since March Lows Outperforming Specialty Softlines Peers



Source: Bloomberg

Note: Specialty Softlines Index includes Abercrombie, Aeropostale, American Apparel, American Eagle, Ann Taylor, Bebe Stores, Buckle, Chico's, Coach, Coldwater Creek, Dress barn, Gap, Guess?, Hot Topic, Limited Brands, Talbots, Urban Outfitters, Wet Seal and Zumiez

Analysts Are Supportive of Strategy and Bullish on Growth



Source: Wall Street research and IBES as of 17-Nov-2009

¹ EPS FY 2009, FY 2010 and 2011.

² Based on 24 analysts' recommendations.

Research Commentary

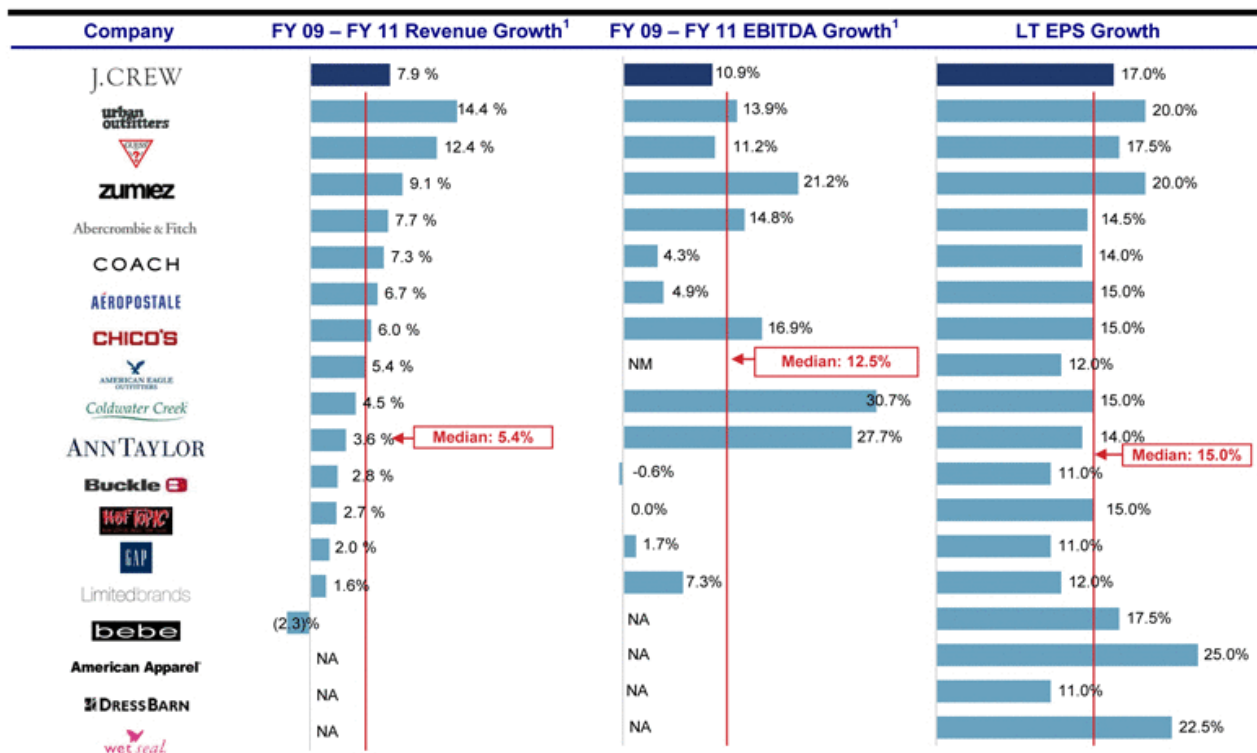
On Strategy and Future Growth:

- "From a growth perspective, there is some opportunity to add core J.Crew stores, it has larger exposure to the faster-growing online business, and management's history suggests a higher probability of success with new concepts than many peers" *GS Research, Oct 22, 2009*
- "With just 216 Full Priced Retail stores, 78 Factory locations, and a handful of Crewcuts and Madewell locations, we believe the company has a rare longer-term square footage growth story across all of its concepts and the opportunity to more than double its current store base" *J.P.Morgan, August 31, 2009*
- "Rather, future growth lies in the nascent women's-only Madewell concept, whose store growth potential is expected to equal or exceed that of J.Crew's.... We think Madewell will be successful for several reasons: 1) A favorable rent environment 2) Sharper pricing 3) CEO is highly invested 4) Management expertise in building a denim business" *MKM Partners, October 28, 2009*
- "Longer-term, we believe strengthening momentum at Madewell (including pending eCommerce launch in 2010) could lead to reduced drag on overall company earnings. Further, we believe JCG remains one of the best-in-class retailers that possess attractive growth and solid brand positioning" *Wedbush, October 22, 2009*
- "We like the Madewell concept and are encouraged by the initial interest and feedback from customers and believe this could potentially turn into a viable growth driver for JCG in a few years" *Needham, October 22, 2009*

On Valuation:

- "We are increasing our TP from \$38 to \$45 based on our DCF-based C/S HOLT analysis. We assume asset growth consistent with square footage growth in our model and Cash Flow Return on Investment (CFROI) of 18% in F09 increasing to 20% in F13. Our \$45 TP also represents approximately 22.5x our F10 estimate." *Credit Suisse, October 22, 2009*
- "We believe a premium valuation is warranted given a stronger growth profile, fundamental momentum and upside bias to earnings.... In our view, JCG is fairly valued at 22x 2010 P/E and 9x EV/EBITDA. This is a slight premium to the group average and fairly in line with the company's three-year history" *Jefferies, October 22, 2009*

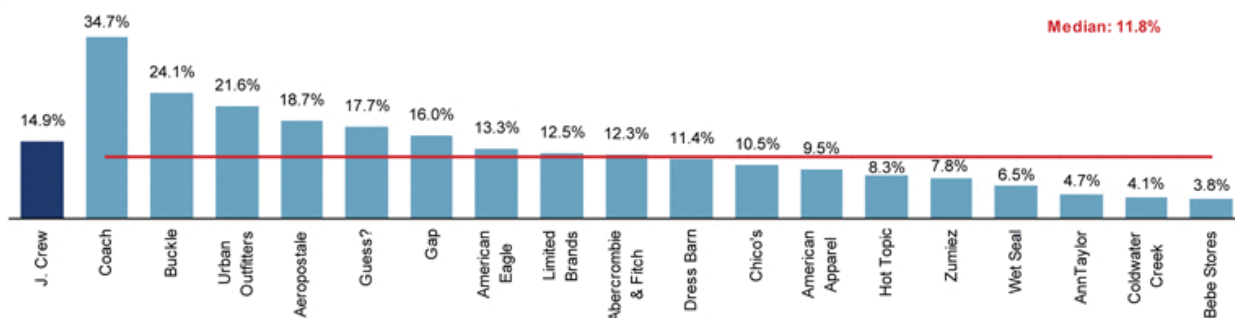
J.Crew's Compelling Growth Profile...



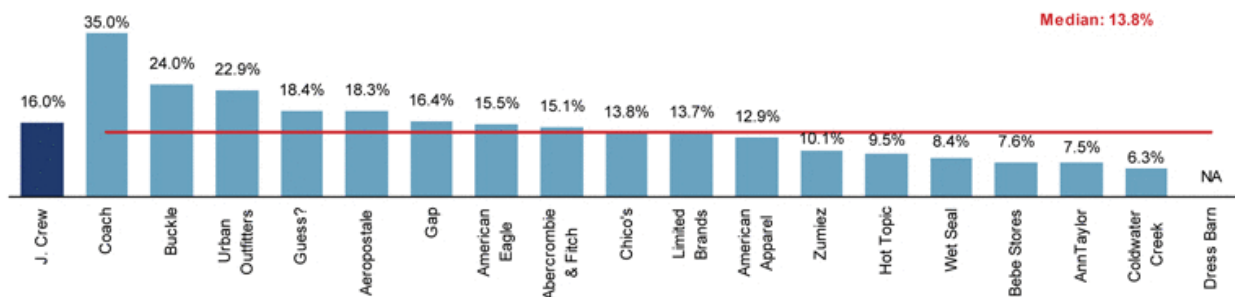
Source: Wall Street Estimates as of 17-Nov-2009
¹ Reflects FY2009E-FY2011E CAGR.

...and Strong EBITDA Margin...

FY2009E EBITDA Margin



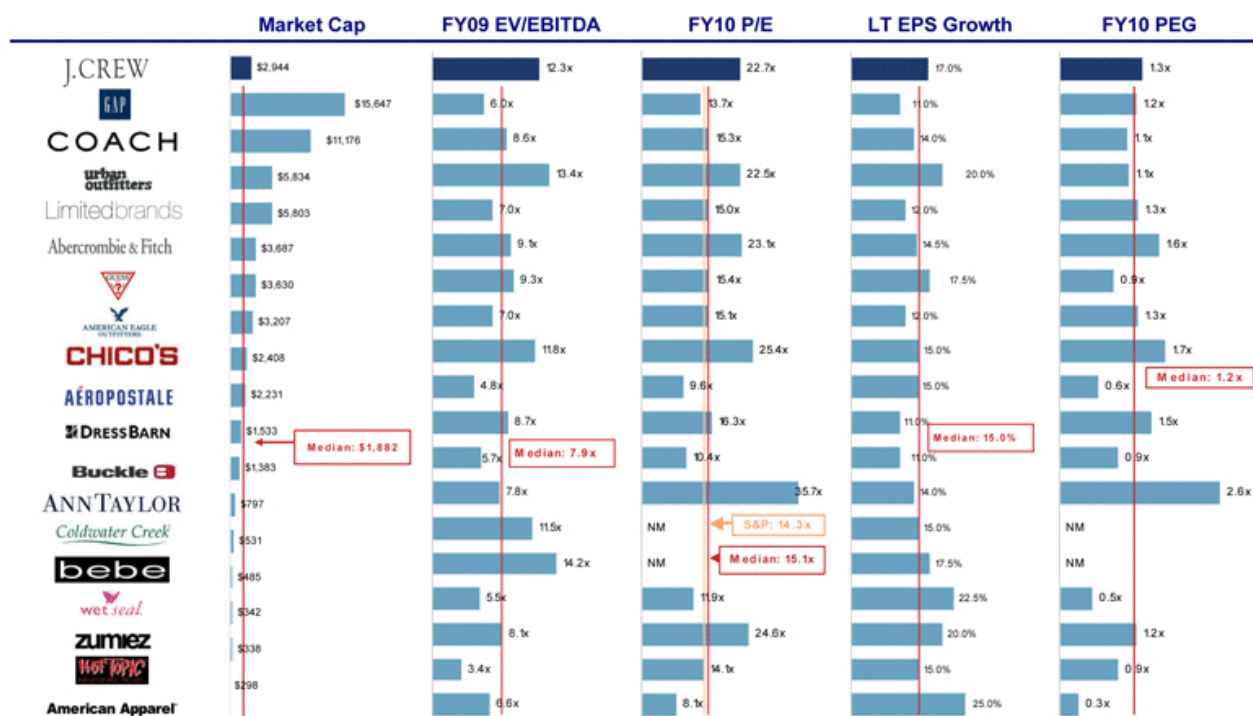
FY2010E EBITDA Margin



Source: IBES and Bloomberg. Market Data as of 17-Nov-2009

... Are Reflected in the Premium Valuation to Specialty Softlines Peers

(\$ in millions, except for the ratios)



Source: Wall Street Estimates as of 17-Nov-2009

II. Capital Structure Alternatives for J.Crew

J Crew Spectrum of Alternatives

	1	2	3	4
	Repay Remaining Debt	Share Repurchase	Special Dividend	Initiate On-Going Dividend
Overview	<ul style="list-style-type: none"> Repay remaining outstanding debt (\$98 million) with cash on the balance sheet 	<ul style="list-style-type: none"> Use excess cash (after debt paydown) to repurchase shares 	<ul style="list-style-type: none"> Use excess cash (after debt paydown) to pay special dividend to shareholders 	<ul style="list-style-type: none"> Initiate ongoing dividend
Discussion Points	<ul style="list-style-type: none"> The Company is still in the growth mode with store growth potential for both J Crew and Madewell concepts The Company maintains lower cash balance as a percentage of market capitalization than most of its specialty softlines peers 	<ul style="list-style-type: none"> Signals management view that stock is undervalued Highly accretive to earnings Shareholders can self-select whether to tender their share 	<ul style="list-style-type: none"> Returns cash to shareholders Dilutive to earnings but accretive to value Does not allow for shareholders to "opt in" 	<ul style="list-style-type: none"> Long-term commitment, which leaves less the Company with less flexibility May signal maturity of core business and slowdown in growth

Current Plan Implies Cash Balance of over \$1.0 billion by 2014

(\$ in millions)

	FY 2007 A	FY 2008 A	FY 2009 E	FY 2010 E	FY 2011 E	FY 2012 E	FY 2013 E	FY 2014 E	CAGR '07A-'09E	CAGR '09E-'14E
Net Income	\$ 98	\$ 54	\$ 95	\$ 112	\$ 136	\$ 166	\$ 200	\$ 242	(1.8)%	20.5 %
D&A	34	44	48	52	57	60	61	60		
Working Capital	7	34	8	17	6	12	19	26		
Δ in Working Capital	(32)	(15)	(39)	9	(11)	6	6	7		
Capital Expenditures	81	78	51	51	54	60	60	59		
Other	36	5	3	30	18	16	16	16		
Free Cash Flow	\$ 120	\$ 40	\$ 135	\$ 134	\$ 168	\$ 176	\$ 211	\$ 252	6.0 %	13.3 %
Share Repurchases	(1)	(0)	(0)	0	0	0	0	0		
Repurchases of Preferred stock	0	0	0	0	0	0	0	0		
Dividends paid	0	0	0	0	0	0	0	0		
Cash	\$ 132	\$ 146	\$ 280	\$ 411	\$ 576	\$ 660	\$ 870	\$ 1,123		
Total Debt	125	100	98	95	93	0	0	0		
Adj. Debt (1)	501	599	637	676	734	806	885	970		
Growth and Margins										
Number of Stores	260	300	324	337	366	403	440	477		
New Stores Growth (%)	14.5 %	15.4 %	8.1 %	4.0 %	8.6 %	10.1 %	9.2 %	8.4 %		
Comp Store Sales (%)	5.6 %	(4.0)%	0.2 %	1.8 %	2.7 %	3.1 %	3.7 %	3.9 %		
Credit Stats										
Debt / EBITDA	0.6 x	0.7 x	0.5 x	0.4 x	0.3 x	0.0 x	0.0 x	0.0 x		
Adj. Debt / EBITDAR	2.4 x	4.3 x	3.0 x	2.8 x	2.6 x	2.4 x	2.2 x	2.1 x		
EBITDAR / Interest + Rent	3.7 x	2.7 x	3.5 x	3.6 x	3.8 x	4.1 x	4.3 x	4.4 x		

Source: Public filings, Management Projections
(1) Rent Expense adjusted based on Moody's methodology.

J Crew Current Management Plan Comparison to Street

(\$ in millions, except per share data)

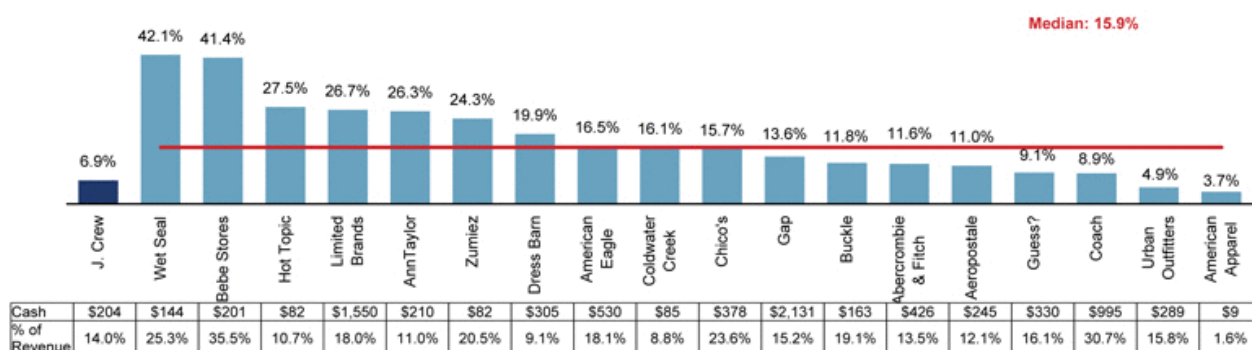
	FY 2008 A	FY 2009 E	FY 2010 E	FY 2011 E	CAGR '08A- '11E
Store Growth and Comps					
SSS (Management)	(4.0)%	0.2 %	1.8 %	2.7 %	
SSS (Street) (1)	(4.0)%	1.5 %	3.0 %	4.0 %	
Number of Stores (Management)	300	324	337	366	6.9 %
Number of Stores (Street) (1)	300	321	340	359	6.2 %
Income Statement					
Revenue (Management)	\$ 1,428	\$ 1,517	\$ 1,611	\$ 1,748	7.0 %
% Growth	7.0 %	6.2 %	6.2 %	8.5 %	
Revenue (Street)	\$ 1,428	\$ 1,546	\$ 1,671	\$ 1,800	8.0 %
% Growth	7.0 %	8.3 %	8.1 %	7.7 %	
EBITDA (Management)	\$ 141	\$ 211	\$ 244	\$ 288	26.9 %
% Margin	9.8 %	13.9 %	15.1 %	16.4 %	
EBITDA (Street)	\$ 141	\$ 231	\$ 268	\$ 314	30.8 %
% Margin	9.8 %	14.9 %	16.0 %	17.5 %	
EPS (Management)	\$ 0.85	\$ 1.48	\$ 1.73	\$ 2.09	35.1 %
% Growth	(45.2)%	74.6 %	17.5 %	20.3 %	
EPS (Street)	\$ 0.85	\$ 1.59	\$ 1.91	\$ 2.30	39.6 %
% Growth	(45.2)%	88.0 %	20.1 %	20.4 %	
Cash Flow					
Capex (Management)	\$ 78	\$ 51	\$ 51	\$ 54	(11.6)%
Capex (Street) (1)	\$ 78	\$ 55	\$ 65	\$ 76	(0.5)%

Source: Public filings, Management Projections and Wall Street Research

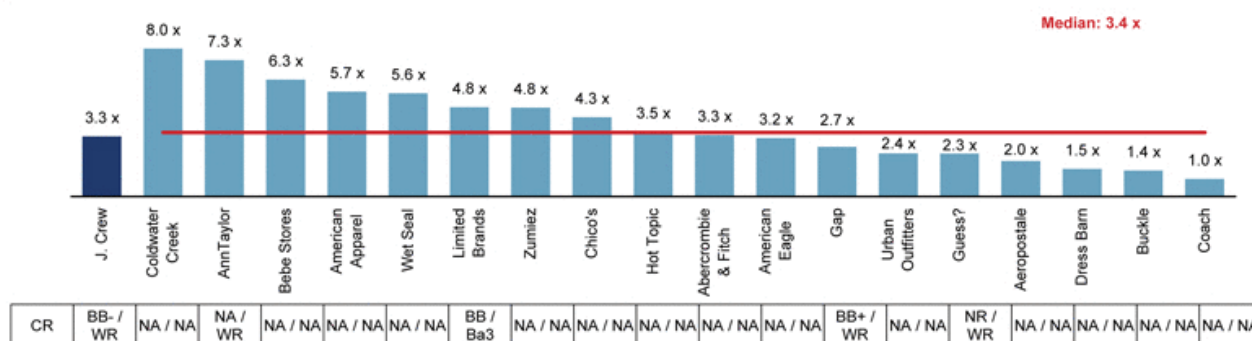
(1) Same-store sales, number of stores and Capex are based on Goldman Sachs Research.

Apparel Retailers Retain a Large Portion of Cash on Their Balance Sheet

Cash as % of Market Capitalization



Adjusted Debt to EBITDAR



Source: Company Filings and Bloomberg. Market Data as of 17-Nov-2009

Use of Cash Benchmarking

J.Crew vs. Peers

(\$ in millions except per share data)

	Operating Cash Flow	Capex	Capex % of Operating Cash Flow	Dividends	Share Repurchases	Total Cash Returned	Total Cash % of Operating Cash Flow
J Crew	\$ 439	\$ 229	52.1%	\$ 0	\$ 1	\$ 1	0.3 %
Abercrombie & Fitch	1,777	1,077	60.6%	184	338	522	29.4 %
Aeropostale	596	222	37.2%	-	326	326	54.7 %
American Eagle	1,244	722	58.1%	242	525	766	61.6 %
AnnTaylor	571	355	62.2%	-	547	547	95.7 %
Bebe Stores	187	86	46.0%	36	67	103	55.2 %
Buckle	383	131	34.3%	76	31	107	27.9 %
Chico's	529	419	79.2%	-	1	1	0.2 %
Coach	2,673	539	20.2%	24	1,790	1,814	67.9 %
Coldwater Creek	237	265	NM	-	25	25	10.6 %
Dress Barn	479	194	40.4%	-	54	54	11.4 %
Gap	5,115	1,521	29.7%	737	2,822	3,559	69.6 %
Guess?	619	261	42.1%	88	66	154	24.9 %
Hot Topic	160	98	61.3%	-	7	7	4.5 %
Limited Brands	2,926	1,589	54.3%	634	1,961	2,595	88.7 %
Talbots	280	166	59.3%	71	2	74	26.4 %
Urban Outfitters	456	245	53.8%	-	-	-	0.0 %
Wet Seal	154	87	56.5%	-	22	22	14.6 %
Zumiez	117	81	69.3%	-	-	-	0.0 %
Median	\$ 504	\$ 253	54.3%	\$ 12	\$ 60	\$ 105	27.1 %

Source: Wall Street Research estimates

(1) Reflects cumulative dividend and share repurchase as a percent of average equity market capitalization since 01-Nov-2006.

② Illustrative Share Repurchase

Assumes Cash Balance at the end of 2009 of \$280 million

(\$ in millions)

Share Repo Size	Status Quo	\$50	\$75	\$100	\$125
Total Cash Balance (FY2009)		280	280	280	280
(-) Repayment of Debt		98	98	98	98
(-) Share Repurchases		50	75	100	125
PF Cash Balance (FY2009)		\$131	\$106	\$81	\$56
Share Repurchase Price		\$ 43.28	\$ 43.28	\$ 43.28	\$ 43.28
Shares Repurchased (mm)		1.16	1.73	2.31	2.89
% of Outstanding Shares Repurchased (1)		1.8%	2.7%	3.7%	4.6%
FY 2010 E Pro Forma WASO	64.6	63.5	62.9	62.3	61.7
Accretion / (Dilution) Analysis					
FY 2010 E EPS (2) (3)	\$1.73	\$1.76	\$1.77	\$1.78	\$1.80
Accretion / (Dilution) (\$)		\$0.03	\$0.04	\$0.05	\$0.06
Accretion / (Dilution) (%)		1.6%	2.2%	2.9%	3.6%
FY 2009E - 2011 E EPS CAGR	18.9%	20.5%	21.3%	22.0%	22.8%
Share Price at At 24.9x (Current) P/E	\$ 43.28	\$ 43.96	\$ 44.24	\$ 44.53	\$ 44.83
Share Price Accretion		1.6%	2.2%	2.9%	3.6%
Additional Share Repurchases (FY2010)					
Pro Forma Cash Balance		131	106	81	56
(+) FCF Generated (FY2010)		134	134	134	134
(-) Repayment of Debt		-	-	-	-
(-) Share Repurchases		50	75	100	125
PF Cash Balance (FY2010)		\$216	\$166	\$116	\$66
Share Repurchase Price		\$ 52.95	\$ 53.31	\$ 53.69	\$ 54.07
FY 2011 E EPS (2) (3)	\$2.09	\$2.14	\$2.17	\$2.20	\$2.23
Accretion / (Dilution) (\$)		\$0.06	\$0.08	\$0.11	\$0.14
Accretion / (Dilution) (%)		2.8%	4.0%	5.3%	6.6%
Pro Forma Credit Statistics (FY 2009)					
Total Cash	280	131	106	81	56
Total Debt	98	-	-	-	-
Adj. Debt / EBITDAR (4)	3.0 x	2.2 x	2.2 x	2.2 x	2.2 x

Source: Public filings, Management Projections

(1) Based on 63.2 basic shares outstanding as of 17-Nov-2009.

(2) Based on 2010E weighted average diluted shares of 64.6 million.

(3) Assumes a tax rate of 40.2% for FY2010E.

(4) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.

③ Illustrative Special Dividend

Assumes Cash Balance at the end of 2009 of \$280 million

(\$ in millions)

Special Dividend Size	Status Quo	\$50	\$75	\$100	\$125
Total Cash Balance (FY2009)		280	280	280	280
(-) Repayment of Debt		98	98	98	98
(-) Special Dividends		50	75	100	125
PF Cash Balance (FY2009)		\$131	\$106	\$81	\$56
FY 2010 E EPS (1) (2)	\$1.73	\$1.73	\$1.73	\$1.72	\$1.72
Special Dividend per share (3)		0.79	1.19	1.58	1.98
Implied Share Price at 24.9x FY2 P/E Multiple	\$43.28	\$43.17	\$43.06	\$42.94	\$42.83
Shareholder Value (DPS + PF EPS x P/E)		\$43.96	\$44.24	\$44.52	\$44.80
Share Price Accretion		1.6%	2.2%	2.9%	3.5%
Pro Forma Credit Statistics					
Total Cash	280	131	106	81	56
Total Debt	98	-	-	-	-
Adj. Debt / EBITDAR (4)	3.0 x	2.2 x	2.2 x	2.2 x	2.2 x

Source: Public filings, Management Projections

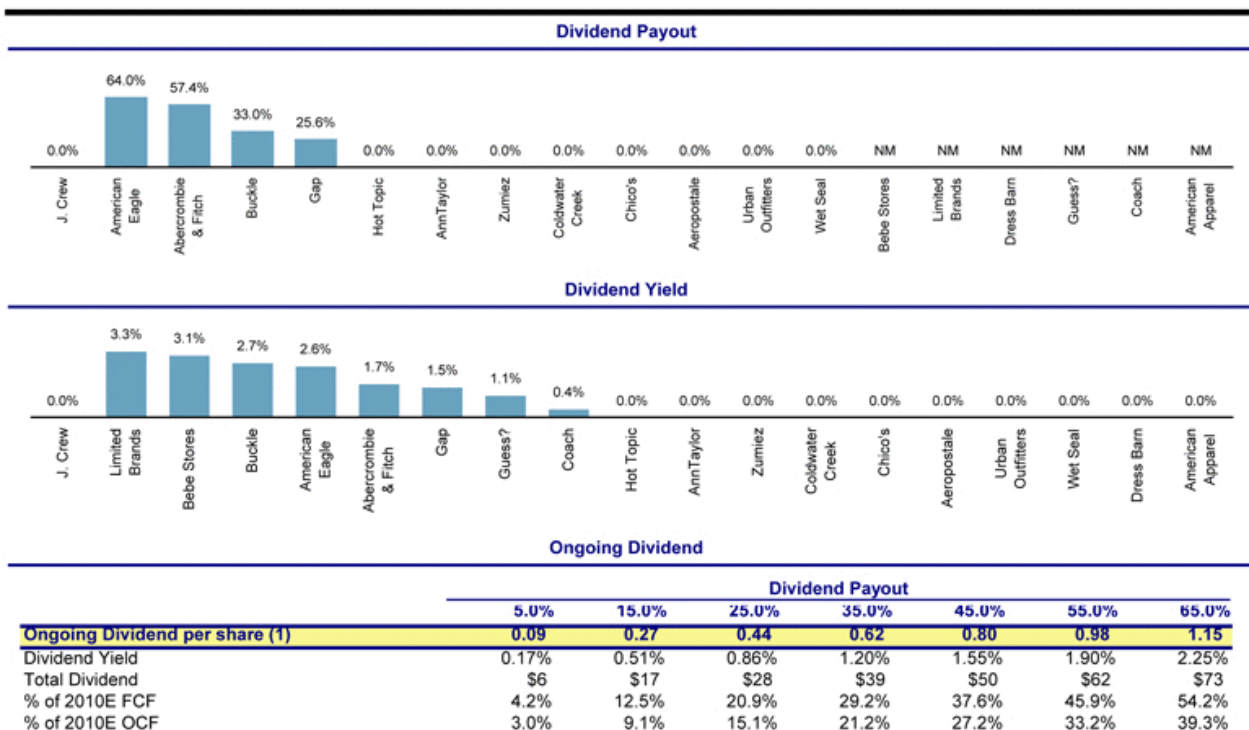
(1) Based on 2010E weighted average diluted shares of 64.6 million.

(2) Assumes a tax rate of 40.2% for FY2010E.

(3) Based on current shares outstanding of 63.2 million.

(4) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.

④ On-Going Dividend Benchmarking



Source: Public filings, Management Projections

Note: Assumes Cost of Equity to be 11.0%. Present Value of Future Stock includes ongoing dividend

(1) Based on 2010E weighted average diluted shares of 64.6 million.

Appendix A: Supplemental Materials

Comparison of Selected Companies

(\$ in millions except per share data)

Company	Closing Price 17-Nov-2009	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)					Calendarized P/E Multiples (2)		5-Year EPS CAGR (2)	2010 PE/5-Year EPS CAGR		LTM Margins (1)		Dividend Yield
					Sales	EBITDA		EBIT									
					LTM	LTM	2009	2010	LTM	2009	2010		EBITDA	EBIT			
J. Crew	\$ 43.28	99 %	\$ 2,944	\$ 2,839	2.0 x	20.3 x	12.3 x	10.6 x	32.6 x	27.2 x	22.7 x	17.0 %	1.3 x	9.6 %	6.0 %	0.0 %	
U.S. Specialty Retailer																	
Abercrombie & Fitch	\$ 41.27	99 %	\$ 3,687	\$ 3,343	1.1 x	7.5 x	9.1 x	7.0 x	15.9 x	39.7 x	23.1 x	14.5 %	1.6 x	14.1 %	6.7 %	1.7 %	
Aeropostale	33.06	75	2,231	1,986	1.0	5.5	4.8	4.5	6.4	10.4	9.6	15.0	0.6	17.6	15.2	0.0	
American Apparel (3)	3.32	49	236	346	0.6	7.6	6.6	4.5	17.2	NM	8.1	25.0	0.3	8.3	3.7	0.0	
American Eagle	15.42	79	3,207	2,752	0.9	7.4	7.0	5.7	11.8	20.6	15.1	12.0	1.3	12.6	8.0	2.6	
AnnTaylor	13.58	78	797	667	0.3	23.0	7.8	4.9	NM	NM	35.7	14.0	2.6	1.5	(4.5)	0.0	
Bebe Stores	5.59	60	485	284	0.5	11.1	10.0	9.5	NM	NM	NM	17.5	8.0	4.5	(0.4)	3.1	
Buckle	29.11	80	1,383	1,220	1.4	6.0	5.7	5.3	6.7	11.0	10.4	11.0	0.9	23.9	21.2	2.7	
Chico's	13.48	98	2,408	2,031	1.3	17.9	11.8	8.5	NM	48.1	25.4	15.0	1.7	7.1	1.1	0.0	
Coach	34.48	96	11,176	10,207	3.2	9.3	8.8	8.3	10.5	17.3	15.9	14.0	1.1	34.0	30.1	0.4	
Coldwater Creek	5.81	67	531	458	0.5	NM	11.5	7.3	NM	NM	NM	15.0	NM	0.2	(5.8)	0.0	
Dress Barn (4)	21.13	100	1,533	1,541	0.5	6.8	9.3	NA	11.6	18.3	16.9	11.0	1.5	6.7	4.0	0.0	
Gap	22.31	96	15,647	13,516	1.0	6.2	6.0	5.8	8.9	14.8	13.7	11.0	1.2	15.5	10.9	1.5	
Guess?	38.19	94	3,630	3,336	1.6	8.5	9.3	8.3	10.1	17.6	15.4	17.5	0.9	19.2	16.1	1.1	
Hot Topic	6.76	51	298	216	0.3	3.1	3.4	2.9	6.5	17.8	14.1	15.0	0.9	9.1	4.3	0.0	
Limited Brands	18.03	93	5,803	7,504	0.9	7.5	7.0	6.4	11.6	18.6	15.0	12.0	1.3	11.5	7.5	3.3	
Urban Outfitters	33.72	98	5,834	5,545	3.0	15.2	13.4	11.0	19.9	27.9	22.5	20.0	1.1	20.0	15.2	0.0	
Wet Seal	3.50	79	342	202	0.4	4.9	5.5	4.1	7.5	17.1	11.9	22.5	0.5	7.3	4.7	0.0	
Zumiez	11.21	65	338	256	0.6	7.3	8.1	5.8	18.1	46.7	24.6	20.0	1.2	8.8	3.5	0.0	
	High	100 %	\$ 15,647	\$ 13,516	3.2 x	23.0 x	13.4 x	11.0 x	19.9 x	48.1 x	35.7 x	25.0 %	8.0 x	34.0 %	30.1 %	3.3 %	
	Mean	81	3,309	3,078	1.1	9.1	8.1	6.5	11.6	23.3	17.3	15.7	1.6	12.3	7.9	0.9	
	Median	79	1,882	1,764	0.9	7.5	7.9	5.8	11.0	18.0	15.3	15.0	1.2	10.3	5.7	0.0	
	Low	49	236	202	0.3	3.1	3.4	2.9	6.4	10.4	8.1	11.0	0.3	0.2	(5.8)	0.0	

(1) Source: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.

(2) Sources: LTM numbers are based on latest publicly available financial statements. Projected revenues, EBITDA, EBIT, and EPS are based on IBES median estimates and/or other Wall Street research.

(3) Does not include the 7.7mm (10.8% of outstanding shares) authorized to be granted as part of the Performance Equity Plan, as no shares have currently been granted under this program.

(4) Pro Forma for the acquisition of Tuxen Brands for \$157mm announced on 24-Jun-2009

Current Cap Structure Does Not Provide Significant Debt Repurchase Opportunities

As of 01-Aug-2009 (\$ in millions)

	Amount (USD)	LTM Leverage (1)	Moody's Adj. LTM Leverage Using 8x (2)	Interest / Coupon	Tranche Rating	Current Bid / Implied Yield	Maturity
Cash	\$204						
Undrawn Revolving Credit Facility (3)	194						
Total Liquidity	\$398						
Revolving Credit Facility (\$200mm Capacity)	-	0.0 x	2.8	L + 100-125	NA / NA		May-2013
Term Loan	100	0.7	3.3	L + 175 (4)	Ba2 / BB+	93.00 / 6.2%	May-2013
Total Debt	\$100	0.7x	3.3x				
Market Equity	2,944						
Total Capitalization	\$3,043						
Corporate Rating	BB- / WR	Stable / NA					

Source: Company Filings as of 01-Aug-2009

(1) Assumes LTM EBITDA to be \$140mm as of 01-Aug-09.

(2) LTM rent expense of \$75mm capitalized at 8.0x.

(3) Adjusts for \$6mm of Letters of Credit as of 01-Aug-2009.

(4) Interest rate is at company's option, at base rate plus a margin of 0.75% or at L+175 bps



J.Crew Discussion Materials

Goldman, Sachs & Co.
20-May-2010



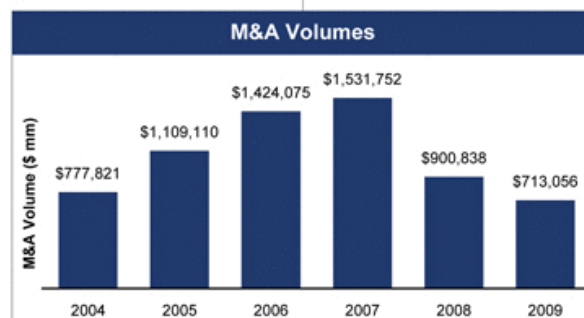
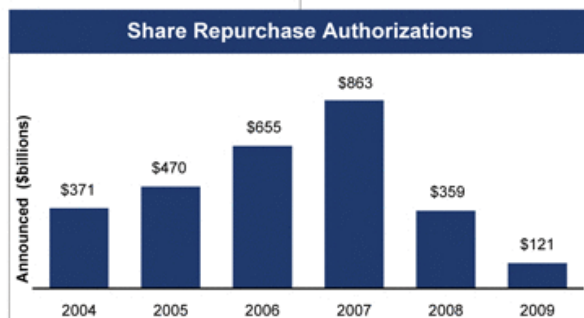
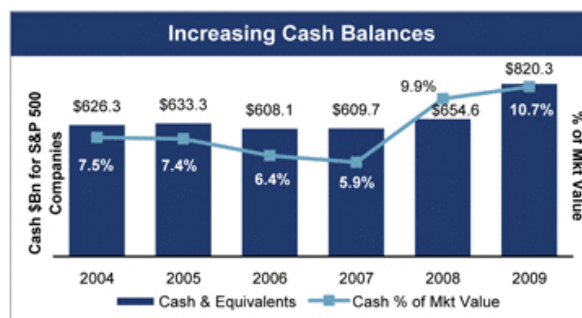
Table of Contents

- I. Capital Allocation Trends
 - II. Market Perspectives on J.Crew and Comparison to Peers
 - III. Optimal Capital Structure and Alternatives Use of Cash Considerations
- Appendix A: Supplemental Materials
-



I. Capital Allocation Trends

With Increasing Cash Balances, Companies Can Either Return Cash to Shareholders or Invest in M&A, Both of Which Have Lagged

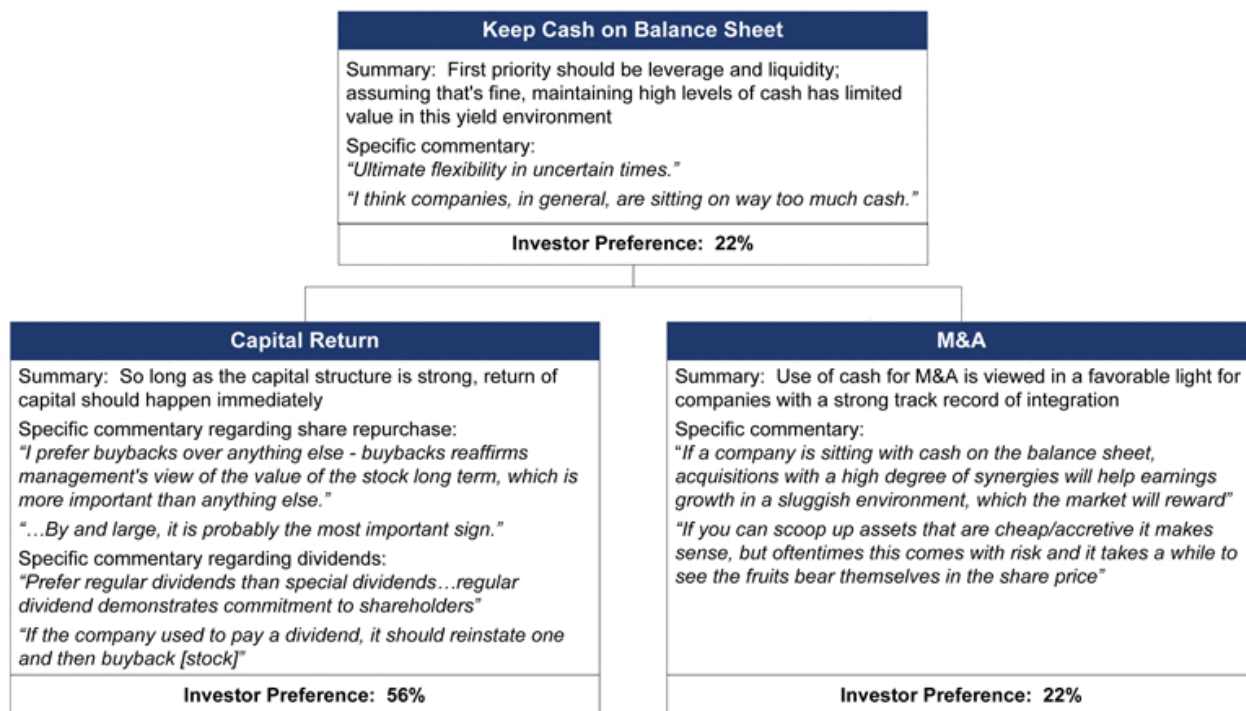


Source: CapIQ, Birinyi, Thomson Financial Securities Data



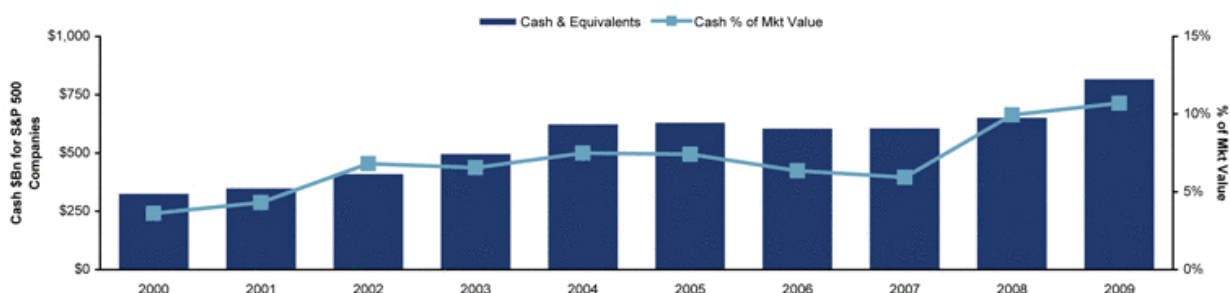
Equity Investors are Supportive of Both Capital Return and M&A

In early 2010, Goldman Sachs surveyed several best-in-class investors from blue-chip mutual funds and hedge funds regarding whether or not companies should spend excess cash. The results are below:

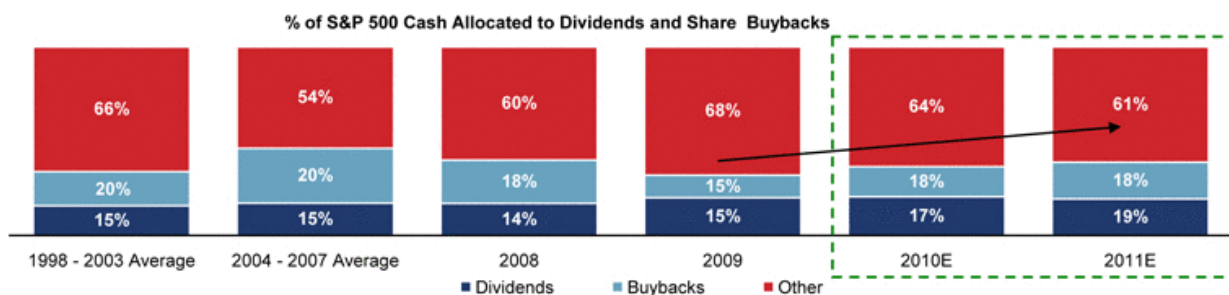


As The Economy Has Recovered, Record Cash Balances and Limited Price Appreciation Are Again Focusing Companies on Return of Capital to Accelerate Returns

Cash and Equivalents Have Grown to record levels



Expectation for Share Repurchases and Dividends to Increase

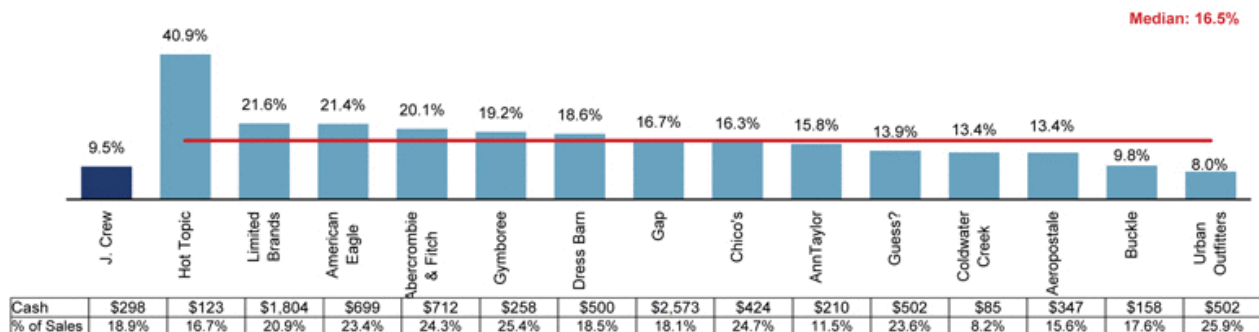


Source: CapIQ, GS Research

Note: Based on cash and cash equivalents as of latest quarter and market cap as of 18-Dec-2009. Includes companies with market cap greater than \$500mm.

Apparel Retailers Have Retained a Large Portion of Cash on Their Balance Sheets in the Economic Downturn...

Cash as % of Market Capitalization



Adjusted Debt to EBITDAR

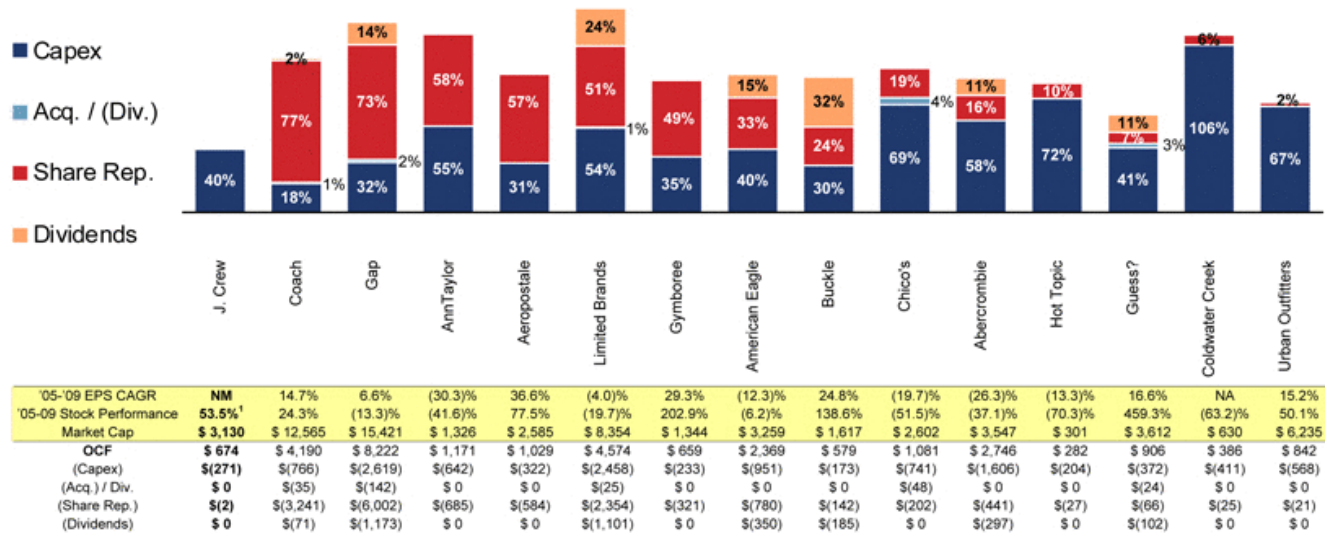


Source: Company Filings and Bloomberg. Market Data as of 14-May-2010

...But Historically Have Used Significant Portion of Operating Cash Flows for Share Buybacks

2005-2009 Cumulative (\$ millions, except where noted)

Percentage of Operating Cash Flow

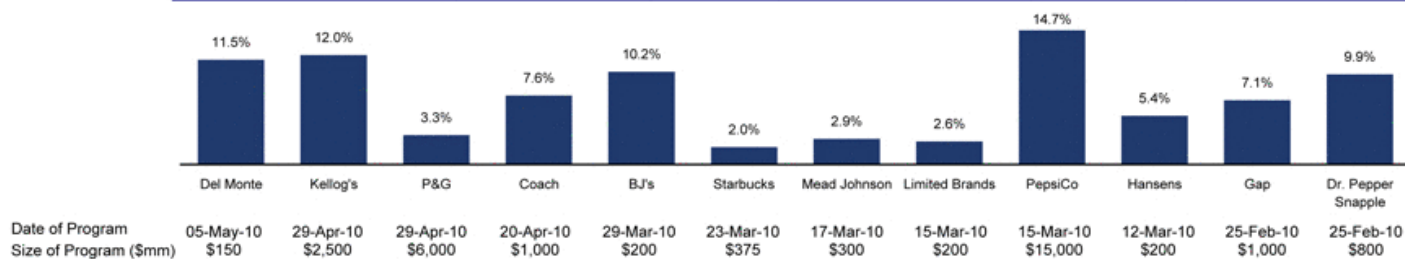


Source: Company filings, CapIQ, Bloomberg

¹ Indicates stock price performance since IPO to 31-Jan-2010.

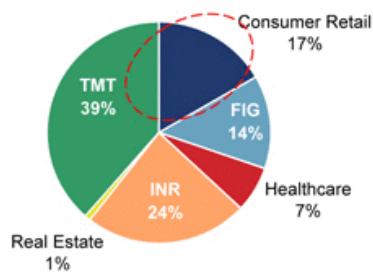
Pick-Up in Consumer / Retail Share Repurchase Authorizations as a Result of Economic Recovery and Improving Sentiment

Most Recent Repurchase Program % of Market Capitalization at Time of Authorization

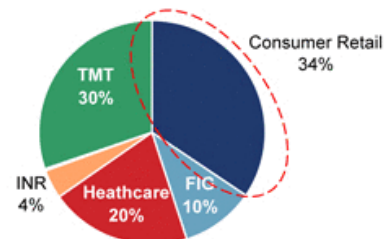


Share Repurchase Authorizations

Sector Breakdown 2008



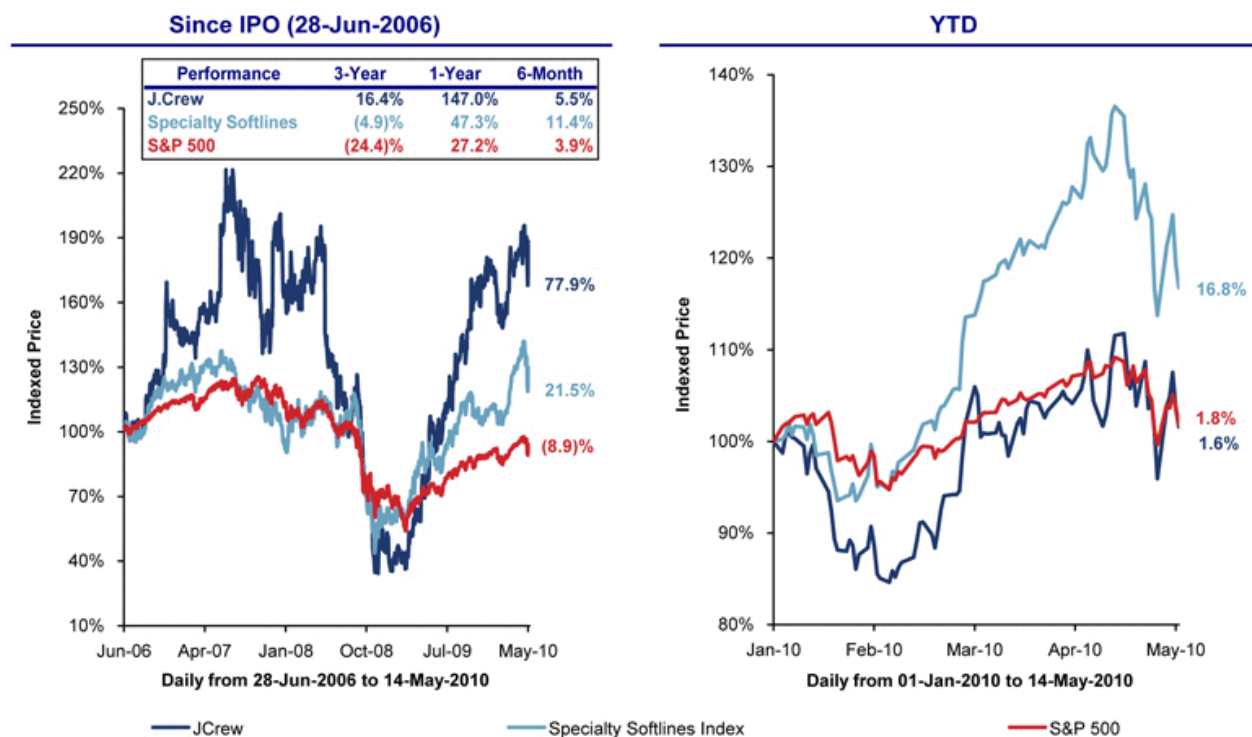
Sector Breakdown 2009 – 2010 YTD



Source: Company filings

II. Market Perspectives on J.Crew and Comparison to Peers

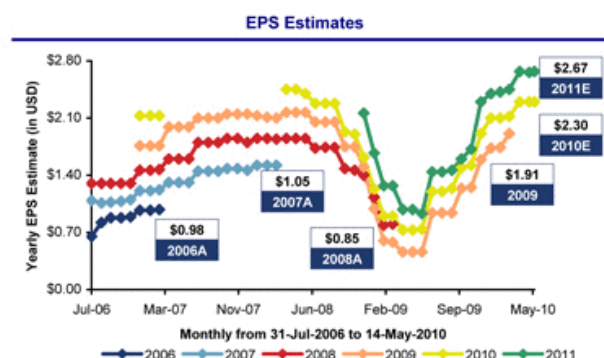
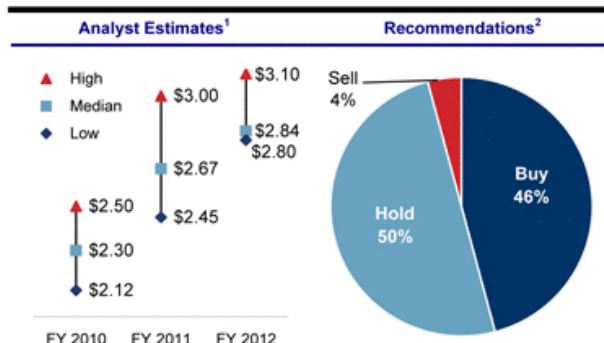
J.Crew Stock Has Been Pressured Post Strong Q4



Source: Bloomberg

Note: Specialty Softlines Index includes Abercrombie, Aeropostale, American Eagle, Ann Taylor, Buckle, Chico's, Coach, Coldwater Creek, Gap, Guess?, Gymboree, Hot Topic, Limited Brands, and Urban Outfitters

With Balance Sheet Looking Strong, The Expectation is For J.Crew to Paydown Debt or Returns Cash to Shareholders



Source: Wall Street research and IBES as of 14-May-2010

¹ EPS FY 2010, FY 2011 and 2012

² Based on 24 analysts' recommendations.

Research Commentary

On Use of Cash:

- "After witnessing the company prepay \$50 million in debt last year, we wouldn't be surprised to see the remaining balance paid off by 2010-end given the current cash balance. JCG looks poised to end 2010 with ~\$6 in cash per share compared to \$2 in debt per share when it came public in late 2006." *JP Morgan, March 15, 2010*
- "With JCG ending the year at ~\$250MM in net cash (compared with only \$50MM LY), we also believe this is a turning point for the company as it will now be able to return cash to shareholders (we model its first share repo in F11) vs. repaying debt. Our new dcf-based \$53 TP represents 18x our F11 estimate, a premium to the group, though justified due to JCG's long term growth potential and industry leading returns on capital." *Credit Suisse, March 10, 2010*

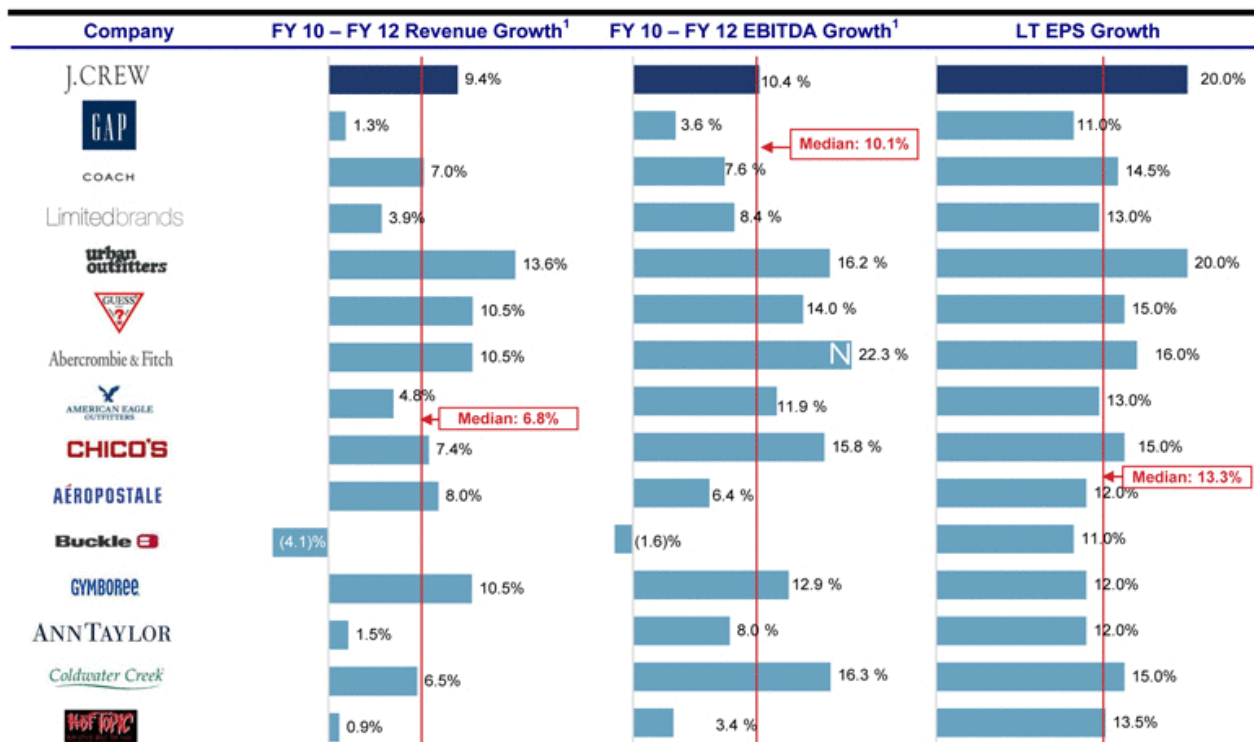
On Strategy and Future Growth:

- "We believe the company can continue to outpace competitors as the economy recovers. While we believe the company has gained many customers from high-end chains and department stores, we also believe an increasingly larger portion of market share gains is coming from more moderate apparel chains, drawn by high-quality fashions and at a reasonable price. This trend bodes well for J. Crew as the economy and consumer budgets continue to improve in 2010, in our view" *MKM Partners, April 23, 2010*

On Valuation:

- "J. Crew is ideally positioned to drive further upside from even its current heightened projections; further, we project the return of material unit growth in FY12 as comparisons become more normalized, Our new target price of \$53 translates to 20x our FY12 EPS (the same valuation level we applied before 4QFY10 results); we believe JCG remains fully worthy of a premium multiple." *Brean Murray, March 10, 2010*

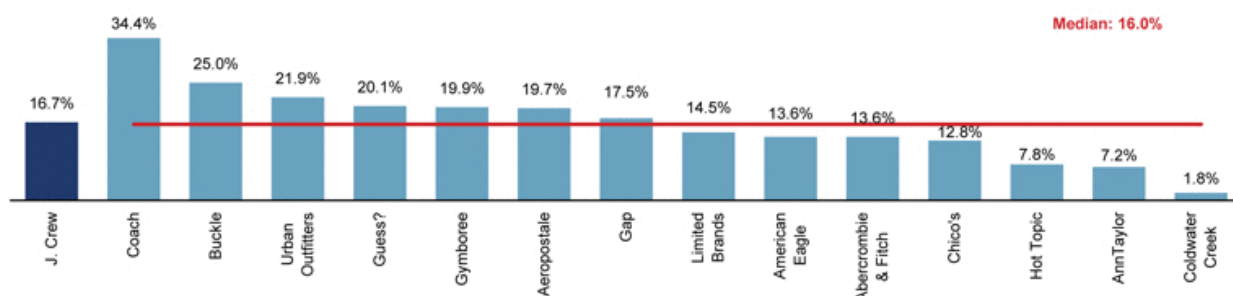
J.Crew's Attractive Growth Profile...



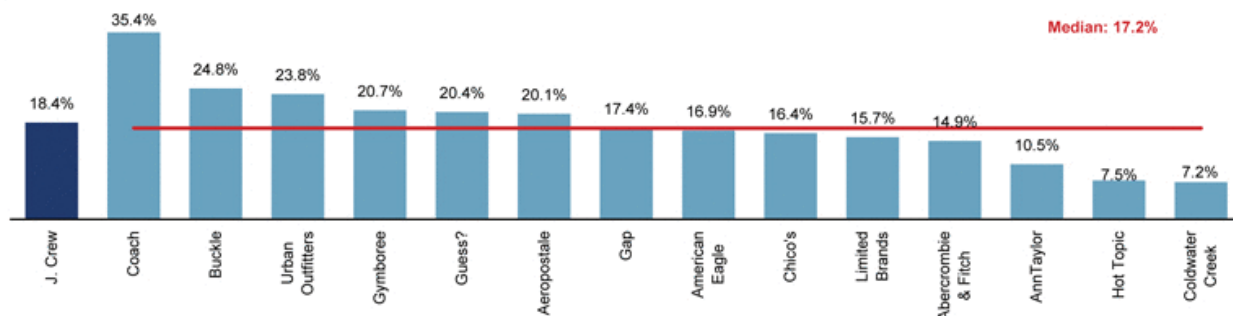
Source: Wall Street Estimates as of 14-May-2010
¹ Reflects FY2010E-FY2012E CAGR.

...and Solid EBITDA Margin...

LTM EBITDA Margin



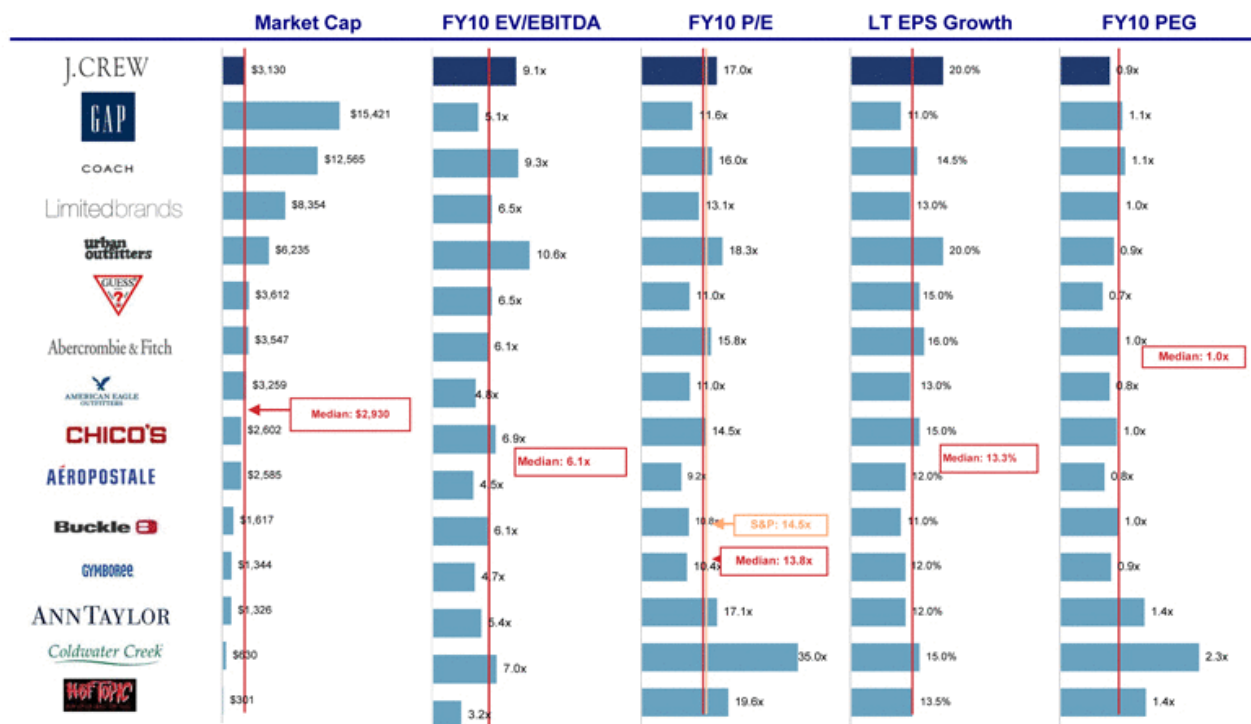
FY2010E EBITDA Margin



Source: IBES and Bloomberg, Market Data as of 14-May-2010

... Are Reflected in the Premium Valuation to Specialty Softlines Peers

(\$ in millions, except for the ratios)

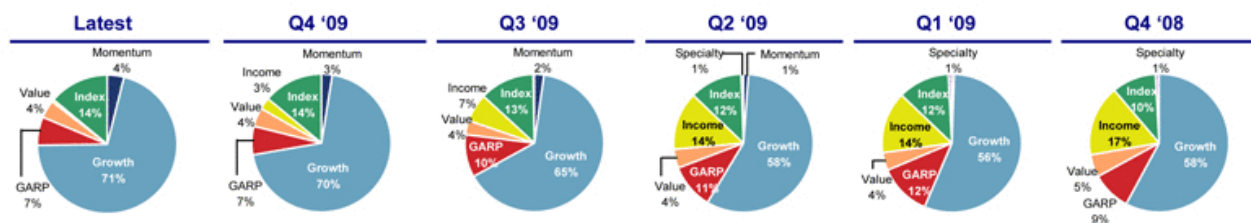


Source: Wall Street Estimates as of 14-May-2010

Meaningful Rotation in Top J.Crew Shareholders

Top 25 Active Institutional Holders

#	Institution	Style	Equity A.U.M. (\$mm)	Latest Pos. (Shares)	Latest % Shares Out.	Q4'09 Pos. (Shares)	Q3'09 Pos. (Shares)	Q2'09 Pos. (Shares)	Q1'09 Pos. (Shares)	Q4'08 Pos. (Shares)
1	Fidelity Management & Research	GARP	\$ 565,152	8,870,105	13.9 %	9,537,505	8,616,305	8,754,586	9,373,618	9,340,818
2	Baron Capital Management, Inc.	Growth	15,850	5,254,486	8.2	5,494,745	5,621,508	5,815,365	5,781,125	5,305,030
3	Marsico Capital Management, L.L.C.	Core Growth	55,083	3,726,042	5.8	735,802	0	0	0	3,486,119
4	Columbia Wanger Asset Management, L.P.	GARP	27,845	3,229,100	5.1	3,237,700	3,235,200	2,529,050	1,172,500	400,000
5	American Century Investment Management, Inc.	Core Growth	51,277	1,881,974	3.0	2,357,516	1,319,749	1,650,304	1,638,445	1,121,873
6	T. Rowe Price Associates, Inc.	GARP	266,852	1,708,060	2.7	3,510,600	6,136,800	6,814,900	5,443,200	4,792,600
7	Lord, Abbett & Co. LLC	Income Value	46,051	1,706,763	2.7	3,341,544	5,883,122	9,714,648	11,689,655	11,863,669
8	Janus Capital Management LLC	Aggres. Gr.	81,124	1,294,812	2.0	1,294,812	2,214,260	2,192,818	0	0
9	J.P. Morgan Investment Management Inc. (New York)	GARP	107,509	1,261,060	2.0	845,827	1,209,948	557,546	690,457	0
10	The Roosevelt Investment Group, Inc.	Core Growth	3,945	1,256,401	2.0	1,213,411	1,148,704	0	0	0
11	TIAA-CREF	GARP	161,520	1,127,601	1.8	435,320	430,468	334,736	283,027	288,928
12	Fred Alger Management, Inc.	Aggres. Gr.	11,071	1,115,126	1.8	1,122,474	1,252,338	881,238	1,507,070	2,568,814
13	AllianceBernstein L.P.	Core Growth	175,742	1,098,410	1.7	969,771	1,361,598	1,735,608	125,694	98,338
14	Friess Associates LLC	Momentum	8,823	839,700	1.3	0	0	0	0	0
15	Waddell & Reed Investment Management Company	Core Growth	49,945	700,100	1.1	686,450	729,450	766,450	944,050	911,150
16	Norges Bank	Core Value	333,690	693,939	1.1	693,939	167,238	167,238	167,238	167,238
17	Westfield Capital Management Company, LP	Core Growth	11,541	683,826	1.1	625,576	856,240	873,100	0	0
18	Neuberger Berman, LLC	GARP	69,029	648,009	1.0	404,280	55,976	51,184	55,949	70,979
19	Wells Capital Management Inc.	Core Value	36,330	590,346	0.9	590,346	0	0	0	0
20	Impala Asset Management, L.L.C.	Hedge Fund	1,343	590,300	0.9	448,500	0	0	0	0
21	Buckingham Capital Management, Inc.	Hedge Fund	2,075	538,893	0.8	449,604	647,084	474,500	0	1,060,590
22	Franklin Advisers, Inc.	Income Value	46,722	518,092	0.8	545,083	0	0	0	0
23	Vinik Asset Management, L.P.	Aggres. Gr.	4,835	508,201	0.8	508,201	67,901	1,002,201	0	0
24	FAF Advisors, Inc.	Core Value	29,947	499,569	0.8	617,943	508,511	112,642	84,730	113,012
25	OppenheimerFunds, Inc.	GARP	84,024	478,740	0.8	557,850	630,440	210,982	42,940	102,730

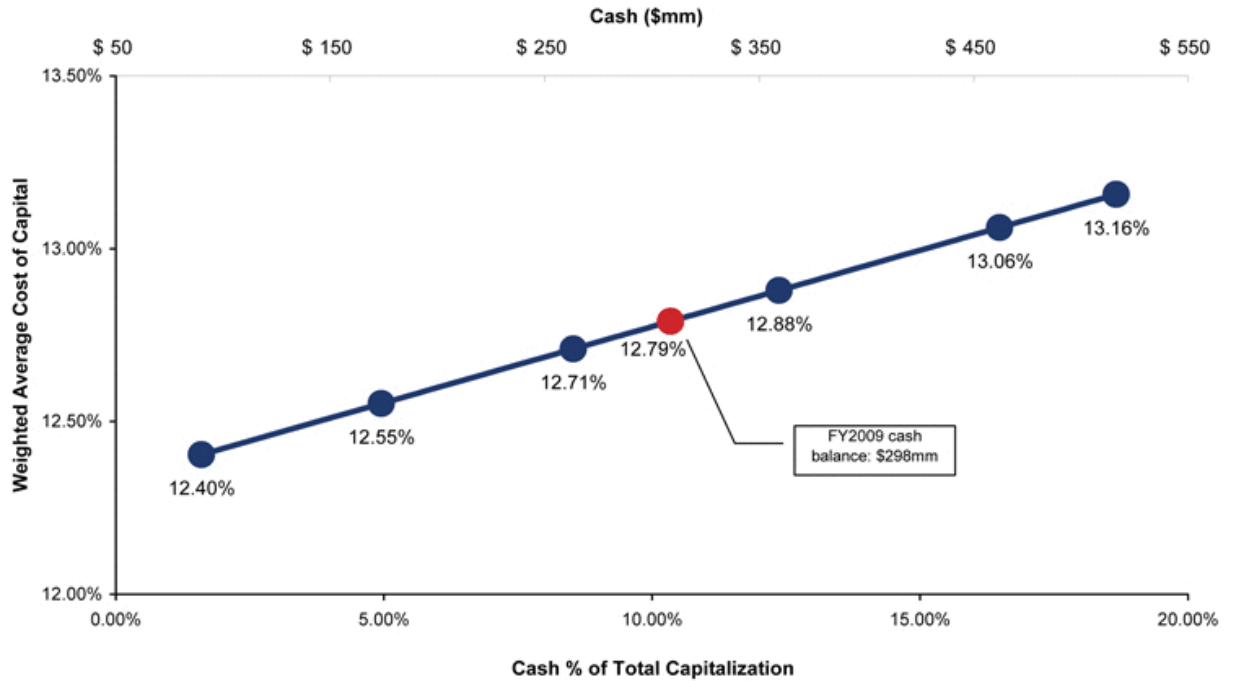


Source: Bloomberg, Thomson Reuters; as of latest filings

III. Optimal Capital Structure and Alternatives Use of Cash Considerations

Keeping a High Cash Balance Negatively Impacts Cost of Capital

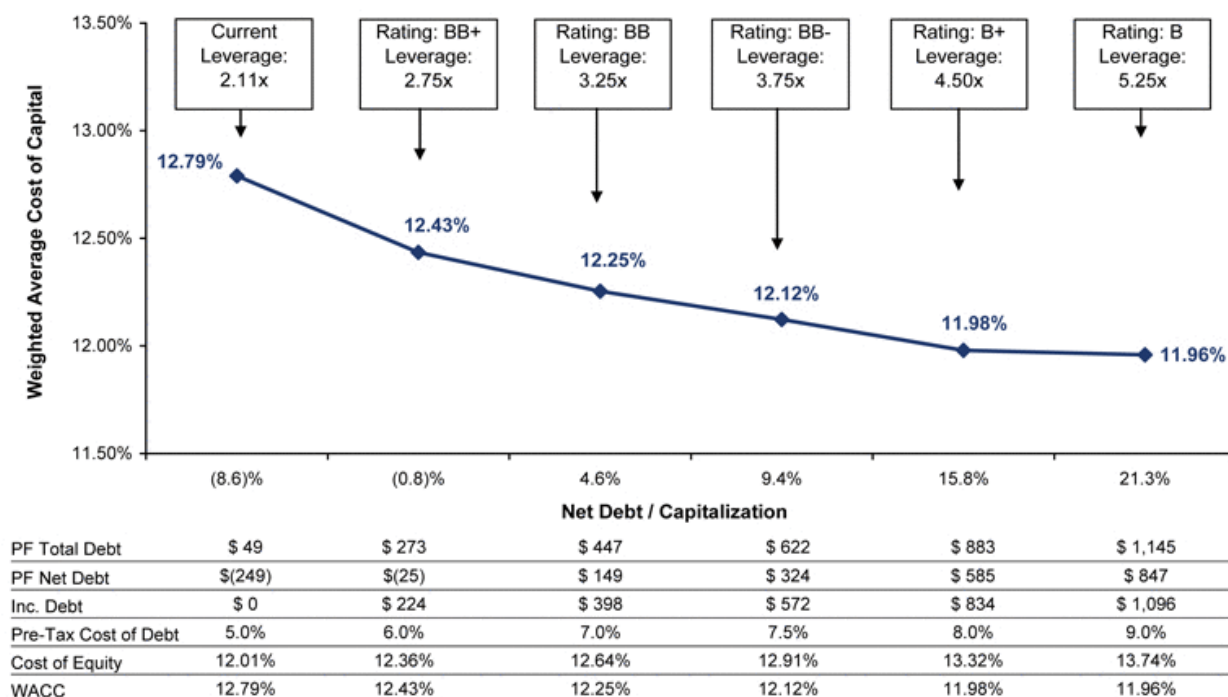
(\$ in millions)



Note: Cost of capital assumes an Axioma 2-year historical levered beta of 1.26 (Unlevered and re-levered for each case), risk free rate of 4.16% (20-Yr Treasury with a 20-year duration), market premium of 6.67%, and tax rate of 40.2%. Assumes LTM EBITDA of \$263mm, rent expense of \$85mm capitalized at 8.0x per Moody's, LTM debt of \$49mm and cash of \$298mm per FY2009 filing

Illustrative Cost of Capital at Different Breakpoints

(\$ in millions)



Note: Leverage shown on adjusted basis; cost of capital assumes an Axioma 2-year historical levered beta of 1.26 (Unlevered and re-levered for each case), risk free rate of 4.16% (20-Yr Treasury with a 20-year duration), market premium of 6.67%, and tax rate of 40.2%

Note: Assumes LTM EBITDA of \$263mm, rent expense of \$85mm capitalized at 8.0x per Moody's, LTM debt of \$49mm and cash of \$298mm per FY2009 filing

J.Crew Spectrum of Alternatives

	1 Share Repurchase	2 Special Dividend	3 Initiate On-Going Dividend
Overview	<ul style="list-style-type: none"> ■ Use excess cash (after debt paydown) to repurchase shares 	<ul style="list-style-type: none"> ■ Use excess cash (after debt paydown) to pay special dividend to shareholders 	<ul style="list-style-type: none"> ■ Initiate ongoing dividend
Discussion Points	<ul style="list-style-type: none"> ■ Signals management view that stock is undervalued ■ Highly accretive to earnings ■ Shareholders can self-select whether to tender their share 	<ul style="list-style-type: none"> ■ Returns cash to shareholders ■ Dilutive to earnings but accretive to value ■ Does not allow for shareholders to "opt in" 	<ul style="list-style-type: none"> ■ Long-term commitment, which leaves less the Company with less flexibility ■ May signal maturity of core business and slowdown in growth

Current Plan Implies Cash Balance of ~\$1.5 billion by 2014

(\$ in millions)

	FY 2007 A	FY 2008 A	FY 2009 A	FY 2010 E	FY 2011 E	FY 2012 E	FY 2013 E	FY 2014 E	CAGR '07A-'09E	CAGR '09E-'14E
Net Income	\$ 98	\$ 54	\$ 123	\$ 151	\$ 188	\$ 225	\$ 269	\$ 322	11.9 %	21.1 %
D&A	34	44	52	49	54	57	58	60		
Working Capital	7	37	(14)	(19)	(20)	(48)	(80)	(116)		
Δ in Working Capital	(50)	(43)	(36)	(5)	(1)	(28)	(32)	(36)		
Capital Expenditures	81	78	45	52	54	59	59	58		
Other	18	(24)	36	1	(12)	(9)	(12)	(15)		
Free Cash Flow	\$ 120	\$ 40	\$ 202	\$ 154	\$ 177	\$ 242	\$ 287	\$ 345	29.9 %	11.2 %
Share Repurchases	0	0	0	0	0	0	0	0		
Repurchases of Preferred stock	0	0	0	0	0	0	0	0		
Dividends paid	0	0	0	0	0	0	0	0		
Cash	\$ 132	\$ 146	\$ 298	\$ 403	\$ 579	\$ 821	\$ 1,109	\$ 1,453		
Total Debt	125	100	49	0	0	0	0	0		
Adj. Debt (1)	626	699	735	758	836	925	1,030	1,148		
Growth and Margins										
Number of Stores	260	300	321	336	365	407	449	491		
New Stores Growth (%)	14.5 %	15.4 %	7.0 %	4.7 %	8.6 %	11.5 %	10.3 %	9.4 %		
Comp Store Sales (%)	5.6 %	(4.0)%	4.1 %	6.4 %	5.4 %	4.9 %	4.8 %	5.1 %		
Credit Stats										
Debt / EBITDA	0.6 x	0.7 x	0.2 x	0.0 x	0.0 x	0.0 x	0.0 x	0.0 x		
Adj. Debt / EBITDAR	2.3 x	3.2 x	2.1 x	1.9 x	1.8 x	1.7 x	1.6 x	1.5 x		
EBITDAR / Interest + Rent	3.7 x	2.7 x	3.8 x	4.1 x	4.5 x	4.7 x	4.9 x	5.1 x		

Source: Public filings, Management Projections
(1) Rent Expense adjusted based on Moody's methodology.

J.Crew Current Management Plan Comparison to Street

(\$ in millions, except per share data)

	FY 2009 A	FY 2010 E	FY 2011 E	CAGR '09A- '11E
Store Growth and Comps				
SSS (Management)	4.1 %	6.4 %	5.4 %	
SSS (Street) (1)		4.0 %	4.0 %	
Number of Stores (Management)	321	336	365	6.6 %
Number of Stores (Street) (1)		335	360	5.9 %
Income Statement				
Revenue (Management)	\$ 1,578	\$ 1,743	\$ 1,923	10.4 %
% Growth	10.5 %	10.5 %	10.3 %	
Revenue (Street)		\$ 1,730	\$ 1,885	9.3 %
% Growth		9.6 %	8.9 %	
EBITDA (Management)	\$ 263	\$ 305	\$ 369	18.4 %
% Margin	16.7 %	17.5 %	19.2 %	
EBITDA (Street)		\$ 319	\$ 357	16.6 %
% Margin		18.4 %	19.0 %	
EPS (Management)	\$ 1.91	\$ 2.27	\$ 2.81	21.3 %
% Growth	126.0 %	19.1 %	23.5 %	
EPS (Street)		\$ 2.30	\$ 2.67	18.2 %
% Growth		20.4 %	16.1 %	
Cash Flow				
Capex (Management)	\$ 45	\$ 52	\$ 54	9.7 %
Capex (Street) (1)		\$ 55	\$ 61	16.8 %

Source: Public filings, Management Projections and Wall Street Research

¹ Same-store sales, number of stores and Capex are based on Goldman Sachs Research.

1 Illustrative Share Repurchase

(\$ in millions)

Share Repo Size	Status Quo	\$50	\$75	\$100	\$125
Cash Balance	298	298	298	298	298
(-) Repayment of Debt	49	49	49	49	49
(-) Share Repurchases	-	50	75	100	125
PF Cash Balance	249	\$199	\$174	\$149	\$124
Share Repurchase Price		\$ 45.45	\$ 45.45	\$ 45.45	\$ 45.45
% Premium		0.0%	0.0%	0.0%	0.0%
Shares Repurchased (mm)		1.10	1.65	2.20	2.75
% of Outstanding Shares Repurchased (1)		1.7%	2.6%	3.4%	4.3%
FY 2010 E Pro Forma WASO	66.5	65.4	64.8	64.3	63.7
Accretion / (Dilution) Analysis					
FY 2010 E EPS (2) (3)	\$2.27	\$2.31	\$2.33	\$2.34	\$2.36
Accretion / (Dilution) (\$)		\$0.03	\$0.05	\$0.07	\$0.09
Accretion / (Dilution) (%)		1.5%	2.2%	3.0%	3.8%
FY 2009E - 2011 E EPS CAGR	21.3%	22.9%	23.8%	24.6%	25.5%
Share Price at At 20.0x (Current) P/E	\$ 45.45	\$ 46.12	\$ 46.47	\$ 46.82	\$ 47.18
Share Price Accretion		1.5%	2.2%	3.0%	3.8%
Additional Share Repurchases					
Pro Forma Cash Balance	249	199	174	149	124
(+) FCF Generated	154	154	154	154	154
(-) Repayment of Debt	-	-	-	-	-
(-) Share Repurchases	-	50	75	100	125
PF Cash Balance	403	\$303	\$253	\$203	\$153
Share Repurchase Price		\$ 57.00	\$ 57.43	\$ 57.88	\$ 58.33
FY 2011 E EPS (2) (3)	\$2.81	\$2.89	\$2.93	\$2.97	\$3.01
Accretion / (Dilution) (\$)		\$0.08	\$0.12	\$0.16	\$0.20
Accretion / (Dilution) (%)		2.7%	4.1%	5.6%	7.0%

Source: Public filings, Management Projections

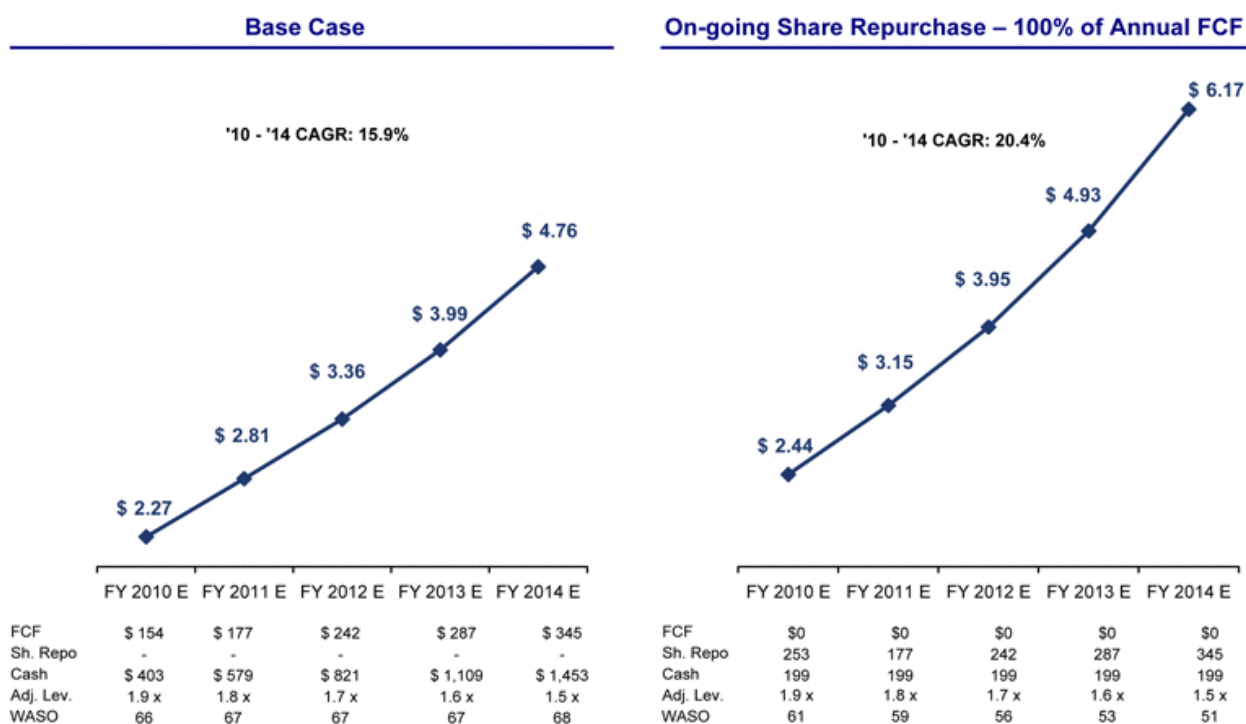
(1) Based on 63.8 basic shares outstanding as of 14-May-2010.

(2) Based on 2010E weighted average diluted shares of 66.5 million.

(3) Assumes a tax rate of 40.2% for FY2010E. Assumes interest on cash to be 1.0%.

① Executing On-Going Share Repurchases Would Be Significantly Accretive to J.Crew's EPS

(\$ in millions, except per share data)



Source: Management Plan

Note: Rent expense held as constant percentage of sales, capitalized at 8.0x per Moody's.

Note: Share repurchase price based on current forward P/E multiple of 20.0x; assumes interest income lost on cash of 1.0%

② Illustrative Special Dividend

(\$ in millions)

Special Dividend Size	Status Quo	\$50	\$75	\$100	\$125
Cash Balance		298	298	298	298
(-) Repayment of Debt		49	49	49	49
(-) Special Dividend		50	75	100	125
PF Cash Balance		\$199	\$174	\$149	\$124
FY 2010 E EPS (1) (2)	\$2.27	\$2.27	\$2.27	\$2.27	\$2.26
Special Dividend per share (3)		0.78	1.17	1.57	1.96
Implied Share Price at 20.0x P/E Multiple	\$45.45	\$45.36	\$45.32	\$45.27	\$45.23
Shareholder Value (DPS + PF EPS x P/E)		\$46.14	\$46.49	\$46.84	\$47.18
Share Price Accretion		1.5%	2.3%	3.1%	3.8%

Source: Public filings, Management Projections

(1) Based on 2010E weighted average diluted shares of 66.5 million.

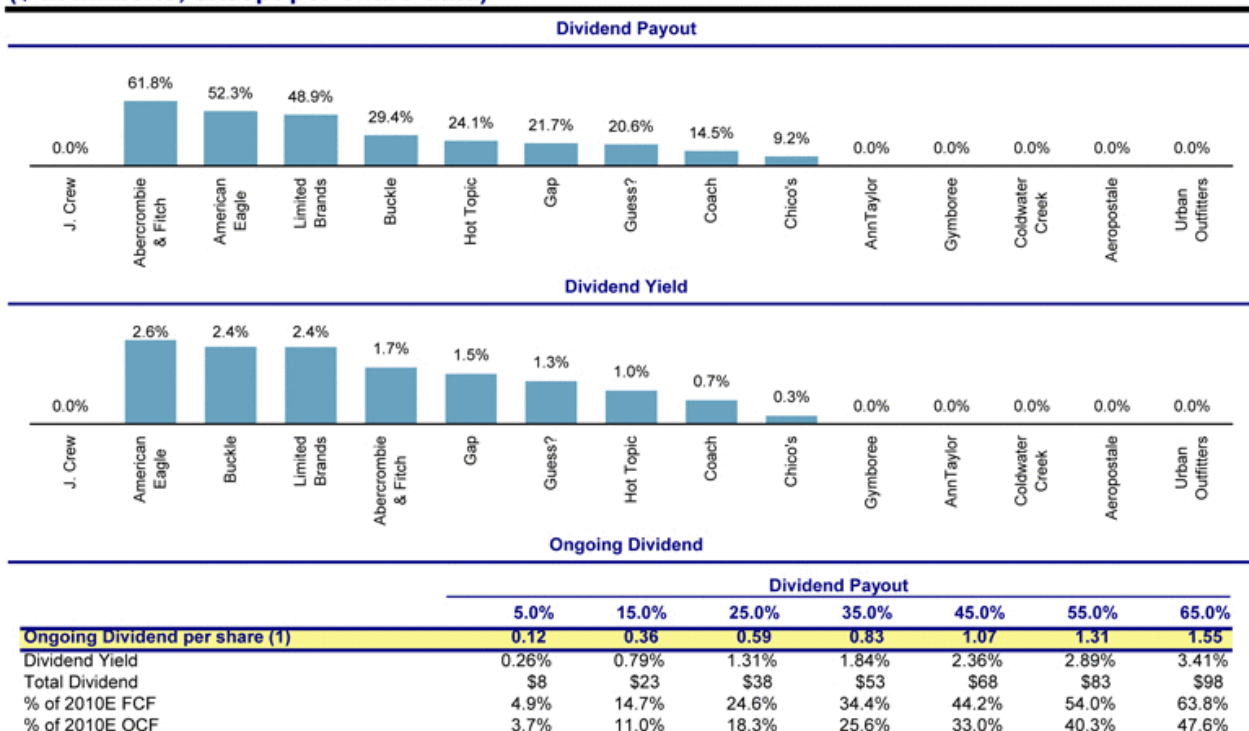
(2) Assumes a tax rate of 40.2% for FY2010E. Assumes interest on cash to be 1.0%.

(3) Based on current shares outstanding of 63.8 million.

(4) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.

③ On-Going Dividend Benchmarking

(\$ in millions, except per share data)



Source: Public filings, Management Projections

(1) Based on 2010E weighted average diluted shares of 66.5 million.

Appendix A: Supplemental Materials

Comparison of Selected Companies

(\$ in millions except per share data)

Company	Closing Price 14-May-2010	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)					Calendarized P/E Multiples (2)		5-Year EPS CAGR (2)	2011 PE/5-Year EPS CAGR		LTM Margins (1)		Dividend Yield
					Sales	EBITDA		EBIT	P/E Multiples (2)		EBITDA		EBIT				
					LTM	LTM	2010	2011	LTM	2010				2011			
J. Crew	\$ 45.45	91 %	\$ 3,130	\$ 2,881	1.8 x	11.0 x	9.0 x	8.1 x	13.6 x	19.8 x	17.0 x	20.0 %	0.9 x	16.7 %	13.4 %	0.0 %	
U.S. Specialty Retailer																	
Abercrombie & Fitch	\$ 40.22	80 %	\$ 3,547	\$ 2,946	1.0 x	7.4 x	6.1 x	5.1 x	18.5 x	22.0 x	15.5 x	16.0 %	1.0 x	13.6 %	5.4 %	1.7 %	
Aeropostale	27.48	86	2,585	2,238	1.0	5.1	4.5	4.2	5.8	10.0	9.2	12.0	0.8	19.7	17.4	0.0	
American Apparel (3)	2.79	51	199	274	0.5	4.9	5.0	3.6	9.9	29.4	7.6	25.0	0.3	10.0	5.0	0.0	
American Eagle	15.53	79	3,259	2,590	0.9	6.4	4.9	4.2	10.0	13.3	11.0	13.0	0.8	13.6	8.7	2.6	
AnnTaylor	22.22	89	1,326	1,117	0.6	8.5	5.4	5.0	NM	20.2	17.1	12.0	1.4	7.2	1.5	0.0	
Buckle	33.83	85	1,617	1,459	1.6	6.5	6.1	5.6	7.3	11.6	10.8	11.0	1.0	25.0	22.2	2.4	
Chico's	14.49	88	2,602	2,178	1.3	9.9	6.9	5.8	17.7	19.3	14.5	15.0	1.0	12.8	7.2	0.3	
Coach	40.06	92	12,565	11,682	3.4	9.9	8.9	8.3	11.0	16.9	15.1	14.5	1.0	34.4	30.8	0.7	
Coldwater Creek	6.83	78	630	557	0.5	NM	7.0	5.7	NM	NM	35.0	15.0	2.3	1.8	(3.7)	0.0	
Gap	22.96	88	15,421	12,848	0.9	5.2	5.1	4.8	7.0	12.5	11.6	11.0	1.1	17.5	12.9	1.5	
Gymboree	45.00	81	1,344	1,086	1.1	5.4	4.7	4.2	6.6	11.6	10.4	12.0	0.9	19.9	16.2	0.0	
Guess?	38.38	76	3,612	3,147	1.5	7.4	6.5	5.8	8.7	12.8	11.0	15.0	0.7	20.1	17.1	1.3	
Hot Topic	6.75	79	301	177	0.2	3.1	3.2	2.9	8.8	27.0	19.6	13.5	1.4	7.8	2.7	1.0	
Limited Brands	25.45	89	8,354	9,325	1.1	7.4	6.5	6.0	10.8	14.8	13.1	13.0	1.0	14.5	10.0	2.4	
Urban Outfitters	\$ 35.88	88	6,235	5,734	3.0	13.5	10.5	9.0	16.9	21.6	18.0	20.0	0.9	21.9	17.5	0.0	
	High	92 %	\$ 15,421	\$ 12,848	3.4 x	13.5 x	10.5 x	9.0 x	18.5 x	29.4 x	35.0 x	25.0 %	2.3 x	34.4 %	30.8 %	2.6 %	
	Mean	82	4,240	3,824	1.2	7.2	6.1	5.3	10.7	17.4	14.6	14.5	1.0	16.0	11.4	0.9	
	Median	85	2,602	2,238	1.0	6.9	6.1	5.1	9.9	15.8	13.1	13.5	1.0	14.5	10.0	0.7	
	Low	51	199	177	0.2	3.1	3.2	2.9	5.8	10.0	7.6	11.0	0.3	1.8	(3.7)	0.0	

(1) Source: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.

(2) Sources: LTM numbers are based on latest publicly available financial statements. Projected revenues, EBITDA, EBIT, and EPS are based on IBES median estimates and/or other Wall Street research.

(3) Does not include the 7.7mm (10.8% of outstanding shares) authorized to be granted as part of the Performance Equity Plan, as no shares have currently been granted under this program.



Current Cap Structure

As of 30-Jan-2010 (\$ in millions)

	Amount (USD)	LTM Leverage (1)	Moody's Adj. LTM Leverage Using 8x (2)	Interest / Coupon	Tranche Rating	Current Bid / Implied Yield	Maturity
Cash	\$298						
Undrawn Revolving Credit Facility (3)	194						
Total Liquidity	\$493						
Revolving Credit Facility (\$200mm Capacity)	-	0.0 x	2.0	L + 100-125	NA / NA		May-2013
Term Loan	49	0.2	2.1	L + 175 (4)	Ba2 / BB+	93.00 / 6.2%	May-2013
Total Debt	\$49	0.2x	2.1x				
Market Equity	3,130						
Total Capitalization	\$3,179						
Corporate Rating	BB+ / WR	Stable / NA					

Source: Company Filings as of 30-Jan-2010

(1) Assumes LTM EBITDA to be \$263mm as of 30-Jan-10.

(2) LTM rent expense of \$86mm capitalized at 8.0x.

(3) Adjusts for \$6mm of Letters of Credit as of 30-Jan-2010.

(4) Interest rate is at company's option, at base rate plus a margin of 0.75% or at L+175 bps

Goldman
Sachs

Presentation to J.Crew

Goldman, Sachs & Co.
03-Jun-2010

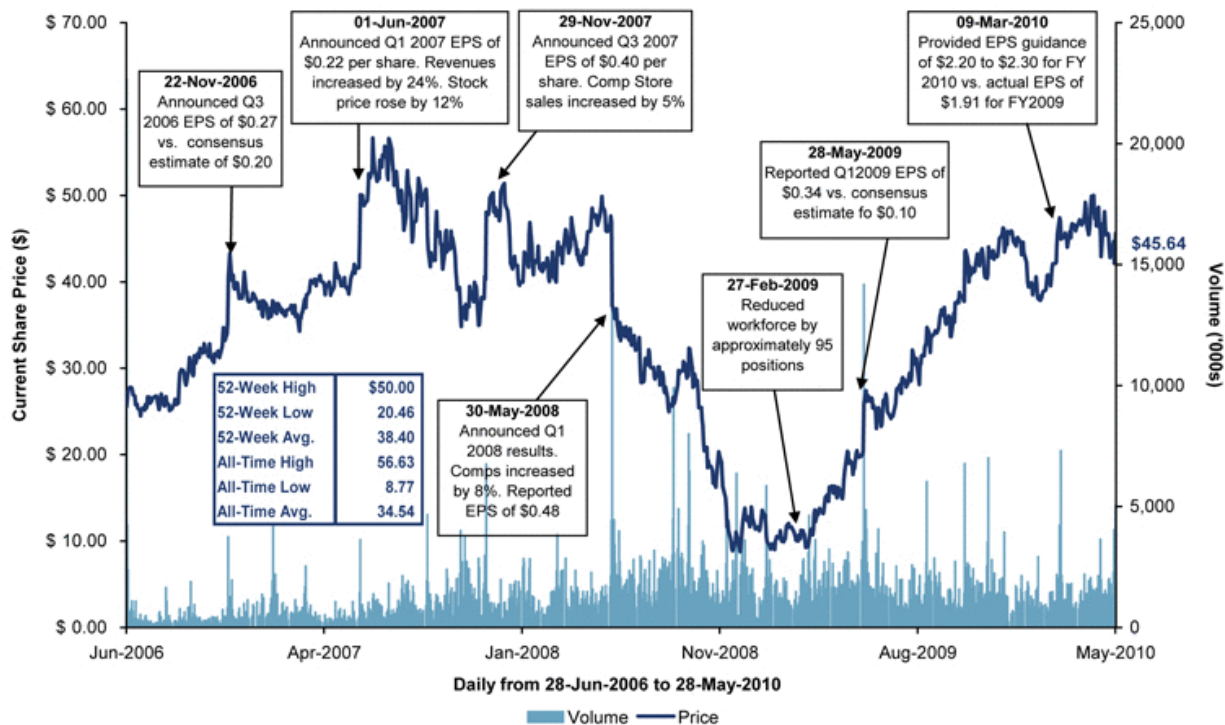


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 - II. Valuation Perspective**
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 - IV. Process Considerations**
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-

I. Market Perspectives on J.Crew

J.Crew Stock Price Performance Since IPO



Source:

J.Crew Stock Has Been Pressured Post Strong Q4



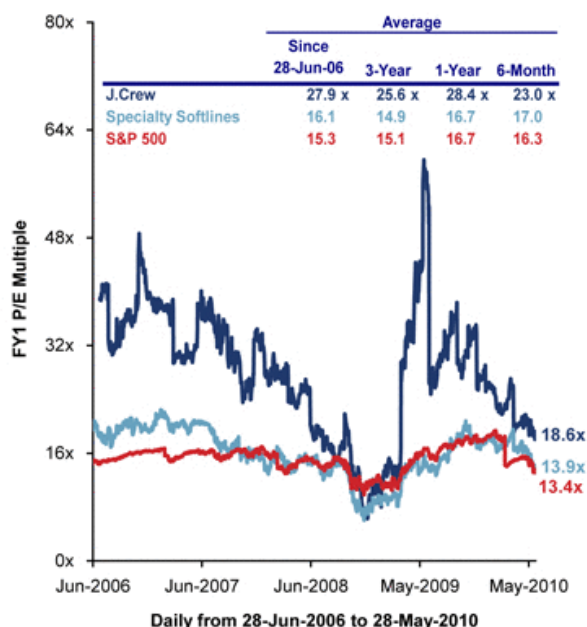
Source: Bloomberg

Note: Specialty Softlines Index includes Abercrombie, Aeropostale, American Eagle, Ann Taylor, Buckle, Chico's, Coach, Coldwater Creek, Gap, Guess?, Gymboree, Hot Topic, Limited Brands, and Urban Outfitters

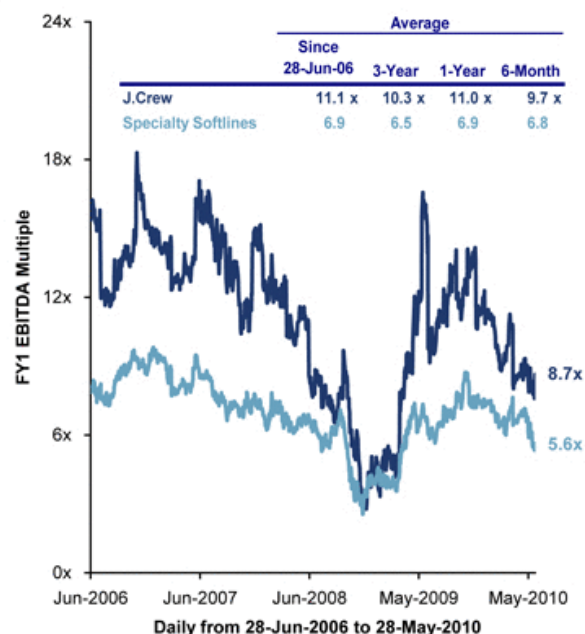
J.Crew Has Historically Traded Above Peers

Since IPO (28-Jun-2006)

1-Year Forward P/E



1-Year Forward EBITDA



J.Crew

Specialty Softlines Index

S&P 500

Source: Bloomberg

Note: Specialty Softlines Index includes Abercrombie, Aeropostale, American Eagle, Ann Taylor, Buckle, Chico's, Coach, Coldwater Creek, Gap, Guess?, Gymboree, Hot Topic, Limited Brands, and Urban Outfitters

J.Crew Financial Summary

Management Plan

(\$ in millions, except per share data)

IBES Estimates											CAGR	CAGR	
	FY2010	FY2011		FY 2007 A	FY 2008 A	FY 2009 A	FY 2010 E	FY 2011 E	FY 2012 E	FY 2013 E	FY 2014 E	'07A-'09E	'09E-'14E
Revenue	\$ 1,755	\$ 1,929	Total Revenue	\$ 1,335	\$ 1,428	\$ 1,578	\$ 1,818	\$ 2,055	\$ 2,361	\$ 2,705	\$ 3,081	8.7 %	14.3 %
% Growth	11.2 %	10.0 %	% Growth	15.9 %	7.0 %	10.5 %	15.2 %	13.0 %	14.9 %	14.6 %	13.9 %		
EBITDA	\$ 334	\$ 378	EBITDA	\$ 210	\$ 141	\$ 264	\$ 341	\$ 407	\$ 498	\$ 608	\$ 738	11.9 %	22.9 %
% Margin	19.0 %	19.6 %	% Growth	32.2 %	(33.2)%	87.4 %	29.4 %	19.4 %	22.2 %	22.2 %	21.3 %		
EPS	\$ 2.45	\$ 2.75	% Margin	15.8 %	9.8 %	16.7 %	18.8 %	19.8 %	21.1 %	22.5 %	24.0 %		
% Growth	27.7 %	12.2 %	Net Income	\$ 100	\$ 54	\$ 124	\$ 173	\$ 210	\$ 263	\$ 328	\$ 403	11.6 %	26.6 %
			Diluted Shares Outstanding	64	64	65	66	67	67	67	68		
			EPS	\$ 1.56	\$ 0.85	\$ 1.92	\$ 2.60	\$ 3.15	\$ 3.92	\$ 4.86	\$ 5.96	10.9 %	25.4 %
			% Growth	49.0 %	(45.8)%	126.9 %	35.6 %	21.1 %	24.4 %	24.1 %	22.5 %		
			Free Cash Flow	\$ 122	\$ 40	\$ 203	\$ 176	\$ 200	\$ 281	\$ 348	\$ 430	29.2 %	16.2 %
			Cash	\$ 132	\$ 146	\$ 298	\$ 403	\$ 580	\$ 824	\$ 1,114	\$ 1,462		
			Total Debt	125	100	49	0	0	0	0	0		
			Adj. Debt (1)	626	699	735	791	893	1,027	1,176	1,340		
			Pro Forma for Share Repo										
			EPS	1.56	0.85	1.92	2.81	3.58	4.70	6.17	8.00		
			Cash Balance	132	146	298	150	150	150	150	150		
			Growth and Margins										
			Number of Stores	260	300	321	336	371	420	467	514		
			New Stores Growth (%)	14.5 %	15.4 %	7.0 %	4.7 %	10.4 %	13.2 %	11.2 %	10.1 %		
			Comp Store Sales (%)	5.6 %	(4.0)%	4.1 %	10.6 %	6.1 %	5.7 %	5.7 %	5.9 %		
			Credit Stats										
			Debt / EBITDA	0.6 x	0.7 x	0.2 x	0.0 x	0.0 x	0.0 x	0.0 x	0.0 x		
			Adj. Debt / EBITDAR	2.3 x	3.2 x	2.1 x	1.8 x	1.7 x	1.6 x	1.6 x	1.5 x		
			EBITDAR / Interest + Rent	3.7 x	2.7 x	3.8 x	4.3 x	4.6 x	4.8 x	5.1 x	5.4 x		

Source: Public filings, Management Projections
(1) Rent Expense adjusted based on Moody's methodology.

II. Valuation Perspective

Analysis at Various Prices

(\$ in millions, except per share data)

Purchase Price Per Share (\$)		\$ 45.64	\$ 55.00	\$ 65.00	\$ 75.00	\$ 85.00
Premium to Market Price		0.0%	20.5%	42.4%	64.3%	86.2%
Equity Consideration - Diluted (\$) (1) (2)		\$ 3,144	\$ 3,816	\$ 4,534	\$ 5,252	\$ 5,970
Enterprise Value (3)		2,895	3,567	4,285	5,003	5,721
Management Estimates						
Enterprise Value / Sales (4)						
	LTM	\$1,578	1.8 x	2.3 x	2.7 x	3.2 x
	2010E	1,818	1.6	2.0	2.4	2.8
	2011E	2,055	1.4	1.7	2.1	2.4
Enterprise Value / EBITDA (4)						
	LTM	\$263	11.0 x	13.6 x	16.3 x	19.0 x
	2010E	341	8.5	10.5	12.6	14.7
	2011E	407	7.1	8.8	10.5	12.3
Price / Earnings (4)						
	2010E	\$2.60	17.6 x	21.2 x	25.0 x	28.8 x
	2011E	3.15	14.5	17.5	20.6	23.8
IBES Estimates						
Enterprise Value / EBITDA						
	2010E	\$334	8.7 x	10.7 x	12.8 x	15.0 x
	2011E	378	7.7	9.4	11.3	13.2
Price / Earnings						
	2010E	\$2.45	18.6 x	22.4 x	26.5 x	30.6 x
	2011E	2.75	16.6	20.0	23.6	27.3

(1) Assumes 63.8 million basic shares outstanding as of 28 May 2010.

(2) Assumes options outstanding are not tax-deductible.

(3) Assumes net debt of (\$ 249) million as of 30-Jan-2010 as per publicly available financials.

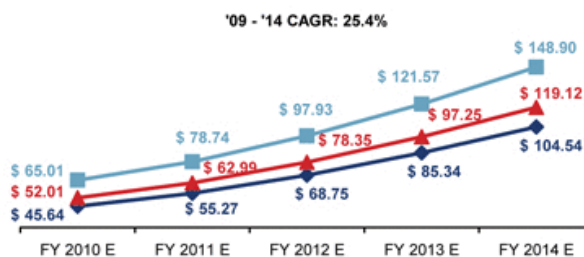
(4) Estimates as per Management dated 28 May 2010.

Present Value of Future Stock Price

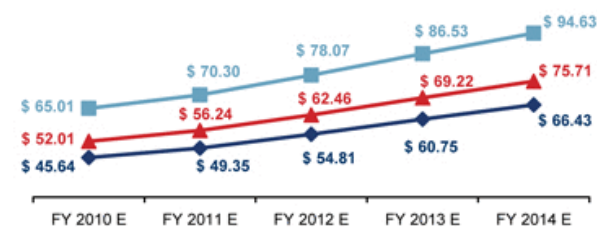
With and Without Share Repo

(\$ in millions, except per share data)

Future Stock Price - Base Case



Present Value of Future Stock Price - Base Case

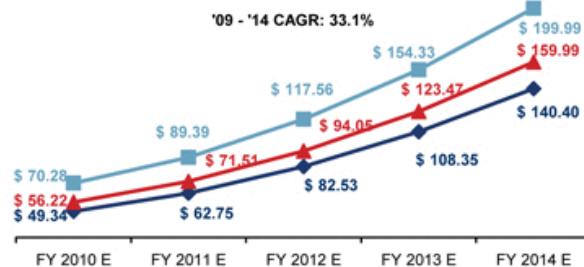


FCF	\$176	\$200	\$281	\$348	\$430
Sh. Repo	-	-	-	-	-
Cash	\$424	\$624	\$906	\$1,254	\$1,683
EPS	\$2.60	\$3.15	\$3.92	\$4.86	\$5.96

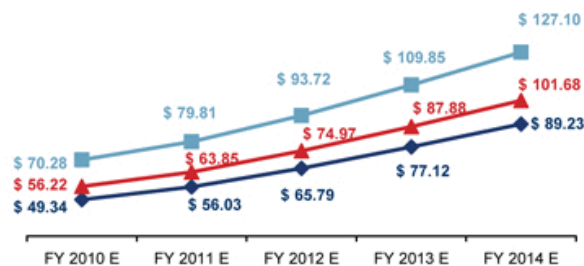
Current P/E: 17.6 x

At 20.0x P/E Multiple

Future Stock Price - Share Repurchase



Present Value of Future Stock Price - Share Repurchase



FCF	\$0	\$0	\$0	\$0	\$0
Sh. Repo	274	200	281	348	430
Cash	150	150	150	150	150
EPS	\$2.81	\$3.58	\$4.70	\$6.17	\$8.00

At 25.0x P/E Multiple

Source: Management Plan

Note: Assumes interest income lost on cash of 1.0%. Assumes cost of Equity to be 12.0%

Illustrative Discounted Cash Flow Analysis

(\$ in millions, except per share data)

Financial Sensitivity					
Equity Value Per Share					
Discount Rate	Terminal EBITDA Multiple				
	8.00 x	9.00 x	10.00 x	11.00 x	12.00 x
12.0%	\$ 69.15	\$ 75.27	\$ 81.38	\$ 87.49	\$ 93.61
12.5%	68.00	73.99	79.98	85.97	91.96
13.0%	66.87	72.74	78.61	84.48	90.35
13.5%	65.77	71.52	77.27	83.03	88.78
14.0%	64.69	70.33	75.97	81.61	87.24

Business Sensitivity @ 10.0x Terminal EBITDA Multiple and 12.0% Discount Rate						
Equity Value Per Share						
FY'14E EBITDA Per Year Δ		FY2009 - FY2014 Sales CAGR				
		10.3%	11.3%	12.3%	13.3%	14.3%
		Change in Annual Sales Growth vs. Plan				
Margin	vs. Plan	(4.00)%	(3.00)%	(2.00)%	(1.00)%	0.00%
24.0%	0.00%	\$ 69.65	\$ 72.43	\$ 75.31	\$ 78.29	\$ 81.38
23.0%	(1.00)%	66.88	69.54	72.30	75.16	78.11
22.0%	(2.00)%	64.10	66.65	69.29	72.02	74.85
21.0%	(3.00)%	61.33	63.76	66.28	68.89	71.58
20.0%	(4.00)%	58.56	60.87	63.27	65.75	68.32

Source: Management projections



















Note: Projections discounted to 01-Jul-2010

For business sensitivity capital expenditures and working capital swings are assumed to grow relative to sales.

III. Perspective on Potential Buyers

Selected Potential Strategic Buyers

(\$ in billions)

Potential Buyer	Market Cap	Debt	Cash	EV	Cur. Credit Rating	Current		Pro Forma		Strategic Fit	Finance- biality	Comments
						Lev.	Adj. Lev.	Lev.	Adj. Lev.			
	\$12.8	\$0.0	0.9	12.0	NR	0.0x	0.9x	2.9x	3.6x			<ul style="list-style-type: none"> Historically not acquisitive although may consider acquisitions going forward given slowdown in domestic organic growth Acquisition of an apparel player could be complementary to existing accessory / handbag core competency Similar price points / "accessible luxury" positioning to J.Crew
	14.2 ²	0.3	3.0	11.7	A	0.2x	2.2x	2.2x	3.7x			<ul style="list-style-type: none"> Expanding outside of Japan and looking to enter the US market Has looked both at luxury and mass concepts in the US; primary focus on teen retailers with established retail platform
	50.7 ²	7.1	3.3	55.3	A-	1.4x	2.8x	2.2x	3.4x			<ul style="list-style-type: none"> Very acquisitive US remains a key geographies for growth Primarily interested in global luxury brands with a mix of wholesale / retail
	15.1 ²	6.9	1.2	22.2	BBB-	3.1x	4.6x	4.5x	5.6x			<ul style="list-style-type: none"> Very acquisitive and focused on increasing presence in the US Still significantly levered from Puma acquisition Stated that plans to sell some of the heritage businesses (Conformal, Recats, and FNAC) and use proceeds to acquire fashion brands Rumored to be focusing on mid-market brands to complement its brand portfolio
	6.3	0.0	0.5	5.8	NR	0.0x	1.9x	6.1x	6.6x			<ul style="list-style-type: none"> Unlikely to do an acquisition of J.Crew's size; focused on small, tuck in deals
	8.6	1.2	0.7	9.1	A-	1.1x	2.1x	4.0x	4.6x			<ul style="list-style-type: none"> Very acquisitive Primary focus remains on outdoor segment (secondary focus on lifestyle brands) Prefers small, tuck-in acquisitions

Source: CapIQ and public filings

Note: Assumes Moody's 8x rent methodology for adjusted leverage calculations

¹ Purchase price reflects 40% premium to current share price (EV of \$4.2bn) in all cash transaction.

² Reflects exchange rate of 90.74JPY/USD and 0.81EUR/USD as of May, 28 2010.

Ability to Pay

(\$ in millions, except per share data)

Purchase Price Per Share		\$45.64	\$55.00	\$65.00	\$75.00	\$85.00
Premium to:						
Current Price (28-May-2010)	\$45.64	0.0%	20.5%	42.4%	64.3%	86.2%
52-week High	50.00	(8.7%)	10.0%	30.0%	50.0%	70.0%
Diluted Shares Outstanding		68.9	69.4	69.8	70.0	70.2
Equity Value		\$3,144	\$3,816	\$4,534	\$5,252	\$5,970
Net Cash		(249)	(249)	(249)	(249)	(249)
Enterprise Value		\$2,895	\$3,567	\$4,285	\$5,003	\$5,721
(+) Fees and Expenses (1)		58	71	86	100	114
Total Transaction Value		\$2,953	\$3,638	\$4,371	\$5,103	\$5,836
FY2011E Net Income Impact to Acquiror (Based on Management Projections)						
FY2011E Net Income		\$ 210	\$ 210	\$ 210	\$ 210	\$ 210
(-) Cost of New Debt (after tax) (2)		(106)	(131)	(157)	(183)	(209)
(-) Transaction D&A (3)		(25)	(31)	(37)	(44)	(50)
Pro Forma Net Income Accretion		\$79	\$49	\$16	(\$17)	(\$49)

Cost of Debt	Pro Forma Net Income Accretion / (Dilution)				
5.5%	\$88	\$60	\$29	(\$1)	(\$32)
6.0%	79	49	16	(17)	(49)
6.5%	71	38	3	(32)	(67)
7.0%	62	27	(10)	(47)	(84)
7.5%	53	16	(23)	(62)	(102)

Source: Management Projections

Note: Does not include synergies

(1) Assumes transaction costs to be 2.0%

(2) Assumes cost of debt to be 6.0%. Assumes tax rate to be 40.2%.

(3) Assumes 15.0% of the excess purchase price is allocated to tangible and intangible assets and amortized over 10 years.

IV. Process Considerations



Process Considerations

- Public vs. Private
- Number of parties to contact
- Strategic vs. Financial
- Key Steps
 - Initial Discussion
 - High Level Presentation
 - Initial Proposals
 - Detailed Due Diligence
- Go Shop vs. No Shop

Selected Transactions with Go-Shop Provisions

Date Announced	Target Name	Acquiror Name	Enterprise Value (\$mm)	Break-Up Fee (\$mm)	Reverse Break-Up Fee (\$mm)	Break-Up Fee as % of Mkt Cap	Reverse Break-Up Fee as % of Mkt Cap	Go Shop	Go Shop Termination Fee (\$mm)	Go Shop Termination Fee as % of Mkt. Cap	Go Shop Window (Days)	Matching Offer Period (Days)
12-Apr-2010	DynCorp International Inc.	Cerberus Capital Mgmt	\$ 1,473	\$ 30	\$ 100	3.0%	10.1%	Yes	\$ 30	3.0%	28	4
29-Mar-2010	BWAY Holding Company	Madison Dearborn Partners L	829	13	28	2.8%	6.1%	Yes	5	1.1%	30	3
08-Mar-2010	Infogroup Inc.	CCMP Capital Advisors, LLC	639	16	25	3.4%	5.5%	Yes	16	3.4%	21	5
05-Mar-2010	RCN Corporation	ABRY Partners LLC	1,235	18	30	3.3%	5.6%	Yes	10	1.9%	40	5
26-Feb-2010	CKE Restaurants, Inc.	Thomas H. Lee Partners L.P.	928	15	31	2.5%	5.0%	Yes	9	1.5%	40	4
16-Dec-2009	Cedar Fair, L.P.	Apollo Management, L.P.	2,179	20	50	3.1%	7.9%	Yes	11	1.8%	40	4
13-Nov-2009	Silicon Storage Technology, I	Prophet Equity LP	126	7	7	3.5%	3.5%	Yes	4	2.0%	45	3
05-Nov-2009	IMS Health Incorporated	Investment Group	5,057	115	275	2.9%	6.9%	Yes	80	2.0%	46	3
28-Sep-2009	GenTek Inc.	American Securities Capital P	539	10	12	2.6%	3.1%	Yes	10	2.6%	45	2
21-Jul-2008	Foundry Networks, Inc.	Brocade Communications Syst	2,133	85	125	3.6%	5.2%	Yes	85	3.6%	5	5
19-Jun-2008	Agria Healthcare Group Inc.	The Blackstone Group	1,571	28	38	3.1%	4.1%	Yes	19	2.1%	35	4
16-Jun-2008	Greenfield Online, Inc.	Quadrangle Group LLC	377	10	13	2.5%	3.1%	Yes	5	1.2%	50	3
25-Feb-2008	Getty Images, Inc.	Hellman & Friedman LLC	2,067	52	78	2.6%	3.9%	Yes	31	1.5%	40	3
30-Jan-2008	NuCo2 Inc.	Aurora Capital Group	476	20	15	4.5%	3.4%	Yes	15	3.4%	45	N/A
18-Jan-2008	Performance Food Group Cor	Investment Group	1,136	40	40	3.3%	3.3%	Yes	20	1.6%	50	2
15-Jan-2008	Lifecore Biomedical, Inc.	Warburg Pincus Partners LLC	191	3	9	1.3%	3.9%	Yes	2	0.7%	30	3
14-Jan-2008	Bright Horizons Family Soluti	Bain Capital	1,275	39	39	3.1%	3.1%	Yes	20	1.5%	60	N/A
26-Oct-2007	Puget Energy, Inc.	Investment Group	3,964	40	130	1.1%	3.7%	Yes	30	0.9%	45	5
05-Sep-2007	MarkWest Hydrocarbon, Inc.	MarkWest Energy Partners, L	1,223	15	15	2.0%	2.0%	Yes	8	1.0%	30	N/A
25-Jul-2007	PRA International	Genstar Capital, LLC	703	24	24	3.7%	3.7%	Yes	8	1.2%	50	N/A
24-Jul-2007	Ryerson Inc.	Platinum Equity LLC	1,888	25	25	2.7%	2.7%	Yes	15	1.6%	25	3
23-Jul-2007	Neoware, Inc.	Hewlett-Packard Company	252	10	N/A	3.0%	N/A	Yes	10	3.0%	26	5
23-Jul-2007	Cumulus Media Inc.	Management Led Buyout	1,248	15	15	3.2%	3.2%	Yes	8	1.6%	45	3
23-Jul-2007	United Rentals, Inc.	Cerberus Capital Managemer	5,429	100	100	3.5%	3.5%	Yes	40	1.4%	40	3
19-Jul-2007	Williams Scotsman Internatio	TDR Capital LLP	2,159	40	N/A	3.3%	N/A	Yes	25	2.0%	30	3
16-Jul-2007	DJO Incorporated	The Blackstone Group	1,503	37	37	3.2%	3.2%	Yes	19	1.6%	50	5
09-Jul-2007	Sequa Corporation	The Carlyle Group LLC	2,648	61	61	3.0%	3.0%	Yes	30	1.5%	45	N/A
02-Jul-2007	Reddy Ice Holdings, Inc.	GSO Capital Partners LP	678	21	21	3.1%	3.1%	Yes	7	1.0%	45	5
20-Jun-2007	Nuveen Investments, Inc.	Investment Group	5,652	200	200	3.9%	3.9%	Yes	100	1.9%	30	3
15-Jun-2007	Penn National Gaming, Inc.	Investment Group	8,355	200	200	3.5%	3.5%	Yes	100	1.7%	45	N/A
11-Jun-2007	James River Group, Inc.	The D. E. Shaw Group	547	11	11	2.2%	2.2%	Yes	7	1.4%	55	3
11-Jun-2007	Horizon Offshore, Inc.	Cal Dive International, Inc.	665	19	N/A	3.0%	N/A	Yes	9	1.5%	45	N/A
Median				\$ 22	\$ 31	3.1%	3.5%		\$ 15	1.6%	43	3
Mean				42	60	3.0%	4.2%		25	1.8%	39	4

Source: Reflects U.S.-based transactions over \$200mm of enterprise value

Appendix A: Supplemental Materials

Comparison of Selected Competitors

(\$ in millions, except per share data)

Company	Closing Price 28-May-2010	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)					Calendarized P/E Multiples (2)		5-Year EPS CAGR (2)	2011		Dividend Yield	
					Sales	EBITDA		EBIT	P/E Multiples (2)		PE/5-Year		LTM Margins (1)			
					LTM	LTM	2010	2011	LTM	2010				2011		
J. Crew (IBES)	\$ 45.64	91 %	\$ 3,144	\$ 2,895	1.8 x	11.0 x	8.7 x	7.7 x	13.7 x	18.6 x	16.6 x	19.5 %	0.9 x	16.7 %	13.4 %	0.0 %
J. Crew (Management)	45.64	91 %	\$ 3,144	\$ 2,895	1.8 x	11.0 x	8.5 x	7.1 x	13.7 x	17.6 x	14.5 x	19.5 %	0.7 x	16.7 %	13.4 %	0.0 %
U.S. Specialty Retailer																
Abercrombie & Fitch	\$ 35.83	72 %	\$ 3,160	\$ 2,559	0.9 x	6.4 x	5.3 x	4.3 x	16.1 x	20.1 x	13.9 x	16.0 %	0.9 x	13.6 %	5.4 %	2.0 %
Aeropostale	27.71	86	2,607	2,260	1.0	5.2	4.5	4.3	5.8	9.9	9.1	13.5	0.7	19.7	17.4	0.0
American Apparel (3)	1.58	38	113	187	0.3	3.3	6.1	3.6	6.7	NM	7.7	25.0	0.3	10.0	5.0	0.0
American Eagle	13.10	67	2,742	2,074	0.7	5.1	4.2	3.8	8.0	12.5	10.6	12.0	0.9	13.6	8.7	3.1
AnnTaylor	21.65	87	1,292	1,081	0.6	6.3	5.0	4.9	NM	19.3	15.1	15.0	1.0	9.1	3.7	0.0
Buckle	35.55	89	1,702	1,544	1.7	6.9	6.3	5.8	7.7	12.1	11.2	11.0	1.0	25.0	22.2	2.3
Chico's	12.23	74	2,186	1,762	1.0	8.0	5.9	4.7	14.3	16.6	12.5	15.0	0.8	12.8	7.2	0.3
Coach	41.11	94	12,840	11,957	3.5	10.1	9.1	8.5	11.3	17.3	15.5	14.5	1.1	34.4	30.8	0.7
Coldwater Creek	6.24	72	575	502	0.5	NM	6.3	5.1	NM	NM	32.0	15.0	2.1	1.8	(3.7)	0.0
Gap	21.80	83	14,611	12,038	0.8	4.8	4.7	4.5	6.6	11.8	10.9	10.5	1.0	17.5	12.9	1.6
Gymboree	44.58	81	1,331	1,073	1.1	5.3	4.7	4.2	6.5	11.6	10.4	12.0	0.9	19.9	16.2	0.0
Guess?	37.99	76	3,591	3,125	1.5	7.3	6.7	5.8	8.6	12.7	11.0	15.0	0.7	20.1	17.1	1.3
Hot Topic	5.56	65	247	179	0.2	3.4	3.4	3.1	11.7	27.8	17.9	15.0	1.2	7.3	2.1	1.3
Limited Brands	24.86	87	8,154	9,125	1.1	7.3	6.2	5.7	10.6	13.9	12.4	13.0	1.0	14.5	10.0	2.4
Urban Outfitters	\$ 36.30	89	6,311	5,810	3.0	13.7	10.6	8.9	17.1	21.9	18.2	20.0	0.9	21.9	17.5	0.0
	High	94 %	\$ 14,611	\$ 12,038	3.5 x	13.7 x	10.6 x	8.9 x	17.1 x	27.8 x	32.0 x	25.0 %	2.1 x	34.4 %	30.8 %	3.1 %
	Mean	77	4,098	3,685	1.2	6.7	5.9	5.2	10.1	16.0	13.9	14.8	1.0	16.1	11.5	1.0
	Median	81	2,607	2,074	1.0	6.4	5.9	4.7	8.6	13.9	12.4	15.0	0.9	14.5	10.0	0.7
	Low	38	113	179	0.2	3.3	3.4	3.1	5.8	9.9	7.7	10.5	0.3	1.8	(3.7)	0.0

(1) Source: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.

(2) Sources: LTM numbers are based on latest publicly available financial statements. Projected revenues, EBITDA, EBIT, and EPS are based on IBES median estimates and/or other Wall Street research.

(3) Does not include the 7.7mm (10.8% of outstanding shares) authorized to be granted as part of the Performance Equity Plan, as no shares have currently been granted under this program.



Comparison of Selected Companies

Potential Buyers

(\$ in millions, except per share data)

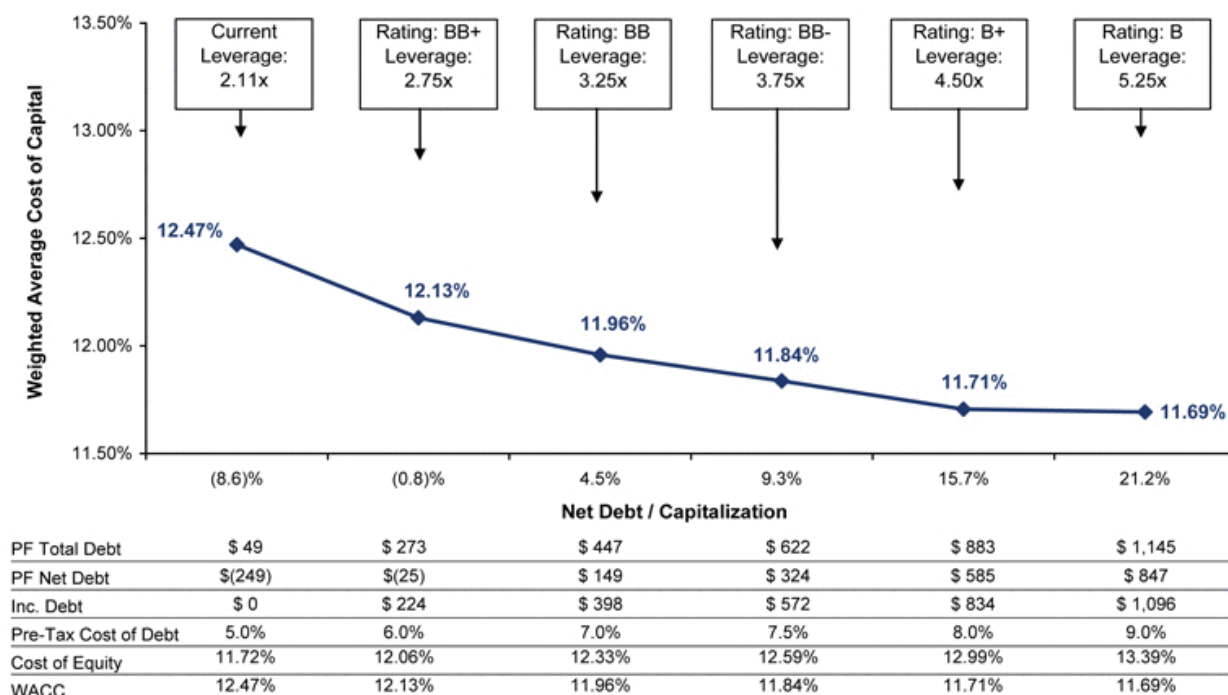
Company	Closing Price 28-May-2010	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)					Calendarized P/E Multiples (2)		5-Year EPS CAGR (2)	2011 PE/5-Year EPS CAGR	LTM Margins (1)		Dividend Yield
					Sales LTM	LTM	2010	2011	EBITDA LTM	2010	2011			EBITDA	EBIT	
J. Crew (IBES)	\$ 45.64	91 %	\$ 3,144	\$ 2,895	1.8 x	11.0 x	8.7 x	7.7 x	13.7 x	18.6 x	16.6 x	19.5 %	0.9 x	16.7 %	13.4 %	0.0 %
J. Crew (Management)	45.64	91 %	\$ 3,144	\$ 2,895	1.8 x	11.0 x	8.5 x	7.1 x	13.7 x	17.6 x	14.5 x	19.5 %	0.7 x	16.7 %	13.4 %	0.0 %
U.S. Specialty Retailer																
Coach	\$ 41.11	94 %	\$ 12,840	\$ 11,957	3.5 x	10.1 x	9.1 x	8.5 x	11.3 x	17.3 x	15.5 x	14.5 %	1.1 x	34.4 %	30.8 %	0.7 %
Fast Retailing	¥ 12,670.00	70	14,200	11,470	1.3	6.6	6.7	6.1	7.5	17.5	15.6	20.9	0.7	19.8	17.4	2.2
LVMH	€ 85.92	93	50,671	55,739	2.7	11.2	10.1	9.1	13.6	19.1	16.7	9.9	1.7	23.6	19.5	1.9
PPR	96.83	87	15,104	22,174	1.1	10.0	9.3	8.5	13.0	13.9	12.2	6.3	1.9	10.8	8.4	3.4
Urban Outfitters	\$ 36.30	89	6,311	5,810	3.0	13.7	10.6	8.9	17.1	21.9	18.2	20.0	0.9	21.9	17.5	0.0
VF Corp	77.35	87	8,642	9,110	1.3	8.3	8.0	7.4	9.9	12.9	11.7	10.0	1.2	15.2	12.7	3.1
High	94 %	\$ 50,671	\$ 55,739	3.5 x	13.7 x	10.6 x	9.1 x	17.1 x	21.9 x	18.2 x	20.9 x	1.9 x	34.4 %	30.8 %	3.4 %	
Mean	87	17,961	19,377	2.1	10.0	9.0	8.1	12.1	17.1	15.0	13.6	1.3	21.0	17.7	1.9	
Median	88	13,520	11,714	2.0	10.1	9.2	8.5	12.1	17.4	15.5	12.3	1.1	20.9	17.4	2.0	
Low	70	6,311	5,810	1.1	6.6	6.7	6.1	7.5	12.9	11.7	6.3	0.7	10.8	8.4	0.0	

(1) Source: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.

(2) Sources: LTM numbers are based on latest publicly available financial statements. Projected revenues, EBITDA, EBIT, and EPS are based on IBES median estimates and/or other Wall Street research.

Illustrative Cost of Capital at Different Breakpoints

(\$ in millions)



Note: Leverage shown on adjusted basis; cost of capital assumes an Axioma 2-year historical levered beta of 1.20 (Unlevered and re-levered for each case), risk free rate of 4.07% (20-Yr Treasury with a 20-year duration), market premium of 6.67%, and tax rate of 40.2%
 Note: Assumes LTM EBITDA of \$263mm, rent expense of \$85mm capitalized at 8.0x per Moody's, LTM debt of \$49mm and cash of \$298mm per FY2009 filing

Retail M&A Activity Since 2005

Date	Asset	Buyer	Goldman Sachs' M&A Role	Value (mm)	EV / LTM EBITDA	Date	Asset	Buyer	Goldman Sachs' M&A Role	Value (mm)	EV / LTM EBITDA
Transaction Involving Strategic											
Apr-2010	Casey's	Couche-Tad	Anti Raid Advisor	1,875	7.0x	Jan-2008	Bright Horizons	Bain Capital	Lead Sellside Advisor	1,322	13.1
Feb-2010	Duane Reade	Walgreens	Exclusive Sellside Advisor	1,075	11.4x	Aug-2007	Barneys (Jones)	Isthmar	Lead Sellside Advisor	\$942	–
Aug-2009	B&N College Booksellers	Barnes & Noble		\$596	–	Aug-2007	Home Depot Supply	Bain, C&S, Carlyle	Sellside Advisor	8,500	–
Oct-2008	GameStop	SFMI Micromania SA		700	–	Jun-2007	Guitar Center	Bain	Lead Sellside Advisor	2,083	11.5
Aug-2008	Longs Drug Stores	CVS Caremark	Advised Another Buyer	2,900	10.5	May-2007	Limited Brands Inc-Expre	Golden Gate Capital	Advised Another Buyer	822	–
May-2008	Carphone Warehouse	Best Buy	Buy-side Advisor	4,200	8.1	Mar-2007	RGIS	Blackstone	Lead Sellside Advisor	–	–
Apr-2008	FTD Group	United Online	Exclusive Sellside Advisor	715	7.4	Mar-2007	Claire's Stores	Apollo	Lead Sellside Advisor	2,750	8.5
Feb-2008	CSK Auto	O'Reilly Automotive		1,002	9.5	Mar-2007	Dollar General	KKR	Lead Buy-side Advisor	7,324	11.0
Jul-2007	7 for All Mankind	VF Corp.		775	–	Feb-2007	Smart & Final	Apollo	Lead Sellside Advisor	806	9.7
Jun-2007	Oakley	Luxottica	Lead Sellside Advisor	2,265	18.3	Feb-2007	GNC	Ares, Ontario Teachers	Sellside Advisor	1,563	10.6
Jun-2007	Genesco	Finish Line	Lead Sellside Advisor	1,530	9.7	Jan-2007	Laureate Education	KKR, Investor Consortium	Lead Sellside Advisor	3,769	17.3
May-2007	Stride Rite	Payless Shoesource	Lead Sellside Advisor	841	11.4	Nov-2006	Caremark	CVS	Advised Another Buyer	24,936	13.1
Apr-2007	Genesco	Foot Locker	Anti Raid Advisor	–	–	Nov-2006	Sbarro	MidOcean Partners		628	11.1
Feb-2007	Pathmark	The Great A&P Tea Co.		1,279	9.2	Nov-2006	OSI Restaurant Partners	Bain		3,430	10.4
Feb-2007	Wild Oats	Whole Foods		691	13.6	Nov-2006	David's Bridal	Leonard Green	Advised Another Buyer	~750	–
Jan-2007	Fila (Sports Brand Int'l)	Fila Korea	Sellside Advisor	–	–	Nov-2006	Eddie Bauer ¹	Sun Capital, Golden Gate	Sellside Advisor	610	9.5
Dec-2006	Logan's Roadhouse	Black Canyon Capital		653	13.7	Oct-2006	Yankee Candle	Madison Dearborn		\$1,682	9.9x
Nov-2006	La Senza	Limited Brands		654	9.3	Aug-2006	Real Mex Restaurants	Sun Capital Partners		648	11.4
Sep-2006	TravelCenters of America	Hopitality Properties Trust		2,560	15.5	Jul-2006	Petco	TPG, Leonard Green, GS PIA	Buy-side Advisor	1,795	8.2
Aug-2006	Eckert (Jean Coutu US)	Rite Aid		3,470	~8.5	Jun-2006	Michaels Stores	Bain/Blackstone	Special Committee	5,605	11.5
Jan-2006	Hughes	Home Depot		3,395	11.8	Jun-2006	Lord & Taylor	NRDC Equity Partners	Sellside Advisor	1,083	–
Jan-2006	Regis	Sally Beauty Co.	Lead Sellside Advisor	2,600	9.6	Jun-2006	Acosta	AEA Investors	Lead Sellside Advisor	1,500	–
Oct-2005	NDSG (Saks)	Bon-Ton	Sellside Advisor	1,185	–	Jun-2006	Sally Beauty Co.	Clayton Dublier & Rice	Lead Sellside Advisor	3,100	10.7
Aug-2005	Reebok International	Adidas - Solomon		3,851	11.0	Mar-2006	Quiznos	JP Morgan Partners	Lead Sellside Advisor	~1,450	~10.3
Aug-2005	A&P Canada	Metro Inc	Advised Another Buyer	1,400	–	Jan-2006	Albertson's	Supervalu, CVS, Cerberus	Sellside Advisor	16,037	6.5
Apr-2005	Proffers/McRae (Saks)	Belk	Sellside Advisor	622	–	Jan-2006	Sports Authority	Leonard Green	Advised Another Buyer	1,396	8.1
Apr-2005	Electronics Boutique	Gamestop		1,512	12.8	Jan-2006	Hudson's Bay	Maple Leaf Investments	Lead Sellside Advisor	1,916	7.7
Feb-2005	May	Federated	Lead Buy-side Advisor	17,052	8.6	Jan-2006	Burlington Coat Factory	Bain	Lead Sellside Advisor	1,865	6.8
Transactions Involving Financial Sponsors						Dec-2005	Tommy Hilfiger	Apax Partners		1,667	8.3
Apr-2010	CKE Restaurants	Apollo Management	Equity Investments	694	–	Dec-2005	Dunkin Brands	Bain, Carlyle, TH Lee	Advised Another Buyer	2,425	12.8
Oct-2009	Grocery Outlets	Berkshire Partners	Equity Investments	–	–	Nov-2005	Linens 'n Things	Apollo	Advised Another Buyer	1,263	8.4
Jun-2009	Office Depot	BC Partners	PIPE	350	6.0x	Oct-2005	Shopeo	Sun Capital Partners		1,168	6.0
Nov-2008	Whole Foods	Leonard Green	PIPE	425	5.7	May-2005	Neiman Marcus	TPG, Warburg Pincus	Lead Sellside Advisor	5,008	9.8
Feb-2008	Kellwood	Sun Capital		926	7.6	Mar-2005	Toys "R" Us	KKR, Bain, Vornado	Advised Another Buyer	6,193	9.4
Jan-2008	Performance Food Group	Blackstone / Vistar	Buy-side Advisor	1,156	10.2	Feb-2005	Circuit City	Highfields Capital Management	Anti Raid Advisor	3,119	–

Note: Consists of U.S. transactions greater than ~\$600mm since 2005. Yellow shading indicates Goldman Sachs advised on the transaction or advised another buyer in the transaction, as indicated.
¹Transaction not consummated.



J.Crew Discussion Materials

Goldman, Sachs & Co.
July 2010

[19-July-2010]

I. Analysis of J.Crew Recent Performance

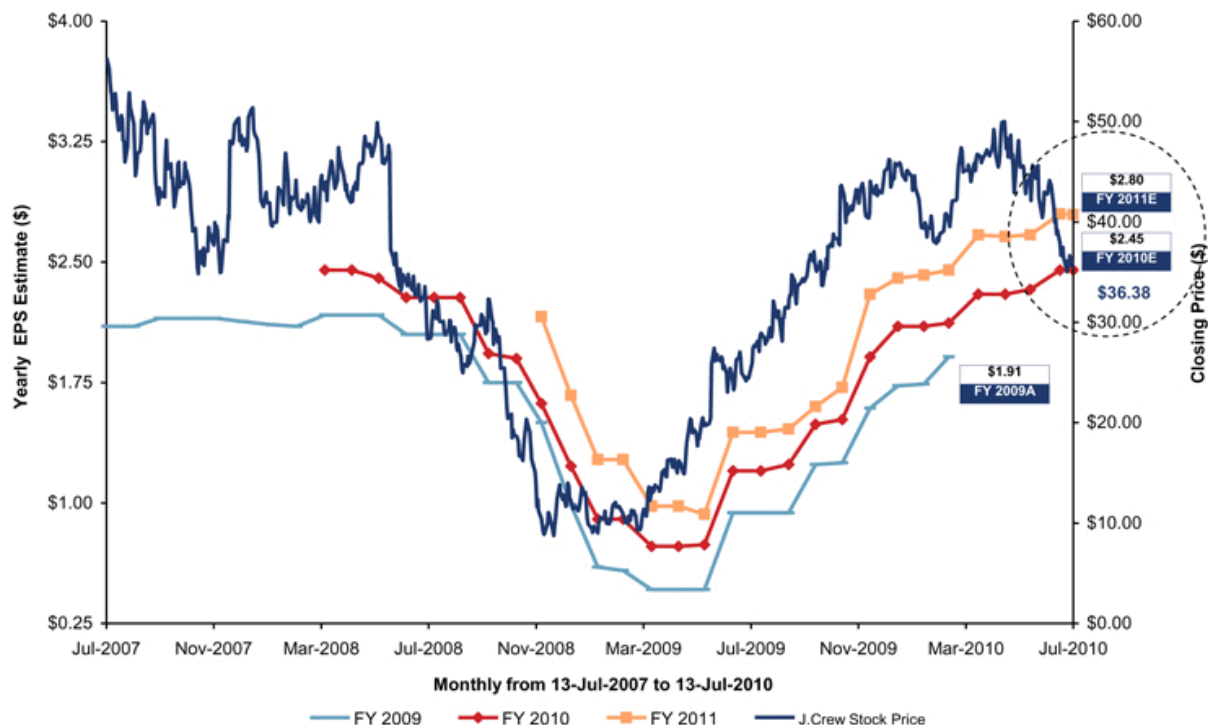
J.Crew Stock Has Recently Underperformed Despite Strong and Consistent Performance



Source: Bloomberg

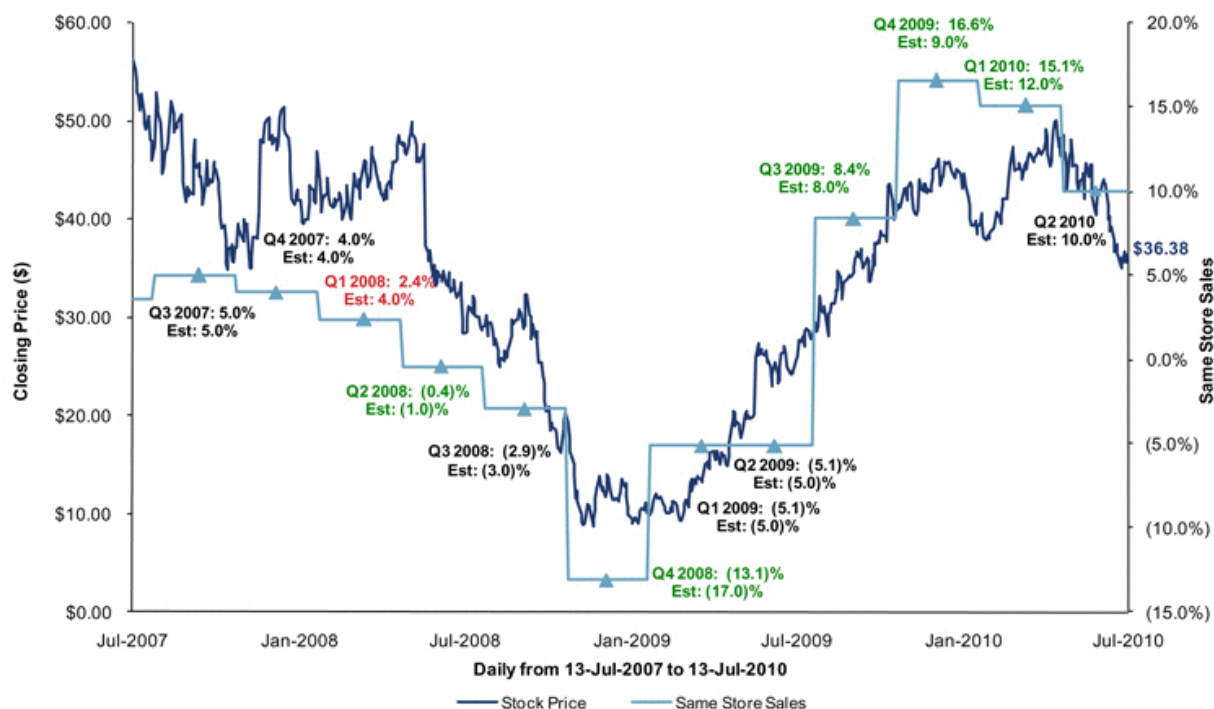


J.Crew's Stock Price Traded Down with Specialty Softlines in May While EPS Estimates Continue to Increase



Source: Bloomberg

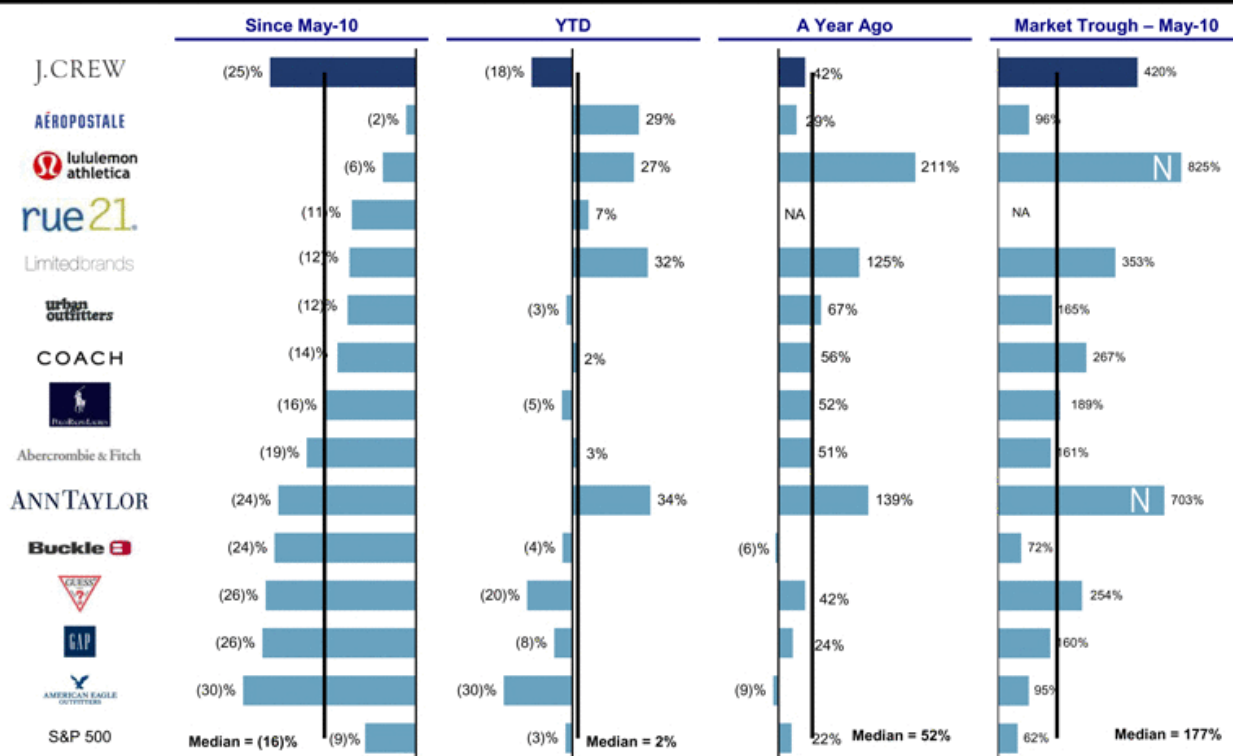
Despite Strong Same Store Sales Performance J.Crew's Stock Has Declined



Source: Bloomberg, Press releases

Note: Comp Store Sales beat vs. analyst estimates are highlighted in GREEN, miss vs. analyst estimates are highlighted in RED and inline with analyst estimates are highlighted in BLACK.

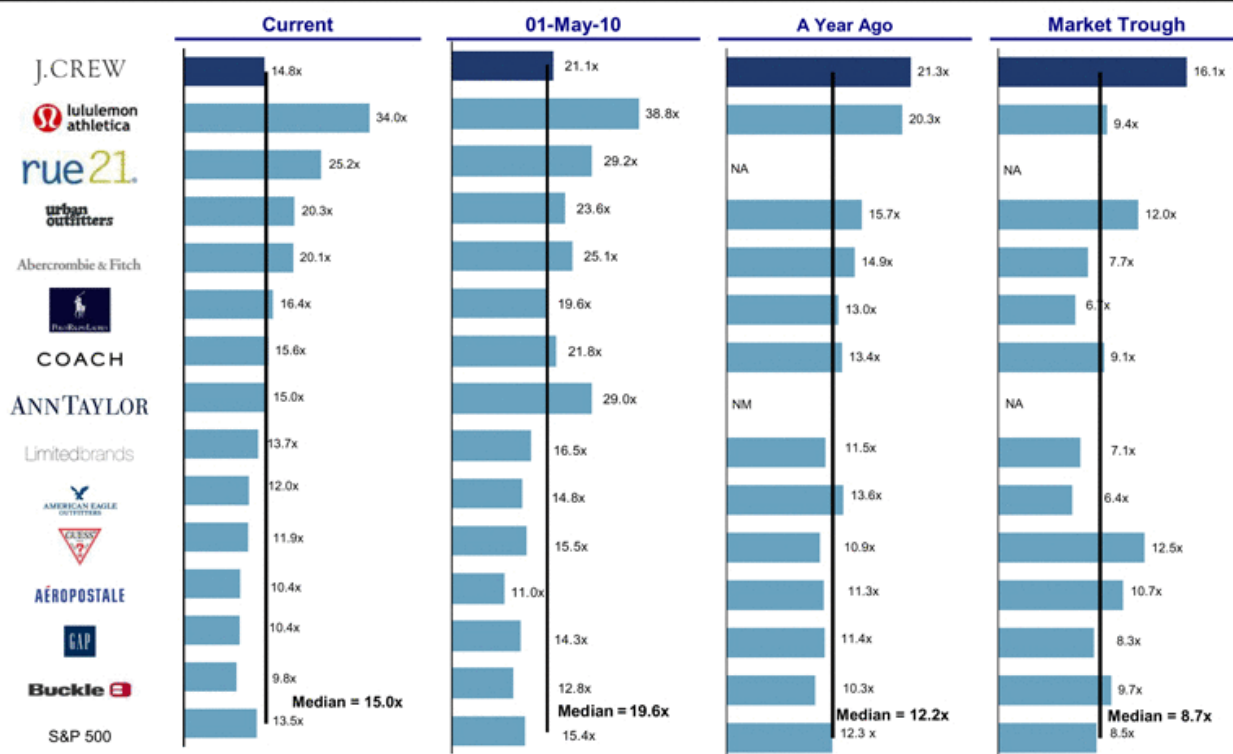
Specialty Retail Stocks Have Traded Down Significantly Since May...



Source: Bloomberg
Note: As of 13-Jul-2010

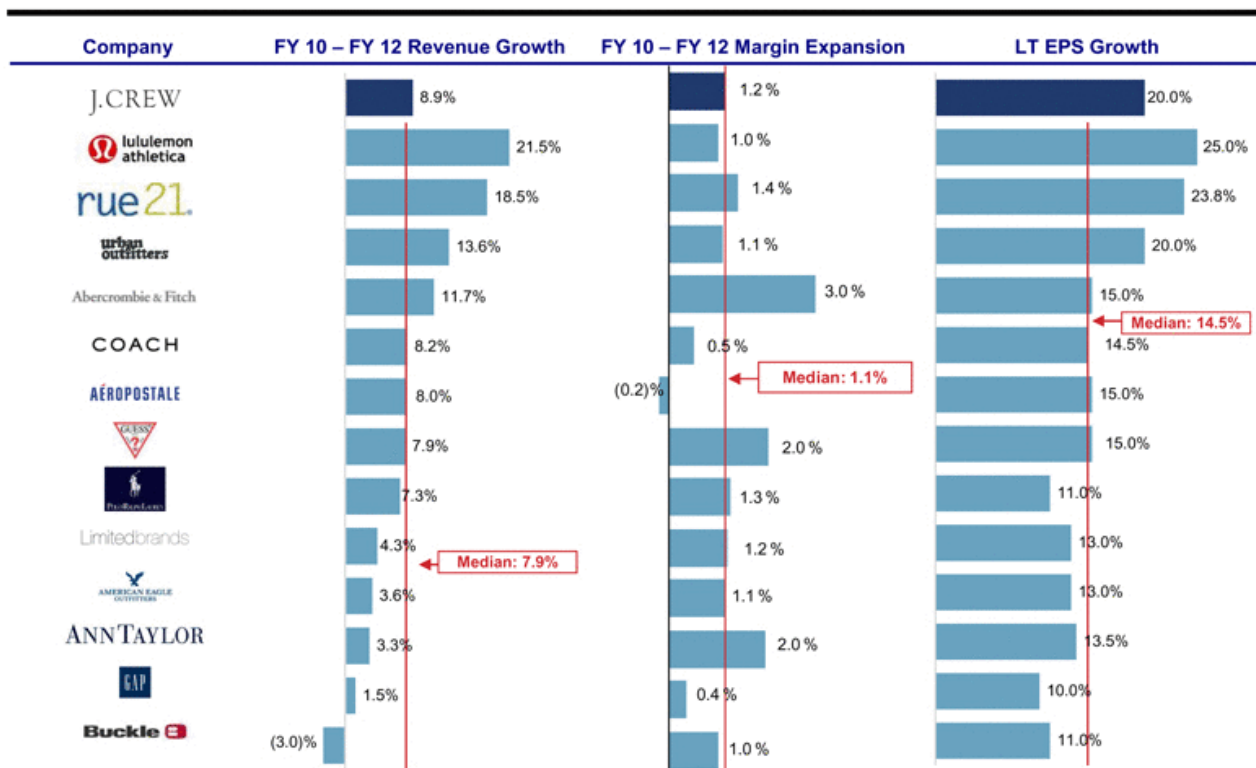
...Leading to Multiple Contraction Across the Board

2010E P/E Multiple



Source: Bloomberg
Note: As of 13-Jul-2010

Growth Expectations for J.Crew Still Robust



Source: Wall Street Estimates as of 13-Jul-2010



Research Analysts' Have Some Concerns Over Tough 2H SSS Comparisons and Near Term Margin Expansion...



Target Price

Broker	Price Target
Goldman Sachs	\$36.00
Atlantic Equities	40.00
Barclays Capital	50.00
Bmo Capital Markets	38.00
Bofa Merrill Lynch	49.00
Breen Murray	53.00
Credit Suisse	53.00
Jefferies	40.00
JP Morgan	46.00
Miller Tabak	50.00
Mkm Partners	56.00
Morningstar	34.00
Oppenheimer	50.00
Piper Jeffray	57.00
Robert W. Baird	56.00
UBS (US)	47.00
Wedbush Securities Inc.	57.00
Weeden	56.00
Median	\$50.00

■ "Though JCG has longer-term store growth potential in Madewell, it is still somewhat unproven and for now **EPS growth is much more dependent on comp sales and margin leverage at the core business. Concerns over inventory planned up mid to high-single digits at 2Q end, coupled with fear of sector-wide sales deceleration and tough compares for JCG, will likely be an overhang until these risks are either validated or refuted this Fall.**" *Goldman Sachs, July 13, 2010*

■ "Primary downside risks are **a slowdown in sales and a general sector pullback.**" *Goldman Sachs, July 13, 2010*

■ "...the stock seems likely to have a **high \$40s ceiling on it in the near term** until the company proves that it can profitably **lap last year's robust 2H results** (comps up low-double digits and margins up ~1,500bps!). As the **growth trajectory should slow throughout the year** (JPM estimates: Q2 65%, Q3 6%, and Q4 3%) and operating margins push above 16%, we believe that shares should remain range-bound in the near term." *JPMorgan, June 02, 2010*

■ "...given our current view that **future square footage expansion will be modest and margin trends will begin to tail off in 2H into 2011**, we believe that additional multiple expansion from the midteens is becoming less likely as fears continue to build regarding the company's difficult holiday comparison." *JPMorgan, June 02, 2010*

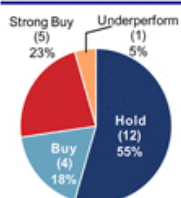
■ "While we think that J. Crew has ample opportunity for growth, the firm faces **intense competition from retailers** such as Banana Republic, Ann Taylor ANN, and Anthropologie URBN. Additionally, when economic conditions recover, J. Crew is at **risk of losing its existing customers as they trade up to expensive designer labels and other luxury brands.** Therefore, we believe J. Crew will have to fight hard to keep its customers by staying ahead of the game with the latest fashion trends." *Morningstar, May 28, 2010*

Source: IBES estimates, Wall Street Research



But Are Bullish on J.Crew's Long Term Growth Prospects and Strategy

Analyst Recommendations



Target Price

Broker	Price Target
Goldman Sachs	\$36.00
Atlantic Equities	40.00
Barclays Capital	50.00
Bmo Capital Markets	38.00
Bofa Merrill Lynch	49.00
Breen Murray	53.00
Credit Suisse	53.00
Jefferies	40.00
JP Morgan	46.00
Miller Tabak	50.00
Mkm Partners	56.00
Morningstar	34.00
Oppenheimer	50.00
Piper Jeffray	57.00
Robert W. Baird	56.00
UBS (US)	47.00
Wedbush Securities Inc.	57.00
Weeden	56.00
Median	\$50.00

- "Another longer-term positive we see is as **70 million gen Y'ers start filling the 21-35 age group in the next five years**, JCG seems very **well positioned to capture them** (recent closings of ANF's Ruehl and AEO's Martin & Osa demonstrate it is not easy to build a new brand to capture this audience)." *JPMorgan, June 02, 2010*
- "We believe the right call is to be buying the stock at current levels, as **earnings upside will continue, and the longer term growth story and return on capital profile is one of the most exciting in retail.**" *Credit Suisse, May 28, 2010*
- "Given the greater consistency in their business, we believe mgmt is likely to **feel more comfortable about sq ft growth prospects next yr.** After growing sq ft at ~3% in F10, we believe growth could increase to 6-8% in F11. Part of the increase will likely be **driven by a ramp-up in Madewell** (where we believe sales have exceeded plan) openings, to 10-15 in F11 and potentially an even greater number in F12. We also hope to hear more from mgmt about the **possibility of opening stores in Canada and London.**" *Credit Suisse, May 25, 2010*
- "Given the company's **attractive long-term growth opportunity** (including Madewell store openings as the concept reduces operating losses, launch of wedding shop, and potential international expansion) **and highly differentiated assortments**,...we believe the current entry point presents a compelling opportunity for investors to own one of the highest quality multi-channel specialty retailers." *Wedbush, May 25, 2010*

Source: IBES estimates, Wall Street Research

J.Crew's Stock Price Has Traded Down With Specialty Softlines Since May While EPS Estimates Have Increased

J.Crew (Curent)

Stock Price: \$36.38

2010E EPS: \$2.45

	Price / 2010 EPS			2010 P/E Change		Stock Price Change		2010 EPS Change	
	Jul-10	May-10	Jul-09	May-10	Jul-09	May-10	Jul-09	May-10	Jul-09
J.Crew	14.8 x	21.1 x	21.3 x	(29.8)%	(30.3)%	(25.2)%	42.3 %	6.5 %	104.2 %
Abercrombie	20.1 x	25.1 x	14.9 x	(19.8)%	35.4 %	(18.9)%	51.4 %	1.1 %	11.8 %
Aeropostale	10.4 x	11.0 x	11.3 x	(5.3)	(7.8)	(1.8)	29.2	3.7	40.1
American Eagle	12.0 x	14.8 x	13.6 x	(18.6)	(11.3)	(29.8)	(9.5)	(13.8)	2.0
Ann Taylor	15.0 x	29.0 x	NA	(48.3)	NM	(23.8)	138.7	47.4	NM
Buckle	9.8 x	12.8 x	10.3 x	(23.7)	(5.4)	(24.4)	(6.4)	(1.0)	(1.0)
Coach	16.5 x	19.6 x	13.0 x	(15.9)	27.4	(13.6)	55.8	2.7	22.3
Gap	10.4 x	14.3 x	11.4 x	(27.3)	(9.0)	(26.5)	23.5	1.1	35.8
Guess?	11.9 x	15.5 x	10.9 x	(23.4)	9.5	(26.0)	42.4	(3.3)	30.0
Limited	13.7 x	16.5 x	11.5 x	(17.0)	19.4	(11.5)	125.0	6.5	88.4
lululemon	34.0 x	38.8 x	20.3 x	(12.4)	67.6	(5.8)	210.8	7.5	85.5
Polo	16.4 x	21.8 x	13.4 x	(25.1)	21.9	(15.9)	52.0	12.3	24.7
rue21	24.9 x	29.2 x	NM	(14.9)	NM	(11.1)	NM	4.4	NM
Urban Outfitters	20.3 x	23.6 x	15.7 x	(14.0)	29.7	(11.9)	66.6	2.5	28.5
Specialty Median	15.0 x	19.6 x	13.0 x	(18.6)%	19.4 %	(15.9)%	51.7 %	2.7 %	28.5 %

Source: Bloomberg

II. Illustrative LBO and Recap Analysis

Recapitalization Analysis

Sources and Uses and Debt Paydown

(\$ in millions, except per share data)

Sources of Funds						Uses of Funds							
	Amount	Debt	% of Total Sources	x 2010E EBITDA	x 2010E EBITDAR		Amount						
Target Existing Cash	\$ 403	0.5%	33.3%			Total Special Dividends / Share Repurchases	\$ 981						
Bank Debt (1)	680	L + 425	56.1%	2.0 x	3.2 x	Special Dividends per share	\$ 15.38						
Sr. Notes	128	9.0%	10.6%	2.4 x	3.5 x	Shares Repurchased (mm) - at 20.0% premium	22.48						
Total Debt	\$ 808		66.7%	2.4 x	3.5 x	Minimum Operating Cash	200						
						Financing and Other Fees (1)	29						
Total Sources of Funds	\$ 1,211		100.0%			Total Uses of Funds	\$ 1,211						
Projected Free Cash Flow						De-leveraging Profile							
	PF 2010	2011E	2012E	2013E	2014E	2015E		PF 2010	2011E	2012E	2013E	2014E	2015E
Revenue	\$ 1,818	\$ 2,055	\$ 2,361	\$ 2,705	\$ 3,081	\$ 3,510	Bank Debt (2)	\$ 680	\$ 489	\$ 208	\$ 0	\$ 0	\$ 0
Growth	27.3 %	13.0 %	14.9 %	14.6 %	13.9 %	13.9 %	Senior Notes	128	128	128	128	128	128
EBITDA	341	407	498	608	738	841	Total Debt	\$ 808	\$ 617	\$ 336	\$ 128	\$ 128	\$ 128
Margin %	18.8 %	19.8 %	21.1 %	22.5 %	24.0 %	24.0 %	Total Cash	\$ 200	\$ 200	\$ 200	\$ 352	\$ 801	\$ 1,281
Net Income	0	182	242	315	394	451							
(+) D&A	52	55	57	60	63	72							
(+) Fin. Fees Amort.	3	3	3	3	3	3							
(-) Capital Expenditure	52	54	59	59	58	66							
(-) Change in OWC	(52)	(6)	(38)	(42)	(46)	(20)							
FCF For Debt Paydown	\$ 54	\$ 191	\$ 281	\$ 360	\$ 448	\$ 480							
Cumulative FCF	\$ 191	\$ 472	\$ 832	\$ 1,280	\$ 1,760								
Credit Statistics													
	PF 2010	2011E	2012E	2013E	2014E	2015E	Total Debt / EBITDA	2.4 x	1.5 x	0.7 x	0.2 x	0.2 x	0.2 x
							Adj. Debt / EBITDAR	3.5 x	2.9 x	2.2 x	1.7 x	1.6 x	1.6 x
							EBITDA / Int.	6.4 x	8.5 x	14.5 x	29.9 x	51.4 x	58.6 x
							EBITDA-Capex / Int.	5.4 x	7.4 x	12.8 x	27.0 x	47.4 x	54.0 x

Source: Company Management for the years 2010E through 2014E; Extrapolated based on constant growth and margins for 2015E

Note: Assumes 63.8 million of diluted shares outstanding.

(1) Assumes LIBOR floor of 1.50%. Assumes financing fees of 2.5% and OID on bank debt to be 1.0%. Also assumes advisory fees of \$1.0 million.

Recapitalization: One-Time Special Dividend

PF EPS Impact

(\$ in millions, except per share data)

One-Time Special Dividend Size	Status Quo	\$ 600	\$ 800	\$ 981	\$ 1,200	\$ 1,400
Special Dividends per share (1)		\$ 9.40	\$ 12.53	\$ 15.38	\$ 18.80	\$ 21.94
Cash Used		203	203	203	203	203
New Debt		413	620	808	1,034	1,242
FY 2011E Net Income (2) (3)	\$ 210	\$ 204	\$ 192	\$ 182	\$ 169	\$ 157
FY 2011E Shares Outstanding	66.8	66.8	66.8	66.8	66.8	66.8
FY 2011 E EPS (2) (3) (4)	\$ 3.15	\$ 3.06	\$ 2.88	\$ 2.72	\$ 2.53	\$ 2.35
Accretion / (Dilution) (%)		(3.0)%	(8.6)%	(13.6)%	(19.8)%	(25.4)%
Implied Share Price at 11.6x 2011 P/E Multiple	\$ 36.38	\$ 35.30	\$ 33.27	\$ 31.42	\$ 29.19	\$ 27.15
Implied Share Price at 10.6x 2011 P/E Multiple		\$ 32.25	\$ 30.39	\$ 28.70	\$ 26.66	\$ 24.80
Implied Share Price at 9.6x 2011 P/E Multiple		\$ 29.19	\$ 27.51	\$ 25.98	\$ 24.14	\$ 22.45
Shareholder Value @11.6x 2011 P/E Multiple (5)		\$ 44.70	\$ 45.80	\$ 46.79	\$ 47.99	\$ 49.09
Accretion in Value over current price		22.9%	25.9%	28.6%	31.9%	34.9%
Shareholder Value @10.6x 2011 P/E Multiple (5)		\$ 41.65	\$ 42.92	\$ 44.07	\$ 45.47	\$ 46.74
Accretion in Value over current price		14.5%	18.0%	21.1%	25.0%	28.5%
Shareholder Value @9.6x 2011 P/E Multiple (5)		\$ 38.59	\$ 40.04	\$ 41.35	\$ 42.94	\$ 44.39
Accretion in Value over current price		6.1%	10.1%	13.7%	18.0%	22.0%
Pro Forma Credit Statistics (2010)						
Total Debt	\$ 0	\$ 413	\$ 620	\$ 808	\$ 1,034	\$ 1,242
Debt / EBITDA	0.0 x	1.2 x	1.8 x	2.4 x	3.0 x	3.6 x
Adj. Debt / EBITDAR (6)	1.6 x	2.6 x	3.1 x	3.5 x	4.0 x	4.5 x

Source: Public filings, Management Projections

(1) Based on current basic shares outstanding of 63.8 million

(2) Assumes a tax rate of 40.2% for FY2011E

(3) Assumes interest rate on bank debt of \$679.7 million to be L+425. Assumes LIBOR floor of 1.5%. Assumes coupon on Sr. Notes to be 9.0%. Also assumes interest on cash to be 0.5%

(4) Based on 2011E weighted average diluted shares of 66.8 million

(5) Defined as Dividend per share plus Pro Forma EPS times P/E Multiple (DPS + PF EPS x P/E). Accretion calculated based on current price of \$36.38

(6) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense

Recapitalization: One-Time Special Dividend

Value Creation to Shareholders

One-Time Special Dividend of \$981 mm (3.5x Adj. Leverage)

	11.6 x	13.0 x	14.0 x	15.0 x	16.0 x
Implied Share Price	\$ 36.38	\$ 40.94	\$ 44.09	\$ 47.24	\$ 50.39
Implied Share Price					
- Same Multiple	\$ 31.42	\$ 35.36	\$ 38.08	\$ 40.80	\$ 43.52
- 1.0x Multiple less	\$ 28.70	\$ 32.64	\$ 35.36	\$ 38.08	\$ 40.80
- 2.0x Multiple less	\$ 25.98	\$ 29.92	\$ 32.64	\$ 35.36	\$ 38.08
- 3.0x Multiple less	\$ 23.26	\$ 27.20	\$ 29.92	\$ 32.64	\$ 35.36
Special Dividends per share	\$ 15.38	\$ 15.38	\$ 15.38	\$ 15.38	\$ 15.38
Value to Shareholders					
- Same Multiple	\$ 46.79	\$ 50.73	\$ 53.45	\$ 56.17	\$ 58.89
Value Accretion to Implied Price	28.6%	23.9%	21.2%	18.9%	16.9%
- 1.0x Multiple less	\$ 44.07	\$ 48.01	\$ 50.73	\$ 53.45	\$ 56.17
Value Accretion to Implied Price	21.1%	17.3%	15.1%	13.2%	11.5%
- 2.0x Multiple less	\$ 41.35	\$ 45.29	\$ 48.01	\$ 50.73	\$ 53.45
Value Accretion to Implied Price	13.7%	10.6%	8.9%	7.4%	6.1%
- 3.0x Multiple less	\$ 38.63	\$ 42.57	\$ 45.29	\$ 48.01	\$ 50.73
Value Accretion to Implied Price	6.2%	4.0%	2.7%	1.6%	0.7%

Source: Public filings, Management Projections

Recapitalization: One-Time Share Repurchases

(\$ in millions, except per share data)

One-Time Share Repo Size	Status Quo	\$ 600	\$ 800	\$ 981	\$ 1,200	\$ 1,400
% of Market Cap		24.2%	32.3%	39.6%	48.4%	56.5%
Cash Used		203	203	203	203	203
New Debt		413	620	808	1,034	1,242
Share Repurchase Price		\$ 40.93	\$ 43.66	\$ 43.66	\$ 45.48	\$ 45.48
% Premium to Current		12.5%	20.0%	20.0%	25.0%	25.0%
Shares Repurchased (mm)		14.7	18.3	22.5	26.4	30.8
% of Outstanding Shares Repurchased (1)		23.0%	28.7%	35.2%	41.3%	48.2%
Accretion / (Dilution) Analysis						
FY 2011E Net Income (2) (3)	\$ 210	\$ 204	\$ 192	\$ 182	\$ 169	\$ 157
FY 2011E Shares Outstanding	66.8	52.1	48.4	44.3	40.4	36.0
FY 2011 E EPS (2) (3) (4)	\$ 3.15	\$ 3.92	\$ 3.97	\$ 4.10	\$ 4.18	\$ 4.36
Accretion / (Dilution) (%)		24.3%	26.0%	30.2%	32.7%	38.5%
FY 2011E - 2013 E EPS CAGR	24.3%	28.0%	29.5%	30.9%	32.9%	34.9%
Implied Share Price at 11.6x 2011 P/E Multiple	\$ 36.38	\$ 45.24	\$ 45.85	\$ 47.37	\$ 48.27	\$ 50.39
Share Price Accretion over current price (5)		24.3%	26.0%	30.2%	32.7%	38.5%
Implied Share Price at 10.6x 2011 P/E Multiple	\$ 41.32	\$ 41.88	\$ 43.27	\$ 44.09	\$ 46.03	
Share Price Accretion over current price (5)		13.6%	15.1%	18.9%	21.2%	26.5%
Implied Share Price at 9.6x 2011 P/E Multiple	\$ 37.40	\$ 37.91	\$ 39.17	\$ 39.91	\$ 41.66	
Share Price Accretion over current price (5)		2.8%	4.2%	7.7%	9.7%	14.5%
Pro Forma Credit Statistics (2010)						
Total Debt	\$ 0	\$ 413	\$ 620	\$ 808	\$ 1,034	\$ 1,242
Debt / EBITDA	0.0 x	1.2 x	1.8 x	2.4 x	3.0 x	3.6 x
Adj. Debt / EBITDAR (6)	1.6 x	2.6 x	3.1 x	3.5 x	4.0 x	4.5 x

Source: Public filings, Management Projections

(1) Based on 63.8 million basic shares outstanding as of 13-Jul-2010.

(2) Assumes a tax rate of 40.2% for FY2011E.

(3) Assumes Interest rate on bank debt of \$679.7 million to be L+425. Assumes LIBOR floor of 1.5%. Assumes coupon on Sr. Notes to be 9.0%. Also assumes interest on cash to be 0.5%

(4) Based on 2011E weighted average diluted shares of 66.8 million.

(5) Accretion calculated based on current price of \$36.38.

(6) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.

Illustrative LBO Analysis

Assumes Stock Price of \$45.48 per share (25.0% Premium) or 8.0x EV / 2010E EBITDA

(\$ in millions)

Sources of Funds						Uses of Funds					
	Amount	Cost of Debt	% of Total Sources	x 2010E EBITDA	x 2010E EBITDAR		Amount				
Target Existing Cash	\$ 403	0.5%	12.1%			Total Equity Purchased (\$45.48 per share)	3,132				
Bank Debt (1)	680	L + 450	20.5%	2.0 x	3.2 x	Existing Target Debt Retired	0				
Sr. Notes	768	10.0%	23.2%	4.2 x	5.0 x	Total Purchase Price	\$ 3,132				
Total Debt	\$ 1,448		43.7%	4.2 x	5.0 x	<i>EV / 2010E EBITDA (Adj. Cash)</i>	<i>8.0 x</i>				
Equity rolled over	394					Minimum Operating Cash	100				
Sponsor Equity	\$ 1,072		32.3%			Financing and Other Fees (1)	85				
Total Sources of Funds	\$ 3,317		100.0%			Total Uses of Funds	\$ 3,317				

Projected Free Cash Flow							Illustrative Returns to Sponsor					
	PF 2010	2011E	2012E	2013E	2014E	2015E	Purchase Price	\$ 45.00	\$ 50.00	\$ 55.00	\$ 60.00	\$ 65.00
Revenue	\$ 1,818	\$ 2,055	\$ 2,361	\$ 2,705	\$ 3,081	\$ 3,510	Premium to Current	23.7%	37.4%	51.2%	64.9%	78.7%
Growth	27.3 %	13.0 %	14.9 %	14.6 %	13.9 %	13.9 %						
EBITDA	341	407	498	608	738	841						
Margin %	18.8 %	19.8 %	21.1 %	22.5 %	24.0 %	24.0 %						
Net Income	98	138	197	272	353	409						
(+) D&A	52	55	57	60	63	72						
(+) Fin. Fees Amort.	7	7	7	7	7	7						
(-) Capital Expenditure	52	54	59	59	58	66						
(-) Change in OWC	(52)	(6)	(38)	(42)	(46)	(20)						
FCF For Debt Paydown	\$ 57	\$ 151	\$ 240	\$ 321	\$ 411	\$ 442						

De-leveraging Profile							Returns to Sponsor exit in 2014 @ 9.0x EBITDA					
	PF 2009	2010E	2011E	2012E	2013E	2014E						
Bank Debt	680	529	289	0	0	0						
Senior Notes	768	768	768	768	768	768						
Total Debt	\$ 1,448	\$ 1,297	\$ 1,057	\$ 768	\$ 768	\$ 768						
Total Debt / EBITDA	4.2 x	3.2 x	2.1 x	1.3 x	1.0 x	0.9 x						
Adj. Debt / EBITDAR	5.0 x	4.2 x	3.3 x	2.6 x	2.3 x	2.2 x						
EBITDA / Int. Exp.	2.7 x	3.4 x	4.6 x	6.6 x	8.9 x	10.1 x						
EBITDA-Capex / Int. Exp.	2.3 x	2.9 x	4.0 x	5.9 x	8.2 x	9.3 x						

Implied EV / 2010E EBITDA							Implied EV / 2010E EBITDA					
	7.9 x	9.0 x	10.0 x	11.1 x	12.1 x		7.9 x	9.0 x	10.0 x	11.1 x	12.1 x	
8.0 x	35.2%	29.7%	25.4%	21.8%	18.7%	Exit EBITDA Multiple	30.5%	26.9%	23.8%	21.2%	18.8%	
8.5 x	36.8%	31.3%	26.8%	23.2%	20.1%		32.1%	28.1%	24.8%	21.9%	19.3%	
9.0 x	38.3%	32.7%	28.2%	24.5%	21.4%		33.8%	29.4%	25.8%	22.7%	20.0%	
9.5 x	39.7%	34.1%	29.6%	25.8%	22.7%		35.9%	30.9%	26.9%	23.6%	20.7%	
10.0 x	41.1%	35.4%	30.8%	27.1%	23.9%		38.3%	32.7%	28.2%	24.5%	21.4%	

Implied EV / 2010E EBITDA							Implied EV / 2010E EBITDA					
	7.9 x	9.0 x	10.0 x	11.1 x	12.1 x		7.9 x	9.0 x	10.0 x	11.1 x	12.1 x	
3.0 x	30.5%	26.9%	23.8%	21.2%	18.8%	Adj. Leverage	30.5%	26.9%	23.8%	21.2%	18.8%	
3.5 x	32.1%	28.1%	24.8%	21.9%	19.3%		32.1%	28.1%	24.8%	21.9%	19.3%	
4.0 x	33.8%	29.4%	25.8%	22.7%	20.0%		33.8%	29.4%	25.8%	22.7%	20.0%	
4.5 x	35.9%	30.9%	26.9%	23.6%	20.7%		35.9%	30.9%	26.9%	23.6%	20.7%	
5.0 x	38.3%	32.7%	28.2%	24.5%	21.4%		38.3%	32.7%	28.2%	24.5%	21.4%	

Source: Company Management for the years 2010E through 2014E; Extrapolated based on constant growth and margins for 2015E

Note: Assumes 63.8 million of diluted shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5% and OID on bank debt to be 2.0%. Also assumes advisory fees of \$20.0 million.

Illustrative Ability To Pay Analysis

Share Price Required to Achieve Target Returns Assuming 2014E Exit

Assumes 5.0x Adjusted Leverage

Assumes 20% IRR with 5 Year exit in 2014 @ 9.0x EBITDA

Equity Value Per Share							Implied Premium Over Current Stock Price						
'14E EBITDA	Per Year Δ	2009 - 2014 Sales CAGR					'14E EBITDA Per Year Δ	2009 - 2014 Sales CAGR					
		15.3%	16.3%	17.3%	18.4%	19.4%		15.3%	16.3%	17.3%	18.4%	19.4%	
		Change in Annual Sales Growth vs. Plan						Change in Annual Sales Growth vs. Plan					
Margin	vs. Plan	(2.0)%	(1.0)%	0.0%	1.0%	2.0%	Margin	vs. Plan	(2.0)%	(1.0)%	0.0%	1.0%	2.0%
22.0%	(2.0)%	\$ 60.61	\$ 62.26	\$ 63.98	\$ 65.75	\$ 67.59	22.0%	(2.0)%	66.6%	71.1%	75.9%	80.7%	85.8%
23.0%	(1.0)%	62.22	63.95	65.74	67.60	69.52	23.0%	(1.0)%	71.0%	75.8%	80.7%	85.8%	91.1%
24.0%	0.0%	63.84	65.65	67.51	69.45	71.45	24.0%	0.0%	75.5%	80.4%	85.6%	90.9%	96.4%
25.0%	1.0%	65.46	67.34	69.28	71.29	73.38	25.0%	1.0%	79.9%	85.1%	90.4%	96.0%	101.7%
26.0%	2.0%	67.08	69.03	71.05	73.14	75.31	26.0%	2.0%	84.4%	89.7%	95.3%	101.0%	107.0%

Assumes 25% IRR with 5 Year exit in 2014 @ 9.0x EBITDA

Equity Value Per Share							Implied Premium Over Current Stock Price						
'14E EBITDA	Per Year Δ	2009 - 2014 Sales CAGR					'14E EBITDA Per Year Δ	2009 - 2014 Sales CAGR					
		15.3%	16.3%	17.3%	18.4%	19.4%		15.3%	16.3%	17.3%	18.4%	19.4%	
		Change in Annual Sales Growth vs. Plan						Change in Annual Sales Growth vs. Plan					
Margin	vs. Plan	(2.0)%	(1.0)%	0.0%	1.0%	2.0%	Margin	vs. Plan	(2.0)%	(1.0)%	0.0%	1.0%	2.0%
22.0%	(2.0)%	\$ 53.70	\$ 55.05	\$ 56.45	\$ 57.89	\$ 59.39	22.0%	(2.0)%	47.6%	51.3%	55.2%	59.1%	63.3%
23.0%	(1.0)%	55.02	56.43	57.89	59.40	60.97	23.0%	(1.0)%	51.2%	55.1%	59.1%	63.3%	67.6%
24.0%	0.0%	56.34	57.81	59.33	60.91	62.54	24.0%	0.0%	54.9%	58.9%	63.1%	67.4%	71.9%
25.0%	1.0%	57.66	59.19	60.77	62.41	64.11	25.0%	1.0%	58.5%	62.7%	67.0%	71.6%	76.2%
26.0%	2.0%	58.98	60.57	62.21	63.92	65.69	26.0%	2.0%	62.1%	66.5%	71.0%	75.7%	80.6%

Source: Company Management

Appendix A: Supplemental Materials

Summary Financials

J.Crew

(\$ in millions)

	FY 2007 A	FY 2008 A	FY 2009 A	FY 2010 E	FY 2011 E	FY 2012 E	FY 2013 E	FY 2014 E	FY 2015 E	CAGR '07A-'09E	CAGR '09E-'14E
Total Revenue	\$ 1,335	\$ 1,428	\$ 1,578	\$ 1,818	\$ 2,055	\$ 2,361	\$ 2,705	\$ 3,081	\$ 3,510	8.7 %	14.3 %
% Growth	15.9 %	7.0 %	10.5 %	15.2 %	13.0 %	14.9 %	14.6 %	13.9 %	13.9 %		
EBITDA	\$ 210	\$ 141	\$ 264	\$ 341	\$ 407	\$ 498	\$ 608	\$ 738	\$ 841	11.9 %	22.9 %
% Growth	32.2 %	(33.2)%	87.4 %	29.4 %	19.4 %	22.2 %	22.2 %	21.3 %	13.9 %		
% Margin	15.8 %	9.8 %	16.7 %	18.8 %	19.8 %	21.1 %	22.5 %	24.0 %	24.0 %		
Net Income	\$ 100	\$ 54	\$ 124	\$ 173	\$ 210	\$ 263	\$ 328	\$ 403	\$ 459	11.6 %	26.6 %
Diluted Shares Outstanding	64	64	65	66	67	67	67	68	68		
EPS	\$ 1.56	\$ 0.85	\$ 1.92	\$ 2.60	\$ 3.15	\$ 3.92	\$ 4.86	\$ 5.96	\$ 6.79	10.9 %	25.4 %
% Growth	49.0 %	(45.8)%	126.9 %	35.6 %	21.1 %	24.4 %	24.1 %	22.5 %	13.9 %		
Free Cash Flow											
Net Income	\$ 100	\$ 54	\$ 124	\$ 173	\$ 210	\$ 263	\$ 328	\$ 403	\$ 459	11.6 %	26.6 %
D&A	34	44	52	49	55	57	60	63	72		
Working Capital	7	37	(14)	(19)	(20)	(58)	(100)	(145)	(165)		
Δ in Working Capital	(50)	(43)	(36)	(5)	(1)	(38)	(42)	(46)	(20)		
Capital Expenditures	81	78	45	52	54	59	59	58	66		
Other	19	(24)	36	1	(12)	(18)	(21)	(25)			
Free Cash Flow	\$ 122	\$ 40	\$ 203	\$ 176	\$ 200	\$ 281	\$ 348	\$ 430	\$ 486	29.2 %	16.2 %
Cash	\$ 132	\$ 146	\$ 298	\$ 403	\$ 580	\$ 824	\$ 1,114	\$ 1,462	\$ 1,948		
Total Debt	125	100	49	0	0	0	0	0	0		
Adj. Debt (1)	626	699	735	791	893	1,027	1,176	1,340	1,526		
Growth and Margins											
Number of Stores	260	300	321	336	371	420	467	514	566		
New Stores Growth (%)	14.5 %	15.4 %	7.0 %	4.7 %	10.4 %	13.2 %	11.2 %	10.1 %	10.1 %		
Comp Store Sales (%)	5.6 %	(4.0)%	4.1 %	10.6 %	6.1 %	5.7 %	5.7 %	5.9 %	5.9 %		
Credit Stats											
Debt / EBITDA	0.6 x	0.7 x	0.2 x	0.0 x	0.0 x	0.0 x	0.0 x	0.0 x	0.0 x		
Adj. Debt / EBITDAR	2.3 x	3.2 x	2.1 x	1.8 x	1.7 x	1.6 x	1.6 x	1.5 x	1.5 x		
EBITDAR / Interest + Rent	3.7 x	2.7 x	3.8 x	4.3 x	4.6 x	4.8 x	5.1 x	5.4 x	5.4 x		

Source: Public filings, Management Projections
(1) Rent Expense adjusted based on Moody's methodology.



Current Cap Structure

J.Crew

(\$ in millions)

	Amount (USD)	LTM Leverage (1)	Moody's Adj. LTM Leverage Using 8x (2)	Interest / Coupon	Tranche Rating	Current Bid / Implied Yield	Maturity
Cash	\$332						
Undrawn Revolving Credit Facility (3)	195						
Total Liquidity	\$528						
Revolving Credit Facility (\$200mm Capacity)	-	0.0 x	1.8	L + 100-125	NA / NA		May-2013
Term Loan	49	0.2	1.9	L + 175 (4)	Ba2 / BB+	93.00 / 6.2%	May-2013
Total Debt	\$49	0.2x	1.9x				
Market Equity (13-Jul-2010)	2,479						
Total Capitalization	\$2,528						
Corporate Rating	BB+ / WR	Stable / NA					

Source: Company Filings as of 01-May-2010

(1) Assumes LTM EBITDA to be \$299mm as of 01-May-10.

(2) LTM rent expense of \$86mm capitalized at 8.0x.

(3) Adjusts for \$6mm of Letters of Credit as of 01-May-2010.

(4) Interest rate is at company's option, at base rate plus a margin of 0.75% or at L+175 bps

Common Stock Comparison

(\$ in millions, except per share data)

Company	Closing Price 13-Jul-2010	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)					Calendarized P/E Multiples (2)		5-Year EPS CAGR (2)	2011 PE/5-Year EPS CAGR		LTM Margins (1)		Dividend Yield
					Sales	EBITDA			EBIT								
					LTM	LTM	2010	2011	LTM	2010	2011		EBITDA	EBIT			
J. Crew (IBES)	\$ 36.38	73 %	\$ 2,479	\$ 2,196	1.3 x	7.3 x	6.6 x	5.8 x	8.9 x	14.8 x	13.0 x	20.0 %	0.7 x	18.2 %	15.1 %	0.0 %	
J. Crew (Management)	36.38	73 %	\$ 2,479	\$ 2,196	1.3 x	7.3 x	6.4 x	5.4 x	8.9 x	14.0 x	11.6 x	20.0 %	0.6 x	18.2 %	15.1 %	0.0 %	
U.S. Specialty Retailer																	
Abercrombie & Fitch	\$ 36.23	72 %	\$ 3,196	\$ 2,672	0.9 x	6.5 x	5.5 x	4.6 x	15.4 x	20.1 x	14.5 x	15.0 %	1.0 x	13.6 %	5.8 %	1.9 %	
Aeropostale	29.53	92	2,774	2,461	1.1	5.3	4.9	4.7	6.0	10.4	9.7	15.0	0.6	20.2	18.0	0.0	
American Eagle	\$ 12.02	61	2,469	1,942	0.6	4.5	4.2	3.6	7.0	12.0	10.0	13.0	0.8	14.1	9.1	3.4	
AnnTaylor	17.26	69	1,015	804	0.4	4.7	3.7	3.4	NM	15.0	12.3	13.5	0.9	9.1	3.7	0.0	
Buckle	28.33	71	1,353	1,199	1.3	5.2	5.0	4.6	5.9	9.8	9.2	11.0	0.8	25.2	22.3	3.5	
Coach	\$ 37.16	84	11,522	10,639	3.1	9.0	8.0	7.4	10.1	15.6	13.8	14.5	1.0	34.4	30.8	1.0	
Gap	\$ 18.89	72	12,290	9,809	0.7	3.8	3.9	3.7	5.0	10.4	9.6	10.0	1.0	18.1	13.5	2.0	
Guess?	\$ 34.51	69	3,252	2,770	1.2	6.0	6.0	5.3	7.1	11.9	10.4	15.0	0.7	20.6	17.6	1.7	
Limited Brands	\$ 24.59	86	8,107	9,489	1.1	6.6	6.4	5.9	9.2	13.7	12.3	13.0	0.9	16.1	11.7	2.4	
Lululemon Athletica	39.13	86	2,820	2,647	5.2	20.1	16.1	13.1	24.2	34.0	27.6	25.0	1.1	25.8	21.5	0.0	
Polo	77.68	82	7,783	6,957	1.4	7.7	7.7	7.0	9.7	16.4	14.8	11.0	1.3	18.1	14.4	0.5	
rue21	29.60	79	742	714	1.3	11.5	10.0	8.1	16.3	24.9	20.4	23.8	0.9	11.2	7.9	0.0	
Urban Outfitters	33.91	84	5,873	5,290	2.6	11.4	9.6	8.1	14.1	20.3	17.0	20.0	0.8	22.8	18.4	0.0	
	High	92 %	\$ 12,290	\$ 10,639	5.2 x	20.1 x	16.1 x	13.1 x	24.2 x	34.0 x	27.6 x	25.0 %	1.3 x	34.4 %	30.8 %	3.5 %	
	Mean	77	4,861	4,415	1.6	7.9	7.0	6.1	10.8	16.5	14.0	15.4	0.9	19.2	15.0	1.3	
	Median	79	3,196	2,672	1.2	6.5	6.0	5.3	9.4	15.0	12.3	14.5	0.9	18.1	14.4	1.0	
	Low	61	742	714	0.4	3.8	3.7	3.4	5.0	9.8	9.2	10.0	0.6	9.1	3.7	0.0	

(1) Source: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.

(2) Sources: LTM numbers are based on latest publicly available financial statements. Projected revenues, EBITDA, EBIT, and EPS are based on IBES median estimates and/or other Wall Street research.



J.Crew Discussion Materials

**Goldman, Sachs & Co.
August 2010**

[31-August-2010]



Table of Contents

I. Analysis of J.Crew Recent Performance

II. Share Repurchase Considerations

Appendix A: Supplemental Materials

Goldman Sachs does not provide accounting, tax, or legal advice. Notwithstanding anything in this document to the contrary, and except as required to enable compliance with applicable securities law, you (and each of your employees, representatives, and other agents) may disclose to any and all persons the US federal income and state tax treatment and tax structure of the transaction and all materials of any kind (including tax opinions and other tax analyses) that are provided to you relating to such tax treatment and tax structure, without Goldman Sachs imposing any limitation of any kind.

I. Analysis of J.Crew's Recent Performance

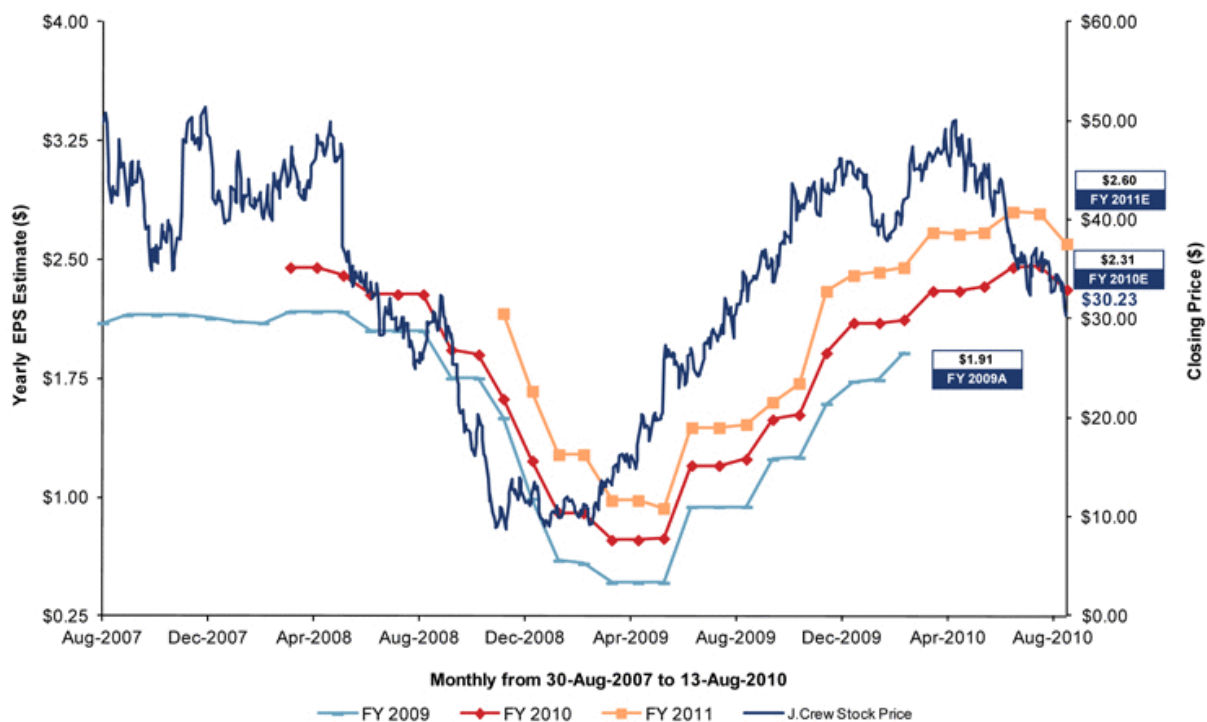
J.Crew Stock Has Been Weighed Down By FY2010 Earnings Guidance Revisions

EPS Guidance		
	27-May	28-Aug
FY 10	\$2.35 - 2.45	\$2.25 - 2.35
Q2 10	\$0.40 - 0.45	\$0.50 (Actuals)
Q3 10	-	\$0.55 - 0.60



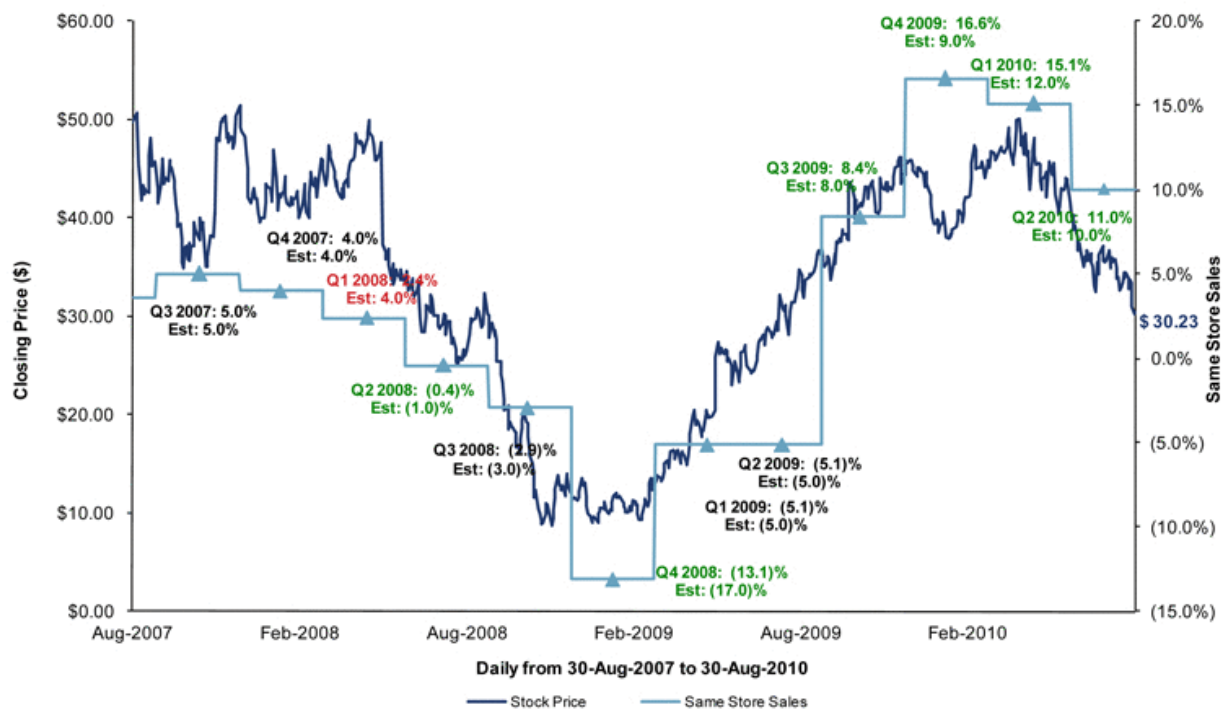
Source: Bloomberg

J.Crew's Stock Has Mostly Tracked the EPS Estimate Trend



Source: Bloomberg

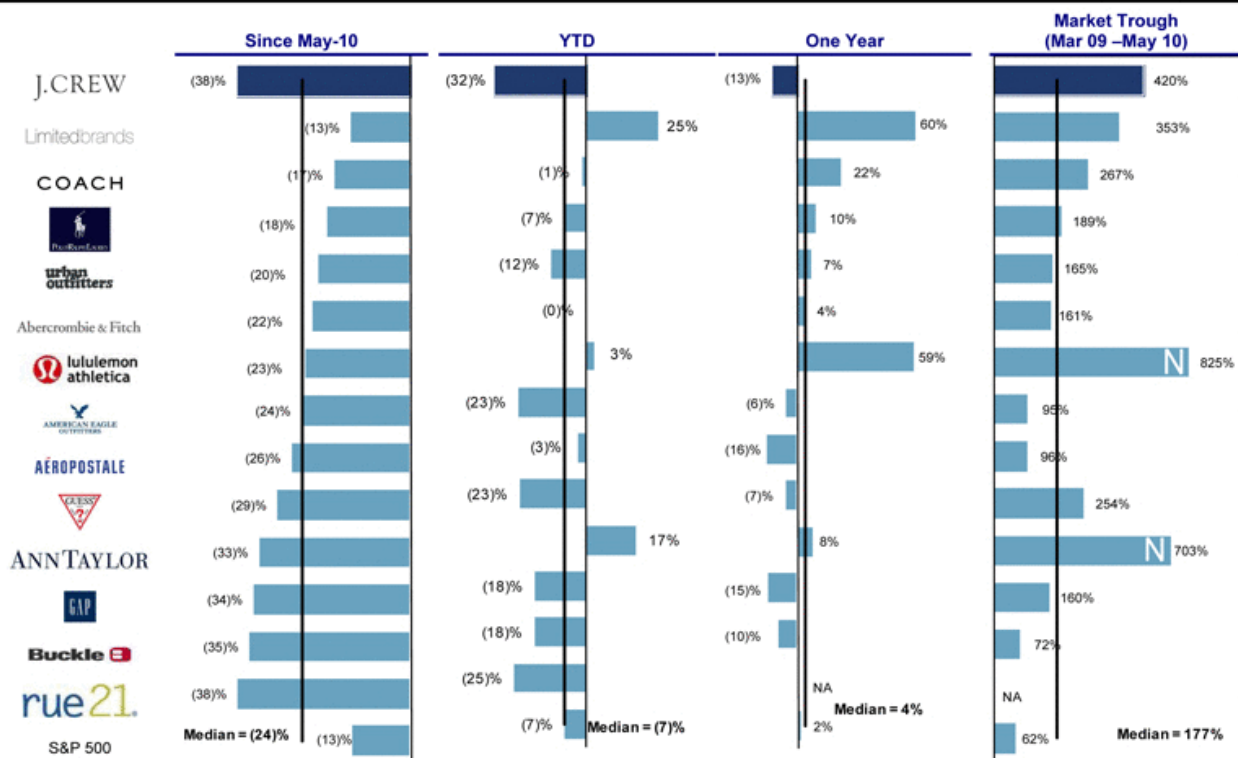
Despite Strong Same Store Sales Performance, J.Crew's Stock Has Declined Recently



Source: Bloomberg, Press releases

Note: Comp Store Sales beat vs. analyst estimates are highlighted in GREEN, miss vs. analyst estimates are highlighted in RED and inline with analyst estimates are highlighted in BLACK.

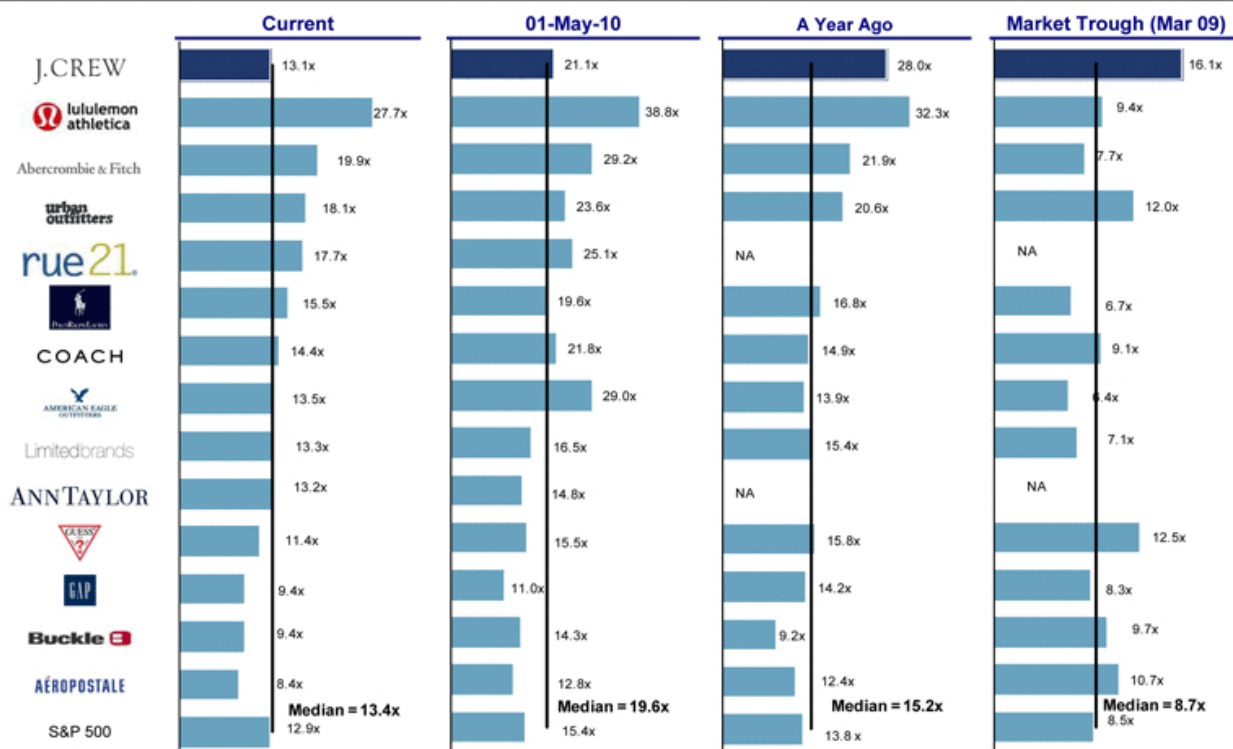
Specialty Retail Stocks Have Traded Down Significantly Since May...



Source: Bloomberg
Note: As of 30-Aug-2010

...Leading to Multiple Contraction Across the Board







2010E P/E Multiple



Source: Bloomberg
Note: As of 30-Aug-2010

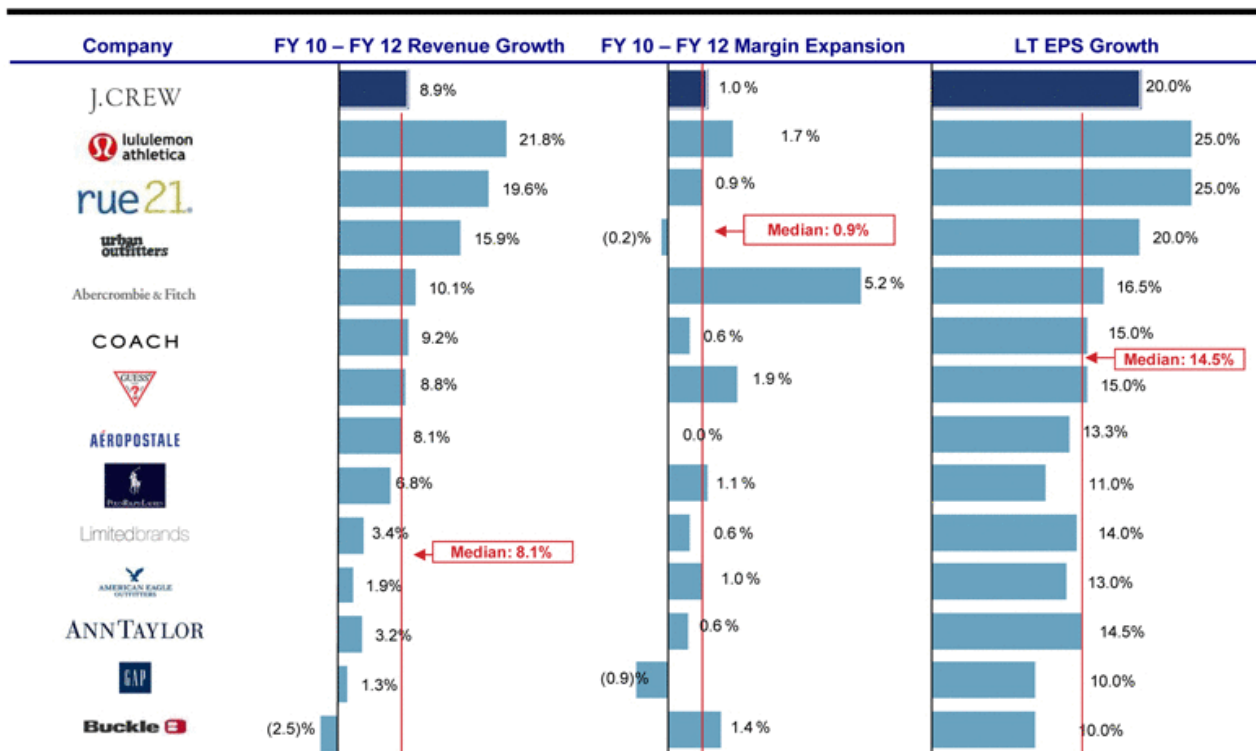
Market Capitalization Evolution Over The Last Twelve Months

(\$ in billions)

	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	1-Yr. Change (%)
J.CREW	\$ 2.3	\$ 2.3	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.5	\$ 2.7	\$ 2.9	\$ 3.0	\$ 2.9	\$ 2.3	\$ 2.3	\$ 2.0	(12.2)%
Abercrombie & Fitch	3.0	2.9	2.9	3.5	3.1	2.8	3.2	4.0	3.9	3.2	2.7	3.3	3.1	4.3%
AÉROPOSTALE	2.7	2.9	2.5	2.1	2.2	2.2	2.2	2.7	2.7	2.6	2.7	2.7	2.1	(22.4)%
 AMERICAN EAGLE OUTFITTERS	2.9	3.5	3.6	3.2	3.5	3.3	3.5	3.9	3.5	2.7	2.4	2.5	2.6	(11.1)%
ANN TAYLOR	0.8	0.9	0.8	0.8	0.8	0.7	1.0	1.2	1.3	1.3	1.0	1.0	0.9	8.2%
 Suckley & Co.	1.2	1.6	1.4	1.3	1.4	1.4	1.4	1.7	1.7	1.7	1.5	1.3	1.2	(4.5)%
COACH	9.3	10.5	10.5	11.1	11.7	11.1	11.4	12.4	13.1	12.5	11.2	11.3	10.6	14.3%
 GAP	13.9	14.9	14.9	14.9	14.5	13.2	14.8	15.4	16.5	14.5	12.7	11.8	11.0	(20.9)%
 GUESS	3.3	3.4	3.4	3.4	3.9	3.7	3.8	4.4	4.3	3.5	2.9	3.3	3.1	(5.7)%
Limited Brands	4.7	5.5	5.7	5.3	6.2	6.1	7.1	8.0	8.7	8.0	7.2	8.3	8.0	70.6%
 lululemon athletica	1.4	1.6	1.8	1.8	2.1	2.0	2.0	2.9	2.7	2.9	2.6	2.9	2.2	58.3%
 Polo by Ralph Lauren	7.1	7.6	7.4	7.6	8.0	8.1	7.9	8.4	8.9	8.6	7.0	7.6	7.6	6.1%
rue21	NM	NM	NM	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.7	0.5	NM
 Brown Bootcutters	4.9	5.1	5.3	5.3	5.9	5.3	5.4	6.4	6.3	6.1	5.8	5.4	5.3	7.3%

Source: CapIQ

Growth Expectations for J.Crew Still Robust

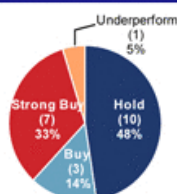


Source: Wall Street Estimates as of 30-Aug-2010



Research Analysts' Have Some Concerns Over Tough 2H SSS Comparisons and Near Term Margin Expansion...

Analyst Recommendations



Target Price

Broker	Price Target
Goldman Sachs	\$33.00
Atlantic Equities	28.00
Bmo Capital Markets	31.00
Bofa Merrill Lynch	35.00
Breen Murray	42.00
Jefferies	35.00
JP Morgan	37.00
Miller Tabak	50.00
Mkm Partners	41.00
Morningstar	34.00
Oppenheimer	50.00
Piper Jeffray	38.00
Robert W. Baird	49.00
UBS (US)	35.00
Wedbush Securities Inc.	40.00
Weeden	40.00
Median	\$37.50

■ "The outlook for shares over the next 6-12 months comes down to what happens to the earnings base of the core business. If the environment remains weak but stable, **inventory should be realigned by 1H11 resulting in less margin pressure on the core business and potential for leverage on other growth initiatives** through the balance of the year. However if trends deteriorate further we could see some **additional markdown pressure in 4Q** and there is **substantial risk to record margins** earned in the first half of this year." *Goldman Sachs, August 26, 2010*

■ "Though JCG has longer-term store growth potential in Madewell, it is still somewhat unproven and for now **EPS growth is much more dependent on comp sales and margin leverage at the core business. Concerns over inventory planned up mid to high-single digits at 2Q end, coupled with fear of sector-wide sales deceleration and tough compares for JCG**, will likely be an overhang until these risks are either validated or refuted this Fall." *Goldman Sachs, July 13, 2010*

■ "Primary downside risks are **a slowdown in sales and a general sector pullback.**" *Goldman Sachs, July 13, 2010*

■ "...the stock seems likely to have a **high \$40s ceiling on it in the near term** until the company proves that it can profitably **lap last year's robust 2H results** (comps up low-double digits and margins up ~1,500bps!). As the **growth trajectory should slow throughout the year** (JPM estimates: Q2 65%, Q3 6%, and Q4 3%) and operating margins push above 16%, we believe that shares should remain range-bound in the near term." *JPMorgan, June 02, 2010*

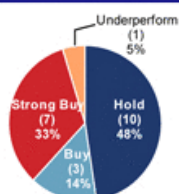
■ "...given our current view that **future square footage expansion will be modest and margin trends will begin to tail off in 2H into 2011**, we believe that additional multiple expansion from the midteens is becoming less likely as fears continue to build regarding the company's difficult holiday comparison." *JPMorgan, June 02, 2010*

Source: IBES estimates, Wall Street Research



But Are Bullish on J.Crew's Long Term Growth Prospects and Strategy

Analyst Recommendations



Target Price

Broker	Price Target
Goldman Sachs	\$33.00
Atlantic Equities	28.00
Bmo Capital Markets	31.00
BofA Merrill Lynch	35.00
Breen Murray	42.00
Jefferies	35.00
JP Morgan	37.00
Miller Tabak	50.00
Mkm Partners	41.00
Morningstar	34.00
Oppenheimer	50.00
Piper Jaffray	38.00
Robert W. Baird	49.00
UBS (US)	35.00
Wedbush Securities Inc.	40.00
Weeden	40.00
Median	\$37.50

- "JCG has one of the strongest brands in our coverage, with compelling initiatives to drive **gradual long-term growth** (wedding, men's madewell, etc.)." *Goldman Sachs, August 26, 2010.*
- "Another longer-term positive we see is as **70 million gen Y'ers start filling the 21-35 age group in the next five years**, JCG seems very **well positioned to capture them** (recent closings of ANF's Ruehl and AEO's Martin & Osa demonstrate it is not easy to build a new brand to capture this audience)." *JPMorgan, June 02, 2010*
- "We believe the right call is to be buying the stock at current levels, as **earnings upside will continue, and the longer term growth story and return on capital profile is one of the most exciting in retail.**" *Credit Suisse, May 28, 2010*
- "Given the greater consistency in their business, we believe mgmt is likely to **feel more comfortable about sq ft growth prospects next yr.** After growing sq ft at ~3% in F10, we believe growth could increase to 6-8% in F11. Part of the increase will likely be **driven by a ramp-up in Madewell** (where we believe sales have exceeded plan) openings, to 10-15 in F11 and potentially an even greater number in F12. We also hope to hear more from mgmt about the **possibility of opening stores in Canada and London.**" *Credit Suisse, May 25, 2010*
- "Given the company's **attractive long-term growth opportunity** (including Madewell store openings as the concept reduces operating losses, launch of wedding shop, and potential international expansion) **and highly differentiated assortments**,...we believe the current entry point presents a compelling opportunity for investors to own one of the highest quality multi-channel specialty retailers." *Wedbush, May 25, 2010*

Source: IBES estimates, Wall Street Research

J.Crew's Stock Price Has Traded Down With Specialty Softlines Since May While EPS Estimates Have Increased

		Price / 2010 EPS			2010 P/E Change		Stock Price Change		2010 EPS Change	
		Aug-10	May-10	Aug-09	May-10	Aug-09	May-10	Aug-09	May-10	Aug-09
<u>J.Crew (Current)</u>	J.Crew	13.1 x	21.1 x	28.0 x	(38.1)%	(53.3)%	(37.8)%	(13.0)%	0.4 %	86.3 %
Stock Price: \$30.23	Abercrombie	19.9 x	25.1 x	21.9 x	(20.7)%	(9.1)%	(21.6)%	3.9 %	(1.1)%	14.3 %
FY2010E EPS: \$2.31	Aeropostale	8.4 x	11.0 x	12.4 x	(23.5)	(31.9)	(26.0)	(15.9)	(3.3)	23.4
	American Eagle	13.5 x	14.8 x	13.9 x	(8.9)	(3.1)	(23.8)	(6.0)	(16.4)	(3.0)
	Ann Taylor	13.2 x	29.0 x	NA	(54.6)	NM	(33.0)	7.6	47.4	NM
	Buckle	9.4 x	12.8 x	9.7 x	(26.7)	(3.0)	(35.1)	(10.1)	(11.4)	(7.3)
	Coach	13.5 x	19.6 x	14.4 x	(31.3)	(6.4)	(16.9)	22.2	21.0	30.5
	Gap	9.4 x	14.3 x	14.2 x	(34.2)	(34.0)	(34.2)	(15.2)	0.0	28.6
	Guess?	11.4 x	15.5 x	15.8 x	(26.3)	(27.4)	(29.0)	(6.7)	(3.7)	28.4
	Limited	13.3 x	16.5 x	16.0 x	(19.4)	(16.9)	(13.2)	60.1	7.7	92.6
	lululemon	27.7 x	38.8 x	32.3 x	(28.6)	(14.1)	(23.2)	59.3	7.5	85.5
	Polo	15.4 x	21.8 x	16.4 x	(29.5)	(6.0)	(18.3)	9.8	16.0	16.8
	rue21	17.4 x	29.2 x	NM	(40.3)	NM	(37.7)	NM	4.4	NM
	Urban Outfitters	18.1 x	23.6 x	20.6 x	(23.5)	(12.5)	(20.2)	7.0	4.3	22.3
	Specialty Median	13.5 x	19.6 x	15.8 x	(26.7)%	(12.5)%	(23.8)%	5.4 %	4.3 %	23.4 %

Source: Bloomberg

II. Share Repurchase Considerations

Comparison of Repurchase Strategies

	Open Market Repurchase	Accelerated Stock Buyback
Time Required to Implement	■ ~ 1 day	■ ~ 1 -2 weeks; Includes hedge period
Key Documentation	■ Engagement letter	■ Master and Supplemental Confirmations
Cash Outlay	■ Over time	■ Upfront
Share Retirement	■ Over time	■ Upfront
Commitment	■ Flexible ; Company can dictate the pace of the repurchase at its own discretion (so long as it is in an open window)	■ Once ASB is executed, Company is committed to the program
Signaling Impact	■ Muted ; market will learn about actual buyback activity in next quarterly filing or earnings call	■ Strong ; ASB announcement is made upfront upon execution
Execution Certainty	■ At Company's discretion of volume and price but not size	■ Guaranteed repurchase size , uncertainty of price per share
Management of Price Exposure	■ Price can be managed through limit orders or pricing grid , albeit no guarantee of share retirement	■ Prices can be managed through limit orders or pricing grid like open market repurchase or through more formulaic mechanic such as a collar
Ability to Buy at a Discount to Market Price	■ No	■ Yes

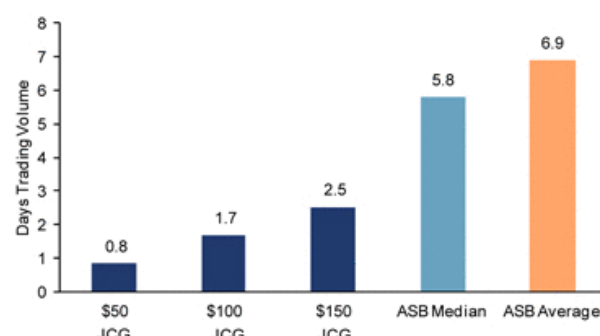
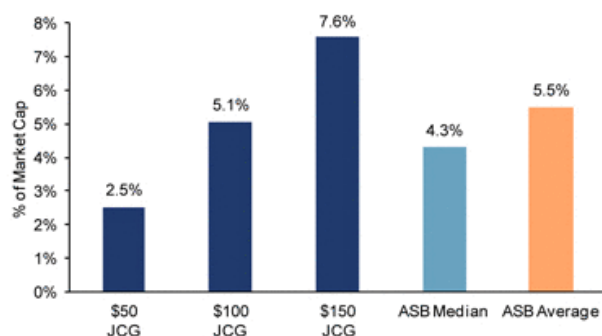


Sizing Considerations for a J.Crew's Share Repurchase

J.Crew Can Repurchase \$150mm in Stock in Less Than 2 Months

Consolidated Volume:	1,955,505		
10b-18 Volume Limit:	488,876		
Repurchase Size (\$mm):	\$50	\$100	\$150
Repurchase Size (Shares mm):	1.7	3.3	5.0

% Daily Consolidated Volume Purchased	# Shares Purchased Daily	Time to Completion (Days)		
5.00%	97,775	17	34	51
10.00%	195,551	9	17	26
15.00%	293,326	6	12	17
20.00%	391,101	5	9	13



[†] Volume observations taken from last 6 months with spot price of \$30.23.

Accelerated Stock Buyback

Basic Overview

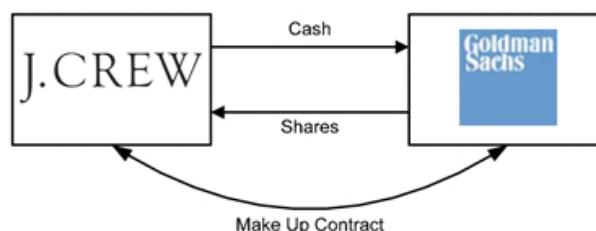
Mechanics

- GS borrows and sells a fixed number of shares to JCG in a single private transaction
- GS and JCG enter into a "make-up" contract with a predetermined maturity
- The average price during the make-up contract is used to determine the economic repurchase price for the shares. JCG will either pay or receive the difference between the average price and initial price

Pros/Cons

- + Immediate reduction in share count for EPS purposes
- + Averaging period need not exclude blackout periods
- + Can be structured with a cap to limit upside exposure
- Reduced flexibility (difficult to suspend)
- Exposed to stock price appreciation
- Requires upfront cash outlay

Schematic



Tax/Accounting/Legal

- Upon the initial sale of stock to JCG the number of shares outstanding will be reduced
- If written to be EITF 00-19 compliant, there are no accounting entries on JCG's balance sheet during the term of the contract
- The effective repurchase price for the shares repurchased upon the initial sale to JCG is based on 10b-18 VWAP during the "make-up" period

Applications of An Accelerated Stock Buyback

Strategic

- More defined message for existing programs



- Signaling impact for first time repurchase

JONES APPAREL GROUP

- Improved valuation metrics



- Response to vocal shareholder



- Quick use of excess cash on balance sheet



Tactical

- Hedge upside exposure in price



- Buy stock at a discount



- More efficient way to buy shares that are already anticipated to be purchased during the fiscal year











- Offset expected share dilution from option exercises or convertibles



- Repurchase through blackout



ASB Structural Options

Structural Components	Alternatives	Benefits	Concerns	Examples
Sizing	Fixed Dollar Notional	<ul style="list-style-type: none"> Cost of repurchase known at inception Typically maximizes discount to VWAP 	<ul style="list-style-type: none"> Retire fewer shares upfront than fixed share 	
	Fixed Share Amount	<ul style="list-style-type: none"> Maximize number of shares retired upfront 	<ul style="list-style-type: none"> May require additional payment in shares or cash at maturity 	
Maturity	Fixed	<ul style="list-style-type: none"> Certainty of maturity 	<ul style="list-style-type: none"> Typically does not include a discount to VWAP 	
	Variable	<ul style="list-style-type: none"> Ability to achieve sub-VWAP pricing 	<ul style="list-style-type: none"> Exact maturity of the program is not known upfront 	
Price Participation	Capped	<ul style="list-style-type: none"> Limit exposure to potential increase in repurchase price 	<ul style="list-style-type: none"> Purchase of cap without sale of floor may result in reduced (or no) discount 	
	Collar	<ul style="list-style-type: none"> Limit exposure to potential increase in repurchase price 	<ul style="list-style-type: none"> Potentially forgo a payment from GS by fixing a "floor" price for the "make-up" contract – benefit from stock price declines only to floor price 	
	Grid-Based	<ul style="list-style-type: none"> Allows exclusion of days with high prices and to overweight lower price days 	<ul style="list-style-type: none"> Does not guarantee maximum price 	
	No collar	<ul style="list-style-type: none"> Participate in all stock price moves 	<ul style="list-style-type: none"> Discount dependant on structure 	



Illustrative Share Repurchase Economics

Transaction Size:	\$100 million
Minimum Maturity:	2 weeks
Maximum Maturity:	2 months
Cap Price (%):	107.5% of Hedge Period Reference Price
Floor Price (%):	95% of Hedge Period Reference Price
Discount to VWAP:	1.00%



Structuring an Open Market Repurchase Program

Issues to Consider

Sizing

- 10b-18 volume restriction
- Percent of daily volume

Timing

- Program duration
- Blackout periods

Price Sensitivity

- Predetermined price limits
- Volume Weighted Average Price (intraday vs. period)
- Impact of volume on repurchase price

Action Items and Mechanics

Documentation

- Account Opening Documents
- Engagement Letter
- Board Resolution authorizing Share Repurchase Program
- W-9
- Transfer Agent Contacts, Instructions, and Settlement Arrangements

Daily Trading Execution

- Daily or Periodic Placement of Orders
- Scheduled Debriefings of Market Conditions and Trading Color



Next Steps for ASB Execution

Business	Legal	Accounting
<ul style="list-style-type: none">■ Agree on structure for Accelerated Repurchase<ul style="list-style-type: none">— Size— Price Protection— Length of Program— Fixed or Variable Maturity■ Work to craft disclosure and messaging<ul style="list-style-type: none">— Press release	<ul style="list-style-type: none">■ Set up call with J. Crew Counsel and GS External Counsel, to introduce the ASB document■ J. Crew Counsel and GS Counsel to negotiate ASB confirmation and discuss disclosure■ J. Crew Internal Counsel/Treasury to complete standard brokerage account documents in order to receive/deliver payments and shares	<ul style="list-style-type: none">■ Set up call with J. Crew Accounting and GS Internal Accounting, to update perspectives on accounting treatment of ASB■ J. Crew accounting to review transaction in relation to compliance with ASC 480-10-25 (FAS 150), ASC 815-40-25 (EITF 00-19) and other accounting standards
Key Participants	Key Participants	Key Participants
<ul style="list-style-type: none">■ J. Crew Core Team, GS capital markets team■ J. Crew Counsel	<ul style="list-style-type: none">■ J. Crew Counsel, GS Counsel	<ul style="list-style-type: none">■ J. Crew Accounting, GS Internal Accounting

One-Time Share Repurchase Results In Meaningful EPS Accretion

(\$ in millions, except per share data)

One-Time Share Repo Size	Status Quo	\$ 50	\$ 100	\$ 150	\$ 200	\$ 250
% of Market Cap		2.4%	4.9%	7.3%	9.8%	12.2%
Cash Used		50	100	150	200	250
Share Repurchase Price		\$ 30.23	\$ 30.23	\$ 30.23	\$ 30.23	\$ 30.23
Shares Repurchased (mm)		1.6	3.3	5.0	6.6	8.3
% of Outstanding Shares Repurchased (1)		2.6%	5.2%	7.8%	10.4%	12.9%
Accretion / (Dilution) Analysis						
FY 2011E Net Income (2) (3)	\$ 173	\$ 173	\$ 173	\$ 173	\$ 173	\$ 173
FY 2011E Shares Outstanding	66.5	64.9	63.2	61.6	59.9	58.3
FY 2011 E EPS (2) (3) (3)	\$ 2.60	\$ 2.67	\$ 2.74	\$ 2.81	\$ 2.89	\$ 2.97
Accretion / (Dilution) (%)		2.5%	5.2%	8.0%	11.0%	14.2%
FY 2011E - 2013 E EPS CAGR	14.5%	14.4%	14.4%	14.3%	14.2%	14.1%
Pro Forma Cash Balance (2010)	\$ 340	\$ 291	\$ 241	\$ 191	\$ 141	\$ 91

Source: Public filings, IBES Estimates

Note: Share repurchases are funded with existing cash balance. Assumes interest on cash to be 1.0%

(1) Based on 63.8 million basic shares outstanding as of 30-Aug-2010.

(2) Assumes a tax rate of 40.2% for FY2011E.

(3) Based on 2011E weighted average diluted shares of 66.5 million.

(4) Accretion calculated based on current price of \$30.23.



Appendix A: Supplemental Materials



Current Cap Structure

J.Crew

(\$ in millions)

	Amount (USD)	LTM Leverage (1)	Moody's Adj. LTM Leverage Using 8x (2)	Interest / Coupon	Tranche Rating	Current Bid / Implied Yield	Maturity
Cash	\$340						
Undrawn Revolving Credit Facility (3)	195						
Total Liquidity	\$536						
Revolving Credit Facility (\$200mm Capacity)	-	0.0 x	1.9	L + 100-125	NA / NA		May-2013
Term Loan (5)	49	0.2	2.0	L + 175 (4)	Ba2 / BB+	93.00 / 6.2%	May-2013
Total Debt	\$49	0.2x	2.0x				
Market Equity (30-Aug-2010)	2,043						
Total Capitalization	\$2,092						
Corporate Rating	BB+ / WR	Stable / NA					

Source: Company Filings as of 31-Jul-2010

(1) Assumes LTM EBITDA to be \$277mm as of 31-Jul-10.

(2) LTM rent expense of \$86mm capitalized at 8.0x.

(3) Adjusts for \$6mm of Letters of Credit as of 31-Jul-2010.

(4) Interest rate is at company's option, at base rate plus a margin of 0.75% or at L+175 bps

(5) On August 24, 2010, the Company notified its lenders that it would make a voluntary prepayment of the remaining outstanding balance on its credit agreement on August 31, 2010.

Common Stock Comparison

(\$ in millions, except per share data)

Company	Closing Price 30-Aug-2010	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)					Calendarized P/E Multiples (2)		5-Year EPS CAGR (2)	2011 PE/5-Year EPS CAGR	LTM Margins (1)		Dividend Yield	
					Sales	EBITDA		EBIT	2010	2011				EBITDA	EBIT		
					LTM	LTM	2010	2011		LTM	2010				2011		2010
J.Crew	\$ 30.23	60 %	\$ 2,043	\$ 1,751	1.0 x	6.3 x	5.5 x	5.1 x	6.3 x	13.1 x	11.6 x	20.0 %	0.6 x	16.3 %	16.3 %	0.0 %	
U.S. Specialty Retailer																	
Abercrombie & Fitch	\$ 35.04	70 %	\$ 3,092	\$ 2,568	0.9 x	6.3 x	5.3 x	4.5 x	14.8 x	19.9 x	14.4 x	16.5 %	0.9 x	13.6 %	5.8 %	2.0 %	
Aeropostale	22.25	69	2,087	1,774	0.8	3.8	3.8	3.5	4.3	8.4	7.8	13.3	0.6	20.2	18.0	0.0	
American Eagle	\$ 13.05	67	2,552	2,121	0.7	5.2	4.7	4.3	8.4	13.5	11.7	13.0	0.9	13.3	8.3	3.1	
AnnTaylor	15.17	61	896	635	0.3	3.3	3.0	2.7	NM	13.2	11.1	14.5	0.8	10.2	4.9	0.0	
Buckle	24.33	61	1,163	1,008	1.1	4.4	4.6	4.4	4.9	9.4	8.9	10.0	0.9	25.2	22.3	3.3	
Coach	\$ 35.77	81	10,638	9,967	2.8	7.8	NA	6.9	8.7	14.4	12.8	15.0	0.9	35.4	31.9	1.0	
Gap	\$ 16.90	64	10,995	8,514	0.6	3.3	3.5	3.4	4.4	9.4	8.9	10.0	0.9	18.1	13.5	2.2	
Guess?	\$ 33.07	66	3,113	2,632	1.2	5.7	5.8	5.1	6.7	11.4	10.0	15.0	0.7	20.6	17.6	1.7	
Limited Brands	\$ 24.14	84	7,954	9,336	1.1	6.5	6.2	5.7	9.1	13.3	12.1	14.0	0.9	16.1	11.7	2.5	
Lululemon Athletica	31.90	70	2,239	2,066	4.1	15.7	12.6	10.1	18.9	27.7	22.6	25.0	0.9	25.8	21.5	0.0	
Polo	75.46	79	7,555	6,826	1.3	7.1	7.4	6.7	8.8	15.5	13.7	11.0	1.2	18.7	15.2	0.5	
rue21	20.76	55	514	486	0.9	7.8	6.9	5.7	11.1	17.7	14.5	25.0	0.6	11.2	7.9	0.0	
Urban Outfitters	30.70	76	5,264	4,681	2.3	10.1	8.5	7.2	12.5	18.1	15.3	20.0	0.8	22.8	18.4	0.0	
	High	84 %	\$ 10,995	\$ 9,967	4.1 x	15.7 x	12.6 x	10.1 x	18.9 x	27.7 x	22.6 x	25.0 %	1.2 x	35.4 %	31.9 %	3.3 %	
	Mean	70	4,466	4,047	1.4	6.7	6.0	5.4	9.4	14.8	12.6	15.6	0.8	19.3	15.2	1.3	
	Median	69	3,092	2,568	1.1	6.3	5.6	5.1	8.7	13.5	12.1	14.5	0.9	18.7	15.2	1.0	
	Low	55	514	486	0.3	3.3	3.0	2.7	4.3	8.4	7.8	10.0	0.6	10.2	4.9	0.0	

(1) Source: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.

(2) Sources: LTM numbers are based on latest publicly available financial statements. Projected revenues, EBITDA, EBIT, and EPS are based on IBES median estimates and/or other Wall Street research.



Disclosure

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J.Crew Discussion Materials

**Goldman, Sachs & Co.
September 2010**

[13-September-2010]

Recapitalization Analysis

Sources and Uses and Debt Paydown

(\$ in millions, except per share data)

Sources of Funds						Uses of Funds							
	Amount	Debt	% of Total Sources	x 2010E EBITDA	x 2010E EBITDAR						Amount		
Target Existing Cash	\$ 403	0.5%	34.5%			Total Special Dividends / Share Repurchases					\$ 933		
Bank Debt (1)	766	L + 425	65.5%	2.3 x	3.5 x	Special Dividends per share					\$ 14.63		
Total Debt	\$ 766		65.5%	2.3 x	3.5 x	Shares Repurchased (mm) - at 20.0% premium					22.75		
						Minimum Operating Cash					200		
						Financing and Other Fees (1)					36		
Total Sources of Funds	\$ 1,169		100.0%			Total Uses of Funds					\$ 1,169		
Projected Free Cash Flow						De-leveraging Profile							
	PF 2010	2011E	2012E	2013E	2014E	2015E		PF 2010	2011E	2012E	2013E	2014E	2015E
Revenue	\$ 1,805	\$ 2,034	\$ 2,356	\$ 2,709	\$ 3,087	\$ 3,481	Bank Debt (2)	\$ 766	\$ 605	\$ 368	\$ 64	\$ 0	\$ 0
Growth	14.4 %	12.7 %	15.8 %	15.0 %	14.0 %	12.7 %	Senior Notes	0	0	0	0	0	0
EBITDA	329	394	474	567	672	793	Total Debt	\$ 766	\$ 605	\$ 368	\$ 64	\$ 0	\$ 0
Margin %	18.2 %	19.4 %	20.1 %	20.9 %	21.8 %	22.8 %	Total Cash	\$ 200	\$ 200	\$ 200	\$ 200	\$ 512	\$ 951
Net Income	0	175	226	289	357	430							
(+) D&A	49	56	62	66	69	70							
(+) Fin. Fees Amort.	3	3	3	3	3	3							
(-) Capital Expenditure	52	54	59	59	58	65							
(-) Change in OWC	0	19	(5)	(5)	(5)	(1)							
FCF For Debt Paydown	\$(0)	\$ 161	\$ 237	\$ 304	\$ 376	\$ 439							
Cumulative FCF		\$ 161	\$ 398	\$ 702	\$ 1,078	\$ 1,517							
Credit Statistics													
	PF 2010	2011E	2012E	2013E	2014E	2015E	Total Debt / EBITDA	2.3 x	1.5 x	0.8 x	0.1 x	0.0 x	0.0 x
							Adj. Debt / EBITDAR	3.5 x	2.8 x	2.2 x	1.6 x	1.4 x	1.4 x
							EBITDA / Int.	6.7 x	8.8 x	14.5 x	34.5 x	N.M.	N.M.
							EBITDA-Capex / Int.	5.6 x	7.6 x	12.7 x	30.9 x	N.M.	N.M.

Source: Company Management for the years 2010E through 2014E; Extrapolated based on constant growth and margins for 2015E

Note: Assumes 63.7 million of diluted shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5% and OID on bank debt to be 2.0%. Also assumes advisory fees of \$2.0 million.

Recapitalization: One-Time Special Dividend

PF EPS Impact

(\$ in millions, except per share data)

One-Time Special Dividend Size	Status Quo	\$ 600	\$ 700	\$ 800	\$ 933	\$ 1,000	\$ 1,100
Special Dividends per share (1)		\$ 9.41	\$ 10.98	\$ 12.55	\$ 14.63	\$ 15.69	\$ 17.25
Cash Used		203	203	203	203	203	203
New Debt		425	528	630	766	835	938
FY 2011E Net Income (2) (3)	\$ 202	\$ 197	\$ 191	\$ 184	\$ 175	\$ 170	\$ 164
FY 2011E Shares Outstanding	66.8	66.8	66.8	66.8	66.8	66.8	66.8
FY 2011 E EPS (2) (3) (4)	\$ 3.02	\$ 2.96	\$ 2.85	\$ 2.75	\$ 2.62	\$ 2.55	\$ 2.45
Accretion / (Dilution) (%)		(2.2)%	(5.5)%	(8.8)%	(13.2)%	(15.5)%	(18.8)%
Implied Share Price at 11.3x 2011 P/E Multiple	\$ 34.17	\$ 33.43	\$ 32.30	\$ 31.16	\$ 29.65	\$ 28.89	\$ 27.75
Implied Share Price at 10.3x 2011 P/E Multiple		\$ 30.48	\$ 29.44	\$ 28.41	\$ 27.03	\$ 26.33	\$ 25.30
Implied Share Price at 9.3x 2011 P/E Multiple		\$ 27.52	\$ 26.59	\$ 25.65	\$ 24.41	\$ 23.78	\$ 22.85
Shareholder Value @11.3x 2011 P/E Multiple (5)		\$ 42.85	\$ 43.28	\$ 43.71	\$ 44.28	\$ 44.57	\$ 45.01
Accretion in Value over current price		25.4%	26.7%	27.9%	29.6%	30.4%	31.7%
Shareholder Value @10.3x 2011 P/E Multiple (5)		\$ 39.89	\$ 40.42	\$ 40.96	\$ 41.66	\$ 42.02	\$ 42.55
Accretion in Value over current price		16.7%	18.3%	19.9%	21.9%	23.0%	24.5%
Shareholder Value @9.3x 2011 P/E Multiple (5)		\$ 36.94	\$ 37.57	\$ 38.20	\$ 39.04	\$ 39.47	\$ 40.10
Accretion in Value over current price		8.1%	9.9%	11.8%	14.3%	15.5%	17.4%
Pro Forma Credit Statistics (2010)							
Total Debt	\$ 0	\$ 425	\$ 528	\$ 630	\$ 766	\$ 835	\$ 938
Debt / EBITDA	0.0 x	1.3 x	1.6 x	1.9 x	2.3 x	2.5 x	2.8 x
Adj. Debt / EBITDAR (6)	1.7 x	2.7 x	2.9 x	3.2 x	3.5 x	3.7 x	3.9 x

Source: Public filings, Management Projections

(1) Based on current basic shares outstanding of 63.7 million.

(2) Assumes a tax rate of 40.2% for FY2011E.

(3) Assumes Interest rate on bank debt of \$766.4 million to be L+425. Assumes LIBOR floor of 1.8%. Also assumes interest on cash to be 0.5%

(4) Based on 2011E weighted average diluted shares of 66.8 million.

(5) Defined as Dividend per share plus Pro Forma EPS times P/E Multiple (DPS + PF EPS x P/E). Accretion calculated based on current price of \$34.17.

(6) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.



Recapitalization: One-Time Special Dividend

Value Creation to Shareholders

One-Time Special Dividend of \$933 mm (3.5x Adj. Leverage)

	11.3 x	12.0 x	13.0 x	14.0 x	15.0 x
Implied Share Price	\$ 34.17	\$ 36.25	\$ 39.27	\$ 42.29	\$ 45.31
Implied Share Price					
- Same Multiple	\$ 29.65	\$ 31.45	\$ 34.07	\$ 36.70	\$ 39.32
- 1.0x Multiple less	\$ 27.03	\$ 28.83	\$ 31.45	\$ 34.07	\$ 36.70
- 2.0x Multiple less	\$ 24.41	\$ 26.21	\$ 28.83	\$ 31.45	\$ 34.07
- 3.0x Multiple less	\$ 21.79	\$ 23.59	\$ 26.21	\$ 28.83	\$ 31.45
Special Dividends per share	\$ 14.63	\$ 14.63	\$ 14.63	\$ 14.63	\$ 14.63
Value to Shareholders					
- Same Multiple	\$ 44.28	\$ 46.09	\$ 48.71	\$ 51.33	\$ 53.95
Value Accretion to Implied Price	29.6%	27.1%	24.0%	21.4%	19.1%
- 1.0x Multiple less	\$ 41.66	\$ 43.46	\$ 46.09	\$ 48.71	\$ 51.33
Value Accretion to Implied Price	21.9%	19.9%	17.4%	15.2%	13.3%
- 2.0x Multiple less	\$ 39.04	\$ 40.84	\$ 43.46	\$ 46.09	\$ 48.71
Value Accretion to Implied Price	14.3%	12.7%	10.7%	9.0%	7.5%
- 3.0x Multiple less	\$ 36.42	\$ 38.22	\$ 40.84	\$ 43.46	\$ 46.09
Value Accretion to Implied Price	6.6%	5.5%	4.0%	2.8%	1.7%

Source: Public filings, Management Projections

Recapitalization: One-Time Share Repurchases

(\$ in millions, except per share data)

One-Time Share Repo Size	Status Quo	\$ 600	\$ 700	\$ 800	\$ 933	\$ 1,000	\$ 1,100
% of Market Cap		25.9%	30.2%	34.5%	40.3%	43.2%	47.5%
Cash Used		203	203	203	203	203	203
New Debt		425	528	630	766	835	938
Share Repurchase Price		\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 42.71
% Premium to Current		20.0%	20.0%	20.0%	20.0%	20.0%	25.0%
Shares Repurchased (mm)		14.6	17.1	19.5	22.7	24.4	25.7
% of Outstanding Shares Repurchased (1)		23.0%	26.8%	30.6%	35.7%	38.3%	40.4%
Accretion / (Dilution) Analysis							
FY 2011E Net Income (2) (3)	\$ 202	\$ 197	\$ 191	\$ 184	\$ 175	\$ 170	\$ 164
FY 2011E Shares Outstanding	66.8	52.1	49.7	47.3	44.0	42.4	41.0
FY 2011 E EPS (2) (3) (4)	\$ 3.02	\$ 3.79	\$ 3.84	\$ 3.89	\$ 3.98	\$ 4.02	\$ 3.99
Accretion / (Dilution) (%)		25.3%	27.0%	28.8%	31.6%	33.2%	32.2%
FY 2011E - 2013 E EPS CAGR	21.2%	25.2%	25.9%	26.6%	27.7%	28.2%	29.1%
Implied Share Price at 11.3x 2011 P/E Multiple	\$ 34.17	\$ 42.82	\$ 43.39	\$ 44.03	\$ 44.97	\$ 45.51	\$ 45.17
Share Price Accretion (5)		25.3%	27.0%	28.8%	31.6%	33.2%	32.2%
Implied Share Price at 10.3x 2011 P/E Multiple	\$ 39.03	\$ 39.56	\$ 40.13	\$ 41.00	\$ 41.00	\$ 41.49	\$ 41.18
Share Price Accretion (5)		14.2%	15.8%	17.5%	20.0%	21.4%	20.5%
Implied Share Price at 9.3x 2011 P/E Multiple	\$ 35.25	\$ 35.72	\$ 36.24	\$ 37.02	\$ 37.02	\$ 37.46	\$ 37.19
Share Price Accretion (5)		3.2%	4.5%	6.1%	8.4%	9.6%	8.8%
Pro Forma Credit Statistics (2010)							
Total Debt	\$ 0	\$ 425	\$ 528	\$ 630	\$ 766	\$ 835	\$ 938
Debt / EBITDA	0.0 x	1.3 x	1.6 x	1.9 x	2.3 x	2.5 x	2.8 x
Adj. Debt / EBITDAR (6)	1.7 x	2.7 x	2.9 x	3.2 x	3.5 x	3.7 x	3.9 x

Source: Public filings, Management Projections

(1) Based on 63.7 million basic shares outstanding as of 09-Sep-2010.

(2) Assumes a tax rate of 40.2% for FY2011E.

(3) Assumes Interest rate on bank debt of \$766.4 million to be L+425. Assumes LIBOR floor of 1.8%. Also assumes interest on cash to be 0.5%

(4) Based on 2011E weighted average diluted shares of 66.8 million.

(5) Accretion calculated based on current price of \$34.17.

(6) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.

Illustrative LBO Analysis

Assumes Stock Price of \$50.0 per share (46.3% Premium) or 9.3x EV / 2010E EBITDA

(\$ in millions)

Sources of Funds							Uses of Funds						
	Amount	Debt	% of Total	% of Total	x 2010E EBITDA	x 2010E EBITDAR					Amount		
Target Existing Cash	\$ 403	0.5%	11.1%				Total Equity Purchased (\$50.00 per share)				3,452		
Bank Debt (1)	1,000	L + 475	27.5%	31.0%	3.0 x	4.1 x	Existing Target Debt Retired				0		
Sr. Notes	615	10.0%	16.9%	19.0%	4.9 x	5.5 x	Total Purchase Price				\$ 3,452		
Total Debt	\$ 1,615		44.5%	50.0%	4.9 x	5.5 x	EV / 2010E EBITDA (Adj. Cash)				9.3 x		
Equity rolled over	223		6.1%	6.9%			Minimum Operating Cash				100		
Sponsor Equity (2)	\$ 1,392		38.3%	43.1%			Financing and Other Fees (1)				80		
Total Sources of Funds	\$ 3,633		100.0%	100.0%			Total Uses of Funds				\$ 3,633		
Projected Free Cash Flow							Illustrative Returns to Sponsor						
	PF 2010	2011E	2012E	2013E	2014E	2015E	Purchase Price	\$ 45.00	\$ 50.00	\$ 55.00	\$ 60.00	\$ 65.00	
Revenue	\$ 1,805	\$ 2,034	\$ 2,356	\$ 2,709	\$ 3,087	\$ 3,481	Premium to Current	31.7%	46.3%	61.0%	75.6%	90.2%	
Growth	14.4 %	12.7 %	15.8 %	15.0 %	14.0 %	12.7 %	Implied EV / 2010E EBITDA						
EBITDA	329	394	474	567	672	793		8.2 x	9.3 x	10.4 x	11.4 x	12.5 x	
Margin %	18.2 %	19.4 %	20.1 %	20.9 %	21.8 %	22.8 %	<div>Exit EBITDA Multiple</div>	7.0 x	32.4%	26.2%	21.4%	17.6%	14.3%
Net Income	87	124	174	236	308	389		7.5 x	34.3%	28.0%	23.2%	19.3%	16.0%
(+) D&A	49	56	62	66	69	70		8.0 x	36.1%	29.8%	24.8%	20.9%	17.5%
(+) Fin. Fees Amort.	6	6	6	6	6	6		8.5 x	37.8%	31.4%	26.4%	22.4%	19.0%
(-) Capital Expenditure	52	54	59	59	58	65		9.0 x	39.5%	32.9%	27.9%	23.8%	20.4%
(-) Change in OWC	0	19	(5)	(5)	(5)	(1)	Returns to Sponsor exit in 2015 @ 8.0x EBITDA						
FCF For Debt Paydown	\$ 2	\$ 114	\$ 188	\$ 253	\$ 331	\$ 401							
De-leveraging Profile							Equity Check						
	PF 2009	2010E	2011E	2012E	2013E	2014E		8.2 x	9.3 x	10.4 x	11.4 x		
Bank Debt	1,000	886	699	445	114	0	<div>Adj. Leverage</div>	4.5 x	63.3%	31.1%	26.3%	22.4%	19.1%
Senior Notes	615	615	615	615	615	615		5.0 x	56.9%	33.2%	27.8%	23.5%	19.9%
Total Debt	\$ 1,615	\$ 1,501	\$ 1,314	\$ 1,060	\$ 729	\$ 615		5.5 x	50.6%	35.9%	29.6%	24.7%	20.8%
Total Debt / EBITDA	4.9 x	3.8 x	2.8 x	1.9 x	1.1 x	0.8 x		6.0 x	44.2%	39.1%	31.7%	26.2%	21.8%
Adj. Debt / EBITDAR	5.5 x	4.6 x	3.8 x	3.0 x	2.3 x	2.0 x		6.5 x	37.9%	43.3%	34.3%	27.9%	23.0%
EBITDA / Int. Exp.	2.5 x	3.1 x	4.0 x	5.4 x	7.8 x	11.1 x							
EBITDA-Capex / Int. Exp.	2.1 x	2.6 x	3.5 x	4.8 x	7.2 x	10.2 x							

Source: Company Management for the years 2010E through 2014E; Extrapolated based on constant growth and margins for 2015E

Note: Assumes 63.7 million of diluted shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5% and OID on bank debt to be 2.0%. Also assumes advisory fees of \$20.0 million.

(2) Equity Rollover assumes rollover of 1.8 million basic shares and 4.0 million options at a strike price of \$16.7



Illustrative Ability To Pay Analysis **Share Price Required to Achieve Target Returns Assuming 2015E Exit** **Assumes 6.0x Adjusted Leverage**

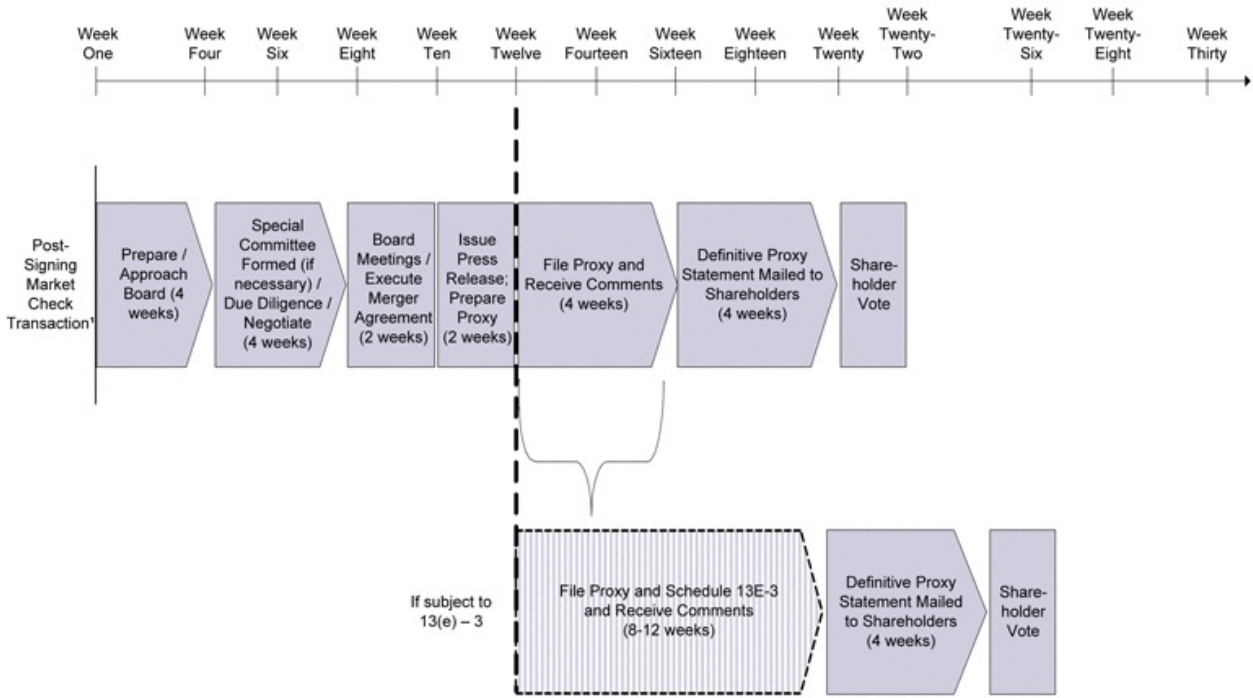
Assumes 25% IRR with 5 Year exit in 2015@ 8.0x EBITDA

Equity Value Per Share							Implied Premium Over Current Stock Price						
15E EBITDA	Per Year Δ	2009 - 2014 Sales CAGR					15E EBITDA	Per Year Δ	2009 - 2014 Sales CAGR				
		10.0%	11.0%	12.0%	13.0%	14.0%			10.0%	11.0%	12.0%	13.0%	14.0%
		Change in Annual Sales Growth vs. Plan							Change in Annual Sales Growth vs. Plan				
Margin	vs. Plan	(4.0)%	(3.0)%	(2.0)%	(1.0)%	0.0%	Margin	vs. Plan	(4.0)%	(3.0)%	(2.0)%	(1.0)%	0.0%
18.8%	(4.0)%	\$ 45.79	\$ 46.72	\$ 47.68	\$ 48.68	\$ 49.72	18.8%	(4.0)%	34.0%	36.7%	39.5%	42.5%	45.5%
19.8%	(3.0)%	46.85	47.83	48.85	49.90	50.99	19.8%	(3.0)%	37.1%	40.0%	43.0%	46.0%	49.2%
20.8%	(2.0)%	47.92	48.94	50.01	51.12	52.26	20.8%	(2.0)%	40.2%	43.2%	46.4%	49.6%	52.9%
21.8%	(1.0)%	48.98	50.06	51.18	52.33	53.54	21.8%	(1.0)%	43.3%	46.5%	49.8%	53.2%	56.7%
22.8%	0.0%	50.04	51.17	52.34	53.55	54.81	22.8%	0.0%	46.5%	49.8%	53.2%	56.7%	60.4%

Source: Company Management



Illustrative Timeline



[†] The post-announcement period is likely to be appreciably longer if competing bidders emerge.



J.Crew Back Up Pages

**Goldman, Sachs & Co.
September 2010**

Income Statement

(\$ in millions, except per share data)

Rent Adjusted Debt

Adjusted Debt = Debt +
8XRent
EBITDAR = EBITDA +
Rent

2010
Adjusted Debt = \$1,611
+ 8*\$297
EBITDAR=
\$329+\$86=\$415

Rent Adjusted Leverage
= \$2297/\$415 = 5.5x

	2010	Pro Forma LTM	2011E	Fiscal Year Ending December (1)			
				2012E	2013E	2014E	2015E
Revenue	\$ 1,805.1	\$ 1,805.1	\$ 2,034.1	\$ 2,355.6	\$ 2,709.3	\$ 3,087.4	\$ 3,480.7
Growth %		14%	12.7%	15.8%	15.0%	14.0%	12.7%
Incremental Growth %			0.0%	0.0%	0.0%	0.0%	0.0%
Total Growth %			12.7%	15.8%	15.0%	14.0%	12.7%
EBITDAR	415.0	415.0	491.0	585.9	695.4	818.3	958.6
Rent	86	85.8	96.7	111.9	128.7	146.7	165.4
Sales %	4.8%		4.8%	4.8%	4.8%	4.8%	4.8%
EBITDA	329.2	329.2	394.4	474.0	566.7	671.6	793.2
Margin %		18.2%	19.4%	20.1%	20.9%	21.8%	22.8%
Incremental Margin %			0.0%	0.0%	0.0%	0.0%	0.0%
Total Margin %			19.4%	20.1%	20.9%	21.8%	22.8%
Depreciation of Existing Tangible Assets	49.0	49.0	56.1	62.0	65.8	68.6	69.6
D&A as a % of Sales			2.8%	2.6%	2.4%	2.2%	2.0%
Depreciation of Tangible Asset Write-Ups(2)		0.0	0.0	0.0	0.0	0.0	0.0
Amortization of Existing Intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of Intangible Asset Write-Ups (2)		0.0	0.0	0.0	0.0	0.0	0.0
EBIT	280.3	280.3	338.2	412.0	500.9	603.0	723.6
Interest Expense:							
Amortization of Financing Fees (3)		6.0	6.0	6.0	6.0	6.0	6.0
Revolver		0.0	0.0	0.0	0.0	0.0	0.0
Bank Debt		65.0	61.3	51.5	37.1	18.1	3.7
Target Debt Assumed - Secured		0.0	0.0	0.0	0.0	0.0	0.0
Senior Interest Expense		71.0	67.3	57.5	43.2	24.2	9.7
Target Debt Assumed - Unsecured		0.0	0.0	0.0	0.0	0.0	0.0
Sr. Unsecured Notes		61.1	61.1	61.1	61.1	61.1	61.1
PIK Debt (4)		0.0	0.0	0.0	0.0	0.0	0.0
Total Interest Expense		132.1	128.4	118.6	104.3	85.2	70.8
Interest Income		(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Net Interest Expense	0.0	133.6	129.9	120.1	105.8	86.8	72.3
Pre-tax Income	280.3	146.6	208.3	291.9	395.1	516.2	651.3
Pre-tax Income (book tax calc.) (5)		146.6	208.3	291.9	395.1	516.2	651.3
Taxes / (Book Tax Benefit) (5)		58.9	83.7	117.3	158.8	207.5	261.8
Net Income / (Loss)	280.3	87.7	124.6	174.6	236.3	308.7	389.5
PIK Preferred (6)		0.0	0.0	0.0	0.0	0.0	0.0
Net Income / (Loss) to Common	280.3	87.7	124.6	174.6	236.3	308.7	389.5

Cash Flow

(\$ in millions, except per share data)

	2010	Pro Forma LTM	2011E	Fiscal Year Ending December (1)			
				2012E	2013E	2014E	2015E
Net Income / (Loss) to Common	\$ 280.3	\$ 87.7	\$ 124.9	\$ 174.9	\$ 236.6	\$ 309.0	\$ 389.8
Additions							
Depreciation of Existing Tangible Assets	49.0	49.0	56.1	62.0	65.8	68.6	69.6
Depreciation of Tangible Asset Write-Ups(2)	0.0		0.0	0.0	0.0	0.0	0.0
Amortization of Existing Intangibles	0.0		0.0	0.0	0.0	0.0	0.0
Amortization of Intangible Asset Write-Ups (2)			0.0	0.0	0.0	0.0	0.0
Amortization of Financing Fees (3)		6.0	6.0	6.0	6.0	6.0	6.0
PIK Interest (4)		0.0	0.0	0.0	0.0	0.0	0.0
PIK Dividends (5)		0.0	0.0	0.0	0.0	0.0	0.0
Deferred Taxes (from transaction purchase accounting) (2) (6)			0.0	0.0	0.0	0.0	0.0
Cash Tax Benefit from Loss Carryforwards (6)			0.0	0.0	0.0	0.0	0.0
Other Deferred Taxes	0.0		0.0	0.0	0.0	0.0	0.0
Other Non-Cash Expenses	0.0		0.0	0.0	0.0	0.0	0.0
Total Additions	49.0	55.0	62.2	68.0	71.8	74.6	75.6
Subtractions							
Increase / (Decrease) in Working Capital	0.4	0.4	19.3	(4.5)	(4.8)	(5.1)	(1.1)
Reversal of Book Tax Benefit (7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mandatory Capital Expenditures	52.5	52.5	53.9	59.4	59.5	57.7	65.0
Capex as % of Sales			2.6%	2.5%	2.2%	1.9%	1.9%
Discretionary Capital Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Expenditures	52.5	52.5	53.9	59.4	59.5	57.7	65.0
Total Subtractions	52.9	52.9	73.1	54.9	54.6	52.6	63.9
Free Cash Flow Available for Debt Service	276.4	89.8	113.9	188.0	253.7	331.0	401.5
Cumulative Free Cash Flow			113.9	301.9	555.6	886.7	1,288.2
			0.0	0.0	0.0	0.0	0.0
Cash Taxes							
Pre-tax Income (book tax calc.)		\$ 146.6	\$ 208.3	\$ 291.9	\$ 395.1	\$ 516.2	\$ 651.3
Plus: Reversal of Asset Write-Up D&A for Tax (2) (6)		0.0	0.0	0.0	0.0	0.0	0.0
Less: Goodwill Amortization for Tax (2) (6)		0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax Income before Loss Carryforward (cash tax calc.)		\$ 146.6	\$ 208.3	\$ 291.9	\$ 395.1	\$ 516.2	\$ 651.3
Pre-tax Income after Loss Carryforward (cash tax calc.)		\$ 0.0	\$ 208.3	\$ 291.9	\$ 395.1	\$ 516.2	\$ 651.3
Tax Loss Carryforward - End of Year	\$ 0.0		0.0	0.0	0.0	0.0	0.0

Capital Structure and Debt Paydown

	2010	Pro Forma 2010	2011E	Fiscal Year End December (1)			
				2012E	2013E	2014E	2015E
Free Cash Flow Available for Debt Service	\$ 276.4	\$ 2.1	\$ 113.9	\$ 188.0	\$ 253.7	\$ 331.0	\$ 401.5
Cumulative Free Cash Flow			113.9	301.9	555.6	886.7	1,288.2
Free Cash Flow After Revolver Repayment / Drawdown			113.9	188.0	253.7	331.0	401.5
Free Cash Flow After Bank Debt Repayment			(0.0)	0.0	(0.0)	0.0	288.2
Total Cash	402.8	\$ 100.0	100.0	100.0	100.0	100.0	388.2
Revolver		0.0	0.0	0.0	0.0	0.0	0.0
Bank Debt		1,000.0	886.2	698.2	444.4	113.4	0.0
Target Debt Assumed - Secured		0.0	0.0	0.0	0.0	0.0	0.0
Total Senior Debt		1,000.0	886.2	698.2	444.4	113.4	0.0
Target Debt Assumed - Unsecured	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sr. Unsecured Notes		610.9	610.9	610.9	610.9	610.9	610.9
PIK Debt (2)		0.0	0.0	0.0	0.0	0.0	0.0
Total Debt	0.0	1,611.0	1,497.1	1,309.1	1,055.3	724.3	610.9
PIK Preferred (3)		0.0	0.0	0.0	0.0	0.0	0.0
Total Debt and Preferred	0.0	1,611.0	1,497.1	1,309.1	1,055.3	724.3	610.9
Common Equity (4)	630.1	(1,223.3)	(1,098.8)	(924.2)	(687.9)	(379.3)	10.2
Total Capitalization	630.1	387.6	398.3	384.8	367.4	345.0	621.1
Net Debt	(402.8)	1,511.0	1,397.1	1,209.1	955.3	624.3	222.7
Net Debt and Preferred	(402.8)	1,511.0	1,397.1	1,209.1	955.3	624.3	222.7
Net Capitalization	227.3	287.6	298.3	284.8	267.4	245.0	232.9
Credit Statistics		LTM					
EBITDA / Tot. Int. Exp.+Pref. Div.	N.M.	2.5 x	3.1 x	N.M.	N.M.	N.M.	11.2 x
EBITDA / Tot. Int. Exp.	N.M.	2.5 x	3.1 x	4.0 x	5.4 x	7.9 x	11.2 x
EBITDA / Cash Int. Exp.	N.M.	2.6 x	3.2 x	4.2 x	5.8 x	8.5 x	12.2 x
EBITDA-Capex / Tot. Int. Exp.+Pref. Div.	N.M.	2.1 x	2.7 x	3.5 x	4.9 x	7.2 x	10.3 x
EBITDA-Capex / Tot. Int. Exp.	N.M.	2.1 x	2.7 x	3.5 x	4.9 x	7.2 x	10.3 x
EBITDA-Capex / Cash Int. Exp.	N.M.	2.2 x	2.8 x	3.7 x	5.2 x	7.7 x	11.2 x
Adj. Debt / EBITDAR	1.7 x	5.5 x	4.6 x	3.8 x	3.0 x	2.3 x	2.0 x
Total Debt+Pref. / EBITDA	0.0 x	4.9 x	3.8 x	2.8 x	1.9 x	1.1 x	0.8 x
Total Debt / EBITDA	0.0 x	4.9 x	3.8 x	2.8 x	1.9 x	1.1 x	0.8 x
Senior Debt / EBITDA	N.M.	3.0 x	2.2 x	1.5 x	0.8 x	0.2 x	N.M.

Goldman
Sachs

J.Crew Discussion Materials

Goldman, Sachs & Co.
September 2010

[23-September-2010]

Recapitalization Analysis

Sources and Uses and Debt Paydown

(\$ in millions, except per share data)

Sources of Funds						Uses of Funds					
	Amount	Debt	% of Total Sources	x 2010E EBITDA	x 2010E EBITDAR						Amount
Target Existing Cash	\$ 403	0.5%	44.6%			Total Special Dividends / Share Repurchases					\$ 723
						Special Dividends per share					\$ 11.33
Bank Debt (1)	500	L + 425	55.4%	1.5 x	2.9 x	Shares Repurchased (mm) - at 20.0% premium					20.07
						Shares Repurchased (mm) - at 15.0% premium					20.94
						Shares Repurchased (mm) - at 10.0% premium					21.89
						Minimum Operating Cash					153
						Financing and Other Fees (1)					28
Total Sources of Funds	\$ 903		100.0%			Total Uses of Funds					\$ 903

Projected Free Cash Flow						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Revenue	\$ 1,805	\$ 2,034	\$ 2,356	\$ 2,709	\$ 3,087	\$ 3,481
Growth	14.4 %	12.7 %	15.8 %	15.0 %	14.0 %	12.7 %
EBITDA	329	394	474	567	672	793
Margin %	18.2 %	19.4 %	20.1 %	20.9 %	21.8 %	22.8 %
Net Income	148	185	236	295	358	430
(+) D&A	49	56	62	66	69	70
(+) Fin. Fees Amort.	2	2	2	2	2	2
(-) Capital Expenditure	52	54	59	59	58	65
(-) Change in OWC	0	19	(5)	(5)	(5)	(1)
FCF For Debt Paydown	\$ 146	\$ 170	\$ 246	\$ 309	\$ 376	\$ 438
Cumulative FCF	\$ 170	\$ 416	\$ 724	\$ 1,100	\$ 1,538	

De-leveraging Profile						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Bank Debt (1)	\$ 500	\$ 330	\$ 84	\$ 0	\$ 0	\$ 0
Senior Notes	0	0	0	0	0	0
Total Debt	\$ 500	\$ 330	\$ 84	\$ 0	\$ 0	\$ 0
Total Cash	\$ 153	\$ 153	\$ 153	\$ 377	\$ 753	\$ 1,191

Credit Statistics						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Total Debt / EBITDA	1.5 x	0.8 x	0.2 x	0.0 x	0.0 x	0.0 x
Adj. Debt / EBITDAR	2.9 x	2.2 x	1.7 x	1.5 x	1.4 x	1.4 x
EBITDA / Int.	10.2 x	14.5 x	32.3 x	N.M.	N.M.	N.M.
EBITDA-Capex / Int.	8.6 x	12.5 x	28.2 x	N.M.	N.M.	N.M.

Source: Company Management for the years 2010E through 2014E; Extrapolated based on constant growth and margins for 2015E

Note: Assumes 63.7 million of basic shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5%. Assumes OID on bank debt to be 2.0% or \$10.0 million. Also assumes advisory fees of \$5.0 million.

Recapitalization: One-Time Share Repurchases

Assumes 20.0% Premium To Stock Price Of \$30.00

(\$ in millions, except per share data)

One-Time Share Repo Size	Status Quo	\$ 500	\$ 600	\$ 700	\$ 723	\$ 800	\$ 900
% of Market Cap		24.8%	29.7%	34.7%	35.8%	39.6%	44.6%
Cash Used		250	250	250	250	250	250
New Debt		267	372	476	500	581	686
Share Repurchase Price		\$ 36.00	\$ 36.00	\$ 36.00	\$ 36.00	\$ 36.00	\$ 36.00
% Premium to Current		20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Shares Repurchased (mm)		13.9	16.7	19.4	20.1	22.2	25.0
% of Outstanding Shares Repurchased (1)		21.8%	26.1%	30.5%	31.5%	34.9%	39.2%
Accretion / (Dilution) Analysis							
FY 2011E Net Income (2) (3)	\$ 202	\$ 194	\$ 190	\$ 186	\$ 185	\$ 181	\$ 177
FY 2011E Shares Outstanding	66.8	52.9	50.1	47.3	46.7	44.5	41.8
FY 2011 E EPS (2) (3) (4)	\$ 3.02	\$ 3.67	\$ 3.79	\$ 3.92	\$ 3.95	\$ 4.07	\$ 4.25
Accretion / (Dilution) (%)		21.4%	25.4%	29.9%	30.9%	34.9%	40.6%
FY 2011E - 2013 E EPS CAGR	21.2%	23.2%	24.4%	25.5%	25.7%	26.3%	27.2%
Implied Share Price at 9.9x 2011 P/E Multiple	\$ 30.00	\$ 36.41	\$ 37.61	\$ 38.96	\$ 39.28	\$ 40.47	\$ 42.19
Share Price Accretion (5)		21.4%	25.4%	29.9%	30.9%	34.9%	40.6%
Implied Share Price at 8.9x 2011 P/E Multiple		\$ 32.74	\$ 33.82	\$ 35.03	\$ 35.33	\$ 36.40	\$ 37.94
Share Price Accretion (5)		9.1%	12.7%	16.8%	17.8%	21.3%	26.5%
Implied Share Price at 7.9x 2011 P/E Multiple		\$ 29.07	\$ 30.04	\$ 31.11	\$ 31.37	\$ 32.32	\$ 33.69
Share Price Accretion (5)		(3.1)%	0.1%	3.7%	4.6%	7.7%	12.3%
Pro Forma Credit Statistics (2010)							
Total Debt	\$ 0	\$ 267	\$ 372	\$ 476	\$ 500	\$ 581	\$ 686
Debt / EBITDA	0.0 x	0.8 x	1.1 x	1.4 x	1.5 x	1.8 x	2.1 x
Adj. Debt / EBITDAR (6)	1.7 x	2.3 x	2.5 x	2.8 x	2.9 x	3.1 x	3.3 x

Source: Public filings, Management Projections

(1) Based on 63.7 million basic shares outstanding as of 22-Sep-2010.

(2) Assumes a tax rate of 40.2% for FY2011E.

(3) Assumes Interest rate on bank debt to be L + 425. Assumes LIBOR floor of 1.75%. Also assumes interest on cash to be 0.5%

(4) Based on 2011E weighted average diluted shares of 66.8 million.

(5) Accretion calculated based on current price of \$30.00.

(6) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.

Recapitalization: One-Time Share Repurchases

Assumes 15.0% Premium To Stock Price Of \$30.00

(\$ in millions, except per share data)

One-Time Share Repo Size	Status Quo	\$ 500	\$ 600	\$ 700	\$ 723	\$ 800	\$ 900
% of Market Cap		24.8%	29.7%	34.7%	35.8%	39.6%	44.6%
Cash Used		250	250	250	250	250	250
New Debt		267	372	476	500	581	686
Share Repurchase Price		\$ 34.50	\$ 34.50	\$ 34.50	\$ 34.50	\$ 34.50	\$ 34.50
% Premium to Current		15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Shares Repurchased (mm)		14.5	17.4	20.3	20.9	23.2	26.1
% of Outstanding Shares Repurchased (1)		22.7%	27.3%	31.8%	32.9%	36.4%	40.9%
Accretion / (Dilution) Analysis							
FY 2011E Net Income (2) (3)	\$ 202	\$ 194	\$ 190	\$ 186	\$ 185	\$ 181	\$ 177
FY 2011E Shares Outstanding	66.8	52.3	49.4	46.5	45.8	43.6	40.7
FY 2011 E EPS (2) (3) (4)	\$ 3.02	\$ 3.71	\$ 3.84	\$ 3.99	\$ 4.03	\$ 4.17	\$ 4.36
Accretion / (Dilution) (%)		22.8%	27.2%	32.2%	33.4%	37.9%	44.4%
FY 2011E - 2013 E EPS CAGR	21.2%	23.2%	24.4%	25.4%	25.6%	26.3%	27.2%
Implied Share Price at 9.9x 2011 P/E Multiple	\$ 30.00	\$ 36.83	\$ 38.16	\$ 39.67	\$ 40.03	\$ 41.37	\$ 43.31
Share Price Accretion (5)		22.8%	27.2%	32.2%	33.4%	37.9%	44.4%
Implied Share Price at 8.9x 2011 P/E Multiple		\$ 33.12	\$ 34.32	\$ 35.67	\$ 36.00	\$ 37.20	\$ 38.95
Share Price Accretion (5)		10.4%	14.4%	18.9%	20.0%	24.0%	29.8%
Implied Share Price at 7.9x 2011 P/E Multiple		\$ 29.41	\$ 30.48	\$ 31.68	\$ 31.97	\$ 33.04	\$ 34.59
Share Price Accretion (5)		(2.0)%	1.6%	5.6%	6.6%	10.1%	15.3%
Pro Forma Credit Statistics (2010)							
Total Debt	\$ 0	\$ 267	\$ 372	\$ 476	\$ 500	\$ 581	\$ 686
Debt / EBITDA	0.0 x	0.8 x	1.1 x	1.4 x	1.5 x	1.8 x	2.1 x
Adj. Debt / EBITDAR (6)	1.7 x	2.3 x	2.5 x	2.8 x	2.9 x	3.1 x	3.3 x

Source: Public filings, Management Projections

(1) Based on 63.7 million basic shares outstanding as of 22-Sep-2010.

(2) Assumes a tax rate of 40.2% for FY2011E.

(3) Assumes Interest rate on bank debt to be L + 425. Assumes LIBOR floor of 1.75%. Also assumes interest on cash to be 0.5%

(4) Based on 2011E weighted average diluted shares of 66.8 million.

(5) Accretion calculated based on current price of \$30.00.

(6) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.

Recapitalization: One-Time Share Repurchases

Assumes 10.0% Premium To Stock Price Of \$30.00

(\$ in millions, except per share data)

One-Time Share Repo Size	Status Quo	\$ 500	\$ 600	\$ 700	\$ 723	\$ 800	\$ 900
% of Market Cap		24.8%	29.7%	34.7%	35.8%	39.6%	44.6%
Cash Used		250	250	250	250	250	250
New Debt		267	372	476	500	581	686
Share Repurchase Price		\$ 33.00	\$ 33.00	\$ 33.00	\$ 33.00	\$ 33.00	\$ 33.00
% Premium to Current		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Shares Repurchased (mm)		15.2	18.2	21.2	21.9	24.2	27.3
% of Outstanding Shares Repurchased (1)		23.8%	28.5%	33.3%	34.3%	38.0%	42.8%
Accretion / (Dilution) Analysis							
FY 2011E Net Income (2) (3)	\$ 202	\$ 194	\$ 190	\$ 186	\$ 185	\$ 181	\$ 177
FY 2011E Shares Outstanding	66.8	51.6	48.6	45.5	44.9	42.5	39.5
FY 2011 E EPS (2) (3) (4)	\$ 3.02	\$ 3.76	\$ 3.90	\$ 4.07	\$ 4.12	\$ 4.27	\$ 4.49
Accretion / (Dilution) (%)		24.3%	29.3%	34.9%	36.3%	41.3%	48.7%
FY 2011E - 2013 E EPS CAGR	21.2%	23.2%	24.4%	25.4%	25.6%	26.3%	27.2%
Implied Share Price at 9.9x 2011 P/E Multiple	\$ 30.00	\$ 37.30	\$ 38.78	\$ 40.47	\$ 40.88	\$ 42.39	\$ 44.61
Share Price Accretion (5)		24.3%	29.3%	34.9%	36.3%	41.3%	48.7%
Implied Share Price at 8.9x 2011 P/E Multiple		\$ 33.54	\$ 34.88	\$ 36.39	\$ 36.76	\$ 38.13	\$ 40.12
Share Price Accretion (5)		11.8%	16.3%	21.3%	22.5%	27.1%	33.7%
Implied Share Price at 7.9x 2011 P/E Multiple		\$ 29.79	\$ 30.97	\$ 32.32	\$ 32.65	\$ 33.86	\$ 35.63
Share Price Accretion (5)		(0.7)%	3.2%	7.7%	8.8%	12.9%	18.8%
Pro Forma Credit Statistics (2010)							
Total Debt	\$ 0	\$ 267	\$ 372	\$ 476	\$ 500	\$ 581	\$ 686
Debt / EBITDA	0.0 x	0.8 x	1.1 x	1.4 x	1.5 x	1.8 x	2.1 x
Adj. Debt / EBITDAR (6)	1.7 x	2.3 x	2.5 x	2.8 x	2.9 x	3.1 x	3.3 x

Source: Public filings, Management Projections

(1) Based on 63.7 million basic shares outstanding as of 22-Sep-2010.

(2) Assumes a tax rate of 40.2% for FY2011E.

(3) Assumes Interest rate on bank debt to be L + 425. Assumes LIBOR floor of 1.75%. Also assumes interest on cash to be 0.5%

(4) Based on 2011E weighted average diluted shares of 66.8 million.

(5) Accretion calculated based on current price of \$30.00.

(6) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.

Recapitalization: One-Time Special Dividend

PF EPS Impact

(\$ in millions, except per share data)

One-Time Special Dividend Size	Status Quo	\$ 500	\$ 600	\$ 700	\$ 723	\$ 800	\$ 900
Special Dividends per share (1)		\$ 7.84	\$ 9.41	\$ 10.98	\$ 11.33	\$ 12.55	\$ 14.12
Cash Used		250	250	250	250	250	250
New Debt		267	372	476	500	581	686
FY 2011E Net Income (2) (3)	\$ 202	\$ 194	\$ 190	\$ 186	\$ 185	\$ 181	\$ 177
FY 2011E Shares Outstanding	66.8	66.8	66.8	66.8	66.8	66.8	66.8
FY 2011 E EPS (2) (3) (4)	\$ 3.02	\$ 2.90	\$ 2.84	\$ 2.78	\$ 2.77	\$ 2.72	\$ 2.66
Accretion / (Dilution) (%)		(3.9)%	(5.9)%	(8.0)%	(8.4)%	(10.0)%	(12.0)%
Implied Share Price at 9.9x 2011 P/E Multiple	\$ 30.00	\$ 28.83	\$ 28.22	\$ 27.61	\$ 27.47	\$ 27.00	\$ 26.39
Implied Share Price at 8.9x 2011 P/E Multiple		\$ 25.93	\$ 25.38	\$ 24.83	\$ 24.71	\$ 24.28	\$ 23.73
Implied Share Price at 7.9x 2011 P/E Multiple		\$ 23.03	\$ 22.54	\$ 22.05	\$ 21.94	\$ 21.56	\$ 21.08
Shareholder Value @9.9x 2011 P/E Multiple (5)		\$ 36.68	\$ 37.63	\$ 38.59	\$ 38.81	\$ 39.55	\$ 40.51
Accretion in Value over current price		22.3%	25.4%	28.6%	29.4%	31.8%	35.0%
Shareholder Value @8.9x 2011 P/E Multiple (5)		\$ 33.77	\$ 34.79	\$ 35.81	\$ 36.04	\$ 36.83	\$ 37.85
Accretion in Value over current price		12.6%	16.0%	19.4%	20.1%	22.8%	26.2%
Shareholder Value @7.9x 2011 P/E Multiple (5)		\$ 30.87	\$ 31.95	\$ 33.03	\$ 33.28	\$ 34.11	\$ 35.20
Accretion in Value over current price		2.9%	6.5%	10.1%	10.9%	13.7%	17.3%
Pro Forma Credit Statistics (2010)							
Total Debt	\$ 0	\$ 267	\$ 372	\$ 476	\$ 500	\$ 581	\$ 686
Debt / EBITDA	0.0 x	0.8 x	1.1 x	1.4 x	1.5 x	1.8 x	2.1 x
Adj. Debt / EBITDAR (6)	1.7 x	2.3 x	2.5 x	2.8 x	2.9 x	3.1 x	3.3 x

Source: Public filings, Management Projections

(1) Based on current basic shares outstanding of 63.7 million.

(2) Assumes a tax rate of 40.2% for FY2011E.

(3) Assumes interest rate on bank debt to be L + 425. Assumes LIBOR floor of 1.75%. Also assumes interest on cash to be 0.5%

(4) Based on 2011E weighted average diluted shares of 66.8 million.

(5) Defined as Dividend per share plus Pro Forma EPS times P/E Multiple (DPS + PF EPS x P/E). Accretion calculated based on current price of \$30.00.

(6) Assumes rent expense capitalized at 8.0x and 100% of rent expense attributed to interest expense.



Recapitalization: One-Time Special Dividend

Value Creation to Shareholders

One-Time Special Dividend of \$723 mm (2.9x Adj. Leverage)

	9.9 x	11.0 x	12.0 x	13.0 x	14.0 x
Implied Share Price	\$ 30.00	\$ 33.23	\$ 36.25	\$ 39.27	\$ 42.29
Implied Share Price					
- Same Multiple	\$ 27.47	\$ 30.43	\$ 33.19	\$ 35.96	\$ 38.72
- 1.0x Multiple less	\$ 24.71	\$ 27.66	\$ 30.43	\$ 33.19	\$ 35.96
- 2.0x Multiple less	\$ 21.94	\$ 24.89	\$ 27.66	\$ 30.43	\$ 33.19
- 3.0x Multiple less	\$ 19.17	\$ 22.13	\$ 24.89	\$ 27.66	\$ 30.43
Special Dividends per share	\$ 11.33	\$ 11.33	\$ 11.33	\$ 11.33	\$ 11.33
Value to Shareholders					
- Same Multiple	\$ 38.81	\$ 41.76	\$ 44.53	\$ 47.29	\$ 50.06
Value Accretion to Implied Price	29.4%	25.7%	22.8%	20.4%	18.4%
- 1.0x Multiple less	\$ 36.04	\$ 39.00	\$ 41.76	\$ 44.53	\$ 47.29
Value Accretion to Implied Price	20.1%	17.4%	15.2%	13.4%	11.8%
- 2.0x Multiple less	\$ 33.28	\$ 36.23	\$ 39.00	\$ 41.76	\$ 44.53
Value Accretion to Implied Price	10.9%	9.0%	7.6%	6.4%	5.3%
- 3.0x Multiple less	\$ 30.51	\$ 33.46	\$ 36.23	\$ 39.00	\$ 41.76
Value Accretion to Implied Price	1.7%	0.7%	(0.0)%	(0.7)%	(1.2)%

Source: Public filings, Management Projections



Discussion Materials on Project Tweed

Goldman, Sachs & Co.
September, 2010

[27-September-2010]



I. Take Private and Recapitalization Analysis

Summary of Take Private and Recap Scenarios

	① Take Private	② Sponsor Recap with Debt	③ Buyout of 50% of MD's Stake	④ Buyout of 50% of MD's Stake and buying from Market
Structure	<ul style="list-style-type: none"> ■ Leverage buyout of Plaid assuming a purchase price of \$45 per share (32% premium to current stock price) <ul style="list-style-type: none"> — EV/2010E EBITDA: 6.2x — Implied new equity check of \$1,029 million or 34.5% ■ Assumes 50% basic equity and options of MD are rolled-over or 4.9% of the equity ■ Cash used in deal: \$200 mm 	<ul style="list-style-type: none"> ■ Tweed's total investment of \$500mm <ul style="list-style-type: none"> — Buys 50% of MD's stake at \$40.00 per share (17.6% premium) for \$130 mm — Purchase Convertible Debt for \$370mm. Underlying 6.7mm shares ■ Plaid raises Bank Debt of \$300mm ■ Total share repurchases of \$848mm with proceeds of \$300 mm from Bank Debt, \$370 mm Convertible Debt and uses \$200mm of cash in hand <ul style="list-style-type: none"> — Repurchase price of \$40.00 per share (17.6% premium) ■ Pro Forma Ownership <ul style="list-style-type: none"> — Tweed: 21.6% — MD: 5.5% ■ Company can "defease" convert by buying call options from MD 	<ul style="list-style-type: none"> ■ Tweed's total investment of \$130mm <ul style="list-style-type: none"> — Buys 50% of MD's stake at \$40.00 per share (17.6% premium) ■ Pro Forma Ownership of Tweed: 4.8% ■ Pro Forma Ownership of MD: 4.5% 	<ul style="list-style-type: none"> ■ Tweed's total investment of \$300mm <ul style="list-style-type: none"> — Buys 50% of MD's stake at \$40.00 per share (17.6% premium) for \$130 mm — Buys 4.8 mm shares from the market with the remaining \$170 mm ■ Pro Forma Ownership of Tweed: 11.6% ■ Pro Forma Ownership of MD: 4.5%
Key Terms	<ul style="list-style-type: none"> ■ 2010 Leverage Metrics: <ul style="list-style-type: none"> — Total Adj. Debt / EBITDAR: 6.0x — Total Debt / EBITDA: 5.5x ■ Bank Debt: \$1,140mm @ L+475 and OID of 98 (LIBOR Floor of 1.75%) ■ Senior Notes: \$665mm @ 10.0% area 	<ul style="list-style-type: none"> ■ 2010 Leverage Metrics: <ul style="list-style-type: none"> — Total Adj. Debt / EBITDAR: 3.3x — Total Debt / EBITDA: 2.0x ■ Bank Debt: \$300mm @ L+400 and OID of 99 (No LIBOR floor) ■ Convertible Debt: \$373mm @ 3.5% and a conversion premium of 25% (\$42.53) 		

1 Illustrative LBO Analysis

Assumes Stock Price of \$45.00 per share (32.3% Premium) or 8.2x EV / 2010E EBITDA
(\$ in millions)

Sources of Funds							Uses of Funds						
	Amount	Cost of Debt	% of Total Sources	% of Total Cap.	x 2010E EBITDA	x 2010E EBITDAR						Amount	
Target Existing Cash	\$ 403	0.5%	11.9%				Equity Purchased - Basic (\$45.00 per share)					2,668	
Bank Debt (1)	1,140	L + 475	33.7%	38.2%	3.5 x	4.4 x	Equity Purchased - Stock Options (\$45.00 per share)					225	
Gr. Notes	665	10.0%	19.6%	22.3%	5.5 x	6.0 x	Existing Target Debt Retired					0	
Total Debt	\$ 1,806		63.3%	60.6%	6.6 x	8.0 x	Total Purchase Price					\$ 3,094	
							EV / 2010E EBITDA (Adj. Cash)					8.2 x	
Basic equity rolled over (2)	\$ 77		2.3%	2.6%									
Stock options equity rolled over (2)	71		2.1%	2.4%			Minimum Operating Cash					203	
Sponsor Equity	1,029		30.4%	34.5%			Financing and Other Fees (1)					88	
Total Sources of Funds	\$ 3,386		100.0%	100.0%			Total Uses of Funds					\$ 3,386	
Projected Free Cash Flow							Illustrative Returns to Sponsor						
	FF 2010	2011E	2012E	2013E	2014E	2015E	Purchase Price	\$ 46.00	\$ 47.50	\$ 50.00	\$ 52.50	\$ 55.00	
Revenues	1,805	2,034	2,356	2,709	3,087	3,481	Premium to Current	32.3%	39.6%	47.0%	54.3%	61.7%	
Growth %	14.4 %	12.7 %	16.0 %	16.0 %	14.0 %	12.7 %							
EBITDA	329	394	474	567	672	793							
Margin %	18.2 %	19.4 %	20.1 %	20.9 %	21.8 %	22.8 %							
Net Income	79	116	165	227	299	383							
(+) &A D	49	56	62	66	69	70							
(+) Int. fees Fmoff. A	7	7	7	7	7	7							
(-) Capital Expenditure	52	54	59	59	58	65							
(-) Change in OWC	0	19	(5)	(5)	(5)	(1)							
FCF For Debt Paydown	\$ 82	\$ 106	\$ 179	\$ 246	\$ 321	\$ 386							
De-leveraging Profile							Implied EV / 2010E EBITDA						
	FF 2009	2010E	2011E	2012E	2013E	2014E	8.2 x	8.7 x	9.3 x	9.8 x	10.4 x		
Bank Debt	1,140	1,035	856	611	290	0	7.0 x	34.3%	30.6%	27.4%	24.6%	22.2%	
Senior Notes	665	665	665	665	665	665	7.5 x	36.2%	32.5%	29.3%	26.5%	24.0%	
Total Debt	\$ 1,806	\$ 1,700	\$ 1,621	\$ 1,276	\$ 956	\$ 665	8.0 x	38.1%	34.3%	31.1%	28.2%	25.7%	
Total Debt / EBITDA	5.5 x	4.3 x	3.2 x	2.3 x	1.4 x	0.8 x	8.6 x	39.9%	36.0%	32.7%	29.9%	27.3%	
Adj. Debt / EBITDAR	6.0 x	5.0 x	4.1 x	3.3 x	2.6 x	2.1 x	8.0 x	41.6%	37.7%	34.3%	31.4%	28.9%	
EBITDA / Int. Exp.	2.2 x	2.7 x	3.5 x	4.7 x	6.5 x	9.5 x							
EBITDA-Capex / Int. Exp.	1.9 x	2.4 x	3.1 x	4.2 x	6.0 x	8.8 x							

Sponsor EBITDA Multiple	7.0 x	34.3%	30.6%	27.4%	24.6%	22.2%
	7.5 x	36.2%	32.5%	29.3%	26.5%	24.0%
	8.0 x	38.1%	34.3%	31.1%	28.2%	25.7%
	8.6 x	39.9%	36.0%	32.7%	29.9%	27.3%
	8.0 x	41.6%	37.7%	34.3%	31.4%	28.9%

Returns to Sponsor exit in 2016 @ 8.0x EBITDA						
Equity	Implied EV / 2010E EBITDA					
Cheek	8.2 x	8.7 x	9.3 x	9.8 x	10.4 x	
4.6 x	55.3%	30.5%	28.1%	25.9%	23.9%	22.1%
6.0 x	49.3%	32.6%	29.8%	27.3%	25.1%	23.1%
6.6 x	41.5%	35.0%	31.8%	29.0%	26.5%	24.3%
8.0 x	34.5%	38.1%	34.3%	31.1%	28.2%	25.7%
8.6 x	27.8%	42.0%	37.3%	33.5%	30.2%	27.4%

Adj. Leverage	4.6 x	55.3%	30.5%	28.1%	25.9%	23.9%	22.1%
	6.0 x	49.3%	32.6%	29.8%	27.3%	25.1%	23.1%
	6.6 x	41.5%	35.0%	31.8%	29.0%	26.5%	24.3%
	8.0 x	34.5%	38.1%	34.3%	31.1%	28.2%	25.7%
	8.6 x	27.8%	42.0%	37.3%	33.5%	30.2%	27.4%

Source: Company Management for the years 2010E through 2016E

Note: Assumes \$3.7 million of basic shares outstanding.

(1) Assumes LIBOR floor of 1.76%. Assumes financing fees of 2.6% and OID on bank debt to be 2.0%.

(2) Equity Rollover assumes rollover of 60.0% of MD's stake, 1.7 million basic shares and 2.0 million options at a strike price of \$9.35.

① Illustrative Ability To Pay Analysis

Share Price Required to Achieve Target Returns Assuming 2015E Exit

Assumes 6.0x Adjusted Leverage

Assumes 25% IRR with 5 Year exit in 2015@ 8.0x EBITDA

		Equity Value Per Share							Implied Premium Over Current Stock Price				
		2010 - 2015 Sales CAGR							2009 - 2014 Sales CAGR				
		10.0%	11.0%	12.0%	13.0%	14.0%			10.0%	11.0%	12.0%	13.0%	14.0%
15E EBITDA	Per Year Δ	Change in Annual Sales Growth vs. Plan					15E EBITDA	Per Year Δ	Change in Annual Sales Growth vs. Plan				
Margin	vs. Plan	(4.0)%	(3.0)%	(2.0)%	(1.0)%	0.0%	Margin	vs. Plan	(4.0)%	(3.0)%	(2.0)%	(1.0)%	0.0%
22.8%	0.0%	\$ 51.02	\$ 52.15	\$ 53.32	\$ 54.53	\$ 55.78	22.8%	0.0%	50.0%	53.3%	56.7%	60.3%	64.0%
21.8%	(1.0)%	\$ 49.95	\$ 51.03	\$ 52.15	\$ 53.31	\$ 54.51	21.8%	(1.0)%	46.8%	50.0%	53.3%	56.7%	60.2%
20.8%	(2.0)%	\$ 48.89	\$ 49.92	\$ 50.99	\$ 52.09	\$ 53.24	20.8%	(2.0)%	43.7%	46.7%	49.9%	53.1%	56.5%
19.8%	(3.0)%	\$ 47.83	\$ 48.81	\$ 49.82	\$ 50.87	\$ 51.97	19.8%	(3.0)%	40.6%	43.5%	46.4%	49.5%	52.7%
18.8%	(4.0)%	\$ 46.76	\$ 47.80	\$ 48.86	\$ 49.86	\$ 50.89	18.8%	(4.0)%	37.5%	40.2%	43.0%	46.0%	49.0%

Source: Company Management

② Illustrative Recapitalization Analysis

Sources and Uses; Assumes \$40.00 Stock Price (17.6% Premium)
(\$ in millions, except per share data)

Sources of Funds		Uses of Funds	
	Amount		Shares (mm) Amount
Total Investment by Tweed	\$ 500	Shares Purchased from MD (1)	3.3 \$ 130
		Convertibles Issued to Tweed (21.6% Post-Recap Own.)	8.7 \$ 370
Total Sources of Funds	\$ 500	Total Uses of Funds	12.0 \$ 500

Plaid Sources and Uses

Sources of Funds						Uses of Funds	
	Amount	Debt	% of Total Sources	x 2010E EBITDA	x 2010E EBITDAR		Amount
Target Existing Cash	\$ 403	0.5%	37.5%			Total Share Repurchases	\$ 648
						Shares Repurchased (mm) - at 17.6% premium	21.20
Bank Debt (2)	300	L + 400	28.0%	0.9 x	2.4 x	Minimum Operating Cash	203
Convertible Debt (3)	370	3.5%	34.5%	2.0 x	3.3 x	Financing and Other Fees (1)	22
Total Debt	\$ 670		62.5%	2.0 x	3.3 x		
Total Sources of Funds	\$ 1,073		100.0%			Total Uses of Funds	\$ 1,073

Source: Company Management for the years 2010E through 2016E

Note: Assumes 63.7 million of basic shares outstanding

(1) Assumes Tweed purchases 60.0% current MD ownership of 6.3 million shares (comprising of 3.4 million basic shares and 2.9 million shares from exercisable options) at \$40.00 (17.6% premium to the current stock price).

(2) Assumes no LIBOR floor. Assumes financing fees of 2.5% and OID on bank debt to be 1.0%.

(3) Assumes convertibles are accounted under the TSM method of accounting. Assumes coupon on the convertible debt of \$370 million to be 3.6%. Assumes the base conversion price to be 26.0%. Assumes the comparable straight debt rate to be 6.0%.

② Illustrative Recap Analysis

PF EPS Impact To Plaid (in millions)

				2011E EPS Sensitivity									
PF EPS Analysis		2011E	2012E	Tweed's Invst.	Size of Conv.	Pre- Recap Own.	Post- Recap Own.	Size of Plaid's Debt					
								\$ 200	\$ 250	\$ 300	\$ 350	\$ 400	
Status Quo Net Income		\$ 201.7	\$ 245.8										
(-) Interest on Bank Debt (After-tax) (1)		5.5	1.6										
(-) Interest on Convertibles (After-tax) (2)		11.9	12.1	\$ 350	\$ 220	11.5%	16.3%	20.5%	22.3%	24.1%	26.0%	28.0%	
(-) Amort. of Fin. Fees and OID (After-tax)		1.2	1.2	\$ 400	\$ 270	12.9%	18.1%	21.8%	23.6%	25.4%	27.4%	29.4%	
(-) Interest on Cash (After-tax)		0.6	0.6	\$ 450	\$ 320	14.3%	19.9%	23.2%	24.9%	26.8%	28.7%	30.8%	
PF Net Income		\$ 182.5	\$ 230.3	\$ 500	\$ 370	15.6%	21.6%	24.5%	26.3%	28.2%	30.1%	32.2%	
				\$ 550	\$ 420	16.9%	23.2%	25.8%	27.6%	29.5%	31.5%	33.6%	
				2012E EPS Sensitivity									
				Tweed's Invst.	Size of Conv.	Pre- Recap Own.	Post- Recap Own.	Size of Plaid's Debt					
								\$ 200	\$ 250	\$ 300	\$ 350	\$ 400	
Status Quo Shares Outstanding		66.8	67.1										
(+) Dilution from convert - GAAP		1.6	2.8										
(-) Shares Repurchased (3)		21.2	21.2										
PF Shares Outstanding		47.1	48.7										
Status Quo EPS		\$ 3.02	\$ 3.67	\$ 350	\$ 220	11.5%	16.3%	21.2%	23.4%	25.7%	28.1%	30.7%	
PF GAAP EPS		\$ 3.87	\$ 4.73	\$ 400	\$ 270	12.9%	18.1%	22.3%	24.5%	26.8%	29.3%	31.8%	
EPS Accretion / (Dilution)		28.2%	29.1%	\$ 450	\$ 320	14.3%	19.9%	23.3%	25.6%	28.0%	30.4%	33.0%	
				\$ 500	\$ 370	15.6%	21.6%	24.4%	26.7%	29.1%	31.6%	34.2%	
				\$ 550	\$ 420	16.9%	23.2%	25.6%	27.9%	30.3%	32.8%	35.4%	

Source: Company Management for the years 2010E through 2016E

Note: Assumes tax rate to be 40.2%. Pro forma stock price for calculating based on 11.0x forward P/E multiple

(1) Assumes the interest on bank debt of \$300.0 million to be L + 400. Assumes no LIBOR floor

(2) Assumes Convertibles are accounted under the TSM method of accounting. Assumes coupon on the convertible debt of \$370 million to be 3.6%. Assumes the base conversion price to be 26.0%.

Assumes the comparable straight debt rate to be 6.0%.

(3) Assumes the shares are repurchased at \$40.00 (17.6% premium to the current stock price).

(4) Assumes Tweed buys 60.0% of MD's current ownership at a premium of 17.6% to the current price and uses the remaining amount to invest in Plaid's new convertible debt. Post Recap and Pre Recap ownership are calculated based 67.6mm and 66.3mm diluted shares outstanding, assuming \$300mm of debt and \$600 of Tweed's investment.

② Illustrative Recap Analysis

Debt Paydown and Implied Stock Price at 2015E (\$ in millions)

Projected Free Cash Flow						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Revenue	\$ 1,805	\$ 2,034	\$ 2,356	\$ 2,709	\$ 3,087	\$ 3,481
Growth	14.4 %	12.7 %	15.6 %	16.0 %	14.0 %	12.7 %
EBITDA	329	394	474	567	672	793
Margin %	18.2 %	19.4 %	20.1 %	20.9 %	21.8 %	22.8 %
Net Income	146	182	230	285	345	417
(+) &A D	49	56	62	66	69	70
(+) amortization of in. Fees ^F	2	2	2	2	2	2
(+) Amort. f cc. Exp ^A	7	7	7	8	8	9
(-) Capital Expenditure	52	54	59	59	58	65
(-) Change in OWC	0	19	(5)	(5)	(5)	(1)
FCF For Debt Paydown	\$ 161	\$ 174	\$ 247	\$ 308	\$ 372	\$ 494
Cumulative FCF		\$ 174	\$ 421	\$ 727	\$ 1,098	\$ 1,532

De-leveraging Profile						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Bank Debt (1)	\$ 300	\$ 126	\$ 0	\$ 0	\$ 0	\$ 0
Convertible Debt (2)	370	370	370	370	370	370
Total Debt	\$ 670	\$ 496	\$ 370	\$ 370	\$ 370	\$ 370
Total Cash	\$ 203	\$ 203	\$ 324	\$ 630	\$ 1,001	\$ 1,435

Credit Statistics						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Total Debt / EBITDA	2.0 x	1.3 x	0.8 x	0.7 x	0.6 x	0.5 x
Adj. Debt / EBITDAR	3.3 x	2.6 x	2.2 x	2.0 x	1.9 x	1.8 x
EBITDA / Int.	9.5 x	12.7 x	19.0 x	25.0 x	29.0 x	33.5 x
EBITDA-Capex / Int.	8.0 x	11.0 x	16.6 x	22.4 x	26.5 x	30.8 x

Source: Company Management for the years 2010E through 2015E

Note: Assumes \$6.3 million of shares outstanding pro forma for the issue of convertible debt, share repurchases and shares from the exercisable stock options owned by MD

(1) Assumes no LIBOR floor. Assumes financing fees of 2.6% and OID on bank debt to be 1.0%.

(2) Assumes Convertibles are accounted under the TSM method of accounting. Assumes coupon on the convertible debt of \$370 million to be 3.6%. Assumes the base conversion price to be 26.0%.

(3) Assumes Tweed buys 60.0% of MD's current ownership at a premium of 17.6% to the current price and uses the remaining amount to invest in Plaid's new convertible debt. Post Recap and Pre Recap ownership are calculated based 67.6mm and 66.3mm diluted shares outstanding, assuming \$300mm of debt and \$600 of Tweed's investment.

Assumes \$300.0 mm of Plaid's Debt and 8.0x exit in 2015E

Tweed's Invest.	Size of Conv.	Pre-Recap Own (3)	Post Recap Own (3)	Returns to Tweed	Implied Stock Price
\$ 350	\$ 220	11.5%	16.3%	27.90%	\$ 134.39
\$ 400	\$ 270	12.9%	18.1%	27.94%	\$ 134.37
\$ 450	\$ 320	14.3%	19.9%	27.96%	\$ 134.35
\$ 500	\$ 370	15.6%	21.6%	27.98%	\$ 134.33
\$ 550	\$ 420	16.9%	23.2%	28.00%	\$ 134.31



③ Buyout of 50% of MD's Stake

Sources and Uses and Returns to Tweed; Assumes \$40 per share (17.6% Premium)
(\$ in millions)

Tweed Sources and Uses

Sources of Funds		Uses of Funds	
	Amount	Shares (mm)	Amount
Total Investment by Tweed	\$ 130	Shares Purchased from MD (1)	3.3 \$ 130
Total Sources of Funds	\$ 130	Total Uses of Funds	3.3 \$ 130

Value of Tweed's Stake with Exit in 2015E (\$ mm)

		Amt. of Invst.	% of Own.	EV / EBITDA Multiple				
				7.0 x	7.5 x	8.0 x	8.5 x	9.0 x
Premium to Current	17.6%	\$ 130	4.80%	22.4%	23.7%	24.9%	26.1%	27.2%
	20.0%	\$ 133	4.81%	21.4%	22.6%	23.8%	25.0%	26.1%
	25.0%	\$ 139	4.84%	20.4%	21.6%	22.8%	24.0%	25.1%
	30.0%	\$ 146	4.86%	19.5%	20.7%	21.9%	23.0%	24.1%
	35.0%	\$ 152	4.89%	18.6%	19.8%	21.0%	22.1%	23.2%
	40.0%	\$ 158	4.91%	17.7%	18.9%	20.1%	21.2%	22.3%

Source: Company Management for the years 2010E through 2016E

Note: Assumes 63.7 million of basic shares outstanding

(1) Assumes Tweed purchases 60.0% current MD ownership of 6.3 million shares (comprising of 3.4 million basic shares and 2.9 million shares from exercisable options) at \$40.00 (17.6% premium to the current stock price).

④ Buyout of 50% of MD's Stake and Buying From Market

Assumes \$40 (17.6% Premium) and 5% Premium on Shares Bought From MD and Market
(\$ in millions)

Sources and Uses				
Sources of Funds		Uses of Funds		
	Amount		Shares (mm)	Amount
Total Investment by Tweed	\$ 300	Shares Purchased from MD (1)	3.3	\$ 130
		Shares Purchased in the Open Market (2)	4.8	\$ 170
Total Sources of Funds	\$ 300	Total Uses of Funds	8.0	\$ 300

Value of the Investment to Tweed at Exit in 2015E (\$ mm)

	Amt. of Invst.	% Own.	EV / EBITDA Multiple				
			7.0 x	7.5 x	8.0 x	8.5 x	9.0 x
Tweed's Invst.	\$ 200	7.7%	22.9%	24.2%	25.4%	26.6%	27.7%
	\$ 250	9.7%	23.3%	24.5%	25.8%	26.9%	28.1%
	\$ 300	11.8%	23.5%	24.8%	26.0%	27.2%	28.3%
	\$ 350	13.9%	23.7%	24.9%	26.2%	27.4%	28.5%
	\$ 400	15.9%	23.8%	25.1%	26.3%	27.5%	28.6%

Source: Company Management for the years 2010E through 2016E

Note: Assumes 63.7 million of basic shares outstanding and

(1) Assumes Tweed purchases 60.0% current MD ownership of 6.3 million shares (comprising of 3.4 million basic shares and 2.9 million shares from exercisable options) at \$40.00 (17.6% premium to the current stock price).

(2) Assumes Tweed purchases 4.8mm shares from market at \$35.72 (6.0% premium to the current stock price).



II. Merger Analysis - [Potential Buyer] and Plaid



Illustrative Merger Analysis [Potential Buyer] Acquires Plaid

(\$ in millions, except per share data)

	[Potential Buyer]	Pro forma for the Acquisition of Plaid					
Purchase Price Per Share \$(1)(2)	\$ 144.28	\$ 40.00	\$ 42.50	\$ 45.00	\$ 47.50	\$ 50.00	\$ 52.50
Premium to Market Price		24.2 %	32.0 %	39.8 %	47.5 %	55.3 %	63.0 %
Price / 2011E EPS	17.3 x	16.2 x	17.2 x	18.2 x	19.2 x	20.2 x	21.2 x
Equity Value (\$)	\$14,685	\$2,735	\$2,915	\$3,094	\$3,273	\$3,452	\$3,632
Enterprise Value (\$)	12,560	2,444	2,623	2,803	2,982	3,161	3,340
100% Cash							
Acquiror's Cash Used (50.0%)		\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230
Target's Cash Used (75.0%)		255	255	255	255	255	255
Total Cash Used		\$1,486	\$1,486	\$1,486	\$1,486	\$1,486	\$1,486
Cash used as % of Equity Consideration		54.3%	51.0%	48.0%	45.4%	43.0%	40.9%
New Debt \$(3)		1,285	1,468	1,651	1,834	2,017	2,200
Pro Forma Net Income							
2011E Net Income		\$ 965	\$ 959	\$ 953	\$ 948	\$ 942	\$ 936
2012E Net Income		\$ 1,093	\$ 1,088	\$ 1,082	\$ 1,077	\$ 1,071	\$ 1,065
Pro Forma EPS							
2011E EPS		\$ 9.42	\$ 9.36	\$ 9.31	\$ 9.25	\$ 9.20	\$ 9.14
2012E EPS		\$ 10.58	\$ 10.52	\$ 10.47	\$ 10.41	\$ 10.36	\$ 10.31
2011E EPS Accretion / (Dilution) (4) (5) (6)	\$ 8.33	13.0 %	12.4 %	11.7 %	11.1 %	10.4 %	9.7 %
2012E EPS Accretion / (Dilution) (4) (5) (6)	\$ 9.28	14.0 %	13.4 %	12.8 %	12.2 %	11.6 %	11.1 %
P/E to Maintain Share Price							
Total Debt / LTM EBITDA	0.2 x	0.8 x	0.8 x	0.9 x	1.0 x	1.1 x	1.2 x
Adjusted Debt / LTM EBITDAR	2.2	2.6	2.7	2.7	2.8	2.9	2.9

(1) Market data as of 22-Sep-2010. Estimates per IBES.

(2) Assumes excess purchase price over book value is allocated 15.0% to net asset write-ups and the residual to goodwill.

(3) Assumes up to 50.0% of [Potential Buyer] existing cash and up to 75.0% of Plaid existing cash used to finance transaction.

(4) Assumes a pre-tax cost of debt of 3.50%.

(5) Assumes an opportunity cost of cash of 0.50% and a marginal tax rate of 40.5%.

(6) Assumes tax-deductible financing fees of 2.0% of incremental debt raised which are capitalized and amortized over 10 years.

[Potential Buyer] Pre And Post Transaction Capital Structure

[Potential Buyer] Acquires Plaid

(\$ in millions, except per share data)

Pre-Acquisition			
	Amount	Debt / LTM EBITDA(1)	Adjusted Debt / LTM EBITDAR (2)
Cash	\$ 2,461	-	
Short Term borrowings	98	0.1x	2.2x
Long Term Debt and capital leases	206	0.2	2.2
Total Debt	\$304	0.2x	2.2x
Net Debt	(2,157)		
Corporate Rating	A (Positive)		

Post-Acquisition (47.5% Premium)			
	Amount	Debt / LTM EBITDA(1)	Adjusted Debt / LTM EBITDAR (2)
Cash (3)	\$ 1,316	-	
Short Term Debt	98	0.0x	2.1x
Long Term Debt	206	0.1	2.2
Debt carried over from J.Crew	49	0.2	2.2
Acquisition Debt (4)	1,834	1.0	2.8
Total Debt	\$2,188	1.0x	2.8x
Net Debt	872		

(1) Assumes [Potential Buyer]'s and Plaid's LTM EBITDA of \$1,828 and \$333 mm respectively.

(1) Assumes [Potential Buyer]'s and Plaid's LTM Rent Expense of \$657 and \$86 mm respectively.

(3) Cash Balance includes Plaid's cash in hand of \$340mm. Assumes 50.0% of [Potential Buyer]'s cash balance of \$2,461mm and 75.0% of \$340mm is used for the transaction.

(4) Assumes total equity consideration of \$3,273 mm at a premium of 47.5%.



[Potential Buyer] Acquisition and Global Expansion Talks

[Potential Buyer recent transactions and commentary]

Source: Public Filings, Earnings Release