

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

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**Form 8-K**

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**Current Report**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 23, 2010**

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**J.CREW GROUP, INC.**

(Exact name of registrant as specified in its charter)

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**Commission File Number: 00132927**

**DE**  
(State or other jurisdiction  
of incorporation)

**22-2894486**  
(IRS Employer  
Identification No.)

**770 Broadway**  
**New York, New York 10003**  
(Address of principal executive offices, including zip code)

**212-209-2500**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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## INFORMATION TO BE INCLUDED IN THE REPORT

### Item 2.02. Results of Operations and Financial Condition.

On November 23, 2010, J.Crew Group, Inc. issued a press release announcing the Company's financial results for the third quarter ended October 30, 2010. The Company is furnishing a copy of the press release hereto as Exhibit 99.1.

### Item 8.01. Other Events.

On November 23, 2010, J.Crew Group, Inc., a Delaware corporation (the "Company"), entered into an Agreement and Plan of Merger ("Merger Agreement") with Chinos Holdings, Inc., a Delaware corporation ("Parent"), and Chinos Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), providing for the merger (the "Merger") of Merger Sub with and into the Company, with the Company surviving the Merger as a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of TPG Capital, L.P. and Leonard Green & Partners, L.P. The merger consideration is \$43.50 per share, without interest. A copy of the press release issued by the Company announcing the transaction is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference. The material terms of the Merger Agreement, including the conditions thereto, will be described in a subsequent filing on Form 8-K.

On November 23, 2010, the Company sent an e-mail to its associates regarding the Merger, which is attached hereto as Exhibit 99.3 along with certain of the Company's other communications materials which are attached hereto as Exhibits 99.4 through 99.10.

### *Additional Important Information and Where to Find It*

This communication may be deemed to be solicitation material in respect of the proposed Merger. In connection with the proposed transaction, the Company will file a proxy statement and file or furnish other relevant materials with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS OF THE COMPANY ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY ALL RELEVANT MATERIALS FILED OR FURNISHED WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING THE PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE THESE MATERIALS WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the proxy statement (when available) and other documents filed or furnished to the Securities and Exchange Commission by the Company at the Securities and Exchange Commission's website at <http://www.sec.gov> or at the Company's website at <http://www.jcrew.com> and then clicking on the "Investor Relations" link and then the "SEC Filings" link. The proxy statement and other relevant materials may also be obtained for free from the Company by directing such request to J.Crew Group, Inc., 770 Broadway, New York, New York 10003; or (212) 209-2500. The contents of the websites referenced above are not deemed to be incorporated by reference into the proxy statement.

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### ***Participants in Solicitation***

The Company and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its stockholders in connection with the proposed Merger. Information concerning the interests of the Company's participants in the solicitation is, or will be, set forth in the Company's proxy statements and Annual Reports on Form 10-K, previously filed with the Securities and Exchange Commission, and in the proxy statement relating to the proposed transaction when it becomes available. Each of these documents is, or will be, available free of charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and from the Company at <http://www.jcrew.com>, and then clicking on the "Investor Relations" link and then the "SEC Filings" link or by directing such request to J.Crew Group, Inc., 770 Broadway, New York, New York 10003; or (212) 209-2500.

### ***Forward-Looking Statements***

Certain statements herein are "forward-looking statements". Such forward-looking statements reflect the Company's current expectations or beliefs concerning future events and actual events may differ materially from historical results or current expectations. Any such forward-looking statements relating to the Merger are subject to various risks and uncertainties, including uncertainties as to the timing of the Merger, the possibility that alternative acquisition proposals will be made, the possibility that alternative acquisition proposals will not be made, the possibility that various closing conditions for the Merger may not be satisfied or waived and the possibility that Parent and Merger Sub will be unable to obtain sufficient funds to close the Merger. Any such forward-looking statements relating to our business are subject to various risks and uncertainties, including the strength of the economy, changes in the overall level of consumer spending or preferences in apparel, our ability to compete with other retailers, the parties' ability to consummate the proposed transaction on the contemplated timeline, the performance of the Company's products within the prevailing retail environment, our strategy and expansion plans, systems upgrades, reliance on key personnel, trade restrictions, political or financial instability in countries where the Company's goods are manufactured, postal rate increases, paper and printing costs, availability of suitable store locations at appropriate terms and other factors which are set forth in the Company's Form 10-K and in all filings with the SEC made by the Company subsequent to the filing of the Form 10-K. The Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

### **Item 9.01 Financial Statements and Exhibits.**

(a) through (c) Not applicable.

(d) Exhibits:

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The following exhibits are furnished with this Current Report on Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by J.Crew Group, Inc., dated November 23, 2010
99.2	Joint Press Release, dated November 23, 2010
99.3	M. Drexler All-Associate E-mail
99.4	M. Drexler Associate Voicemail Transcript
99.5	M. Drexler Prepared Remarks for Town Hall Meeting
99.6	Associate FAQ
99.7	Investor Conference Call Script
99.8	Master Q&A
99.9	Talking Points for use with Investors/Analysts
99.10	Talking Points for Senior Managers

The information reported under Item 2.02 and contained in Exhibit 99.1 in this Current Report is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly stated by specific reference in such filing.

[Remainder of page intentionally left blank; signatures on following page.]

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### J.CREW GROUP, INC.

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

Dated: November 23, 2010

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## EXHIBIT INDEX

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99.6	Associate FAQ
99.7	Investor Conference Call Script
99.8	Master Q&A
99.9	Talking Points for use with Investors/Analysts
99.10	Talking Points for Senior Managers

**Company Contact:**

James S. Scully  
Chief Administrative Officer and  
Chief Financial Officer  
(212) 209-8040

**Investor Contact:**

Allison Malkin/Joe Teklits  
ICR, Inc.  
(203) 682-8200

**J.CREW GROUP, INC. ANNOUNCES THIRD QUARTER FISCAL 2010 RESULTS**

**Third Quarter Revenues Increase 4% to \$429.3 million;**

**Third Quarter Diluted Earnings Per Share of \$0.58**

New York, NY – November 23, 2010 – J.Crew Group, Inc. [NYSE:JCG] today announced financial results for the three months (third quarter) and nine months (first nine months) ended October 30, 2010. The Company also issued a separate press release today announcing that it has entered into a definitive agreement to be acquired by funds affiliated with TPG Capital and Leonard Green & Partners, L.P.

Third Quarter highlights:

- Revenues increased 4% to \$429.3 million. Store sales increased 1% to \$303.3 million, with comparable store sales decreasing 1%. Comparable store sales increased 8% in the third quarter of fiscal 2009. Direct sales (Internet and Phone) rose 12% to \$117.9 million. Direct sales increased 4% to \$105.5 million in the third quarter of fiscal 2009.
- Gross margin decreased to 43.5% of revenues from 48.4% of revenues in the third quarter of fiscal 2009.
- Operating income decreased to \$64.1 million, or 14.9% of revenues, compared to \$75.2 million, or 18.2% of revenues, in the third quarter of fiscal 2009. Operating income reflects a \$10.2 million decrease in share-based and incentive compensation compared to the third quarter last year.
- Interest expense of \$2.1 million includes a non-cash charge of \$1.4 million representing the remaining unamortized deferred financing costs incurred under the term loan.
- Net income was \$37.8 million, or \$0.58 per diluted share, compared to \$43.9 million, or \$0.67 per diluted share, in the third quarter of fiscal 2009.

First Nine Months highlights:

- Revenues increased 12% to \$1,250.7 million. Store sales increased 11% to \$888.2 million, with comparable store sales increasing 8%. Comparable store sales decreased 0.4% in the first nine months of fiscal 2009. Direct sales rose 16% to \$334.8 million. Direct sales increased 1% to \$289.0 million in the first nine months of fiscal 2009.

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- Gross margin increased to 45.6% of revenues from 44.2% of revenues in the first nine months of fiscal 2009.
  - Operating income increased to \$198.5 million, or 15.9% of revenues, compared to \$142.7 million, or 12.8% of revenues, in the first nine months of fiscal 2009. Operating income reflects a \$10.1 million decrease in share-based and incentive compensation compared to the first nine months last year. Operating income in the first nine months of fiscal 2009 includes charges of approximately \$5.3 million related to our workforce reduction, underperforming stores and lease termination actions.
  - Interest expense of \$3.4 million includes a non-cash charge of \$1.4 million representing the remaining unamortized deferred financing costs incurred under the term loan.
  - Net income was \$117.5 million, or \$1.78 per diluted share, compared to \$82.9 million, or \$1.29 per diluted share, in the first nine months of fiscal 2009.

Balance Sheet highlights as of October 30, 2010:

- Cash and cash equivalents were \$311.7 million at the end of the third quarter compared to \$246.8 million at the end of the third quarter of fiscal 2009.
- Inventories at the end of the quarter were \$261.0 million, compared to \$223.9 million at the end of the third quarter of fiscal 2009. Inventory per square foot at the end of the quarter increased 14% compared to the end of the third quarter of fiscal 2009.
- On August 31, 2010, the Company made a voluntary prepayment of \$49.2 million representing the remaining principal amount outstanding under the term loan. Therefore, there was no debt outstanding at the end of the third quarter compared to \$99.5 million at the end of the third quarter of fiscal 2009.

**Guidance**

For fiscal 2010 the Company currently expects diluted earnings per share in the range of \$2.08 to \$2.13, as compared to its previous guidance range of \$2.25 to \$2.35 and fiscal 2009 diluted earnings per share of \$1.91.

**Conference Call Information**

A listen-only call offering additional comments on third quarter results and this morning's transaction announcement will be available to all investors starting at 11:00 AM Eastern Time this morning. Callers may listen to this call by dialing (800) 642-1687, or (706) 645-9291 outside the U.S. and Canada, and by referencing conference ID 27737604. The listen-only call will also be webcast on the 'Investor Relations' section of the Company's website at [www.jcrew.com](http://www.jcrew.com). The listen-only call will be available until November 30, 2010.



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**About J.Crew Group, Inc.**

J.Crew Group, Inc. is a nationally recognized multi-channel retailer of women's, men's and children's apparel, shoes and accessories. As of November 23, 2010, the Company operates 250 retail stores (including 221 J.Crew retail stores, 9 crewcuts and 20 Madewell stores), the J. Crew catalog business, jcrew.com, madewell.com and 85 factory outlet stores. Additionally, certain product, press release and SEC filing information concerning the Company are available at the Company's website [www.jcrew.com](http://www.jcrew.com).

**Forward-Looking Statements:**

*Certain statements herein are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements reflect the Company's current expectations or beliefs concerning future events and actual results of operations may differ materially from historical results or current expectations. Any such forward-looking statements are subject to various risks and uncertainties, including the strength of the economy, changes in the overall level of consumer spending or preferences in apparel, our ability to compete with other retailers, the performance of the Company's products within the prevailing retail environment, our strategy and expansion plans, systems upgrades, reliance on key personnel, trade restrictions, political or financial instability in countries where the Company's goods are manufactured, postal rate increases, paper and printing costs, availability of suitable store locations at appropriate terms and other factors which are set forth in the Company's Form 10-K and in all filings with the SEC made by the Company subsequent to the filing of the Form 10-K. The Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

**J. Crew Group, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

<u>(Amounts in thousands, except percentages and per share data)</u>	<u>Three Months Ended October 30, 2010</u>	<u>Three Months Ended October 31, 2009</u>	<u>Nine Months Ended October 30, 2010</u>	<u>Nine Months Ended October 31, 2009</u>
Net sales				
Stores	\$ 303,252	\$ 300,066	\$ 888,231	\$ 799,871
Direct	<u>117,940</u>	<u>105,480</u>	<u>334,806</u>	<u>289,012</u>
	421,192	405,546	1,223,037	1,088,883
Other	<u>8,137</u>	<u>8,563</u>	<u>27,690</u>	<u>28,551</u>
<b>Total Revenues</b>	<b><u>429,329</u></b>	<b><u>414,109</u></b>	<b><u>1,250,727</u></b>	<b><u>1,117,434</u></b>
Costs of goods sold, buying and occupancy costs	<u>242,708</u>	<u>213,682</u>	<u>679,955</u>	<u>623,844</u>
Gross profit	186,621	200,427	570,772	493,590
<i>As a percent of revenues</i>	43.5%	48.4%	45.6%	44.2%
Selling, general and administrative expenses	122,566	125,241	372,286	350,924
<i>As a percent of revenues</i>	<u>28.5%</u>	<u>30.2%</u>	<u>29.8%</u>	<u>31.4%</u>
Operating income	64,055	75,186	198,486	142,666
<i>As a percent of revenues</i>	<u>14.9%</u>	<u>18.2%</u>	<u>15.9%</u>	<u>12.8%</u>
Interest expense, net	<u>2,127</u>	<u>1,052</u>	<u>3,386</u>	<u>3,207</u>
Income before income taxes	61,928	74,134	195,100	139,459
Provision for income taxes	<u>24,095</u>	<u>30,265</u>	<u>77,632</u>	<u>56,535</u>
Net income	<b><u>\$ 37,833</u></b>	<b><u>\$ 43,869</u></b>	<b><u>\$ 117,468</u></b>	<b><u>\$ 82,924</u></b>
Income per share:				
Basic	\$ 0.60	\$ 0.70	\$ 1.85	\$ 1.33
Diluted	\$ 0.58	\$ 0.67	\$ 1.78	\$ 1.29
Weighted average shares outstanding:				
Basic	63,512	62,775	63,330	62,406
Diluted	65,741	65,223	65,823	64,317

**J. Crew Group, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

<u>(In thousands)</u>	<u>October 30, 2010</u>	<u>January 30, 2010</u>	<u>October 31, 2009</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 311,702	\$ 298,107	\$ 246,785
Inventories	260,969	190,231	223,894
Prepaid expenses and other current assets	35,543	29,522	30,027
Prepaid income taxes	1,930	1,455	—
Total current assets	610,144	519,315	500,706
Property and equipment, net	195,873	194,615	198,086
Other assets	22,780	24,628	19,683
Total assets	<u>\$ 828,797</u>	<u>\$ 738,558</u>	<u>\$ 718,475</u>
<b>Liabilities and Stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 144,610	\$ 127,733	\$ 117,823
Other current liabilities	99,026	106,652	92,022
Current portion of long-term debt	—	—	1,028
Deferred income taxes, net	958	958	4,049
Total current liabilities	244,594	235,343	214,922
Long-term debt	—	49,229	98,458
Deferred credits	67,058	67,646	69,015
Other liabilities	9,521	10,462	6,817
Stockholders' equity	507,624	375,878	329,263
Total liabilities and stockholders' equity	<u>\$ 828,797</u>	<u>\$ 738,558</u>	<u>\$ 718,475</u>

**Actual and Projected Store Count and Square Footage (Note 1)**

<u>Fiscal 2010 Quarter</u>	<u>Total stores open at beginning of the quarter</u>	(Note 2) <u>Number of stores opened during the quarter</u>	(Note 2) <u>Number of stores closed during the quarter</u>	<u>Total stores open at end of the quarter</u>
1 <sup>st</sup> Quarter (Actual)	321	4	0	325
2 <sup>nd</sup> Quarter (Actual)	325	3	1	327
3 <sup>rd</sup> Quarter (Actual)	327	4	0	331
4 <sup>th</sup> Quarter (Projected)	331	4	0	335

<u>Fiscal 2010 Quarter</u>	<u>Total gross square feet at beginning of the quarter</u>	<u>Gross square feet for stores opened or expanded during the quarter</u>	<u>Reduction of gross square feet for stores closed or downsized during the quarter</u>	<u>Total gross square feet at end of the quarter</u>
1 <sup>st</sup> Quarter (Actual)	1,958,140	20,168	(615)	1,977,693
2 <sup>nd</sup> Quarter (Actual)	1,977,693	12,631	(7,822)	1,982,502
3 <sup>rd</sup> Quarter (Actual)	1,982,502	14,257	0	1,996,759
4 <sup>th</sup> Quarter (Projected)	1,996,759	22,877	0	2,019,636

**Note 1** – Store count and square footage summary excludes three clearance store locations. Above summary includes one factory store and one retail store that are temporarily closed at the time of this announcement.

**Note 2** – Actual and Projected number of stores opened and closed during Fiscal 2010 by quarter:

- 1<sup>st</sup> Quarter—opened two retail and two factory stores (Actual).
- 2<sup>nd</sup> Quarter—opened one retail, one factory and one Madewell store; closed one retail store (Actual).
- 3<sup>rd</sup> Quarter—opened two retail, one factory and one Madewell store (Actual).
- 4<sup>th</sup> Quarter—plan to open two factory, one factory crewcuts and one Madewell store (Projected).

FOR IMMEDIATE RELEASE

**TPG CAPITAL AND LEONARD GREEN & PARTNERS  
TO ACQUIRE J.CREW GROUP, INC. FOR \$43.50 PER SHARE IN CASH**

**Millard Drexler Will Remain as Chairman and CEO and Significant Shareholder**

**Transaction Valued at \$3.0 Billion**

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**New York – November 23, 2010** – J.Crew Group, Inc. (NYSE: JCG) today announced that it has entered into a definitive agreement to be acquired by funds affiliated with TPG Capital and Leonard Green & Partners, L.P. Millard Drexler will continue as Chairman and CEO and maintain a significant equity investment in J.Crew.

Under the terms of the agreement, holders of the outstanding common shares of J.Crew will receive \$43.50 per share in cash, or a total of approximately \$3.0 billion. The price represents a premium of 29% to J.Crew's average closing share price over the last month.

A Special Committee of the J.Crew Board of Directors, comprised of four independent directors, and advised by independent financial and legal advisors, negotiated the transaction and recommended it to the full Board. The agreement was approved by the full Board other than James Coulter, a partner of TPG Capital, and Millard Drexler, who recused themselves from the vote.

Millard Drexler, J.Crew Chairman and CEO, said, "I am pleased to announce this agreement as it delivers significant value to our shareholders. In addition, it is a clear endorsement of J.Crew and of the hard work and commitment of each and every one of our associates. As I have always said, we are in this for the long term and we do what we do day in and day out so we can deliver the best possible products to our customers. TPG Capital, with whom we have a long working relationship, along with Leonard Green & Partners, are both well respected private investment firms whose substantial resources and experience will enable us to invest in our future growth. I am excited to be partnering with TPG Capital and Leonard Green & Partners on this transaction and that our management team, including our President Jenna Lyons, will continue to work towards our future."

Carrie Wheeler, Partner of TPG Capital, stated: "We are proud of our 13-year history with J.Crew since our investment in the company in 1997 and the success it has achieved during our partnership with Mickey. With his leadership, combined with the support of TPG Capital and Leonard Green & Partners, the Company will be well positioned for the long term. We are looking forward to working with Mickey and his exceptional team and are excited by the prospect of continuing to expand the business."

Jonathan Sokoloff, Managing Partner of Leonard Green & Partners, said: "J.Crew occupies a distinctive space in fashion retail and we are very pleased to partner with Mickey and TPG Capital for the next chapter of the Company's growth. J.Crew's strong brand equity and proven multichannel strategy position the Company extremely well to expand its business, both in the U.S. and internationally."

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Josh Weston, Chairman of the Special Committee of the J.Crew Board of Directors, stated: "After a thorough assessment, based on independent financial and legal advice, we concluded this transaction will maximize value for shareholders. We are also pleased to have successfully negotiated for J.Crew's public shareholders a robust 'go-shop' provision that extends beyond the holiday season."

The investor group has secured committed financing from Bank of America Merrill Lynch and Goldman Sachs Bank USA.

The agreement permits the Special Committee to solicit, receive, evaluate and enter into negotiations with respect to alternative proposals through January 15, 2011. The Special Committee, with the assistance of its independent advisors, will actively solicit alternative proposals during this period. There can be no assurance that this process will result in a superior offer. If there is no superior offer, the transaction is expected to close in the first half of fiscal 2011, subject to customary approvals and closing conditions. Completion of the transaction also requires approval by a majority of the outstanding J.Crew shares. J.Crew and the Special Committee do not intend to disclose developments with respect to the solicitation process unless and until the Special Committee and the Board have made a decision.

The Special Committee was advised by an independent financial advisor, Perella Weinberg Partners LP, and an independent legal advisor, Cravath, Swaine & Moore LLP. Cleary Gottlieb Steen & Hamilton LLP is acting as legal advisor to J.Crew. Goldman, Sachs & Co. and Bank of America Merrill Lynch are acting as financial advisors to TPG Capital and Leonard Green & Partners. Ropes & Gray LLP is acting as legal advisor to TPG Capital and Latham & Watkins is acting as legal advisor to Leonard Green & Partners.

#### **Conference Call Information**

A listen-only call offering additional comments on third quarter results and this morning's transaction announcement will be available to all investors starting at 11:00 AM Eastern Time this morning. Callers may listen to this call by dialing (800) 642-1687, or (706) 645-9291 outside the U.S. and Canada, and by referencing conference ID 27737604. The listen-only call will also be webcast on the 'Investor Relations' section of the Company's website at [www.jcrew.com](http://www.jcrew.com). The listen-only call will be available until November 30, 2010.

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### **About TPG Capital**

TPG Capital is the global buyout group of TPG, a leading private investment firm founded in 1992, with more than \$48 billion of assets under management and offices in San Francisco, Beijing, Fort Worth, Hong Kong, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, Paris, Shanghai, Singapore and Tokyo. TPG Capital has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, growth investments, joint ventures and restructurings. TPG Capital invests in world-class franchises across a range of industries, including past and present retail investments such as American Tire Distributors, Burger King, China Grand Auto, Daphne, Debenhams, Myer, Neiman Marcus Group, PETCO Animal Supplies and Republic, among others.

### **About Leonard Green & Partners, L.P.**

Leonard Green & Partners is a leading private equity firm with over \$9 billion in equity capital under management. Based in Los Angeles, Leonard Green & Partners invests in market leading companies across a range of industries. Significant current retail investments include Whole Foods Market, Neiman Marcus Group, PETCO Animal Supplies, Leslie's Poolmart, The Sports Authority, The Container Store, Tourneau, David's Bridal, Jetro Cash & Carry and The Tire Rack.

### **Forward Looking Statements:**

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### **Additional Information and Where to Find It:**

This communication may be deemed to be solicitation material in respect of the proposed acquisition of J.Crew Group, Inc. by TPG Capital and Leonard Green & Partners, L.P. In connection with the proposed transaction, J.Crew Group, Inc. will file a proxy statement and file or furnish other relevant materials with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS OF J.CREW GROUP, INC. ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY ALL

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RELEVANT MATERIALS FILED OR FURNISHED WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING THE PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE THESE MATERIALS WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the proxy statement (when available) and other documents filed or furnished to the Securities and Exchange Commission by J.Crew Group, Inc. at the Securities and Exchange Commission's website at <http://www.sec.gov> or at J.Crew Group, Inc.'s website at <http://www.jcrew.com> and then clicking on the "Investor Relations" link and then the "SEC Filings" link. The proxy statement and other relevant materials may also be obtained for free from J.Crew Group, Inc. by directing such request to J.Crew Group, Inc., 770 Broadway, New York, New York 10003; or (212) 209-2500. The contents of the websites referenced above are not deemed to be incorporated by reference into the proxy statement.

**Participants in Solicitation:**

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**Contacts:**

For J.Crew Group, Inc.  
Margot Fooshee  
(212) 209-2717

For TPG Capital  
Owen Blinksilver  
Owen Blinksilver PR, Inc.  
(516) 742-5950

For Leonard Green & Partners, L.P.  
Mike Gennaro  
(310) 954-0414



**All-Associate Email**

Hi Everyone,

We are pleased to announce some very exciting news about our Company.

We issued a press release this morning announcing that the J.Crew Board of Directors has entered into an agreement for J.Crew to be acquired by two private investment firms, TPG Capital and Leonard Green & Partners, for a total equity value of \$3.0 billion, or \$43.50 per share. TPG Capital, who many of you know and with whom we have a long and trusted working relationship, along with Leonard Green & Partners, are both well-respected investment firms whose substantial resources and experience will enable us to invest in our future growth. Together, these firms see J.Crew as an attractive investment opportunity because of our solid business strategy, our talented associates and our industry leadership position. They support our strategy and plans, and they are aligned with our leadership team and our objectives. I will continue in my role as Chairman and CEO of the Company as well as a significant shareholder.

I am proud of all that this team has accomplished together. TPG Capital and Leonard Green & Partners are confident in the team and in our ability to drive continued growth. They recognize the talent of our people and the important role you all play within the Company. Simply put, this transaction is great for associates, our shareholders and great for our future.

This news should not be a distraction to any of us. As always, all of us will continue to work hard and remain focused on running the business providing great style, quality, design and service to our customers.

This news may generate attention from the press and investment community. If you receive any inquiries from media, investors, etc. please direct them to Margot Fooshee at (212) 209-2717.

We have posted additional information on the Company intranet; however, given the nature of the transaction we are limited in what we can discuss publicly, but we're always available to answer any questions that we can.

Best,  
Mickey

**Additional Information and Where to Find It**

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**M. Drexler Voicemail**

Hi Everyone,

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I will continue in my role as Chairman and CEO of the Company as well as a significant shareholder.

I am proud of all that this team has accomplished together. TPG Capital and Leonard Green & Partners are confident in the team and in our ability to drive continued growth. They recognize the talent of our people and the important role you all play within the Company. Simply put, this transaction is great for associates, our shareholders and great for our future.

This news should not be a distraction to any of us. As always, all of us will continue to work hard and remain focused on running the business providing great style, quality, design and service to our customers.

This news may generate attention from the press and investment community. If you receive any inquiries from media, investors, etc. please direct them to Margot Fooshee at (212) 209-2717.

We have posted additional information on the Company intranet; however, given the nature of the transaction we are limited in what we can discuss publicly, but we're always available to answer any questions that we can.

Thank you again to all.

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**M. Drexler Script for Town Hall**

- Good morning everyone and thanks for joining. Due to securities laws, we couldn't discuss today's announcement with you any sooner. In fact, this will be a little unusual as I have to stick to a script.
- This is a very exciting time for J.Crew. As you may know, this morning the J.Crew Board of Directors announced that it has entered into an agreement for J.Crew to be acquired by two private investment firms, TPG Capital and Leonard Green & Partners, for a total equity value of \$3.0 billion, or \$43.50 per share. TPG Capital, who many of you know and with whom we have a long and trusted working relationship, along with Leonard Green & Partners, are both well-respected investment firms whose substantial resources and experience will enable us to invest in our future growth. Together, these firms see J.Crew as an attractive investment opportunity because of our solid business strategy, our talented associates and our industry leadership position. They support our strategy and plans, and they are aligned with our leadership team and our objectives.
- I will continue in my role as Chairman and CEO of the Company as well as a significant shareholder.
- I am proud of all that this team has accomplished together. TPG Capital and Leonard Green & Partners are confident in the team and in our ability to drive

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continued growth. They recognize the talent of our people and the important role you all play within the Company. Simply put, this transaction is great for associates, our shareholders and great for our future.

- As a privately held company J.Crew will better able to better navigate unpredictable market cycles with a longer-term investment perspective — rather than being subject to short-term and quarterly Wall Street expectations.
- [PAUSE]
- Please keep in mind that this is just the first step in this process. In order for everything I just said to occur, J.Crew shareholders must approve it. However, before that vote can take place, a Special Committee of our Board of Directors — which is made up of independent board members and was formed to evaluate this offer — will explore whether anyone else wants to make a higher offer for the Company. This is an important protection for our shareholders. If no better offer is made, this transaction would be put to a shareholder vote. Subject to shareholder approval and other customary conditions, it would be reasonable to expect this transaction to be completed in the first half of fiscal 2011.
- [PAUSE]
- This in no way should be a distraction to any of us.

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- As always, all of us will continue to work hard and remain focused on running the business providing great style, quality, design and service to our customers.
  - We have posted additional information on the Company intranet; however, given the nature of the transaction we are limited in what we can discuss publicly, but we're always available to answer any questions that we can.

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**Associate FAQ****1. Why is J.Crew taking the company private? Why are we considering this transaction?**

The J.Crew Board of Directors has a fiduciary duty to maximize value for shareholders. Upon receiving an offer to acquire the Company, the Board formed a Special Committee comprised of four independent directors to evaluate the offer. The Special Committee, advised by independent financial and legal advisors, negotiated this transaction and recommended it to the full Board. This transaction provides shareholders with significant immediate value and enhances J.Crew's potential to capitalize on business opportunities and grow the Company for the benefit of its customers and associates.

**2. What does it mean to "go private"?**

When a company "goes private" the company's stock is no longer traded on the public market. J.Crew will no longer be owned by public shareholders but instead will be owned by TPG Capital and Leonard Green & Partners. This structure will allow us to invest more effectively in our long-term growth without the pressure of the public market.

**3. What is a private investment firm? Who are TPG Capital and Leonard Green & Partners?**

A private investment firm raises private capital (money) from corporate and public pension funds, endowments, foundations and certain individuals, and invests that capital in both public and private companies across all industries. Both TPG Capital and Leonard Green & Partners are well-known and highly regarded private equity firms.

*About TPG Capital*

TPG Capital is the global buyout group of TPG, a leading private investment firm founded in 1992, with more than \$48 billion of assets under management across a family of funds. As many of you know, TPG Capital was a previous owner of J.Crew before the Company went public in 2006.

*About Leonard Green & Partners*

Leonard Green & Partners is a leading private equity firm with over \$9 billion in equity commitments under management. Based in Los Angeles, Leonard Green & Partners invests in market leading companies across a range of industries. Significant current retail investments include Whole Foods Market, Neiman Marcus Group, PETCO Animal Supplies, Leslie's Poolmart, The Sports Authority, The Container Store, Tourneau, David's Bridal, Jetro Cash & Carry and The Tire Rack.

**4. Why did the Board form a Special Committee?**

The Board formed a Special Committee composed of four independent directors to review and evaluate this proposal. The Special Committee was formed after it received an initial indication of interest from TPG Capital.

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**5. Do you expect anyone else to offer a bid for the Company?**

The transaction is subject to a “go shop” period that runs through January 15, 2011, during which the Special Committee is permitted to solicit, negotiate and accept superior proposals. Even after this period, until shareholders approve this transaction, third parties are free to submit competing offers. The Special Committee of the Board, with the assistance of its independent advisors, intends to actively solicit superior proposals during the “go shop” period. There is no assurance that any third party will submit a higher offer for the Company.

**6. What happens if another offer is made for the Company?**

The Special Committee, with the assistance of its independent advisors, will evaluate the offer to determine whether it is superior to the one made by TPG Capital and Leonard Green & Partners. There is no assurance that any third party will submit a higher offer for the Company and the Special Committee does not plan to disclose developments with respect to the solicitation process unless and until the Special Committee and the Board have made a decision.

**7. Is Mickey Drexler going to remain as Chairman and CEO?**

Yes, Mickey will continue as Chairman and CEO of J.Crew.

**8. Will Mickey Drexler’s investment in J.Crew change in anyway?**

Mickey will remain as a significant shareholder.

**9. What does this process mean for me? Is my job at risk?**

This changes nothing about your job or our business. As always, all of us will continue to work hard and remain focused on running the business providing great style, quality, design and service.

**10. Does this transaction impact my salary or benefits?**

Compensation programs and benefits will be revisited in the normal course of business, which would happen whether we were a public or private company. We recognize the need to offer attractive compensation and benefits to our associates. TPG Capital and Leonard Green & Partners are aligned with our interests and will do what is best to motivate our associates. Together with TPG Capital and Leonard Green & Partners, we will work to continue to offer competitive pay and benefits and incentive programs that reward performance.

**11. What will happen to my Associate Stock Purchase Plan?**

Stock will be purchased under the current offering as of January 31, 2011. All shares held in your ASPP account will be cancelled and converted in cash at \$43.50 per share. As of now, the February 1, 2011 offering will not commence.

**12. What will happen to previous granted equity awards?**

All stock options and restricted stock (vested and unvested) that are still outstanding at closing will be cancelled and converted into cash. For restricted stock, the amount will be equal to the \$43.50 offer price per share multiplied by the number of restricted shares, less any applicable taxes. For options, the amount will be equal to the difference between the \$43.50 offer price per share and the exercise price, less any applicable taxes.

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**13. When will this happen?**

If no superior offer materializes, our expectation is that the transaction could be finalized within first half of fiscal 2011.

**14. What should associates do until the transaction has closed?**

While we recognize that news like this has the potential to be distracting, we have an ongoing commitment to provide our customers with the highest quality products and exceptional level of service they have come to expect, and our focus needs to remain on executing against our goals. This is especially true as we are in the midst of our holiday season.

**15. What should I tell my customers or business partners?**

You should tell them that nothing changes as we remain focused on providing great style, quality, and service.

**16. When will we be given another update?**

We are committed to keeping you informed as best as we can. Obviously, there are legal restraints in these types of situations that prevent us from communicating with you in our usual open way.

**17. What should I do if I am contacted by the media?**

As with any media requests, if you receive any calls, please direct them to Margot Fooshee.

**18. Who should I contact with more questions?**

Should you have any additional questions, please contact your manager.

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**J.CREW**

**Moderator: Jim Scully**  
**November 23, 2010**  
**11:00 a.m. ET**

Operator: Good morning, and welcome to the J.Crew conference call.  
At this time, I would like to turn the call over to Jim Scully, Chief Financial Officer.  
Go ahead, sir.

Jim Scully: Thank you, and good morning. I'd like to welcome you to our listen-only conference call to review third quarter results and the transaction we announced this morning.  
  
I would like to begin by reminding you of the company's safe harbor language, which I am sure you are familiar with. The statements contained in this conference call, which are not historical fact, maybe be deemed to constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.  
  
Actual future results might differ materially from those projected in such statements due to a number of risks and uncertainties, all of which are described in the company's filings with the SEC.  
  
And now, I'd like to turn over the call to our Chairman and CEO Millard Drexler.

Millard Drexler: Good morning. Before we review our third quarter results, I want to spend a few minutes talking about today's announcement that J.Crew has agreed to be acquired by two private investment firms, TPG Capital and Leonard Green & Partners.

As you probably saw in this morning's release, under the terms of the agreement, holders of the outstanding common shares of J.Crew will receive \$43.50 per share in cash, or a total of approximately \$3 billion. Our board concluded, at the recommendation of a special committee formed to evaluate the proposal, that this was a highly compelling offer that will provide J.Crew shareholders with substantial and immediate value for their shares.

As part of this transaction, I will continue as Chairman and CEO of J.Crew and will remain a significant shareholder. I'm looking forward to partnering with TPG Capital and Leonard Green & Partners. This transaction is a clear endorsement of J.Crew and the hard work and dedication of all of our associates.

In a few minutes, Jim will provide some more specifics on the transaction, but first, I'd like to provide a high-level review of our third quarter results.

In the third quarter, our revenues increased 4 percent with our comp sales down 1 percent and direct sales increasing 12 percent. Our operating income totaled \$64 million, a 15 percent decline versus last year. Needless to say, we are disappointed with our third quarter results and our fourth quarter outlook. While we are seeing strength from our men's Crewcuts, accessories, factory and Madewell businesses, the softness has been primarily isolated to our women's retail and direct business.

In the short term, we are taking aggressive actions to move through our inventory as efficiently as possible, which is reflected in our updated outlook. While we work through this short-term hurdle, and we believe it is short-term, we remain focused on our long-term strategy and will not compromise the integrity of our products or our customer service.

We continue to see opportunity to capitalize on all the hard work and investment we have made in our quality, style and design across all of our businesses. In our J.Crew store business, we have seen key momentum in key businesses that hold large potential for further square footage growth. These

include our men's business – we had a strong quarter with the opening of 1040 Madison in late August and Copley Place in late September. Across the company, our men's business is gaining momentum with our customers.

Our wedding and collection store at 769 Madison has been a great showcase for the category, and we are learning, changing, creating every day and see this as a long-term rollout opportunity in key markets.

We are also seeing really healthy growth in our Crewcuts business, both in stores and online. Our customer is file is growing dramatically, and we still see a lot of opportunity in key markets to open additional (inaudible).

On the direct side, we launched Factory.com in September, weekends only. And while we are still in the testing phase, we are pleased with the performance.

As you know, we also launched Madewell.com in late May. We have expanded our online assortment, and it's exciting to see the impact the Web site is having on our store business.

We are track with international online to add selected key countries in the first half of next year, which will include enhanced capabilities to offer shipping and an improved customer experience.

Our factory store business continues to be highly productive for us, and we have plans to accelerate our growth through a combination of new units, both J.Crew and Crewcuts factory, and expansion in the existing centers. And Madewell store openings keep getting stronger. We opened our 20th store last week in Georgetown and opened in Easton, Ohio, in late October.

We continue to actively pursue new store opportunities in key markets, and we will add 10 to 15 Madewell units next year. While we have taken the necessary steps to address our short-term hurdles, the team is focused and moving forward in doing what we do every day, focusing on our products, our style, design and quality.

With that, I'll turn it over to Jim to provide more information on our third quarter results and on the transaction we announced this morning.

Jim Scully:

Thanks, Mickey.

To continue on with the quarter in more detail, total revenues increased 4 percent in the third quarter to \$429 million. Our store sales increased 1 percent to \$303 million. This was driven by a 2 percent increase in net square footage, partially offset by a 1 percent decline in comp store sales. In addition, direct sales increased 12 percent, which includes both our J.Crew and Madewell direct businesses.

Gross profit for the third quarter was \$187 million, with our gross profit margin declining 490 basis points to 43.5 percent. The decline in gross profit margin reflected 440 basis points in merchandise margin deterioration coupled with 50 basis points of buying and occupancy deleverage.

The merchandise margin deterioration was greater than expected, resulting from (entry) in the third quarter with inventory up 12 percent over last year, which included approximately two to three points due to an acceleration of our additional fall deliveries, and what was not anticipated was our aggressive promotional posture as a result of the customer response to our women's assortment, as Mickey discussed.

SG&A expenses for the third quarter decreased 2 percent to \$123 million, resulting in 170 basis points of leverage with the rate declining to 28.5 percent.

The third quarter included a decrease of approximately \$10 million related to share-based and incentive compensation expense compared to the third quarter of last year. If you were to exclude share-based and incentive compensation from both this year and last year, we experienced 80 basis points of deleverage.

Operating income decreased to \$64 million from \$75 million last year. Our gross margin decline, partially offset by our SG&A leverage, drove our operating margin to 14.9 percent. The third quarter includes approximately \$1 million in losses associated with our Madewell business versus approximately \$3 million in losses last year.



Net interest expense for the third quarter totaled \$2 million, compared to net interest expense of \$1 million in the third quarter of last year. This year's net interest expense included a \$1.4 million non-cash charge for the write-off of deferred financing costs associated with our voluntary prepayment of the remaining \$49.2 million on our term loan in August.

Our effective tax rate for the third quarter was approximately 39 percent as compared to 41 percent in the third quarter of last year. The lower tax rate was primarily the result of the resolution of certain discrete tax items.

Net income for the quarter was \$38 million, or 58 cents per diluted share, compared to net income of \$44 million, or 57 cents per diluted share, in the third quarter last year.

Turning to key balance sheet highlights, cash and cash equivalents were \$312 million at the end of the third quarter, compared to \$247 million at the end of the third quarter last year.

We ended Q3 with no debt. During the last 12 months, we have paid down approximately \$100 million of debt including the payoff of our remaining term loan in August.

Inventories at the end of the third quarter were \$261 million, representing a 17 percent increase versus last year and over 14 percent on a per-square-foot basis. As I mentioned during our second quarter call, we expected our inventory to sit higher than our sales guidance at the end of the third quarter, driven by a shift forward in the timing of our holiday deliveries by approximately one week and our more conservative approach to the back half.

The shift forward of holiday, coupled with a ramp-up of investment in Factory.com inventory, drove approximately 8 percent of our inventory increase relative to last year. We expect total inventory to increase in the mid-teens versus last year at the end of the fourth quarter and approximately 10 percent excluding a partial pull forward of our spring deliveries.

Our fourth quarter guidance contemplates fall and holiday inventory levels comparable to our last year by the end of the quarter. We expect inventory to be in line with our expected sales trends at the end of the first quarter. Capital expenditures for the third quarter were \$20 million.

Turning to our outlook, based on our third quarter performance and the trends of our business, we are now lowering our full year outlook. For fiscal year 2010, we expect diluted earnings per share in the range of \$2.08 to \$2.13, which compares to \$1.91 for fiscal 2009. This annual earnings guidance reflects comp store sales growth in the mid-single digits, direct sales growth in the low to mid-teens, operating margin approximately flat to 30 basis points of expansion. We expect SG&A per square foot will increase in the low to mid-single digits versus 2009 based on our current sales estimates.

The full year also reflects an effective tax rate of approximately 40 percent; approximately 66 million diluted shares outstanding, which compares to (55) million shares in fiscal 2009; capital expenditures of approximately \$55 million, which includes 15 new stores with annual net square footage growth of approximately 3 percent; and approximately \$10 million in losses associated with Madewell versus our previous expectations of a loss of \$13 million.

For the fourth quarter, we expect diluted earnings per share in the range of 30 cents to 35 cents, which compares to 61 cents in the fourth quarter of fiscal 2009. Our fourth quarter outlook reflects comp store sales in the negative low single digits, direct sales growth in the positive high single digits and a gross margin decrease of approximately 600 to 700 basis points as compared to the fourth quarter of 2009.

This decline is higher than the decline we experienced in the third quarter, because our sales guidance for the fourth quarter reflects a more conservative top-line trend, and we anticipate increased promotional activity during the holiday selling period.

The fourth quarter also assumes approximately 66 million average diluted shares outstanding, which compares to (66 shares) in the fourth quarter of 2009.

Finally, we are all hearing a lot about product cost pressures for 2011 and wanted to give you some more color. We are seeing cost pressure primarily in raw materials and wages. Our number-one priority is, as always, to protect the quality of our goods while maximizing our flexibility, ensuring timely delivery as well as negotiating price.

We are seeing low single-digit cost pressure in the front half of 2011, and we expect mid-single digits in the back half, though we have not completed our fall and holiday 2011 purchases. We have moved quickly wherever possible to work with our vendor partners on pricing and see opportunities on supply chain to mitigate some of the cost pressure.

The concludes my review of the third quarter, however, before we wrap up, I'd like to provide a few more details on the transaction that Mickey outlined for you.

To begin, a few words on process. As we noted in the release, our special committee of the J.Crew board of directors, comprised of four independent directors, negotiated the transaction and recommended it to the full board. The special committee was advised by independent financial and legal advisors.

After a thorough assessment, the board concluded that this transaction is the best way to maximize value for shareholders, who will receive a significant premium for their shares.

Also, as we announced, the special committee negotiated a robust go-shop provision that enables it to solicit, review or evaluate and enter into negotiations with respect to the alternative proposals through January 15, 2011. This extends beyond the holiday season, which, as you know, is a critical time for retailers like J.Crew. And, as you know, there's no assurance the go-shop provision will result in a higher offer.

With respect to next steps and timing, J.Crew will file a proxy statement with the SEC which will contain more detailed information about the transaction and the board and special committee process. If no superior proposal is brought to the special committee, the transaction is expected to close in the first half of fiscal 2011, subject to shareholder approval and other (closing) conditions.

With that, I thank you for your time and interest in J.Crew. I would just note that this recorded call is in lieu of the previously scheduled earnings call that was to take place today at 4:30 Eastern Time. Thank you.

Operator: This concludes today's conference call. Thank you and have...

END

**Master Q&A****1. Why is the company going private again now?**

The J.Crew Board of Directors has a fiduciary duty to maximize value for shareholders. Upon receiving an offer to acquire the Company, the Board formed a Special Committee comprised of four independent directors to evaluate the offer. The Special Committee, advised by independent financial and legal advisors, negotiated this transaction and recommended it to the full Board. This transaction provides shareholders with significant immediate value and enhances J.Crew's potential to capitalize on business opportunities and grow the Company for the benefit of its customers and associates.

**2. Why sell the company now?**

After a thorough assessment with the assistance of independent financial and legal advisors, the Special Committee of the Board concluded that this transaction is the best way to maximize value for shareholders, who will receive substantial and immediate value for their shares. \$43.50 per share is an attractive valuation, representing a premium of 29% to J.Crew's average closing share price over the last month.

**3. What are the terms and conditions of the transaction?**

Under the terms of the agreement, funds affiliated with TPG Capital and Leonard Green & Partners will acquire all of the outstanding common shares of J.Crew for \$43.50 per share in cash, or a total of approximately \$3.0 billion. The transaction includes what is known as a "go shop" provision, which enables the Special Committee to determine if a superior offer is available from a third party. If no superior offer materializes, the transaction is expected to close in the first half of J.Crew's 2011 fiscal year, subject to shareholder approval and customary closing conditions.

**4. Why did the Board form a Special Committee? When was it formed?**

Details regarding the process will be addressed in the proxy statement, which we expect to file in due course.

**5. Who is on the Special Committee?**

The Special Committee is comprised of four independent board members: Mary Ann Casati, David House, Stephen Squeri and Josh Weston, who is Chair of the Special Committee.

**6. Who are the acquirors?**

TPG Capital is the global buyout group of TPG, a leading private investment firm founded in 1992, with more than \$48 billion of assets under management across a family of funds. As many of you know, TPG Capital was a previous owner of J.Crew before the Company went public in 2006. Leonard Green & Partners is a leading private equity firm with over \$9 billion in equity commitments under management. Based in Los Angeles, Leonard Green & Partners invests in market leading companies across a range of industries. Significant current retail investments include Whole Foods Market, Neiman Marcus Group, PETCO Animal Supplies, Leslie's Poolmart, The Sports Authority, The Container Store, Tourneau, David's Bridal, Jetro Cash & Carry and The Tire Rack.

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**7. What is Leonard Green & Partners' retail experience?**

Leonard Green & Partners has substantial retail and luxury investing experience, including The Container Store, Neiman Marcus Group, Tourneau and Sports Authority.

**8. What is Mickey Drexler's role going to be in the new company?**

Mickey Drexler is going to remain as Chairman and CEO, as well as a significant shareholder.

**9. What is Mickey Drexler's role in the transaction?**

Mickey Drexler will remain as Chairman and CEO and as well as a significant shareholder.

**10. What are the benefits to being a private company versus public company?**

We believe becoming a private company will provide numerous benefits for J.Crew and our shareholders, customers, and associates. We will have more flexibility to make business decisions and to invest in our business with a longer-term perspective — rather than managing to short-term Wall Street expectations. In the retail and fashion industries, operating with a long-term perspective is particularly important. We believe J.Crew will be better able to navigate through unpredictable market cycles and attain its full potential.

**11. Did the full board vote on the transaction?**

The agreement was approved by the full Board; however James Coulter, a partner of TPG Capital, and Mickey Drexler, recused themselves from the vote.

**12. Why should shareholders support this deal?**

After a thorough assessment with the assistance of independent financial and legal advisors, the Special Committee of the Board concluded that this transaction is the best way to maximize value for shareholders, who will receive substantial and immediate value for their shares. The price represents a premium of 29% to J.Crew's average closing share price over the last month. It also includes what is known as a "go shop" provision, which enables the Special Committee to determine if a superior offer is available from a third party through January 15, 2011. The Special Committee, with the assistance of its independent advisors, will actively solicit superior proposals during this period.

**13. Do you expect any third parties to bid for the Company?**

It would be inappropriate to speculate. The transaction includes a robust "go shop" provision that runs through January 15, 2011, during which time the Special Committee of the Board is permitted to solicit, negotiate and accept superior proposals. Even after this period, until shareholders approve this transaction, third parties are free to submit competing offers. The Special Committee, with the assistance of its independent advisors, intends to actively solicit superior proposals during the "go shop" period. However, there is no assurance that any third party will submit a superior offer for the Company.

**14. Did the Board shop the company to see if a better deal was available?**

After a thorough assessment with the assistance of independent financial and legal advisors, the Special Committee of the Board concluded that this transaction is the best way to maximize value for shareholders, who will receive substantial and immediate value for their shares. The price represents a premium of 29% to J.Crew's average closing share price over the last month. It also includes a robust "go shop" provision, which enables the Special Committee to determine if a superior offer is available from a third party through January 15, 2011. The Special Committee, with the assistance of its independent advisors, will actively solicit superior proposals during this period. Even after this period, until shareholders approve this transaction, third parties are free to submit competing offers.

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**15. Do TPG Capital and Leonard Green & Partners have financing in place? If so, on what terms?**

The investor group has secured committed financing from Goldman, Sachs & Co. and BofA Merrill Lynch. Additional information relating to the transaction will be available in the Company's regulatory filings.

**16. How much debt will J.Crew incur in this transaction and is this a good time for a debt-free retailer to incur substantial debt?**

Details regarding the transaction will be addressed in the proxy statement, which we expect to file in due course.

**17. Does this transaction require J.Crew shareholder approval? What is the required vote?**

Completion of the transaction requires approval by a majority of the outstanding J.Crew shares.

**18. What is the anticipated closing date for the transaction?**

If there is not a superior offer from a third party, we would expect this transaction to close in the first half of our 2011 fiscal year.

**19. What is Mickey Drexler's ownership stake?**

According to the most recent public filings, Mickey Drexler owns 11.8% of the Company.

**20. What is your history with TPG Capital?**

TPG Capital led a buyout of J.Crew in 1997 and sold its remaining ownership interest in April 2009.

**21. How long will the "go shop" period last?**

The "go shop" period runs through January 15, 2011.

**22. What is the record date for voting?**

This information will be provided following the termination of the "go shop" period.

**23. Who are the Special Committee's financial and legal advisors?**

The Special Committee was advised by an independent financial advisor, Perella Weinberg Partners LP, and an independent legal advisor, Cravath, Swaine & Moore LLP.

**24. Who are the Company's advisors?**

Cleary Gottlieb Steen & Hamilton LLP is acting as legal advisor to J.Crew.

**25. Why does the Special Committee have different legal representation than the Company?**

It is appropriate and typical for a Special Committee to have independent financial and legal advisors to ensure there are no conflicts of interest.

**26. Where can I find additional information about the proposed transaction?**

In due course, the Company will file a proxy statement with the SEC seeking shareholder approval of the transaction. The proxy statement, when it becomes available, will contain a description of the transaction terms and the background of the transaction.

**Additional Information and Where to Find It**

This communication may be deemed to be solicitation material in respect of the proposed acquisition of J.Crew Group, Inc. by TPG Capital, and Leonard Green & Partners, L.P. In connection with the proposed transaction, J.Crew Group, Inc. will file a proxy statement and file or furnish other relevant materials with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS OF J.CREW GROUP, INC. ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY ALL RELEVANT MATERIALS FILED OR FURNISHED WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING THE PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE THESE MATERIALS WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the proxy statement (when available) and other documents filed or furnished to the Securities and Exchange Commission by J.Crew Group, Inc. at the Securities and Exchange Commission's website at <http://www.sec.gov> or at J.Crew Group, Inc.'s website at <http://www.jcrew.com> and then clicking on the "Investor Relations" link and then the "SEC Filings" link. The proxy statement and other relevant materials may also be obtained for free from J.Crew Group, Inc. by directing such request to J.Crew Group, Inc., 770 Broadway, New York, New York 10003; or (212) 209-2500. The contents of the websites referenced above are not deemed to be incorporated by reference into the proxy statement.

**Participants in Solicitation**

J.Crew Group, Inc. and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its stockholders in connection with the proposed transaction. Information concerning the interests of J.Crew Group, Inc.'s participants in the solicitation is, or will be, set forth in J.Crew Group, Inc.'s proxy statements and Annual Reports on Form 10-K, previously filed with the Securities and Exchange Commission, and in the proxy statement relating to the proposed transaction when it becomes available. Each of these documents is, or will be, available free of charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and from J.Crew Group, Inc. at <http://www.jcrew.com>, and then clicking on the "Investor Relations" link and then the "SEC Filings" link or by directing such request to J.Crew Group, Inc., 770 Broadway, New York, New York 10003; or (212) 209-2500.



**Talking Points for Investors/Analysts**

- As you have likely seen, this morning the J.Crew Board of Directors announced that it has entered into an agreement for J.Crew to be acquired by two private investment firms, TPG Capital and Leonard Green & Partners, for a total equity value of \$3.0 billion, or \$43.50 per share.
- A Special Committee of the J.Crew Board of Directors, comprised of four independent directors, and chaired by Josh Weston, negotiated the transaction and recommended it to the full Board.
- The Special Committee was advised by independent financial and legal advisors (Perella Weinberg and Cravath Swaine & Moore).
- After a thorough assessment, the Board concluded that the proposal put forth by TPG Capital and Leonard Green & Partners is the best way to maximize value for shareholders, who will receive substantial and immediate value for their shares.
- \$43.50 per share is a very compelling valuation, representing a premium of 29% to J.Crew's average closing share price over the last month.
- The investor group has secured committed financing from Goldman, Sachs & Co. and BofA Merrill Lynch.
- Furthermore, the Special Committee successfully negotiated a robust "go-shop" period that extends beyond the holiday season.
- During this period, the Special Committee, with the assistance of its independent advisors, will actively solicit superior proposals. However, there is no assurance the "go shop" provision will result in a higher offer.
- In the meantime, J.Crew will file a preliminary proxy statement with the SEC which will contain detailed information about this transaction and the Board and Special Committee process.
- Once the SEC completes its review of the preliminary proxy, J.Crew will file the definitive proxy statement with the SEC and mail it to shareholders.
- If no superior proposal is put before the Special Committee, shareholders will have a chance to vote on this transaction.
- The transaction would officially close once it is approved by shareholders and all closing and regulatory conditions are met. We would anticipate a close in the first half of fiscal 2011.
- While we weren't actively seeking this transaction, once the offer was received, the Special Committee determined that it was the best way to maximize value for shareholders.

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- The fact is, the retail environment continues to be erratic and challenging. As a private company, J.Crew will be better able to navigate through these highly unpredictable market cycles with a longer-term investment perspective — rather than managing to short-term or quarterly Wall Street expectations.
  - Under this transaction, Mickey Drexler has agreed to remain Chairman and CEO as well as a significant shareholder. He knows TPG Capital well and believes they bring a tremendous amount of industry and operational expertise that will allow J.Crew to thrive. Both TPG Capital and Leonard Green & Partners have significant expertise in the retail space and they are dedicated to cultivating and growing J.Crew's business.
  - While it is still early in the process, we will of course keep you informed of any significant developments, as appropriate.
  - Please do not hesitate to contact me should you have any questions.

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stockholders in connection with the proposed transaction. Information concerning the interests of J.Crew Group, Inc.'s participants in the solicitation is, or will be, set forth in J.Crew Group, Inc.'s proxy statements and Annual Reports on Form 10-K, previously filed with the Securities and Exchange Commission, and in the proxy statement relating to the proposed transaction when it becomes available. Each of these documents is, or will be, available free of charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and from J.Crew Group, Inc. at <http://www.jcrew.com>, and then clicking on the "Investor Relations" link and then the "SEC Filings" link or by directing such request to J.Crew Group, Inc., 770 Broadway, New York, New York 10003; or (212) 209-2500.

**Manager Talking Points**

- I wanted to pull everyone together to talk through the announcement that Mickey made today.
- I'm sure you all have a lot of questions, as did I, when I first heard the news.
- First, I want to emphasize the sensitivity of all of the information discussed today, due to very strict SEC regulations.
- Nothing regarding this announcement can be emailed, sent on instant messenger, posted to facebook, Twitter, blogs, message boards or webpages, as a result of these restrictions.
- Because the transaction will not be technically not closed until the first half of fiscal 2011, we are very limited in what we can discuss publicly.
- All that said, this announcement is really great news for the Company and for associates.
- Essentially, these two investment firms see J.Crew as an attractive investment opportunity because of our solid business strategy, our talented associates and our industry leadership position.
- They support our strategy and plans, and are aligned with our leadership team and with our objectives.
- TPG Capital, who many of you know and with whom we have a long and trusted working relationship, along with Leonard Green & Partners, are both well respected private investment firms whose substantial resources and experience will enable us to invest in our future growth.
- As a privately held company we will be better able to navigate through highly unpredictable market cycles with a longer-term investment perspective — rather than managing to short-term or quarterly Wall Street expectations.
- What does this mean for all of us as associates at the Company?
- Bottom line is it's business as usual for all of us. TPG Capital and Leonard Green & Partners are supportive of our business plans and ongoing success.
- This announcement cannot distract us from any of our daily activities. We all know we're in the midst of our holiday season and need to remain focused on driving the business forward.
- We must maintain our commitment to providing customers with the high-quality products and exceptional service they have come to expect from us.

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- I know there's a lot of information and I don't want to overwhelm anyone. I strongly encourage you to go to the intranet and read the press release and FAQ that we have posted there.
  - Then, if you have any additional questions, I am of course available to try and answer what I can; however, given the nature of the transaction we are limited in what we can discuss publicly.
  - As a reminder, only authorized people can speak on behalf of the Company on this or any other matter. If you receive any media or investor calls, or other outside inquiries regarding this situation, please direct them to Margot Fooshee.
  - We will, of course, keep you informed if and when any significant developments arise.

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