

**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): January 16, 2011**

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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**

**Delaware**  
(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 1.01. Entry into a Material Definitive Agreement.

On January 16, 2011, J.Crew Group, Inc., a Delaware corporation (the “Company”), entered into a Memorandum of Understanding (the “Memorandum of Understanding”) with the parties in In re J.Crew Group, Inc. Shareholders Litigation, C.A. No. 6043 (the “Consolidated Delaware Action”) providing for the settlement of the claims against the Company and the other defendants in the Consolidated Delaware Action, which was brought in connection with the previously announced Agreement and Plan of Merger (the “Merger Agreement”), dated as of November 23, 2010, among the Company, Chinos Holdings, Inc., a Delaware corporation (“Parent”), and Chinos Acquisition Corporation, a Delaware corporation (“Merger Sub”) and a wholly owned subsidiary of Parent (each of Parent and Merger Sub are beneficially owned by affiliates of TPG Capital, L.P. (“TPG”) and Leonard Green & Partners, L.P. (“Leonard Green”). The Memorandum of Understanding was agreed to by the parties pending the prompt negotiation and execution of a more formal settlement agreement based on the terms of the Memorandum of Understanding that has been submitted to the Court of Chancery of the State of Delaware. The settlement agreement will be subject to the approval of the Court of Chancery of the State of Delaware.

Pursuant to the Memorandum of Understanding, the Company, Parent and Merger Sub agreed to amend the Merger Agreement to implement certain terms of the Memorandum of Understanding (the “Amendment” and the Merger Agreement as amended by the Amendment, the “Amended Merger Agreement”). The Amendment provides for the following: (i) the extension of the “go shop” period by 31 days through February 15, 2011; (ii) the reduction of the termination fee payable by the Company in certain circumstances to \$20 million, plus up to \$5 million for reimbursement of expenses; (iii) if the Company receives a third party acquisition proposal pursuant to which the stockholders of the Company would be entitled to receive consideration having a value of \$45.50 or more per share that the board of directors of the Company (acting through the special committee) determines is a superior proposal, Parent’s right to match the third party acquisition proposal is eliminated; (iv) if the Company receives a third party acquisition proposal that would entitle the stockholders of the Company to receive consideration having a value of between \$44.00 and \$45.49 per share that the board of directors of the Company (acting through the special committee) determines is a superior proposal and the third party fails to acquire the Company because of a subsequent superior proposal, the third party is entitled to reimbursement of its reasonable and documented expenses up to \$3 million; (v) Parent does not have the contractual right to receive information regarding the results of the “go shop” period until the expiration of the extension of the “go shop” period on February 15, 2011; and (vi) the closing of any transaction with Parent and Merger Sub is conditioned on a majority of the Company’s unaffiliated stockholders voting in favor of the transaction. Under the terms of the Merger Agreement, Parent is not required to consummate the merger until after completion of a marketing period for the financing it is using to fund a portion of the merger consideration. Pursuant to the Amendment, the marketing period has been reduced from 20 business days to 16 business days, provided that the marketing period will not begin until 7 business days following the date on which the Company provides certain required information to Parent.

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A copy of the Amendment is attached as Exhibit 2.1 hereto and is incorporated herein by reference. The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the Exhibit 2.1 hereto.

In addition, the Memorandum of Understanding that the parties to the Consolidated Delaware Action agreed to contemplates the following terms:

- (i) When and if the proposed transaction closes, the Company (or its insurers) will make a one-time settlement payment of \$10 million to the Company's stockholders (other than the defendants in the Consolidated Delaware Action and their affiliates). The \$10 million settlement payment will be distributed pro rata to each member of the class. Neither the Company nor its insurers will deduct legal fees from this payment. The definition of the class will be determined at a later date in the court proceedings.
- (ii) In the event that (a) a third party other than Parent and Merger Sub acquires the Company, (b) such third party offers Mr. Millard S. Drexler, Chairman and Chief Executive Officer of the Company ("Mr. Drexler") employment on the same or better terms and conditions to Mr. Drexler (including with respect to equity grants) than the terms and conditions contemplated in connection with the merger, and (c) Mr. Drexler elects not to enter into an employment relationship with such third party, Mr. Drexler agreed that for the two-year period following the termination of his employment with the Company, he shall not compete with the Company (other than as a holder of a passive investment not in excess of 5% of the outstanding shares of any publicly traded company).
- (iii) The special committee agreed to consider in good faith comments made by the plaintiffs in the Consolidated Delaware Action on the form confidentiality agreement provided to potential bidders during the go shop process, any changes to which would also be made to the existing confidentiality agreement among the Company, TPG and Leonard Green. Among other things, the special committee agreed to limit any standstill agreement in such confidentiality agreements to six months.
- (iv) The Company represented and confirmed that any third parties that sign the confidentiality agreement will have access to the same information that TPG and Leonard Green received, except that the Company's competitors may receive a more limited set of information.
- (v) The Company agreed to amend the proxy statement to address certain disclosure requests made by the plaintiffs in the Consolidated Delaware Action, which specific requests will be considered by the Company in good faith.

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- (vi) The plaintiffs in the Consolidated Delaware Action agreed to provide the defendants and their affiliates a full and appropriate release of all claims that were asserted or that could have been asserted in the Consolidated Delaware Action, the specific wording of which would be negotiated in good faith.

The Memorandum of Understanding and the Amended Merger Agreement were approved by the Company's board of directors (other than Mr. Drexler and Mr. James Coulter who recused themselves), acting upon the unanimous recommendation of the special committee composed of independent directors of the board of directors.

The defendants have denied and continue to deny any wrongdoing or liability with respect to all claims, events, and transactions complained of in Consolidated Delaware Action or that they have engaged in any wrongdoing. The defendants have entered into the settlement to eliminate the uncertainty, burden, risk, expense and distraction of further litigation.

#### **Item 8.01. Other Events.**

The Company today announced that it has established a record date and a meeting date for a special meeting of its stockholders to consider and vote upon a proposal to adopt the Amended Merger Agreement. Stockholders of record at the close of business on Friday, January 21, 2011, will be entitled to notice of the special meeting and to vote at the special meeting. The special meeting is scheduled to be held on Tuesday, March 1, 2011.

In addition, the Company has received notice from the Federal Trade Commission granting early termination of the mandatory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act ("HSR Act"). Accordingly, the condition to closing in the Merger Agreement with respect to the expiration of the applicable waiting periods under the HSR Act has been satisfied.

On January 18, 2011, the Company issued a press release announcing entry into the Amended Merger Agreement, the Memorandum of Understanding and certain other events, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

On January 18, 2011, Mr. Drexler left a voicemail for the Company's associates regarding the Amended Merger Agreement and the Memorandum of Understanding, a transcript of which is attached hereto as Exhibit 99.2 and incorporated herein by reference.

#### ***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 definitive 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 DEFINITIVE 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 definitive 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 definitive 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 definitive 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 transaction. 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 definitive 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" 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 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 Securities and Exchange Commission 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:

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

<u>Exhibit No.</u>	<u>Description</u>
2.1	Amendment No. 1 to the Agreement and Plan of Merger, dated November 23, 2010, by and among J.Crew Group, Inc., Chinos Holdings, Inc. and Chinos Acquisition Corporation, dated January 18, 2011.
99.1	Press Release, dated January 18, 2011.
99.2	M. Drexler Associate Voicemail Transcript.

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[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: January 18, 2011

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## EXHIBIT INDEX

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99.1	Press Release, dated January 18, 2011.
99.2	M. Drexler Associate Voicemail Transcript.



AMENDMENT NO. 1TO THE AGREEMENT AND PLAN OF MERGER

This AMENDMENT No. 1 (this “Amendment”) to the Agreement and Plan of Merger, dated as of November 23, 2010 (the “Agreement”), by and among Chinos Holdings, Inc., Chinos Acquisition Corporation and J. Crew Group, Inc., is entered into as of January 18, 2011.

WHEREAS, the parties hereto wish to amend the Agreement as hereinafter provided;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. *Definitions; References.* Capitalized terms used but not defined herein shall have the meanings assigned to them in the Agreement. References herein to “Sections” refer to Sections of the Agreement.

2. *Amendment of the Agreement.*

a. *General Amendments.* Throughout the Agreement, the defined term “Company Stockholder Approval” shall be deleted in its entirety and replaced with the defined term “Company Stockholder Approvals” (*mutatis mutandis* with respect to the grammatical changes resulting from such term being plural), except for references to the defined term “Company Stockholder Approval” in Sections 3.3(d) and 8.12.

b. *Amendment to Section 3.3(d).* Section 3.3(d) shall be deleted in its entirety and replaced with the following: “(d) The affirmative vote (in person or by proxy) of the holders of a majority of the outstanding shares of Company Common Stock at the Company Stockholders Meeting, or any adjournment or postponement thereof, in favor of the adoption of this Agreement (the “Company Stockholder Approval”) and the Unaffiliated Stockholder Approval are the only votes or approvals of the holders of any class or series of capital stock of the Company or any of its Subsidiaries which are necessary to adopt this Agreement and approve the Transactions.

c. *Amendment to Section 4.4.* The first sentence of Section 4.4 shall be deleted in its entirety and replaced with the following: “Parent directly or indirectly owns beneficially, and is the direct or indirect record owner of, all of the outstanding capital stock of Merger Sub.”

d. *Amendment to Section 5.2(a).* The Reference to “January 15, 2011” in Section 5.2(a) shall be deleted in its entirety and replaced with “February 15, 2011”.

e. *Amendment to Section 5.2(b).* The Reference to “January 16, 2011” in Section 5.2(b) shall be deleted in its entirety and replaced with “February 16, 2011”.

f. *Amendment to Section 5.2(e)*. The following shall be added to the end of Section 5.2(e): “Notwithstanding the foregoing, if (X) the Company receives any Takeover Proposal pursuant to which the stockholders of the Company would be entitled to receive consideration having a value of \$45.50 or more, and (Y) the Board of Directors of the Company (acting upon recommendation of the Special Committee) determines, acting in good faith and after consultation with its financial advisor and outside legal counsel, that such Takeover Proposal constitutes a Superior Proposal, then the rights and obligations of the parties pursuant to the immediately preceding clauses (1) through (4) of this Section 5.2(e) shall not apply. For the avoidance of doubt, nothing in this Section 5.2(e) shall prevent or preclude Parent from proposing to revise the terms of this Agreement or taking any actions relating thereto. In addition, and notwithstanding anything in this Agreement to the contrary, to the extent that (x) any Person submits, and does not subsequently withdraw, a Takeover Proposal that the Board of Directors of the Company (acting upon recommendation of the Special Committee) determines, acting in good faith and after consultation with its financial advisor and outside legal counsel, constitutes a Superior Proposal, (y) the Takeover Proposal described in clause (x) above would entitle the stockholders of the Company to receive consideration having a value of between \$44.00 and \$45.49, and (z) such Takeover Proposal is not consummated as a result of the Company entering into an alternative acquisition agreement (whether pursuant to the rights and obligations of the parties in preceding clauses (1) through (4) or otherwise), then the Company will reimburse the Person making such Takeover Proposal for up to \$3 million of documented and reasonable actual out-of-pocket expenses incurred by such Person in conducting diligence in connection with and presenting such Takeover Proposal (including documented and reasonable legal and financial advisory fees).”

g. *Amendment to Section 5.3(b)*. The phrase “; provided, that the Company shall be under no obligation to mail the Proxy Statement to its stockholders prior to the No-Shop Period Start Date” shall be deleted in its entirety from the first sentence of Section 5.3(b).

h. *Amendment to Section 6.1*. Section 6.1 (but, for the avoidance of doubt, not subclauses (a), (b) or (c) of Section 6.1) shall be deleted in its entirety and replaced with the following: “6.1 Conditions to Each Party’s Obligation to Effect the Merger. The respective obligations of each party hereto to effect the Merger shall be subject to the satisfaction (or, except with respect to the Unaffiliated Stockholder Approval, waiver if permissible under applicable Law) on or prior to the Closing Date of the following conditions:”.

i. *Amendment to Section 7.3(a)*. The second to last sentence of Section 7.3(a) shall be deleted in its entirety and replaced with the following: “As used herein, “Termination Fee” shall mean a cash amount equal to \$20.0 million.”

j. *Amendments and Additions to Section 8.12*.

- i. The definition of “Excluded Party” in Section 8.12 shall be deleted in its entirety and replaced with the following: “ Excluded Party” means any Person, group of Persons or group that includes any Person (so long as such Person, together with all other members of such group, if any, who were members of such group or another group that included such Person immediately prior to the No-Shop Period Start Date, represent at least 50% of the equity financing of such group at all times following the No-Shop Period Start Date and prior to the termination of this Agreement) from whom the Company or any of its Representatives has received, after the execution of this Agreement and prior to the No-Shop Period Start Date, a Takeover Proposal that the Special Committee determines, in good faith, prior to or as of the No-Shop Period Start Date and after consultation with its financial advisor and outside legal counsel, constitutes a Superior Proposal; provided, that any such Person or group shall cease to be an “Excluded Party” at any time such Person or group ceases to be actively pursuing efforts to acquire the Company.

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- ii. The following definition shall be added to Section 8.12: “Company Stockholder Approvals” means each of the Company Stockholder Approval and the Unaffiliated Stockholder Approval.”
- iii. The definition of “Marketing Period” in Section 8.12 shall be deleted in its entirety and replaced with the following: “Marketing Period” means the first period of 16 consecutive business days after the date of this Agreement beginning on the later of (a) the seventh business day following the date on which Parent shall have the Required Information the Company is required to provide pursuant to Section 5.5, and such Required Information is Compliant; provided, that if the Company shall in good faith reasonably believe it has provided the Required Information and such Required Information is Compliant, it may deliver to Parent a written notice to that effect (stating when it believes it completed such delivery), in which case the Company shall be deemed to have complied with clause (a) above unless Parent in good faith reasonably believes the Company has not completed the delivery of the Required Information or that the Required Information is not Compliant and, within four business days after the delivery of such notice by the Company, delivers a written notice to the Company to that effect (stating with specificity which Required Information the Company has not delivered or is not Compliant) and (b) the first day on which all conditions set forth in Section 6.1 and Section 6.2 (other than (x) the conditions set forth in Section 6.1(a) which need to be satisfied no later than five business days prior to the end of the Marketing Period and (y) those conditions that by their terms are to be satisfied at the Closing, which need only be satisfied at the Closing, as the case may be) have been satisfied and nothing has occurred and no condition exists that would cause any of such conditions not to be satisfied assuming Closing, as the case may be, were to be scheduled for any time during such 16 consecutive business day period. Notwithstanding the foregoing, the “Marketing Period” shall not commence and shall be deemed not to have commenced (A) prior to the No-Shop Period Start Date, (B) prior to the mailing of the Proxy Statement or (C) if, on or prior to the completion of such 16 business day period, (x) the Company shall have publicly announced any intention to restate any material financial information included in the Required Information or that any such restatement is under consideration, in which case the Marketing Period shall be deemed not to commence unless and until such restatement has been completed and the applicable Required Information has been amended or the Company has announced that it has concluded that no restatement shall be required, and the requirements in clauses (a) and (b) above would be satisfied on the first day, throughout and on the last day of during such new 16 business day period or (y) the Required Information would not be Compliant at any time during such 16 business day period, in which case a new 16 business day period shall commence upon Parent and its financing sources receiving updated Required Information that would be Compliant, and the requirements in clauses (a) and (b) above would be satisfied on the first day, throughout and on the last day of such new 16 business day period (for the avoidance of doubt, it being understood that if at any time during the Marketing Period the Required Information provided at the initiation of the Marketing Period ceases to be Compliant, then the Marketing Period shall be deemed not to have occurred). In addition, if the Marketing Period would end after the last day prior to the filing of the Company’s annual report on Form 10-K for the fiscal year ending January 29, 2011 on which the auditors would be willing to deliver comfort letters with negative assurance and before the day that the Company files such Form 10-K, then the Marketing Period will not begin prior to the filing of such Form 10-K.

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- iv. The following definition shall be added to Section 8.12: “Unaffiliated Stockholder Approval” means the approval and adoption of this Agreement by the holders of a majority of the then-outstanding shares of Company Common Stock not owned, directly or indirectly, by Parent, Merger Sub, the Rollover Investors, any other officers and directors of the Company or any of their respective Affiliates or “associates” (as defined in Section 12b-2 of the Exchange Act).

k. *Amendment to Section 8.14.* The fifth sentence of Section 8.14(a) shall be deleted in its entirety and replaced with the following: “The words ‘date hereof’ when used in this Agreement shall refer to November 23, 2010.”

3. *Representations and Warranties.* Each of the parties hereto represents and warrants to the other parties hereto that: (i) such party has all necessary corporate power and authority to execute and deliver this Amendment; (ii) the execution and delivery by such party of this Amendment has been duly authorized and approved by its board of directors (in the case of the Company, acting upon recommendation of the Special Committee) in accordance with Section 8.2, and no other corporate action on its part is necessary to authorize the execution and delivery by such party of this Amendment; and (iii) this Amendment has been duly executed and delivered by such party and, assuming due authorization, execution and delivery hereof by the other parties hereto, constitutes a valid and binding obligation of such party, enforceable against its in accordance with its terms, subject to the Bankruptcy and Equity Exception.
4. *No Other Amendments.* Except as expressly amended by this Amendment, the Agreement shall remain in full force and effect in accordance with its terms.

[remainder of the page intentionally left blank – signature page follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

CHINOS HOLDINGS, INC.,

By: /s/ Ronald Cami

Name: Ronald Cami

Title: Vice President

CHINOS ACQUISITION CORPORATION

By: /s/ Ronald Cami

Name: Ronald Cami

Title: Vice President

J. CREW GROUP, INC.,

By: /s/ Josh S. Weston

Name: Josh S. Weston

Title: Chairman of the Special Committee of the Board of  
Directors

[AMENDMENT # 1 TO THE AGREEMENT AND PLAN OF MERGER]

**FOR IMMEDIATE RELEASE****J.Crew Group, Inc. Announces Record Date and Special Meeting to Vote on Merger, Preliminary Results of the “Go Shop” Period, Settlement of Delaware Litigation and Amendment to Merger Agreement**

**New York – January 18, 2011-** J.Crew Group, Inc. (NYSE: JCG) today announced that it has established a record date and a meeting date for a special meeting of its stockholders to consider and vote upon a proposal to adopt the merger agreement (as amended pursuant to the memorandum of understanding described below) between the Company and affiliates of TPG Capital, L.P. and Leonard Green & Partners, L.P. J. Crew stockholders of record at the close of business on Friday, January 21, 2011, will be entitled to notice of the special meeting and to vote at the special meeting. The special meeting is scheduled to be held on Tuesday, March 1, 2011. The Company has received notice from the Federal Trade Commission granting early termination of the mandatory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. Accordingly, the condition to closing in the merger agreement with respect to the expiration of the applicable waiting periods under the HSR Act has been satisfied. Despite an active and extensive solicitation of potentially interested parties in connection with the “go-shop” period since the announcement of the merger agreement, the Company has not received any alternative acquisition proposals to date.

J. Crew today also announced that it and the other defendants have entered into a memorandum of understanding with the Delaware plaintiffs to settle, subject to court approval, the putative class action lawsuit pending in Delaware chancery court against the Company and others in connection with the proposed acquisition of J. Crew by affiliates of TPG Capital, L.P. and Leonard Green & Partners, L.P. On January 18, 2011, J. Crew, and affiliates of TPG Capital and Leonard Green entered into an amendment to the merger agreement implementing certain terms of the memorandum of understanding.

Pursuant to the memorandum of understanding, the merger agreement was amended, including to extend the expiration date of the “go-shop” period from January 15, 2011 to February 15, 2011, to reduce the termination fee payable by J. Crew in certain circumstances to \$20 million, plus expense reimbursement in an amount not to exceed \$5 million, to eliminate in certain circumstances the match rights of affiliates of TPG Capital and Leonard Green and to provide that the transaction must be approved by a majority of our unaffiliated stockholders. The memorandum of understanding also contemplates a one-time payment of \$10 million by J.Crew or its insurers to the class of shareholder plaintiffs represented in the suit payable upon consummation of the acquisition of J. Crew by affiliates of TPG Capital and Leonard Green.

During the continuation of the “go-shop” process, the Company will be permitted, on the terms and subject to the conditions of the merger agreement, to continue to initiate, solicit and encourage inquiries from and engage in discussions with third parties relating to alternative acquisition proposals.

**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 January 18, 2011, the Company operates 249 retail stores (including 220 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 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.

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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 definitive 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 DEFINITIVE 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 definitive 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 definitive 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 definitive 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 definitive 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.

**Company Contact:**

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

**Media Contact:**

Margot Fooshee  
Senior Vice President  
Marketing & Public Relations  
(212) 209-2717

**M. Drexler Voicemail**

Good morning everyone. I wanted to leave a quick message with an update regarding our pending transaction with TPG and Leonard Green.

This morning we issued a press release announcing the following:

During the initial “go shop” period no other bids for our company came in. However, due to a settlement related to pending litigation concerning the deal, we have agreed to extend the go shop period for one additional month, ending February 15<sup>th</sup>. If no superior offers are made, we will proceed as planned. In the meantime, we still have some additional steps required in this process including our shareholders’ vote. This is scheduled to take place on March 1<sup>st</sup>.

We will keep you posted as much as we can as the transaction comes to a close. I am very excited for this next step in our company’s future and I want to thank each and every one of you for your continued focus and hard work.

***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 definitive 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 DEFINITIVE 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 definitive 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 definitive 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 definitive proxy statement.

***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 transaction. 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 definitive 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.