

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

SCHEDULE 13E-3

(Amendment No. 1)
(Rule 13E-100)

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

J.CREW GROUP, INC.

(Name of Issuer)

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

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

46612H402
(CUSIP Number of Class of Securities)

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

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

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

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

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

With copies to:

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

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

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

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

CALCULATION OF FILING FEE

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

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

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

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

Amount Previously Paid: \$213,265.55

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

Filing Party: J.Crew Group, Inc.

Date Filed: December 6, 2010

Introduction

This Amendment No. 1 to Rule 13E-3 transaction statement on Schedule 13E-3, together with the exhibits hereto (this “**Schedule 13E-3**” or “**Transaction Statement**”) is being filed with the Securities and Exchange Commission (the “**SEC**”) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) jointly by the following persons (each, a “**Filing Person**,” and collectively, the “**Filing Persons**”): J.Crew Group, Inc., a Delaware corporation (“**J.Crew**,” or the “**Company**”), the issuer of the common stock, par value \$0.01 per share (the “**Company Common Stock**”) that is subject to the Rule 13e-3 transaction; TPG Partners VI, L.P., a Delaware limited partnership (“**TPG VI**”), Green Equity Investors V, L.P., a Delaware limited partnership (“**GEI V**”), Green Equity Investors Side V, L.P., a Delaware limited partnership (“**GEI Side V**”), Chinos Holdings, Inc., a Delaware corporation (“**Parent**”), Chinos Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent (the “**Merger Sub**”) and Millard S. Drexler, Chairman and Chief Executive Officer of the Company.

On November 23, 2010, Parent, Merger Sub and the Company entered into an Agreement and Plan of Merger (the “**Merger Agreement**”) providing for the merger of Merger Sub with and into the Company (the “**Merger**”), with the Company surviving the Merger as a wholly owned subsidiary of Parent. Parent and Merger Sub are beneficially owned by TPG VI, GEI V and GEI Side V. Concurrently with the filing of this Schedule 13E-3, the Company is filing with the SEC a revised preliminary Proxy Statement (the “**Proxy Statement**”) under Regulation 14A of the Exchange Act, relating to a special meeting of the stockholders of the Company at which the stockholders of the Company will consider and vote upon a proposal to adopt the Merger Agreement. The adoption of the Merger Agreement will require the affirmative vote of stockholders holding a majority of the shares of common stock outstanding as of the close of business on the record date for the special meeting. A copy of the revised preliminary Proxy Statement is attached hereto as Exhibit (a)(1) and a copy of the Merger Agreement is attached as Annex A to the revised preliminary Proxy Statement.

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

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

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

Item 1. *Summary Term Sheet.*

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

“SUMMARY TERM SHEET”

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

Item 2. *Subject Company Information.*

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

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

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

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

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

“MARKET PRICE AND DIVIDEND INFORMATION”

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

“MARKET PRICE AND DIVIDEND INFORMATION”

(e) Prior Public Offerings. Not applicable.

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

“COMMON STOCK TRANSACTION INFORMATION”

Item 3. *Identity and Background of Filing Person .*

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

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

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

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

Items 4. *Terms of the Transaction.*

(a) (1) Not applicable.

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

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

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Certain Effects of the Merger”

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

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

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

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

“SUMMARY TERM SHEET”

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

“APPRAISAL RIGHTS”

Annex C—DELAWARE GENERAL CORPORATION LAW SECTION 262

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

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

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

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

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

“THE MERGER AGREEMENT”

Annex A—MERGER AGREEMENT

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

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

“THE MERGER AGREEMENT”

Annex A—MERGER AGREEMENT

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

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

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

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

“THE MERGER AGREEMENT”

Annex A—MERGER AGREEMENT

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

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

“SUMMARY TERM SHEET”
“SPECIAL FACTORS—Certain Effects of the Merger”
“SPECIAL FACTORS—Plans for the Company”
“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”

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

“SUMMARY TERM SHEET”
“SPECIAL FACTORS—Certain Effects of the Merger”
“SPECIAL FACTORS—Plans for the Company”
“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”
“MARKET PRICE AND DIVIDEND INFORMATION”
“SPECIAL FACTORS—Delisting and Deregistration of the Company’s Common Shares”
“SPECIAL FACTORS—Financing of the Merger”
“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”
“THE MERGER AGREEMENT”
Annex A—MERGER AGREEMENT

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

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

“SUMMARY TERM SHEET”
“SPECIAL FACTORS—Background of the Merger”
“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”
“SPECIAL FACTORS—Purposes and Reasons of TPG VI, the Leonard Green Entities, Parent, Merger Sub and the MD Parties for the Merger”
“SPECIAL FACTORS—Certain Effects of the Merger”
“SPECIAL FACTORS—Plans for the Company”
“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”

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

“SPECIAL FACTORS—Background of the Merger”
“SPECIAL FACTORS—Alternatives to Merger”

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

“SPECIAL FACTORS—Background of the Merger”
“SPECIAL FACTORS—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”
“SPECIAL FACTORS—Purposes and Reasons of TPG VI, the Leonard Green Entities, Parent, Merger Sub and the MD Parties for the Merger”

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

“SUMMARY TERM SHEET”
“SPECIAL FACTORS—Certain Effects of the Merger”
“SPECIAL FACTORS—Plans for the Company”
“SPECIAL FACTORS—Interests of the Company’s Directors and Executive Officers in the Merger”
“THE MERGER AGREEMENT—Treatment of Common Stock, Options, Restricted Shares and Other Equity Awards”
“THE MERGER AGREEMENT—Effects of the Merger; Directors and Officers; Certificate of Incorporation; Bylaws”
“SPECIAL FACTORS—Certain Material United States Federal Income Tax Consequences”
“APPRAISAL RIGHTS”
Annex C—DELAWARE GENERAL CORPORATION LAW SECTION 262

Item 8. *Fairness of the Transaction.*

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

“SUMMARY TERM SHEET”

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

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

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

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

Annex B—FINANCIAL ADVISOR OPINION

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

“SUMMARY TERM SHEET”

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

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

“THE MERGER AGREEMENT—Conditions to the Merger”

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

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

Annex B—FINANCIAL ADVISOR OPINION

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

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

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

Item 9. *Reports, Opinions, Appraisals and Negotiations.*

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background of the Merger”

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

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

“WHERE YOU CAN FIND MORE INFORMATION”

Annex B—FINANCIAL ADVISOR OPINION

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

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Financing of the Merger”

“THE MERGER AGREEMENT—Financing Covenant; Company Cooperation”

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

“SUMMARY TERM SHEET”

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

“SPECIAL FACTORS—Fees and Expenses”

“THE MERGER AGREEMENT—Termination”

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

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

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Financing of the Merger”

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

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

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

“COMMON STOCK OWNERSHIP OF MANAGEMENT AND BENEFICIAL OWNERS”

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

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

“SPECIAL FACTORS—Background of the Merger”

“THE MERGER AGREEMENT”

“COMMON STOCK TRANSACTION INFORMATION”

Annex A—MERGER AGREEMENT

Item 12. *The Solicitation or Recommendation.*

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

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

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

“SUMMARY TERM SHEET”

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

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

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

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

Item 13. *Financial Statements.*

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

“SUMMARY TERM SHEET”

“SELECTED FINANCIAL INFORMATION”

“WHERE YOU CAN FIND MORE INFORMATION”

(b) Pro forma information. Not applicable.

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

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

“SUMMARY TERM SHEET”

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

“SPECIAL FACTORS—Background of the Merger”

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

“SPECIAL FACTORS—Fees and Expenses”

“THE SPECIAL MEETING—Solicitation of Proxies”

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

“SUMMARY TERM SHEET”

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

“SPECIAL FACTORS—Background of the Merger”

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

“THE SPECIAL MEETING—Solicitation of Proxies”

Item 15. *Additional Information.*

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

Item 16. *Exhibits.*

- (a)(1) Preliminary Proxy Statement of J.Crew Group, Inc., incorporated by reference to the Schedule 14A filed with the Securities and Exchange Commission on December 29, 2010 (the “**Preliminary Proxy Statement**”).
- (a)(2)(i) Form of Proxy Card, incorporated herein by reference to the Preliminary Proxy Statement.
- (a)(2)(ii) Joint press release issued by J.Crew Group, Inc., dated November 23, 2010, incorporated by reference to Exhibit 99.2 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(iii) M. Drexler All-Associate E-mail, dated November 23, 2010, incorporated by reference to Exhibit 99.3 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(iv) M. Drexler Associate Voicemail Transcript, dated November 23, 2010, incorporated by reference to Exhibit 99.4 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(v) M. Drexler Prepared Remarks for Town Hall Meeting, dated November 23, 2010, incorporated by reference to Exhibit 99.5 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(vi) Associate FAQ, dated November 23, 2010, incorporated by reference to Exhibit 99.6 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(vii) Investor Conference Call Script, dated November 23, 2010, incorporated by reference to Exhibit 99.7 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(viii) Master Q&A, dated November 23, 2010, incorporated by reference to Exhibit 99.8 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(ix) Talking Points for use with Investors/Analysts, dated November 23, 2010, incorporated by reference to Exhibit 99.9 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.

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- (a)(2)(x) Talking Points for Senior Managers, dated November 23, 2010, incorporated by reference to Exhibit 99.10 to the Company's Current Report on Form 8-K filed with the SEC on November 23, 2010.
 - (b)(1) Equity Commitment Letter, dated as of November 23, 2010, by and between Parent and TPG Partners VI, L.P.
 - (b)(2) Equity Commitment Letter, dated as of November 23, 2010, by and among Parent, Green Equity Investors V, L.P. and Green Equity Investors Side V, L.P.
 - (b)(3) Debt Commitment Letter, dated as of November 23, 2010, by and among Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Merger Sub.
 - (c)(1) Opinion of Perella Weinberg Partners LP, dated November 22, 2010, incorporated herein by reference to Annex B to the Preliminary Proxy Statement.
 - (c)(2) Financial Analysis Presentation Materials, dated November 22, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(3) Discussion Materials, dated October 4, 2010, of Goldman Sachs & Co. to TPG Capital, L.P.
 - (c)(4) Presentation Materials, dated October 25, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(5) Presentation Materials, dated October 29, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(6) Presentation Materials, dated November 1, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(7) Presentation Materials, dated November 4, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(8) Presentation Materials, dated November 9, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(9) Presentation Materials (Presentation 1), dated November 21, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(10) Presentation Materials (Presentation 2), dated November 21, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (d)(1) Agreement and Plan of Merger, dated November 23, 2010, by and among J.Crew Group, Inc., Chinos Holdings, Inc. and Chinos Acquisition Corporation, incorporated herein by reference to Annex A to the Preliminary Proxy Statement.
 - (d)(2) Rollover Commitment Letter, dated as of November 23, 2010, by and among Millard S. Drexler, the Drexler Trusts and Parent
 - (d)(3) Cooperation Agreement, dated as of November 23, 2010, by and between Company and Millard S. Drexler, incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed with the SEC on November 26, 2010.
 - (d)(4) Interim Investors Agreement, dated as of November 23, 2010, by and among TPG Capital, L.P., Millard S. Drexler and the Drexler Trusts, incorporated by reference to Amendment No. 11 to the Schedule 13D filed by Millard S. Drexler with the Securities and Exchange Commission on November 26, 2010.
 - (d)(5) Third Amended and Restated Employment Agreement, dated as of July 13, 2010, by and among the Company, J.Crew Operating Corp. and Millard S. Drexler, incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on September 3, 2010.
 - (f) Section 262 of the Delaware General Corporation Law, incorporated herein by reference to Annex C to the Preliminary Proxy Statement.
 - (g) None.

Previously filed on December 6, 2010.

SIGNATURE

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

J.CREW GROUP, INC.

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

Dated: December 29, 2010

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

CHINOS HOLDINGS, INC.

By: /s/ RONALD CAMI
Ronald Cami
Vice President

Dated: December 29, 2010

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

CHINOS ACQUISITION CORPORATION

By: /s/ RONALD CAMI
Ronald Cami
Vice President

Dated: December 29, 2010

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

TPG PARTNERS VI, L.P.

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

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

By: /s/ RONALD CAMI
Ronald Cami
Vice President

Dated: December 29, 2010

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

GREEN EQUITY INVESTORS V, L.P.

By: GEI Capital V, LLC, its General Partner

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

Dated: December 29, 2010

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

GREEN EQUITY INVESTORS SIDE V, L.P.

By: GEI Capital V, LLC, its General Partner

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

Dated: December 29, 2010

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

MILLARD S. DREXLER

/s/ MILLARD S. DREXLER

Dated: December 29, 2010

EXHIBIT INDEX

- (a)(1) Preliminary Proxy Statement of J.Crew Group, Inc., incorporated by reference to the Schedule 14A filed with the Securities and Exchange Commission on December 29, 2010 (the **“Preliminary Proxy Statement”**).
- (a)(2)(i) Form of Proxy Card, incorporated herein by reference to the Preliminary Proxy Statement.
- (a)(2)(ii) Joint press release issued by J.Crew Group, Inc., dated November 23, 2010, incorporated by reference to Exhibit 99.2 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(iii) M. Drexler All-Associate E-mail, dated November 23, 2010, incorporated by reference to Exhibit 99.3 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(iv) M. Drexler Associate Voicemail Transcript, dated November 23, 2010, incorporated by reference to Exhibit 99.4 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(v) M. Drexler Prepared Remarks for Town Hall Meeting, dated November 23, 2010, incorporated by reference to Exhibit 99.5 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(vi) Associate FAQ, dated November 23, 2010, incorporated by reference to Exhibit 99.6 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(vii) Investor Conference Call Script, dated November 23, 2010, incorporated by reference to Exhibit 99.7 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(viii) Master Q&A, dated November 23, 2010, incorporated by reference to Exhibit 99.8 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(ix) Talking Points for use with Investors/Analysts, dated November 23, 2010, incorporated by reference to Exhibit 99.9 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (a)(2)(x) Talking Points for Senior Managers, dated November 23, 2010, incorporated by reference to Exhibit 99.10 to the Company’s Current Report on Form 8-K filed with the SEC on November 23, 2010.
- (b)(1) Equity Commitment Letter, dated as of November 23, 2010, by and between Parent and TPG Partners VI, L.P. ·
- (b)(2) Equity Commitment Letter, dated as of November 23, 2010, by and among Parent, Green Equity Investors V, L.P. and Green Equity Investors Side V, L.P:
- (b)(3) Debt Commitment Letter, dated as of November 23, 2010, by and among Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Merger Sub.
- (c)(1) Opinion of Perella Weinberg Partners LP, dated November 22, 2010, incorporated herein by reference to Annex B to the Preliminary Proxy Statement.
- (c)(2) Financial Analysis Presentation Materials, dated November 22, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc. ·
- (c)(3) Discussion Materials, dated October 4, 2010, of Goldman Sachs & Co. to TPG Capital, L.P.
- (c)(4) Presentation Materials, dated October 25, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.

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- (c)(5) Presentation Materials, dated October 29, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(6) Presentation Materials, dated November 1, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(7) Presentation Materials, dated November 4, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(8) Presentation Materials, dated November 9, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(9) Presentation Materials (Presentation 1), dated November 21, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (c)(10) Presentation Materials (Presentation 2), dated November 21, 2010, of Perella Weinberg Partners LP to the Special Committee of the Board of Directors of J.Crew Group, Inc.
 - (d)(1) Agreement and Plan of Merger, dated November 23, 2010, by and among J. Crew Group, Inc., Chinos Holdings, Inc. and Chinos Acquisition Corporation, incorporated herein by reference to Annex A to the Preliminary Proxy Statement.
 - (d)(2) Rollover Commitment Letter, dated as of November 23, 2010, by and among Millard S. Drexler, the Drexler Trusts and Parent.
 - (d)(3) Cooperation Agreement, dated as of November 23, 2010, by and between Company and Millard S. Drexler, incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed by J.Crew Group, Inc. with the SEC on November 26, 2010.
 - (d)(4) Interim Investors Agreement, dated as of November 23, 2010, by and among TPG Capital, L.P., Millard S. Drexler and the Drexler Trusts, incorporated by reference to Amendment No. 11 to the Schedule 13D filed by Millard S. Drexler with the Securities and Exchange Commission on November 26, 2010.
 - (d)(5) Third Amended and Restated Employment Agreement, dated as of July 13, 2010, by and among the Company, J.Crew Operating Corp. and Millard S. Drexler, incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on September 3, 2010.
 - (f) Section 262 of the Delaware General Corporation Law, incorporated herein by reference to Annex C to the Preliminary Proxy Statement.
 - (g) None.

· Previously filed on December 6, 2010.

MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED
BANK OF AMERICA, N.A.
One Bryant Park
New York, New York 10036

GOLDMAN SACHS BANK USA
200 West Street
New York, New York 10282-2198

November 23, 2010

Chinos Acquisition Corporation
c/o TPG Capital, L.P.
345 California Street
San Francisco, California 94104
Attention: Jack Weingart

Project Chino
\$250,000,000 Senior Secured Asset-Based Revolving Facility
\$1,000,000,000 Senior Secured Term Loan Facility
\$600,000,000 Senior Unsecured Increasing Rate Bridge Facility
Commitment Letter

Ladies and Gentlemen:

You have advised each of Bank of America, N.A. (“**Bank of America**”), Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPFS**”) and Goldman Sachs Bank USA (“**GS Bank**”) and, together with Bank of America and MLPFS, the “**Commitment Parties**,” “**we**” or “**us**”) that Chinos Acquisition Corporation (“**Newco**”), formed at the direction of TPG Capital, L.P. and/or its affiliates (collectively, the “**Sponsor**”), intends to acquire a company previously identified to us and code-named “Chino” (the “**Company**”), and to consummate the other transactions described in Exhibit A hereto. Capitalized terms used but not defined herein have the meanings assigned to them in the Exhibits attached hereto.

1. Commitments.

In connection with the Transactions, (a) Bank of America is pleased to advise you of its commitment to provide 50% of each of the Facilities and (b) GS Bank (together with Bank of America, the “**Initial Lenders**”) is pleased to advise you of its commitment to provide 50% of each of the Facilities, upon the terms and subject to the conditions set forth or referred to in this commitment letter (together with the Term Sheets, this “**Commitment Letter**”). The commitments of the Initial Lenders hereunder will be allocated ratably among the Facilities and are several and not joint.

2. Titles and Roles.

It is agreed that MLPFS and GS Bank will act as joint lead arrangers (in such capacity, the “**Lead Arrangers**”) and as joint bookrunners for each of the ABL Facility, the Term Facility and the Senior Bridge Facility, that Bank of America will act as administrative agent for the ABL Facility (the “**ABL Administrative Agent**”), Bank of America will act as administrative agent for the Term Facility (the “**Term Administrative Agent**”) and GS Bank will act as administrative agent for the Senior Bridge

Facility (the “**Bridge Administrative Agent**” and, collectively with the ABL Administrative Agent and the Term Administrative Agent, each an “**Administrative Agent**”). It is further agreed that MLPFS will appear on the top left of the cover page of any marketing materials for the ABL Facility, MLPFS will appear on the top left of the cover page of any marketing materials for the Term Facility and GS Bank will appear on the top left of the cover page of any marketing materials for the Senior Bridge Facility, and in each case will hold the roles and responsibilities conventionally understood to be associated with such name placement. No compensation (other than that expressly contemplated by this Commitment Letter and the Fee Letter referred to below) will be paid in connection with obtaining any Lender’s commitment to the Facilities unless you and the Commitment Parties shall so agree.

3. Syndication.

The Lead Arrangers reserve the right, prior to or after the execution of the Facilities Documentation (as defined below), to syndicate all or a portion of the Initial Lenders’ commitments hereunder to a group of banks, financial institutions and other institutional lenders identified by the Commitment Parties in consultation with you and, with respect to the ABL Facility only, subject to your consent (such consent not to be unreasonably withheld, delayed or conditioned), including any relationship lenders designated by you in consultation with the Commitment Parties (together with the Initial Lenders, the “**Lenders**”); *provided*, that, the Lead Arrangers may syndicate and the Initial Lenders may assign all or any portion of the Initial Lenders’ commitments hereunder prior to the Closing Date, provided that such syndication and assignment shall not relieve any Initial Lender of its obligations set forth herein (including its obligations to fund the Facilities on the Closing Date on the terms and conditions set forth in this Commitment Letter) and, unless you agree in writing, each Commitment Party shall retain exclusive control over all rights and obligations with respect to its commitments, including all rights with respect to consents, modifications, waivers and amendments, until after the initial funding of the Senior Facilities on the Closing Date has occurred and, unless you agree in writing, the Lead Arrangers will not syndicate to those banks, financial institutions and other institutional lenders separately identified in writing by you or the Sponsor to us prior to the date hereof (“**Disqualified Lenders**”). The Commitment Parties intend to commence syndication efforts promptly upon the execution of this Commitment Letter and as part of their syndication efforts, it is the Commitment Parties’ intent to have Lenders commit to the Facilities prior to the Closing Date. You agree to use your commercially reasonable efforts to assist the Commitment Parties in completing a timely syndication that is reasonably satisfactory to them (and, in the case of the ABL Facility only, you) until the date that is the earlier of (a) 90 days after the Closing Date and (b) the date on which the successful syndication (as defined in the Fee Letter) is achieved (the earlier such date, the “**Syndication Date**”). Such assistance shall include (a) your using commercially reasonable efforts to ensure that any syndication efforts benefit materially from your existing lending and investment banking relationships and the existing lending and investment banking relationships of the Sponsor and, to the extent practical and appropriate, the Company, (b) direct contact between senior management, representatives and advisors of you and the Sponsor (and your using commercially reasonable efforts to arrange for direct contact between senior management, representatives and advisors of the Company) and the proposed Lenders at times and locations mutually agreed upon, (c) your and the Sponsor’s assistance (and your using commercially reasonable efforts to cause the Company to assist) in the preparation of a customary confidential information memorandum (a “**Confidential Information Memorandum**”) for each of the Senior Facilities and the Senior Bridge Facility and other customary marketing materials to be used in connection with the syndications, (d) using your commercially reasonable efforts to procure prior to the launch of the general syndication of the Term Facility a public corporate credit rating and a public corporate family rating, as the case may be, for the Borrower and public ratings for each of the Facilities (other than the ABL Facility) and the Senior Notes from each of Standard & Poor’s Ratings Services (“**S&P**”) and Moody’s Investors Service, Inc. (“**Moody’s**”) and (e) the hosting, with the Commitment Parties, of one or more meetings of prospective Lenders at times and locations mutually agreed upon. Until the Syndication Date, (i) you will ensure that

there will not be any competing issues of debt securities or commercial bank or other credit facilities of Holdings, you or any of Holdings' or your respective subsidiaries, and you will use commercially reasonable efforts to cause the Company to ensure that there will not be any competing issues of debt securities or commercial bank or other credit facilities of the Company or any of the Company's subsidiaries, in each case (other than the Senior Notes or any debt securities or loans issued pursuant to, or as contemplated by, the Fee Letter) being offered, placed or arranged that would materially impair the primary syndication of the Facilities (it being understood that any indebtedness permitted to be incurred or outstanding without any consent from you or your affiliates under the Merger Agreement as in effect on the date hereof shall not be subject to this clause (i)) and (ii) you agree to prepare and provide (and to use commercially reasonable efforts to cause the Sponsor and the Company to provide) promptly to the Lead Arrangers all customary information with respect to you, the Company and each of your and its respective subsidiaries, the Transactions and the other transactions contemplated hereby, including all financial information and projections (including financial estimates, forecasts and other forward-looking information, the "**Projections**"), as the Lead Arrangers may reasonably request. Notwithstanding anything to the contrary contained in this Commitment Letter or the Fee Letter, neither the commencement nor the completion of the syndication of the Facilities shall constitute a condition precedent to the Closing Date.

The Lead Arrangers will, in consultation with you, manage all aspects of any syndication, including decisions as to the selection of institutions to be approached, subject to, with respect to the ABL Facility only, your consent not to be unreasonably withheld, delayed or conditioned and excluding Disqualified Lenders, and when they will be approached, when their commitments will be accepted, which institutions will participate (with respect to the ABL Facility only, with your consent not to be unreasonably withheld, delayed or conditioned) and in any case, excluding Disqualified Lenders, the allocation of the commitments among the Lenders and the amount and distribution of fees among the Lenders.

4. Information.

You hereby represent and warrant that (a) (with respect to information provided by the Company and its subsidiaries, to the best of your knowledge) all written information and written data other than the Projections and information of a general economic or general industry nature (the "**Information**") that have been or will be made available to any of the Commitment Parties by or on behalf of you, the Company, the Sponsor or any of your or their respective representatives, taken as a whole, does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto) and (b) the Projections that have been or will be made available to the Lead Arrangers by or on behalf of you, the Company, the Sponsor or any of your or their respective representatives have been or will be prepared in good faith based upon assumptions that are believed by you to be reasonable at the time made and at the time any such Projections are delivered to the Commitment Parties; it being understood that any such financial projections are subject to significant uncertainties and contingencies, many of which are beyond your control, that no assurance can be given that any particular financial projections will be realized, that actual results may differ and that such differences may be material. You agree that, if at any time prior to the Syndication Date, you become aware that any of the representations and warranties in the preceding sentence would be incorrect in any material respect if the Information and Projections were being furnished, and such representations were being made, at such time, then you will (i) with respect to Information or Projections relating to Holdings, you and any of Holdings' or your respective subsidiaries, promptly supplement the Information and the Projections and (ii) with respect to Information or Projections relating to the Company or its subsidiaries, use commercially reasonable efforts to promptly supplement the Information and the Projections, in each case, so that such

representations will be correct under those circumstances. In arranging and syndicating the Facilities, the Lead Arrangers will be entitled to use and rely on the Information and the Projections without responsibility for independent verification thereof and does not assume responsibility for the accuracy or completeness of the Information or Projections.

You hereby acknowledge that (a) we will make available the Information and the Projections to the proposed syndicate of Lenders by posting on IntraLinks or another similar electronic system (the “**Platform**”) and (b) certain of the Lenders may be “public side” Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Company, its subsidiaries or its respective securities) (each, a “**Public Lender**”). At the request of the Lead Arrangers, you agree to assist us in preparing an additional version of each Confidential Information Memorandum to be used by Public Lenders. The information to be included in the additional version of each Confidential Information Memorandum will consist exclusively of information and documentation that is either publicly available or not material with respect to the Company, its subsidiaries or its securities for purposes of United States federal and state securities laws. It is understood that in connection with your assistance described above, (a) a customary authorization letter will be included in each Confidential Information Memorandum that authorizes the distribution of such Confidential Information Memorandum to prospective Lenders and confirms that the public-side version does not include material non-public information about the Company, its subsidiaries or its securities; (b) each Confidential Information Memorandum shall exculpate us with respect to any liability related to the use of the content of such Confidential Information Memorandum or any related marketing material by the recipients thereof; (c) the public information shall include the following information except to the extent you notify us to the contrary and provided that you shall have been given a reasonable opportunity to review such documents and comply with the U.S. Securities and Exchange Commission (the “**SEC**”) disclosure requirements (and such public information is permitted to be made available to all prospective Lenders, including through a Platform designated “Public Lenders”): (i) drafts and final definitive documentation with respect to the Facilities, (ii) administrative materials prepared by the Commitment Parties for prospective Lenders (such as a lender meeting invitation, allocations and funding and closing memoranda) and (iii) notification of changes in the terms of the Facilities; (d) at our request, you shall identify information to be distributed to Public Lenders by clearly and conspicuously marking the same as “PUBLIC”; and (e) we shall be entitled to treat any Information and Projections that are not specifically identified as “Public” as being suitable only for posting on a portion of the Platform not designated Public Lenders.

5. Fees.

As consideration for the several commitments of the Initial Lenders hereunder and the Lead Arrangers’ several agreements to perform the services described herein, you agree to pay the fees set forth in this Commitment Letter and in the Fee Letter dated the date hereof and delivered herewith with respect to the Facilities (the “**Fee Letter**”). Once paid, such fees shall not be refundable under any circumstances, except as otherwise contemplated by the Fee Letter or agreed in writing by the parties hereto.

6. Conditions Precedent.

The several commitment of the Initial Lenders hereunder and the Lead Arrangers’ several agreements to perform the services described herein are subject to (a) the execution and delivery by the Borrower to the ABL Administrative Agent of definitive documentation with respect to the ABL Facility, the execution and delivery by the Borrower to the Term Administrative Agent of definitive documentation with respect to the Term Facility and, if applicable, the execution and delivery by the Borrower to the Bridge Administrative Agent of definitive documentation with respect to the Senior Bridge Facility (collectively, including the Intercreditor Agreement, the “**Facilities Documentation**”), in each case, which shall be consistent with the applicable Term Sheets, (b) since January 31, 2010, except

(i) as set forth in the Company Disclosure Schedule (as defined in the Merger Agreement) or (ii) disclosed in any Filed SEC Document (as defined in the Merger Agreement), other than disclosures in such Filed SEC Documents contained in the “Risk Factors” and “Forward Looking Statements” sections thereof or any other disclosures in the Filed SEC Documents which are forward-looking in nature), there shall not have been any effect, change, event or occurrence that has had or would reasonably be expected to have a Material Adverse Effect (as defined below) and (c) the conditions set forth in the Term Sheets under the headings beginning with the words “Conditions Precedent” and in Exhibit E; it being understood that there are no conditions (implied or otherwise) to the commitments hereunder (including compliance with the terms of the Commitment Letter, the Fee Letter and the Facilities Documentation) other than those that are expressly stated to be conditions to the initial funding under the Facilities on the Closing Date (and upon satisfaction of such conditions, the initial funding under the Facilities shall occur). “**Material Adverse Effect**” shall mean any effect, change, event or occurrence (whether or not constituting any breach of a representation, warranty, covenant or agreement set forth in the Merger Agreement) that, individually or in the aggregate with all other effects, changes, events or occurrences (i) has a material adverse effect on the business, results of operations, assets or financial condition of the Company and its Subsidiaries taken as a whole, or (ii) would or would reasonably be expected to prevent or materially impair or delay the consummation of the Transactions; provided, however, that none of the following, and to the extent arising out of or resulting from the following, no other effect, change, event or occurrence, shall constitute or be taken into account, individually or in the aggregate, in determining whether a Material Adverse Effect has occurred or may occur: any effect, change, event or occurrence (A) generally affecting (1) the industry in which the Company and its Subsidiaries operate or (2) the economy, credit or financial or capital markets, in the United States or elsewhere in the world, including changes in interest or exchange rates, or (B) to the extent arising out of, resulting from or attributable to (1) changes in Law or in generally accepted accounting principles or in accounting standards after the date of the Merger Agreement or prospective changes in Law or in generally accepted accounting principles or in accounting standards, or any changes or prospective changes in the interpretation or enforcement of any of the foregoing, or any changes or prospective changes in general legal, regulatory or political conditions, (2) the negotiation, execution or announcement of the Merger Agreement or the consummation of the Transactions (other than for purposes of any representation or warranty contained in Section 3.3(c) and Section 3.4 of the Merger Agreement), including the impact thereof on relationships, contractual or otherwise, with customers, suppliers, distributors, partners, employees or regulators, or any litigation arising from allegations of breach of fiduciary duty or violation of Law relating to the Merger Agreement or the transactions contemplated by the Merger Agreement, (3) acts of war (whether or not declared), sabotage or terrorism, or any escalation or worsening of any such acts of war (whether or not declared), sabotage or terrorism, (4) pandemics, earthquakes, hurricanes, tornados or other natural disasters, (5) any action taken by the Company or its Subsidiaries that is described in, and permitted to be taken without consent under, clauses (i) through (xviii) of Section 5.1(a) of the Merger Agreement, that were taken at the Parent’s written request or upon its advance written consent pursuant to Section 5.1 of the Merger Agreement (in each case, with the consent of the Lead Arrangers) or the failure by the Company or its Subsidiaries to take any action that is prohibited by the Merger Agreement to the extent Parent fails to give its consent thereto (and such failure is the result of the Lead Arrangers refusing to consent, after the request of the Parent, to Parent giving such consent) after a written request therefor pursuant to Section 5.1 of the Merger Agreement, (6) any change resulting or arising from the identity of, or any facts or circumstances relating to, Parent, Merger Sub or any of their respective Affiliates, (7) any change or prospective change in the Company’s credit ratings, (8) any decline in the market price, or change in trading volume, of the capital stock of the Company or (9) any failure to meet any internal or public projections, forecasts, guidance, estimates, milestones, budgets or internal or published financial or operating predictions of revenue, earnings, cash flow or cash position (it being understood that the exceptions in clauses (7), (8) and (9) shall not prevent or otherwise affect a determination that the underlying cause of any such decline or failure referred to therein (if not otherwise falling within any of the exceptions provided by clause (A) and clauses (B)(1) through (6) hereof) is a Material Adverse

Effect); *provided, further*, however, that any effect, change, event or occurrence referred to in clauses (A) or (B)(1), (3) or (4) may be taken into account in determining whether or not there has been a Material Adverse Effect to the extent such effect, change, event or occurrence has a materially disproportionate adverse effect on the Company and its Subsidiaries, taken as a whole, as compared to other participants in the industry in which the Company and its Subsidiaries operate (in which case the incremental materially disproportionate impact or impacts may be taken into account in determining whether or not there has been or may be a Material Adverse Effect). For purposes hereof, “Company”, “Subsidiaries”, “Transactions”, “Laws”, “Parent”, “Merger Sub” and “Affiliates” shall have the meanings assigned to such terms in the Merger Agreement.

Notwithstanding anything in this Commitment Letter, the Fee Letter, the Facilities Documentation or any other letter agreement or other undertaking concerning the financing of the Transactions to the contrary, (i) the only representations and warranties the accuracy of which shall be a condition to availability of the Facilities on the Closing Date shall be (A) such of the representations and warranties made by the Company in the Merger Agreement as are material to the interests of the Lenders, but only to the extent that you have (or your applicable affiliate has) the right to terminate your (or its) obligations under the Merger Agreement or decline to consummate the Acquisition as a result of a breach of such representations and warranties and (B) the Specified Representations (as defined below) and (ii) the terms of the Facilities Documentation and the Closing Deliverables shall be in a form such that they do not impair availability of the Facilities on the Closing Date if the conditions expressly set forth herein and in the Term Sheets are satisfied (it being understood that, to the extent any Collateral (other than to the extent that a lien on such Collateral may be perfected (x) by the filing of a financing statement under the Uniform Commercial Code or (y) by the delivery of stock certificates of the Borrower and its wholly-owned domestic subsidiaries) is not or cannot be provided on the Closing Date after your use of commercially reasonable efforts to do so, the delivery of such Collateral shall not constitute a condition precedent to the availability of the Facilities on the Closing Date, but shall be required to be delivered within 90 days after the Closing Date (subject to extensions by the Term Administrative Agent). For purposes hereof, “**Specified Representations**” means the representations and warranties set forth in the Facilities Documentation relating to corporate or other organizational existence, organizational power and authority (as to execution, delivery and performance of the applicable Facilities Documentation), the due authorization, execution, delivery and enforceability of the applicable Facilities Documentation, solvency (such representation and warranty to be consistent with the solvency certificate in the form set forth in Annex I attached to Exhibit E), no conflicts of Facilities Documentation with charter documents or material laws, Federal Reserve margin regulations, the Patriot Act, the Investment Company Act, status of the Senior Facilities and the related guaranties as senior debt (to the extent applicable), and, subject to permitted liens and the limitations set forth in the prior sentence and, in the case of priority, to the Intercreditor Agreement, creation, validity and perfection of first priority security interests. This paragraph shall be referred to herein as the “**Certain Funds Provision**”.

7. Indemnification; Expenses.

You agree (a) to indemnify and hold harmless each of the Commitment Parties and their respective affiliates and controlling persons and the respective officers, directors, employees, partners, agents and representatives of each of the foregoing and their successors and permitted assigns (each, an “**Indemnified Person**”) from and against any and all losses, claims, damages, liabilities and expenses, joint or several, to which any such Indemnified Person may become subject arising out of, resulting from or in connection with this Commitment Letter, the Fee Letter, the Transactions or the Facilities, or any claim, litigation, investigation or proceeding (“**Action**”) relating to any of the foregoing, regardless of whether any such Indemnified Person is a party thereto, whether or not such Action is brought by you, your equity holders, affiliates, creditors or any other person, and to reimburse each such Indemnified Person promptly after receipt of a written request together with customary backup documentation for any

reasonable legal (limited to one counsel for all Indemnified Persons taken as a whole and, if reasonably necessary, a single local counsel for all Indemnified Persons taken as a whole in each relevant material jurisdiction and, solely in the case of a conflict of interest, one additional counsel in each relevant jurisdiction to each group of affected Indemnified Persons similarly situated taken as a whole) or other reasonable out-of-pocket expenses incurred in connection with investigating or defending any of the foregoing; *provided*, that the foregoing indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or expenses (i) to the extent resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person or any Related Indemnified Person (as defined below) of the foregoing, (ii) to the extent arising from a material breach of the obligations of such Indemnified Person or any Related Indemnified Persons of the foregoing under this Commitment Letter, the Fee Letter or the Facilities Documentation (in the case of each of preceding clauses (i) and (ii), as determined by a court of competent jurisdiction in a final and non-appealable judgment) or (iii) to the extent arising from any dispute solely among Indemnified Persons other than any claims against any Commitment Party in its capacity or in fulfilling its role as an administrative agent or arranger or any similar role under any Facility and other than any claims arising out of any act or omission on the part of you or your affiliates (as determined by a court of competent jurisdiction in a final and non-appealable judgment), and (b) to reimburse the Commitment Parties and each Indemnified Person from time to time for all reasonable and documented out-of-pocket expenses (including but not limited to expenses of the Commitment Parties' due diligence investigation (including, without limitation, appraisals and field audits), syndication expenses, travel expenses and reasonable fees, disbursements and other charges of counsel to the Commitment Parties identified in the Term Sheets and, if necessary, of a single local counsel to the Commitment Parties in each relevant jurisdiction material to the interests of the Lenders), in each case incurred in connection with the Facilities and the preparation of this Commitment Letter, the Fee Letter, the Facilities Documentation and any security arrangements in connection therewith (collectively, the "**Expenses**"); *provided*, that you shall not be required to reimburse any of the Expenses in the event the Closing Date does not occur. Notwithstanding any other provision of this Commitment Letter, (i) no Indemnified Person shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent such damages are found in a final non-appealable judgment of a court of competent jurisdiction to have resulted from the willful misconduct or gross negligence of such Indemnified Person or any of its Related Indemnified Persons, and (ii) neither (x) any Indemnified Person, nor (y) you shall be liable for any indirect, special, punitive or consequential damages (in the case of this clause (y), other than in respect of any such damages incurred or paid by an Indemnified Party to a third party) in connection with this Commitment Letter, the Fee Letter, the Facilities, the Transactions (including the Facilities and the use of proceeds thereunder), or with respect to any activities related to the Facilities. You shall not be liable for any settlement of any Action effected without your consent (which consent shall not be unreasonably withheld or delayed), but if settled with your written consent or if there is a final judgment for the plaintiff in any such Actions, you agree to indemnify and hold harmless each Indemnified Person from and against any and all losses, claims, damages, liabilities and expenses by reason of such settlement or judgment in accordance with this Section 7. You shall not, without the prior written consent of an Indemnified Person, effect any settlement of any pending or threatened Actions in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (a) includes an unconditional release of such Indemnified Person in form and substance reasonably satisfactory to such Indemnified Person from all liability on claims that are the subject matter of such Actions and (b) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of such Indemnified Person.

For purposes hereof, a "Related Indemnified Person" of an Indemnified Person means (1) any controlling person or controlled affiliate of such Indemnified Person, (2) the respective directors, officers, or employees of such Indemnified Person or any of its controlling persons or controlled affiliates and (3) the respective agents of such Indemnified Person or any of its controlling persons or controlled affiliates,

in the case of this clause (3), acting at the instructions of such Indemnified Person, controlling person or such controlled affiliate; *provided* that each reference to a controlled affiliate or controlling person in this sentence pertains to a controlled affiliate or controlling person involved in the negotiation or syndication of this Commitment Letter and the Facilities.

8. Sharing Information; Absence of Fiduciary Relationship; Affiliate Activities .

You acknowledge that the Commitment Parties and their affiliates may be providing debt financing, equity capital or other services (including without limitation investment banking and financial advisory services, securities trading, hedging, financing and brokerage activities and financial planning and benefits counseling) to other companies in respect of which you may have conflicting interests. We will not furnish confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter or our other relationships with you to other companies (except as contemplated below). You also acknowledge that we do not have any obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained by us or any of our respective affiliates from other companies.

You further acknowledge and agree that (a) no fiduciary, advisory or agency relationship between you and the Commitment Parties is intended to be or has been created in respect of any of the transactions contemplated by this Commitment Letter, irrespective of whether the Commitment Parties have advised or are advising you on other matters, (b) the Commitment Parties, on the one hand, and you, on the other hand, have an arm's-length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty on the part of the Commitment Parties and you waive, to the fullest extent permitted by law, any claims you may have against us for breach of fiduciary duty or alleged breach of fiduciary duty and agree that we will have no liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on your behalf, including equity holders, employees or creditors, (c) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (d) you have been advised that the Commitment Parties and their affiliates are engaged in a broad range of transactions that may involve interests that differ from your and your affiliates' interests and that the Commitment Parties have no obligation to disclose such interests and transactions to you or your affiliates, (e) you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate and (f) each Commitment Party has been, is and will be acting solely as a principal and, except as otherwise expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary for you, any of your affiliates or any other person or entity. In addition, the Commitment Parties may employ the services of their respective affiliates in providing certain services hereunder and may exchange with such affiliates in connection therewith information concerning you and the Company, and such affiliates shall be entitled to the benefits afforded to, and subject to the obligations of, the Commitment Parties under this Commitment Letter.

You further acknowledge that each Commitment Party and its affiliates is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, each Commitment Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, you, the Borrower, the Company and its subsidiaries and other companies with which you, the Borrower, the Sponsor or the Company or its subsidiaries may have commercial or other relationships. With respect to any securities and/or financial instruments so held by the Commitment Parties, their affiliates or any of their respective customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

You further acknowledge and agree that you are responsible for making your own independent judgment with respect to such transactions and the process leading thereto. Additionally, you acknowledge and agree that we are not advising you as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction (including, without limitation, with respect to any consents needed in connection with the transactions contemplated hereby). You shall consult with your own advisors concerning such matters and shall be responsible for making your own independent investigation and appraisal of the transactions contemplated hereby (including, without limitation, with respect to any consents needed in connection therewith), and we shall have no responsibility or liability to you with respect thereto.

9. Assignments; Amendments; Governing Law, Etc.

This Commitment Letter and the commitments hereunder shall not be assignable by any party hereto (except by you to an affiliate that is a newly formed domestic “shell” company controlled by the Sponsor that consummates or intends to consummate the Acquisition or any other assignment that occurs as a matter of law pursuant to the merger of you with the Company at the closing of the Acquisition in accordance with the Merger Agreement) without the prior written consent of each other party hereto (and any attempted assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto (and Indemnified Persons), is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto (and Indemnified Persons) and is not intended to create a fiduciary relationship among the parties hereto. Any and all services to be provided by the Commitment Parties hereunder may be performed by or through any of their respective affiliates or branches. This Commitment Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by the Commitment Parties and you. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or by “.pdf” or similar electronic transmission shall be effective as delivery of a manually executed counterpart hereof. Section headings used herein are for convenience of reference only, are not part of this Commitment Letter and are not to affect the construction of, or to be taken into consideration in interpreting, this Commitment Letter. You acknowledge that information and documents relating to the Facilities may be transmitted through SyndTrak, Intralinks, the internet, e-mail, or similar electronic transmission systems, and, notwithstanding anything herein to the contrary, that the Commitment Parties shall not be liable for any damages arising from the unauthorized use by others of information or documents transmitted in such manner. This Commitment Letter, together with the Fee Letter dated the date hereof, supersedes all prior understandings, whether written or oral, among us with respect to the Facilities and sets forth the entire understanding of the parties hereto with respect thereto. THIS COMMITMENT LETTER, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATING TO THIS COMMITMENT LETTER, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK; *provided, however*, that whether there shall have been any effect, change, event or occurrence that has had or would reasonably be expected to have a Material Adverse Effect shall be construed in accordance with the laws of the State of Delaware, applicable to contracts executed in and to be performed entirely within the State, regardless of the laws that might otherwise govern under any applicable conflict of laws principles.

10. WAIVER OF JURY TRIAL

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THE ACQUISITION, THIS COMMITMENT LETTER, THE FEE LETTER OR THE PERFORMANCE BY US OR ANY OF OUR AFFILIATES OF THE SERVICES HEREUNDER OR THEREUNDER.

11. Jurisdiction.

Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of (i) any New York State court or Federal court of the United States of America sitting in the Borough of Manhattan in the City of New York, and any appellate court from any thereof, as to any action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court, (b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby in any court in which such venue may be laid in accordance with clause (a) of this sentence, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and (d) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Service of any process, summons, notice or document by registered mail or overnight courier addressed to any of the parties hereto at the addresses above shall be effective service of process against such party for any suit, action or proceeding brought in any such court.

12. Confidentiality.

This Commitment Letter is delivered to you on the understanding that none of this Commitment Letter or the Fee Letter or their terms or substance shall be disclosed, directly or indirectly, to any other person or entity (including other lenders, underwriters, placement agents, advisors or any similar persons) except (a) to the Sponsor, any Investor (as defined in Exhibit A) and to your and their officers, directors, employees, affiliates, members, partners, stockholders, attorneys, accountants, agents and advisors and on a confidential basis, (b) if the Commitment Parties consent in writing to such proposed disclosure, (c) that the Term Sheets and the existence of this Commitment Letter (but not this Commitment Letter, the contents of this Commitment Letter, or the Fee Letter) may be disclosed to any rating agency in connection with the Transactions or (d) pursuant to the order of any court or administrative agency in any pending legal or administrative proceeding, or otherwise as required by applicable law or regulation or as requested by a governmental authority (in which case you agree to inform us promptly thereof to the extent lawfully permitted to do so); *provided* that (i) you may disclose this Commitment Letter and the contents thereof (but not the Fee Letter and the contents thereof except to the extent the foregoing shall have been redacted in a manner reasonably acceptable to the Commitment Parties) to the Company and its officers, directors, employees, attorneys, accountants, agents and advisors, on a confidential basis, (ii) you may disclose, on a confidential basis, the aggregate amount of the fees (including upfront fees and original issue discount) payable under the Fee Letter as part of generic disclosure regarding sources and uses (but without disclosing any specific fees set forth therein) in connection with any syndication of the Facilities or prospectus or offering memorandum related to the Senior Notes (or any debt securities or loans issued pursuant to, or as contemplated by, the Fee Letter), (iii) you may disclose, on a confidential

basis, to the Company's auditors the Fee Letter and the contents thereof after the Closing Date for customary accounting purposes, including accounting for deferred financing costs and (iv) you may, in each case solely to the extent required pursuant to United States federal and state securities laws, disclose the existence and terms of the Commitment Letter (but not the Fee Letter or the contents thereof) in any syndication of the Facilities or in any prospectus or other offering memorandum related to the Senior Notes (or any Permanent Debt issued in lieu of the Senior Notes) or in any proxy statement or other public filing in connection with the Acquisition.

Each Commitment Party and its affiliates will use all confidential information provided to it or such affiliates by or on behalf of you hereunder solely for the purpose of providing the services which are the subject of this Commitment Letter and shall treat confidentially all such information; *provided* that nothing herein shall prevent a Commitment Party from disclosing any such information (a) pursuant to the order of any court or administrative agency or otherwise as required by applicable law or regulation or as requested by a governmental authority (in which case such Commitment Party, to the extent permitted by law, rule or regulation, agrees to inform you promptly thereof), (b) upon the request or demand of any regulatory authority having jurisdiction over such Commitment Party or any of its affiliates (in which case such Commitment Party agrees to inform you promptly thereof prior to such disclosure, unless such Commitment Party is prohibited by applicable law from so informing you, or except in connection with any request as part of a regulatory examination), (c) to the extent that such information becomes publicly available other than by reason of improper disclosure by such Commitment Party or any of its affiliates, (d) to the extent that such information is received by such Commitment Party from a third party that is not to such Commitment Party's knowledge subject to confidentiality obligations to you, the Company, the Borrower or the Sponsor, (e) to the extent that such information is independently developed by such Commitment Party, (f) to such Commitment Party's affiliates and their officers, directors, employees, legal counsel, independent auditors and other experts or agents who need to know such information in connection with the Transactions and are informed of the confidential nature of such information, (g) to prospective Lenders, participants or assignees or any potential counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower or any of its subsidiaries or any of their respective obligations, in each case who agree to be bound by the terms of this paragraph (or language substantially similar to this paragraph), (h) for purposes of establishing a "due diligence" defense or (i) to ratings agencies. Each Commitment Party's obligations under this paragraph shall automatically terminate and be superseded by the confidentiality provisions in the definitive documentation relating to each of the Facilities upon the execution and delivery of the definitive documentation therefor and in any event shall terminate two years from the date hereof.

13. Surviving Provisions.

The indemnification, payment of fees, confidentiality, jurisdiction, venue, governing law, no agency or fiduciary duty and waiver of jury trial provisions contained herein and in the Fee Letter shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Commitment Letter or the Initial Lenders' commitments hereunder and the Lead Arrangers' agreements to provide the services described herein; *provided* that your obligations under this Commitment Letter, other than those relating to confidentiality and to the syndication of the Facilities, shall automatically terminate and be superseded by the definitive documentation relating to the Facilities upon the initial funding under the Senior Facilities, and you shall be released from all liability in connection therewith at such time (it being understood that your obligations under this Commitment Letter relating to confidentiality and syndication of the Facilities shall survive the execution and delivery of such definitive documentation).

14. PATRIOT ACT Notification

We hereby notify you that pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the “*Patriot Act*”), each Commitment Party and each Lender is required to obtain, verify and record information that identifies the Borrower and each Guarantor, which information includes the name, address, tax identification number and other information regarding the Borrower and each Guarantor that will allow such Commitment Party or such Lender to identify the Borrower and each Guarantor in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to the Commitment Parties and each Lender.

15. Acceptance and Termination

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Commitment Letter and of the Fee Letter by returning to the Lead Arrangers executed counterparts hereof and of the Fee Letter not later than 11:59 p.m., New York City time, on November 26, 2010. Each Commitment Party’s respective commitments hereunder and agreements contained herein will expire at such time in the event that the Lead Arrangers have not received such executed counterparts in accordance with the immediately preceding sentence. In the event that the initial borrowing in respect of the Term Facility, the initial closing under the ABL Facility and, to the extent the Senior Notes (or any Permanent Debt (as defined in the Fee Letter) issued in lieu of the Senior Notes) have not been issued, the initial borrowing in respect of the Senior Bridge Facility, do not occur on or before May 18, 2011 (or such earlier date which is the earlier of (i) the date on which the Merger Agreement is validly terminated in accordance with its terms and (ii) the date of the consummation of the Acquisition (but not, for the avoidance of doubt, prior to the consummation thereof)), then this Commitment Letter and the commitments and undertakings of the Commitment Parties hereunder shall automatically terminate unless each of them shall, in their discretion, agree to an extension. In the event of the closing of the Acquisition without the use of the Senior Bridge Facility, our commitment hereunder with respect to the Senior Bridge Facility shall automatically terminate. Notwithstanding anything in this paragraph to the contrary, the termination of any commitment pursuant to this paragraph does not prejudice our or your rights and remedies in respect of any breach of this Commitment Letter.

[Remainder of this page intentionally left blank]

The Commitment Parties are pleased to have been given the opportunity to assist you in connection with the financing for the Acquisition.

Very truly yours,

BANK OF AMERICA, N.A.

By /s/ Aaron J. Peyton

Name: Aaron J. Peyton

Title: Managing Director

**MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED**

By /s/ Aaron J. Peyton

Name: Aaron J. Peyton

Title: Managing Director

[SIGNATURE PAGE TO COMMITMENT LETTER]

GOLDMAN SACHS BANK USA

By /s/ Alexis Maged

(Authorized Signatory)

[SIGNATURE PAGE TO COMMITMENT LETTER]

Accepted and agreed to as of
the date first above written:

Chinos Acquisition Corporation

By /s/ Ronald Cami

Name: Ronald Cami

Title: Vice President

[SIGNATURE PAGE TO COMMITMENT LETTER]

Project Chino
\$250,000,000 Senior Secured Asset-Based Revolving Facility
Summary of Principal Terms and Conditions¹

<u>Borrower:</u>	Initially Chinos Acquisition Corporation (“ <i>Merger Sub</i> ”), a Delaware corporation, and, following the Acquisition, the Company as the survivor of the Merger contemplated thereby (the “ <i>Borrower</i> ”).
<u>ABL Administrative Agent:</u>	Bank of America will act as sole and exclusive administrative agent (in such capacity, the “ <i>ABL Administrative Agent</i> ”) and collateral agent for a syndicate of banks, financial institutions and institutional lenders reasonably acceptable to the Borrower excluding any Disqualified Lender (together with the Initial ABL Lenders, the “ <i>ABL Lenders</i> ”), and will perform the duties customarily associated with such roles.
<u>Joint Bookrunners and Joint Lead Arrangers:</u>	MLPFS and GS Bank will act as joint lead arrangers for the ABL Facility (the “ <i>ABL Lead Arrangers</i> ”) and as joint bookrunners, and will perform the duties customarily associated with such roles.
<u>ABL Facility:</u>	A senior secured asset-based revolving credit facility in an aggregate principal amount of \$250.0 million (the “ <i>ABL Facility</i> ”), of which up to an amount to be agreed (and in any event no less than \$125.0 million) will be available in the form of letters of credit. Amounts under the ABL Facility will be available in U.S. dollars and in such other currencies as the Borrower, the ABL Lead Arrangers and the ABL Administrative Agent may agree (subject to sublimits for such non-U.S. currencies to be agreed upon).
<u>Final Maturity:</u>	The ABL Facility will mature on the date that is five years after the Closing Date and all outstanding amounts shall be due and payable on such date; <i>provided</i> , that the ABL Facility Documentation shall provide the right for the Borrower to extend commitments and/or outstandings pursuant to one or more tranches with only the consent of the respective extending ABL Lenders; it being understood that any such amend and extend will be subject to a most favored nation provision based on yield on terms to be mutually agreed by the ABL Lead Arrangers and the Borrower and that each ABL Lender shall have the opportunity to participate in such extension on the same terms and conditions as each other ABL Lender.
<u>Interest Rates:</u>	As set forth on Annex I hereto.
<u>Default Rate:</u>	Any principal payable under or in respect of the ABL Facility not paid when due shall bear interest at the applicable interest rate plus 2% per annum. Other overdue amounts (including overdue interest) shall bear interest at the interest rate applicable to ABR loans plus 2% per annum.

¹ All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this Term Sheet is attached, including the Exhibits thereto. In the event any such capitalized term is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit shall be determined by reference to the context in which it is used.

Guarantees:

All obligations of the Borrower (the “**Borrower Obligations**”) under the ABL Facility and under any interest rate protection or other hedging arrangements entered into with an ABL Lender or any affiliate of an ABL Lender at the time of the entering into of such arrangements and designated by the Borrower as “ABL Hedging Obligations” (“**Hedging Obligations**”) and under any cash management arrangements entered into with an ABL Lender or any affiliate of an ABL Lender at the time of the entering into of such arrangements and designated by the Borrower as “ABL Cash Management Obligations” (“**Cash Management Obligations**”) will be unconditionally guaranteed jointly and severally on a senior secured basis (the “**Guarantees**”) by the direct parent company of the Borrower (“**Holdings**”) and, except to the extent prohibited or restricted by applicable law (including any requirement to obtain the consent of any governmental authority), each existing and subsequently acquired or organized direct or indirect wholly-owned U.S. subsidiary of the Borrower (other than any direct or indirect U.S. subsidiary of a direct or indirect non-U.S. subsidiary of the Borrower, any U.S. subsidiary that is a disregarded entity for U.S. federal income tax purposes if substantially all of its assets consist of the capital stock of one or more foreign subsidiaries, unrestricted subsidiaries, not-for-profit subsidiaries, special purpose entities used for securitization facilities and immaterial subsidiaries) (the “**ABL Subsidiary Guarantors**”) and, together with Holdings, the “**ABL Guarantors**” and, collectively with the Borrower and Holdings, the “**ABL Loan Parties**”). Any guarantees to be issued in respect of the Term Facility, Senior Notes or the Senior Bridge Facility shall be pari passu in right of payment with the obligations under the Guarantees.

Security:

The Borrower Obligations, the Guarantees, any Hedging Obligations and any Cash Management Obligations will be secured by the following: (a) a perfected first-priority security interest in substantially all personal property of the ABL Loan Parties consisting of all accounts receivable, inventory, cash, deposit accounts, securities and commodity accounts (other than the deposit account in which net cash proceeds from the sale of non-Current Asset Collateral (as defined below) are deposited pending reinvestment and which is subject to a first priority security interest in favor of the Term Administrative Agent and the Term Lenders pursuant to the Term Facility), books and records related to the foregoing and general intangibles evidencing, governing, securing or otherwise relating to the foregoing (but excluding, for the avoidance of doubt, intellectual property; *provided that*, subject to the Intercreditor Agreement (as defined below), the ABL Administrative Agent shall have a license allowing the use of such intellectual property as may be necessary or desirable for the liquidation of the Current Asset Collateral in addition to the benefit of other customary intercreditor provisions relating to access and use of non-Current Asset Collateral) and, in each case, proceeds thereof (the “**Current Asset Collateral**”); (b) a perfected second-priority pledge of all the capital stock directly held by the Borrower or any ABL Guarantor in any subsidiary (including the stock of the Borrower held by Holdings) (which pledge, in the case of the capital stock of any foreign subsidiary of a U.S. entity or of a U.S. entity that is a disregarded entity for U.S. federal income tax purposes if substantially all of its assets consist of the capital stock of one or more foreign

subsidiaries, shall be limited to 65% of the stock of such foreign subsidiary or such U.S. entity, as the case may be) and all evidence of indebtedness held by Holdings, the Borrower or any ABL Guarantor (the collateral described in clause (b) collectively, the “**Pledged Collateral**”); (c) perfected second-priority security interests in, and mortgages on, substantially all plant, owned real property and equipment of the ABL Loan Parties (the “**PP&E Collateral**”); and (d) perfected second-priority security interests in substantially all other personal property of the ABL Loan Parties, including, without limitation, investment property, contracts (other than those relating to the Current Asset Collateral), patents, copyrights, trademarks and other general intangibles (the “**Other Personal Property Collateral**” and, together with the Current Asset Collateral, Pledged Collateral and the PP&E Collateral, the “**Collateral**”), in each case, subject to permitted liens and to customary exceptions. The relative rights and priorities in the Collateral among the ABL Lenders and the lenders under the Term Facility will be set forth in an intercreditor agreement (the “**Intercreditor Agreement**”) consistent with the ABL Documentation Principles.

Notwithstanding the foregoing, (a) the Collateral shall not include: (i) any immaterial fee-owned real property and any leasehold interest (it being understood there shall be no requirement to obtain any landlord waivers, estoppels or collateral access letters), (ii) any governmental licenses or state or local franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby (except to the extent such prohibition or restriction is ineffective under the Uniform Commercial Code) other than proceeds thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code notwithstanding such prohibition, (iii) pledges and security interests prohibited or restricted by applicable law (including any requirement to obtain the consent of any governmental authority), (iv) equity interests in joint ventures or any non-wholly-owned subsidiaries, but only to the extent that the organizational documents or other agreements with other equity holders do not permit or restrict the pledge of such equity interests and (v) pledges and security interests in agreements, licenses and leases that are prohibited or restricted by such agreements, licenses and leases (including any requirement to obtain the consent of any governmental authority or third party), to the extent prohibited or restricted thereby (except to the extent such prohibition or restriction is ineffective under the Uniform Commercial Code) other than proceeds thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code notwithstanding such prohibition, (b) control agreements and perfection by “control” (other than in respect of certificated Pledged Collateral) shall not be required with respect to any Collateral (including without limitation deposit accounts, other bank or securities accounts, etc.) (except to the extent expressly required under the caption “Cash Management/Cash Dominion” below); (c) no actions in any non-U.S. jurisdiction or required by the laws of any non-U.S. jurisdiction shall be required in order to create any security interests in assets located or titled outside of the U.S. or to perfect such security interests, including any intellectual property registered in any non-U.S. jurisdiction (it being understood that there shall be no security agreements or pledge agreements governed under the laws of any non-U.S. jurisdiction); and (d) no actions shall

be required to perfect a security interest in letter of credit rights, motor vehicle and other assets subject to certificates of title, or commercial tort claims below a threshold to be agreed, other than the filing of a Uniform Commercial Code financing statement.

Notwithstanding the foregoing, (a) assets will be excluded from the Collateral in circumstances where the costs of obtaining a security interest in such assets exceed the practical benefit to the ABL Lenders afforded thereby, and (b) the requirements of the preceding two paragraphs shall be subject to the Certain Funds Provision.

Interest Rates:

The interest rates under the ABL Facility will be as follows:

At the option of the Borrower, initially, Adjusted LIBOR plus 2.50% or ABR plus 1.50%, or as otherwise agreed, which margins shall be subject to one step-down and one step-up commencing at the completion of the first full fiscal quarter completed after the Closing Date based on average historical borrowing availability during the preceding quarter less than a percentage of the total commitments to be agreed.

The Borrower may elect interest periods of 1, 2, 3 or 6 months (or, if agreed by all relevant ABL Lenders, 9 or 12 months or a shorter period) for Adjusted LIBOR borrowings.

Calculation of interest shall be on the basis of the actual days elapsed in a year of 360 days (or 365 or 366 days, as the case may be, in the case of ABR loans based on the Prime Rate) and interest shall be payable (i) in the case of Adjusted LIBOR loans, at the end of each interest period and, in any event, at least every 3 months and (ii) in the case of ABR loans, quarterly in arrears.

ABR is the Alternate Base Rate, which is the highest of (x) the ABL Administrative Agent's Prime Rate, (y) the Federal Funds Effective Rate plus 1/2 of 1.0% and (z) Adjusted LIBOR for interest periods of 1 month plus 1.00%.

Adjusted LIBOR is the London interbank offered rate for U.S. dollars, adjusted for customary Eurodollar reserve requirements, if any.

Project Chino
\$1,000,000,000 Senior Secured Term Loan Facility
Summary of Principal Terms and Conditions²

<u>Borrower:</u>	Initially Chinos Acquisition Corporation (“ <i>Merger Sub</i> ”), a Delaware corporation, and, following the Acquisition, the Company as the survivor of the Merger contemplated thereby (the “ <i>Borrower</i> ”).
<u>Administrative Agent:</u>	Bank of America will act as sole and exclusive administrative agent (in such capacity, the “ <i>Term Administrative Agent</i> ”) and collateral agent for a syndicate of banks, financial institutions and institutional lenders (excluding any Disqualified Lender) (together with the Initial Lenders, the “ <i>Lenders</i> ”), and will perform the duties customarily associated with such roles.
<u>Joint Bookrunners and Joint Lead Arrangers:</u>	MLPFS and GS Bank will act as joint lead arrangers for the Term Facility (the “ <i>Lead Arrangers</i> ”) and as joint bookrunners, and will perform the duties customarily associated with such roles.
<u>Senior Secured Term Loan Facility:</u>	A senior secured term loan B facility in an aggregate principal amount of \$1,000 million (the “ <i>Term Facility</i> ”).
<u>Interest Rates:</u>	As set forth on Annex I hereto.
<u>Default Rate:</u>	Any principal payable under or in respect of the Term Facility not paid when due shall bear interest at the applicable interest rate plus 2% per annum. Other overdue amounts (including overdue interest) shall bear interest at the interest rate applicable to ABR loans plus 2% per annum.
<u>Final Maturity and Amortization:</u>	The Term Facility will mature on the date that is seven years after the Closing Date and will amortize in equal quarterly installments in aggregate annual amounts equal to 1.00% of the original principal amount of the Term Facility, with the balance payable on the final maturity date; <i>provided</i> , that the Term Facility Documentation shall provide the right for the Borrower to extend commitments and/or outstandings pursuant to one or more tranches with only the consent of the respective extending Lenders; it being understood that any such amend and extend will be subject to a most favored nation provision based on yield on terms to be mutually agreed by the Lead Arrangers and the Borrower and that each Lender under the tranche that is being extended shall have the opportunity to participate in such extension on the same terms and conditions as each other Lender under such tranche.

² All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this Term Sheet is attached, including the Exhibits thereto. In the event any such capitalized term is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit shall be determined by reference to the context in which it is used.

Guarantees:

All obligations of the Borrower (the “**Borrower Obligations**”) under the Term Facility and under any interest rate protection or other hedging arrangements entered into with a Lender or any affiliate of a Lender at the time of the entering into of such arrangements and designated by the Borrower as “Term Hedging Obligations” (“**Hedging Obligations**”) and under any cash management arrangements entered into with a Lender or any affiliate of a Lender at the time of the entering into of such arrangements and designated by the Borrower as “Term Cash Management Obligations” (“**Cash Management Obligations**”) will be unconditionally guaranteed jointly and severally on a senior secured basis (the “**Guarantees**”) by the direct parent company of the Borrower (“**Holdings**”) and, except to the extent prohibited or restricted by applicable law (including any requirement to obtain the consent of any governmental authority), each existing and subsequently acquired or organized direct or indirect wholly-owned U.S. subsidiary of the Borrower (other than any direct or indirect U.S. subsidiary of a direct or indirect non-U.S. subsidiary of the Borrower, any U.S. subsidiary that is a disregarded entity for U.S. federal income tax purposes if substantially all of its assets consist of the capital stock of one or more foreign subsidiaries, unrestricted subsidiaries, not-for-profit subsidiaries, special purpose entities used for securitization facilities and immaterial subsidiaries) (the “**Subsidiary Guarantors**” and, together with Holdings, the “**Guarantors**”). Any guarantees to be issued in respect of the ABL Facility, the Senior Notes or the Senior Bridge Facility shall be pari passu in right of payment with the obligations under the Guarantees.

Security:

The Borrower Obligations, the Guarantees, any Hedging Obligations and any Cash Management Obligations will be secured by the following: (a) a perfected second-priority security interest in the Current Asset Collateral, (b) a perfected first-priority pledge of the Pledged Collateral, (c) perfected first-priority security interests in, and mortgages on, the PP&E Collateral and (d) perfected first priority security interests in the Other Personal Property Collateral (the foregoing, collectively, the “**Collateral**”), in each case, subject to permitted liens and to customary exceptions. “Current Asset Collateral”, “Pledged Collateral”, “PP&E Collateral” and “Other Personal Property Collateral” are each used herein as they are defined in the ABL Facility Term Sheet. The relative rights and remedies in the Collateral among the Lenders and the lenders under the ABL Facility will be set forth in an intercreditor agreement (the “**Intercreditor Agreement**”) consistent with the Term Facility Documentation Principles.

Notwithstanding the foregoing, (a) the Collateral shall not include: (i) any immaterial fee-owned real property and any leasehold interest (it being understood there shall be no requirement to obtain any landlord waivers, estoppels or collateral access letters), (ii) any governmental licenses or state or local franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby (except to the extent such prohibition or restriction is ineffective under the Uniform Commercial Code) other than proceeds thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code notwithstanding such prohibition, (iii) pledges and security interests prohibited or restricted by applicable law (including any requirement to obtain the consent of any governmental authority), (iv) equity interests in joint ventures or any

non-wholly-owned subsidiaries, but only to the extent that the organizational documents or other agreements with other equity holders do not permit or restrict the pledge of such equity interests and (v) pledges and security interests in agreements, licenses and leases that are prohibited or restricted by such agreements, licenses and leases (including any requirement to obtain the consent of any governmental authority or third party), to the extent prohibited or restricted thereby (except to the extent such prohibition or restriction is ineffective under the Uniform Commercial Code) other than proceeds thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code notwithstanding such prohibition; (b) control agreements and perfection by "control" (other than in respect of certificated Pledged Collateral) shall not be required with respect to any Collateral (including without limitation deposit accounts, other bank or securities accounts, etc.) (except to the extent expressly required under the caption "Cash Management/Cash Dominion" in Exhibit B above); (c) no actions in any non-U.S. jurisdiction or required by the laws of any non-U.S. jurisdiction shall be required in order to create any security interests in assets located or titled outside of the U.S. or to perfect such security interests, including any intellectual property registered in any non-U.S. jurisdiction (it being understood that there shall be no security agreements or pledge agreements governed under the laws of any non-U.S. jurisdiction); and (d) no actions shall be required to perfect a security interest in letter of credit rights, motor vehicles and other assets subject to certificates of title or commercial tort claims below a threshold to be agreed, other than the filing of a Uniform Commercial Code financing statement.

Notwithstanding the foregoing, (a) assets will be excluded from the Collateral in circumstances where the Term Administrative Agent reasonably determines that the costs of obtaining a security interest in such assets exceed the practical benefit to the Lenders afforded thereby, and (b) the requirements of the preceding two paragraphs shall be subject to the Certain Funds Provision.

Interest Rates:

The interest rates under the Term Facility will be as follows:

At the option of the Borrower, Adjusted LIBOR plus 4.50% or ABR plus 3.50%, or as otherwise agreed.

The Borrower may elect interest periods of 1, 2, 3 or 6 months (or, if agreed by all relevant Lenders, 9 or 12 months or a shorter period) for Adjusted LIBOR borrowings.

Calculation of interest shall be on the basis of the actual days elapsed in a year of 360 days (or 365 or 366 days, as the case may be, in the case of ABR loans based on the Prime Rate) and interest shall be payable (i) in the case of Adjusted LIBOR loans, at the end of each interest period and, in any event, at least every 3 months and (ii) in the case of ABR loans, quarterly in arrears.

ABR is the Alternate Base Rate, which is the highest of the Term Administrative Agent's Prime Rate and the Federal Funds Effective Rate plus 1/2 of 1.0%, and subject to a floor of 2.50%, or as otherwise agreed.

Adjusted LIBOR is the London interbank offered rate for U.S. dollars, adjusted for customary Eurodollar reserve requirements, if any, and subject to a floor of 1.50%, or as otherwise agreed.

Project Chino
\$600,000,000 Senior Unsecured Increasing Rate Bridge Facility
Summary of Principal Terms and Conditions³

<u>Borrower:</u>	The Borrower under the Senior Facilities.
<u>Administrative Agent:</u>	GS Bank will act as sole and exclusive administrative agent (in such capacity, the “ Bridge Administrative Agent ”) for a syndicate of banks, financial institutions and institutional lenders excluding any Disqualified Lender (together with the Initial Lenders, the “ Lenders ”), and will perform the duties customarily associated with such role.
<u>Joint Bookrunners and Joint Lead Arrangers:</u>	GS Bank and MLPFS will act as joint lead arrangers for the Senior Bridge Loans (the “ Lead Arrangers ”) and as joint bookrunners, and will perform the duties customarily associated with such roles.
<u>Bridge Loans:</u>	Senior Unsecured Increasing Rate Bridge Loans (the “ Senior Bridge Loans ”).
<u>Principal Amount:</u>	\$600 million of Senior Bridge Loans.
<u>Guarantees:</u>	Each existing and subsequently acquired or organized guarantor of the Senior Facilities will jointly and severally guarantee the Senior Bridge Loans on a senior unsecured basis, with the guarantee of each such guarantor under the Senior Bridge Facility being pari passu in right of payment with all obligations under the Senior Facilities. After the first anniversary of the Closing Date, any guarantee will be automatically released upon the release of the corresponding guarantee under the Senior Facilities (other than upon payment in full thereof).
<u>Interest Rates:</u>	<p>Interest for the first three-month period commencing on the Closing Date shall be payable in respect of Senior Bridge Loans, at (a) Adjusted LIBOR (as defined below) plus (b) 800 basis points (the “Initial Margin”). Thirty (30) days after the Closing Date, the interest rate shall be equal to a cap agreed between the Borrower and the Arrangers and the Bridge Administrative Agent.</p> <p>“Adjusted LIBOR” on any date, means the greater of (i) the London interbank offered rate for U.S. dollars, adjusted for customary Eurodollar reserve requirements if any, for a three month period (as determined two business days prior to the start of the applicable interest period) and (ii) 1.50%.</p>
<u>Default Rate:</u>	<p>The applicable interest rate plus 2.0% on overdue amounts.</p> <p>Notwithstanding anything to the contrary set forth herein, in no event shall the senior cap affect the payment of any default rate of interest in respect of any Senior Bridge Loans, Senior Term Loans or Senior Exchange Notes.</p>

³ All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this Term Sheet is attached, including the Exhibits thereto. In the event any such capitalized term is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit shall be determined by reference to the context in which it is used.

Notwithstanding anything to the contrary set forth above, at no time shall the per annum yield on the Senior Bridge Loans exceed a cap agreed between the Borrower and the Arrangers and the Bridge Administrative Agent.

Maturity:

The Senior Bridge Loans will mature on the first anniversary of the Closing Date (the “**Maturity Date**”). On the Maturity Date, unless a bankruptcy event of default has occurred on such date, any Senior Bridge Loan that has not been previously repaid in full will be automatically converted into a senior unsecured term loan (a “**Senior Term Loan**”) that is due on the date that is eight years after the Closing Date. The date on which Senior Bridge Loans are converted into Senior Term Loans is referred to as the “**Conversion Date**”. On the Conversion Date, and no more than a number of times to be agreed per calendar month occurring thereafter, at the option of the applicable Lender, Senior Term Loans may be exchanged in whole or in part for senior unsecured exchange notes (the “**Senior Exchange Notes**”) having an equal principal amount; *provided*, that no Senior Exchange Notes shall be issued until the Borrower shall have received requests to issue at least \$100 million in aggregate principal amount of Senior Exchange Notes.

The Senior Term Loans will be governed by the provisions of the Senior Bridge Loan Documents and will have the same terms as the Senior Bridge Loans except as expressly set forth on Annex I hereto. The Senior Exchange Notes will be issued pursuant to an indenture that will have the terms set forth on Annex II hereto. The Senior Bridge Loans, the Senior Term Loans and the Senior Exchange Notes shall be *pari passu* for all purposes.

Senior Term Loans

Maturity:

The Senior Term Loans will mature on the date that is eight years after the Closing Date.

Interest Rate:

The Senior Term Loans will bear interest at a rate equal to the senior cap. Interest shall be payable quarterly and on the maturity date of the Senior Term Loans, in each case payable in arrears and computed on the basis of a 360 day year.

Senior Exchange Notes

Maturity: The Senior Exchange Notes will mature on the date that is eight years after the Closing Date.

Guarantees: Same as the Senior Term Loans.

Interest Rate: The Senior Exchange Notes will bear interest payable semi-annually in arrears at the senior cap.

PRELIMINARY DRAFT



Discussion Materials on Project Tweed

Goldman, Sachs & Co.
October 4, 2010



Discussion Topics

Process and Timing	<ul style="list-style-type: none">■ Initial approach■ Anticipated Special Committee process■ Announcement■ Closing
Proposal	<ul style="list-style-type: none">■ Price■ Other terms■ Conditions, if any
Price	<ul style="list-style-type: none">■ Management projections vs. Tweed projections■ Current business momentum■ Shareholder perspectives
Financing	<ul style="list-style-type: none">■ Leverage and terms■ Commitment papers and conditions■ Timing
Anticipated Special Committee Process	<ul style="list-style-type: none">■ Legal and financial advisors■ Length of process■ Pre or post-signing market check■ Deal protections
Interlopers and Other Related Issues	<ul style="list-style-type: none">■ Financial buyers■ Strategic buyers■ Activists■ ISS



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 - II. Public Market Overview
 - III. Overview of Financials
 - IV. Take Private Analysis and Financing
 - V. Plaid Special Committee Considerations and Perspectives on Alternatives
 - Appendix A: Supplemental Materials
-



I. Process and Timing Considerations



Key Process Considerations

Initial Approach

- MD / JC to make calls to the board members over the next week
- Special committee could be formed prior to receipt of the Proposal from Tweed to define and expedite the Process
- Business diligence with Plaid subject to the approval of the Special Committee prior or after submitting the formal Proposal

Proposal

- Proposal submitted after the initial board member conversations
- Present a "fully baked" offer vs. indication of desire to present offer
- Limited conditionality
 - Subject to confirmatory legal diligence (assuming business diligence takes place prior to submission of the Proposal)
 - Committed financing also subject to confirmatory legal diligence

Special Committee Process

- The Board will set up an independent special committee after having preliminary conversations with MD / JC or after receiving a formal Proposal from Tweed
 - Obligation to represent all shareholders
 - Would retain its own investment bank and counsel
 - Likely to move deliberately and carefully
- Generally, the Special Committee will consider two potential paths:
 - A pre-signing market check will generally lengthen the pre-announcement timeframe and could include both strategic and financial buyers
 - The time required for a post-signing market check / "go shop" will depend on the emergence of competing bids post announcement and requires careful consideration of deal protection mechanics
 - The go shop windows generally range from 30 to 45 days, with the median length of 40 days for the recent deals



Key Process Considerations (cont.)

Special Committee Process (cont'd)

- Special committee will evaluate fairness of process and price
 - Consider Plaid's operating plan on a stand-alone basis compared to all alternatives, such as a sale or leveraged recap
 - Special committee's financial advisor will conduct an independent review of the Company

Transaction Structure

- Tender Offer generally faster than Merger
 - For the tender offer, ultimate timing from signing of Merger Agreement to full consummation of transaction using short-form merger is typically 5-6 weeks barring regulatory delays vs. 8-12 weeks for the Merger
- Plaid transaction may be subject to regulatory review as a 13e-3 transaction which might diminish the timing advantage of the Tender Offer

Disclosure

- Transaction requires the Company to prepare and mail a proxy statement if structured as a merger
- Transaction may require 13e-3 disclosure
 - Heightened disclosure obligations and SEC scrutiny of public filings
 - Increase in filing obligations, including filing projections and financial advisors' presentations to the Board
 - Buyer required to provide its view as to the fairness of the transaction
 - SEC will often take more time to review and will comment extensively on disclosure



Project Tweed Illustrative Timeline

October 2010							November 2010							December 2010							January 2011							February 2011						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1																												
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29	27	28					
31																					30	31												



Key Event



US Holiday

Week starting	Event
October 4	<ul style="list-style-type: none"> ■ Preliminary calls to board members ■ Engage legal counsel ■ Conduct legal and accounting review based on public documents ■ Preliminary discussion with Tweed on acquisition and financing terms (October 4) ■ Draft Commitment papers sent to Tweed
October 11	<ul style="list-style-type: none"> ■ Plaid Special Committee formed ■ Tweed and GS to conduct business diligence with Plaid (if approved by Special Committee) ■ Finalize Commitment papers ■ Proposal submitted to Plaid
October 18 – November 19	<ul style="list-style-type: none"> ■ Special Committee Process ■ Draft and negotiate purchase agreement ■ Confirmatory legal diligence

Week starting	Event
November 22	<ul style="list-style-type: none"> ■ Sign definitive purchase agreement ■ Announce the transaction with quarterly earnings (November 23) ■ Go-shop period begins (November 23)
January 3	<ul style="list-style-type: none"> ■ Go-shop period ends (40 days)
January 10	<ul style="list-style-type: none"> ■ Meeting with Credit Rating Agencies
January 31	<ul style="list-style-type: none"> ■ Bank Meeting
February 7	<ul style="list-style-type: none"> ■ Shareholder Vote ■ Launch Bond Roadshow (February 7) ■ Commitments on Bank Loan / Bond Pricing (February 11)
February 23	<ul style="list-style-type: none"> ■ Closing



Selected Transactions with Go-Shop Provisions

Date Announced	Target Name	Acquirer Name	Enterprise Value (\$mm)	Break-Up Fee (\$mm)	Reverse Break-Up Fee (\$mm)	Break-Up Fee as % of Trans. Value	Reverse Break-Up Fee as % of Trans. Value	Go Shop	Go Shop Termination Fee as % of Trans. Value	Go Shop Termination Fee (\$mm)	Go Shop Window (Days)	Matching Offer Period (Days)
02-Sep-2010	Burger King Holdings, Inc.	3G Capital	3,900	175	175	5.4%	5.4%	Yes	1.5%	50	40	3
16-Aug-2010	Res-Care, Inc.	Onex Corporation	551	14	N/A	4.0%	N/A	Yes	2.7%	9	40	4
13-Aug-2010	Dynegy Inc.	The Blackstone Group	5,067	50	100	9.2%	18.4%	Yes	3.0%	16	40	4
19-Jul-2010	ATC Technology Corporation	GENCO Distribution System, Inc.	415	20	N/A	4.0%	N/A	Yes	3.0%	15	30	4
15-Jul-2010	NBTY, Inc.	The Carlyle Group LLC	3,714	98	214	2.6%	6.1%	Yes	1.5%	54	34	3
24-May-2010	Odyssey HealthCare, Inc.	Gentiva Health Services, Inc.	878	29	N/A	3.2%	N/A	Yes	2.7%	24	30	5
12-Apr-2010	DynCorp International Inc.	Cerberus Capital Management, L.P.	1,473	30	100	3.0%	10.1%	Yes	N/A	N/A	28	4
29-Mar-2010	BWAY Holding Company	Madison Dearborn Partners LLC	829	13	28	2.8%	6.1%	Yes	1.1%	5	30	3
08-Mar-2010	Infogroup Inc.	CCMP Capital Advisors, LLC	639	16	25	3.4%	5.5%	Yes	3.4%	16	21	5
05-Mar-2010	RCN Corporation	ABRY Partners LLC	1,235	18	30	3.3%	5.6%	Yes	1.9%	10	40	5
26-Feb-2010	CKE Restaurants, Inc.	Thomas H. Lee Partners L.P.	920	15	31	2.5%	5.1%	Yes	1.5%	9	40	4
16-Dec-2009	Cedar Fair, L.P.	Apollo Management, L.P.	2,179	20	50	3.1%	7.9%	Yes	1.8%	11	40	4
13-Nov-2009	Silicon Storage Technology, Inc.	Prophet Equity LP	126	7	7	3.5%	3.5%	Yes	2.0%	4	45	3
05-Nov-2009	IMS Health Incorporated	Investment Group	5,057	115	275	2.9%	6.9%	Yes	2.0%	80	46	3
28-Sep-2009	GenTek Inc.	American Securities Capital Partners	539	10	12	2.6%	3.1%	Yes	2.6%	10	45	2
21-Jul-2008	Foundry Networks, Inc.	Brocade Communications Systems,	2,133	85	125	3.6%	5.2%	Yes	3.6%	85	5	5
19-Jun-2008	Apria Healthcare Group Inc.	The Blackstone Group	1,571	28	38	3.1%	4.1%	Yes	2.1%	19	35	4
16-Jun-2008	Greenfield Online, Inc.	Quadrangle Group LLC	377	10	13	2.5%	3.1%	Yes	1.2%	5	50	3
25-Feb-2008	Getty Images, Inc.	Hellman & Friedman LLC	2,067	52	78	2.6%	3.9%	Yes	1.5%	31	40	3
30-Jan-2008	NuCo Inc.	Aurora Capital Group	476	20	15	4.5%	3.4%	Yes	3.4%	15	45	N/A
18-Jan-2008	Performance Food Group Company	Investment Group	1,136	40	40	3.3%	3.3%	Yes	1.6%	20	50	2
15-Jan-2008	Lifecore Biomedical, Inc.	Warburg Pincus Partners LLC	191	3	9	1.3%	3.9%	Yes	0.7%	2	30	3
14-Jan-2008	Bright Horizons Family Solutions, Inc.	Bain Capital	1,275	39	39	3.1%	3.1%	Yes	1.5%	20	60	N/A
26-Oct-2007	Puget Energy, Inc.	Investment Group	3,964	40	130	1.1%	3.7%	Yes	0.9%	30	45	5
05-Sep-2007	MarkWest Hydrocarbon, Inc.	MarkWest Energy Partners, L.P.	1,223	15	15	2.0%	2.0%	Yes	1.0%	8	30	N/A
25-Jul-2007	PRA International	Genstar Capital, LLC	703	24	24	3.7%	3.7%	Yes	1.2%	8	50	N/A
24-Jul-2007	Ryerson Inc.	Platinum Equity LLC	1,888	25	25	2.7%	2.7%	Yes	1.6%	15	25	3
23-Jul-2007	Neoware, Inc.	Hewlett-Packard Company	252	10	N/A	3.0%	N/A	Yes	3.0%	10	26	5
23-Jul-2007	Cumulus Media Inc.	Management Led Buyout	1,248	15	15	3.2%	3.2%	Yes	1.6%	8	45	3
23-Jul-2007	United Rentals, Inc.	Cerberus Capital Management, L.P.	5,429	100	100	3.5%	3.5%	Yes	1.4%	40	40	3
19-Jul-2007	Williams Scotsman International, Inc.	TDR Capital LLP	2,159	40	N/A	3.3%	N/A	Yes	2.0%	25	30	3
16-Jul-2007	DJO Incorporated	The Blackstone Group	1,503	37	37	3.2%	3.2%	Yes	1.6%	19	50	5
09-Jul-2007	Sequa Corporation	The Carlyle Group LLC	2,648	61	61	3.0%	3.0%	Yes	1.5%	30	45	N/A
02-Jul-2007	Reddy Ice Holdings, Inc.	GSO Capital Partners LP	678	21	21	3.1%	3.1%	Yes	1.0%	7	45	5
20-Jun-2007	Nuveen Investments, Inc.	Investment Group	5,652	200	200	3.9%	3.9%	Yes	1.9%	100	30	3
15-Jun-2007	Penn National Gaming, Inc.	Investment Group	8,355	200	200	3.5%	3.5%	Yes	1.7%	100	45	N/A
11-Jun-2007	James River Group, Inc.	The D. E. Shaw Group	547	11	11	2.2%	2.2%	Yes	1.4%	7	55	3
11-Jun-2007	Horizon Offshore, Inc.	Cal Dive International, Inc.	665	25	N/A	3.0%	N/A	Yes	1.5%	9	45	N/A
Median				\$ 25	\$ 38	3.1%	3.7%		1.6%	\$ 15	40	3
Mean				\$ 46	\$ 70	3.3%	4.7%		1.9%	\$ 25	39	4

Source: Goldman Sachs internal analysis



II. Public Market Overview



Plaid Share Price has Outperformed Since IPO but Lagged Peers YTD



Source: Bloomberg

Note: Fiscal year ending January of the following year

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

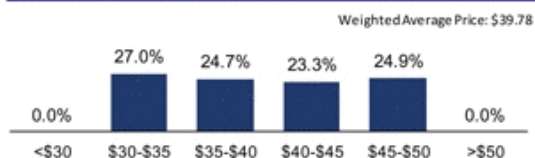


Approximately 50% of Plaid Shares Have Traded in \$40 - \$50 Range in YTD Period (US\$ per share)

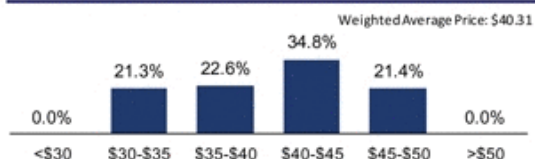
Plaid Share Price Performance – Since IPO



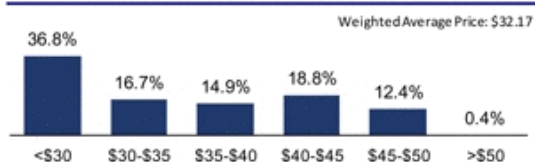
Shares Traded at Various Prices – YTD



Shares Traded at Various Prices – Last 1 Year



Shares Traded at Various Prices – Last 3 Years



Source: Bloomberg. Note:
Note: Market data as of 30-Sep-2010



Plaid Top 20 Institutional Shareholders

Top 20 Institutional Holders

Institutional Holder	Equity Assets (\$MM)	Cost Basis (\$)	Q2 '10 Pos. (Shares)	Q2 '10 % Shares Out.	Q2 '09 Pos. (Shares)	Q2 '09 % Shares Out.	Q2 '08 Pos. (Shares)	% Owned Q2 '08
Fidelity Management & Research	\$ 499,959	\$ 33.87	9,272,405	14.2 %	8,754,586	12.4 %	9,269,007	12.8 %
Baron Capital Management, Inc.	14,289	34.52	5,524,641	8.5	5,815,365	8.2	6,131,275	8.5
Marsico Capital Management, L.L.C.	37,169	43.06	4,365,418	6.7	-	-	-	-
Columbia Wanger Asset Management, L.P.	25,777	22.16	2,885,600	4.4	2,529,050	3.6	2,653,550	3.7
Vanguard Group, Inc.	531,516	33.95	2,644,998	4.1	1,920,155	2.7	1,211,378	1.7
BlackRock Institutional Trust Company, N.A.	674,710	30.49	2,453,795	3.8	2,947,990	4.2	1,488,421	2.1
T. Rowe Price Associates, Inc.	240,060	34.68	1,988,520	3.1	6,814,900	9.7	4,457,800	6.2
Janus Capital Management LLC	73,573	35.11	1,560,843	2.4	2,192,818	3.1	-	-
Blue Ridge Capital	5,945	44.02	1,490,000	2.3	-	-	-	-
TIAA-CREF	148,817	39.74	1,437,096	2.2	334,736	0.5	697,625	1.0
American Century Investment Management, Inc.	45,636	26.27	1,407,925	2.2	1,690,304	2.3	-	-
State Street Global Advisors (US)	447,209	32.87	1,392,942	2.1	2,093,465	3.0	955,584	1.3
Lorin, Abbott & Co. LLC	39,674	36.72	1,288,477	2.0	9,714,648	13.8	8,978,969	12.4
Wells Capital Management Inc.	49,987	42.76	1,210,917	1.9	-	-	-	-
JP Morgan Asset Management	103,066	28.94	1,055,019	1.6	557,546	0.8	1,238,697	1.7
AllianceBernstein L.P.	148,722	24.57	1,040,981	1.6	1,735,608	2.5	1,428,353	2.0
Gardner Lewis Asset Management, L.P.	2,595	43.21	983,185	1.5	-	-	-	-
The Roosevelt Investment Group, Inc.	3,455	32.26	948,907	1.5	-	-	-	-
Vinik Asset Management, L.P.	6,373	40.89	787,300	1.2	1,002,201	1.4	401,608	0.6
S.A.C. Capital Advisors, LP	9,282	43.07	748,991	1.1	95,000	0.1	-	-
Top 20 Institutional Investors				68.3 %		68.3 %		53.8 %

Ownership Style on Mutual Fund Level



Source: Thomson Financial. Data as of 30-Sep-10



Plaid Trading Substantially Below Historical Trading Level

EV / Current Year EBITDA Multiple Over Time (Median Multiples for the Period)

Plaid		
EV / 2010 EBITDA		
Case	EBITDA	Mult.
Tweed	\$293	6.8x
Mgmt	\$303	6.6x
IBES	\$311	6.4x

	2003	2004	2005	2006	2007	2008	2009	2010YTD	Current (IBES)
Plaid	NA	NA	NA	13.7 x	13.9 x	8.3 x	11.2 x	8.3 x	6.4 x
Abercrombie & Fitch	6.0	6.1	8.7	6.8	7.1	5.3	5.5	5.8	6.0
AÉROPOSTALE	NA	10.4	8.0	7.6	8.4	7.2	5.7	4.7	4.0
AMERICAN EAGLE OUTFITTERS	5.3	7.4	7.2	7.1	6.7	4.5	6.8	5.0	5.5
ANN TAYLOR	6.1	5.8	7.5	8.0	6.0	4.3	7.7	5.3	4.5
Buckle	5.8	6.6	6.5	6.4	8.5	8.2	5.8	6.0	5.2
COACH	15.2	16.0	15.2	13.7	15.2	7.1	7.1	8.8	9.2
GAP	7.6	6.7	6.1	6.0	7.9	5.9	5.2	4.7	4.0
LEVI'S 2	13.2	9.6	6.9	11.4	13.5	8.4	7.2	6.9	7.4
Limited Brands	5.5	6.0	7.2	8.0	7.8	6.2	6.4	6.5	6.6
lululemon athletica	NA	NA	NA	NA	NM	21.1	14.2	18.2	18.3
lululemon athletica	5.3	8.0	8.2	9.1	10.5	7.6	6.4	8.3	8.9
rue21	NA	NA	NA	NA	NA	NA	NA	11.5	8.8
urban outfitters	8.5	15.3	17.5	11.9	14.1	13.1	9.3	10.6	8.6
Median	6.1 x	7.4 x	7.5 x	8.0 x	8.5 x	7.2 x	6.8 x	6.5 x	6.6 x

Source: Bloomberg, IBES estimates.
Note: Market data as of 30-Sep-2010



Plaid Currently Trades Below Peer Median on a P/E Basis

Forward P/E Multiple Over Time (Median Multiples for the Period)

Plaid 2011 P/E		
Case	EPS	Mult.
Tweed	\$2.45	13.7x
Mgmt	\$3.02	11.1x
IBES	\$2.59	13.0x

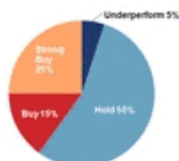
Plaid 2010 P/E		
Case	EPS	Mult.
Tweed	\$2.19	15.4x
Mgmt	\$2.27	14.8x
IBES	\$2.31	14.6x

	2003	2004	2005	2006	2007	2008	2009	2010YTD	Current (IBES)
Plaid	NA	NA	NA	29.0 x	26.6 x	16.0 x	22.9 x	16.9 x	13.0 x
Abercrombie & Fitch	11.6	12.9	15.9	12.5	13.3	10.3	16.0	15.8	15.9
AÉROPOSTALE	16.3	17.6	13.7	13.8	15.2	13.2	11.6	9.6	8.2
AMERICAN EAGLE	12.9	15.7	13.8	14.0	12.0	9.0	14.9	12.3	13.4
ANN TAYLOR	14.0	13.7	18.0	18.3	14.0	11.4	NM	20.0	14.7
Buckle	12.4	13.7	14.0	14.4	16.1	15.1	10.6	10.8	9.9
COACH	25.7	26.3	24.6	20.9	22.8	11.8	14.6	15.6	15.2
GAP	17.8	15.1	13.2	13.2	17.9	12.6	12.8	11.5	9.8
GUESS	30.0	19.4	17.0	21.5	22.0	13.1	12.6	11.7	12.3
Limitedbrands	13.6	14.7	13.9	15.4	12.8	10.6	13.5	13.4	13.4
lululemon athletica	NA	NA	NA	NA	NA	27.8	25.6	29.8	30.6
MADWELL	11.7	13.3	14.5	17.9	20.0	14.4	15.5	16.1	16.2
rue21	NA	NA	NA	NA	NA	NA	NA	23.3	18.0
urban outfitters	18.5	27.2	28.3	19.0	21.6	21.7	16.6	18.6	15.6
Median	14.0 x	15.1 x	14.5 x	15.4 x	16.1	12.9 x	14.6 x	15.6 x	14.7 x
S&P	16.4	15.8	14.6	13.9	14.4	12.0	12.8	11.9	12.0

Source: Bloomberg, IBES estimates.
Note: Market data as of 30-Sep-2010



Analyst Estimates and Price Targets for Plaid



Broker	Date	Recommendation	Price Target	PV of Price Target	EBITDA		Implied EV/EBITDA		EPS		Implied P/E	
					FY 2010	FY2011	FY 2010	FY2011	FY 2010	FY2011	FY 2010	FY2011
Goldman Sachs	21-Sep-2010	Hold	\$33	\$31	\$304	\$321	6.6 x	6.2 x	\$2.23	\$2.32	15.1 x	14.5 x
Atlantic Equities	27-Aug-2010	Underperform	28	NA	NA	NA	NA	NA	\$2.31	\$2.46	14.6	13.7
BMO Capital Markets	27-Aug-2010	Hold	31	NA	334	386	6.0	5.2	2.32	2.60	14.5	12.9
BoFA Merrill Lynch	8-Sep-2010	Hold	35	NA	303	314	6.6	6.4	2.29	2.35	14.7	14.3
Brean Murray, Canel	27-Aug-2010	Strong Buy	42	\$37	310	353	6.4	5.6	2.30	2.60	14.6	12.9
Janney Montgomery Scott	29-Sep-2010	Hold	37	\$33	305	325	6.5	6.1	2.28	2.45	14.7	13.7
Jefferies	27-Aug-2010	Hold	35	\$33	308	303	6.5	6.6	2.23	2.31	15.1	14.6
Miller Tabak	7-Sep-2010	Buy	40	NA	NA	NA	NA	NA	2.65	2.85	12.7	11.8
JP Morgan	7-Sep-2010	Hold	34	\$30	321	333	6.2	6.0	2.34	2.50	14.4	13.4
MKM Partners	27-Aug-2010	Buy	41	\$36	321	366	6.2	5.4	2.37	2.70	14.2	12.5
Morningstar	3-Jun-2010	Hold	NA	NA	NA	NA	NA	NA	2.29	NA	14.7	NA
Needham	27-Aug-2010	Hold	NA	NA	NA	NA	NA	NA	2.36	2.58	14.2	13.0
Oppenheimer	1-Jul-2010	Strong Buy	50	\$42	332	313	6.0	6.4	2.26	2.70	14.9	12.5
Piper Jaffray	27-Aug-2010	Buy	38	NA	307	342	6.5	5.8	2.36	2.68	14.2	12.5
Raymond James	27-Aug-2010	Hold	NA	NA	NA	NA	NA	NA	2.31	2.58	14.6	13.0
Robert W. Baird	27-Aug-2010	Strong Buy	49	NA	320	367	6.2	5.4	2.40	2.75	14.0	12.2
Stifel Nicolaus	2-Sep-2010	Hold	NA	NA	NA	NA	NA	NA	2.33	2.75	14.4	12.2
UBS	28-Aug-2010	Hold	35	NA	310	345	6.4	5.8	2.32	2.48	14.5	13.6
Wedbush Securities	20-Sep-2010	Strong Buy	40	\$35	NA	NA	NA	NA	2.25	2.35	14.9	14.3
Weeden	30-Aug-2010	Strong Buy	40	NA	NA	NA	NA	NA	2.27	2.60	14.8	12.9
Median			\$38	\$34	\$310	\$338	6.4 x	5.9 x	\$2.31	\$2.59	14.6 x	13.0 x
Tweed Case					\$293	\$327	6.8 x	6.1 x	\$2.19	\$2.45	15.4 x	13.7 x
Management Case					303	394	6.6	5.1	2.27	3.02	14.8	11.1

Source: Wall Street Estimates. Market data as of 30-Sep-10

Note: Assumes the cost of equity to be 15.0% to calculate the PV of Target price. Research reports with "NA" unavailable



Research Analyst Commentary on Plaid is Mixed

Research Analysts' Have Some Concerns on Near Term Outlook...

- "Plaid currently operates **near peak level productivity and margins**, and lags daunting compares in the next two quarters. **Competition is also fierce** with extremely picky consumers and fellow women's retailers providing more options comparable to J.Crew's coveted style. Rising sourcing costs are also an industry-wide concern lurking ahead." *Jefferies & Company, August 27, 2010*
- "the outlook for shares over the next 6-12 months comes down to what happens to the earnings base of the core business...if trends deteriorate further, we could see **some additional markdown pressure in 4Q** and there is substantial risk to record margins." *Goldman Sachs, August 26, 2010*
- "We have become **increasingly concerned regarding merch. margins trends into 1H:11**...we anticipate downbeat commentary from management regarding 2H:10 and 2011 margin trends (inventory, sourcing)... should continue to put pressure on shares." *J.P. Morgan, July 15, 2010*
- "Though Plaid has longer-term store growth potential in Madewell, it is still somewhat unproven and for now **EPS growth is much more dependent on comp sales and margin leverage at the core business**. Concerns over inventory planned up mid to high-single digits at 2Q end, coupled with **fear of sector-wide sales deceleration** and tough compares for Plaid, will likely be an overhang." *Goldman Sachs, July 13, 2010*

...But Are Bullish on Plaid's Brand Strength and Growth

- "One of the **strongest brands with compelling initiatives to drive gradual long-term growth** (wedding, men's, madewell, etc)." *Goldman Sachs, August 26, 2010*
- "**Longer term, we believe the company still has the opportunity to expand margins** to the high teens through continued 4-5% footage growth, expansion of its direct business and reversal of EBIT dilution from Madewell as it ramps footage and increases brand awareness (recently launched eCommerce)." *J.P. Morgan, July 15, 2010*
- "**The balance sheet is in the best shape** we've seen since Plaid went public, with \$300 million in cash and less than \$50 million in debt following a \$50 million prepayment in 2009. Furthermore, we believe **CEO Mickey Drexler is highly regarded as a brand leader and merchant** and has once again pleased investors with 2009's 180 degree turnaround from last year's operational missteps." *J.P. Morgan, July 15, 2010*
- "If Plaid can execute on its plans to drive more full-priced selling while maintaining a firm control over inventory levels, we believe the company will **quickly realize higher margins and drive a premium multiple**; we are also excited that the company will begin to **aggressively expand in FY12**, especially at the money-losing Madewell concept." *Brean Murray Carret & Co, August 27, 2010*

Source: Wall Street Research



III. Overview of Financials



Plaid Financial Overview

Tweed Projections vs. Management Projections vs. Street

(\$ in millions, except per share data)

**FY 2010 EPS
Guidance:**
\$2.25 to \$2.35

**Q3 2010 EPS
Guidance:**
\$0.55 to \$0.60

**Implied Q4
Guidance:**
\$0.49 to \$0.54

FY 2010 Capex:
\$55 million

	Tweed			Management				IBES Estimates				
	2H2010E	2010 E	2011 E	2H2010E	2010E Rev.	2010E (Old)	2011 E	Q3 2010E	Q4 2010E	2H2010E	2010E	2011 E
Total Revenues	\$ 919	\$ 1,740	\$ 1,900	\$ 932	\$ 1,753	\$ 1,805	\$ 2,034	\$ 434	\$ 485	\$ 920	\$ 1,741	\$ 1,900
% Growth	5.0%	10.3%	9.2%	6.5%	11.1%	14.4%	16.0%	4.8%	5.3%	5.2%	10.3%	9.1%
% Growth vs. old projections							12.7%					
EBITDA	\$ 132	\$ 293	\$ 327	\$ 142	\$ 303	\$ 329	\$ 394	\$ 78	\$ 73	\$ 151	\$ 311	\$ 343
% Margin	14.4%	16.8%	17.2%	15.3%	17.3%	18.2%	19.4%	18.1%	15.1%	16.4%	17.9%	18.0%
% Growth	(21.6)%	11.4%	11.6%	(15.7)%	15.2%	25.1%	30.1%	(10.8)%	(9.1)%	(10.7)%	18.4%	10.1%
% Growth vs. old projections							19.8%					
Net Income	\$ 66	\$ 145	\$ 164	\$ 71	\$ 151	\$ 166	\$ 202	\$ 38	\$ 35	\$ 73	\$ 152	\$ 173
EPS	\$ 0.98	\$ 2.19	\$ 2.45	\$ 1.07	\$ 2.27	\$ 2.50	\$ 3.02	\$ 0.58	\$ 0.53	\$ 1.10	\$ 2.31	\$ 2.59
% Growth	(24.0)%	14.3%	12.1%	(17.2)%	18.9%	30.8%	32.9%	(13.8)%	(13.7)%	(14.3)%	20.8%	12.1%
% Growth vs. old projections							20.8%					
Net Income	\$ 66	\$ 145	\$ 164	\$ 71	\$ 151	\$ 166	\$ 202					
D&A	23	47	52	23	48	48	56					
Change in Working Capital	48	0	(10)	48	0	0	(19)					
Capital Expenditure	(34)	(52)	(75)	(34)	(52)	(52)	(54)					
Other	7	6	8	7	6	6	8					
Free Cash Flow	\$ 109	\$ 146	\$ 139	\$ 115	\$ 152	\$ 167	\$ 193					

Source: Tweed estimates, Management projections and IBES estimates

Plaid Financial Overview

Management Plan

(\$ in millions)

										CAGR	CAGR	
										'07A-'10E	'10E-'15E	
	FY 2007 A	FY 2008 A	FY 2009 A	FY 2010 E	FY 2011 E	FY 2012 E	FY 2013 E	FY 2014 E	FY 2015 E			
Income Statement	Total Revenue	\$ 1,335	\$ 1,428	\$ 1,578	\$ 1,753	\$ 2,034	\$ 2,356	\$ 2,709	\$ 3,087	\$ 3,481	9.5 %	14.7 %
	% Growth		7.0 %	10.5 %	11.1 %	16.0 %	15.8 %	15.0 %	14.0 %	12.7 %		
	Gross Profit	\$ 589	\$ 555	\$ 696	\$ 777	\$ 939	\$ 1,091	\$ 1,261	\$ 1,444	\$ 1,643		
	EBIT	\$ 175	\$ 97	\$ 211	\$ 255	\$ 338	\$ 412	\$ 501	\$ 603	\$ 724		
	D&A	34	44	52	48	56	62	66	69	70		
	EBITDA	\$ 209	\$ 141	\$ 263	\$ 303	\$ 394	\$ 474	\$ 567	\$ 672	\$ 793	13.2 %	21.2 %
	% Growth		(32.7)%	87.1 %	15.2 %	30.1 %	20.2 %	19.5 %	18.5 %	18.1 %		
	% Margin	15.7 %	9.8 %	16.7 %	17.3 %	19.4 %	20.1 %	20.9 %	21.8 %	22.8 %		
Net Income	\$ 98	\$ 54	\$ 123	\$ 151	\$ 202	\$ 246	\$ 299	\$ 360	\$ 432	15.3 %	23.4 %	
Diluted Shares Outstanding	64	64	65	66	67	67	67	68	68			
EPS	\$ 1.54	\$ 0.85	\$ 1.91	\$ 2.27	\$ 3.02	\$ 3.67	\$ 4.44	\$ 5.32	\$ 6.36	13.8 %	22.8 %	
% Growth		(45.2)%	126.2 %	18.9 %	32.9 %	21.3 %	21.1 %	19.9 %	19.5 %			
Cash Flow	Net Income	\$ 98	\$ 54	\$ 123	\$ 151	\$ 202	\$ 246	\$ 299	\$ 360	\$ 432		
	D&A	34	44	52	48	56	62	66	69	70		
	Working Capital	7	37	(14)	(14)	6	1	(4)	(9)	(8)		
	Δ in Working Capital	(42)	(15)	(33)	(0)	19	(5)	(5)	(5)	1		
	Capital Expenditures	81	78	45	52	54	59	59	58	65		
	Other	26	5	40	6	8	16	16	16	16		
	Free Cash Flow	\$ 120	\$ 40	\$ 203	\$ 152	\$ 193	\$ 269	\$ 326	\$ 392	\$ 452	8.3 %	24.3 %
Credit Stats	Cash	\$ 132	\$ 146	\$ 298	\$ 375	\$ 568	\$ 837	\$ 1,163	\$ 1,556	\$ 2,008		
	Total Debt	125	100	49	0	0	0	0	0	0		
	Debt / EBITDA	0.6 x	0.7 x	0.2 x	0.0 x	0.0 x	0.0 x	0.0 x	0.0 x	0.0 x		
	Adj. Debt / EBITDAR (1)	2.3 x	3.2 x	2.1 x	1.8 x	1.5 x	1.4 x	1.3 x	1.2 x	1.1 x		
Op. Metrics	Number of Stores	260	300	321	336	373	424	473	522	576		
	New Stores Growth (%)	14.5 %	15.4 %	7.0 %	4.7 %	11.0 %	13.7 %	11.6 %	10.4 %	10.4 %		
	Comp Store Sales (%)	5.6 %	(4.0)%	4.1 %	10.2 %	6.2 %	6.3 %	6.0 %	6.1 %	6.1 %		

Source: Public filings, Management Projections
 Note: Assumes tax rate of 40.2%. Assumes rent expense to be 4.9% of sales.
 (1) Rent Expense adjusted based on Moody's methodology.



Plaid Financial Overview

Tweed Plan

(\$ in millions)

	FY 2007 A	FY 2008 A	FY 2009 A	FY 2010 E	FY 2011 E	FY 2012 E	FY 2013 E	FY 2014 E	FY 2015 E	CAGR '07A-'10E	CAGR '10E-'15E	
Income Statement	Retail	\$ 725	\$ 743	\$ 823	\$ 842	\$ 879	\$ 929	\$ 980	\$ 1,033	\$ 1,088		
	Factory	187	217	259	297	323	359	399	439	480		
	Direct	381	413	433	508	569	626	676	723	767		
	Other	42	55	63	93	129	186	247	313	387		
	Total Revenue	\$ 1,335	\$ 1,428	\$ 1,578	\$ 1,740	\$ 1,900	\$ 2,100	\$ 2,302	\$ 2,508	\$ 2,722	9.2 %	9.4 %
	% Growth		7.0 %	10.5 %	10.3 %	9.2 %	10.5 %	9.6 %	8.9 %	8.5 %		
	Gross Profit	\$ 589	\$ 555	\$ 696	\$ 771	\$ 877	\$ 973	\$ 1,072	\$ 1,173	\$ 1,284		
	EBITDA	\$ 209	\$ 141	\$ 263	\$ 293	\$ 327	\$ 369	\$ 412	\$ 455	\$ 500	11.9 %	11.3 %
	% Growth		(32.7)%	87.1 %	11.4 %	11.6 %	12.8 %	11.7 %	10.4 %	9.9 %		
	% Margin	15.7 %	9.8 %	16.7 %	16.8 %	17.2 %	17.6 %	17.9 %	18.1 %	18.4 %		
Net Income	\$ 98	\$ 54	\$ 123	\$ 145	\$ 164	\$ 187	\$ 212	\$ 238	\$ 266	13.8 %	12.9 %	
Diluted Shares Outstanding	64	64	65	66	67	67	67	68	68			
EPS	\$ 1.54	\$ 0.85	\$ 1.91	\$ 2.19	\$ 2.45	\$ 2.79	\$ 3.15	\$ 3.52	\$ 3.91	12.3 %	12.3 %	
% Growth		(45.2)%	126.2 %	14.3 %	12.1 %	13.8 %	13.1 %	11.7 %	11.1 %			
Cash Flow	Net Income	\$ 98	\$ 54	\$ 123	\$ 145	\$ 164	\$ 187	\$ 212	\$ 238	\$ 266		
	D&A	34	44	52	47	52	55	56	56	54		
	Working Capital	7	37	(14)	(14)	(4)	6	16	26	36		
	Δ in Working Capital	(42)	(15)	(33)	(0)	10	10	10	10	10		
	Capital Expenditures	81	78	45	52	75	85	59	58	65		
	Other	26	5	40	6	8	16	16	16	16		
	Free Cash Flow	\$ 120	\$ 40	\$ 203	\$ 146	\$ 139	\$ 164	\$ 216	\$ 242	\$ 262	6.9 %	12.3 %
Credit Stats	Cash	\$ 132	\$ 146	\$ 298	\$ 375	\$ 514	\$ 678	\$ 893	\$ 1,136	\$ 1,397		
	Total Debt	125	100	49	0	0	0	0	0	0		
	Debt / EBITDA	0.6 x	0.7 x	0.2 x	0.0 x	0.0 x	0.0 x	0.0 x	0.0 x	0.0 x		
	Adj. Debt / EBITDAR (1)	2.3 x	3.2 x	2.1 x	1.8 x	1.8 x	1.8 x	1.7 x	1.7 x	1.7 x		
Op. Metrics	Number of Stores	260	300	321	335	368	403	435	467	499		
	New Stores Growth (%)	14.5 %	15.4 %	7.0 %	4.4 %	9.9 %	9.5 %	7.9 %	7.4 %	6.9 %		
	Comp Store Sales (%)	5.6 %	(4.0)%	4.1 %								

Source: Public filings, Management Projections
 Note: Assumes tax rate of 40.2%. Assumes rent expense to be 4.9% of sales.
 (1) Rent Expense adjusted based on Moody's methodology.



Plaid Quarterly Momentum

Historicals and Tweed Projections

(\$ in millions)

		Q1 2007	Q2 2007	Q3 2007	Q4 2007	FY 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	FY 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009	Q1 2010	Q2 2010	2H 2010	FY 2010E
Income Statement	Total Revenue	\$ 297	\$ 305	\$ 333	\$ 400	\$ 1,335	\$ 341	\$ 336	\$ 363	\$ 388	\$ 1,428	\$ 346	\$ 358	\$ 414	\$ 461	\$ 1,578	\$ 414	\$ 408	\$ 919	\$ 1,740
	% Growth						14.6%	10.4%	9.1%	(3.0)%		1.5%	6.3%	14.1%	18.7%		19.7%	14.0%	5.0%	
	EBITDA	\$ 52	\$ 45	\$ 56	\$ 55	\$ 209	\$ 62	\$ 41	\$ 43	\$(6)	\$ 141	\$ 48	\$ 47	\$ 88	\$ 81	\$ 263	\$ 87	\$ 74	\$ 132	\$ 293
	% Growth						19.2%	(8.3)%	(23.0)%	NA	(32.6)%	(22.6)%	12.4%	102.8%	NA	87.1%	82.4%	58.1%	(21.6)%	11.4%
	% Margin	17.4%	14.8%	16.9%	13.8%	15.6%	18.1%	12.3%	12.0%	(1.5)%	9.8%	13.8%	13.0%	21.3%	17.5%	16.7%	21.1%	18.1%	14.4%	16.8%
	Net Income	\$ 25	\$ 21	\$ 27	\$ 26	\$ 98	\$ 31	\$ 18	\$ 19	\$(14)	\$ 54	\$ 20	\$ 19	\$ 44	\$ 40	\$ 123	\$ 45	\$ 35	\$ 66	\$ 145
	EPS	\$ 0.39	\$ 0.32	\$ 0.42	\$ 0.41	\$ 1.54	\$ 0.48	\$ 0.28	\$ 0.30	\$(0.22)	\$ 0.84	\$ 0.32	\$ 0.29	\$ 0.67	\$ 0.61	\$ 1.91	\$ 0.68	\$ 0.53	\$ 0.98	\$ 2.19
% Growth						22.2%	(12.9)%	(29.0)%	NA		(32.2)%	2.8%	126.8%	NA		109.6%	83.1%	(24.0)%		
Cash Flow	Net Income	\$25	\$21	\$27	\$26	\$98	\$31	\$18	\$19	\$(14)	\$54	\$20	\$19	\$44	\$40	\$123	\$45	\$35	\$66	\$145
	D&A	7	8	9	10	34	9	10	11	15	44	12	14	13	12	52	12	13	23	47
	Working Capital	53	40	61	7	7	36	65	74	37	37	45	35	40	(14)	(14)	6	(14)	(6)	(14)
	Δ in Working Capital	(8)	25	(16)	41	42	(9)	(17)	(4)	45	15	(25)	24	(25)	59	33	(17)	(30)	48	(0)
	Capital Expenditures	(11)	(21)	(27)	(22)	(81)	(15)	(19)	(25)	(18)	(78)	(16)	(12)	(8)	(9)	(45)	(7)	(11)	(34)	(52)
	Free Cash Flow	\$ 13	\$ 32	\$(7)	\$ 82	\$ 120	\$ 15	\$(8)	\$ 1	\$ 32	\$ 40	\$ 8	\$ 50	\$ 43	\$ 102	\$ 203	\$ 32	\$ 6	\$ 109	\$ 146
Credit Stats	Cash	\$81	\$120	\$64	\$132	\$132	\$122	\$114	\$114	\$146	\$146	\$155	\$204	\$247	\$298	\$298	\$319	\$282	\$375	\$375
	Total Debt	175	175	125	125	125	100	100	100	100	100	100	100	99	49	49	49	49	0	0
	Debt / LTM EBITDA	1.0 x	0.9 x	0.6 x	0.6 x	0.6 x	0.5 x	0.5 x	0.5 x	0.7 x	0.7 x	0.8 x	0.8 x	0.6 x	0.2 x	0.2 x	0.2 x	0.1 x	0	0.0 x
	Adj. Debt / EBITDAR (1)	2.7 x	2.5 x	2.2 x	2.2 x	2.3 x	2.1	2.2	2.3	3.0	3.2	3.5	3.4	2.8	1.9	2.1	1.9	1.8	\$1.8	1.8
Op. Metrics	Comp. sales (%)	0.0%	0.0%	0.0%	0.0%	5.6%	2.3%	(0.4)%	(2.9)%	(13.1)%	(4.0)%	(5.1)%	(5.1)%	8.5%	16.6%	4.1%	15.2%	10.6%		10.2%
	Sq. Footage growth					9.3%	10.1%	11.3%	9.4%	10.4%	10.4%	2.4%	2.0%	0.4%	0.2%	5.0%	0.9%	(0.0)%		2.8%

Source: Management

Note: Assumes 8.0x rent adjustment



IV. Take Private Analysis and Financing



Plaid Take Private: Assumptions and Key Takeaways

Financing Transaction Observations

- Goldman Sachs is excited about the opportunity to provide acquisition financing to the Plaid take-private and we think the transaction would be well-received by the credit markets
 - Goldman Sachs is ready to underwrite 100% of the transaction
- There are several key items which make this a compelling transaction:
 - Gold standard, must-have brand for debt investors
 - Well-known credit story in the leveraged finance markets
 - Winning partnership with Plaid and Tweed

Key Assumptions

Purchase Price

- Assumes transaction closes at the end of 2010
 - Purchase price of \$40.00 - \$50.00 (premium of 19.0% - 48.7%) over the current stock price of \$33.62 (30-Sep-2010)
 - Implied purchase EBITDA multiple of 8.1x – 10.5x based on 2010E EBITDA of \$293mm[†]

Financing

- 2010E Leverage Metrics: Total Adj. Debt / 2010E EBITDAR: 6.0x (Total Debt / 2010E EBITDA: 5.4x)
 - Bank Debt: \$1.1 billion @ L+450 and OID of 99 (LIBOR Floor of 1.75%)
 - Senior Notes: \$485 million @ 9.5% area
- Implied new equity check of \$1,232mm (41.6% of new equity) @ \$45 price

Key Takeaways

- Returns of 13%-22% assuming
 - Purchase price: \$45.00-\$50.00
 - Adjusted leverage of 6.0x
 - Exit at 8.0x – 9.0x

[†] Assumes an 2010E EBITDA of \$293million based on Tweed's projections.



Illustrative LBO Analysis: Tweed Projections

Assumes Stock Price of \$45.00 per share (33.8% Premium) or 9.3x EV / 2010E EBITDA

(\$ in millions)

Sources of Funds						Uses of Funds	
	Amount	Debt	Cap.	EBITDA	EBITDAR		Amount
Target Existing Cash	\$ 375	0.5%				Equity Purchased - Basic (\$45.00 per share)	2,868
Bank Debt (1)	1,100	L + 450	37.1%	3.8 x	4.7 x	Equity Purchased - Stock Options (\$45.00 per share)	225
Sr. Notes	485	9.50%	16.4%	5.4 x	6.0 x	Existing Target Debt Retired	0
Total Debt	\$ 1,585		53.5%	5.4 x	6.0 x	Total Purchase Price	\$ 3,094
Basic equity rolled over (2)	\$ 77		2.6%			EV / 2010E EBITDA (Adj. Cash)	9.3 x
Stock options equity rolled over (2)	71		2.4%			Minimum Operating Cash	175
Sponsor Equity	1,232		41.6%			Financing and Other Fees (1)	71
Total Sources of Funds	\$ 3,339		100.0%			Total Uses of Funds	\$ 3,339

Implied Adjusted Debt / EBITDAR						
New Equity Check	Purchase Price					
	\$ 40.00	\$ 42.00	\$ 45.00	\$ 48.00	\$ 50.00	
	Premium to current					
	19.0%	24.9%	33.8%	42.8%	48.7%	
40.0%	5.6 x	5.8 x	6.1 x	6.4 x	6.6 x	
42.5%	5.4 x	5.6 x	5.9 x	6.2 x	6.4 x	
45.0%	5.2 x	5.4 x	5.7 x	6.0 x	6.2 x	
47.5%	5.1 x	5.3 x	5.5 x	5.8 x	6.0 x	
50.0%	4.9 x	5.1 x	5.3 x	5.6 x	5.8 x	

Implied Debt / EBITDA						
New Equity Check	Purchase Price					
	\$ 40.00	\$ 42.00	\$ 45.00	\$ 48.00	\$ 50.00	
	Premium to current					
	19.0%	24.9%	33.8%	42.8%	48.7%	
40.0%	4.9 x	5.2 x	5.6 x	6.0 x	6.3 x	
42.5%	4.7 x	4.9 x	5.3 x	5.7 x	6.0 x	
45.0%	4.4 x	4.7 x	5.1 x	5.4 x	5.7 x	
47.5%	4.2 x	4.4 x	4.8 x	5.2 x	5.4 x	
50.0%	4.0 x	4.2 x	4.5 x	4.9 x	5.1 x	

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

Note: Assumes 63.7 million of basic shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5% and OID on bank debt to be 1.0%.

(2) Equity Rollover assumes rollover of 50.0% of MD's stake, 1.7 million basic shares and 2.0 million options at a strike price of \$9.35.



Illustrative Returns to Tweed At Equity Check of 45 - 50% Tweed Plan

Equity Check at 45%				Equity Check at 50.0%			
	Illustrative Purchase Price				Illustrative Purchase Price		
	\$ 40.00	\$ 45.00	\$ 50.00		\$ 40.00	\$ 45.00	\$ 50.00
Implied Premium	19.0%	33.8%	48.7%		19.0%	33.8%	48.7%
Plaid Existing Cash	\$ 375	\$ 375	\$ 375		\$ 375	\$ 375	\$ 375
Bank Debt	1,100	1,100	1,100		1,100	1,100	1,100
Sr. Unsecured Notes	200	382	563		69	232	395
Total Debt	\$ 1,300	\$ 1,482	\$ 1,663		\$ 1,169	\$ 1,332	\$ 1,495
Debt / EBITDA	4.4 x	5.1 x	5.7 x		4.0 x	4.5 x	5.1 x
Adj Debt / EBITDAR	5.2 x	5.7 x	6.2 x		4.9 x	5.3 x	5.8 x
Roll-over Equity - Basic	68	77	85		68	77	85
Roll-over Equity - Options	61	71	81		61	71	81
Tweed Equity	1,169	1,333	1,496		1,298	1,479	1,660
Total Sources	\$ 2,974	\$ 3,337	\$ 3,700		\$ 2,970	\$ 3,333	\$ 3,696
Total Equity Purchased	\$ 2,735	\$ 3,094	\$ 3,452		\$ 2,735	\$ 3,094	\$ 3,452
Minimum Cash	175	175	175		175	175	175
Total Fees	64	68	73		60	64	68
Total Uses	\$ 2,974	\$ 3,337	\$ 3,700		\$ 2,970	\$ 3,333	\$ 3,696
Enterprise Value	\$ 2,360	\$ 2,719	\$ 3,077		\$ 2,360	\$ 2,719	\$ 3,077
EV / EBITDA	8.1 x	9.3 x	10.5 x		8.1 x	9.3 x	10.5 x
Total Debt	50%	50%	50%		45%	45%	45%
New Sponsor Equity	45%	45%	45%		50%	50%	50%
Total Equity	50%	50%	50%		55%	55%	55%
Returns at 2015E							
- 8.0x Exit Multiple	22.6%	17.8%	13.5%		21.4%	17.0%	12.9%
- 8.5x Exit Multiple	24.2%	19.5%	15.3%		23.0%	18.6%	14.6%

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

Note: Assumes 63.7 million of basic shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5% and OID on bank debt to be 1.0%.

(2) Equity Rollover assumes rollover of 50.0% of MD's stake, 1.7 million basic shares and 2.0 million options at a strike price of \$9.35.

Illustrative Ability To Pay Analysis: Tweed Projections

Share Price Required to Achieve Target Returns Assuming 2015E Exit

Assumes 6.0x Adjusted Leverage

Projected Free Cash Flow						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Revenues	1,740	1,900	2,100	2,302	2,508	2,722
Growth %	10.3 %	9.2 %	10.5 %	9.6 %	8.9 %	8.5 %
EBITDA	293	327	369	412	455	500
Margin %	16.8 %	17.2 %	17.6 %	17.9 %	18.1 %	18.4 %
Net Income	75	93	119	149	181	215
(+) D&A	47	52	55	56	56	54
(+) Fin. Fees Amort.	5	5	5	5	5	5
(-) Capital Expenditure	52	75	85	59	58	65
(-) Change in OWC	(0)	10	10	10	10	10
FCF For Debt Paydown	\$ 75	\$ 66	\$ 85	\$ 141	\$ 173	\$ 209
Cumulative FCF		66	150	291	465	664

De-leveraging Profile						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Bank Debt	1,100	1,034	950	809	635	436
Senior Notes	485	485	485	485	485	485
Total Debt	\$ 1,585	\$ 1,519	\$ 1,435	\$ 1,294	\$ 1,120	\$ 921
Total Debt / EBITDA	5.4 x	4.6 x	3.9 x	3.1 x	2.5 x	1.8 x
Adj. Debt / EBITDAR	6.0 x	5.4 x	4.8 x	4.2 x	3.6 x	3.1 x
EBITDA / Int. Exp.	2.4 x	2.8 x	3.3 x	3.9 x	4.7 x	5.9 x
EBITDA-Capex / Int. Exp.	2.0 x	2.1 x	2.5 x	3.3 x	4.1 x	5.1 x

Illustrative Returns to Sponsor					
Purchase Price	\$ 40.00	\$ 42.00	\$ 45.00	\$ 48.00	\$ 50.00
Premium to Current	19.0%	24.9%	33.8%	42.8%	48.7%

Implied EV / 2010E EBITDA					
	8.1 x	8.7 x	9.3 x	9.9 x	10.5 x
7.5 x	23.8%	20.6%	16.7%	13.4%	11.5%
8.0 x	25.8%	22.6%	18.5%	15.2%	13.3%
8.5 x	27.6%	24.4%	20.3%	16.9%	14.9%
9.0 x	29.4%	26.1%	22.0%	18.5%	16.5%
9.5 x	31.1%	27.7%	23.5%	20.1%	18.0%

Returns to Sponsor exit in 2015 @ 8.5x EBITDA					
Implied EV / 2010E EBITDA					
	8.1 x	8.7 x	9.3 x	9.9 x	10.5 x
4.5 x	21.7%	19.7%	16.9%	14.5%	13.0%
5.0 x	23.4%	21.0%	17.9%	15.2%	13.6%
5.5 x	25.2%	22.5%	19.0%	16.0%	14.2%
6.0 x	27.6%	24.4%	20.3%	16.9%	14.9%
6.5 x	30.8%	26.8%	22.0%	18.1%	15.8%

Equity Value Per Share (Assumes 20.0% Returns and 8.5x exit in 2015E)						
2010 - 2015 Sales CAGR						
	7.4%	8.4%	9.4%	10.4%	11.4%	
Change in Annual Sales Growth vs. Plan						
15E EBITDA	Per Year Δ	(2.0)%	(1.0)%	0.0%	1.0%	2.0%
Margin	vs. Plan					
20.4%	2.0%	\$ 45.55	\$ 46.67	\$ 47.84	\$ 49.05	\$ 50.31
19.4%	1.0%	\$ 44.37	\$ 45.43	\$ 46.54	\$ 47.69	\$ 48.89
18.4%	0.0%	\$ 43.18	\$ 44.20	\$ 45.25	\$ 46.34	\$ 47.47
17.4%	(1.0)%	\$ 42.00	\$ 42.96	\$ 43.95	\$ 44.98	\$ 46.05
16.4%	(2.0)%	\$ 40.82	\$ 41.72	\$ 42.65	\$ 43.62	\$ 44.63

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

Note: Assumes 63.7 million of basic shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5% and OID on bank debt to be 1.0%.

(2) Equity Rollover assumes rollover of 50.0% of MD's stake, 1.7 million basic shares and 2.0 million options at a strike price of \$9.35.



Analysis At Various Prices

(\$ in millions)

Premium to Market Price	0.0%	19.0%	24.9%	33.8%	42.8%	48.7%
Purchase Price Per Share (\$)	\$ 33.62	\$ 40.00	\$ 42.00	\$ 45.00	\$ 48.00	\$ 50.00
Equity Value	\$ 2,278	\$ 2,735	\$ 2,879	\$ 3,094	\$ 3,309	\$ 3,452
Enterprise Value (3)	\$ 1,903	\$ 2,360	\$ 2,504	\$ 2,719	\$ 2,934	\$ 3,077

Enterprise Value / EBITDA (4)

Tweed	2010E	\$ 293	6.5 x	8.1 x	8.5 x	9.3 x	10.0 x	10.5 x
	2011E	327	5.8 x	7.2 x	7.7 x	8.3 x	9.0 x	9.4 x
Street	2010E	\$ 311	6.1 x	7.6 x	8.0 x	8.7 x	9.4 x	9.9 x
	2011E	343	5.6	6.9	7.3	7.9	8.6	9.0
Management	2010E	\$ 303	6.3 x	7.8 x	8.3 x	9.0 x	9.7 x	10.2 x
	2011E	394	4.8	6.0	6.3	6.9	7.4	7.8

Price / Earnings (4)

Tweed	2010E	\$ 2.19	15.4 x	18.3 x	19.2 x	20.5 x	21.9 x	22.8 x
	2011E	\$ 2.45	13.7	16.3	17.1	18.4	19.6	20.4
Street	2010E	\$ 2.31	14.6 x	17.4 x	18.2 x	19.5 x	20.8 x	21.7 x
	2011E	\$ 2.59	13.0	15.4	16.2	17.4	18.5	19.3
Management	2010E	\$ 2.27	14.8 x	17.6 x	18.5 x	19.8 x	21.1 x	22.0 x
	2011E	\$ 3.02	11.1	13.2	13.9	14.9	15.9	16.6

(1) Assumes 63.7 million basic shares outstanding as of 30-Sep-2010.

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

(3) Assumes net cash of \$375.0 million as of 30-Jan-2011.

(4) Estimates as per IBES dated 30-Sep-2010.



V. Plaid Special Committee Considerations and Perspectives on Alternatives



Potential Plaid Special Committee Considerations

Takeaways from Recent Special Committee Assignments

Key Takeaways	Observations
Establish Clean Record of Special Committee Process from the Outset	<ul style="list-style-type: none"> ■ Benefits of open process and careful record accrue to all parties <ul style="list-style-type: none"> — Establish record of considering / exploring available alternatives — Consider optimal process to deliver highest value to minorities while minimizing business disruption ■ Given potential level of scrutiny by shareholders, hedge funds and potentially the courts, lack of transparency can significantly increase pressure on directors ■ Level of transparency can significantly impact timetable of transaction and shareholder momentum for rejecting or accepting the ultimate offer / plan
Identify Strategies for Negotiating Value and Key Structural Aspects of Proposal	<ul style="list-style-type: none"> ■ Current business plan and prospects and additional potential sources of value ■ Understanding motivations of all parties and individuals ■ Potential value from 100% ownership ■ Assessment of potential synergies, if any
Optimize Strategy to Position and Reinforce Special Committee Negotiating Posture	<ul style="list-style-type: none"> ■ Effective use of valuation analyses and rebuttal documents to establish initial tone of negotiating dialogue ■ Consider maintenance of multiple communication channels to reinforce buyer's view of Special Committee resolve <ul style="list-style-type: none"> — Active engagement by financial and legal advisors — Selective, but strategic, use of principal / Special Committee interface ■ Effective and timely use of press releases and other communications ■ Use of due diligence timetable to signal thorough and deliberate nature of Special Committee investigations <ul style="list-style-type: none"> — Record-setting implications — Full access to management and information ■ Constant assessment of potential tipping points <ul style="list-style-type: none"> — Absolute walk-away thresholds — Non-financial dynamics
Carefully Assess and Anticipate Reaction of Public Shareholders	<ul style="list-style-type: none"> ■ Composition of institutional, retail and hedge fund components; turnover following announcement of offer <ul style="list-style-type: none"> — Determine role and relative influence of public shareholders ■ Economic implications of cost basis ■ Potential for blocking coalitions ■ Communications strategy ■ Influence / impact of RiskMetrics



Potential Plaid Special Committee Considerations

Challenges to “Going Private” Transactions Have Arisen

Increased Court Scrutiny	<ul style="list-style-type: none">■ Litigation continues to target “going private” deals due to perceived settlement value■ Recent court cases are focusing on the risks relating to LBO/MBO processes■ Appraisal rights offer opportunity for court to recalculate the value of the company (plus interest) years after the deal closes
RiskMetrics Group	<ul style="list-style-type: none">■ RiskMetrics (RMG, formerly ISS) Contentious List highlights deals that are facing opposition or which RMG views to have “risks”<ul style="list-style-type: none">— RMG is often skeptical of LBO/MBO transactions, which frequently appear on the Contentious List■ RMG has often recommended votes against LBO/MBO transactions, including Clear Channel, Cornell Companies, Genesis Healthcare, Lone Star Steakhouse, Riviera Holdings and Shopko
Increased Disclosure	<ul style="list-style-type: none">■ Rule 13e-3 requires exhaustive public disclosure■ Courts are increasingly demanding detailed disclosure of projections, interactions between sponsors and management and other aspects of the process
Hedge Fund Activism	<ul style="list-style-type: none">■ Trying to obtain “alpha” returns by demanding a higher price or asserting appraisal rights■ Criticism of transactions, analyses and processes in public filings
Mutual Fund Skepticism	<ul style="list-style-type: none">■ Dissatisfaction with high returns achieved by sponsors after public company is taken “private”■ Skepticism about management’s role in process



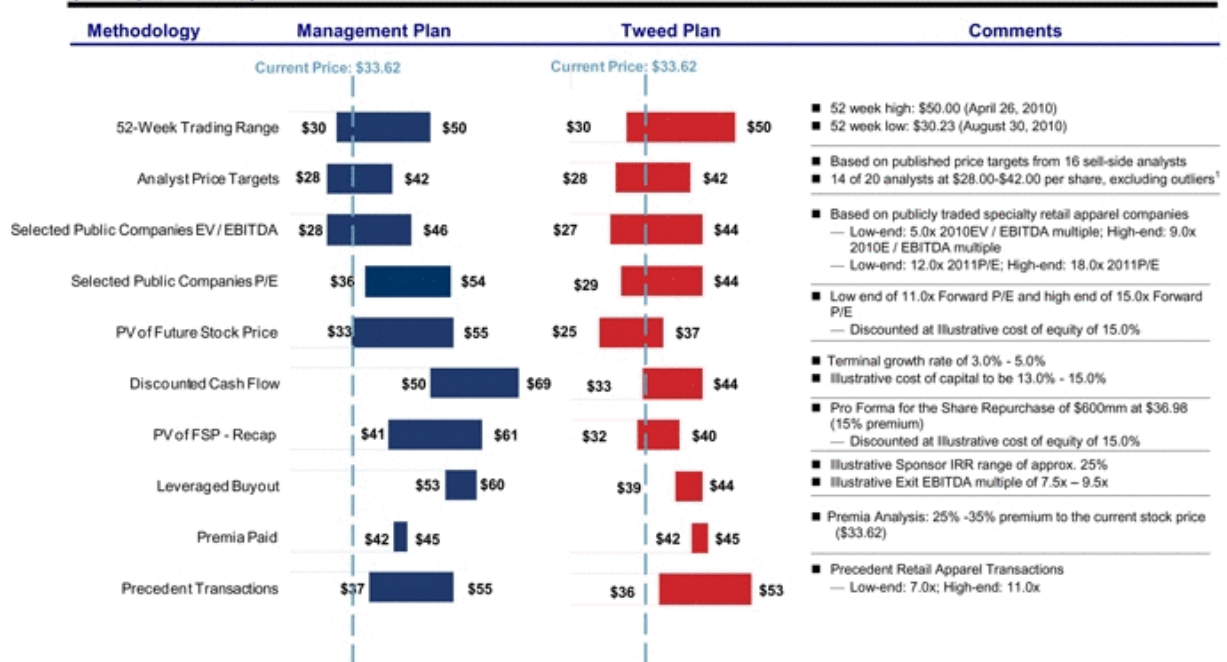
Perspective on Plaid Special Committee Review of Alternatives

	① Execute Current Plan	② Recapitalization	③ Sale to Other Financial Buyers	④ Sale to Strategic Buyer
Alternatives	<p>Continue executing existing management plan</p> <ul style="list-style-type: none"> ■ Management plan implies growth in EPS from \$2.27 in FY2010E to \$6.36 in FY2015E (22.9% CAGR) ■ Builds up over \$2.0bn of cash by end of 2015E 	<p>One time share buyback with proceeds from the new debt</p> <ul style="list-style-type: none"> ■ Buyback of \$250 - \$600m funded with proceeds from new debt issuance and excess cash on the balance sheet ■ EPS accretive due to the low cost of debt and excess cash ■ Robust cash flow generation and de-leveraging under the management plan ■ Premium paid for share buyback: 10%-15% assuming 15%-20% of shares outstanding bought back 	<p>Sale to other financial buyers</p> <ul style="list-style-type: none"> ■ 2010E Leverage Metrics: Total Adj. Debt / 2010E EBITDAR: 6.0x (Total Debt / 2010E EBITDA: 5.4x) <ul style="list-style-type: none"> — Bank Debt: \$1.1 billion @ L+450 and OID of 99 (LIBOR Floor of 1.75%) — Senior Notes: \$545million @ 9.5% area 	<p>Sale to domestic or international strategic buyer</p> <ul style="list-style-type: none"> ■ Potential acquirers could include [Potential Buyers 1 through 5, names redacted]
Considerations	<ul style="list-style-type: none"> ■ Achievability of the management plan ■ Future trading multiple 	<ul style="list-style-type: none"> ■ Value creative to the shareholders but potential negative impact on trading multiple due to increased leverage 	<ul style="list-style-type: none"> ■ Business deceleration likely to impact financing 	<ul style="list-style-type: none"> ■ Strategic fit with the potential acquirers may be limited



Illustrative Summary of Financial Analysis

(US\$ per share)



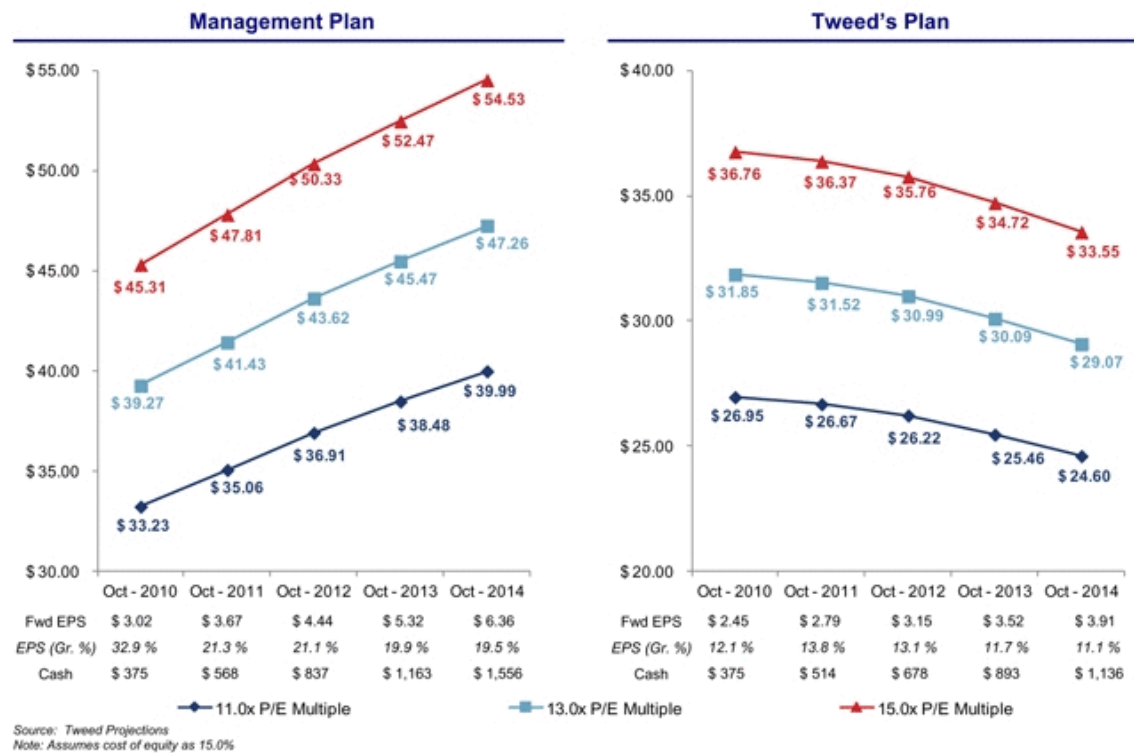
Source: Based on public filings, Management and Tweed estimates

¹ Outliers include Oppenheimer (\$50 price target) and Robert W Baird (\$49 price target)



① Status Quo

Illustrative Present Value of Future Share Price; Based on Forward P/E





① Status Quo

Illustrative DCF Analysis

Management Plan						
Equity Value Per Share						
Perpetuity Growth Rate						
Discount Rate	3.0%	3.5%	4.0%	4.5%	5.0%	
13.0%	\$ 58.68	\$ 60.75	\$ 63.06	\$ 65.64	\$ 68.54	
13.5%	56.11	57.96	60.00	62.27	64.81	
14.0%	53.78	55.43	57.25	59.27	61.50	
14.5%	51.65	53.14	54.77	56.56	58.54	
15.0%	49.70	51.05	52.51	54.12	55.88	
Exit LTM EV / EBITDA Multiple						
Perpetuity Growth Rate						
Discount Rate	3.0%	3.5%	4.0%	4.5%	5.0%	
14.0%	5.5 x	5.8 x	6.1 x	6.4 x	6.8 x	
Business Sensitivity						
FY2010 - FY2015 Sales CAGR						
Change in Annual Sales Growth vs. Plan						
FY'15E EBITDA Margin	Per Year Δ vs. Plan	(4.0)%	(3.0)%	(2.0)%	(1.0)%	0.0%
22.8%	0.0%	\$ 49.96	\$ 51.69	\$ 53.49	\$ 55.34	\$ 57.25
21.8%	(1.0)%	47.83	49.48	51.19	52.95	54.77
20.8%	(2.0)%	45.70	47.27	48.89	50.56	52.29
19.8%	(3.0)%	43.57	45.06	46.59	48.17	49.81
18.8%	(4.0)%	41.45	42.84	44.29	45.79	47.33

Tweed Plan						
Equity Value Per Share						
Perpetuity Growth Rate						
Discount Rate	3.0%	3.5%	4.0%	4.5%	5.0%	
13.0%	\$ 38.07	\$ 39.30	\$ 40.66	\$ 42.18	\$ 43.90	
13.5%	36.55	37.64	38.85	40.20	41.70	
14.0%	35.17	36.15	37.23	38.42	39.74	
14.5%	33.92	34.80	35.76	36.82	37.99	
15.0%	32.76	33.56	34.43	35.37	36.42	
Exit LTM EV / EBITDA Multiple						
Perpetuity Growth Rate						
Discount Rate	3.0%	3.5%	4.0%	4.5%	5.0%	
14.0%	5.1 x	5.4 x	5.7 x	6.0 x	6.4 x	
Business Sensitivity						
FY2010 - FY2015 Sales CAGR						
Change in Annual Sales Growth vs. Plan						
FY'15E EBITDA Margin	Per Year Δ vs. Plan	(2.0)%	(1.0)%	0.0%	1.0%	2.0%
20.4%	2.0%	\$ 38.63	\$ 39.91	\$ 41.22	\$ 42.59	\$ 43.99
19.4%	1.0%	36.79	37.99	39.23	40.51	41.83
18.4%	0.0%	34.94	36.06	37.23	38.43	39.67
17.4%	(1.0)%	33.09	34.14	35.23	36.35	37.52
16.4%	(2.0)%	31.25	32.22	33.23	34.28	35.36

Source: Management projections
Note: Projections discounted to Jan-2011



② Recapitalization: One-Time Share Repurchases

Management Plan

(\$ in millions, except per share data)

One-Time Share Repo Size	Status Quo	\$ 250	\$ 400	\$ 500	\$ 600
% of Market Cap		11.0%	17.6%	22.0%	26.3%
Cash Used		250	250	250	250
New Debt		5	162	267	372
Share Repurchase Price		\$ 35.30	\$ 36.98	\$ 36.98	\$ 38.66
% Premium to Current		5.0%	10.0%	10.0%	15.0%
Shares Repurchased (mm)		7.1	10.8	13.5	15.5
% of Outstanding Shares Repurchased (1)		11.1%	17.0%	21.2%	24.3%
Accretion / (Dilution) Analysis					
FY 2011E Net Income (2) (3)	\$ 202	\$ 201	\$ 198	\$ 194	\$ 190
FY 2011E Shares Outstanding	66.8	59.7	55.9	53.2	51.2
FY 2011 E EPS (2) (3) (4)	\$ 3.02	\$ 3.36	\$ 3.53	\$ 3.64	\$ 3.70
Accretion / (Dilution) (%)		11.4%	16.9%	20.5%	22.6%
FY 2011E - 2013 E EPS CAGR	21.2%	21.3%	22.1%	23.2%	24.4%
Implied Share Price at 11.0x 2011 P/E Multiple	\$ 33.23	\$ 37.01	\$ 38.84	\$ 40.04	\$ 40.72
Share Price Accretion (5)		11.4%	16.9%	20.5%	22.6%
Implied EV / EBITDA		7.0 x	7.4 x	7.6 x	7.8 x
Implied Share Price at 13.0x 2011 P/E Multiple		\$ 43.74	\$ 45.91	\$ 47.32	\$ 48.12
Share Price Accretion (5)		31.6%	38.2%	42.4%	44.8%
Implied EV / EBITDA		8.4 x	8.7 x	8.9 x	9.1 x
Pro Forma Credit Statistics (2010)					
Total Debt	\$ 0	\$ 5	\$ 162	\$ 267	\$ 372
Debt / EBITDA	0.0 x	0.0 x	0.5 x	0.9 x	1.2 x
Adj. Debt / EBITDAR (6)	1.8 x	1.8 x	2.2 x	2.5 x	2.7 x

Source: Public filings, Management Case

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

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

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

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

(5) Accretion calculated based on implied price of \$33.23.

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



② Recapitalization: One-Time Share Repurchases

Tweed's Plan

(\$ in millions, except per share data)

One-Time Share Repo Size	Status Quo	\$ 250	\$ 400	\$ 500	\$ 600
% of Market Cap		11.0%	17.6%	22.0%	26.3%
Cash Used		250	250	250	250
New Debt		5	162	267	372
Share Repurchase Price		\$ 35.30	\$ 36.98	\$ 36.98	\$ 38.66
% Premium to Current		5.0%	10.0%	10.0%	15.0%
Shares Repurchased (mm)		7.1	10.8	13.5	15.5
% of Outstanding Shares Repurchased (1)		11.1%	17.0%	21.2%	24.3%
Accretion / (Dilution) Analysis					
FY 2011E Net Income (2) (3)	\$ 164	\$ 163	\$ 159	\$ 155	\$ 151
FY 2011E Shares Outstanding	66.8	59.7	55.9	53.2	51.2
FY 2011 E EPS (2) (3) (4)	\$ 2.45	\$ 2.73	\$ 2.84	\$ 2.91	\$ 2.94
Accretion / (Dilution) (%)		11.3%	15.9%	18.6%	20.0%
FY 2011E - 2013 E EPS CAGR	13.4%	13.5%	14.7%	16.1%	17.0%
Implied Share Price at 11.0x 2011 P/E Multiple	\$ 26.95	\$ 29.99	\$ 31.23	\$ 31.97	\$ 32.34
Share Price Accretion (5)		11.3%	15.9%	18.6%	20.0%
Implied EV / EBITDA		5.8 x	6.2 x	6.4 x	6.6 x
Implied Share Price at 13.0x 2011 P/E Multiple		\$ 35.45	\$ 36.91	\$ 37.79	\$ 38.22
Share Price Accretion (5)		31.5%	37.0%	40.2%	41.8%
Implied EV / EBITDA		6.9 x	7.3 x	7.5 x	7.7 x
Pro Forma Credit Statistics (2010)					
Total Debt	\$ 0	\$ 5	\$ 162	\$ 267	\$ 372
Debt / EBITDA	0.0 x	0.0 x	0.6 x	0.9 x	1.3 x
Adj. Debt / EBITDAR (6)	1.8 x	1.8 x	2.2 x	2.5 x	2.8 x

Source: Public filings, Tweed Case

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

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

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

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

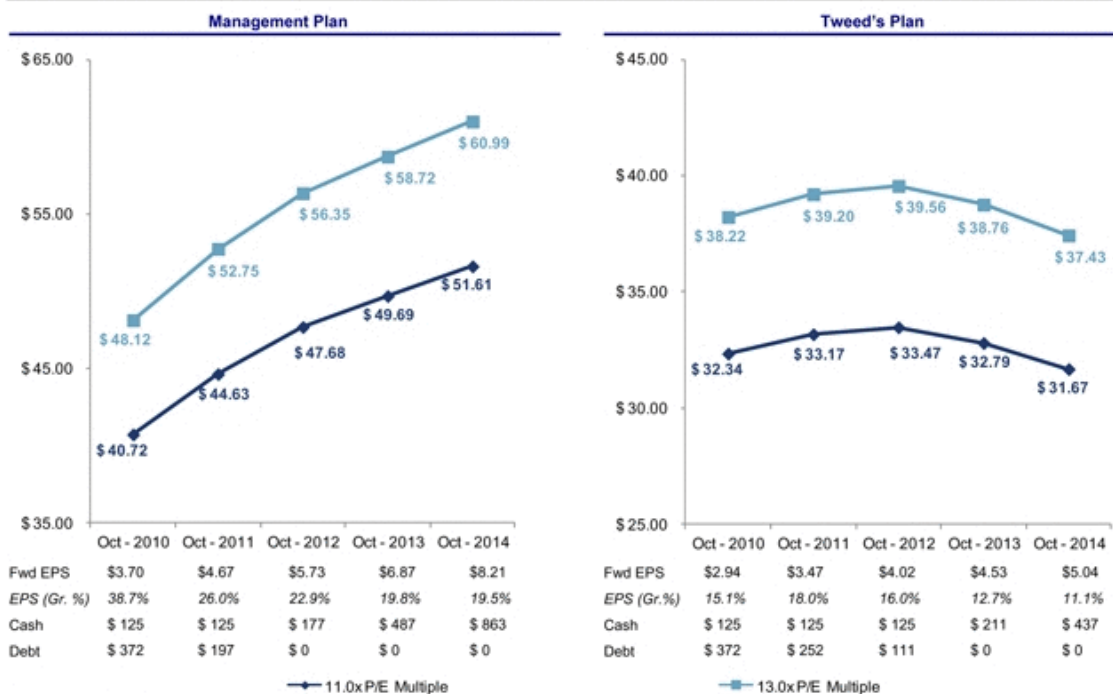
(5) Accretion calculated based on implied price of \$26.95.

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



② Pro Forma Recapitalization Analysis

Illustrative Present Value of Future Share Price; Based on Forward P/E



Source: Tweed Projections

Note: Assumes cost of equity as 14.0%. Assumes a share repo size of \$600 million financed with \$372mm of debt and \$250mm of cash in hand. Assumes financing charges of 2.5% on debt and 2.0% OID. Assumes a share are bought back at a premium of 15.0%.



③ Illustrative LBO Analysis: Management Projections

Assumes Stock Price of \$45.00 per share (33.8% Premium) or 9.0x EV / 2010E EBITDA
(\$ in millions)

Sources of Funds						Uses of Funds	
	Cost of % of Total x 2010E x 2010E						Amount
	Amount	Debt	Cap.	EBITDA	EBITDAR		
Target Existing Cash	\$ 375	0.5%				Equity Purchased - Basic (\$45.00 per share)	2,868
Bank Debt (1)	1,100	L + 450	37.1%	3.6 x	4.6 x	Equity Purchased - Stock Options (\$45.00 per share)	225
Sr. Notes	545	9.50%	18.4%	5.4 x	6.0 x	Existing Target Debt Retired	0
Total Debt	\$ 1,645		55.5%	5.4 x	6.0 x	Total Purchase Price	\$ 3,094
Basic equity rolled over (2)	\$ 77		2.6%			EV / 2010E EBITDA (Adj. Cash)	9.0 x
Stock options equity rolled over (2)	71		2.4%			Minimum Operating Cash	175
Sponsor Equity	1,174		39.6%			Financing and Other Fees (1)	72
Total Sources of Funds	\$ 3,341		100.0%			Total Uses of Funds	\$ 3,341

Implied Adjusted Debt / EBITDAR						
New Equity Check	Purchase Price					
	\$ 40.00	\$ 42.00	\$ 45.00	\$ 48.00	\$ 50.00	
	Premium to current					
	19.0%	24.9%	33.8%	42.8%	48.7%	
40.0%	5.4 x	5.7 x	6.0 x	6.3 x	6.5 x	
42.5%	5.3 x	5.5 x	5.8 x	6.1 x	6.3 x	
45.0%	5.1 x	5.3 x	5.6 x	5.9 x	6.0 x	
47.5%	4.9 x	5.1 x	5.4 x	5.6 x	5.8 x	
50.0%	4.8 x	4.9 x	5.2 x	5.4 x	5.6 x	

Implied Debt / EBITDA						
New Equity Check	Purchase Price					
	\$ 40.00	\$ 42.00	\$ 45.00	\$ 48.00	\$ 50.00	
	Premium to current					
	19.0%	24.9%	33.8%	42.8%	48.7%	
40.0%	4.7 x	5.0 x	5.4 x	5.8 x	6.0 x	
42.5%	4.5 x	4.8 x	5.1 x	5.5 x	5.8 x	
45.0%	4.3 x	4.5 x	4.9 x	5.2 x	5.5 x	
47.5%	4.1 x	4.3 x	4.6 x	5.0 x	5.2 x	
50.0%	3.9 x	4.1 x	4.4 x	4.7 x	4.9 x	

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

Note: Assumes 63.7 million of basic shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5% and OID on bank debt to be 1.0%.

(2) Equity Rollover assumes rollover of 50.0% of MD's stake, 1.7 million basic shares and 2.0 million options at a strike price of \$9.35.



③ Illustrative Ability To Pay Analysis: Mgmt. Projections

Share Price Required to Achieve Target Returns Assuming 2015E Exit

Assumes 6.0x Adjusted Leverage

Projected Free Cash Flow						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Revenues	1,753	2,034	2,356	2,709	3,087	3,481
Growth %	11.1 %	16.0 %	15.8 %	15.0 %	14.0 %	12.7 %
EBITDA	303	394	474	567	672	793
Margin %	17.3 %	19.4 %	20.1 %	20.9 %	21.8 %	22.8 %
Net Income	77	129	179	240	312	394
(+) D&A	48	56	62	66	69	70
(*) Fin. Fees Amort.	5	5	5	5	5	5
(-) Capital Expenditure	52	54	59	59	58	65
(-) Change in OWC	0	19	(5)	(5)	(5)	(1)
FCF For Debt Paydown	\$ 77	\$ 117	\$ 191	\$ 256	\$ 333	\$ 405
Cumulative FCF		117	308	564	897	1,303

De-leveraging Profile						
	PF 2010	2011E	2012E	2013E	2014E	2015E
Bank Debt	1,100	983	792	536	203	0
Senior Notes	545	545	545	545	545	545
Total Debt	\$ 1,645	\$ 1,528	\$ 1,337	\$ 1,081	\$ 748	\$ 545
Total Debt / EBITDA	5.4 x	3.9 x	2.8 x	1.9 x	1.1 x	0.7 x
Adj. Debt / EBITDAR	6.0 x	4.7 x	3.8 x	3.1 x	2.4 x	2.0 x
EBITDA / Int. Exp.	2.4 x	3.2 x	4.2 x	5.8 x	8.4 x	12.5 x
EBITDA-Capex / Int. Exp.	2.0 x	2.8 x	3.7 x	5.1 x	7.7 x	11.5 x

Illustrative Returns to Sponsor					
Purchase Price	\$ 45.00	\$ 50.00	\$ 55.00	\$ 60.00	\$ 65.00
Premium to Current	33.8%	48.7%	63.6%	78.5%	93.3%

Implied EV / 2010E EBITDA					
	9.0 x	10.2 x	11.3 x	12.5 x	13.7 x
7.5 x	34.1%	27.8%	23.0%	19.2%	15.9%
8.0 x	35.8%	29.6%	24.7%	20.7%	17.4%
8.5 x	37.5%	31.2%	26.2%	22.2%	18.9%
9.0 x	39.2%	32.7%	27.7%	23.7%	20.3%
9.5 x	40.7%	34.2%	29.1%	25.1%	21.6%

Returns to Sponsor exit in 2015 @ 8.5x EBITDA					
Implied EV / 2010E EBITDA					
	9.0 x	10.2 x	11.3 x	12.5 x	13.7 x
4.5 x	31.0%	26.5%	22.9%	19.8%	17.1%
5.0 x	32.8%	27.9%	23.9%	20.5%	17.6%
5.5 x	35.0%	29.4%	25.0%	21.3%	18.2%
6.0 x	37.5%	31.2%	26.2%	22.2%	18.9%
6.5 x	40.7%	33.3%	27.7%	23.3%	19.7%

Equity Value Per Share (Assumes 25.0% Returns and 8.5x exit in 2015E)					
2010 - 2015 Sales CAGR					
15E EBITDA	Per Year Δ	10.7%	11.7%	12.7%	13.7%
Margin	vs. Plan	(4.0)%	(3.0)%	(2.0)%	(1.0)%
22.8%	0.0%	\$ 51.42	\$ 52.61	\$ 53.84	\$ 55.12
21.8%	(1.0)%	\$ 50.28	\$ 51.42	\$ 52.60	\$ 53.83
20.8%	(2.0)%	\$ 49.15	\$ 50.24	\$ 51.37	\$ 52.53
19.8%	(3.0)%	\$ 48.02	\$ 49.06	\$ 50.13	\$ 51.24
18.8%	(4.0)%	\$ 46.89	\$ 47.87	\$ 48.89	\$ 49.95

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

Note: Assumes 63.7 million of basic shares outstanding.

(1) Assumes LIBOR floor of 1.75%. Assumes financing fees of 2.5% and OID on bank debt to be 1.0%.

(2) Equity Rollover assumes rollover of 50.0% of MD's stake, 1.7 million basic shares and 2.0 million options at a strike price of \$9.35.



4 Selected Potential Strategic Buyers

(\$ in billions)

Potential Buyer	Market Cap	Debt	Cash	EV	Cur. Credit Rating	Lev.	Adj. Lev.	Strategic Fit	Ability to Pay	Comments
[Potential Buyer 1]	14.3 ¹	0.3	2.5	12.2	A	0.2x	2.2x			<ul style="list-style-type: none"> Expanding outside of Japan and looking to enter the US market Has looked both at luxury and mass concepts in the US; primary focus on teen retailers with established retail platform
[Potential Buyer 2]	\$13.0	0.0	0.7	12.3	NR	0.0x	1.0			<ul style="list-style-type: none"> Historically not acquisitive although may consider acquisitions going forward given slowdown in domestic organic growth Acquisition of an apparel player could be complementary to existing accessory / handbag core competency Similar price points / "accessible luxury" positioning to Plaid
[Potential Buyer 3]	20.7 ¹	6.2	1.0	27.0	BBB-	3.2x	4.7x			<ul style="list-style-type: none"> Very acquisitive and focused on increasing presence in the US Still significantly levered from Puma acquisition Rumored to be focusing on mid-market brands to complement its brand portfolio
[Potential Buyer 4]	5.3	0.0	0.6	4.7	NR	0.0x	1.9x			<ul style="list-style-type: none"> Unlikely to do an acquisition of Plaid's size; focused on small, tuck in acquisitions
[Potential Buyer 5]	8.7	1.2	0.5	9.4	A-	1.2x	2.0x			<ul style="list-style-type: none"> Very acquisitive Primary focus remains on outdoor segment (secondary focus on lifestyle brands) Prefers small, tuck-in acquisitions

Source: CapIQ and public filings

Note: Potential buyer names redacted

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

¹ Reflects exchange rate of 80.54JPY/USD and 0.73 EUR/USD as of September 30, 2010



④ Illustrative Merger Analysis

[Potential Buyer 1] Acquires Plaid; Assumes No Synergies; Based on IBES Estimates
(\$ in millions, except per share data)

	[Potential Buyer 1]	Pro forma for the Acquisition of Plaid				
Purchase Price Per Share \$(1)(2)	\$ 140.77	\$ 45.00	\$ 47.50	\$ 50.00	\$ 52.50	\$ 55.00
Premium to Market Price		33.8 %	41.3 %	48.7 %	56.2 %	63.6 %
Price / 2011E EPS	16.7 x	18.2 x	19.2 x	20.2 x	21.2 x	22.3 x
Equity Value (\$)	\$14,329	\$3,094	\$3,273	\$3,452	\$3,632	\$3,811
Enterprise Value (\$)	12,179	2,803	2,982	3,161	3,340	3,520
100% Cash						
Acquiror's Cash Used (50.0%)		\$ 1,244	\$ 1,244	\$ 1,244	\$ 1,244	\$ 1,244
Target's Cash Used (75.0%)		255	255	255	255	255
Total Cash Used		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Cash used as % of Equity Consideration		48.5%	45.8%	43.4%	41.3%	39.4%
New Debt \$(3)		1,637	1,820	2,003	2,186	2,369
Pro Forma Net Income						
2011E Net Income		\$ 963	\$ 958	\$ 952	\$ 946	\$ 941
2012E Net Income		\$ 1,093	\$ 1,088	\$ 1,082	\$ 1,077	\$ 1,071
Pro Forma EPS						
2011E EPS		\$ 9.40	\$ 9.35	\$ 9.29	\$ 9.24	\$ 9.19
2012E EPS		\$ 10.58	\$ 10.52	\$ 10.47	\$ 10.41	\$ 10.36
2011E EPS Accretion / (Dilution) (4) (5) (6)	\$ 8.43	11.6 %	11.0 %	10.3 %	9.7 %	9.0 %
2012E EPS Accretion / (Dilution) (4) (5) (6)	\$ 9.39	12.7 %	12.1 %	11.5 %	11.0 %	10.4 %
P/E to Maintain Share Price						
Total Debt / LTM EBITDA	0.2 x	0.9 x	1.0 x	1.1 x	1.2 x	1.3 x
Adjusted Debt / LTM EBITDAR	2.2	2.7	2.8	2.9	2.9	3.0

Note: Potential buyer name redacted

(1) Market data as of 30-Sep-2010. Estimates per IBES.

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

(3) Assumes up to 50.0% of [Potential Buyer 1] existing cash and up to 75.0% of Plaid existing cash used to finance transaction.

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

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

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



Appendix A: Supplemental Materials



Common Stock Comparison

(\$ in millions, except per share data)

Company	Closing Price 30-Sep-2010	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)				Calendarized P/E Multiples (2)		5-Year EPS CAGR (2)	LTM Margins (1)		Dividend Yield
					EBITDA	EBIT	EBIT	EBIT	2010	2011		EBITDA	EBIT	
Plaid (IBES)	\$ 33.62	67 %	\$ 2,278	\$ 1,986	6.4 x	5.8 x	7.7 x	7.1 x	14.6 x	13.0 x	15.2 %	19.8 %	16.9 %	0.0 %
Plaid (Old Management)					6.0 x	5.0 x	7.1 x	5.9 x	13.4 x	11.1 x				
Plaid (Management)					6.6 x	5.0 x	7.8 x	5.9 x	14.8 x	11.1 x				
Plaid (Tweed)					6.8 x	6.1 x	8.1 x	7.2 x	15.4 x	13.7 x				
Abercrombie & Fitch	\$ 39.32	79 %	\$ 3,474	\$ 2,936	6.0 x	5.1 x	11.8 x	8.7 x	22.5 x	15.9 x	16.5 %	13.8 %	6.3 %	1.8 %
Aerostale	23.25	72	2,161	1,863	4.0	3.7	4.5	4.2	8.8	8.2	11.6	20.1	17.8	0.0
American Eagle	14.96	76	2,925	2,494	5.5	5.1	8.1	7.2	15.5	13.4	12.5	13.3	8.3	3.5
AnnTaylor	20.24	81	1,208	948	4.5	4.0	8.5	7.7	17.6	14.7	15.0	10.2	4.9	0.0
Buckle	26.54	66	1,264	1,141	5.2	4.9	6.0	5.6	10.2	9.9	10.0	24.8	21.8	3.0
Coach	42.96	97	12,983	12,312	9.2	8.5	10.2	9.5	17.1	15.2	15.0	35.4	31.9	1.0
Gap	18.64	71	11,540	9,837	4.0	4.0	5.2	5.3	10.4	9.8	10.0	18.2	13.6	2.0
Guess?	40.63	81	3,784	3,341	7.4	6.5	8.7	7.4	14.1	12.3	15.0	20.3	17.4	1.5
Lululemon Athletica	44.72	98	3,233	3,059	18.1	14.7	21.3	17.8	36.7	30.4	25.0	27.1	23.0	0.0
Limited Brands	26.78	94	8,787	10,019	6.6	6.1	8.6	7.7	14.8	13.4	13.0	14.9	10.5	2.2
Polo	89.86	95	9,047	8,318	8.9	8.1	11.2	10.1	18.4	16.2	11.0	18.7	15.2	0.4
rue21	25.81	69	644	627	8.8	7.2	12.2	10.5	21.7	18.0	22.5	11.3	7.9	0.0
Urban Outfitters	31.44	78	5,301	4,710	8.6	7.3	10.6	8.9	18.5	15.6	20.0	23.2	19.0	0.0
High	98 %	\$ 12,983	\$ 12,312	18.1 x	14.7 x	21.3 x	17.8 x	36.7 x	30.4 x	25.0 %	35.4 %	31.9 %	3.5 %	
Mean	81	5,104	4,739	7.4	6.6	9.8	8.5	17.4	14.8	15.2	19.3	15.2	1.2	
Median	79	3,474	3,059	6.6	6.1	8.7	7.7	17.1	14.7	15.0	18.7	15.2	1.0	
Low	66	644	627	4.0	3.7	4.5	4.2	8.8	8.2	10.0	10.2	4.9	0.0	

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

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



Plaid Currently Trades Below Peer Median on a P/E Basis

Current Year Multiple Over Time (Median Multiples for the Period)

Plaid 2010 P/E

Case	EPS	Mult.
Tweed	\$2.19	15.4x
Mgmt	\$2.27	14.8x
IBES	\$2.31	14.6x

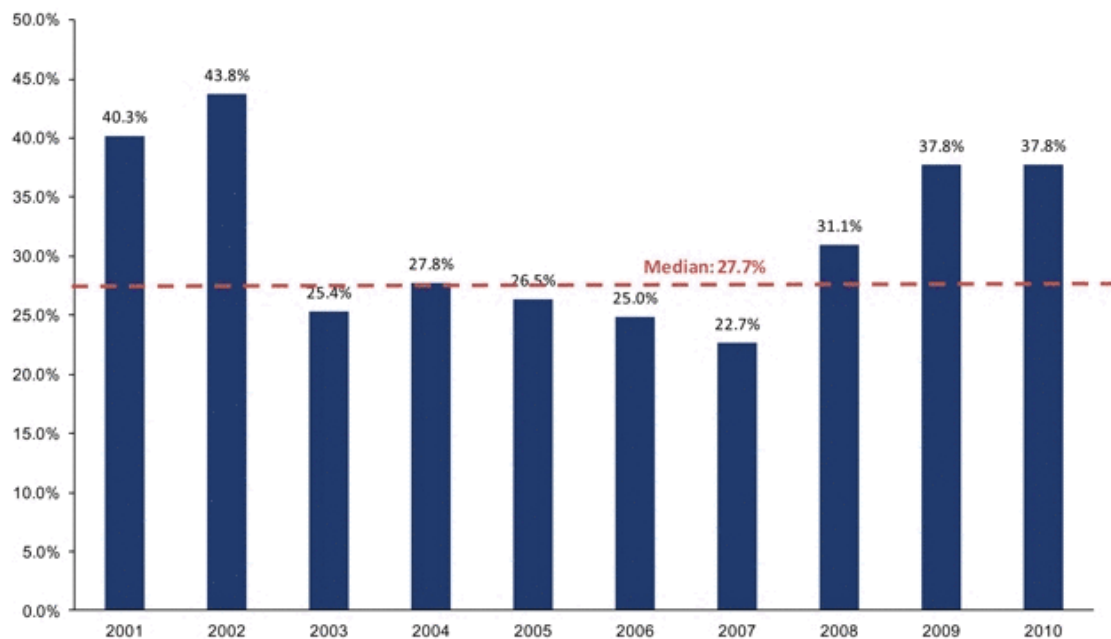
	2003	2004	2005	2006	2007	2008	2009	2010YTD	Current (IBES)
Plaid	NA	NA	NA	36.5 x	32.8 x	18.9 x	29.3 x	19.7 x	14.6 x
Abercrombie & Fitch	13.5	14.5	18.6	15.0	15.3	11.0	25.4	22.3	22.5
AÉROPOSTALE	20.0	21.4	16.7	16.6	17.7	15.3	12.3	10.4	8.8
AMERICAN EAGLE OUTFITTERS	14.7	17.8	15.2	17.0	13.6	9.9	19.3	14.4	15.5
ANN TAYLOR	16.0	15.7	22.2	19.7	16.3	12.6	10.7	18.1	17.6
Buckle	13.4	15.2	15.4	15.3	17.6	16.4	11.3	11.5	10.2
COACH	29.6	31.5	29.5	23.7	27.5	13.6	14.1	17.4	17.1
GAP	20.8	17.1	14.9	17.8	20.4	14.3	13.9	12.6	10.4
GAP INC.	31.8	23.5	20.6	25.9	26.2	15.6	14.5	13.5	14.1
Limited Brands	15.3	16.3	15.7	16.9	15.1	12.3	16.6	15.5	36.7
lululemon athletica	NA	NA	NA	NA	NA	31.6	31.4	41.7	14.8
lululemon athletica	13.8	16.2	16.8	19.9	22.9	16.2	15.2	18.4	18.4
rue21	NA	NA	NA	NA	NA	NA	NA	29.1	21.7
urban outfitters	22.0	33.1	36.0	25.5	27.6	26.6	20.7	22.6	18.5
Median	16.0x	17.1 x	16.8 x	17.8 x	17.7 x	14.8 x	14.9 x	17.4 x	17.1 x
S&P	18.6	17.6	16.2	15.6	16.1	14.2	16.3	14.2	13.8

Source: Bloomberg, IBES estimates.
Note: Market data as of 30-Sep-2010



Premiums Analysis – All Cash Transactions

Median Announced Premiums to 1-Day Prior Closing Target Share Price for Announced and Completed Transactions Larger than \$1 Billion Involving US Targets



Source: Thomson SDC



Selected Precedent Transactions

Specialty Retail Transactions with Disclosed EBITDA Multiple

(\$ in millions)

Effective Date	Acquirer / Target	Enterprise Value	Enterprise Value Multiple of LTM (x) EBITDA	Target Business Description
Mar-2010	PVH / Tommy Hilfiger	3,168	8.3x	Designs, sources, and markets men's and women's sportswear and activewear, jeanswear, and childrenswear and holds licensing agreements for various related apparel, accessories, footwear, fragrances, and home furnishings
Aug-2009	Advent / Charlotte Russe	311	6.6x	Mall-based specialty retailer of apparel and accessories targeting young women in their teens and twenties
Jul-2009	Eddie Bauer / Golden Gate	286	5.9 ¹	Specialty retailer that sells men's and women's outerwear, apparel, and accessories for outdoor lifestyle in the United States and Canada
Jun-2009	Dress Barn / Tween Brands	237	5.6	Specialty retailer for tween girls selling Justice and Limited Too branded apparel, accessories and footwear in the U.S. and internationally
Jul-2007	M1 Group / Faconable	\$210	13.8	Premium wholesaler and retailer of high quality men's and women's apparel and accessories
May-2007	Payless / Stride Rite	874	10.9	Engage in the design and marketing of children's footwear, and athletic and casual footwear for children and adults primarily in the United States
Nov-2006	Limited / La Senza	624	11.8	One of Canada's leading specialty retailers of women's lingerie and apparel
Nov-2006	Sun Capital and Golden Gate Capital / Eddie Bauer ²	610	11.9	Multi-channel specialty retailer that sells casual sportswear and accessories for the modern outdoor lifestyle to adults, ages 35 to 50
Dec-2005	Apax / Tommy Hilfiger	1,540	7.9	Designs and markets of men's and women's sportswear and activewear, jeanswear, and childrenswear
Jul-2005	Bain / Burlington Coat Factory	281	9.4	Burlington operates a chain of department stores with products including linens, bath items, gifts, coats, suits, luggage, family footwear, baby apparel, ladies sportswear, men's wear
Median		\$461	8.9x	

¹ Assumes LTM EBITDA as of 04-Apr-2009 of \$48.6 million.

² Not consummated.



Plaid Capital Structure

As of 31-Jul-2010

(\$ in millions)

	Amount (USD)	LTM Leverage (1)	Moody's Adj. LTM Leverage Using 8x (2)	Interest / Coupon	Tranche Rating	Current Bid / Implied Yield	Maturity
Cash	\$340						
Undrawn Revolving Credit Facility (3)	195						
Total Liquidity	\$536						
Revolving Credit Facility (\$200mm Capacity)	-	0.0 x	1.6	L + 100-125	NA / NA		May-2013
Term Loan (5)	49	0.1	1.7	L + 175 (4)	Ba2 / BB+	93.00 / 6.2%	May-2013
Total Debt	\$49	0.1x	1.7x				
Market Equity (30-Sep-2010)	2,285						
Total Capitalization	\$2,335						
Corporate Rating	BB+ / WR	Stable / NA					

Source: Company Filings as of 31-Jul-2010

(1) Assumes LTM EBITDA to be \$336mm as of 31-Jul-10.

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

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

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

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



Illustrative WACC Analysis

WACC Calculation	
Target Capital Structure (%)	
Net Debt / (Net Debt + Equity)(1)	10.0%
Equity / (Net Debt + Equity)(1)	90.0%
Implied Net Debt/Equity Ratio	11.1%
WACC	
Risk-Free Rate (2)	3.4%
Equity Beta (Relevered) (4)	1.75
Equity Risk Premium (3)	6.7%
Cost of Equity	15.0%
Pre-Tax Cost of Debt	7.0%
After-Tax Cost of Debt	4.2%
Weighted-Average Cost of Capital	14.0%

Source: Bloomberg

(1) Estimated target capital structure based on current capital structure.

(2) Risk free rate based on 20 Year US Treasury rate.

(3) Per U.S. Ibbotson.

(4) Based on Plaid's Axioma historical equity beta

WACC Sensitivity						
		Net Debt / Net Debt + Equity				
		(20.0)%	(10.0)%	0.0%	10.0%	20.0%
Relevered Equity Beta	1.55	15.7%	14.7%	13.7%	12.8%	11.8%
	1.60	16.1%	15.1%	14.1%	13.1%	12.1%
	1.65	16.5%	15.4%	14.4%	13.4%	12.4%
	1.70	16.9%	15.8%	14.7%	13.7%	12.6%
	1.75	17.3%	16.2%	15.1%	14.0%	12.9%
<hr/>						
At 10.0% Net Debt / (Net Debt + Equity)						
		Ke	WACC			
Relevered Equity Beta	1.65	14.4%	13.4%			
	1.70	14.7%	13.7%			
	1.75	15.0%	14.0%			
	1.80	15.4%	14.3%			
	1.85	15.7%	14.6%			

PROJECT JADE SPECIAL COMMITTEE MATERIALS

OCTOBER 25, 2010

BACKGROUND AND PRELIMINARY OBSERVATIONS

- Management has been in discussions with TPG and has provided TPG certain information about the recent and forecasted performance of the business as well as management's long range strategic plan
- The business performed very well in the 1st half of FY2010, but starting in July weaker sales and margin trends began
 - Weather related in some cases
 - General economic conditions and state of the consumer in the U.S.
 - Fashion and assortment miss specific to the Company
- Weaker sales and margin trends have continued in recent weeks prompting several analysts to lower estimates and causing a recent decline in stock price
 - Janney Montgomery, Piper Jaffray and Needham lowered EPS forecast for FY2010 and FY2011
 - Consensus EPS for FY2010 lowered from \$2.45 to \$2.30 (-6.1%)
 - Jade stock is down 5% since the August 26th earnings announcement and down 11% in last 7 days
 - Sector is up 20% since August 26th and down 5% in last 7 days ⁽¹⁾
 - S&P500 is up 13% since August 26th and up 1% in the last 7 days
 - Jade stock peaked for the year at \$50.00 on April 26, 2010; and currently trades at \$31.68, down 37% (S&P Retail down 5% in the same period)
- In response to the weaker trends, management has revised its estimates for Q3 and Q4
 - Change in Q3 revenue from \$450MM to \$435MM (-3.5%)
 - Change in Q4 revenue from \$519MM to \$498MM (-3.9%)
 - Implies change in FY2010E revenue from \$1,790MM to \$1,754MM (-2.0%)
 - Change in FY2010E EPS from \$2.55 to \$2.24 (-12.2%)

Source: FactSet, Wall Street research

Note: (1) Sector represented by equal weighted index of Abercrombie & Fitch, Aeropostale, American Eagle, Ann Taylor, Bebe, Carter's, Chico's, Children's Place, Coach, Coldwater Creek, The Dress Barn, The Gap, Guess?, Gymboree, Limited Brands, New York & Company, Polo Ralph Lauren, Talbot's, Under Armour, and Urban Outfitters

BACKGROUND AND PRELIMINARY OBSERVATIONS (CONT'D)

- In addition, management has lowered estimates in its long-range plan
 - _ FY2009 – FY2013E sales growth reduction from 14% to 12%
 - _ 180bps reduction in gross margins to 44% range ⁽¹⁾
 - _ Implies FY2009 – FY2013E EPS growth reduction from 23% to 14%
- Historically, Q4 sales have accounted for 29%⁽²⁾ of annual sales on average
 - _ Heavily dependent on November and December Holiday sales
- Management indicated its inability to provide assurances about the holiday season, consistent with other retailers
- Company does not appear to have any successor, heir apparent, or reasonable internal candidate to succeed the current CEO
 - _ Recent departure of Tracy Gardner (July 13)
 - _ No President or COO position currently
- The operations team is deep and highly regarded
 - _ However, Libby Wadle, Retail and Factory Head, begins maternity leave October 25
- The finance staff appears to be less deep, with little to no excess resource capacity
- Earnings calendar (Q3 results and FY2010 guidance)
 - _ Typically last week of November
 - Flexibility on date, but Thanksgiving November 25
 - Notice of earnings release 10 days to two weeks prior (i.e. week of November 8)
 - Later earnings release provides more visibility on month of November and the 4th quarter, but must balance release timing with Street's timing expectations

Notes: (1) Based on FY2011E – FY2013E average
(2) Based on FY2007A – FY2009A average

ANALYSIS OF JADE FY 2010E ESTIMATES

	Jade						Peer Group ⁽³⁾
	As of			% Change		8/18 - 10/6	% Change
	8/18/10	8/24/10	10/6/10	8/18 - 8/24	8/24 - 10/6		(8/1-Current)
(\$MM)							
Sales							
Jade Budget	\$1,740	\$1,740	\$1,740	--	--	--	--
Jade Estimate	1,790	1,765	1,754	(1.4%)	(0.6%)	(2.0%)	--
Street Consensus	1,747	1,747	1,741	--	(0.3%)	(0.3%)	(0.5%)
Gross Margin % ⁽¹⁾							
Jade Budget	45.1%	45.1%	45.1%	--	--	--	--
Jade Estimate	45.9%	45.1%	44.0%	(80 bps)	(102 bps)	(182 bps)	--
Street Consensus	45.8%	45.8%	45.0%	--	(80 bps)	(80 bps)	(63 bps)
EPS							
Jade Budget	\$2.27	\$2.27	\$2.27	--	--	--	--
Jade Estimate	2.55	2.39	2.24	(6.1%)	(6.5%)	(12.2%)	--
Jade Guidance ⁽²⁾	2.42	2.30	2.30	(5.0%)	--	(5.0%)	--
Street Consensus	2.45	2.45	2.30	--	(6.1%)	(6.1%)	(3.1%)

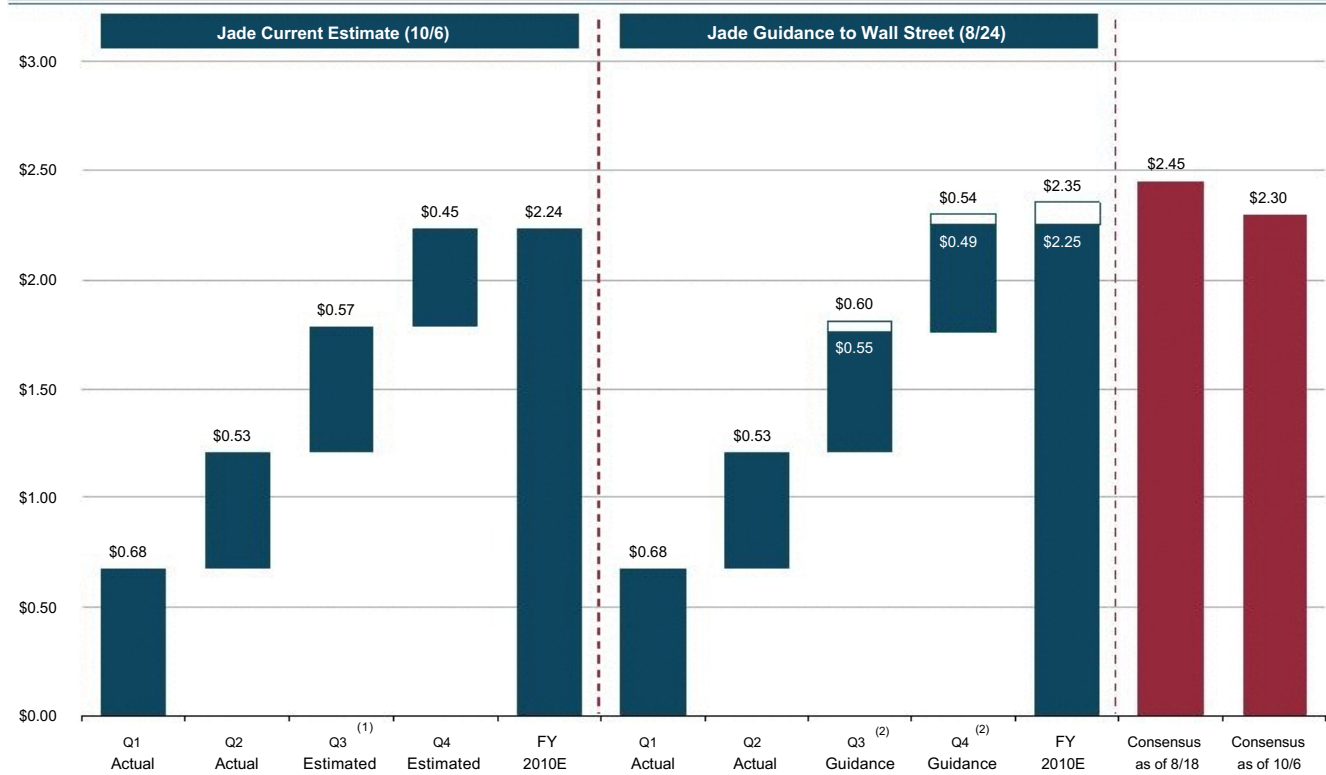
Source: Company management

Notes: (1) % change calculated as absolute change

(2) Represents mid-point of range

(3) Includes Abercrombie & Fitch, Aeropostale, Chico's, and Urban Outfitters

EARNINGS PROGRESSION OF FY 2010E

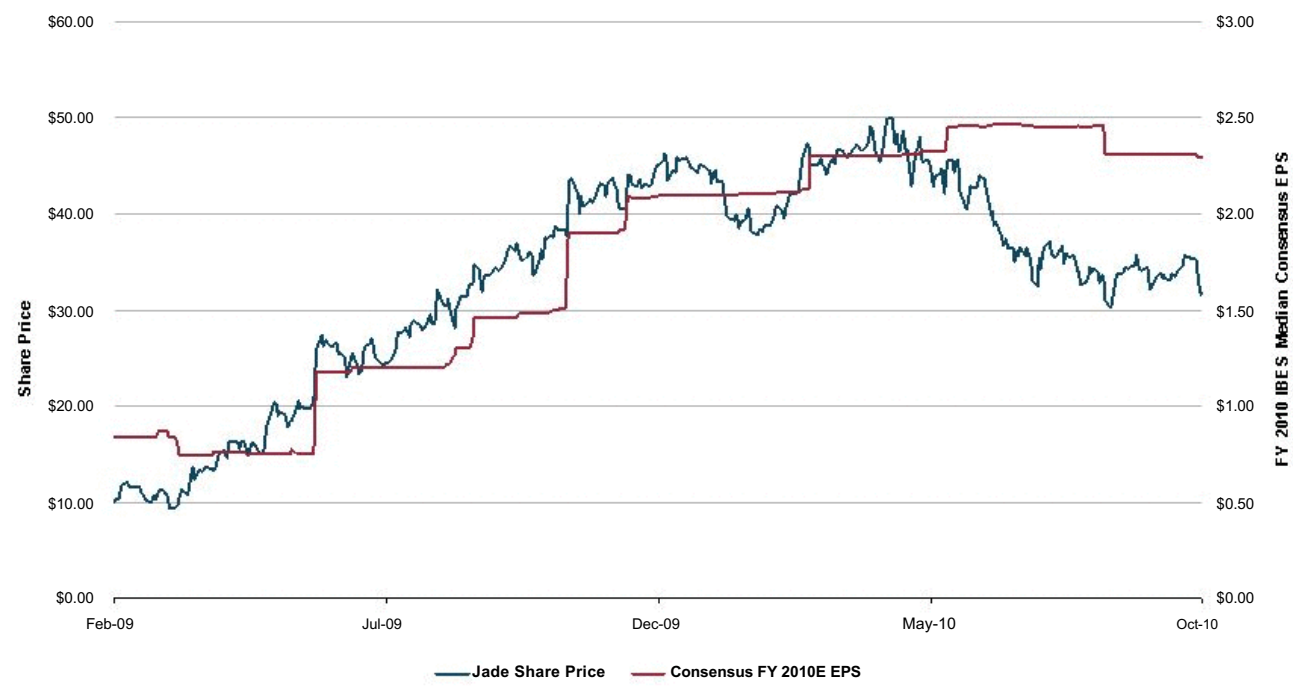


Source: Company management

Notes: (1) Q3 includes non-cash \$1.4MM expensed related to paydown of term loan on 8/31/10

(2) Represents mid-point of range as of 8/24/10

EVOLUTION OF JADE ANALYST ESTIMATES – FY 2010E



Source: FactSet, IBES

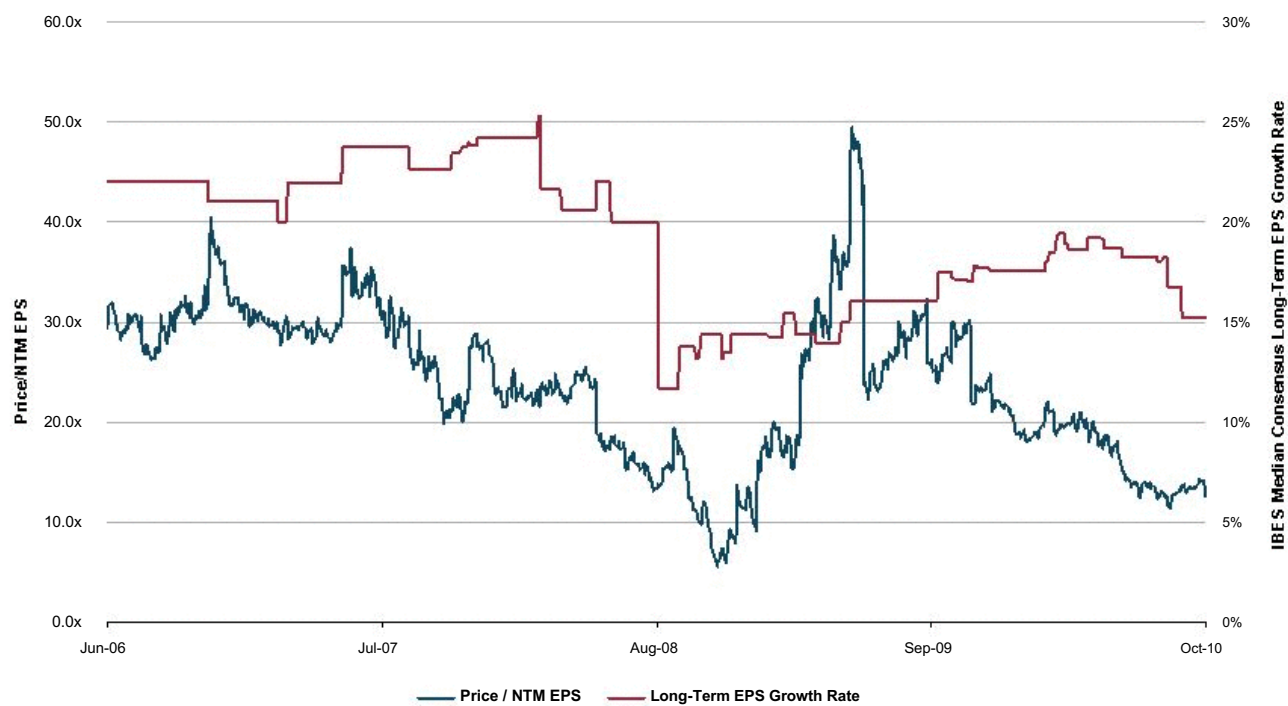
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RECENT SECTOR PERFORMANCE AND ANALYST EXPECTATIONS

Company	Share Price			FY 2010E Consensus EPS Estimate			FY 2010E Consensus Gross Margin %		
	8/1/2010	Current	% Change	8/1/2010	Current	% Change	8/1/2010	Current	% Change
Jade	\$35.63	\$31.68	(11.1%)	\$2.45	\$2.30	(6.1%)	45.8%	45.0%	(0.8%)
Selected Peers									
Abercrombie & Fitch	36.94	42.40	14.8%	1.80	1.82	0.8%	64.5%	63.6%	(0.9%)
Chico's	9.37	9.89	5.5%	0.72	0.65	(9.7%)	57.2%	56.8%	(0.5%)
Urban Outfitters	32.16	30.28	(5.8%)	1.67	1.68	0.6%	42.1%	42.1%	0.0%
Aeropostale	28.43	25.70	(9.6%)	2.83	2.64	(6.7%)	38.9%	38.1%	(0.8%)
Mean			1.2%			(3.8%)			(0.5%)
Median			(0.1%)			(3.1%)			(0.6%)
High			14.8%			0.8%			0.0%
Low			(9.6%)			(9.7%)			(0.9%)

Source: FactSet, IBES
Note: (1) Current prices based on 10/22/10 close

JADE P/E MULTIPLE AND EPS GROWTH (SINCE IPO)



Source: FactSet, IBES. Jade IPO was 6/27/06 at a price of \$20.00 per share

COMPARISON OF LONG RANGE PLAN: CURRENT VS. SEPTEMBER 1 BOARD MEETING

(US\$ in MM, except per share data)

Fiscal Year	9/1/2010				Current			
	2010E	2011E	2012E	2013E	2010E	2011E	2012E	2013E
Sales	\$1,805	\$2,034	\$2,356	\$2,709	\$1,753	\$1,955	\$2,208	\$2,487
% Growth	14.4%	12.7%	15.8%	15.0%	11.1%	11.5%	13.0%	12.6%
% Comp	10.2%	6.2%	6.3%	6.0%	6.3%	5.3%	3.4%	3.7%
Gross Profit	\$828	\$939	\$1,091	\$1,261	\$772	\$868	\$982	\$1,108
% Growth	19.0%	13.3%	16.3%	15.6%	11.0%	12.4%	13.1%	12.8%
% Margin	45.9%	46.1%	46.3%	46.5%	44.1%	44.4%	44.5%	44.5%
EBIT	\$280	\$338	\$412	\$501	\$243	\$279	\$319	\$369
% Growth	32.7%	20.7%	21.8%	21.6%	15.1%	14.6%	14.5%	15.6%
% Margin	15.5%	16.6%	17.5%	18.5%	13.9%	14.2%	14.4%	14.8%
EPS	\$2.50	\$3.02	\$3.67	\$4.44	\$2.18	\$2.50	\$2.81	\$3.20
% Growth	30.9%	20.8%	21.5%	21.0%	14.1%	14.7%	12.4%	13.9%

Source: Company management

COMMITTEE OPTIONS AND DECISION POINTS

A. Do nothing, terminate discussions

- Potentially consider a proposal in January
- Could pursue a recapitalization at a later date

B. Entertain a proposal

- Agree on protocol, steps, and timing
-

C. Pursue a transaction with a pre-agreement process to solicit other buyers

- Dependent on price and evaluation of effectiveness of pre-agreement process vs. post-agreement process

D. Pursue a transaction with a post-agreement process to solicit other buyers (“go shop”)

- Dependent on price and evaluation of effectiveness of post-agreement process vs. pre-agreement process

OUR WORK PLAN –THIS WEEK

- **Complete build-out of our financial model**
- **Continue our due diligence with management**
- **Develop our views on value and value drivers**
- **Evaluate alternatives other than a sale**
- **Assist you with the decision points**
- **Stand ready for next steps pending decisions by the Committee**

**PROJECT JADE
PRESENTATION TO THE SPECIAL COMMITTEE**

OCTOBER 29, 2010

AGENDA

- **Process Update and Preliminary Observations**

- **Overview of Financial Analysis**

- Market Analysis
- Long-Range Plan
- Preliminary Valuation

- **Options and Key Decision Points**

- **Appendix**

PERELLA WEINBERG PARTNERS

PROCESS UPDATE AND PRELIMINARY OBSERVATIONS

PROCESS UPDATE AND PRELIMINARY OBSERVATIONS

- **Since the Special Committee meeting on October 25, Perella Weinberg Partners has continued its analysis of Jade**
 - Additional due diligence meetings with management; focused on near-term performance (Q3 and Q4) and the long-range plans (the September 1 Long-Range Plan (the “9/1 LRP”) and the October plan (the “Current Plan”))
 - Build-out of the financial model
 - Variance analysis comparing the 9/1 LRP to the Current Plan and sensitivity analysis
 - Preliminary views on value and value drivers
- **The business continues to experience weaker sales and margin trends**
 - October-to-date comp for Retail, Factory and Madewell of -6%, +5% and +19%, respectively; below Spring and August/September levels
 - Gross margin pressure continues (H2 gross margin of 41.7% vs. LY of 46.0% and H1 of 46.8%)
 - Higher inventory trends than previously expected
 - Downside risk to management’s estimate FY2010E EPS of \$2.24 (vs. current consensus of \$2.27)
- **Market sentiment toward retailers and Jade specifically has turned more cautious in recent weeks**
 - Equity research analysts have recently lowered Q3, Q4, and FY2011 estimates and expressed concerns over Jade’s comp store sales and growth trends
 - Q3 EPS consensus lowered to \$0.57 per share from \$0.71; Q4 consensus lowered to \$0.52 from \$0.63, FY2011 consensus lowered to \$2.49 from \$2.79
 - Morgan Stanley initiated coverage on Jade with an “Underweight” rating on October 26
 - Earnings in the sector under pressure (e.g. Jones Apparel), but some positive announcements at the higher end (e.g. Coach)

PROCESS UPDATE AND PRELIMINARY OBSERVATIONS (CONTINUED)

- **Following a detailed review of the 9/1 LRP and the Current Plan with management, we have developed a better understanding of the two plans and key differences**
 - According to management, the 9/1 LRP was an aspirational forecast targeting ~20% EPS growth; the Current Plan is based on recent trends and management's longer-term outlook for the business
 - Management does not support the 9/1 LRP and is operating the business in pursuit of the Current Plan
 - Accordingly, in our preliminary valuation analysis set forth herein, we have performed a valuation based on the Current Plan and show similar analysis based on the 9/1 LRP solely for illustrative and comparative purposes, and does not represent a valuation
- **Both plans assume a similar level of investment through 2015 (\$390MM in infrastructure and capital expenditures in aggregate)**
 - Retail store growth of 43 stores (19%)
 - Factory store growth of 63 stores (74%)
 - Madewell store growth of 115 stores (575%)
- **The key difference between the two plans is the comparable sales growth assumption for the Retail channel (which accounts for roughly 50% of Jade's overall revenues in the forecast period)**
 - 5.0% average Retail comp growth rate in the 9/1 LRP vs. 2.9% in the Current Plan, accounting for approximately 50% of the gross margin differential between the two plans
 - Sales growth assumption also lower for Factory, Madewell and Direct channels in the Current Plan vs. the 9/1 LRP

	Comp Sales Growth	
	9/1 LRP	Current Plan
Factory	8.0%	5.6%
Madewell	10.8%	9.4%
Direct	14.1%	13.0%

PROCESS UPDATE AND PRELIMINARY OBSERVATIONS (CONTINUED)

- **The financial results in the 9/1 LRP are significantly above Street consensus for FY2011 and FY2012, while the Current Plan's estimates are more in line with the Street for the same period**
 - Very few Wall Street estimates beyond FY2012 other than long-term EPS growth consensus of 15.2%
- **Based on our work to date, we have developed a preliminary view of value based on discounted cash flow analysis and analyzed what a private equity buyer could pay based on a leveraged buyout analysis**
 - Discounted cash flow value range of \$39 - \$52 per share based on Current Plan
 - Compares to \$52 - \$69 per share under 9/1 LRP
 - Leveraged Buyout value range of \$40 - \$51 per share based on Current Plan
 - Compares to \$50 - \$67 per share under 9/1 LRP
- **We also evaluated a leveraged recapitalization assuming a buyback of shares at a 20% premium to current price**
 - Requires new debt of approximately \$300MM and use of balance sheet cash of \$200MM
 - Yields a blended value of \$36 - \$43 per share based on Current Plan
 - Compares to \$43 - \$51 per share under 9/1 LRP

PROCESS UPDATE AND PRELIMINARY OBSERVATIONS (CONTINUED)

- **Lastly, we have developed a framework for discussion to evaluate your options and key decision points**

- **Options**

- Do nothing, pursue current plan
- Alternatives to current plan
 - » Merger
 - » Sale
 - » Leveraged recapitalization

- **Decision Points**

- Entertain a proposal now or at a later date?
 - » Appropriate next steps
- Pursue a proposal now or at a later date?
 - » Appropriate process

OVERVIEW OF FINANCIAL ANALYSIS: MARKET ANALYSIS

PUBLIC MARKET OVERVIEW

SUMMARY JADE VALUATION (US\$ IN MM⁽¹⁾)

Share Price	\$31.43
52 Week High (April 26, 2010)	\$50.96
52 Week Low (August 31, 2010)	\$30.06
Fully Diluted Shares Outstanding	68.2
Market Capitalization	\$2,142
Add: Debt	0
Less: Cash	(291)
Net: Other	0
Enterprise Value	\$1,851

			Current
Valuation Multiples (Fiscal Year)	Consensus	9/1 LRP	Plan
EV/2010E EBITDA	6.0x	5.6x	6.3x
EV/2011E EBITDA	5.8x	4.7x	5.5x
Price/2010E EPS	13.8x	12.6x	14.4x
Price/2011E EPS	12.6x	10.4x	12.6x

EV / NTM EBITDA – LAST 3 YEARS



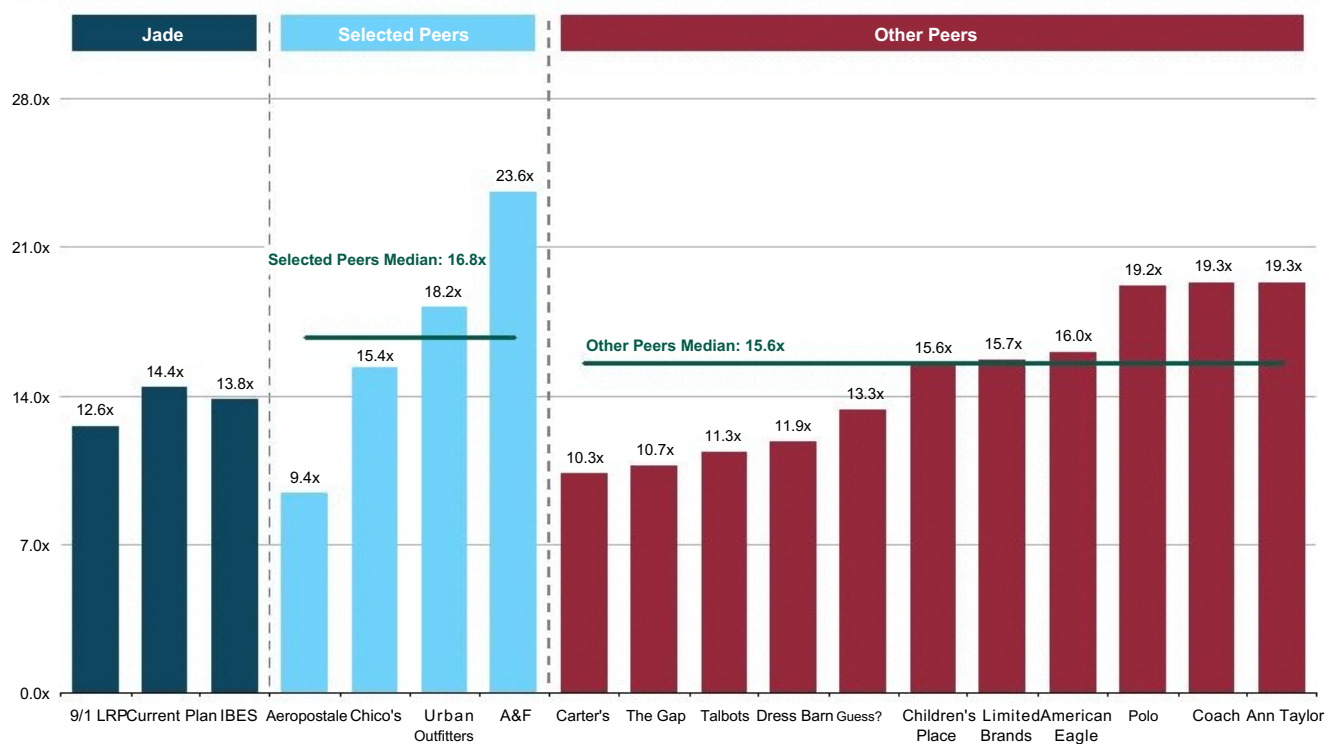
Source: FactSet, company filings, 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections. Fiscal year 2010 refers to year ending 1/31/2011, fiscal year 2011 refers to year ending 1/31/2012

Notes: Peer multiple represented by median of Abercrombie & Fitch, Aeropostale, American Eagle, Ann Taylor, Bebe, Carter's, Chico's, Children's Place, Coach, Coldwater Creek, The Dress Barn, The Gap, Guess?, Gymboree, Limited Brands, New York & Company, Polo Ralph Lauren, Talbots, Under Armour, and Urban Outfitters

(1) Debt and cash shown pro forma for 8/31/2010 debt repayment detailed in 7/31/2010 10Q

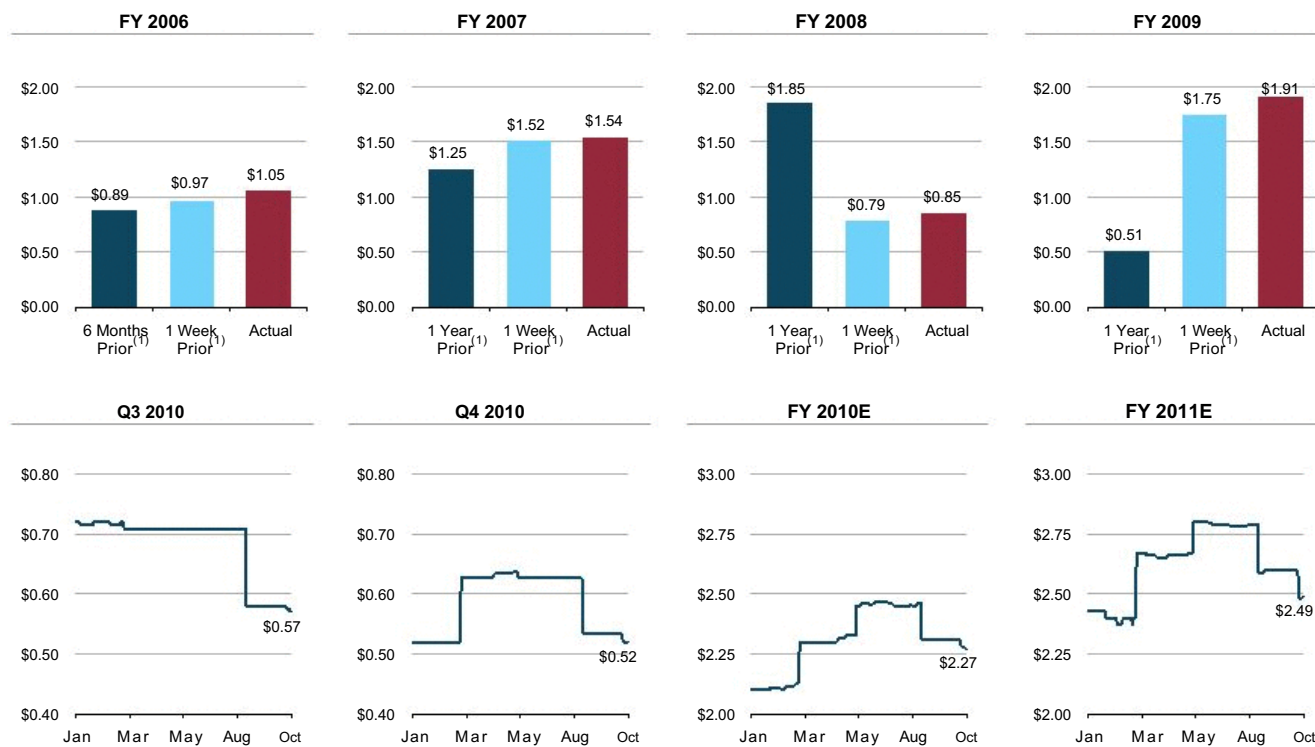
(2) Peers and S&P 500 scaled to JCG at 6/27/2006 opening of \$20.00 per share

PUBLIC COMPANIES COMPARISON – PRICE / 2010E EARNINGS



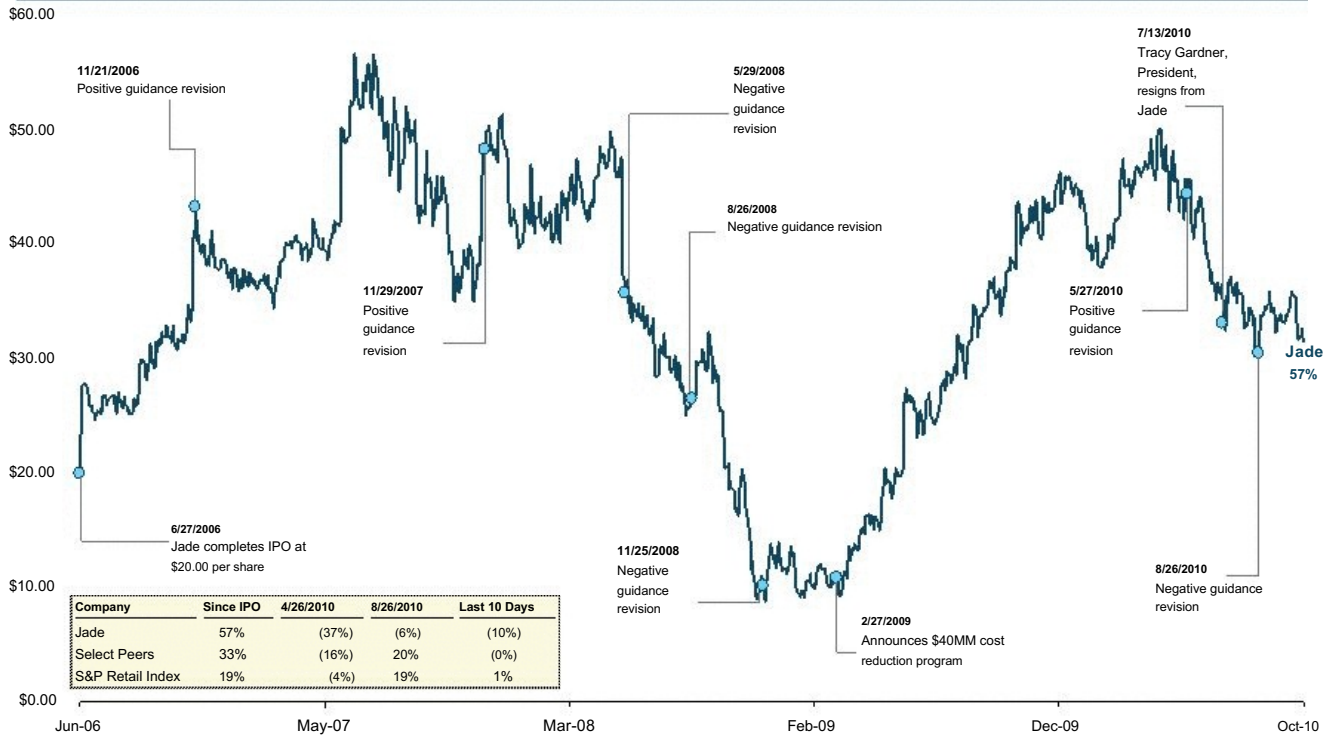
Source: Company Filings, Factset, 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections

EPS HISTORY VS. CONSENSUS SINCE IPO



Source: FactSet, company filings, IBES
 Notes: (1) Prior to earnings announcement

JADE STOCK PRICE PERFORMANCE SINCE IPO

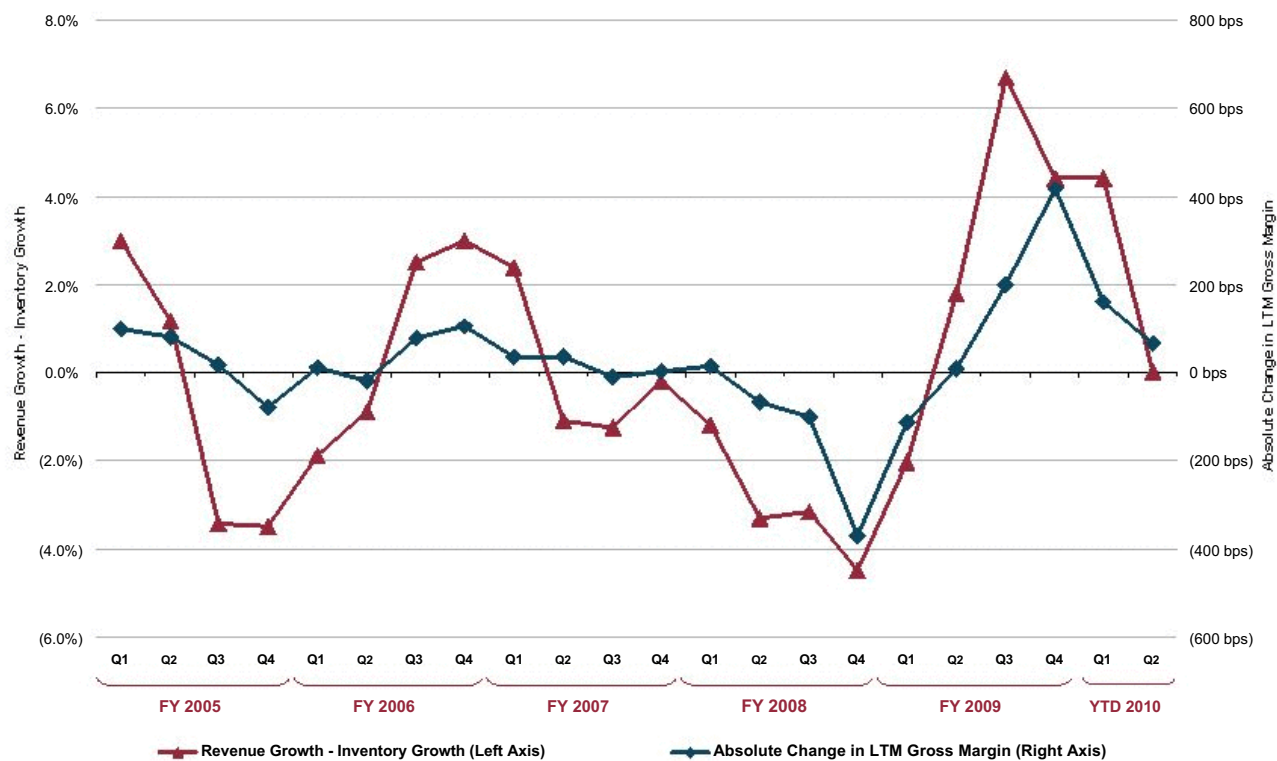


Source: FactSet as of 10/28/2010, Wall Street research

Note: (1) Selected Peers represented by equal weighted index of Abercrombie & Fitch, Aeropostale, American Eagle, Ann Taylor, Bebe, Carter's, Chico's, Children's Place, Coach, Coldwater Creek, The Dress Barn, The Gap, Guess?, Gymboree, Limited Brands, New York & Company, Polo Ralph Lauren, Talbots, Under Armour, and Urban Outfitters

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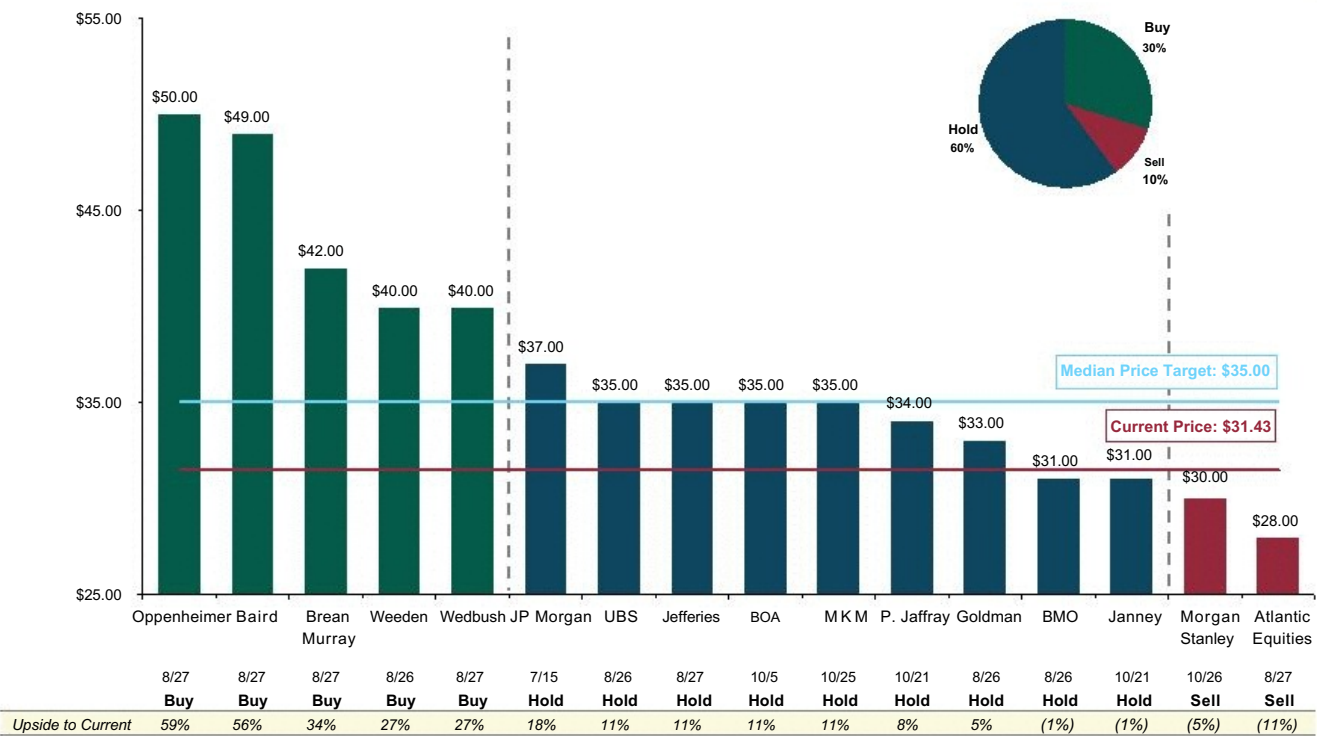
GROSS MARGIN PERFORMANCE VS. INVENTORY/SALES TREND



Sources: Capital IQ

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JADE SELECTED RESEARCH ANALYST RATING AND PRICE TARGET SUMMARY



Source: Wall Street research

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RECENT EQUITY RESEARCH ANALYST COMMENTARY

BROKER	COMMENTARY
Morgan Stanley	"Jade should underperform the group over the next 3-6 months as uncertainty around SSS growth and product execution weigh on the stock's P/E multiple. Although we are very optimistic that the company will be able to accomplish a full recovery in sales and margins over time, we believe it is too early to own the stock, as the timing of a recovery remains uncertain."
MKM PARTNERS	"We think the lost momentum in its business, coming as the company faces more challenging comparisons, as well as rising pressure on COGS, will limit sales and earnings upside that the industry might see from further acceleration in consumer spending near-term. Even a stronger holiday period is not likely to help same-store sales grow more than modestly or keep merchandise margins from showing some large reversals from the strong increases shown last year."
Janney	"We believe that as Jade faces difficult upcoming comp compares , investors may step to the sidelines as they look elsewhere for growth stories. With increasing markdowns, we are concerned about earnings pressure in the upcoming quarters. We are concerned over growing levels of markdown inventory as Jade's peak margins positions the company with a minimal margin of error."
BAIRD	"Our outperform rating reflects what we view as attractive valuation for underappreciated growth story (including significant potential for Madewell, international, wedding, Crewcuts, factory), advantageous market position, and strong execution (supporting market share gains in fragmented apparel market)."
UHC Capital Markets	"Still, in our view, the stores are entering a tough period right now in terms of a slowing consumer and high hurdles in the back half. Longer term, we believe the stock should be a solid performer given its proven management team, growth opportunities, and strong brand equity. "
Goldman Sachs	"The outlook for shares over the next 6-12 months comes down to what happens to the earnings base of the core business. If the environment remains weak but stable, inventory should be realigned by 1H11 resulting in less margin pressure on the core business and potential for leverage on other growth initiatives through the balance of the year. However if trends deteriorate further, we could see some additional markdown pressure in 4Q and there is substantial risk to record margins earned in the first half of this year."
JPMorgan	"We believe the company's growth prospects are clearly slowing (EPS growth 10-15% at best over the next 12 months, in our view) . All that is to say is that it appears that more and more of the inherent risks in Jade shares are becoming incrementally priced in at current levels."

Source: Wall Street research

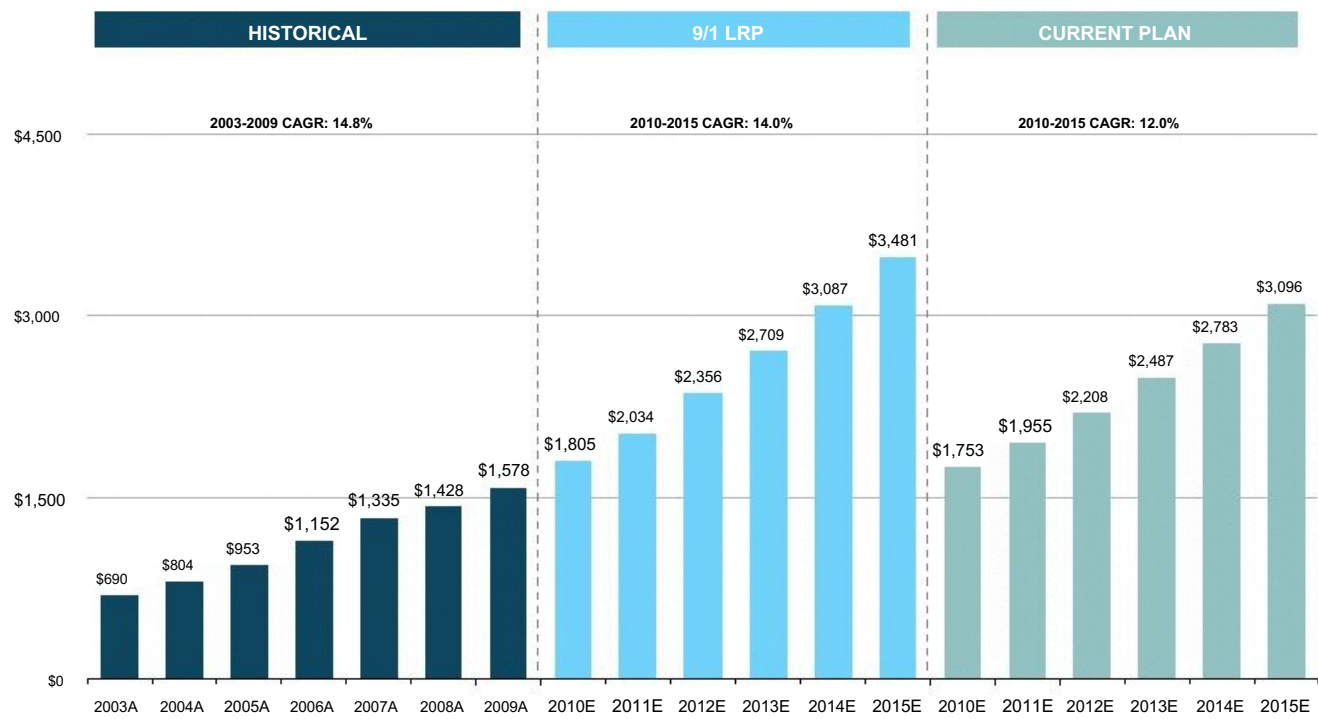
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OVERVIEW OF FINANCIAL ANALYSIS: LONG-RANGE PLAN

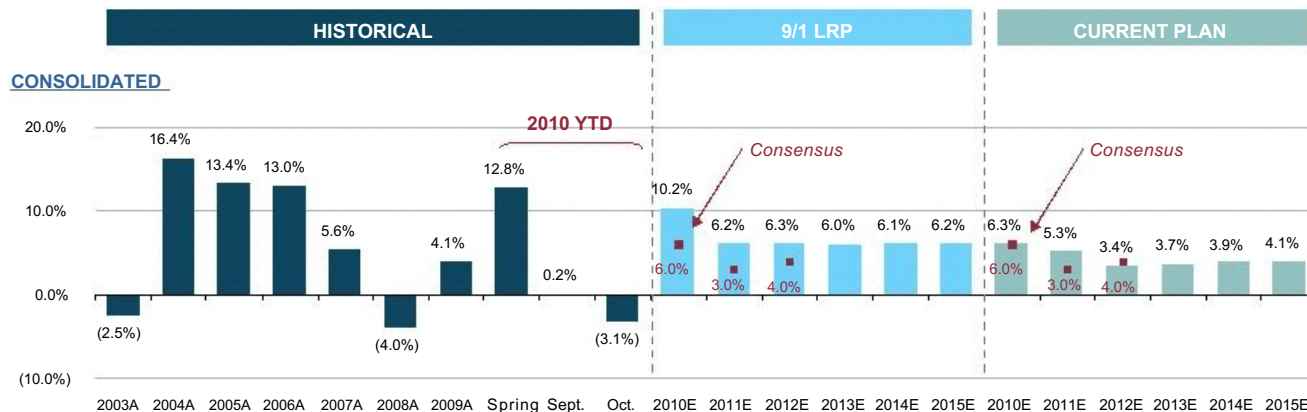
COMPARISON OF JADE FINANCIAL PLANS - REVENUE

(US\$ in MM)

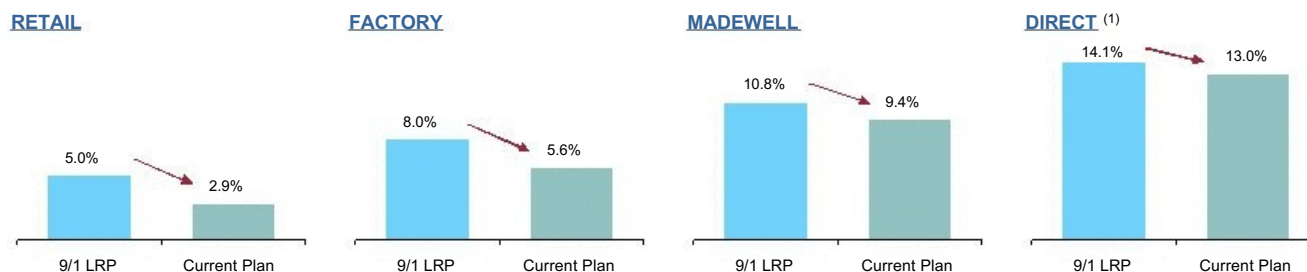


Sources: 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections, company filings

COMPARISON OF COMPARABLE STORE SALES GROWTH ASSUMPTIONS



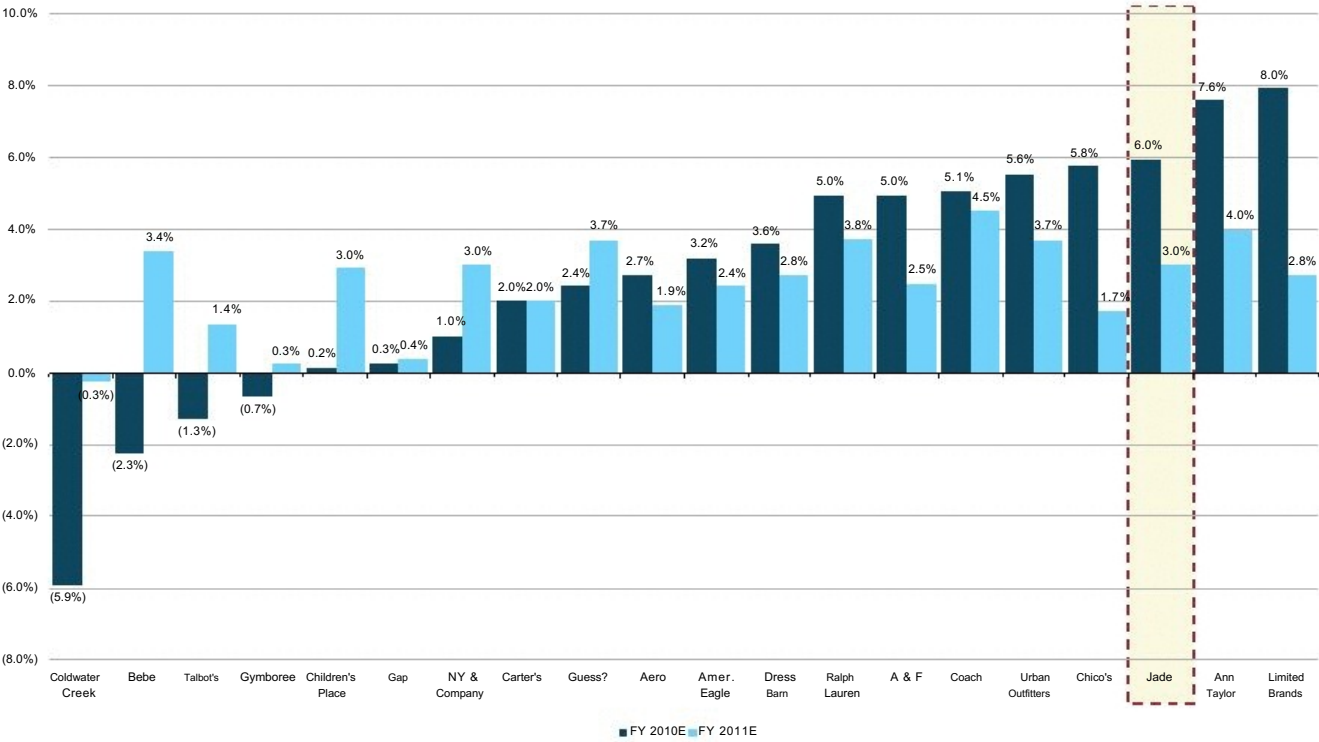
BY CHANNEL (AVERAGE OF 2011 – 2015)



Sources: 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections, Wall Street research

Note: (1) Based on revenue growth

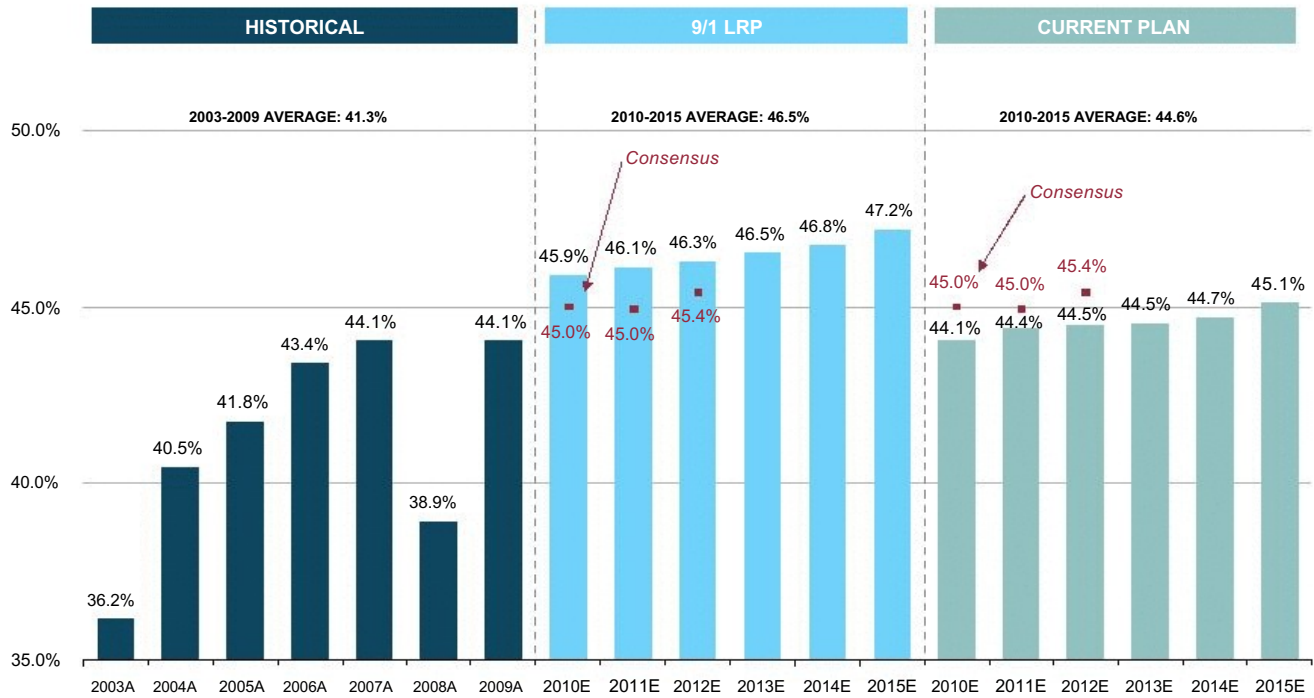
COMPARABLESTORE SALES ESTIMATES – SELECTED PEERS



Sources: Wall Street research

COMPARISON OF JADE FINANCIAL PLANS – GROSS MARGIN

(US\$ in MM)



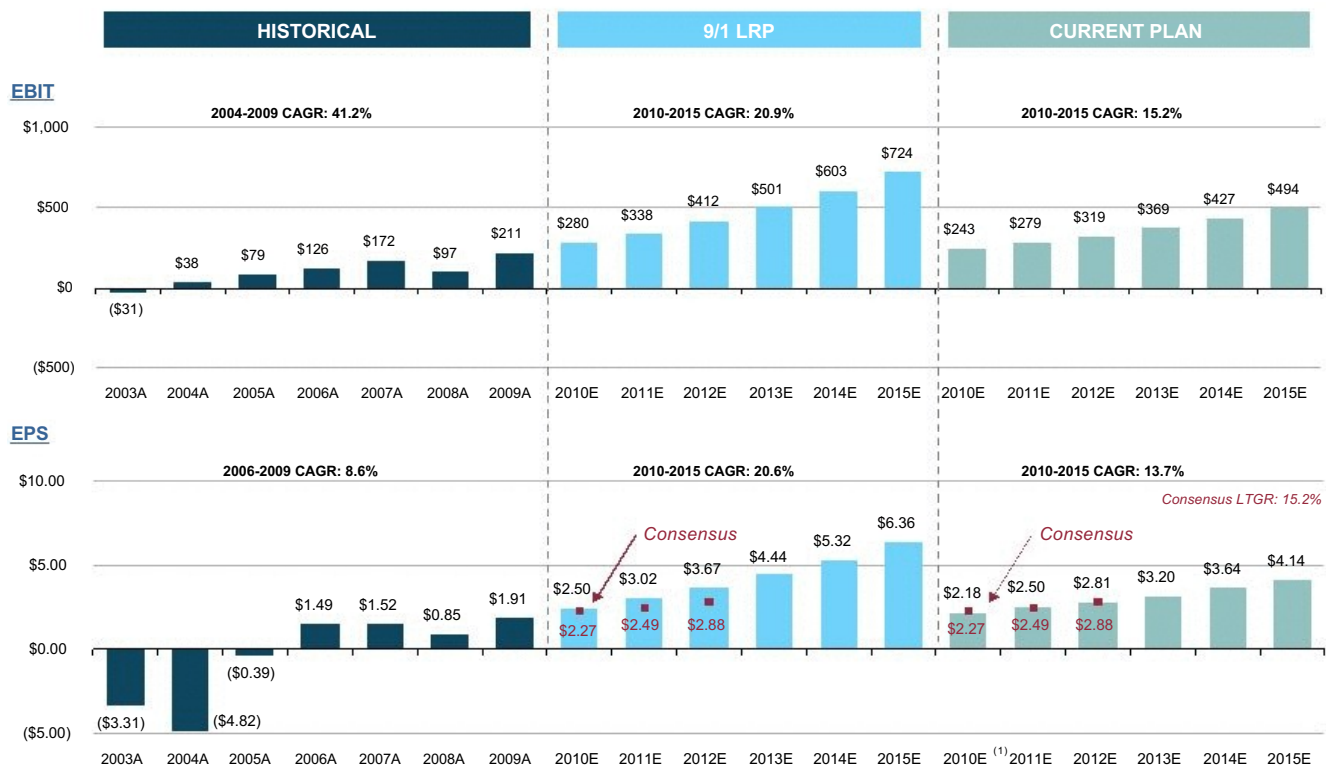
Sources: 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections, company filings, FactSet, IBES

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COMPARISON OF FINANCIAL PLANS – EBIT AND EPS

(US\$ in MM, except per share amounts)

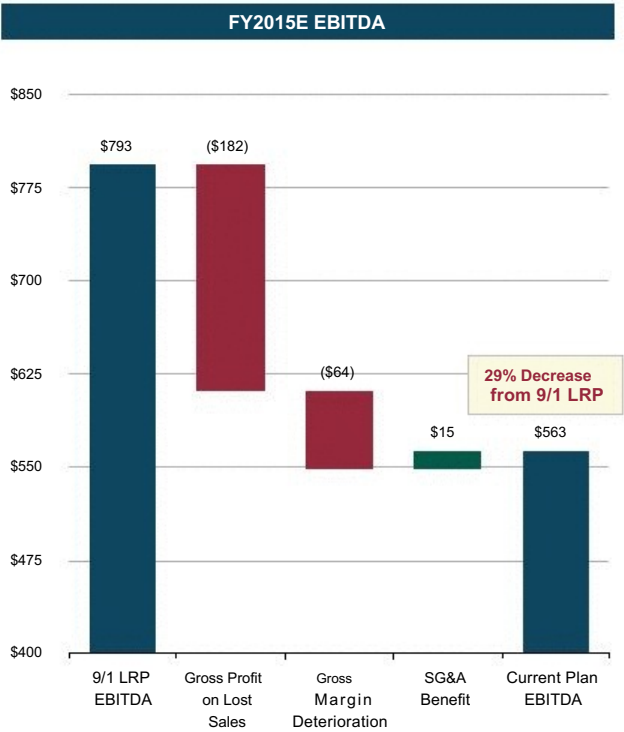
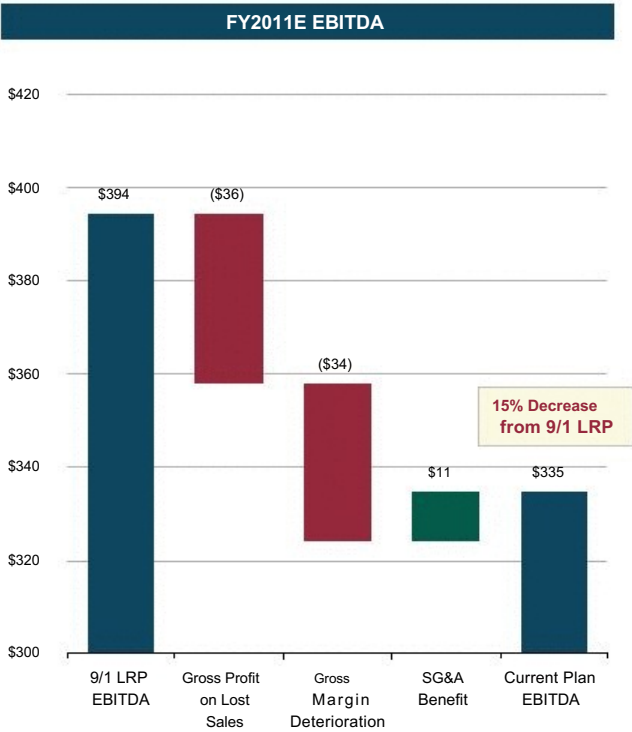


Sources: 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections, company filings, IBES, FactSet

(1) Excludes reversal of accrued equity compensation expense related to departure of senior executive in July; impact of reversal is approximately \$0.03 per share

EARNINGS BRIDGE: 9/1 LRP VS. CURRENT PLAN

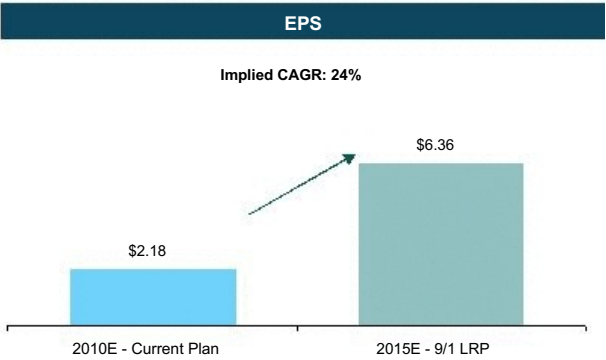
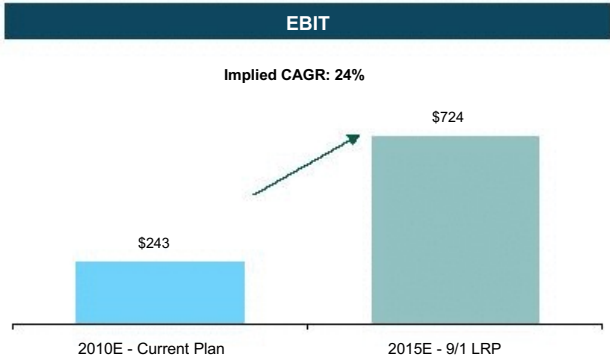
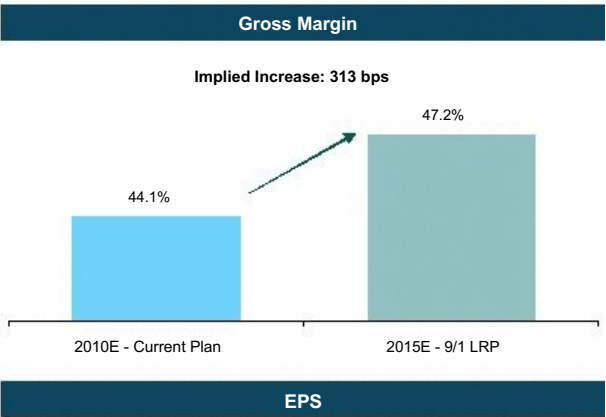
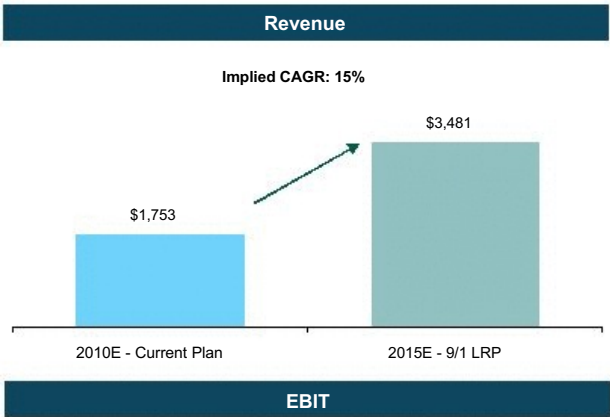
(US\$ in MM)



Sources: 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections

9/1 LRP WITH REVISED FY2010 RESULTS AS STARTING POINT

(US\$ in MM, except per share amounts)



Sources: 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections

OVERVIEW OF FINANCIAL ANALYSIS: PRELIMINARY VALUATION

PRELIMINARY DISCOUNTED CASH FLOW ANALYSIS

(US\$ in MM, except per share amounts)

Current Plan Value

Implied Value Per Share

WACC	Terminal Multiple			
	5.5x	6.0x	6.5x	7.0x
11%	\$44.65	\$46.96	\$49.27	\$51.58
12%	43.25	45.46	47.67	49.88
13%	41.91	44.03	46.14	48.25
14%	40.64	42.67	44.69	46.71
15%	39.44	41.37	43.31	45.24

9/1 LRP Comparison

Implied Value Per Share

WACC	Terminal Multiple			
	5.5x	6.0x	6.5x	7.0x
11%	\$59.68	\$62.93	\$66.19	\$69.44
12%	57.71	60.82	63.93	67.04
13%	55.84	58.82	61.79	64.77
14%	54.06	56.91	59.76	62.61
15%	52.37	55.10	57.82	60.55

Sources: 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections and Wall Street research

PRELIMINARY LEVERAGED BUYOUT ANALYSIS

(US\$ in MM, except per share amounts)

Current Plan Value ⁽¹⁾			
Implied Value Per Share			
Req. IRR	Leverage		
	5.50x	5.75x	6.00x
15.0%	\$47.16	\$47.49	\$47.83
17.5%	45.25	45.66	46.06
20.0%	43.58	44.04	44.50
22.5%	42.09	42.61	43.12
25.0%	40.78	41.35	41.91
Adj. Debt/ 2010E EBITDAR	6.1x	6.3x	6.5x
Assumes fixed exit multiple of 6.0x EBITDA			

Implied Value Per Share				
Req. IRR	Exit Multiple			
	5.5x	6.0x	6.5x	7.0x
15.0%	\$45.56	\$47.49	\$49.43	\$51.37
17.5%	43.92	45.66	47.39	49.13
20.0%	42.47	44.04	45.60	47.17
22.5%	41.20	42.61	44.02	45.43
25.0%	40.07	41.35	42.62	43.90
Assumes fixed leverage of 5.75x EBITDA (6.3x EBITDAR)				

9/1 LRP Comparison ⁽¹⁾			
Implied Value Per Share			
Req. IRR	Leverage		
	5.50x	5.75x	6.00x
15.0%	\$61.18	\$61.56	\$61.93
17.5%	58.17	58.62	59.07
20.0%	55.52	56.04	56.56
22.5%	53.18	53.76	54.34
25.0%	51.11	51.74	52.37
Adj. Debt/ 2010E EBITDAR	6.0x	6.2x	6.4x
Assumes fixed exit multiple of 6.0x EBITDA			

Implied Value Per Share				
Req. IRR	Exit Multiple			
	5.5x	6.0x	6.5x	7.0x
15.0%	\$58.83	\$61.56	\$64.28	\$67.01
17.5%	56.17	58.62	61.07	63.52
20.0%	53.83	56.04	58.24	60.45
22.5%	51.77	53.76	55.75	57.73
25.0%	49.94	51.74	53.54	55.33
Assumes fixed leverage of 5.75x EBITDA (6.2x EBITDAR)				

Sources: 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections and Wall Street research
 Note: (1) Value per share range implies entry multiples of 8.2x – 12.8x 2010E EBITDA

PRELIMINARY LEVERAGED RECAPITALIZATION ANALYSIS – CURRENT PLAN VALUE

(US\$ in MM, except per share amounts)

BUYBACK ASSUMPTIONS

Buyback Price (20.0% Premium)	\$37.72
Size of Repurchase ⁽¹⁾	\$493
Shares Repurchased	13.1
% of Shares Out	19.8%
Pro Rata Cash Per Share	\$7.48
Pro Forma FY2011E EPS ⁽²⁾	\$2.97
Assumed Price/Earnings Multiple	12.0x
Pro Forma Share Price	\$35.66
Pro Rata Value of Equity Per Share	\$28.59

Total Blended Value	\$36.07
----------------------------	----------------

PRO FORMA CAPITALIZATION

	1/31/2011	Adjustment	Pro Forma
Debt & Cash			
Debt	\$0	\$293	\$293
Rent Adjusted Debt	736	293	1,029
Cash	376	(203) ⁽³⁾	173

Key Statistics

Debt/LTM EBITDA	0.0x	1.0x
Adjusted Debt/LTM EBITDAR	1.9x	2.7x
EBITDA/Interest	--	16.7x

TOTAL BLENDED VALUE PER SHARE- SENSITIVITY ANALYSIS

Buyback Size	Adj. Debt / 2010E EBITDAR	Debt / 2010E EBITDA	Pro Forma Price / 2011E Earnings				
			11.0x	12.0x	13.0x	14.0x	15.0x
\$346	2.3x	0.5x	\$32.37	\$34.83	\$37.30	\$39.76	\$42.23
493	2.7x	1.0x	33.69	36.07	38.45	40.83	43.22
639	3.1x	1.5x	35.00	37.30	39.60	41.90	44.20
786	3.4x	2.0x	36.31	38.53	40.75	42.96	45.18
932	3.8x	2.5x	37.62	39.75	41.89	44.02	46.16

Sources: 9/1/2010 Long-Range Plan, Jade Management projections

Note: (1) Assumes \$200MM of balance sheet cash and debt raised at 1.0x2010E EBITDA (LTM)

(2) Assumes cost of debt of LIBOR + 450 bps

(3) Includes financing fees

PRELIMINARY LEVERAGED RECAPITALIZATION ANALYSIS – 9/1 LRP COMPARISON

(US\$ in MM, except per share amounts)

BUYBACK ASSUMPTIONS

Buyback Price (20.0% Premium)	\$37.72
Size of Repurchase ⁽¹⁾	\$529
Shares Repurchased	14.0
% of Shares Out	21.1%
Pro Rata Cash Per Share	\$7.96
Pro Forma FY2011E EPS ⁽²⁾	\$3.67
Assumed Price/Earnings Multiple	12.0x
Pro Forma Share Price	\$44.02
Pro Rata Value of Equity Per Share	\$34.73

Total Blended Value	\$42.69
----------------------------	----------------

PRO FORMA CAPITALIZATION

	1/31/2011	Adjustment	Pro Forma
Debt & Cash			
Debt	\$0	\$329	\$329
Rent Adjusted Debt	736	329	1,065
Cash	407	(203) ⁽³⁾	203

Key Statistics

Debt/LTM EBITDA	0.0x	1.0x
Adjusted Debt/LTM EBITDAR	1.7x	2.5x
EBITDA/Interest	--	16.7x

TOTAL BLENDED VALUE PER SHARE- SENSITIVITY ANALYSIS

Buyback Size	Adj. Debt / 2010E EBITDAR	Debt / 2010E EBITDA	Pro Forma Price / 2011E Earnings				
			11.0x	12.0x	13.0x	14.0x	15.0x
\$365	2.1x	0.5x	\$38.27	\$41.25	\$44.23	\$47.21	\$50.19
529	2.5x	1.0x	39.80	42.69	45.58	48.48	51.37
694	2.9x	1.5x	41.26	44.06	46.86	49.67	52.47
858	3.3x	2.0x	42.72	45.43	48.14	50.85	53.56
1,023	3.7x	2.5x	44.18	46.80	49.42	52.03	54.65

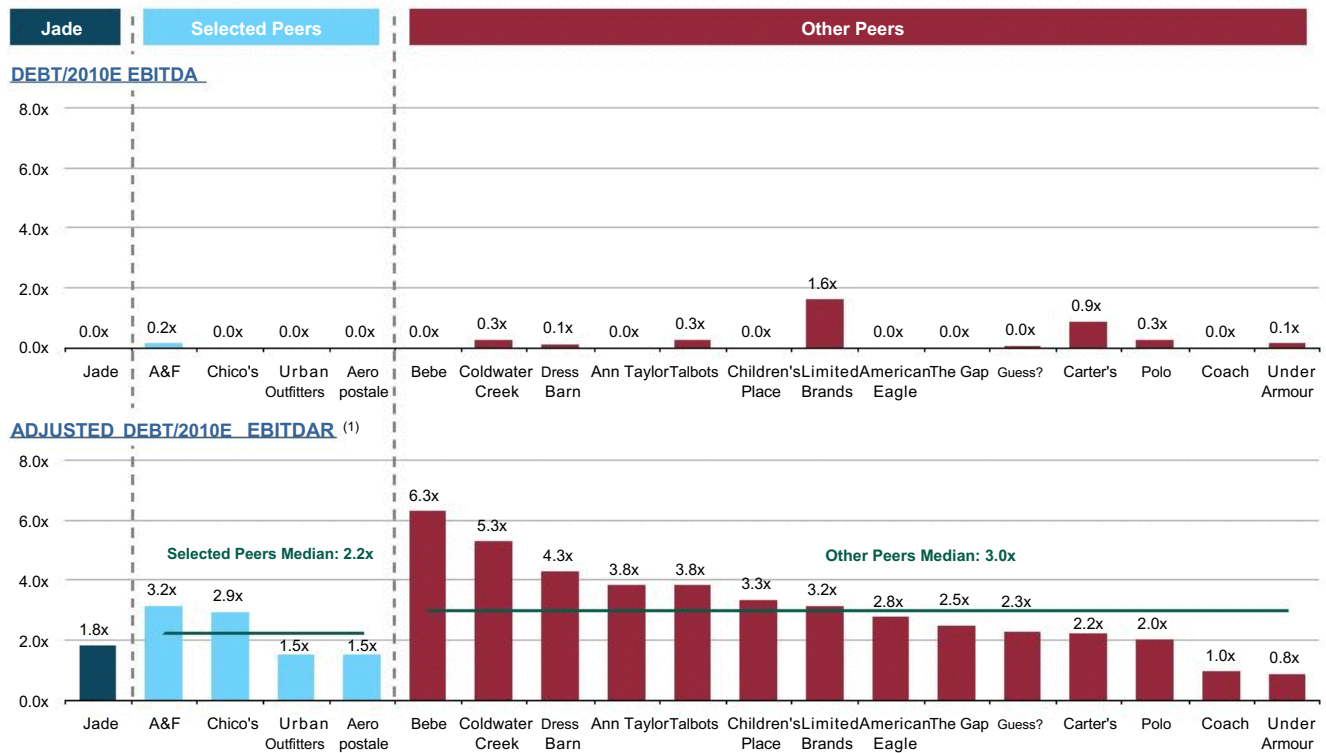
Sources: 9/1/2010 Long-Range Plan, Jade Management projections

Note: (1) Assumes \$200MM of balance sheet cash and debt raised at 1.0x2010E EBITDA (LTM)

(2) Assumes cost of debt of LIBOR + 450 bps

(3) Includes financing fees

INDUSTRY LEVERAGE BENCHMARKS



Source: Company Filings, Factset, Jade earnings based on IBES consensus

Note: (1) Assumes annual rent expense capitalized at 8.0x

OPTIONS AND KEY DECISION POINTS

A. Do nothing, terminate discussions

- Potentially consider a proposal in 2011
- Could pursue a recapitalization at a later date

B. Entertain a proposal now

- Agree on message, protocol, steps, and timing
-

C. Pursue a transaction with a pre-agreement process to solicit other buyers

- Dependent on price and evaluation of effectiveness of pre-agreement process vs. post-agreement process

D. Pursue a transaction with a post-agreement process to solicit other buyers (“go shop”)

- Dependent on price and evaluation of effectiveness of post-agreement process vs. pre-agreement process

DECISION POINTS DISCUSSION

Should we entertain a proposal today?

Reasons For

- Could lead to an attractive transaction for shareholders
- If pursued and consummated, could avoid near-term downside and volatility due to earnings revisions and longer term execution risks of long range plan
- Current buyer momentum and timing
- Favorable credit conditions currently
- Management

Reasons Against

- In a weaker and more uncertain part of recovery cycle, especially for retail
- Recent downward revisions just getting reflected in the Company's stock price, potentially some over-reaction
- Critically important time of year given holiday season
 - _ A valuation and management bandwidth issue
- Management is in the midst of revising FY2010 estimate and the long range plan
- Current buyer (and potentially others) likely to be there in 2011
- Company is in beginning stages of next investment cycle
 - _ Factory build-out
 - _ Core Retail
 - _ Madewell

DECISION POINTS DISCUSSION (CONT'D)

If we entertain a proposal now, should we pursue a transaction now?

Considerations

- | |
|---|
| <ul style="list-style-type: none">▪ Price and certainty compared to the current plan and other alternatives reasonably available<ul style="list-style-type: none">– Are shareholders being compensated for current business and future prospects, risk adjusted?▪ Time required to announce and close<ul style="list-style-type: none">– Announcing transaction after Q3 earnings materially less attractive than before or concurrently with Q3 earnings– Confidence level in buyer's and Company's ability to achieve an accelerated timeframe for announcement (i.e. prior to or concurrent with Q3 earnings release)▪ What does management want / what is their confidence level in achieving the long-range plan / what are the consequences of not pursuing a transaction?▪ Management bandwidth to pursue a transaction and run the business in Q4▪ State of the business and trending conditions▪ Evaluating the risks of pursuing a transaction now, but failing to reach an agreement with a buyer in a timely manner or ever▪ Risk of leak and impact of a leak▪ Other terms of the proposal<ul style="list-style-type: none">– Financing– Termination fee– Go-shop, if appropriate– Arrangements with management– Conditions to close |
|---|

DECISION POINTS DISCUSSION (CONT'D)

If we pursue a transaction now, should we conduct a pre-agreement process or a post-agreement process (i.e. "go-shop")?

Arguments For / Against Pre-Agreement Process

For

- An effective way to create competitive tension to achieve attractive price and other terms
- Avoid any buyer having an incumbent position that may dissuade other buyers
 - Although TPG will still be viewed as having certain attributes of incumbency

Against

- May lose best buyer at proposed terms
- Management may not be in a position to conduct a comprehensive process at this time
- Unlikely to conclude a process until early 2011
- Existing buyer dynamics may dampen interest in a pre-agreement process
- May not yield intended benefits if there's no competition or if business or financing markets weaken
- Difficult to maintain confidentiality

Arguments For / Against Post-Agreement Process ("Go Shop")

For

- Lock-in a price and agreement now
- Run process in December and January with certainty of a deal and better visibility on Q4
- Avoid increasing the burden on management pre-Thanksgiving
- Reduces risk of leaks / need for public statement
- Given history with TPG, the transparency of deal terms helps process and may improve competition

Against

- Don't want any buyer in an incumbent position
- Only a few deals where go-shop led to a higher price
- Private equity bidders may be reluctant to compete against an announced deal with another private equity buyer

OVERVIEW OF POTENTIAL FINANCIAL SPONSOR BUYERS

POTENTIAL BUYER	FUND SIZE	PRECEDENT INVESTMENTS	POTENTIAL BUYER	FUND SIZE	PRECEDENT INVESTMENTS
	▪ \$15.4Bn	<ul style="list-style-type: none"> ▪ Tommy Hilfiger ▪ Bob's Discount Furniture ▪ CBR Group ▪ Van Heusen ▪ New Look Group 		▪ \$17.6Bn	<ul style="list-style-type: none"> ▪ Dollar General ▪ Pets at Home ▪ Royal Vendex ▪ Safeway ▪ Toys "R" Us
	▪ \$14.7Bn	<ul style="list-style-type: none"> ▪ AMC Entertainment ▪ Claire's Stores ▪ GNC ▪ Lamonts Apparel ▪ Linens 'n Things 		▪ \$5.3Bn	<ul style="list-style-type: none"> ▪ Gart Sports ▪ Petco ▪ Rite Aid ▪ Sports Authority ▪ The Container Store
	▪ \$11.5Bn	<ul style="list-style-type: none"> ▪ Burlington Coat Factory ▪ Dunkin' Brands ▪ Gymboree ▪ Michael's Stores ▪ Toys "R" Us 		▪ \$4.1Bn	<ul style="list-style-type: none"> ▪ Carrols ▪ Cornerstone Brands ▪ Ruth's Chris Steak House ▪ Sports Authority ▪ Tuesday Morning
	▪ \$13.5Bn	<ul style="list-style-type: none"> ▪ Columbia House ▪ Home Décor Group ▪ Michael's Stores ▪ Spirit Group ▪ Universal Orlando 		▪ 4.3Bn	<ul style="list-style-type: none"> ▪ Costmetec Essence ▪ RSI Home Products ▪ Tropicana Las Vegas ▪ Hawker Beechcraft ▪ Allison Transmission
	▪ \$13.7Bn	<ul style="list-style-type: none"> ▪ Dr. Pepper/Seven Up ▪ Dunkin' Brands ▪ Hertz ▪ NBTY ▪ Oriental Trading 		▪ \$8.1Bn	<ul style="list-style-type: none"> ▪ Dunkin' Brands ▪ Eye Care Centers of America ▪ Finlay Enterprises ▪ Michael Foods ▪ Simmons
	▪ \$2.7Bn	<ul style="list-style-type: none"> ▪ Everything But Water ▪ New York & Company ▪ Pet Supplies Plus/USA ▪ PlayCore Holdings ▪ Vitamin Shoppe 		▪ \$15.0Bn	<ul style="list-style-type: none"> ▪ Jarden/Sunbeam/Holmes Group ▪ Neiman Marcus ▪ NorthPole ▪ Pound Land

OVERVIEW OF POTENTIAL STRATEGIC BUYERS / MERGER PARTNERS

(US\$ in Bn)

ACQUISITION

	Market Cap	\$13.6
	Enterprise Value	\$11.4
	Cash	\$2.5
	Debt / 2010E EBITDA	1.6x
	EV / 2010E EBITDA	6.1x
	Market Cap	\$9.3
	Enterprise Value	\$9.8
	Cash	\$0.4
	Debt / 2010E EBITDA	0.8x
	EV / 2010E EBITDA	8.1x
	Market Cap	\$12.5
	Enterprise Value	\$10.8
	Cash	\$1.4
	Debt / 2010E EBITDA	0.0x
	EV / 2010E EBITDA	4.4x
	Market Cap	\$4.1
	Enterprise Value	\$6.3
	Cash	\$0.5
	Debt / 2010E EBITDA	4.1x
	EV / 2010E EBITDA	10.3x

MERGER

	Market Cap	\$4.1
	Enterprise Value	\$3.6
	Cash	\$0.6
	Debt / 2010E EBITDA	0.2x
	EV / 2010E EBITDA	7.3x
	Market Cap	\$2.3
	Enterprise Value	\$2.0
	Cash	\$0.3
	Debt / 2010E EBITDA	0.0x
	EV / 2010E EBITDA	4.3x
	Market Cap	\$5.1
	Enterprise Value	\$4.4
	Cash	\$0.2
	Debt / 2010E EBITDA	0.0x
	EV / 2010E EBITDA	8.1x

PRIVATE

TOPSHOP
INCOTEX

APPENDIX

COMPARABLE COMPANIES – EV / 2010E EBITDA



Source: Company Filings, Factset, 9/1/2010 Long-Range Plan and 10/20/2010 Jade Management projections

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SUMMARY INCOME STATEMENT – CURRENT PLAN

(US\$ in MM, except per share amounts)

Fiscal Year	2009A	2010E	2011E	2012E	2013E	2014E	2015E	2010 - 2015 CAGR
Total Revenue	\$1,578	\$1,753	\$1,955	\$2,208	\$2,487	\$2,783	\$3,096	12.0%
% Growth	10.5%	11.1%	11.5%	13.0%	12.6%	11.9%	11.3%	
Gross Profit	\$696	\$772	\$868	\$982	\$1,108	\$1,244	\$1,397	12.6%
% Growth		11.0%	12.4%	13.1%	12.8%	12.3%	12.3%	
% Margin	44.1%	44.1%	44.4%	44.5%	44.5%	44.7%	45.1%	
SG&A	\$484	\$529	\$590	\$664	\$740	\$818	\$904	11.3%
% Sales	30.7%	30.2%	30.2%	30.0%	29.7%	29.4%	29.2%	
EBITDA	\$263	\$293	\$335	\$381	\$434	\$495	\$563	14.0%
% Growth		11.3%	14.3%	13.8%	14.0%	14.0%	13.7%	
% Margin	16.7%	16.7%	17.1%	17.2%	17.5%	17.8%	18.2%	
EBIT	\$211	\$243	\$279	\$319	\$369	\$427	\$494	15.2%
% Growth		15.1%	14.6%	14.5%	15.6%	15.7%	15.7%	
% Margin	13.4%	13.9%	14.2%	14.4%	14.8%	15.3%	15.9%	
EPS	\$1.91	\$2.18	\$2.50	\$2.81	\$3.20	\$3.64	\$4.14	13.7%
% Growth		14.1%	14.8%	12.5%	13.6%	13.8%	13.8%	

Source: 10/20/2010 Jade management projections

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SUMMARY INCOME STATEMENT – 9/1 LRP

(US\$ in MM, except per share amounts)

Fiscal Year	2009A	2010E	2011E	2012E	2013E	2014E	2015E	2010 - 2015 CAGR
Total Revenue	\$1,578	\$1,805	\$2,034	\$2,356	\$2,709	\$3,087	\$3,481	14.0%
% Growth	10.5%	14.4%	12.7%	15.8%	15.0%	14.0%	12.7%	
Gross Profit	\$696	\$828	\$939	\$1,091	\$1,261	\$1,444	\$1,643	14.7%
% Growth		19.1%	13.3%	16.3%	15.6%	14.5%	13.7%	
% Margin	44.1%	45.9%	46.1%	46.3%	46.5%	46.8%	47.2%	
SG&A	\$484	\$548	\$600	\$679	\$760	\$841	\$919	10.9%
% Sales	30.7%	30.4%	29.5%	28.8%	28.1%	27.3%	26.4%	
EBITDA	\$263	\$329	\$394	\$474	\$567	\$672	\$793	19.2%
% Growth		25.2%	19.8%	20.2%	19.5%	18.5%	18.1%	
% Margin	16.7%	18.2%	19.4%	20.1%	20.9%	21.8%	22.8%	
EBIT	\$211	\$280	\$338	\$412	\$501	\$603	\$724	20.9%
% Growth		32.7%	20.7%	21.8%	21.6%	20.4%	20.0%	
% Margin	13.4%	15.5%	16.6%	17.5%	18.5%	19.5%	20.8%	
EPS	\$1.91	\$2.50	\$3.02	\$3.67	\$4.44	\$5.32	\$6.36	20.6%
% Growth		30.7%	21.0%	21.3%	21.1%	19.9%	19.5%	

Source: 9/1/2010 Long-Range Plan, Jade management projections

DISCOUNTED CASH FLOW – CURRENT PLAN

(US\$ in MM, except per share amounts)

Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E	Terminal Year
EBITDA	\$335	\$381	\$434	\$495	\$563	\$563
Less: Depreciation	(56)	(62)	(66)	(69)	(70)	
EBIT	\$279	\$319	\$369	\$427	\$494	
Less: Taxes ⁽¹⁾	(112)	(128)	(148)	(171)	(198)	
After-Tax EBIT	\$167	\$191	\$220	\$255	\$295	
Add: Depreciation	56	62	66	69	70	
Net: Change in Deferred Credits	(6)	2	2	2	2	
Net: Change in Other Liabilities	(1)	(1)	0	0	0	
Add: Stock Based Compensation	17	20	21	21	21	
Less: Increase in NWC	3	4	4	4	5	
Less: Capex	(85)	(101)	(68)	(68)	(66)	
Unlevered Free Cash Flow	\$150	\$176	\$245	\$283	\$326	
Unlevered Free Cash Flows	\$150	\$176	\$245	\$283	\$326	
Terminal Value (Assumes 6.0x Exit Multiple)						\$3,379
Total Free Cash Flows	\$150	\$176	\$245	\$283	\$326	\$3,379
Multiply: Discount Factor (Assumes 13.0% WACC)	0.94x	0.83x	0.74x	0.65x	0.58x	0.54x
Discounted Free Cash Flows	\$141	\$146	\$180	\$184	\$188	\$1,834

Implied Enterprise Value Sensitivity

WACC	Terminal Multiple			
	5.5x	6.0x	6.5x	7.0x
11%	\$2,719	\$2,887	\$3,054	\$3,221
12%	2,618	2,778	2,937	3,097
13%	2,521	2,674	2,827	2,980
14%	2,430	2,576	2,722	2,868
15%	2,342	2,482	2,622	2,762

Implied Value Per Share Sensitivity

WACC	Terminal Multiple			
	5.5x	6.0x	6.5x	7.0x
11%	\$44.65	\$46.96	\$49.27	\$51.58
12%	43.25	45.46	47.67	49.88
13%	41.91	44.03	46.14	48.25
14%	40.64	42.67	44.69	46.71
15%	39.44	41.37	43.31	45.24

Source: Company filings, 10/20/2010 Jade Management projections

Notes: (1) Assumes tax rate of 40.2%

DISCOUNTED CASH FLOW – 9/1 LRP

(US\$ in MM, except per share amounts)

Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E	Terminal Year
EBITDA	\$394	\$474	\$567	\$672	\$793	\$793
Less: Depreciation	(56)	(62)	(66)	(69)	(70)	
EBIT	\$338	\$412	\$501	\$603	\$724	
Less: Taxes ⁽¹⁾	(136)	(166)	(201)	(242)	(291)	
After-Tax EBIT	\$202	\$246	\$300	\$361	\$433	
Add: Depreciation	56	62	66	69	70	
Net: Change in Deferred Credits	(6)	2	2	2	2	
Net: Change in Other Liabilities	0	0	0	0	0	
Add: Stock Based Compensation	17	17	17	17	17	
Less: Increase in NWC	(7)	5	5	5	5	
Less: Capex	(75)	(94)	(67)	(67)	(65)	
Unlevered Free Cash Flow	\$188	\$238	\$322	\$386	\$462	
Unlevered Free Cash Flows	\$188	\$238	\$322	\$386	\$462	
Terminal Value (Assumes 6.0x Exit Multiple)						\$4,759
Total Free Cash Flows	\$188	\$238	\$322	\$386	\$462	\$4,759
Multiply: Discount Factor (Assumes 13.0% WACC)	0.94x	0.83x	0.74x	0.65x	0.58x	0.54x
Discounted Free Cash Flows	\$177	\$198	\$237	\$252	\$266	\$2,583

Implied Enterprise Value

WACC	Terminal Multiple			
	5.5x	6.0x	6.5x	7.0x
11%	\$3,775	\$4,011	\$4,246	\$4,481
12%	3,633	3,858	4,083	4,308
13%	3,498	3,713	3,928	4,144
14%	3,369	3,575	3,781	3,987
15%	3,247	3,444	3,641	3,839

Implied Value Per Share

WACC	Terminal Multiple			
	5.5x	6.0x	6.5x	7.0x
11%	\$59.68	\$62.93	\$66.19	\$69.44
12%	57.71	60.82	63.93	67.04
13%	55.84	58.82	61.79	64.77
14%	54.06	56.91	59.76	62.61
15%	52.37	55.10	57.82	60.55

Source: Company filings, 9/1/2010 Long-Range Plan, Jade Management projections

Notes: (1) Assumes tax rate of 40.2%

LEVERAGEDBUYOUT – CURRENT PLAN

(US\$ in MM, except per share amounts)

PRICE ASSUMPTION

Current Price (As of 10/28/2010)	\$31.43
Premium	30.0%
Transaction Price	\$40.86
Fully Diluted Shares Outstanding	69.0
Less: Shares Rolled	0.0
Shares Purchased	69.0
Equity Value	\$2,821
Add: Debt	0
Less: Cash	(376)
Net: Other	0
Enterprise Value	\$2,445
Divide: LTM EBITDA at Entry	293
Implied Entry Multiple	8.4x

Implied Value Per Share

Req. IRR	Leverage ⁽²⁾		
	5.50x	5.75x	6.00x
15.0%	\$47.16	\$47.49	\$47.83
17.5%	45.25	45.66	46.06
20.0%	43.58	44.04	44.50
22.5%	42.09	42.61	43.12
25.0%	40.78	41.35	41.91

Assumes fixed exit multiple of 6.0x EBITDA

SOURCES & USES

	Multiple	% Total	Amount
Cash	1.3x	13%	\$376
Revolver	0.0x	0%	0
Term Loan	3.0x	30%	878
Senior Notes	2.8x	28%	805
Equity Investment	2.8x	29%	824
Total Sources	9.9x	100%	\$2,884
		% Total	Amount
Purchase of Equity		98%	\$2,821
Fees & Expenses ⁽¹⁾		1 %	43
Minimum Cash		1 %	20
Total Uses		100%	\$2,884

Req. IRR	Exit Multiple			
	5.5x	6.0x	6.5x	7.0x
15.0%	\$45.56	\$47.49	\$49.43	\$51.37
17.5%	43.92	45.66	47.39	49.13
20.0%	42.47	44.04	45.60	47.17
22.5%	41.20	42.61	44.02	45.43
25.0%	40.07	41.35	42.62	43.90

Assumes fixed leverage of 5.75x EBITDA (6.3x EBITDAR)

Source: Company filings, 10/20/2010 Jade Management projections

Notes: (1) Assumes transaction fees of 100bps of transaction enterprise value, financing fees of 100bps of total transaction debt raised and breakage costs of \$1.4MM
(2) Range represents Adjusted EV / 2010E EBITDAR of 6.1x – 6.5x

LEVERAGEDBUYOUT – 9/1 LRP

(US\$ in MM, except per share amounts)

PRICE ASSUMPTION

Current Price (As of 10/28/2010)	\$31.43
Premium	30.0%
Transaction Price	\$40.86
Fully Diluted Shares Outstanding	69.0
Less: Shares Rolled	0.0
Shares Purchased	69.0
Equity Value	\$2,821
Add: Debt	0
Less: Cash	(407)
Net: Other	0
Enterprise Value	\$2,415
Divide: LTM EBITDA at Entry	329
Implied Entry Multiple	7.3x

Implied Value Per Share

Req. IRR	Leverage ⁽²⁾		
	5.50x	5.75x	6.00x
15.0%	\$61.18	\$61.56	\$61.93
17.5%	58.17	58.62	59.07
20.0%	55.52	56.04	56.56
22.5%	53.18	53.76	54.34
25.0%	51.11	51.74	52.37

Assumes fixed exit multiple of 6.0x EBITDA

SOURCES & USES

	Multiple	% Total	Amount
Cash	1.2x	14%	\$407
Revolver	0.0x	0%	0
Term Loan	3.0x	34%	988
Senior Notes	2.8x	31%	905
Equity Investment	1.8x	20%	586
Total Sources	8.8x	100%	\$2,886
		% Total	Amount
Purchase of Equity		98%	\$2,821
Fees & Expenses ⁽¹⁾		2%	44
Minimum Cash		1%	20
Total Uses		100%	\$2,886

Req. IRR	Exit Multiple			
	5.5x	6.0x	6.5x	7.0x
15.0%	\$58.83	\$61.56	\$64.28	\$67.01
17.5%	56.17	58.62	61.07	63.52
20.0%	53.83	56.04	58.24	60.45
22.5%	51.77	53.76	55.75	57.73
25.0%	49.94	51.74	53.54	55.33

Assumes fixed leverage of 5.75x EBITDA (6.2x EBITDAR)

Source: Company filings, 9/1/2010 Long-Range Plan, Jade Management projections

Notes: (1) Assumes transaction fees of 100bps of transaction enterprise value, financing fees of 100bps of total transaction debt raised and breakage costs of \$1.4MM
(2) Range represents Adjusted EV / 2010E EBITDAR of 6.0x – 6.4x

JADE WACC ANALYSIS

ASSET BETA ANALYSIS

Company	Levered Beta ⁽¹⁾	Debt / Equity	Unlevered Beta ⁽²⁾
Jade	1.58	0.0%	1.58
The Gap	0.99	0.0%	0.99
American Eagle	1.20	0.0%	1.20
Urban Outfitters	1.14	0.0%	1.14
Ann Taylor	1.52	0.1%	1.51
Pacific Sunwear	1.55	0.0%	1.55
Chico's	1.34	0.0%	1.34
Aeropostale	0.89	0.0%	0.89
Zumiez	1.33	0.0%	1.33
Guess?	1.52	0.5%	1.52
Buckle	1.02	0.0%	1.02
A&F	1.64	2.1%	1.62
Talbots	1.77	5.0%	1.72
Bebe	1.22	0.0%	1.22
Hot Topic	1.14	0.0%	1.14
Coldwater Creek	2.16	4.6%	2.10
Limited Brands	1.55	22.7%	1.36
Polo	1.24	3.0%	1.22
Coach	1.43	0.3%	1.43
Children's Place	1.10	0.0%	1.10
Carter's	1.12	15.4%	1.02
Dress Barn	1.11	1.7%	1.10
New York & Co	2.36	5.1%	2.29
Gymboree	1.21	0.0%	1.21
Under Armour	1.45	0.7%	1.44
Mean	1.38	2.5%	1.36
Median	1.33	0.0%	1.33
High	2.36	22.7%	2.29
Low	0.89	0.0%	0.89

Source: Bloomberg, Company Filings

Notes: (1) 2 year adjusted beta

(2) Assumes 40% tax rate

(3) Based on yield on 10-Year U.S. Government Bond as of 10/28/10

(4) Based on 2009 Ibbotson Report

WACC ANALYSIS

Cost of Equity	Low	High
U.S. Risk Free Rate ⁽³⁾	2.66%	2.66%
Equity Risk Premium ⁽⁴⁾	5.70%	7.70%
Asset Beta	1.40	1.60
Relevered Beta (0% Target Debt / Equity)	1.40	1.60
Adjusted Equity Market Risk Premium	7.98%	12.32%
Cost of Equity	10.64%	14.98%
Cost of Debt	Low	High
Cost of Debt (Pre-Tax)	5.00%	7.00%
Tax Rate	40.0%	40.0%
Cost of Debt (After-Tax)	3.00%	4.20%
% Debt	0.0%	0.0%
% Equity	100.0%	100.0%
Weighted Average Cost of Capital	10.64%	14.98%

**PROJECT JADE
PRESENTATION TO THE SPECIAL COMMITTEE**

November 1, 2010

PERELLA
WEINBERG
PARTNERS

DISCOUNTED CASH FLOW ANALYSIS – CURRENT PLAN

(US\$)

Discounted Cash Flow

Implied Value Per Share

WACC	Terminal Multiple			
	5.5x	6.0x	6.5x	7.0x
11%	\$44.65	\$46.96	\$49.27	\$51.58
12%	43.25	45.46	47.67	49.88
13%	41.91	44.03	46.14	48.25
14%	40.64	42.67	44.69	46.71
15%	39.44	41.37	43.31	45.24

Sources: 10/20/2010 Jade Management projections

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DISCOUNTED CASH FLOW SENSITIVITY ANALYSIS – CURRENT PLAN

(US\$)

Increase / (Decrease) in Gross Margin %					
WACC	Increase / (Decrease) in Gross Margin %				
	(200 bps)	(100 bps)	0 bps	100 bps	200 bps
11%	\$42.34	\$44.65	\$46.96	\$49.28	\$51.59
12%	41.00	43.23	45.46	47.69	49.91
13%	39.73	41.88	44.03	46.17	48.32
14%	38.52	40.59	42.67	44.74	46.81
15%	37.37	39.37	41.37	43.37	45.37
2011-2015 Avg. Gross Margin	42.7%	43.7%	44.7%	45.7%	46.7%

Analysis assumes 6.0x exit multiple

Current Plan Gross Margin

FY2010E: 44.1%

FY2011E: 44.4%

FY2012E: 44.5%

FY2013E: 44.5%

FY2014E: 44.7%

FY2015E: 45.1%

Sources: 10/20/2010 Jade Management projections

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DISCOUNTED CASH FLOW SENSITIVITY ANALYSIS – CURRENT PLAN (CONTINUED)

(US\$ in MM, except per share amounts)

% Increase / (Decrease) in SG&A					
WACC	% Increase / (Decrease) in SG&A				
	(20.0%)	(10.0%)	0.0%	10.0%	20.0%
11%	\$60.54	\$53.75	\$46.96	\$40.17	\$33.39
12%	58.54	52.00	45.46	38.92	32.36
13%	56.64	50.33	44.03	37.72	31.37
14%	54.83	48.75	42.67	36.58	30.43
15%	53.11	47.24	41.37	35.50	29.53
2011-2015 Avg. SG&A % Sales	23.8%	26.7%	29.7%	32.7%	35.6%
2011-2015 Avg. EBIT Margin	20.9%	17.9%	15.0%	12.0%	9.0%
2011-2015 Avg. SG&A	\$594	\$669	\$743	\$817	\$891
\$ Variance to Current Plan	(\$149)	(\$74)	\$0	\$74	\$149

Analysis assumes 6.0x exit multiple

Current Plan SG&A as % Sales

FY2010E: 30.2%
FY2011E: 30.2%
FY2012E: 30.0%
FY2013E: 29.7%
FY2014E: 29.4%
FY2015E: 29.2%

Current Plan EBIT Margin

FY2010E: 13.9%
FY2011E: 14.2%
FY2012E: 14.4%
FY2013E: 14.8%
FY2014E: 15.3%
FY2015E: 15.9%

Sources: 10/20/2010 Jade Management projections

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LEVERAGEDBUYOUT ANALYSIS – CURRENT PLAN

(US\$)

Leveraged Buyout

Implied Value Per Share

Req. IRR	Leverage		
	5.50x	5.75x	6.00x
15.0%	\$47.16	\$47.50	\$47.83
17.5%	45.26	45.66	46.06
20.0%	43.58	44.04	44.50
22.5%	42.10	42.61	43.12
25.0%	40.78	41.35	41.91
Adj. Debt/ 2010E EBITDAR	6.1x	6.3x	6.5x

Assumes fixed exit multiple of 6.0x EBITDA

Implied Value Per Share

Req. IRR	Exit Multiple			
	5.5x	6.0x	6.5x	7.0x
15.0%	\$45.56	\$47.50	\$49.43	\$51.37
17.5%	43.92	45.66	47.40	49.13
20.0%	42.47	44.04	45.60	47.17
22.5%	41.20	42.61	44.02	45.43
25.0%	40.07	41.35	42.62	43.90

Assumes fixed leverage of 5.75x EBITDA (6.3x EBITDAR)

Sources: 10/20/2010 Jade Management projections

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LEVERAGED BUYOUT SENSITIVITY ANALYSIS – CURRENT PLAN

(US\$)

Increase / (Decrease) in Gross Margin %					
Req. IRR	Increase / (Decrease) in Gross Margin %				
	(200 bps)	(100 bps)	0 bps	100 bps	200 bps
15%	\$43.82	\$45.66	\$47.50	\$49.34	\$51.18
18%	42.36	44.01	45.66	47.31	48.97
20%	41.07	42.55	44.04	45.53	47.02
23%	39.93	41.27	42.61	43.95	45.30
25%	38.92	40.13	41.35	42.56	43.78
2011-2015 Avg. Gross Margin	42.7%	43.7%	44.7%	45.7%	46.7%

Analysis assumes 5.75x leverage and 6.0x exit multiple

Current Plan Gross Margin

FY2010E: 44.1%

FY2011E: 44.4%

FY2012E: 44.5%

FY2013E: 44.5%

FY2014E: 44.7%

FY2015E: 45.1%

Sources: 10/20/2010 Jade Management projections

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LEVERAGED BUYOUT SENSITIVITY ANALYSIS – CURRENT PLAN (CONTINUED)

(US\$ in MM, except per share amounts)

% Increase / (Decrease) in SG&A					
Req. IRR	% Increase / (Decrease) in SG&A				
	(20.0%)	(10.0%)	0.0%	10.0%	20.0%
15%	\$58.33	\$52.91	\$47.50	\$42.11	\$36.70
18%	55.39	50.51	45.66	40.82	35.96
20%	52.80	48.41	44.04	39.68	35.31
23%	50.51	46.55	42.61	38.68	34.73
25%	48.49	44.91	41.35	37.79	34.23
2011-2015 Avg. SG&A % Sales	23.8%	26.7%	29.7%	32.7%	35.6%
2011-2015 Avg. EBIT Margin	20.9%	17.9%	15.0%	12.0%	9.0%
2011-2015 Avg. SG&A	\$594	\$669	\$743	\$817	\$891
\$ Variance to Current Plan	(\$149)	(\$74)	\$0	\$74	\$149

Analysis assumes 5.75x leverage and 6.0x exit multiple

Current Plan SG&A as % Sales

FY2010E: 30.2%
FY2011E: 30.2%
FY2012E: 30.0%
FY2013E: 29.7%
FY2014E: 29.4%
FY2015E: 29.2%

Current Plan EBIT Margin

FY2010E: 13.9%
FY2011E: 14.2%
FY2012E: 14.4%
FY2013E: 14.8%
FY2014E: 15.3%
FY2015E: 15.9%

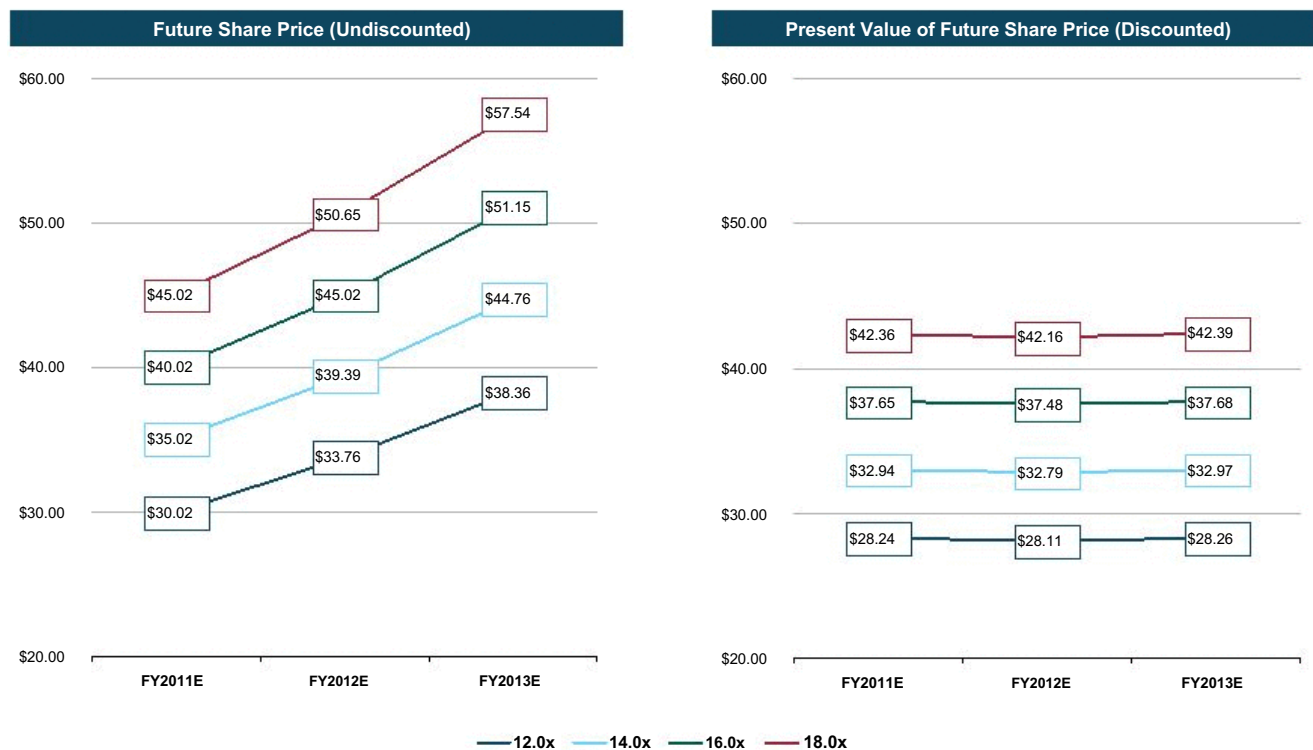
Sources: 10/20/2010 Jade Management projections

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PRESENT VALUE OF FUTURE SHARE PRICE – CURRENT PLAN

(US\$)

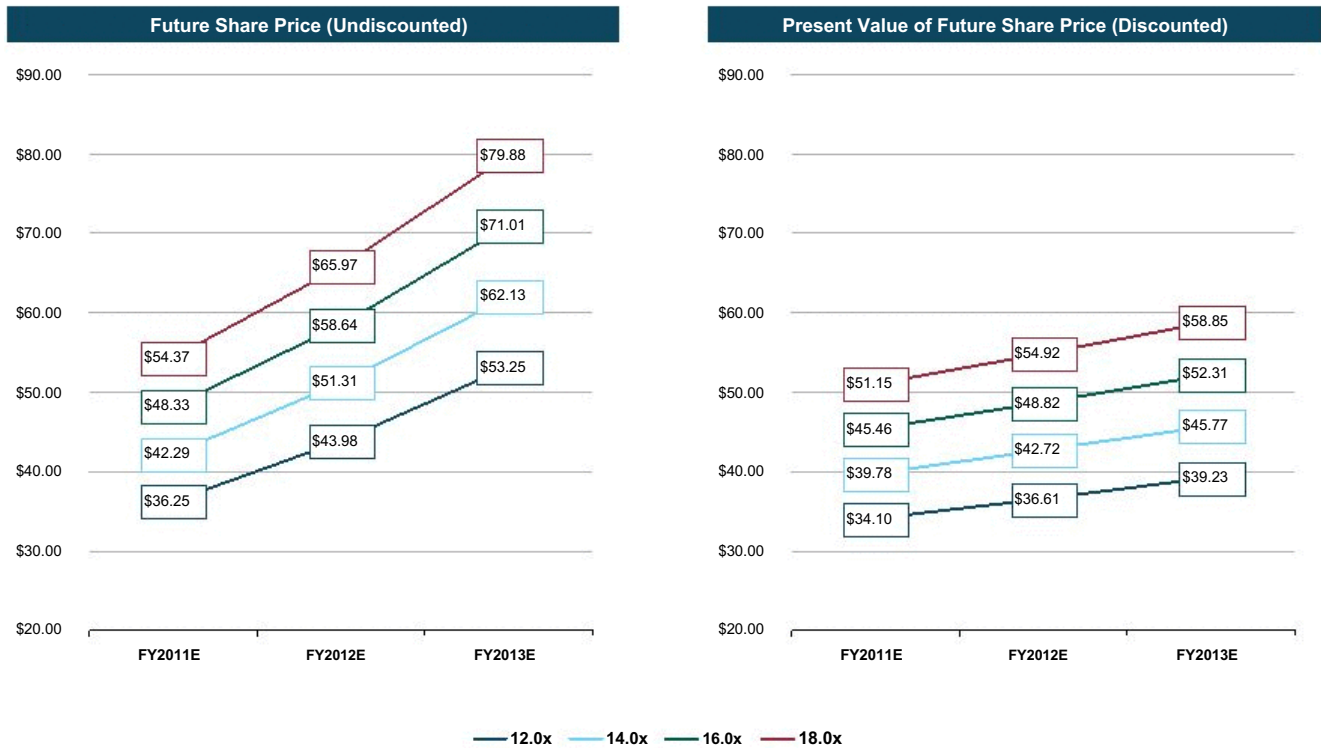


Sources: 10/20/2010 Jade Management projections. Assumes 13.0% cost of equity and mid-year convention. Based on fiscal year 2011, 2012, and 2013 EPS of \$2.50, \$2.81, and \$3.20, respectively

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PRESENT VALUE OF FUTURE SHARE PRICE– 9/1 LRP COMPARISON

(US\$)



Sources: 9/1/2010 Long-Range Plan. Assumes 13.0% cost of equity and mid-year convention. Based on fiscal year 2011, 2012, and 2013 EPS of \$3.02, \$3.67, and \$4.44, respectively

OVERVIEW OF PROPOSAL

US\$ IN MM, EXCEPT MULTIPLES AND PER SHARE AMOUNTS

	10/29/10 Close	Proposal	
Share Price	\$31.99	\$41.00	
% Premium to 10/29/10 Close	0.0%	28.2%	
Fully Diluted Shares Outstanding	68.2	69.1	
Market Capitalization	\$2,182	\$2,831	
Add: Debt ⁽¹⁾	0	0	
Less: Cash ⁽¹⁾	(291)	(291)	
Enterprise Value	\$1,890	\$2,540	
EV/LTM EBITDA	\$322	5.9x	7.9x
<u>IBES CONSENSUS</u>			
EV/EBITDA	Metric		
FY 2010E	\$311	6.1x	8.2x
FY 2011E	324	5.8	7.8
Price/Earnings	Metric		
FY 2010E	\$2.27	14.1x	18.1x
FY 2011E	2.48	12.9	16.5
<u>CURRENT PLAN</u>			
EV/EBITDA	Metric		
FY 2010E	\$293	6.5x	8.7x
FY 2011E	335	5.6	7.6
Price/Earnings	Metric		
FY 2010E	\$2.18	14.7x	18.8x
FY 2011E	2.50	12.8	16.4

Sources: 10/20/2010 Jade Management projections, company filings, FactSet

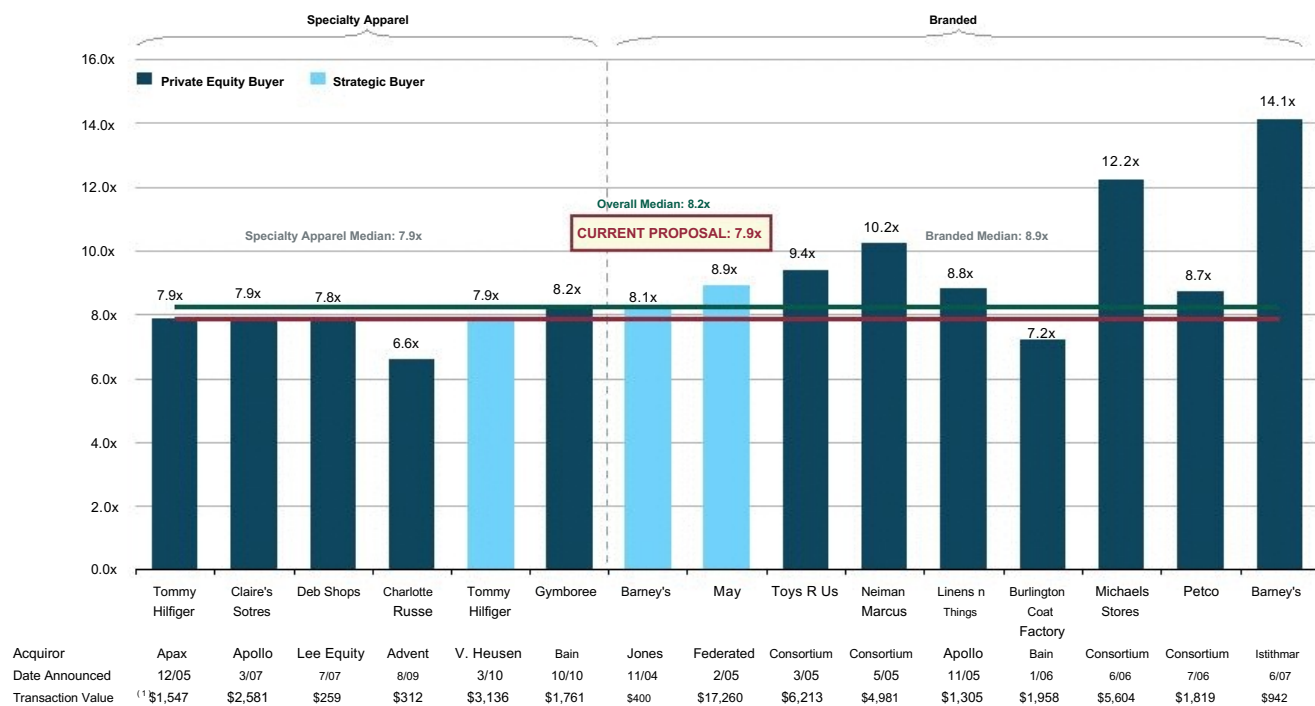
Note: (1) Debt and cash shown pro forma for August 30 debt repayment detailed in July 31, 2010 10Q

PREMIUM / (DISCOUNT) METRICS

Date/Period	Metric	Premium / (Discount)
10/29/10 Close	\$31.99	28.2%
1 Month Average	\$33.56	22.2%
3 Month Average	\$33.75	21.5%
LTM Average	\$40.47	1.3%
52 Week High (April 26, 2010)	\$50.96	(19.5%)
52 Week Low (August 31, 2010)	\$30.06	36.4%

RELEVANT TRANSACTIONS

EV/LTM EBITDA



Source: Company filings

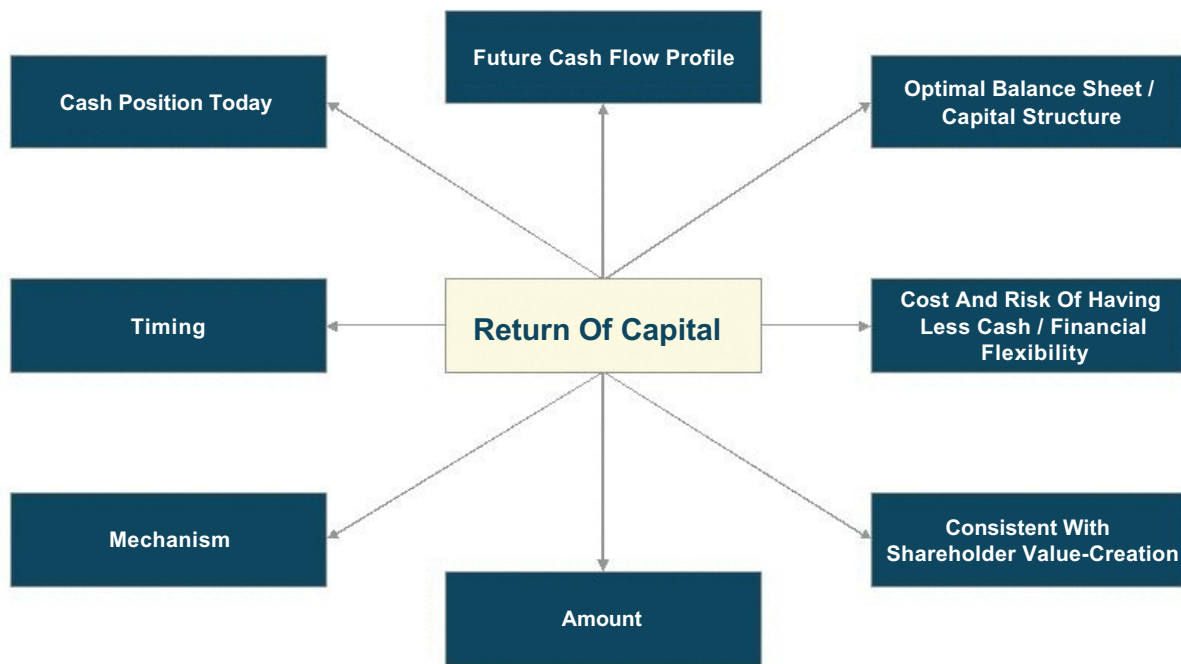
Notes: (1) Defined as Transaction Enterprise Value. Figures shown in millions of US dollars

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PROJECT JADE: SPECIAL COMMITTEE DISCUSSION MATERIALS

November 4, 2010

RETURN OF CAPITAL ANALYSIS FRAMEWORK



RETURN OF CAPITAL ALTERNATIVES

- **Jade will have over \$375MM in cash on hand at FYE 2010 and an undrawn credit facility of \$200MM⁽¹⁾**
- **The Current Plan contemplates significant free cash flow generation even after capital expenditures and increases in SG&A related to infrastructure improvements**
 - Free cash flow growing from \$150MM in FY2011E to \$326MM in FY2015E
 - Cash balance grows from \$376MM at FYE2010 to \$1.6Bn at FYE2015
 - No draw on credit facility through FYE 2015
- **Current Plan also contemplates a deceleration of EPS growth from ~20% to low to midteens growth**
- **Jade could return capital to shareholders without meaningfully increasing financial risk or altering the investment and growth plan contemplated by the Current Plan**
 - Return a portion of excess cash and future free cash flow without debt incurrence
 - Create value for shareholders by distributing inefficient balance sheet cash while continuing to execute against a robust growth plan
 - Combination of a dividend and buyback would be attractive to both Company and shareholders
 - Target 2% current dividend yield
 - \$200MM- 300MM buyback
 - Accelerated buyback near-term
 - Broad authorization for longer-term purchases
- **Prior to any decision on a return of capital alternative, we would need to do additional work on financial sensitivities to stress test specific distribution amounts against variances in the Current Plan**

Note: (1) Subject to availability under borrowing base

RETURN OF CAPITAL ALTERNATIVES (CONTINUED)

- **Dividend**

- Positive attributes

- Goes to all shareholders pro rata; no change to ownership
 - Not subject to market price or any transaction, once authorized and declared, payment follows without any action by shareholders
 - Bullish signal from Company about financial strength and confidence in future cash flow generation
 - May attract yield oriented investors
 - Sets a policy and is more predictable than share repurchases – gets more market credit vs. a broad buyback authorization
 - Given current interest rate on free cash, dividend distribution is neutral to earnings and delivers incremental value to shareholders

- Considerations

- Less flexibility than share repurchase, once initiated becomes an expectation by shareholders
 - Signals that management cannot invest the cash in a timely manner or at a rate of return that justifies keeping the cash
 - Give up some degree of financial flexibility as a portion of current cash and future free cash flow is returned to shareholders
 - Dividend paying retailers typically do not trade at a premium to non-dividend retailers
 - Shareholders in Jade are growth oriented, however investors have asked about intended use of excess cash
 - Some fund managers may not want the cash, want growth and don't want to make a reinvestment decision
 - Neutral to EPS vs. accretive share repurchases
 - Mechanism: special, one-time dividend or initiation of a dividend policy

RETURN OF CAPITAL ALTERNATIVES (CONTINUED)

- **Buyback**

- Positive attributes

- Given current interest rate on cash, accretive to EPS
 - Allows shareholders to decide if they want a return of capital, not necessarily pro rata
 - Provides flexibility; not a firm commitment to buy shares vs. a dividend, which is a commitment to distribute cash
 - Signal that Company and management believe the stock is undervalued, generally viewed as bullish

- Considerations

- Requires a transaction, so there's some execution risk
 - Requires shareholders to make an investment decision
 - May reward existing shareholders if done at a premium to market or if price falls after a repurchase
 - CEO participation necessary to avoid increase in his ownership
 - What is the best share buyback mechanism?
 - Authorization
 - Accelerated share repurchase (ASR)
 - Tender at fixed price
 - Dutch auction

SHARE BUYBACK MECHANISMS

Mechanism	Description	Considerations
AUTHORIZATION	<ul style="list-style-type: none"> Fixed dollar amount Shares bought over time and in open market purchases as determined by company and management 	<ul style="list-style-type: none"> No assurance that any shares will be repurchased Usually done at market prices Volume subject to SEC regulations Lowest reward from the market Need CEO participation to avoid increase in his ownership
ACCELERATED SHARE REPURCHASE	<ul style="list-style-type: none"> Forward contract entered into where company purchases shares at a fixed purchase price from a broker dealer 	<ul style="list-style-type: none"> Guarantees certain number of shares at announcement Element of certainty Higher cost in terms of buyback price and effective fee Ensuring CEO participation more complicated May have limits on volume depending on appetite of broker-dealer Impact of hedging or trading activity by broker-dealer
TENDER	<ul style="list-style-type: none"> Fixed price for up to a fixed number of shares 	<ul style="list-style-type: none"> No assurance that any shares will be repurchased Likely requires a premium to market Can be done in greater volume and at the same time vs. open market authorization Know your price vs. Dutch Auction Need CEO to commit to tender pro rata, otherwise his ownership increases Typically used for larger size and when there is a competing transaction More transparent for shareholders, perceived to be more fair than open market or ASR
DUTCH AUCTION	<ul style="list-style-type: none"> Fixed share amount and at a range of prices with a final fixed price for all shares set by the market 	<ul style="list-style-type: none"> No assurance that any shares will be repurchased Likely requires a premium to market Don't know price until expiration date Heavier burden on company for execution Typically used when there is a competing transaction Some benefit to market determining the price More transparent for shareholders, perceived to be more fair than open market or ASR

CURRENT PLAN: FINANCIAL SUMMARY

(US\$ in MM, except per share amounts)

Fiscal Year	FY2010A	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
EBITDA	\$293	\$335	\$381	\$434	\$495	\$563
Stock Based Compensation	15	17	20	21	21	21
Changes in Inventory	(26)	(23)	(28)	(30)	(31)	(36)
Capex	(55)	(85)	(101)	(68)	(68)	(66)
Interest, Taxes and Other	(99)	(94)	(96)	(113)	(135)	(156)
Free Cash Flow	\$127	\$150	\$175	\$244	\$282	\$326

Ending Cash Balance	\$376	\$526	\$701	\$945	\$1,227	\$1,553
Cash Per Share	\$5.71	\$7.92	\$10.38	\$13.74	\$17.54	\$21.82
Revolver Facility Size	200	200	200	200	200	200

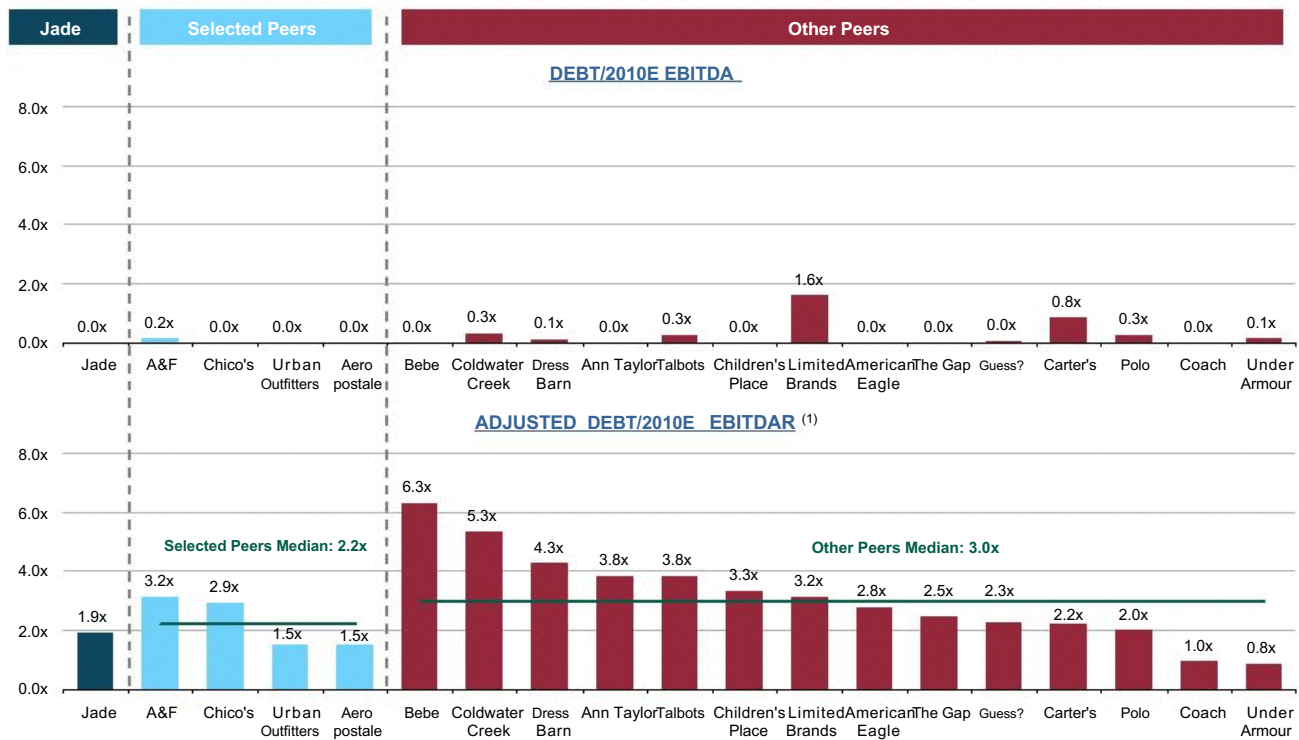
Key Statistics

EPS	\$2.18	\$2.50	\$2.81	\$3.20	\$3.64	\$4.14
% Growth		14.8%	12.5%	13.6%	13.8%	13.8%
Debt / EBITDA	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x
Adjusted Debt / EBITDAR ⁽¹⁾	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x
EBITDA / Interest	179.4x	334.7x	380.8x	434.3x	495.1x	563.1x
EBITDA / (Interest + Rent Expense) ⁽¹⁾	4.1x	4.1x	4.1x	4.2x	4.2x	4.2x

Source: 10/20/2010 Jade Management projections. Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility. Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM

Note: (1) Assumes rent grows at same rate as EBITDA for projected years. Rent expense capitalized at 8.0x for calculation of adjusted debt

DEBT CAPITALIZATION VS. PEERS



Source: Company Filings, Factset, IBES consensus. Jade earnings based on 10/20/2010 Jade Management projections

Note: (1) Assumes annual rent expense capitalized at 8.0x

SIZING UP THE CAPITAL STRUCTURE

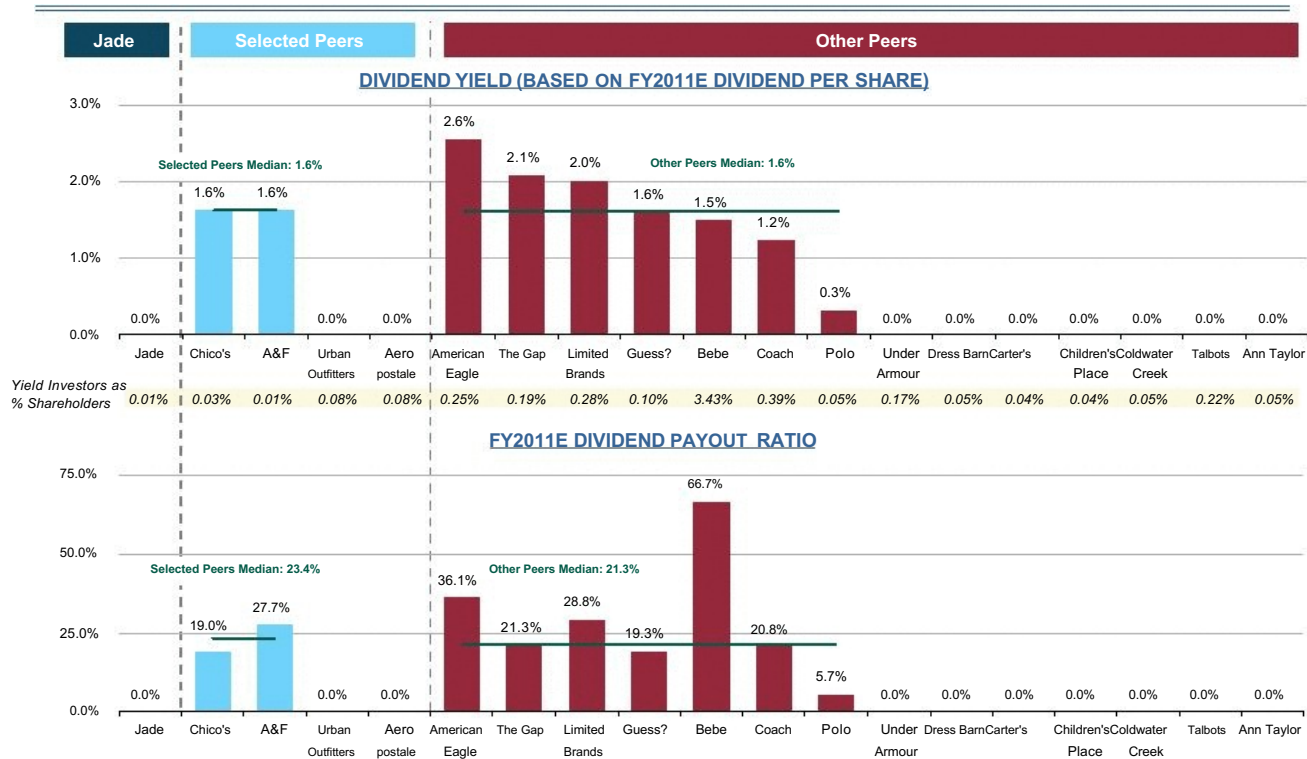
(US\$ in MM, except per share amounts)

Company	Jade	Selected Peers ⁽¹⁾			
	(FYE 2010)	URBAN OUTFITTERS	Abercrombie & Fitch	AÉROPOSTALE	chico's
Cash	\$376	\$245	\$614	\$297	\$18
Debt	\$0	\$0	\$76	\$0	\$0
Capitalized Leases at 8.0x	736	1,024	2,499	877	1,293
Adjusted Total Debt	\$736	\$1,024	\$2,575	\$877	\$1,293
Market Capitalization (Equity)	\$2,190	\$5,325	\$4,174	\$2,217	\$1,765
Total Capitalization	\$2,926	\$6,348	\$6,749	\$3,095	\$3,058
% Adjusted Debt	25%	16%	38%	28%	42%
% Equity	75%	84%	62%	72%	58%
Cash as % of:					
Market Capitalization (Equity)	17.2%	4.6%	14.7%	13.4%	1.0%
Total Capitalization	12.9%	3.9%	9.1%	9.6%	0.6%

Source: Company filings, FactSet, 10/20/2010 Jade Management projections

Note: (1) Based on most recent filings

PEER DIVIDEND YIELD AND PAYOUT RATIO



Source: Company Filings, Factset, Jade earnings based on IBES consensus

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ANALYSIS OF ILLUSTRATIVE DIVIDEND INITIATION

(US\$ in MM, except per share amounts)



Dividend at 2.0% Yield					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Current Plan EPS	\$2.50	\$2.81	\$3.20	\$3.64	\$4.14
Pro Forma EPS	\$2.50	\$2.81	\$3.20	\$3.64	\$4.14
% Growth	14.8%	12.5%	13.6%	13.8%	13.8%
Implied Share Value at 14.0x	\$35.01	\$39.38	\$44.73	\$50.89	\$57.90
Present Value of Share Price at 13.0% Discount Rate	\$32.94	\$32.78	\$32.95	\$33.18	\$33.41
Yield	2.0%	2.0%	2.0%	2.0%	2.0%
Dividend Per Share (Future Value)	\$0.70	\$0.79	\$0.89	\$1.02	\$1.16
Total Dividends Paid (Future Value)	\$46	\$53	\$62	\$71	\$82
Total Implied Present Value at 13.0% Discount Rate	\$33.60	\$34.10	\$34.93	\$35.82	\$36.71
Payout Ratio	28.0%	28.0%	28.0%	28.0%	28.0%
Free Cash Flow	\$103	\$122	\$182	\$211	\$243
Ending Cash Balance	479	601	784	994	1,237

Source: 10/20/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility.

Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

RECENT RETAIL INDUSTRY DIVIDEND INITIATION ANNOUNCEMENTS

COMPANY	DIVIDEND ANNOUNCEMENT DATE	ANNUALIZED DIVIDEND PER SHARE	YIELD AT ANNOUNCEMENT	PAYOUT RATIO AT ANNOUNCEMENT ⁽¹⁾	LT GROWTH RATE ⁽²⁾	RELATIVE PRICE PERFORMANCE ⁽³⁾		
						1-DAY	1-MONTH	6-MONTHS
	Apr-10	\$0.28	3.6%	98.2%	13.5%	10.7%	(3.2%)	(14.0%)
CHICO'S	Feb-10	0.16	1.2%	20.8%	15.0%	(1.2%)	(5.6%)	(35.1%)
	Apr-09	0.30	1.4%	12.9%	15.0%	12.6%	25.4%	56.4%
GUESS <small>BY MARGARET</small>	Feb-07	0.24 ⁽⁴⁾	0.6%	8.0%	16.0%	12.0%	10.6%	31.2%
MEAN			1.7%	35.0%	14.9%	8.5%	6.8%	9.6%
MEDIAN			1.3%	16.9%	15.0%	11.4%	3.7%	8.6%

Potential Jade

2.0%

28.0%

15.2%

Source: Factset, CapitalIQ, Company filings





Notes: (1) Based on next twelve months consensus EPS at time of announcement

(2) At announcement date

(3) Relative to S&P500

(4) Adjusted for 2 for 1 stock split

RECENT RETAIL INDUSTRY DIVIDEND INITIATION ANNOUNCEMENTS (CONTINUED)

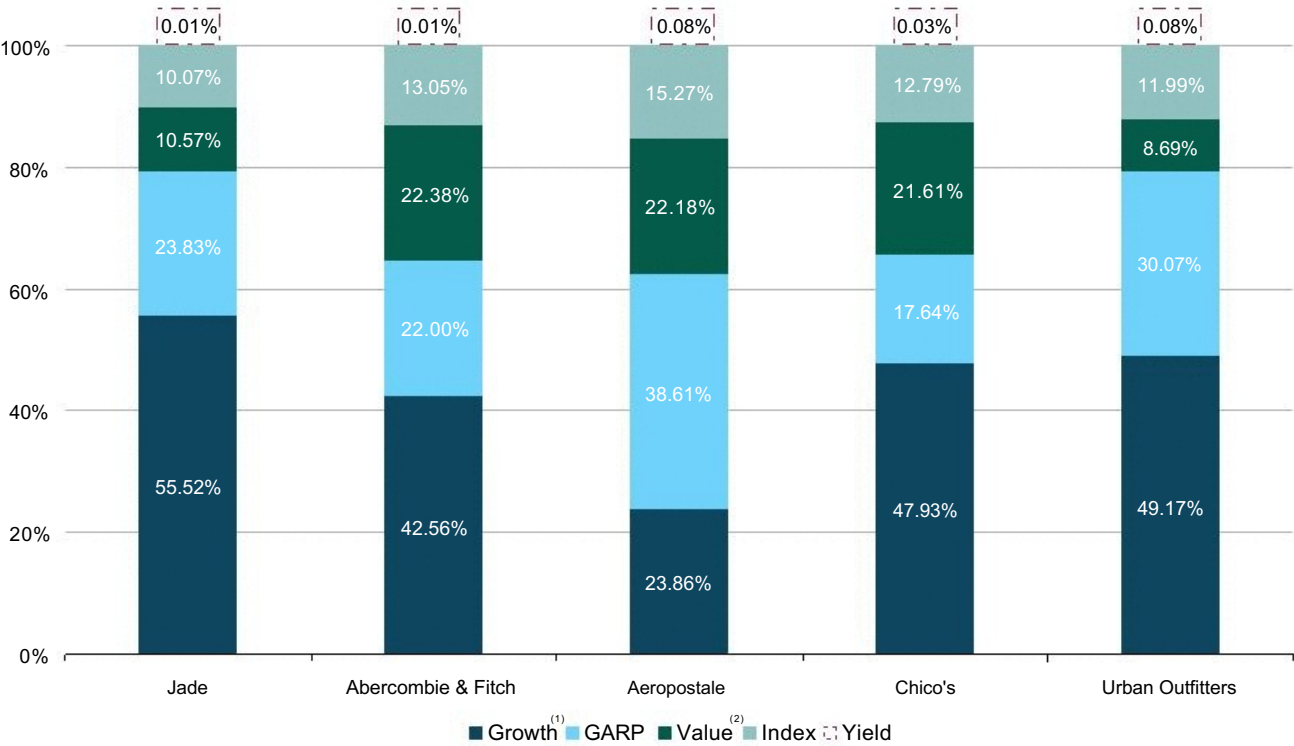
COMPANY	DATE	COMMENTARY
	Apr-10	"On the stock, we expect a nicely positive reaction to the dividend and sales news tomorrow, and we are becoming more optimistic that a rising tide of teen spending will also lift Hot Topic's boat." - William Blair
	Feb-10	<p>"We are also positive on CHS's decision to initiate a new cash dividend of \$0.04 a share likely yielding a return to shareholders of ~\$30mm annually." - Citigroup</p> <p>"The dividend announcement highlights management's confidence in CHS's financial condition and cash flow generation." - Susquehanna</p>
	Apr-09	<p>"Management introduced a 30c annual dividend with today's results and repurchased \$50m of stock in the quarter. These events signal management's confidence in the company's liquidity, balance sheet, cash flow generation and long-term outlook." - Jefferies</p> <p>"Coach initiated an annual dividend of \$0.30 per share to convey financial strength and increase shareholder return." - Bank of America ML</p> <p>"COH announced an annual cash dividend of \$0.30 per share. We believe this is a good use of cash, and remain confident that the Company's balance sheet strength will be able to support the dividend along with continued share repurchases." - Thomas Weisel Partners</p>
	Feb-07	"The company also initiated a quarterly dividend of \$0.12 per share, further evidence of the company's strong financial position" CIBC

Source: Company filings, Wall Street research

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SHAREHOLDER BASE BY INVESTMENT STYLE



Source: Factset
Notes: (1) Includes Growth and Aggressive Growth
(2) Includes Value and Deep Value

ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK

\$250MM BUYBACK EXECUTED IN FY2010

(US\$ in MM, except per share amounts)

\$250MM Buyback Executed In FY2010 (14.0x Multiple, 15% Premium)						
Fiscal Year	FY2010E	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Share Repurchase Amount	\$250					
Share Repurchase Price at 15% Premium	\$36.93					
Shares Acquired (MM)	6.8					
% of Shares Outstanding	10%					
Current Plan EPS	\$2.18	\$2.50	\$2.81	\$3.20	\$3.64	\$4.14
% Growth		14.8%	12.5%	13.6%	13.8%	13.8%
Pro Forma EPS	\$2.43	\$2.78	\$3.12	\$3.54	\$4.02	\$4.57
% Accretion	11.5%	11.2%	11.0%	10.8%	10.6%	10.4%
% Growth		14.6%	12.3%	13.4%	13.6%	13.6%
Implied Share Value at 14.0x	\$33.99	\$38.95	\$43.73	\$49.59	\$56.33	\$63.99
Remaining Equity Value (90%)	\$30.50					
Buyback Value (10%)	3.80					
Total Blended Value	\$34.29	\$38.95	\$43.73	\$49.59	\$56.33	\$63.99
Present Value at 13.0% Discount Rate	34.29	36.64	36.40	36.54	36.73	36.92
Free Cash Flow	(\$123)	\$149	\$175	\$244	\$282	\$325
Ending Cash Balance	126	276	451	694	976	1,302

Source: 10/20/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility.
Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK \$250MM BUYBACK EXECUTED FY2011 – FY2015

(US\$ in MM, except per share amounts)

\$250MM Buyback Executed FY2011 – FY2015 (14.0x Multiple, No Premium)					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Share Repurchase Amount	\$50	\$50	\$50	\$50	\$50
Share Repurchase Price at 0% Premium	\$35.77	\$40.97	\$47.26	\$54.47	\$62.66
Shares Acquired (MM)	1.4	1.2	1.1	0.9	0.8
% of Shares Outstanding	2%	2%	2%	1%	1%
Current Plan EPS	\$2.50	\$2.81	\$3.20	\$3.64	\$4.14
% Growth	14.8%	12.5%	13.6%	13.8%	13.8%
Pro Forma EPS	\$2.55	\$2.93	\$3.38	\$3.89	\$4.48
% Accretion	2.1%	4.0%	5.6%	7.0%	8.1%
% Growth	17.3%	14.5%	15.4%	15.3%	15.0%
Implied Share Value at 14.0x	\$35.77	\$40.97	\$47.26	\$54.47	\$62.66
Present Value at 13.0% Discount Rate	\$33.65	\$34.10	\$34.82	\$35.51	\$36.15
Free Cash Flow	\$100	\$125	\$194	\$232	\$275
Ending Cash Balance	476	601	795	1,027	1,302

Source: 10/20/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility.

Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK AND DIVIDEND INITIATION

\$250MM BUYBACK EXECUTED FY2011 – FY2015, 2.0% DIVIDEND YIELD

(US\$ in MM, except per share amounts)

\$250MM Buyback Executed FY2011 – FY2015 (14.0x Multiple, No Premium), Dividend at 2.0% Yield					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Share Repurchase Amount	\$50	\$50	\$50	\$50	\$50
Share Repurchase Price at 0% Premium	\$35.76	\$40.95	\$47.24	\$54.44	\$62.61
Shares Acquired (MM)	1.4	1.2	1.1	0.9	0.8
% of Shares Outstanding	2%	2%	2%	1%	1%
Current Plan EPS	\$2.50	\$2.81	\$3.20	\$3.64	\$4.14
% Growth	14.8%	12.5%	13.6%	13.8%	13.8%
Pro Forma EPS	\$2.55	\$2.93	\$3.37	\$3.89	\$4.47
% Accretion	2.1%	4.0%	5.5%	6.9%	8.0%
% Growth	17.3%	14.5%	15.3%	15.2%	15.0%
Implied Share Value at 14.0x	\$35.76	\$40.95	\$47.24	\$54.44	\$62.61
Present Value at 13.0% Discount Rate	\$33.64	\$34.09	\$34.80	\$35.49	\$36.12
Yield	2.0%	2.0%	2.0%	2.0%	2.0%
Dividend Per Share (Future Value)	\$0.72	\$0.82	\$0.94	\$1.09	\$1.25
Dividends Paid (Future Value)	\$46	\$53	\$61	\$71	\$82
Total Implied Present Value at 13.0% Discount Rate	\$34.32	\$35.45	\$36.85	\$38.25	\$39.61
Payout Ratio	28.0%	28.0%	28.0%	28.0%	28.0%
Free Cash Flow	\$53	\$72	\$132	\$161	\$193
Ending Cash Balance	429	501	633	794	987

Source: 10/20/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility.

Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

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RETURN ON EQUITY COMPARISON

(US\$ in MM, except per share amounts)












Return on Equity Comparison							
	FY2007A - FY2009A Average	FY2010E	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Current Plan							
Net Income		\$143	\$166	\$190	\$220	\$254	\$295
Book Value of Equity		537	720	929	1,170	1,445	1,761
Return on Equity	42.4%	26.7%	23.1%	20.5%	18.8%	17.6%	16.7%
Pro Forma Return on Equity							
Ongoing Dividend at 2.0% Yield		26.7%	24.7%	23.0%	21.9%	21.0%	20.4%
One-Time Buyback (\$250MM, 15% Premium)		50.1%	35.3%	28.0%	23.9%	21.3%	19.5%
5 Year Buyback (\$250MM, No Premium)		26.7%	24.8%	22.9%	21.6%	20.4%	19.5%
5 Year Buyback (\$250MM, No Premium), Ongoing Dividend at 2.0% Yield		26.7%	26.6%	26.0%	25.6%	25.1%	24.6%

Source: Company filings, FactSet, 10/20/2010 Jade Management projections

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RECENT RETAIL INDUSTRY SHARE REPURCHASE PROGRAM ANNOUNCEMENTS

COMPANY	DATE	SIZE (\$MM)	SIZE AS A % OF MARKET CAP	SIZE AS A % CASH ⁽¹⁾	LT GROWTH RATE ⁽²⁾	RELATIVE PRICE PERFORMANCE ⁽³⁾		
						1-DAY	1-MONTH	6-MONTHS
 dressbarn	Sep-10	100	5.3%	30.7%	12.0%	(0.3%)	(7.7%)	NA
 RadioShack	Aug-10	300 ⁽⁴⁾	12.9%	32.1%	12.0%	(2.4%)	3.0%	NA
 chico's	Aug-10	200	12.1%	41.0%	12.0%	9.8%	11.4%	NA
 Limited Brands	Mar-10	200	2.5%	11.1%	12.0%	3.4%	7.2%	10.6%
 GAP	Feb-10	1,000	7.1%	38.9%	12.0%	0.7%	(3.1%)	(12.1%)
 AÉROPOSTALE	Dec-09	250	12.5%	87.5%	11.0%	4.6%	22.7%	52.8%
 GYMBOREE	Nov-09	40	3.2%	18.9%	11.0%	2.2%	2.8%	8.1%
 Sears	Nov-09	225	5.0%	24.3%	11.0%	2.1%	10.5%	3.4%
 COACH	Aug-08	1,000	10.5%	143.1%	15.0%	6.4%	(2.0%)	(8.7%)
 GUESS BY REUBEN MEX	Mar-08	200	5.9%	72.6%	15.0%	2.9%	(4.9%)	27.5%
 TIFFANY & CO	Jan-08	500	9.9%	127.8%	15.0%	3.4%	(15.3%)	12.4%
MEAN			7.9%	57.1%	12.5%	3.0%	2.2%	11.7%
MEDIAN			7.1%	38.9%	12.0%	2.9%	2.8%	9.3%

Source: Factset, CapitalIQ, Company filings







Notes: (1) Includes cash and cash equivalents

(2) At announcement date

(3) Relative to S&P500

(4) Executed under \$500MM share repurchase program authorized on 8/18/2010

RECENT RETAIL INDUSTRY SHARE REPURCHASE PROGRAM ANNOUNCEMENTS (CONTINUED)

COMPANY	DATE	COMMENTARY
 RadioShack	Aug-10	"We favorably view management's decision to increase shareholder returns through share repurchases, however we remain cautious as RSH's non-wireless categories remain pressured." - Bank of America ML
 Chico's	Aug-10	<p>"The newly authorized \$200M share repurchase program is a notable positive to the stock, especially on the heels of a quarterly dividend initiation in February '10. We believe the company's strong balance sheet, with \$500m in net cash (>30% of market cap) and a ~10% FCF yield provide meaningful downside protection." - Jefferies</p> <p>"Chico's announced that the Board has authorized a \$200mn share repurchase program. With quarter-end cash and equivalents of \$487mn (\$2.73 per share) and projected F2010 free cash flow of \$98mn, we view this buyback program favorably and are modeling \$40mn in buybacks this year. The company has not bought back its stock since Q206." - Bank of America ML</p>
 Limited Brands	Mar-10	<p>"We expect the stock to react favorably near-term to news of a new share buyback authorization and special dividend. Of the two, we view the special dividend as the positive surprise." - Morgan Stanley</p> <p>"We view the buyback and the dividend as a positive for the stock as they are a reflection of ongoing stabilization at Limited and management's commitment to return cash to shareholders." - Bank of America ML</p>
 AÉROPOSTALE	Dec-09	<p>"We view ARO's increased share repurchase authorization announced last night after the market close as an important indication that ARO's Board of Directors and management team remain confident in current business trends and the company's long-term positioning and growth potential. With the shares trading at a significant discount to the peer group average, and with our belief that investors are continuing to misinterpret the impact of y/y changes in calendar and promotional patterns, we remain buyers of the stock." - Longbow Research</p> <p>"We suspect management is both looking to be opportunistic (their last buyback authorization in November 2007 proved well timed with shares up 46% in the subsequent 6 months) and send a message to investors on their confidence in the business." - Goldman Sachs</p>
 GYMBOREE	Nov-09	<p>"We believe \$40 million was a conservative start and still leaves ample cash for other strategic initiatives including store growth plans or, in time, additional share repurchase programs given our expectation of continued strong free cash flow of over \$4.00 in CY10" - MKM Partners</p> <p>"By announcing a stock repurchase of \$40M over the next year (about 1M shares at the current price), GYMB's board is sending a message of confidence to the markets in its ability to generate enough cash even in an economic downturn to invest in its core business and in its new avenues of growth as well as have a cushion for these tough times." - Carris & Co.</p>
 Kohl's	Nov-09	"We believe shares should trade higher on this news, as the increased buyback authorization provides another leg to power EPS acceleration as cash flow mounts." - Goldman Sachs

Source: Company filings, Wall Street research

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**PROJECT JADE
PRESENTATION TO THE SPECIAL COMMITTEE**

November 9, 2010

OVERVIEW OF PROPOSAL

US\$ IN MM, EXCEPT MULTIPLES AND PER SHARE AMOUNTS				
		11/8/10 Close	11/1 Proposal	11/9 Proposal
Share Price		\$34.65	\$41.00	\$45.00
Premium To:	Metric			
11/8/10 Close	\$34.65	0.0%	18.3%	29.9%
10/29/10 Close	31.99	8.3%	28.2%	40.7%
1 Month Average	33.32	4.0%	23.0%	35.0%
3 Month Average	33.49	3.5%	22.4%	34.4%
LTM Average	40.27	(14.0%)	1.8%	11.7%
Fully Diluted Shares Outstanding		68.5	69.1	69.3
Market Capitalization		\$2,372	\$2,831	\$3,121
Add: Debt ⁽¹⁾		0	0	0
Less: Cash ⁽¹⁾		(291)	(291)	(291)
Enterprise Value		\$2,081	\$2,540	\$2,829
EV/LTM EBITDA	\$322	6.5x	7.9x	8.8x
<u>IBES CONSENSUS</u>				
EV/EBITDA	Metric			
FY 2010E	\$311	6.7x	8.2x	9.1x
FY 2011E	318	6.5	8.0	8.9
Price/Earnings	Metric			
FY 2010E	\$2.27	15.3x	18.1x	19.9x
FY 2011E	2.46	14.1	16.7	18.3
<u>CURRENT PLAN</u>				
EV/EBITDA	Metric			
FY 2010E	\$293	7.1x	8.7x	9.7x
FY 2011E	335	6.2	7.6	8.5
Price/Earnings	Metric			
FY 2010E	\$2.18	15.9x	18.8x	20.7x
FY 2011E	2.50	13.9	16.4	18.0

Sources: 10/20/2010 Jade Management projections, company filings, FactSet

Note: (1) Debt and cash shown pro forma for August 30 debt repayment detailed in July 31, 2010 10Q

RELEVANT TRANSACTIONS

EV/LTM EBITDA



Source: Company filings
Notes: (1) Defined as Transaction Enterprise Value. Figures shown in millions of US dollars

ILLUSTRATIVE SOURCES AND USES

(US\$ in MM)

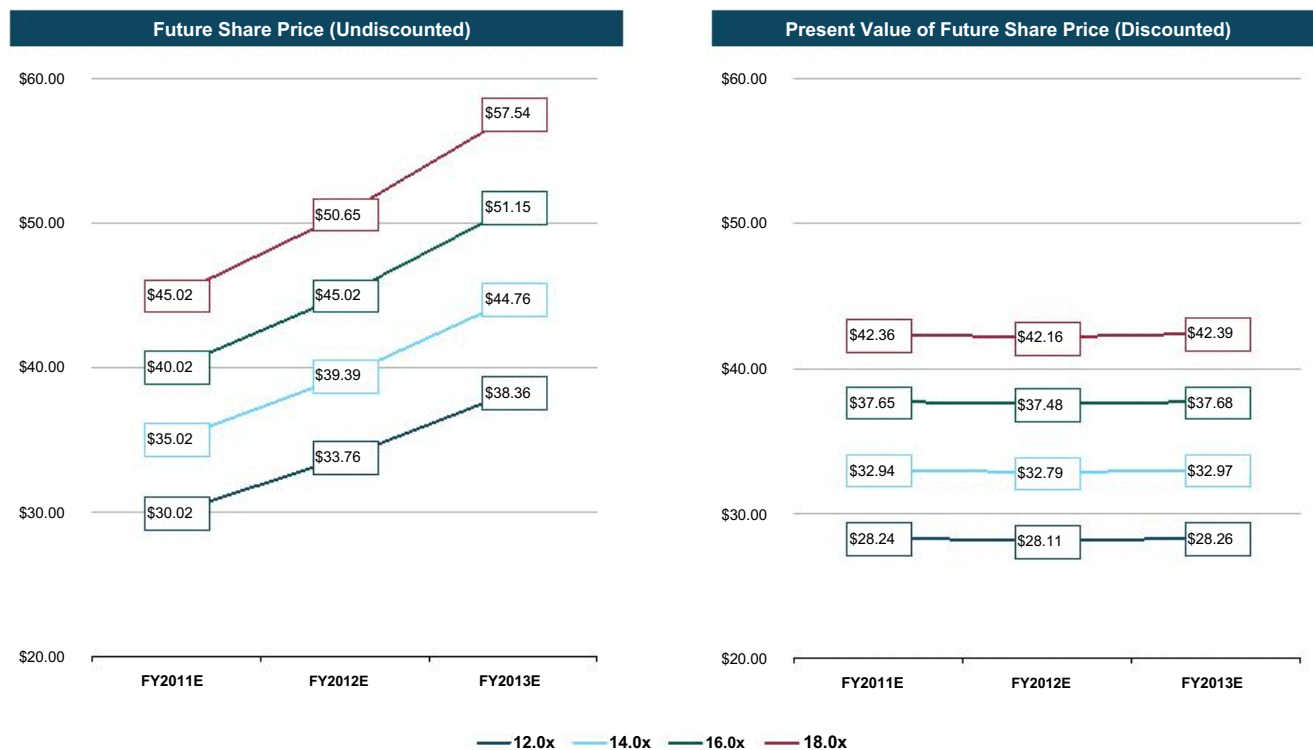
Illustrative Sources and Uses			
	Multiple	% Total	Amount
Cash	1.29x	12%	\$376
Term Loan (L + 450 bps)	3.42x	31%	1,000
Senior Notes (L + 800 bps)	2.05x	19%	600
Equity Investment	4.13x	38%	1,209
Total Sources		100%	\$3,186
		% Total	Amount
Purchase of Equity		98%	\$3,121
Fees & Expenses (Assumed)		1%	45
Minimum Cash		1%	20
Total Uses		100%	\$3,186

Sources: 10/20/2010 Jade Management projections

Note: Pro forma capital structure assumed to include undrawn \$250MM Revolver priced at L + 250 bps

PRESENT VALUE OF FUTURE SHARE PRICE—CURRENT PLAN

(US\$)



Sources: 10/20/2010 Jade Management projections. Assumes 13.0% cost of equity and mid-year convention. Based on fiscal year 2011, 2012, and 2013 EPS of \$2.50, \$2.81, and \$3.20, respectively

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DISCOUNTED CASH FLOW ANALYSIS – CURRENT PLAN

(US\$)

Discounted Cash Flow

Implied Value Per Share

WACC	Terminal Multiple			
	5.5x	6.0x	6.5x	7.0x
11%	\$44.65	\$46.96	\$49.27	\$51.58
12%	43.25	45.46	47.67	49.88
13%	41.91	44.03	46.14	48.25
14%	40.64	42.67	44.69	46.71
15%	39.44	41.37	43.31	45.24

Sources: 10/20/2010 Jade Management projections

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LEVERAGEDBUYOUT ANALYSIS – CURRENT PLAN

(US\$)

Leveraged Buyout

Implied Value Per Share

Leverage

Req. IRR	5.47x	5.50x	5.75x	6.00x
15.0%	\$47.28	\$47.32	\$47.67	\$48.01
17.5%	45.34	45.40	45.81	46.22
20.0%	43.63	43.70	44.17	44.64
22.5%	42.13	42.20	42.73	43.25
25.0%	40.80	40.88	41.45	42.01
Adj. Debt/ 2010E EBITDAR	6.1x	6.1x	6.3x	6.5x

Assumes fixed exit multiple of 6.0x EBITDA

Implied Value Per Share

Exit Multiple

Req. IRR	5.5x	6.0x	6.5x	7.0x
15.0%	\$45.73	\$47.67	\$49.60	\$51.54
17.5%	44.07	45.81	47.55	49.28
20.0%	42.61	44.17	45.73	47.30
22.5%	41.31	42.73	44.14	45.55
25.0%	40.17	41.45	42.72	44.00

Assumes fixed leverage of 5.75x EBITDA (6.3x EBITDAR)

Sources: 10/20/2010 Jade Management projections

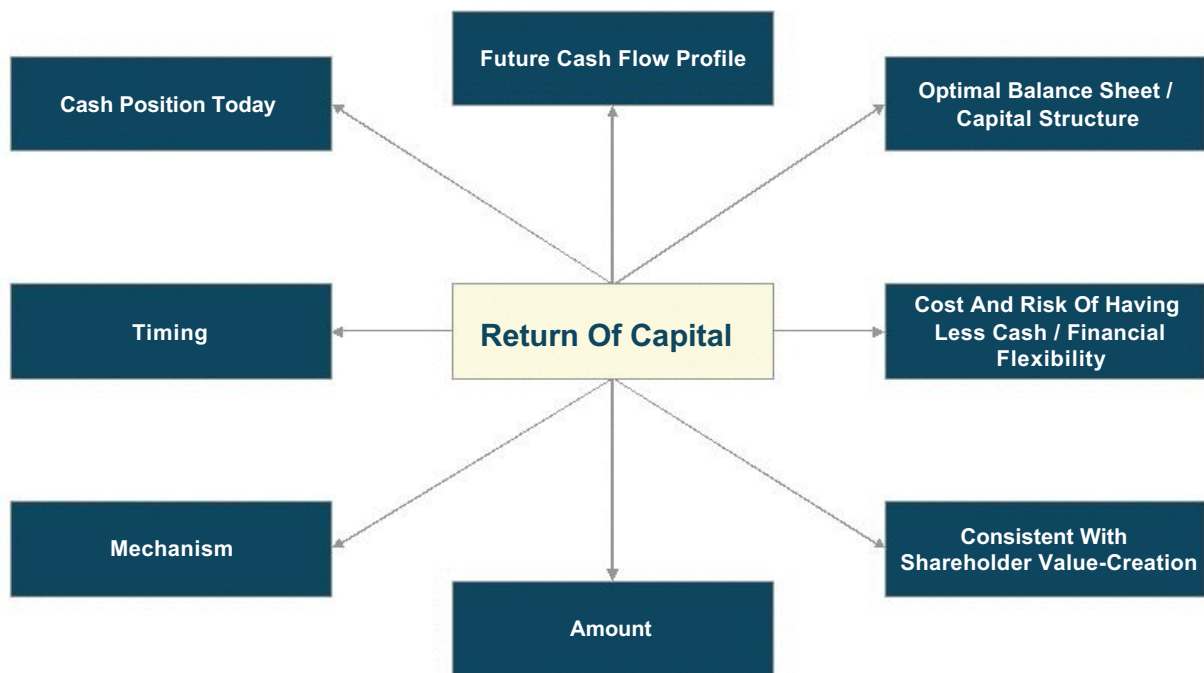
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PROJECT JADE: SPECIAL COMMITTEE DISCUSSION MATERIALS

November 21, 2010

RETURN OF CAPITAL ANALYSIS FRAMEWORK



RETURN OF CAPITAL ALTERNATIVES

- **Jade will have over \$365MM in cash on hand at FYE 2010 and an undrawn credit facility of \$200MM⁽¹⁾**
- **The Current Plan contemplates significant free cash flow generation even after capital expenditures and increases in SG&A related to infrastructure improvements**
 - _ Free cash flow growing from \$139MM in FY2011E to \$308MM in FY2015E
 - _ Cash balance grows from \$367MM at FYE2010 to \$1.5Bn at FYE2015
 - _ No draw on credit facility through FYE 2015
- **Current Plan also contemplates a deceleration of EPS growth from ~20% to low to midteens growth**
- **Jade could return capital to shareholders without meaningfully increasing financial risk or altering the investment and growth plan contemplated by the Current Plan**
 - _ Return a portion of excess cash and future free cash flow without debt incurrence
 - Target \$400MM- \$500MM minimum cash balance under stress scenarios
 - No impact to credit profile or credit rating
 - _ Create value for shareholders by distributing inefficient balance sheet cash while continuing to execute against a robust growth plan
 - _ Combination of a dividend and buyback would be attractive to both Company and shareholders
 - Target 1.5-2.0% current dividend yield – approximately \$36MM in 2011
 - Based on current cash of roughly \$365MM at year end, Jade has 10 years of dividends without any addition to cash from operations assuming no increase in dividend
 - \$200MM buyback
 - Accelerated buyback near-term
 - Broad authorization for longer-term purchases

Note: (1) Based on 11/17/2010 Jade Management projections. Subject to availability under borrowing bases

DIVIDEND –BENEFITS AND CONSIDERATIONS

Benefits	Considerations
<ul style="list-style-type: none">▪ Pro Rata to <u>all</u> shareholders<ul style="list-style-type: none">– No investment decision▪ CEO liquidity with no ownership change<ul style="list-style-type: none">– At 1.5% yield, CEO would receive \$1.9MM in 2011▪ No transaction risk<ul style="list-style-type: none">– Board declaration, no market risk▪ Low cost<ul style="list-style-type: none">– No broker, no share price judgment▪ Bullish signal about financial strength and confidence in future cash flow and still have ample cash to fully invest in the business▪ Earnings neutral and value accretive given Company earns less than 25bps on cash balance	<ul style="list-style-type: none">▪ Once initiated, becomes a shareholder expectation<ul style="list-style-type: none">– Historically, when dividends have been suspended in the sector it has been broad based (i.e. 2008 – 2009)– Currently have 10 years of dividends (without increase) in current cash without accounting for future free cash flow▪ Signals management is not able to invest the cash in a timely manner or at an acceptable rate of return▪ Limits future financial flexibility▪ No clear evidence that dividend payers in retail trade at a premium multiple▪ Jade growth oriented investors likely to be concerned▪ Neutral to EPS vs. accretive share repurchases

BUYBACK – BENEFITS AND CONSIDERATIONS

Benefits	Considerations
<ul style="list-style-type: none">▪ Given current interest rate on cash (< 25bps), accretive to EPS▪ Allows shareholders to decide if they want a return of capital, not necessarily pro rata▪ Provides flexibility; not a firm commitment to buy shares vs. a dividend, which is a commitment to distribute cash▪ Signal that Company and management believe the stock is undervalued; generally viewed as bullish	<ul style="list-style-type: none">▪ Requires a transaction, so there is some execution risk<ul style="list-style-type: none">– Company needs to make a price decision▪ Requires shareholders to make an investment decision▪ May reward exiting shareholders if done at a premium to market or if price falls after a repurchase▪ CEO participation necessary to avoid increase in his ownership<ul style="list-style-type: none">– More difficult to ensure if repurchase is done in open market over time▪ Depending on timing of repurchases, accretive in buyback year, but results in slower EPS growth thereafter▪ What is the best share buyback mechanism?<ul style="list-style-type: none">– Authorization– Accelerated share repurchase (ASR)– Tender at fixed price– Dutch auction

SHARE BUYBACK MECHANISMS

Mechanism	Description	Considerations
AUTHORIZATION	<ul style="list-style-type: none"> Fixed dollar amount Shares bought over time and in open market purchases as determined by Company and management 	<ul style="list-style-type: none"> No assurance that any shares will be repurchased Usually done at market prices Volume subject to SEC regulations⁽¹⁾ Lowest reward from the market Need CEO participation to avoid increase in his ownership
ACCELERATED SHARE REPURCHASE	<ul style="list-style-type: none"> Forward contract entered into where Company purchases shares at a fixed purchase price from a broker dealer 	<ul style="list-style-type: none"> Guarantees certain number of shares at announcement Element of certainty Higher cost in terms of buyback price and effective fees, so lower return on investment Ensuring CEO participation more complicated May have limits on volume depending on appetite of broker-dealer Impact of hedging or trading activity by broker-dealer
TENDER	<ul style="list-style-type: none"> Fixed price for up to a fixed number of shares 	<ul style="list-style-type: none"> No assurance that any shares will be repurchased Likely requires a premium to market Can be done in greater volume and at the same time vs. open market authorization Know your price vs. Dutch Auction Need CEO to commit to tender pro rata, otherwise his ownership increases Typically used for larger size and when there is a competing transaction More transparent for shareholders, perceived to be more fair than open market or ASR
DUTCH AUCTION	<ul style="list-style-type: none"> Fixed share amount and at a range of prices with a final fixed price for all shares set by the market 	<ul style="list-style-type: none"> No assurance that any shares will be repurchased Likely requires a premium to market Don't know price until expiration date Heavier burden on Company for execution Typically used when there is a competing transaction Some benefit to market determining the price More transparent for shareholders, perceived to be more fair than open market or ASR

Note: (1) Rule 10b-18 states that repurchases on any single day may not exceed 25% of the security's four-week average daily trading volume. Jade's four-week average daily trading volume is currently 3.0MM shares

CURRENT PLAN: FINANCIAL SUMMARY

(US\$ in MM, except per share amounts)

Fiscal Year	FY2010E	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
EBITDA	\$281	\$326	\$372	\$423	\$478	\$535
Stock Based Compensation	11	15	20	21	21	21
Changes in Inventory	(29)	(11)	(30)	(34)	(36)	(38)
Capex	(55)	(90)	(103)	(69)	(69)	(67)
Interest, Taxes and Other	(137)	(102)	(88)	(103)	(122)	(142)
Free Cash Flow	\$72	\$139	\$170	\$237	\$272	\$308

Ending Cash Balance	\$367	\$506	\$676	\$913	\$1,184	\$1,492
Cash Per Share	\$5.57	\$7.63	\$10.01	\$13.28	\$16.94	\$20.99
Revolver Facility Size	200	200	200	200	200	200

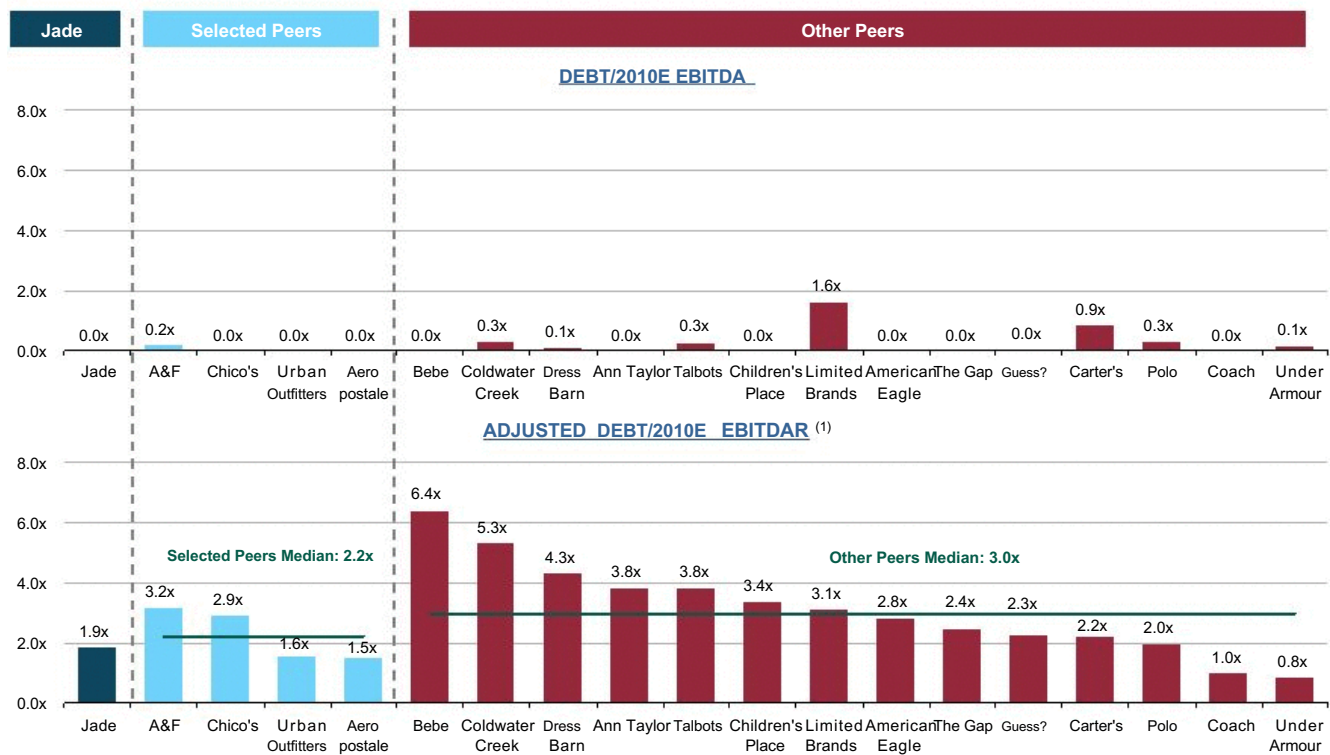
Key Statistics

EPS	\$2.07	\$2.43	\$2.72	\$3.09	\$3.48	\$3.89
% Growth		17.1%	12.2%	13.4%	12.7%	11.7%
Debt / EBITDA	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x
Adjusted Debt / EBITDAR ⁽¹⁾	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x
EBITDA / Interest	157.9x	326.3x	371.6x	422.9x	477.9x	534.7x
EBITDA / (Interest + Rent Expense)	4.0x	4.0x	4.0x	4.0x	4.0x	4.0x
Shareholders' Equity	\$529	\$705	\$909	\$1,142	\$1,406	\$1,703

Source: 11/17/2010 Jade Management projections. Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility. Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM

Note: (1) Assumes rent grows at same rate as EBITDA for projected years. Rent expense capitalized at 8.0x for calculation of adjusted debt

DEBT CAPITALIZATION VS. PEERS



Source: Company Filings, Factset, IBES
 Note: (1) Assumes annual rent expense capitalized at 8.0x

SIZING UP THE CAPITAL STRUCTURE

(US\$ in MM, except per share amounts)

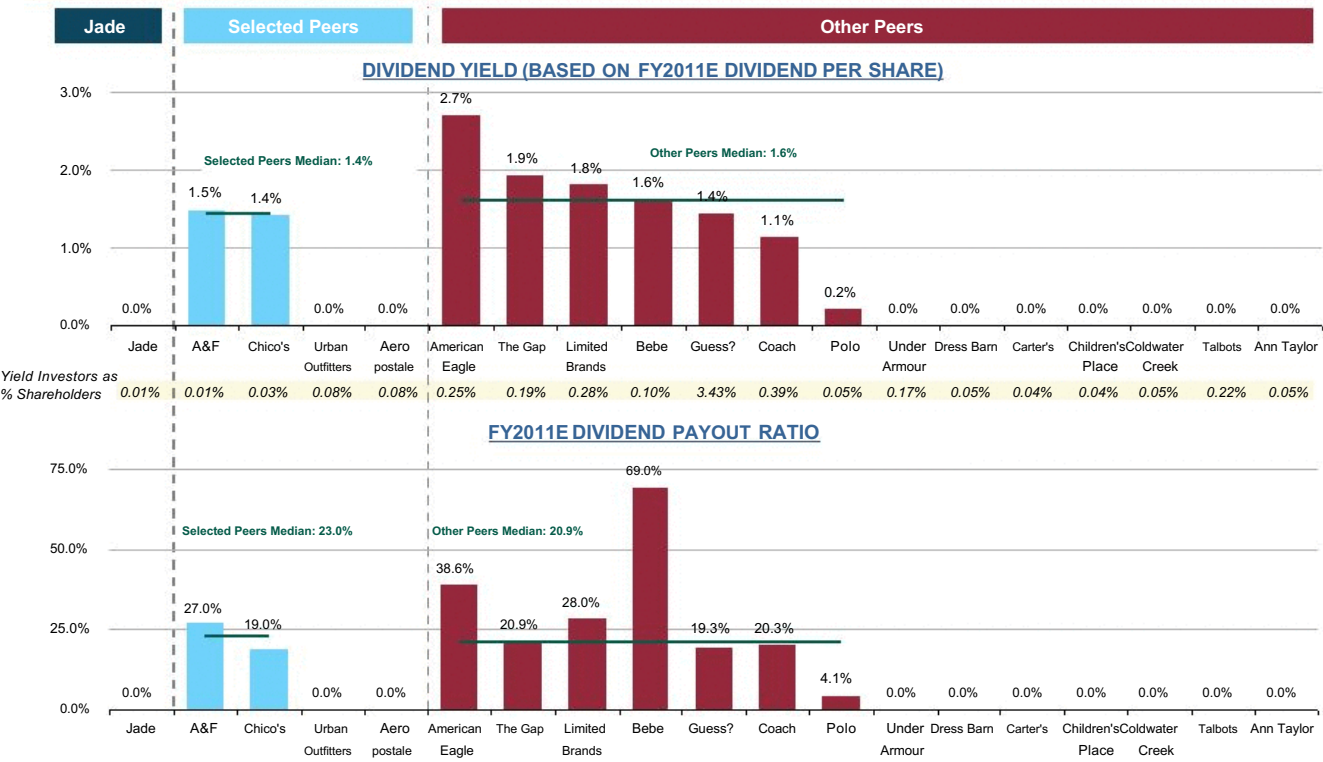
Company	Jade	Selected Peers ⁽¹⁾					
	(FYE 2010)	URBAN OUTFITTERS	Abercrombie & Fitch	AÉROPOSTALE ⁽²⁾	chico's	REDFERNS	COACH
Cash	\$367	\$254	\$618	\$297	\$22	\$436	\$596
Debt	\$0	\$0	\$82	\$0	\$0	\$285	\$25
Capitalized Leases at 8.0x	736	1,024	2,499	877	1,293	2,136	1,451
Adjusted Total Debt	\$736	\$1,024	\$2,580	\$877	\$1,293	\$2,421	\$1,476
Market Capitalization (Equity)	\$2,495	\$6,280	\$4,603	\$2,431	\$2,041	\$10,663	\$16,997
Total Capitalization	\$3,231	\$7,304	\$7,183	\$3,309	\$3,334	\$13,085	\$18,472
% Adjusted Debt	23%	14%	36%	27%	39%	19%	8%
% Equity	77%	86%	64%	73%	61%	81%	92%
Cash as % of:							
Market Capitalization (Equity)	15.1%	4.0%	13.4%	12.2%	1.1%	4.1%	3.5%
Total Capitalization	11.6%	3.5%	8.6%	9.0%	0.7%	3.3%	3.2%

Source: Company filings, FactSet, 11/17/2010 Jade Management projections

Note: (1) Based on most recent filings

(2) On 11/15/2010 Aeropostale announced a \$300MM share repurchase authorization, representing 13.2% of Aeropostale's market capitalization at the time of announcement

PEER DIVIDEND YIELD AND PAYOUT RATIO



Source: Company Filings, Factset, Jade earnings based on IBES consensus

ANALYSIS OF ILLUSTRATIVE DIVIDEND INITIATION

(US\$ in MM, except per share amounts)

Dividend at 1.5% Yield					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Current Plan EPS	\$2.43	\$2.72	\$3.09	\$3.48	\$3.89
% Growth	17.1%	12.2%	13.4%	12.7%	11.7%
Pro Forma EPS	\$2.43	\$2.72	\$3.09	\$3.48	\$3.89
% Growth	17.1%	12.1%	13.4%	12.6%	11.7%
Implied Share Value at 15.0x	\$36.42	\$40.84	\$46.30	\$52.16	\$58.28
Present Value of Share Price at 13.0% Discount Rate	\$34.26	\$34.00	\$34.11	\$34.00	\$33.62
Yield	1.5%	1.5%	1.5%	1.5%	1.5%
Dividend Per Share (Future Value)	\$0.55	\$0.61	\$0.69	\$0.78	\$0.87
Total Dividends Paid (Future Value)	\$36	\$41	\$48	\$55	\$62
Total Implied Present Value at 13.0% Discount Rate	\$34.77	\$35.02	\$35.65	\$36.05	\$36.17
Payout Ratio	22.5%	22.5%	22.5%	22.5%	22.5%
Free Cash Flow	\$103	\$129	\$189	\$217	\$246
Ending Cash Balance	469	598	787	1,004	1,250

Source: 11/17/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility.

Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

ANALYSIS OF ILLUSTRATIVE DIVIDEND INITIATION: SENSITIVITY ANALYSIS



(US\$ in MM, except per share amounts)

Sensitivity Analysis					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Total Implied Present Value at 13.0% Discount Rate					
Current Plan	\$34.77	\$35.02	\$35.65	\$36.05	\$36.17
2% Reduced Comp in 2011-2015	31.69	29.21	27.47	25.77	24.07
10% Reduced Comp in 2012	34.77	20.33	22.02	23.41	24.45
Free Cash Flow					
Current Plan	\$103	\$129	\$189	\$217	\$246
2% Reduced Comp in 2011-2015	92	105	151	162	172
10% Reduced Comp in 2012	103	68	125	150	176
Ending Cash Balance					
Current Plan	\$469	\$598	\$787	\$1,004	\$1,250
2% Reduced Comp in 2011-2015	458	563	714	876	1,048
10% Reduced Comp in 2012	469	537	663	813	989

Source: 11/17/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility. Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

RECENT RETAIL INDUSTRY DIVIDEND INITIATION ANNOUNCEMENTS

COMPANY	DIVIDEND ANNOUNCEMENT DATE	ANNUALIZED DIVIDEND PER SHARE	YIELD AT ANNOUNCEMENT	PAYOUT RATIO AT ANNOUNCEMENT ⁽¹⁾	LT GROWTH RATE ⁽²⁾	RELATIVE PRICE PERFORMANCE ⁽³⁾		
						1-DAY	1-MONTH	6-MONTHS
 HOT TOPIC	Apr-10	\$0.28	3.6%	98.2%	13.5%	10.8%	(3.4%)	(15.8%)
chico's	Feb-10	0.16	1.2%	20.8%	15.0%	(1.9%)	(13.3%)	(39.4%)
 COACH	Apr-09	0.30	1.4%	12.9%	15.0%	11.8%	29.1%	43.4%
GUESS <small>BY MFG. CO.</small>	Feb-07	0.24 ⁽⁴⁾	0.6%	8.0%	16.0%	11.6%	9.9%	41.9%
MEAN			1.7%	35.0%	14.9%	8.1%	5.6%	7.5%
MEDIAN			1.3%	16.9%	15.0%	11.2%	3.3%	13.0%

Potential Jade (FY2011E)	\$0.55	1.5%	22.5%	15.2%
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Source: Factset, CapitalIQ, Company filings





Notes: (1) Based on next twelve months consensus EPS at time of announcement

(2) At announcement date

(3) Relative to XRT

(4) Adjusted for 2 for 1 stock split

RECENT RETAIL INDUSTRY DIVIDEND INITIATION ANNOUNCEMENTS (CONTINUED)

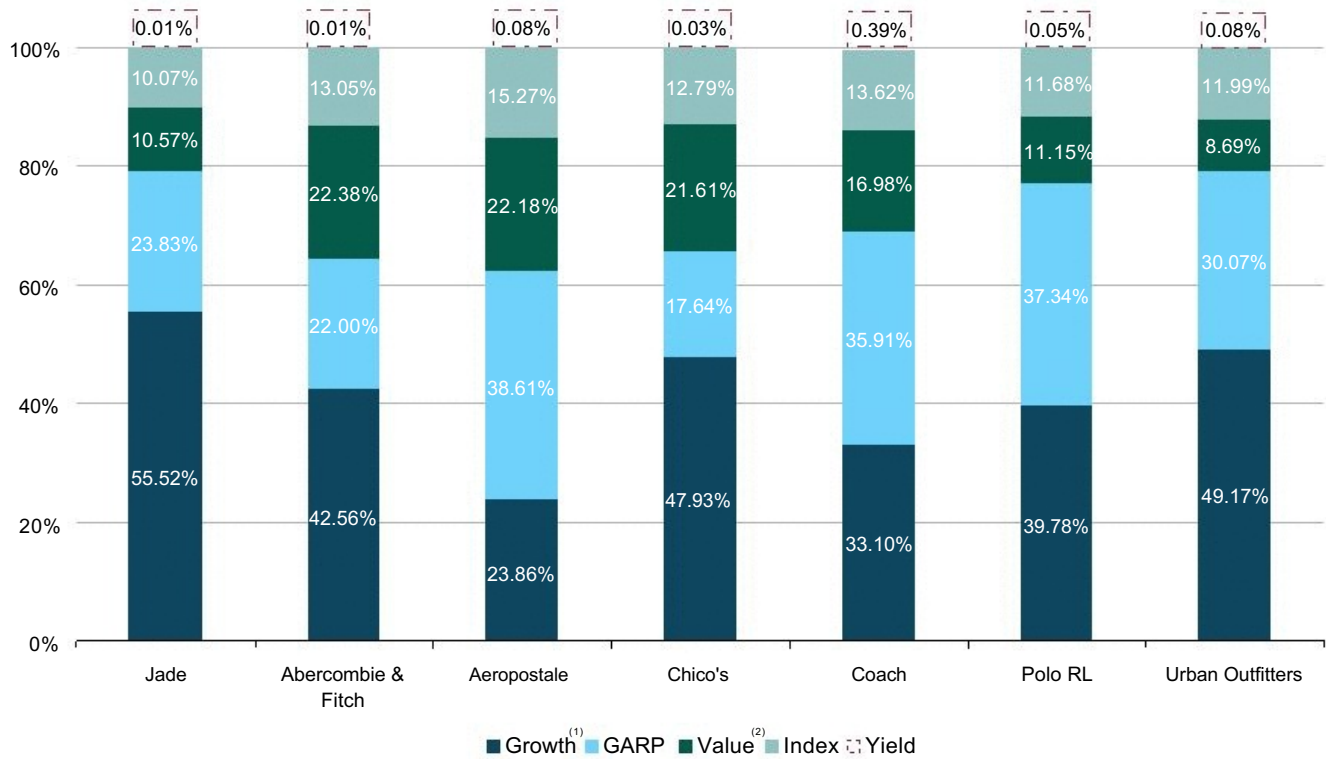
COMPANY	DATE	COMMENTARY
	Apr-10	"On the stock, we expect a nicely positive reaction to the dividend and sales news tomorrow, and we are becoming more optimistic that a rising tide of teen spending will also lift Hot Topic's boat." - William Blair
	Feb-10	<p>"We are also positive on CHS's decision to initiate a new cash dividend of \$0.04 a share likely yielding a return to shareholders of ~\$30mm annually." - Citigroup</p> <p>"The dividend announcement highlights management's confidence in CHS's financial condition and cash flow generation." - Susquehanna</p>
	Apr-09	<p>"Management introduced a 30c annual dividend with today's results and repurchased \$50m of stock in the quarter. These events signal management's confidence in the company's liquidity, balance sheet, cash flow generation and long-term outlook." - Jefferies</p> <p>"Coach initiated an annual dividend of \$0.30 per share to convey financial strength and increase shareholder return." - Bank of America ML</p> <p>"COH announced an annual cash dividend of \$0.30 per share. We believe this is a good use of cash, and remain confident that the Company's balance sheet strength will be able to support the dividend along with continued share repurchases." - Thomas Weisel Partners</p>
	Feb-07	"The company also initiated a quarterly dividend of \$0.12 per share, further evidence of the company's strong financial position" - CIBC

Source: Company filings, Wall Street research

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SHAREHOLDER BASE BY INVESTMENT STYLE



Source: Factset

Notes: (1) Includes Growth and Aggressive Growth

(2) Includes Value and Deep Value

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ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK

\$200MM BUYBACK EXECUTED IN FY2010

(US\$ in MM, except per share amounts)

\$200MM Buyback Executed In FY2010 (15.0x Multiple, 15% Premium)						
Fiscal Year	FY2010E	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Share Repurchase Amount	\$200					
Share Repurchase Price at 15% Premium	\$41.96					
Shares Acquired (MM)	4.8					
% of Shares Outstanding	7%					
Current Plan EPS	\$2.07	\$2.43	\$2.72	\$3.09	\$3.48	\$3.89
% Growth	8.6%	17.1%	12.2%	13.4%	12.7%	11.7%
Pro Forma EPS	\$2.24	\$2.61	\$2.93	\$3.32	\$3.73	\$4.16
% Accretion	7.8%	7.6%	7.5%	7.4%	7.2%	7.1%
% Growth	17.0%	16.9%	12.0%	13.3%	12.5%	11.6%
Implied Share Value at 15.0x	\$33.53	\$39.20	\$43.91	\$49.73	\$55.96	\$62.47
Remaining Equity Value (93%)	\$31.10					
Buyback Value (7%)	3.04					
Total Blended Value	\$34.14	\$39.20	\$43.91	\$49.73	\$55.96	\$62.47
Present Value at 13.0% Discount Rate	34.14	36.88	36.56	36.64	36.49	36.04
Free Cash Flow	(\$73)	\$139	\$170	\$237	\$271	\$308
Ending Cash Balance	167	306	475	712	983	1,292

Source: 11/17/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility.

Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK

\$200MM BUYBACK EXECUTED IN FY2010: SENSITIVITY ANALYSIS

(US\$ in MM, except per share amounts)

Sensitivity Analysis						
Fiscal Year	FY2010E	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Total Implied Present Value at 13.0% Discount Rate						
Current Plan	\$34.14	\$36.88	\$36.56	\$36.64	\$36.49	\$36.04
2% Reduced Comp in 2011-2015	34.14	33.61	30.44	28.12	25.88	23.67
10% Reduced Comp in 2012	34.14	36.88	20.98	22.44	23.55	24.28
Free Cash Flow						
Current Plan	(\$73)	\$139	\$170	\$237	\$271	\$308
2% Reduced Comp in 2011-2015	(73)	124	139	187	201	213
10% Reduced Comp in 2012	(73)	139	92	154	185	218
Ending Cash Balance						
Current Plan	\$167	\$306	\$475	\$712	\$983	\$1,292
2% Reduced Comp in 2011-2015	167	291	430	618	818	1,032
10% Reduced Comp in 2012	167	306	397	552	737	955

Source: 11/17/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility. Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK \$200MM BUYBACK EXECUTED FY2011 – FY2015

(US\$ in MM, except per share amounts)

\$200MM Buyback Executed FY2011 – FY2015 (15.0x Multiple, No Premium)					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Share Repurchase Amount	\$40	\$40	\$40	\$40	\$40
Share Repurchase Price at 0% Premium	\$37.02	\$42.11	\$48.31	\$54.98	\$61.97
Shares Acquired (MM)	1.1	0.9	0.8	0.7	0.6
% of Shares Outstanding	2%	1%	1%	1%	1%
Current Plan EPS	\$2.43	\$2.72	\$3.09	\$3.48	\$3.89
% Growth	17.1%	12.2%	13.4%	12.7%	11.7%
Pro Forma EPS	\$2.47	\$2.81	\$3.22	\$3.67	\$4.13
% Accretion	1.6%	3.1%	4.3%	5.4%	6.3%
% Growth	19.0%	13.7%	14.7%	13.8%	12.7%
Implied Share Value at 15.0x	\$37.02	\$42.11	\$48.31	\$54.98	\$61.97
Present Value at 13.0% Discount Rate	\$34.83	\$35.05	\$35.59	\$35.84	\$35.75
Free Cash Flow	\$99	\$130	\$197	\$231	\$268
Ending Cash Balance	466	596	792	1,024	1,292

Source: 11/17/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility. Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK

\$200MM BUYBACK EXECUTED FY2011 – FY2015: SENSITIVITY ANALYSIS

(US\$ in MM, except per share amounts)

Sensitivity Analysis					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Total Implied Present Value at 13.0% Discount Rate					
Current Plan	\$34.83	\$35.05	\$35.59	\$35.84	\$35.75
2% Reduced Comp in 2011-2015	31.79	29.32	27.54	25.74	23.89
10% Reduced Comp in 2012	34.83	20.34	22.21	23.70	24.77
Free Cash Flow					
Current Plan	\$99	\$130	\$197	\$231	\$268
2% Reduced Comp in 2011-2015	85	99	147	161	173
10% Reduced Comp in 2012	99	52	115	145	178
Ending Cash Balance					
Current Plan	\$466	\$596	\$792	\$1,024	\$1,292
2% Reduced Comp in 2011-2015	451	551	698	859	1,032
10% Reduced Comp in 2012	466	517	632	777	955

Source: 11/17/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility. Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK AND DIVIDEND INITIATION

\$200MM BUYBACK EXECUTED FY2011 – FY2015, 1.5% DIVIDEND YIELD

(US\$ in MM, except per share amounts)

\$200MM Buyback Executed FY2011 – FY2015 (15.0x Multiple, No Premium), Dividend at 1.5% Yield					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Share Repurchase Amount	\$40	\$40	\$40	\$40	\$40
Share Repurchase Price at 0% Premium	\$37.02	\$42.09	\$48.29	\$54.95	\$61.93
Shares Acquired (MM)	1.1	1.0	0.8	0.7	0.6
% of Shares Outstanding	2%	1%	1%	1%	1%
Current Plan EPS	\$2.43	\$2.72	\$3.09	\$3.48	\$3.89
% Growth	17.1%	12.2%	13.4%	12.7%	11.7%
Pro Forma EPS	\$2.47	\$2.81	\$3.22	\$3.66	\$4.13
% Accretion	1.6%	3.0%	4.3%	5.3%	6.2%
% Growth	19.0%	13.7%	14.7%	13.8%	12.7%
Implied Share Value at 15.0x	\$37.02	\$42.09	\$48.29	\$54.95	\$61.93
Present Value at 13.0% Discount Rate	\$34.82	\$35.04	\$35.58	\$35.83	\$35.73
Yield	1.5%	1.5%	1.5%	1.5%	1.5%
Dividend Per Share (Future Value)	\$0.56	\$0.63	\$0.72	\$0.82	\$0.93
Dividends Paid (Future Value)	\$36	\$41	\$48	\$55	\$62
Total Implied Present Value at 13.0% Discount Rate	\$35.35	\$36.09	\$37.16	\$37.94	\$38.39
Payout Ratio	22.5%	22.5%	22.5%	22.5%	22.5%
Free Cash Flow	\$63	\$89	\$149	\$177	\$206
Ending Cash Balance	429	518	667	844	1,049

Source: 11/17/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility.

Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

ANALYSIS OF ILLUSTRATIVE SHARE BUYBACK AND DIVIDEND INITIATION

\$200MM BUYBACK EXECUTED FY2011 – FY2015, 1.5% DIVIDEND YIELD: SENSITIVITY ANALYSIS

(US\$ in MM, except per share amounts)

Sensitivity Analysis					
Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Total Implied Present Value at 13.0% Discount Rate					
Current Plan	\$35.35	\$36.09	\$37.16	\$37.94	\$38.39
2% Reduced Comp in 2011-2015	32.27	30.23	28.86	27.44	25.94
10% Reduced Comp in 2012	35.35	21.16	23.36	25.20	26.64
Free Cash Flow					
Current Plan	\$63	\$89	\$149	\$177	\$206
2% Reduced Comp in 2011-2015	52	65	111	122	132
10% Reduced Comp in 2012	63	28	85	110	136
Ending Cash Balance					
Current Plan	\$429	\$518	\$667	\$844	\$1,049
2% Reduced Comp in 2011-2015	418	483	594	716	848
10% Reduced Comp in 2012	429	457	543	653	788

Source: 11/17/2010 Jade Management projections

Note: Jade's current \$200MM revolving credit facility would remain fully undrawn in the above case. Assumes that at or before maturity on 5/4/2013, facility would be refinanced at same terms as current facility. Borrowing base calculated as 90% of credit card receivables plus 85% of inventory plus real property minus reserves. Under current facility and under certain conditions, maximum size of \$200MM can be expanded to \$250MM. Assumes 0.15% cost of cash

RETURN ON EQUITY COMPARISON

(US\$ in MM, except per share amounts)



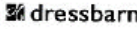


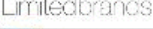







Return on Equity Comparison							
	FY2007A - FY2009A Average	FY2010E	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Current Plan							
Net Income		\$137	\$161	\$184	\$212	\$243	\$276
Book Value of Equity		529	705	909	1,142	1,406	1,703
Return on Equity	42.4%	25.8%	22.8%	20.2%	18.6%	17.3%	16.2%
Pro Forma Return on Equity							
Ongoing Dividend at 1.5% Yield		25.8%	24.1%	22.1%	20.9%	19.8%	18.9%
One-Time Buyback (\$200MM, 15% Premium)		41.5%	31.8%	25.9%	22.5%	20.2%	18.4%
5 Year Buyback (\$200MM, No Premium)		25.8%	24.2%	22.2%	20.8%	19.5%	18.4%
5 Year Buyback (\$200MM, No Premium), Ongoing Dividend at 1.5% Yield		25.8%	25.6%	24.5%	23.7%	22.8%	21.9%

Source: Company filings, FactSet, 11/17/2010 Jade Management projections

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RECENT RETAIL INDUSTRY SHARE REPURCHASE PROGRAM ANNOUNCEMENTS

COMPANY	DATE	SIZE (\$MM)	SIZE AS A % OF MARKET CAP	SIZE AS A % CASH ⁽¹⁾	LT GROWTH RATE ⁽²⁾	RELATIVE PRICE PERFORMANCE ⁽³⁾		
						1-DAY	1-MONTH	6-MONTHS
 Limited Brands	Nov-10	147 ⁽⁴⁾	1.4%	11.3%	15.0%	0.6%	NA	NA
 AÉROPOSTALE	Nov-10	300	13.2%	100.9%	11.0%	3.1%	NA	NA
 dressbarn	Sep-10	100	5.3%	30.7%	12.0%	(1.1%)	(9.1%)	NA
 RadioShack	Aug-10	300 ⁽⁵⁾	12.9%	32.1%	8.0%	(1.8%)	0.7%	NA
 chico's	Aug-10	200	12.1%	41.0%	15.0%	8.7%	10.7%	NA
 Limited Brands	Mar-10	200	2.5%	11.1%	12.5%	3.3%	7.3%	11.1%
 GAP	Feb-10	1,000	7.1%	38.9%	12.0%	(0.3%)	2.9%	(15.2%)
 AÉROPOSTALE	Dec-09	250	12.5%	87.5%	15.0%	4.3%	15.1%	38.6%
 GYMBOREE	Nov-09	40	3.2%	18.9%	12.0%	2.6%	4.4%	(3.5%)
 Gap Inc.	Nov-09	225	5.0%	24.3%	15.0%	1.3%	2.7%	(8.5%)
 COACH	Aug-08	1,000	10.5%	143.1%	15.0%	5.7%	(7.5%)	(12.7%)
 GUESS	Mar-08	200	5.9%	72.6%	25.5%	2.0%	7.8%	14.1%
 TIFFANY & CO.	Jan-08	500	9.9%	127.8%	12.5%	1.1%	(6.0%)	9.4%
MEAN			8.4%	60.7%	13.8%	2.4%	2.6%	4.2%
MEDIAN			8.5%	40.0%	12.5%	2.3%	2.9%	2.9%

Source: Factset, CapitalIQ, Company filings

Notes: (1) Includes cash and cash equivalents








(2) At announcement date

(3) Relative to XRT

(4) LTD authorized a \$200MM share repurchase program, \$53MM of which remained from the previous \$200MM repurchase program announced in March. In addition, the company declared a special dividend of \$3.00 per share, which represented an approximate \$1Bn return of capital to shareholders. The combination of the two represents roughly 11% of market capitalization, and 86% of cash

(5) Executed under \$500MM share repurchase program authorized on 8/18/2010

RECENT RETAIL INDUSTRY SHARE REPURCHASE PROGRAM ANNOUNCEMENTS (CONTINUED)

COMPANY	DATE	COMMENTARY
 AÉROPOSTALE	Nov-10	"The material share buyback allows us to maintain our bottom line projections but become even more conservative in our margin and comp assumptions, allowing the company to continue to register strong returns in a period of tough competition and material AUR pressures. We continue to view Aeropostale as the key winner in the teen segment and believe that our projections will now prove even more conservative when the teen segment returns to some level of AUR stability." - Brean Murray
 RadioShack	Aug-10	"We favorably view management's decision to increase shareholder returns through share repurchases, however we remain cautious as RSH's non-wireless categories remain pressured." - Bank of America ML
 chico's	Aug-10	<p>"The newly authorized \$200M share repurchase program is a notable positive to the stock, especially on the heels of a quarterly dividend initiation in February '10. We believe the company's strong balance sheet, with \$500m in net cash (>30% of market cap) and a ~10% FCF yield provide meaningful downside protection." - Jefferies</p> <p>"Chico's announced that the Board has authorized a \$200mn share repurchase program. With quarter-end cash and equivalents of \$487mn (\$2.73 per share) and projected F2010 free cash flow of \$98mn, we view this buyback program favorably and are modeling \$40mn in buybacks this year. The company has not bought back its stock since Q206." - Bank of America ML</p>
 Limited Brands	Mar-10	<p>"We expect the stock to react favorably near-term to news of a new share buyback authorization and special dividend. Of the two, we view the special dividend as the positive surprise." - Morgan Stanley</p> <p>"We view the buyback and the dividend as a positive for the stock as they are a reflection of ongoing stabilization at Limited and management's commitment to return cash to shareholders." - Bank of America ML</p>
 AÉROPOSTALE	Dec-09	<p>"We view ARO's increased share repurchase authorization announced last night after the market close as an important indication that ARO's Board of Directors and management team remain confident in current business trends and the company's long-term positioning and growth potential. With the shares trading at a significant discount to the peer group average, and with our belief that investors are continuing to misinterpret the impact of y/y changes in calendar and promotional patterns, we remain buyers of the stock." - Longbow Research</p> <p>"We suspect management is both looking to be opportunistic (their last buyback authorization in November 2007 proved well timed with shares up 46% in the subsequent 6 months) and send a message to investors on their confidence in the business." - Goldman Sachs</p>
 GYMBOREE	Nov-09	<p>"We believe \$40 million was a conservative start and still leaves ample cash for other strategic initiatives including store growth plans or, in time, additional share repurchase programs given our expectation of continued strong free cash flow of over \$4.00 in CY10" - MKM Partners</p> <p>"By announcing a stock repurchase of \$40M over the next year (about 1M shares at the current price), GYMB's board is sending a message of confidence to the markets in its ability to generate enough cash even in an economic downturn to invest in its core business and in its new avenues of growth as well as have a cushion for these tough times." - Carris & Co.</p>
 RALPH LAUREN	Nov-09	"We believe shares should trade higher on this news, as the increased buyback authorization provides another leg to power EPS acceleration as cash flow mounts." - Goldman Sachs

Source: Company filings, Wall Street research

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CEO LIQUIDITY OPTIONS

With Company Capital

- Dividend
- Buyback
 - Tender or Dutch auction more practical than open market purchase authorization or accelerated share buyback

Without Company Capital

- 10b-5-1 Plan
- Block trade during open trading window
- Margin loan
- Derivatives contracts

PROJECT JADE
SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS

November 21, 2010

PERELLA
WEINBERG
PARTNERS

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- I. Transaction Overview**
- II. Financial Analysis**

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I. TRANSACTION OVERVIEW

SUMMARY OF TRANSACTION TERMS

ACQUIROR	<ul style="list-style-type: none">• Consortium consisting of TPG Capital ("TPG") and Leonard Green & Partners ("LGP") (together the "Consortium")
TRANSACTION STRUCTURE	<ul style="list-style-type: none">• One step merger• Merger of [Chino] with and into Jade
TRANSACTION VALUE	<ul style="list-style-type: none">• \$45.50 cash per Jade share<ul style="list-style-type: none">– \$3.2Bn Equity Value– \$2.8Bn Enterprise Value
FORM OF CONSIDERATION	<ul style="list-style-type: none">• 100% Cash
TRANSACTION FUNDING	<ul style="list-style-type: none">• Debt commitment letters from Bank of America Merrill Lynch, Goldman Sachs and JPMorgan for \$1,850MM (\$1,600MM funded)<ul style="list-style-type: none">– \$250MM ABL– \$1,000MM Term Loan– \$600MM Bridge Facility• Equity commitment letters from TPG and LGP<ul style="list-style-type: none">– 75% committed from TPG, 25% committed from LGP• Rollover commitment from Jade CEO and his affiliates
"GO-SHOP"	<ul style="list-style-type: none">• [45 - 60]-day "go-shop" period• Jade may terminate to accept higher price

SUMMARY OF TRANSACTION TERMS (CONTINUED)

FEES	<ul style="list-style-type: none">• Termination by Jade<ul style="list-style-type: none">– During “go-shop” period - \$[35]MM ([0.51] per share, [1.25%] of enterprise value, [1.13%] of equity value)– After “go-shop” period - \$[71]MM ([1.03] per share, [2.50%] of enterprise value, [2.25%] of equity value)• Termination by Acquiror<ul style="list-style-type: none">– Reverse termination fee of \$[100 –250]MM ([1.46 - \$3.66] per share, [3.6% - 9.0%] of enterprise value, [3.2% 7.9%] of equity value)
AGREEMENTS	<ul style="list-style-type: none">• Transaction Support Agreement• Cooperation Agreement
APPROVALS	<ul style="list-style-type: none">• Jade shareholder approval• HSR and other customary regulatory approvals
TIMING	<ul style="list-style-type: none">• Announcement [11/22/2010 –11/23/2010]• “Go-shop” ends [1/6/2011 –1/31/2011]• Anticipated vote [TBD]• Closing expected [TBD]

TRANSACTION OVERVIEW

US\$ IN MM, EXCEPT MULTIPLES AND PER SHARE AMOUNTS				
		11/19/10 Close	Transaction Price	
Share Price		\$36.49	\$45.50	
Premium To:	Metric			
11/19/10 Close	\$36.49	0.0%	24.7%	
1 Month Average	33.57	8.7%	35.5%	
3 Month Average	33.66	8.4%	35.2%	
12 Month Average	40.01	(8.8%)	13.7%	
Fully Diluted Shares Outstanding		68.4	69.2	
Equity Value		\$2,495	\$3,150	
Add: Debt ⁽¹⁾		0	0	
Less: Cash ⁽¹⁾		(312)	(312)	
Enterprise Value		\$2,184	\$2,839	
EV/LTM EBITDA (Q3 2010) ⁽²⁾		\$314	7.0x	9.0x
IBES CONSENSUS				
EV/EBITDA				
FY 2010E	\$303	7.2x	9.4x	
FY 2011E	317	6.9	9.0	
Price/Earnings				
FY 2010E	\$2.25	16.2x	20.2x	
FY 2011E	2.45	14.9	18.6	
CURRENT PLAN				
EV/EBITDA				
FY 2010E	\$281	7.8x	10.1x	
FY 2011E	326	6.7	8.7	
Price/Earnings				
FY 2010E	\$2.07	17.6x	21.9x	
FY 2011E	2.43	15.0	18.7	

Sources: 11/17/2010 Jade Management projections, company filings, FactSet. Jade shares, options, and RSUs as of 10/2/2010

Notes: (1) Represent Q3 FY2010 ending debt and cash balances

(2) Based on actual reported EBITDA of \$315.9MM, adjusted for one-time items (benefit related to forfeited share-based awards, lease termination, and severance costs)

CAPITAL STRUCTURE AND TRANSACTION SOURCES AND USES

(US\$ in MM)

SOURCES AND USES			
	Multiple of		
	EBITDA ⁽¹⁾	% of Total	Amount
Cash (FY2010E)	1.30x	11%	\$367
Revolver (\$250MM committed, \$0MM utilized at close, L + 250bps)	0.00x	0%	0
Term Loan (L + 450 bps)	3.55x	30%	1,000
Senior Notes (L + 800 bps)	2.13x	18%	600
TPG Equity	3.20x	27%	901
LGP Equity	1.07x	9%	300
Rollover Equity	0.52x	4%	147
Total Sources		100%	\$3,315
		% of Total	Amount
Purchase of Equity		95%	\$3,150
Estimated Fees & Expenses		3%	90
Minimum Cash		2%	75
Total Uses		100%	\$3,315

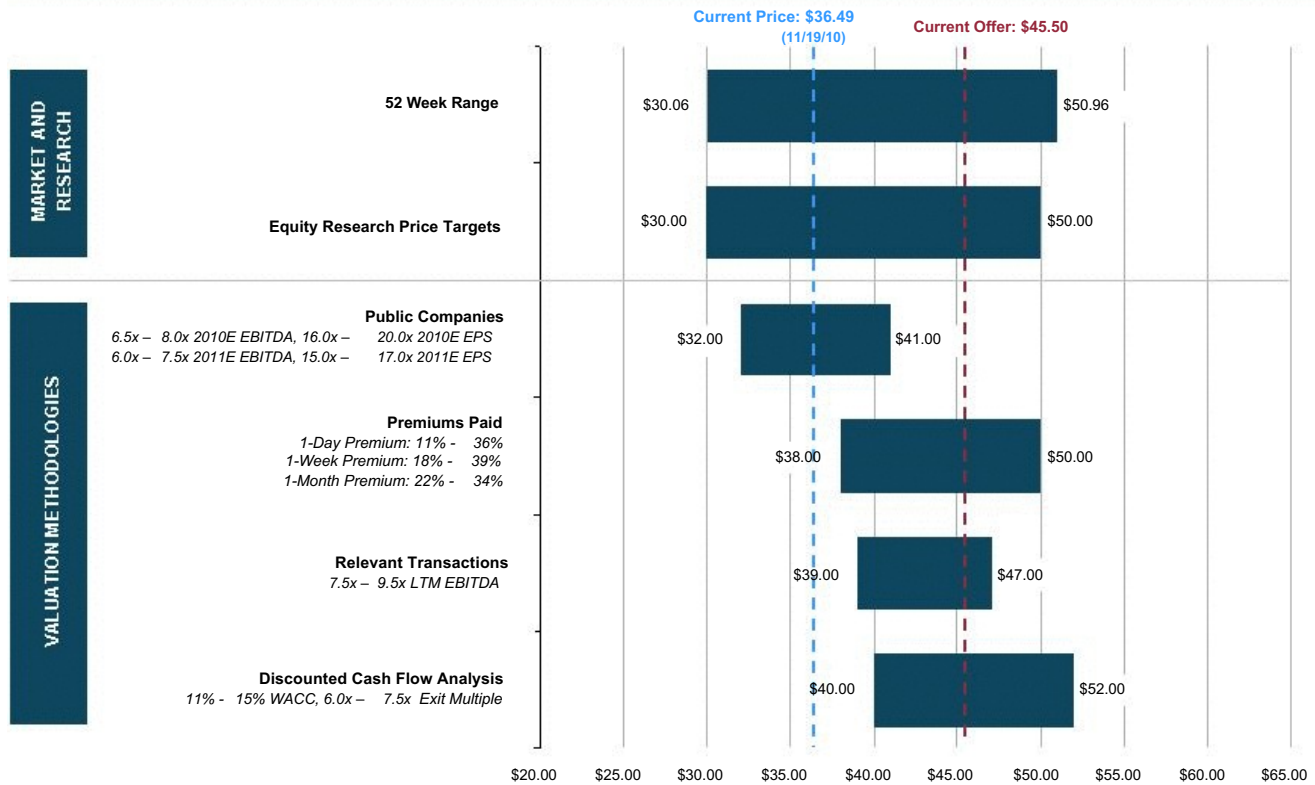
Sources: 11/17/2010Jade Management projections. Jade shares, options, and RSUs as of 10/2/2010

Note: (1) Based on FY2010E EBITDA

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II. FINANCIAL ANALYSIS

VALUATION SUMMARY – EQUITY VALUE PER SHARE



Sources: FactSet, company filings, Wall Street Research, 11/17/2010 Jade Management projections. Jade shares, options, and RSUs as of 10/2/2010

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RELATIVE SHARE PRICE PERFORMANCE

LTM SHARE PRICE PERFORMANCE



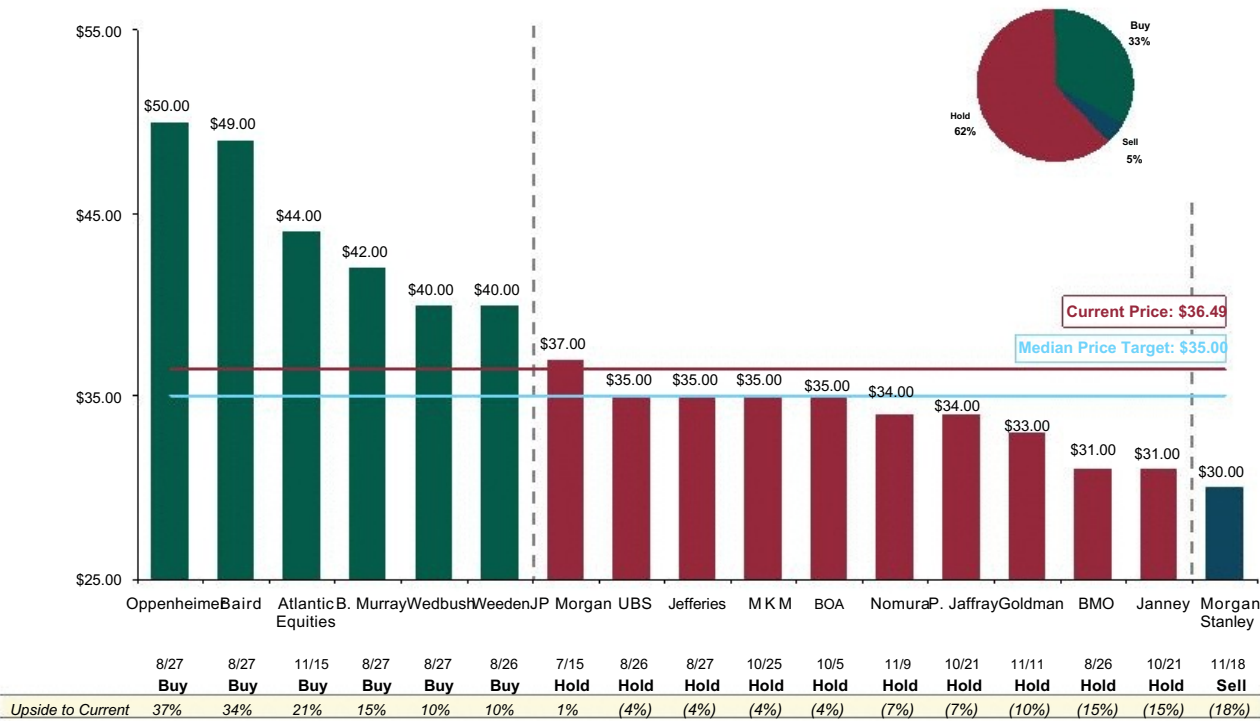
SHARE PRICE PERFORMANCE SINCE IPO (6/27/06)



Source: FactSet as of 11/19/2010

Notes: Selected Peers represented by equal weighted index of Abercrombie & Fitch, Aeropostale, American Eagle, Ann Taylor, Bebe, Carter's, Chico's, Children's Place, Coach, Coldwater Creek, The Dress Barn, The Gap, Guess?, Limited Brands, New York & Company, Polo Ralph Lauren, Talbots, Under Armour, and Urban Outfitters. Peers indexed to Jade share price of \$41.11 for LTM performance and \$20.00 for performance since IPO
(1) XRT represents the S&P Retail Index

EQUITY RESEARCH PRICE TARGETS



Source: Wall Street research

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PUBLIC COMPANIES –EV / FY2010E EBITDA



Sources: Company Filings, Factset, 11/17/2010 Jade Management projections, IBES Jade shares, options, and RSUs as of 10/2/2010. Based on Jade Q3 FY2010 ending debt and cash balances

PUBLIC COMPANIES –PRICE / FY2010E EARNINGS



Sources: Company Filings, Factset, 11/17/2010 Jade Management projections, IBES

RELATIVE VALUATION OVER TIME

EV / NTM EBITDA

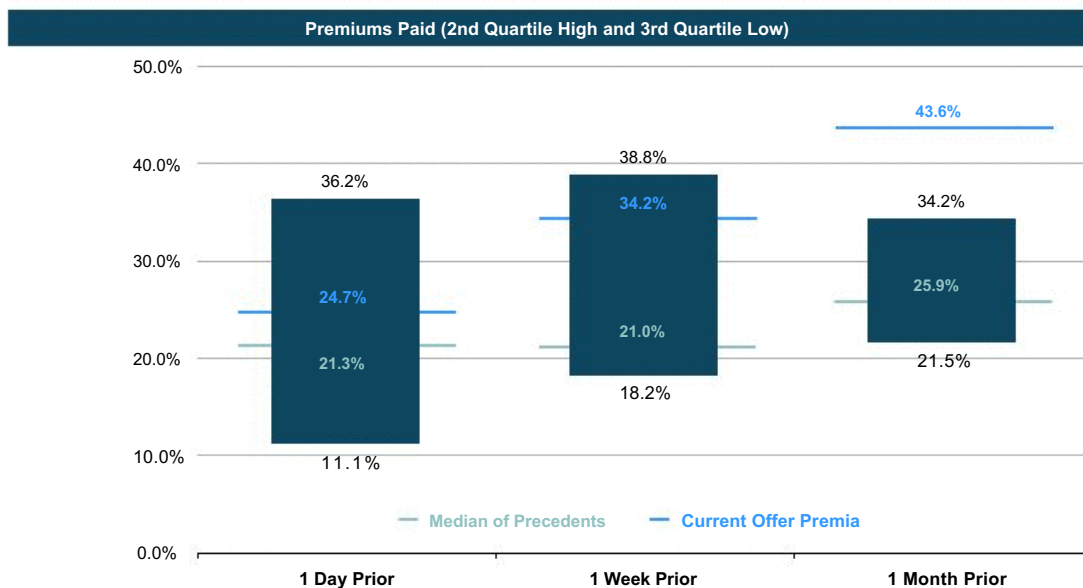


PRICE / NTM EPS



Sources: FactSet as of 11/19/2010 company filings. Earnings estimates based on IBES consensus median
Note: Peers represented by median of group, and include Abercrombie & Fitch, Aeropostale, American Eagle, Ann Taylor, Bebe, Carter's, Chico's, Children's Place, Coach, Coldwater Creek, The Dress Barn, The Gap, Guess?, Limited Brands, New York & Company, Polo Ralph Lauren, Talbots, Under Armour, and Urban Outfitters

PREMIUMS PAID



	Implied Share Price		
2nd Quartile High	\$49.72	\$47.08	\$42.52
Median	44.25	41.05	39.89
3rd Quartile Low	40.55	40.07	38.48

Sources: FactSet, Dealogic

Note: Analysis includes 100% cash transactions with U.S. targets from 2005 to present between \$2.0Bn and \$4.0Bn

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RELEVANT TRANSACTIONS

EV / LTM EBITDA



Sources: Company filings. Jade shares, options, and RSUs as of 10/2/2010. Implied offer multiple based on Jade LTM EBITDA as of Q3 FY2010 and Q3 FY2010 ending debt and cash balances

Note: (1) Based on actual reported EBITDA of \$315.9MM, adjusted for one-time items (benefit related to forfeited share-based awards, lease termination benefit, and severance costs)

(2) Defined as Transaction Enterprise Value. Figures shown in millions of US dollars

HISTORICAL AND PROJECTED FINANCIAL PERFORMANCE: REVENUE AND GROSS MARGIN

(US\$ in MM)

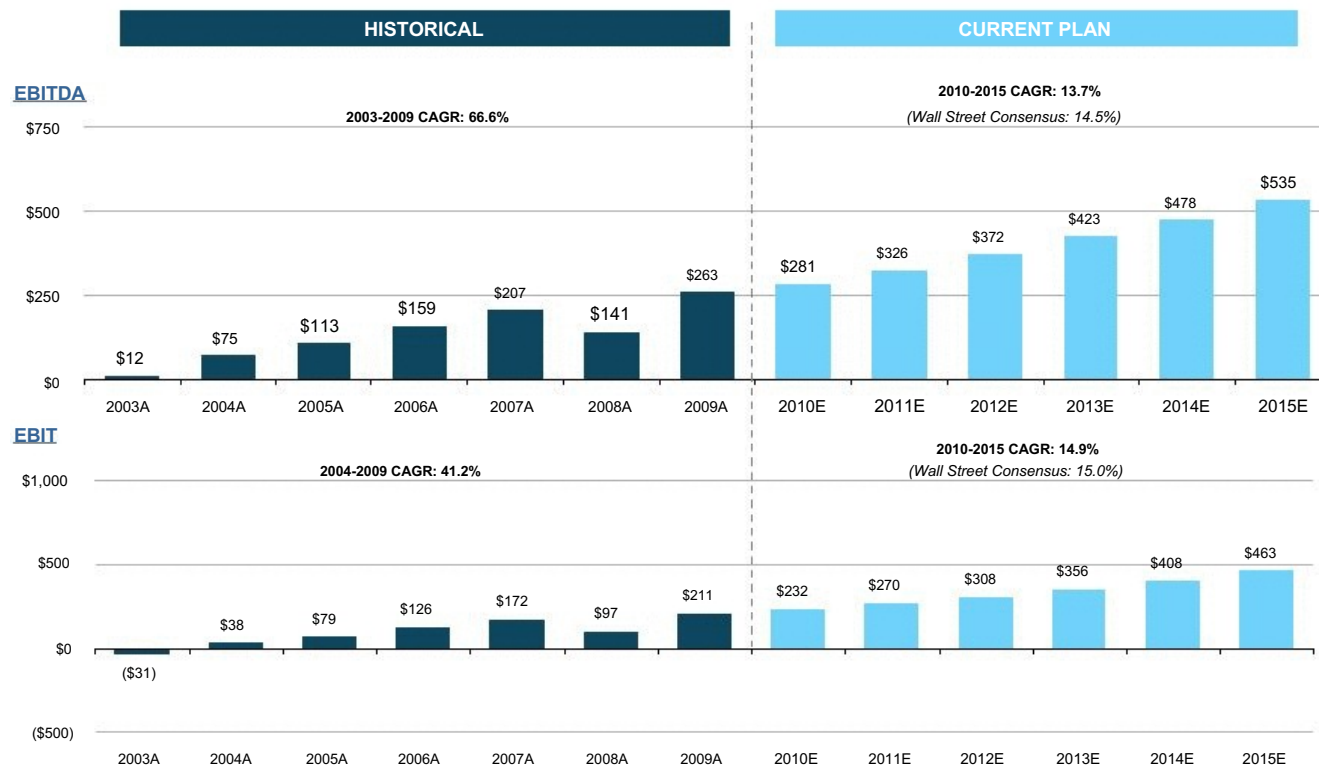


Sources: 11/17/2010 Jade Management projections, company filings

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HISTORICAL AND PROJECTED FINANCIAL PERFORMANCE: EBITDA AND EBIT

(US\$ in MM)



Sources: 11/17/2010 Jade Management projections, company filings

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HISTORICAL AND PROJECTED FINANCIAL PERFORMANCE: EPS AND CAPEX

(US\$ in MM, except per share amounts)



Sources: 11/17/2010 Jade Management projections, company filings, FactSet, IBES

Note: (1) Excludes reversal of accrued equity compensation expense related to departure of senior executive in July; impact of reversal is approximately \$0.03 per share

DISCOUNTED CASH FLOW ANALYSIS

(US\$ in MM, except per share amounts)

Fiscal Year	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E	
EBITDA	\$326	\$372	\$423	\$478	\$535	
Less: Depreciation	(56)	(63)	(67)	(70)	(71)	
EBIT	\$270	\$308	\$356	\$408	\$463	
Less: Taxes ⁽¹⁾	(109)	(124)	(143)	(164)	(186)	
After-Tax EBIT	\$162	\$184	\$213	\$244	\$277	
Add: Depreciation	56	63	67	70	71	
Net: Change in Deferred Credits	(6)	2	2	2	2	
Net: Change in Other Liabilities	0	0	0	0	0	
Add: Stock Based Compensation	15	20	21	21	21	
Less: Increase in NWC	3	4	4	5	5	
Less: Capex	(90)	(103)	(69)	(69)	(67)	
Unlevered Free Cash Flow	\$139	\$171	\$237	\$272	\$309	
Unlevered Free Cash Flows	\$139	\$171	\$237	\$272	\$309	
Terminal Value (Assumes 6.5x Exit Multiple)					\$3,475	
Total Free Cash Flows	\$139	\$171	\$237	\$272	\$309	\$3,475
Multiply: Discount Factor (Assumes 13.0% WACC)	0.94x	0.83x	0.74x	0.65x	0.58x	0.54x
Discounted Free Cash Flows	\$131	\$142	\$175	\$177	\$178	\$1,886

Implied Enterprise Value

WACC	Terminal Multiple			
	6.0x	6.5x	7.0x	7.5x
11%	\$2,747	\$2,906	\$3,064	\$3,223
12%	2,643	2,795	2,947	3,099
13%	2,545	2,690	2,835	2,980
14%	2,451	2,590	2,729	2,868
15%	2,362	2,495	2,628	2,761

Implied Value Per Share

WACC	Terminal Multiple			
	6.0x	6.5x	7.0x	7.5x
11%	\$45.00	\$47.18	\$49.36	\$51.55
12%	43.57	45.66	47.75	49.83
13%	42.22	44.22	46.21	48.21
14%	40.93	42.84	44.75	46.66
15%	39.71	41.53	43.36	45.19

Sources: Company filings, 11/17/2010 Jade Management projections. Jade shares, options, and RSUs as of 10/2/2010

Note: (1) Assumes tax rate of 40.2%

WEIGHTED AVERAGE COST OF CAPITAL ANALYSIS

ASSET BETA ANALYSIS

Company	Levered Beta ⁽¹⁾	Debt / Equity	Unlevered Beta ⁽²⁾
Jade	1.58	0.0%	1.58
The Gap	0.99	0.0%	0.99
American Eagle	1.20	0.0%	1.20
Urban Outfitters	1.14	0.0%	1.14
Ann Taylor	1.52	0.0%	1.52
Pacific Sunwear	1.55	0.0%	1.55
Chico's	1.34	0.0%	1.34
Aeropostale	0.89	0.0%	0.89
Zumiez	1.33	0.0%	1.33
Guess?	1.52	0.4%	1.52
Buckle	1.02	0.0%	1.02
A&F	1.64	2.0%	1.62
Talbots	1.77	4.4%	1.73
Bebe	1.22	0.0%	1.22
Hot Topic	1.14	0.0%	1.14
Coldwater Creek	2.16	4.5%	2.10
Limited Brands	1.55	20.4%	1.38
Polo	1.24	2.8%	1.22
Coach	1.43	0.2%	1.43
Children's Place	1.10	0.0%	1.10
Carter's	1.12	12.5%	1.04
Dress Barn	1.11	1.6%	1.10
New York & Co	2.36	5.9%	2.28
Gymboree	1.21	0.0%	1.21
Under Armour	1.45	0.6%	1.44
Mean	1.38	2.2%	1.36
Median	1.33	0.0%	1.33
High	2.36	20.4%	2.28
Low	0.89	0.0%	0.89

Sources: Bloomberg, Company Filings

Notes: (1) 2 year adjusted beta
 (2) Assumes 40% tax rate
 (3) Based on yield on 10-Year U.S. Government Bond as of 11/19/2010
 (4) Based on 2009 Ibbotson Report

WACC ANALYSIS

Cost of Equity

U.S. Risk Free Rate ⁽³⁾	2.88%
Equity Risk Premium ⁽⁴⁾	6.70%
Asset Beta	1.50
Relevered Beta (0% Target Debt / Equity)	1.50
Adjusted Equity Market Risk Premium	10.05%

Cost of Equity	12.93%
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Cost of Debt

Cost of Debt (Pre-Tax)	6.00%
Tax Rate	40.00%

Cost of Debt (After-Tax)	3.60%
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% Debt	0.00%
% Equity	100.00%

Weighted Average Cost of Capital	12.93%
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Selected Range	11.00%	15.00%
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