



**GRANTED**

EFiled: Dec 16 2011 9:16AM EST  
Transaction ID 41433444  
Case No. 6043-CS



**IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE**

IN RE J.CREW GROUP, INC.  
SHAREHOLDERS LITIGATION

Consolidated  
C.A. No. 6043-CS

**ORDER AND FINAL JUDGMENT**

On this 14th day of December, 2011, a hearing having been held before this Court to determine whether the terms and conditions of the Stipulation and Agreement of Compromise and Settlement, dated August 30, 2011 (the “Stipulation”), which is incorporated herein by reference<sup>1</sup>, and the terms and conditions of the settlement proposed in the Stipulation (the “Settlement”) are fair, reasonable and adequate for the settlement of all claims asserted herein; and whether an Order and Final Judgment should be entered in the above-captioned consolidated class action (the “Action”); and the Court having considered all matters submitted to it at the hearing and otherwise;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED  
THAT:

1. The mailing of the Notice of Pendency and Proposed Settlement of Class Action (the “Notice”) pursuant to and in the manner prescribed in the Scheduling Order entered on September 29, 2011 (the “Scheduling Order”), which was mailed by first class mail on October 12, 2011, combined with the publication of the Summary Notice of Pendency and Proposed Settlement of Class Action (the “Summary Notice”) pursuant to and in the manner prescribed in the Scheduling Order, which was published on October 26, 2011, is hereby determined to be the

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<sup>1</sup> Capitalized terms (other than proper nouns) that are not defined herein shall have the meanings set forth in the Stipulation.

best notice practicable under the circumstances and in full compliance with Court of Chancery Rule 23, the requirements of due process and applicable law. It is further determined that all Class Members are bound by the Order and Final Judgment herein.

2. The Court finds that the Action is a proper class action pursuant to Court of Chancery Rules 23(a) and 23(b)(1) and (b)(2) and hereby certifies a non opt-out Settlement Class as consisting of:

Any and all J.Crew stockholders who were record holders or beneficial owners of J.Crew common stock at any time between and including August 1, 2010 and the Closing of the Merger (regardless of the date of purchase of J.Crew stock), and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, but excluding Defendants and the MD Trusts (and their trustees in their capacities as such); the Immediate Family members of the Individual Defendants; the parents, subsidiaries and affiliates of J.Crew, TPG, Leonard Green, Chinos Holdings, Chinos Acquisition and each of their current or former directors, executive officers<sup>2</sup>, partners and members; any person, firm, trust, corporation or other entity in which any Defendant or the MD Trusts has, or had during the Settlement Class Period, a controlling interest; and the legal representatives, heirs, executors, administrators, predecessors, successors, predecessors-in-interest, successors-in-interest and assigns of any such excluded party.

3. Specifically, the Court finds that the Settlement Class satisfies the numerosity requirement of Rule 23(a)(1). As of January 21, 2011, there were over 63,907,720 shares of common stock (“Shares”) of J.Crew Group, Inc. (“J.Crew”) issued and outstanding held by at least 77 holders of record and many more beneficial owners. There are common issues of fact and law in the Action sufficient to satisfy Rule 23(a)(2), including whether the disclosures made by in connection with the Merger (as defined in the Stipulation) were adequate, whether the Individual Defendants breached their fiduciary duties to Class Members (as defined in the Stipulation), whether the Buyout Group (as defined in the Stipulation) aided and abetted these

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<sup>2</sup> For J.Crew, the executive officers are those employees listed in paragraphs 100 and 101 of the Complaint.

breaches, and whether the lead plaintiffs in this Action (“Lead Plaintiffs”) and Class Members were injured as a consequence of Defendants’ actions. The claims of the Lead Plaintiffs’ in the Action are typical of the claims of absent members of the Settlement Class in that they all arise from the same allegedly wrongful course of conduct and are based on the same legal theories, satisfying Rule 23(a)(3). Lead Plaintiffs Local 542 International Union of Operating Engineers Pension Fund of Eastern Pennsylvania and Delaware, City of Orlando Police Pension Fund, Southeastern Pennsylvania Transportation Authority and City of Orlando Firefighters’ Pension Fund and their Counsel (as defined in the Stipulation) are adequate representatives of the Settlement Class, satisfying Rule 23(a)(4). The prosecution of separate actions by individual members of the Settlement Class would create a risk of inconsistent adjudications which would establish incompatible standards of conduct for Defendants, and, as a practical matter, the disposition of this Action will influence the disposition of any pending or future identical cases brought by other members of the Settlement Class, satisfying Rule 23(b)(1); and there were allegations that Defendants acted or refused to act on grounds generally applicable to the Class, satisfying Rule 23(b)(2).

4. Local 542 International Union of Operating Engineers Pension Fund of Eastern Pennsylvania and Delaware, City of Orlando Police Pension Fund, Southeastern Pennsylvania Transportation Authority and City of Orlando Firefighters’ Pension Fund are certified as Class Representatives.

5. The Settlement of this Action as provided for in the Stipulation is approved as fair, reasonable and adequate, and in the best interests of Lead Plaintiffs and the Settlement Class. The Parties (as defined in the Stipulation) are hereby authorized and directed to

consummate the Settlement in accordance with the terms and provisions of the Stipulation, and the Register in Chancery is directed to enter and docket this Order and Final Judgment.

6. “Released Defendants’ Claims” means any Claims that have been or could have been asserted in the Action, the MOU Enforcement Action, or in any court, tribunal, forum or proceeding by Defendants or any of them or their respective successors and assigns against any of the Released Plaintiff Parties, which arise out of or relate in any way to the institution, prosecution, settlement or dismissal of the Action or the MOU Enforcement Action; provided, however, that the Released Defendants’ Claims shall not include claims to enforce the Stipulation.

7. “Released Defendant Parties” means (i) any and all of the Defendants; (ii) the MD Trusts; (iii) the Defendants’ respective past or present Immediate Family members, or direct or indirect affiliates, associates, members, partners, partnerships, investment funds, subsidiaries, parents, predecessors, successors, officers (including those executive officers of J.Crew listed in paragraphs 100 and 101 of the Complaint), directors, employees, agents, advisors, financial or investment advisors, insurers, and attorneys (including Defendants’ Counsel); (iv) any person, firm, trust, corporation, officer, director or other individual or entity in which any of the Defendants or their respective past or present Immediate Family Members, direct or indirect affiliates, partnerships, investment funds, predecessors, successors, officers, directors or employees has a financial interest; (v) the Buyout Group and each and every one of their respective affiliated investment funds, investment vehicles, investment advisers, management companies, partners, general partners, managing members, members, limited partners, trusts, principals, investment professionals, directors, officers, employees and affiliates; and (vi) the

legal representatives, heirs, executors, administrators, predecessors, successors, predecessors-in-interest, successors-in-interest and assigns of any of the foregoing.

8. “Released Plaintiffs’ Claims” means any and all Claims which are based upon, arise out of, or involve or previously were based upon, arose out of or involved, directly or indirectly, any of the actual, alleged or attempted actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters, things or causes whatsoever, or any series thereof, that (i) were alleged, asserted, set forth, or claimed in the Action or the Complaint against the Released Defendant Parties; or (ii) could have been alleged, asserted, set forth or claimed in the Action, in the Complaint or in any other court, tribunal, forum or proceeding by any or all Lead Plaintiffs or any or all of the other Class Members, and which arise out of the Class Members’ J.Crew stockholdings or the Class Members’ status as J.Crew stockholders during the Settlement Class Period, including any and all Claims which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (a) the Merger or any element, term, condition or circumstance of the Merger, (b) any actions, deliberations, negotiations, discussions, offers, inquiries, solicitations of interest, indications of interest, bids, due diligence or any act or omission in connection with the review of strategic alternatives available to J.Crew, the Merger or any Alternative Transaction, including the process of deliberation or negotiation by J.Crew, the Special Committee, TPG, Drexler, the MD Trusts, Leonard Green, Parent, and/or Merger Sub and any of their respective officers, directors or advisors, (c) the consideration received by Class Members in connection with the Merger, (d) the Preliminary Proxy Statement and any amendments thereto, the Definitive Proxy Statement and any amendments thereto, the Schedule 13e-3 and any amendments thereto, or any other disclosures, SEC filings, public filings, periodic reports, press releases, proxy statements or

other statements issued, made available, or filed or otherwise disclosed or communicated relating, directly or indirectly, to the Merger, including claims under any and all federal or state securities laws or federal or state antitrust laws (including those within the exclusive jurisdiction of the federal courts), (e) any employment, compensation, equity rollover, voting or support agreement between Drexler, employees of J.Crew or their respective affiliates, on the one hand, and Chinos Holdings, Chinos Acquisition or the Buyout Group or any of their respective affiliates, on the other hand, (f) the fiduciary duties or obligations of the Released Defendant Parties in connection with the review of strategic alternatives available to J.Crew, the Merger, or any Alternative Transaction, (g) the vesting of stock options owned by any or all Released Defendant Parties in connection with the Merger, or the granting of stock options or restricted stock of J.Crew to any or all Released Defendant Parties; (h) the March 1 vote of J.Crew stockholders approving the Merger; (i) proxy solicitation efforts in connection with the March 1 vote of the J.Crew stockholders on the Merger; (j) the go shop, including the extended go shop; (k) the Merger Agreement Amendment; (l) the Amended Merger Agreement; (m) the MOU; (n) the January 18, 2011 press release issued by J.Crew announcing the MOU and the extension of the Go Shop period; (o) the setting of the record date for the Merger and the mailing of the Definitive Proxy Statement; or (p) the fees, expenses or costs incurred in prosecuting, defending, or settling the Action, except to the extent of an attorneys' fees award made pursuant to Clause G of the Stipulation; provided, however, that the Released Plaintiffs' Claims shall not include (1) the right to enforce the Stipulation; or (2) any claims solely for statutory appraisal with respect to the Merger pursuant to Section 262 of the Delaware General Corporation Law by J.Crew shareholders who properly perfected such claims for appraisal and do not otherwise waive their appraisal rights.

9. “Released Plaintiff Parties” means Lead Plaintiffs, all other Class Members, and their respective counsel (including Plaintiffs’ Counsel).

10. “Unknown Claims” means any and all Released Plaintiffs’ Claims which Lead Plaintiffs or any other Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiffs’ Claims against the Released Defendant Parties, which if known by him, her or it, might have affected his, her or its decision(s) with respect to the Settlement, and any and all Released Defendants’ Claims which any Defendant or any other Released Party does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendants’ Claims against the Released Plaintiff Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Plaintiffs’ Claims and Released Defendants’ Claims, the Parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and Defendants shall expressly waive, and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have expressly, waived, relinquished and released any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law or foreign law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and Defendants acknowledge, and the other Class Members by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Plaintiffs’ Claims and the Released Defendants’ Claims, but that it is the intention of Lead Plaintiffs and Defendants,

and by operation of law the other Class Members, to completely, fully, finally and forever extinguish any and all Released Plaintiffs' Claims and Released Defendants' Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Lead Plaintiffs and Defendants acknowledge, and the other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Plaintiffs' Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement.

11. This Action and the Released Plaintiffs' Claims are hereby dismissed as to the Released Defendant Parties on the merits and with prejudice, and without costs.

12. Upon the Effective Date, Lead Plaintiffs and all Class Members, on behalf of themselves, their legal representatives, heirs, executors, administrators, estates, predecessors, successors, predecessors-in-interest, successors-in-interest and assigns, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, shall thereupon fully, finally and forever, release, settle and discharge the Released Defendant Parties from and with respect to every one of the Released Plaintiffs' Claims, and shall thereupon be forever barred and enjoined from commencing, instituting or prosecuting any Released Plaintiffs' Claims against any of the Released Defendant Parties.

13. Upon the Effective Date, each of Defendants, on behalf of themselves and the other Released Defendant Parties and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, shall thereupon fully, finally and forever, release, settle and discharge the Released Plaintiff Parties from and with respect to every one of the Released Defendants' Claims, and shall thereupon be forever barred and enjoined from commencing,

instituting or prosecuting any of the Released Defendants' Claims against any of the Released Plaintiff Parties.

14. None of the Stipulation, nor the fact or any terms of the Settlement, or any communications relating thereto, is evidence, or an admission or concession by any Party or their counsel, Class Member, or any other Released Defendant Party or Released Plaintiff Party, of any fault, liability or wrongdoing whatsoever, as to any facts or claims alleged or asserted in the Action or the MOU Enforcement Action, or any other actions or proceedings, or as to the validity or merit of any of the claims or defenses alleged or asserted in any such action or proceeding. The Stipulation shall not be deemed a finding or evidence of the validity or invalidity of any claims or defenses in the Action or the MOU Enforcement Action, any wrongdoing by any Party, Class Member or other Released Defendant Party or Released Plaintiff Party, or any damages or injury to any Party, Class Member or other Released Defendant Party or Released Plaintiff Party. None of the Stipulation, nor any of the terms and provisions of the Stipulation, nor any of the negotiations or proceedings in connection therewith, nor any of the documents or statements referred to herein or therein, nor the Settlement, nor the fact of the Settlement, nor the Settlement proceedings, nor any statements in connection therewith, (a) shall (i) be argued to be, used or construed as, offered or received in evidence as, or otherwise constitute an admission, concession, presumption, proof, evidence, or a finding of any liability, fault, wrongdoing, injury or damages, or of any wrongful conduct, acts or omissions on the part of any of the Released Defendant Parties or Released Plaintiff Parties, or of any infirmity of any defense, or of any damage to Lead Plaintiffs or any other Class Member, or (ii) otherwise be used to create or give rise to any inference or presumption against any of the Released Defendant Parties or Released Plaintiff Parties concerning any fact or any purported liability, fault, or

wrongdoing of the Released Defendant Parties or Released Plaintiff Parties or any injury or damages to any person or entity, or (b) shall otherwise be admissible, referred to or used in any proceeding of any nature, for any purpose whatsoever; provided, however, that the Stipulation and/or Judgment may be introduced in any proceeding, whether in this Court or otherwise, as may be necessary to argue and establish that the Stipulation and/or Judgment has *res judicata*, collateral estoppel or other issue or claim preclusion effect or to otherwise consummate or enforce the Settlement and/or Judgment or to secure any insurance rights or proceeds of any of the Released Defendant Parties or Released Plaintiff Parties.

15. Plaintiffs' Counsel are hereby awarded attorneys' fees (inclusive of expenses) in the sum of \$6,500,000.00 in connection with the Action, which sum the Court finds to be fair and reasonable. Such sums shall be paid pursuant to the provisions of the Stipulation. No counsel representing any Class Member in any of the Actions shall make any further or additional application for fees and expenses to the Court or any other court.

16. If the Effective Date does not occur, this Order and Final Judgment shall be rendered null and void and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void; the Parties returned, without prejudice in any way, to their respective litigation positions immediately prior to the execution of the Stipulation.

17. The binding effect of this Order and Final Judgment and the obligations of Lead Plaintiffs, Class Members and Defendants under the Settlement shall not be conditioned upon or subject to the resolution of any appeal from this Order and Final Judgment that relates solely to the issue of Plaintiffs' Counsel's (or any other counsel's) application for an award of attorneys' fees and expenses.

18. All Class Members shall be and are deemed bound by the Stipulation and this Order and Final Judgment. This Order and Final Judgment, including the release of all Released Plaintiffs' Claims against all Released Defendant Parties, shall have *res judicata* and other preclusive effect in all pending and future lawsuits, arbitrations or other proceedings maintained by, or on behalf of, any of the Lead Plaintiffs or any Class Members, as well as their respective heirs, executors, administrators, estates, predecessors-in-interest, predecessors, successors-in-interest, successors, and assigns and anyone claiming through or on behalf of any of them.

19. Without further order of this Court, the Parties may agree in writing to reasonable extensions of time to carry out any of the provisions of the Stipulation.

20. Without affecting the finality of this Order and Final Judgment in any way, this Court reserves jurisdiction over all matters relating to the administration and consummation of the Settlement.

Dated: December 14, 2011

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Chancellor Leo E. Strine, Jr.

This document constitutes a ruling of the court and should be treated as such.

**Court:** DE Court of Chancery Civil Action

**Judge:** Leo E Strine

**File & Serve**

**Transaction ID:** 41395864

**Current Date:** Dec 16, 2011

**Case Number:** 6043-CS

**Case Name:** CONF ORD ON DISC - CONS W/ 6016,6035,6038,6045,6052,6057 In Re J. Crew Group, Inc. Shareholders Litigation

**Court Authorizer:** Leo E Strine

**/s/ Judge Leo E Strine**